ESG METHODOLOGY DEVELOPMENT AND REVISION POLICY

I. Purpose and Scope

The ESG Methodology Development and Revision Policy ("Policy") establishes the key principles applicable to the development, revision, and withdrawal of ESG Methodologies. The Policy applies to Analytical 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 the respective referenced documents.

II. 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.

Ownership and Governance

A. The ESG Methodology team is responsible for developing, revising, and maintaining ESG Methodologies. To produce - quality ESG Methodologies, the team consists of analysts who possess relevant knowledge, experience, skills, and analytical judgment aligned with the team's work requirements.

B. The Research & Methodology Oversight team is responsible for determining the materiality of revisions to existing ESG Methodologies and for conducting ESG Methodology reviews of proposed new ESG Methodologies and proposed revisions to existing ESG Methodologies.

C. The Methodology Review group reviews and approves proposed new ESG Methodologies and proposed revisions to existing ESG Methodologies in accordance with the ESG Methodology Development and Revision Global Procedure.

Methodology Design and Analytical Standards

D. Morningstar Sustainalytics uses approved ESG Methodologies in determination and maintenance of ESG Ratings that 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.

E. ESG Methodology documents describe the key analytical considerations and analytics used in issuing an ESG Rating.

F. The relevant key analytical considerations incorporated in an ESG Methodology are supported by sufficient data and information in quality and quantity and always subject to its availability.

G. The relevant key qualitative analytical considerations incorporated in an ESG Methodology are described in appropriate detail.

H. The scope and limitations of each ESG Methodology are defined within the ESG Methodology document.

Transparency and Documentation

I. 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 information or Confidential Information, disclosing relevant information concerning data used and ESG Methodologies.

J. 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).

Process For Developing and Revising ESG Methodologies

K. ESG Methodologies are subject to validation and are subject to a set review process on an ongoing basis, and in all cases at least annually, in accordance with applicable regulations.

L. The ESG Methodology Development and Revision Global Procedure provides the conditions and triggers to determine the need for revising an existing ESG Methodology and the relevant processes.

M. Where applicable, Morningstar Sustainalytics may conduct stakeholder consultations. The ESG Methodology Development External Consultation Global Procedure sets out the process for conducting external stakeholder consultations as part of the development of new ESG Methodologies and revision of existing ESG Methodologies, when appropriate.

N. The process for developing and revising ESG Methodologies should include a documented assessment of the potential impact of new or revised ESG Methodologies on ESG Ratings produced pursuant to the relevant ESG Methodology.

O. The Research & Methodology Oversight team determines whether a revision to an existing ESG Methodology constitutes a Material ESG Methodology Revision or a Non-Material ESG Methodology Revision. The Research & Methodology Oversight team assesses the expected impact of the revision on ESG Rating outcomes by reference to the variance analysis prepared under the ESG Methodology Development and Revision Global Procedure and proprietary materiality criteria.

Implementation, Versioning and Data Controls

P. Each approved ESG Methodology is assigned and labelled with a unique version number.

Q. Data revision controls are applied to ensure accuracy and consistency in the data revision process.

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. ESG Methodology Development External Consultation Global Procedure
4. Glossary