

ESG Methodology Development & Revision Policy

Effective Date: April 7, 2026,
Owner: Head of Research and Methodology, Morningstar Sustainalytics
Applicability: Analytical Personnel

I. Purpose and Scope

The ESG Methodology Development & Revision Policy (“Policy”) establishes the key principles applicable to the development, revision, and withdrawal of ESG Methodologies. The Policy applies to Covered Personnel globally and should be read in conjunction with the documents referenced in Annex I.

Capitalized terms used in this Policy are defined herein, in the Glossary or in referenced documents.

A. Key Principles

The following principles apply to the development of new ESG Methodologies or revision of existing ESG Methodologies to be used for determining ESG Ratings.

- A. Morningstar Sustainalytics endeavors to ensure that ESG Methodologies for ESG Ratings are rigorous, systematic, independent, and capable of justification, and are applied continuously and in a transparent manner. Whenever possible, simplicity in an ESG Methodology is preferred over complexity, provided it does not compromise the quality of research outcomes.
- B. Morningstar Sustainalytics seeks to provide adequate levels of public disclosure and transparency for its ESG Ratings, including with respect to its ESG Methodologies and processes, enabling users to understand the research question that is being answered by the ESG Rating and how each ESG Rating is produced. This includes identifying any potential and / or actual conflicts of interest and, while maintaining a balance with respect to proprietary or confidential information, disclosing relevant information concerning data used and ESG Methodologies.
- C. The ESG Methodology team is responsible for developing, modifying, and maintaining ESG Methodologies. To produce high-quality ESG Methodologies, the team should consist of analysts who possess relevant knowledge, experience, skills, and analytical judgment aligned with the team’s work requirements.
- D. The development and revision process should include assessment of the potential impact of new or modified ESG Methodologies on ESG Ratings subject to the relevant ESG Methodology.
- E. ESG Methodology documents are appropriately structured, and written in a clear, understandable, and logical fashion, using consistent language (as far as reasonably practicable), and a minimum of industry jargon and acronyms (which, if they are used, should be defined).
- F. ESG Methodology documents describe the key analytical considerations and analytics used in issuing an ESG Rating.
- G. The relevant key analytical considerations incorporated in ESG Methodology are supported by sufficient data and information in quality and quantity and always subject to its availability.
- H. The relevant key qualitative analytical considerations incorporated in an ESG Methodology are described in appropriate detail.
- I. The scope and limitations of each ESG Methodology are defined within the ESG Methodology document.
- J. ESG Methodologies are subject to validation and are reviewed on an ongoing basis and at least annually in accordance with applicable regulations and best practices.
- K. Morningstar Sustainalytics adopts a dedicated procedure that sets out the process for conducting external consultations as part of the development of new ESG Methodologies and revision of existing ESG Methodologies, when appropriate.
- L. Prior to their use, application, and dissemination, the Methodology Review group reviews and approves proposed new ESG Methodologies and ESG Methodology revisions as proposed in accordance with the ESG Methodology Development and Revision Global Procedure.

Annex I – Supporting Documentation

This policy should be read in conjunction with the following:

1. ESG Methodology Development and Revision Global Procedure
2. ESG Methodology Review Group Global Procedure
3. Glossary