

Enterprise Sustainability

Morningstar's Approach to Renewable Energy



About This Statement

This statement is designed to outline Morningstar's approach to renewable energy in support of our climate objectives. For more information on Morningstar's Climate Program, please visit [Morningstar's Sustainability Policies & Reports Center](#).ⁱ

Morningstar's Commitment to Sustainability

Morningstar is committed to empowering investor success and building an enduring business. This commitment drives initiatives across the firm, from delivering sustainable-investing data and products designed to remove barriers for investors to embedding sustainability initiatives in our own operations.ⁱⁱ

Morningstar has committed to achieving net zero greenhouse gas emissions by 2050 against a 2019 baseline and reducing measured greenhouse gas emissions by 50% by 2030. Our commitment means aiming to act prudently to measure and manage the impact of our business operations while engaging in transparent, long-term planning and disclosure in the context of global climate change.

For more information on our sustainability strategy and progress, please visit our latest corporate sustainability report on our [website](#).



Colleagues at work in the Morningstar Toronto office.

Approach to Renewable Energy

The use of renewable energy to power our offices is part of our strategy to reduce measured emissions. As Morningstar leases all office spaces, our oversight over electricity procurement varies by office and region. For offices where electricity consumption is managed directly by our landlords, we look to engage and ask them to select sustainable energy options. Some of these landlords already purchase renewable energy on our behalf; they do so via green tariffs directly with the utility provider, renewable energy certificates, and/or corporate or virtual power purchase agreements. In offices where we have direct control over electricity purchasing, we aim to work directly with utility companies to procure renewable energy options.

Renewable Energy Certificates

We believe a reasonable approach to renewable energy procurement for Morningstar and many firms similar in size and emissions intensity, is to purchase renewable energy through a market-based instrument, called a renewable

energy certificate. There are a range of other options available in the market, such as on-premises generation and corporate or virtual power purchase agreements; however, because our electricity consumption is small, we do not consider these direct renewable energy projects to be viable.

A REC is a market-based instrument that represents the property rights to the environmental and other nonpower attributes of renewable energy generation. RECs are issued when one megawatt-hour of electricity is generated and delivered to the electricity grid from a renewable energy source.

Our Principles

When purchasing RECs, our goal is to pursue projects that are:

► Standardized & Credible

We seek to use clear, uniform criteria for REC purchases across different regions. We also seek assurance that the renewable

energy claims are credible. This means aiming to prioritize REC purchases from identifiable renewable assets located on the same electrical grid as our offices where feasible.

► Transparent

We seek visibility into the specific renewable project associated with our purchases through recognized tracking and reporting systems that confirm renewable energy generation and REC retirement.

► Market-Driven

We aim to support renewable energy markets by signaling demand for green energy production in regions where our offices are located.

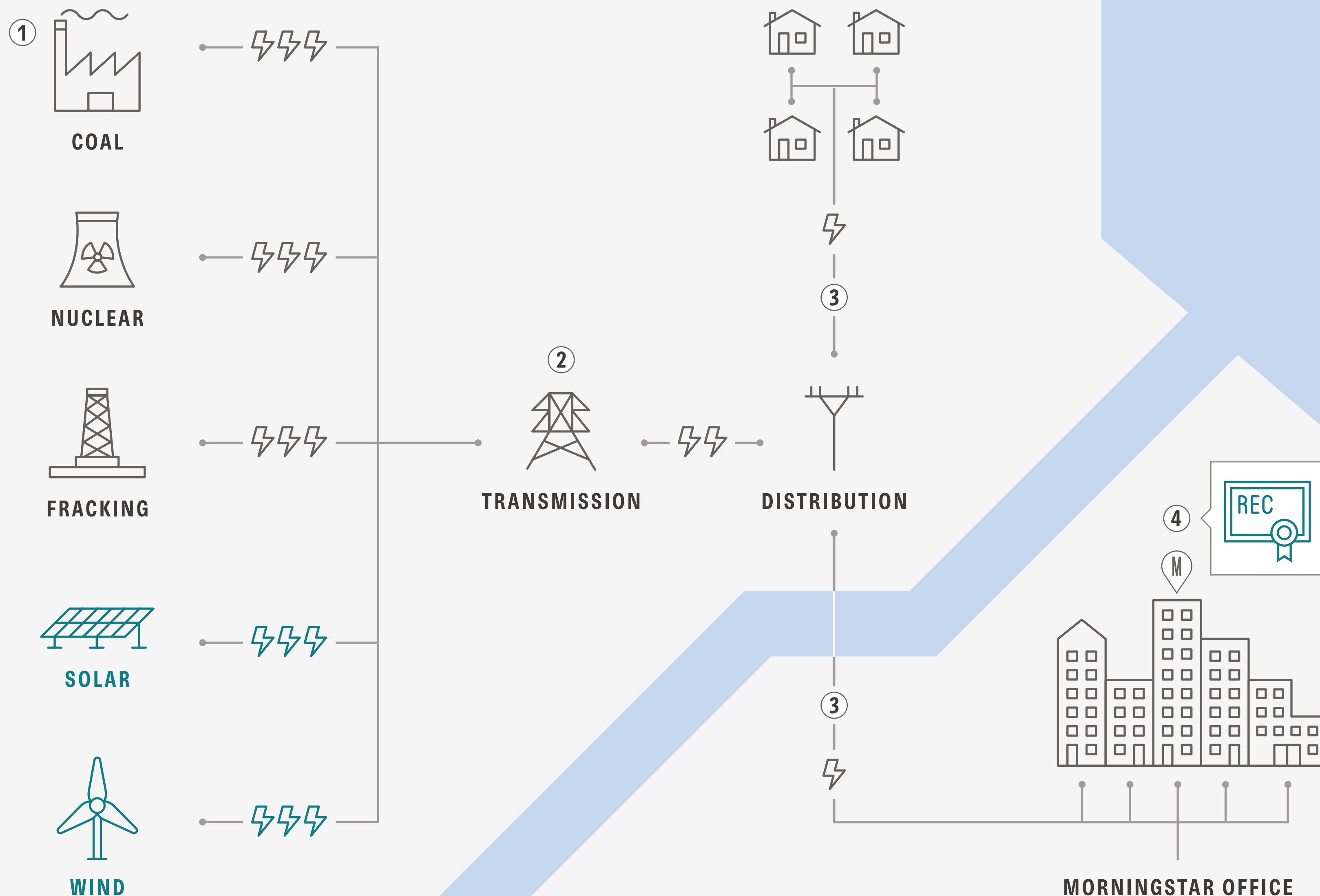
► Scalable and Flexible

We look to adjust REC purchase volumes based on operational needs and market conditions, including situations where we operate as tenants in multitenant buildings without control over our electricity provider.

On an annual basis, we disclose our greenhouse gas emissions inventory and our progress against our climate commitment. See our [Corporate Sustainability digital site](#) for our most recent disclosure.

Who Is Responsible?

At Morningstar, governance and oversight of our strategy, including our sustainability and climate strategy, lies with our management team, the executive leadership team, and our board of directors. Morningstar also has an Environmental Statement that outlines our internal process to measure, manage, reduce, and report on our organization's environmental impact. More information can be found at Morningstar's [Sustainability Policies & Reports Center](#).



Understanding Renewable Energy Certificates

- ① Power plants generate electricity through various technologies that use fossil fuels, nuclear fuels, or renewable energy. While each resource generates varying levels of emissions, renewable energy sources, like solar and wind, produce electricity without any direct emissions.
- ② After electricity is generated, electrical equipment such as high voltage lines, substations, and transformers safely transmit the flow of electrical charge from its point of generation to the area where it is finally distributed to customers (*More commonly known as “the grid”*).
- ③ The electrical grid is a complex and interconnected system with no way to differentiate if the electrical flow to your home or office was generated via renewable energy. This is where renewable energy certificates come into play.
- ④ RECs serve as proof that 1 megawatt hour of energy was generated via renewable sources. RECs play an important role in accounting, tracking, and assigning ownership to renewable energy generation and use. When Morningstar purchases RECs, we can mitigate our office electricity-based emissions by matching 1 MWh of electricity consumed with 1 REC, as per guidance by the GHG Protocol. These REC purchases are reflected in an organization’s reported market-based emissions.

Endnotes

- i. Information or documents referred to or linked to in this report are not incorporated by reference into this report. This document reflects our current approach to renewable energy and may evolve as renewable energy markets, technologies and regulatory frameworks develop.
- ii. This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on our current expectations about future events. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as “may,” “could,” “expect,” “intend,” “look,” “aim,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “prospects,” or “continue.” These statements involve known and unknown risks and uncertainties that may cause the events we discuss not to occur or to differ significantly from what we expect. We describe risks and uncertainties that could cause actual events to differ materially in the “Risk

Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” sections of our most recent Forms 10-K and 10-Q. Morningstar undertakes no obligation to publicly update any forward-looking statements as a result of new information, future events, or otherwise, except as required by law. Readers are cautioned that certain sustainability-related statements in this document (*such statements, “Sustainability Statements”*) may be based on expectations and assumptions that are necessarily uncertain and may be prone to error or subject to misinterpretation. Terminology used in such Sustainability Statements may not be comparable to similarly titled measures reported by other companies or by Morningstar in other contexts. The inclusion or absence of information in Morningstar’s or its subsidiaries’ Sustainability Statements should not be construed to represent any belief regarding the materiality or financial impact of that information.”

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