Morningstar 2021 Shareholders’ Meeting
Welcome

Joe Mansueto
Executive Chairman
Today’s presentations contain forward-looking statements. All statements made that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Please refer to our most recent earnings release and our most recent Form 10-Q or 10-K for more information on the factors that could cause actual results to differ.

Today’s presentations also contain non-GAAP financial measures. Please refer to the slides at the end of the presentations for a reconciliation to the applicable GAAP measures.
Business of Annual Meeting
Management Presentations
Questions & Answers
Virtual Meeting Access Instructions

Broadridge Platform:
www.virtualshareholdermeeting.com/MORN2021

▷ Allows shareholders to vote during the meeting, submit written questions, and view and listen to the live webcast

▷ Enter the 16-digit control number found next to the label “Control Number” on your Notice of Internet Availability, proxy card, or voting instruction form, or in the email sending you the proxy statement

▷ For technical support please call 1-844-986-0822 (toll free) or 303-562-9302 (international)

Zoom Platform: https://cvent.me/NxnKkW

▷ Allows any participant to submit questions via a webcam or in writing, and view and listen to the live webcast

▷ Register to receive a link to the webinar and information regarding technical support
Proposal 2

Approval of the Morningstar, Inc. Amended and Restated 2011 Stock Incentive Plan

We are asking shareholders to approve the Morningstar, Inc. Amended and Restated 2011 Stock Incentive Plan, which amends and restates the Morningstar, Inc. 2011 Stock Incentive Plan, including to extend the term of the 2011 Plan and to increase the number of shares available for issuance under the plan and pursuant to unrestricted stock awards.

Our Board believes that continuation of our long-term equity incentive compensation program beyond the expiration of the 2011 Plan is necessary because it enables us to attract, retain and motivate employees, directors and other qualified personnel, as well as to align their interests with those of our shareholders.
Proposal 3

Advisory Vote to Approve Executive Compensation

Bevin Desmond  Jason Dubinsky  Daniel Dunn  Kunal Kapoor  Joe Mansueto
Ratification of the Appointment of Independent Registered Public Accounting Firm

KPMG
Voting Instructions

Management Proposals
▷ Use the ‘vote here’ button on the lower right portion of the screen to vote your shares
▷ If you already sent in your proxy card or voted by Internet, your shares have been voted accordingly

Shareholder Proposal
▷ Use the ‘other business’ text box in the lower left portion of your screen and type for, against or abstain before clicking submit
▷ Your vote on the shareholder proposal will not impact your vote on the management proposals
▷ Additional information from Morningstar and Sustainalytics regarding this topic is available here: https://www.morningstar.com/company/esg-research-integrity
Thank You!
Empowering Investor Success: Meeting the Moment to Shape the Future

Kunal Kapoor
Chief Executive Officer
Our **mission** to empower investor success propels us to simultaneously meet the moment and shape the future.
Data as of Dec. 31, 2020. Gender data is calculated based upon permanent, full-time employees globally. Morningstar currently only collects racial identity data voluntarily for United States employees. About 1% of those surveyed elected not to answer.
Meeting the Moment: We Empowered Investors Through the Events of 2020

- DBRS Covid-Related Credit Events
- Covid-Related Research Content
- Sustainalytics Acquisition
- PitchBook SPAC Content
- The “S” in ESG
- 2020 Market Crash/Recovery
- Covid-Related Research Content
- Sustainalytics Acquisition
- The “S” in ESG
- 2020 Market Crash/Recovery
Shaping the Future by Capturing the Signals of Tomorrow's Investors

Morningstar.com
Audience Age Over Time
(% of Website Visitors)

- 18–24
- 25–34
- 35–44
- 45–54
- 55–64
- 65+

Stock Page View Growth
Jan. 1–Feb 19, 2021 | YOY Growth %

AAPL: 44%
KO: 121%
GME: 6,553%
Our **strategy** of delivering insights essential to investing requires us to anticipate investor needs.
We Expand our Data Universe to Meet Evolving Investor Needs

Data as of 3/31/21 except for privately-held companies and exchange-traded data, which are as of 12/31/20.
We Expand our Data Universe to Meet Evolving Investor Needs

Data as of 3/31/21 except for privately-held companies and exchange-traded data, which are as of 12/31/20.
Incorporating ESG Risk Factors Across Our Solutions

Environmental, Social, Governance
Introducing our new U.S. Sustainability Most Focus portfolio, designed with a competitive edge.
Sprint into the Future: Empowering Sustainable Investing

Innovation and Flow of Capital

1. New Sustainability Objectives
2. New Benchmarks
3. New Risks
4. New Stewardship Responsibilities
5. New Disclosure and Monitoring
6. New Investor Behavior
Sprinting into the Future: Empowering Sustainable Investing

Innovation and Flow of Capital

1. New Sustainability Objectives
2. Investment Policy
3. New Risks
4. New Stewardship Responsibilities
5. New Disclosure and Monitoring
6. New Investor Behavior

Portfolio Construction

New Benchmarks
Sprinting into the Future: Empowering Sustainable Investing

Innovation and Flow of Capital

1. New Sustainability Investment
2. New Benchmarks
3. Portfolio Construction
4. New Risks
5. New Stewardship Responsibilities
6. New Disclosure and Monitoring
7. New Risk
8. New Benchmarks
9. New Sustainability Objectives
10. New Investment Policy

Morningstar Indexes
Morningstar Managed Portfolios
Sustainalytics ESG Risk Ratings
Tesla Inc
ESG Risk Rating
31.3 High Risk

Exhibit 3: Human Capital Risk Scores

Portfolio Construction
Sprinting into the Future: Empowering Sustainable Investing

Innovation and Flow of Capital

1. New Sustainability Objectives
2. New Benchmarks
3. New Risks
4. New Stewardship Responsibilities
5. New Disclosure and Monitoring
6. New Portfolio Construction

EU Sustainable Finance Action Plan Resources

In March 2018, the European Commission adopted a 10-point action plan, which aims to integrate financial markets in order to address sustainability challenges, especially those related to climate change. From now on, short-term Morningstar research updates on what the EU Action Plan means for investors, advisors, and asset managers.

Morningstar Proxy Voting Database

European SFDR
Sprinting into the Future: Empowering Sustainable Investing

Innovation and Flow of Capital

1. New Sustainability Objectives
2. New Benchmarks
3. New Risks
4. New Stewardship Responsibilities
5. New Disclosure and Monitoring
6. New Investor Behavior

Portfolio Construction
Empowering Investor Success Has Us Well-Positioned to Continue Our Growth
Empowering Investor Success Has Us Well-Positioned to Continue Our Growth
Investor Demand for Data Supports Large and Growing Markets

<table>
<thead>
<tr>
<th>Global Spend on Financial Data/Analysis</th>
<th>PitchBook Q1 2021 Revenue Growth</th>
<th>Morningstar Data Q1 2021 Revenue Growth</th>
<th>Morningstar Direct Q1 2021 Revenue Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>$33.2 Bil</td>
<td>36.0% Reported</td>
<td>36.0%</td>
<td>9.9% Reported</td>
</tr>
<tr>
<td>5.9% Growth YOY</td>
<td></td>
<td>10.2% Organic</td>
<td>6.9% Organic</td>
</tr>
</tbody>
</table>

Morningstar’s Research and Data Underpin Active and Passive Investment Strategies

<table>
<thead>
<tr>
<th>Total Addressable Market</th>
<th>Morningstar Indexes</th>
<th>Morningstar Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM in Managed Accounts</td>
<td>Q1 2021 Revenue Growth</td>
<td>Q1 2021 Revenue Growth</td>
</tr>
<tr>
<td>$10.7 Tril</td>
<td>21.1% Reported</td>
<td>18.9% Reported</td>
</tr>
<tr>
<td>14.5% Growth YOY</td>
<td>20.0% Organic</td>
<td>18.9% Organic</td>
</tr>
</tbody>
</table>

Investment Management Q1 2021 Revenue Growth

-3.6% Reported
-6.1% Organic

Morningstar Indexes Q1 2021 Revenue Growth
21.1% Reported
20.0% Organic

Morningstar Workplace Q1 2021 Revenue Growth
18.9% Reported
18.9% Organic

Source: Morningstar and Cerulli. Organic revenue growth is a Non-GAAP measure.
DBRS Morningstar Cements Its Lead as an Alternative Credit Ratings Provider

Global Credit Ratings Industry

$9.0 Bil
11.1% Growth YOY

DBRS Morningstar
Q1 2021 Revenue Growth

27.0% Reported
23.5% Organic

Source: DBRS Morningstar. Organic revenue growth is a Non-GAAP measure.
Sustainalytics Advances the Mainstreaming of Sustainable Investing

**U.S./EU Sustainable Funds AUM**

$1.6 Tril
66.7% Growth YOY

**Sustainable Bonds/Loans Issuance**

$730 Bil
29.5% Growth YOY

Sources: Morningstar and Bloomberg.
Private Equity in 401(k) Plans: More Smoke Than Fire

The reality is tamer than the headlines suggest.

John Reidhead
June 18, 2018

Mention: International Business Machines Corp (IBM), Microsoft Corp (MSFT)

Out of the Blue
Well, they did it.

To my surprise, private equity funds, venture capital, and hedge funds—well, they did it. They convinced some plan sponsors, and perhaps not without some pressure, to invest billions of dollars in private equity funds, venture capital, and hedge funds, which previously had been restricted investments.

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This ruling, to be generous, was a disaster for hedge funds, or managed futures? The Department of Labor did not make it easy for plan sponsors to understand and comply with the ruling. The decision pleased few outside the plan sponsor world, and led to a reaction by the Labor Department's Advisory Committee on Plan Investment Options (ACOPIO) in December 2017. The ACOPIO recommended that the Labor Department review the ruling.

The decision pleased few outside the plan sponsor world, and led to a reaction by the Labor Department's Advisory Committee on Plan Investment Options (ACOPIO) in December 2017. The ACOPIO recommended that the Labor Department review the ruling.

Sample all product types and corresponding options for smaller investors

<table>
<thead>
<tr>
<th>Institutional alt product</th>
<th>Example of products for the masses</th>
<th>Implications for the masses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>Real estate investment trusts (REITs)</td>
<td>Like owning a common stock, high income, imperfect exposure to real estate investment characteristics</td>
</tr>
<tr>
<td>Commodities</td>
<td>Master limited partnerships (MLPs)</td>
<td>Like buying a common stock, more complicated tax reporting, high income, correlated to energy prices</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>40 Act interval funds</td>
<td>Less liquid than a mutual fund, but otherwise operates like one, imperfect replication of true hedge fund strategies, very high fees</td>
</tr>
<tr>
<td>Private markets</td>
<td>Funds of funds of funds</td>
<td>Very illiquid, high fees, advisor may ask for full commitment up front</td>
</tr>
<tr>
<td>Private markets</td>
<td>40 Act interval funds</td>
<td>Fairly liquid, potentially high fees</td>
</tr>
</tbody>
</table>
Shaping the Future of Retail Wealth: Empowering Advisors to Empower Individuals

**Solutions:**
- Morningstar Data
  - Managed Investment Data
  - Equity Data
  - Market Data
  - Morningstar Star Rating™
  - Morningstar Style Box™
- Morningstar Research
  - Research Distribution
  - Research Services
  - Individual Investor
- Advisor-Client Experience
  - Advisor Workstation
  - Financial Planning
  - Enterprise Components
  - ByAllAccounts
We’ve centered **execution** on differentiation, scale, talent, and sustainability.
Execution: Our Four Strategic Priorities Help Keep a Growing Global Firm Accountable
Differentiation
Deliver differentiated insights across asset classes to public and private market investors.
Execution: Our Four Strategic Priorities Help Keep a Growing Global Firm Accountable

Scale
Drive operational excellence and scalability to support growth targets.
Execution: Our Four Strategic Priorities Help Keep a Growing Global Firm Accountable

Talent
Build an inclusive culture that drives exceptional talent engagement and development.
Execution: Our Four Strategic Priorities Help Keep a Growing Global Firm Accountable

**Sustainability**

Establish leading ESG positions across the portfolio.
Execution: Our Four Strategic Priorities Help Keep a Growing Global Firm Accountable
Measuring Morningstar’s Sustainability

Diversity, Equity, and Inclusion

We embrace the research that tells us diverse teams make better decisions, and we believe the collective mixture of our different backgrounds, beliefs, and experiences makes Morningstar a stronger firm. As a global employer, our goal is to build an inclusive environment that encourages open deliberation and unique perspectives, creativity, innovation, and better business outcomes.

Graph and Data

Responsibility for the ESG

- Environmental
- Social
- Governance

- Sustainability
- ESG Screener
- Global Energy Leader
Empowering investor success in the moment.
Empowering sustainable outcomes for the future.
Financial Highlights

Jason Dubinsky
Chief Financial Officer
Agenda and Topics

A Look Back at Performance

Our Current State

Framing Our Strategic Priorities
Financial Success Over Past Three Years

- Revenue: 
- Operating Income: 
- Cash Flow: 
- Shareholder Returns:
Financial Success Over Past Three Years

15.1%  
Reported CAGR

8.9%  
Avg Organic Growth¹

Revenue

Operating Income

Cash Flow

Shareholder Returns

1. Average annual organic revenue growth excludes M&A and the effect of foreign currency translations from reported revenue growth.
Financial Success Over Past Three Years

15.1% Reported CAGR

8.9% Avg Organic Growth\(^1\)

8.2% Reported CAGR

17.9% Adjusted CAGR\(^2\)

Revenue

Operating Income

Cash Flow

Shareholder Returns

1. Average annual organic revenue growth excludes M&A and the effect of foreign currency translations from reported revenue growth. 2. Adjusted operating income excludes intangible amortization expense and all M&A-related expenses (including M&A-related earn-outs) from operating income.
Financial Success Over Past Three Years

Revenue
- Reported CAGR: 15.1%
- Avg Organic Growth\(^1\): 8.9%

Operating Income
- Reported CAGR: 8.2%
- Adjusted CAGR\(^2\): 17.9%

Cash Flow
- OCF\(^3\) CAGR: 15.4%
- FCF\(^4\) CAGR: 18.8%

Shareholder Returns
- 1. Average annual organic revenue growth excludes M&A and the effect of foreign currency translations from reported revenue growth.
- 2. Adjusted operating income excludes intangible amortization expense and all M&A-related expenses (including M&A-related earn-outs) from operating income.
- 3. Operating Cash Flow (OCF)
- 4. Free cash flow (FCF) is defined as operating cash flow less capital expenditures.
Financial Success Over Past Three Years

15.1% Reported CAGR
8.9% Avg Organic Growth¹
8.2% Reported CAGR
17.9% Adjusted CAGR²
15.4% OCF³ CAGR
18.8% FCF⁴ CAGR
35.2% MORN TSR⁵
28.4% Peers TSR⁶

1. Average annual organic revenue growth excludes M&A and the effect of foreign currency translations from reported revenue growth. 2. Adjusted operating income excludes intangible amortization expense and all M&A-related expenses (including M&A-related earn-outs) from operating income. 3. Operating Cash Flow (OCF) 4. Free cash flow (FCF) is defined as operating cash flow less capital expenditures. 5 Total Shareholder Return (TSR) measures change in share price including the reinvestment of dividends. Date as of 4/30/2021. 6. Our peer group consists of the following companies: Envestnet Inc., FactSet Research System Inc., Moody’s Corporation, MSCI Inc., SEI Investments Company, and S&P Global Inc. Date as of 4/30/2021.
Drivers of Growth

Revenue ($mil)

Organic (~60% of Growth)

PitchBook

Morningstar Direct

Morningstar Data

Inorganic (~40% of Growth)

Morningstar | DBRS

Sustainalytics

17

$911.7

$1,389.5

+52.4%

20
2020 Performance

<table>
<thead>
<tr>
<th>($mil)</th>
<th>Revenue</th>
<th>Operating Income</th>
<th>Adjusted Operating Income*</th>
<th>Free Cash Flow**</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>$1,179.0</td>
<td>$189.6</td>
<td>$233.3</td>
<td>$254.4</td>
</tr>
<tr>
<td>20</td>
<td>$1,389.5</td>
<td>$215.2</td>
<td>$316.7</td>
<td>$307.6</td>
</tr>
</tbody>
</table>

* Adjusted operating income and free cash flow are non-GAAP measures.

** Free cash flow is defined as operating cash flow less capital expenditures.
2020 Success Factors

Business Resilience

Organic Revenue Growth

8.2%

License-Based Organic Revenue Growth

10.4%

Organic revenue growth is a non-GAAP measure.
2020 Success Factors

Business Resilience
- Organic Revenue Growth: 8.2%
- License-Based Organic Revenue Growth: 10.4%

Prudent Cost Maintenance
- Adjusted Operating Margin Increase: +300 bps
- Opex Growth (Ex M&A)*: 3.2%

Organic revenue growth is a non-GAAP measure. *Excluding the impacts from DBRS Morningstar and Sustainalytics and M&A-related expenses.
2020 Success Factors

**Business Resilience**
- **8.2%** Organic Revenue Growth

**Prudent Cost Maintenance**
- **+300 bps** Adjusted Operating Margin Increase

**Capital Deployment & Cash Flow**
- **$74.5 mil** M&A / Equity Method Investments
- **$308 mil** Free Cash Flow

Organic revenue growth is a non-GAAP measure. *Excluding the impacts from DBRS Morningstar and Sustainalytics and M&A-related expenses.*
### Q1 2021 Performance

<table>
<thead>
<tr>
<th>($mil)</th>
<th>Revenue</th>
<th>Operating Income</th>
<th>Adjusted Operating Income*</th>
<th>Free Cash Flow*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 2020</td>
<td>Q1 2021</td>
<td>Q1 2020</td>
<td>Q1 2021</td>
</tr>
<tr>
<td>Revenue</td>
<td>$324.0</td>
<td>$392.8</td>
<td>$44.5</td>
<td>$67.2</td>
</tr>
<tr>
<td></td>
<td>+21.2%</td>
<td></td>
<td>+51.0%</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>$41.5</td>
<td>$33.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+23.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted operating income and free cash flow are non-GAAP financial measures.
A Successful Long-Term Operating Model

Revenue
- Strong and Growing Recurring Base
- Leverage to Market Conditions
- Organic Focus

Operating Expense
- Weighted to Compensation & Benefits
- Leverage in Cost Structure
- Prudent Management & Balancing Objectives

Cash Flow & Balance Sheet
- Stable Cash Flow Profile
- Balanced Capital Allocation
- Strong Balance Sheet & Flexibility

Our Four Strategic Priorities

- **Differentiation**: Deliver differentiated insights across asset classes to public and private market investors.
- **Scale**: Drive operational excellence and scalability to support growth targets.
- **Sustainability**: Establish leading ESG positions across the portfolio.
- **Talent**: Build an inclusive culture that drives exceptional talent engagement and development.
Delivering Differentiated Insights

[Diagram with categories such as Morningstar Data, DBRS Morningstar, PitchBook, Advisor Workstation, Morningstar Research, Individual, Workplace, Office, Sustainalytics, Indexes, and 2020 Revenue Growth categories: High, Low]
Delivering Differentiated Insights

Data & Research Spend ($mil)*

- 2019: $192
- 2020: $226
- 2021 (run-rate): $255

Capitalized Software Development ($mil)

- 2019: $54
- 2020: $63
- 2021 (run-rate): $76

* Includes costs such as analyst compensation, direct data purchases, and product development.

** Run-rates for 2021 based on annualizing Q1 figures.
## Drive Operational Excellence and Scalability

### Operating Expense as a % of Revenue

<table>
<thead>
<tr>
<th>Expense Categories</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>COGS(^1)</td>
<td>42.4%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>14.7%</td>
<td>14.9%</td>
</tr>
<tr>
<td>G&amp;A(^2)</td>
<td>14.2%</td>
<td>16.5%</td>
</tr>
<tr>
<td>D&amp;A(^3)</td>
<td>7.4%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

**Profitability**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>18.6%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Adj. Operating Margin</td>
<td>21.2%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

1. Adjusted COGS excludes M&A-related expenses.  
Drive Operational Excellence and Scalability

Future Focus Areas for Scale
- Technology & System Infrastructure
- Cloud Computing
- Production & Development Costs
- Go-To-Market Capabilities
- Automation & Efficiency
- Resource Allocation

Operating Expense as a % of Revenue

<table>
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</table>

Profitability

- Operating Margin: 18.6% (2017), 15.5% (2020)

1. Adjusted COGS excludes M&A-related expenses.
Establish Leading ESG Position By Example

Material Topics
- Business Ethics
- Diversity, Equity, and Inclusion
- Governance Structure
- Data and Information Security
- Employee Engagement
- Customer and Product Responsibility

Material topics were determined by consolidating feedback from internal and external expert ESG research.

Stakeholder Value
- Additional topics prioritized by employees and stakeholders

Material topic
- Moderate Stakeholder Value
- Significant Stakeholder Value

Issue areas in the top right quadrant are considered most material to Morningstar.
Our Four Strategic Priorities

Talent
Build an inclusive culture that drives exceptional talent engagement and development.
Our Path to ESG Leadership

Michael Jantzi
Founder of Sustainalytics, a Morningstar company
Our Path to ESG Leadership Began Over a Decade Ago

- **2009**: Morningstar Analyst Rating™ on Socially Conscious Funds
- **2013**: Morningstar Quantitative Rating™ for stocks
- **2016**: Morningstar Sustainability Rating™ for funds
  - The Morningstar Global Sustainability Index Family
- **2017**: Morningstar acquires a 40% stake in Sustainalytics (founded in 1992)
- **2018**: Morningstar acquires FundVotes (founded in 2007)
  - Morningstar® Low Carbon Designation™
- **2019**: Risk-focused enhancement to Sustainability Rating
  - ESG Asset Allocation Portfolios
  - Proxy Voting Research
  - Impact, Carbon Environment Indexes
  - Global Risk Model
- **2020**: Morningstar acquires Sustainalytics
Sustainable Finance Ecosystem

**Incorporates**
Supporting corporates to measure, report, and promote their sustainability and impact performance.

**Investors**
Empowering investors (the owners and managers of capital) to create portfolios that align with a more just and sustainable world.

**Financial Intermediaries**
Helping banks, insurers, brokers, exchanges and other platforms to offer financing and investment solutions related to ESG and impact.
Who We Serve: Investors and Corporates

**Investors**

- **Client Types by Segments**
  - Asset Managers: 60%
  - Asset Owners: 15%
  - Wealth Managers: 10%
  - Other: 15%

- **Clients by Regions**
  - Americas: 36%
  - EMEA: 58%
  - APAC: 6%

**Corporates**

- **Regional Breakdown of Corporate Clients**
  - Americas: 49%
  - EMEA: 36%
  - APAC: 15%

- **Regional Breakdown of CIBs**
  - Americas: 25%
  - EMEA: 51%
  - APAC: 24%

800+ Clients Worldwide

430+ Corporate Issuer Clients Worldwide

275+ Corporate Banking Partners Worldwide
<table>
<thead>
<tr>
<th>What We Do</th>
<th>Investors</th>
<th>Corporates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>ESG Research</strong></td>
<td><strong>Sustainable Finance Solutions</strong></td>
</tr>
<tr>
<td></td>
<td>ESG Risk Ratings</td>
<td>Green, Social, Sustainability Bonds Second Party Opinions</td>
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<td></td>
<td>EU Action Plan Solutions</td>
<td>Climate Bond Verification</td>
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<td></td>
<td>Corporate Governance Research &amp; Ratings</td>
<td>Sustainability-Linked Loan Services</td>
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<td>Carbon Risk Ratings</td>
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<td><strong>Positive Impact</strong></td>
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<td>Sustainable Products Research</td>
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<td>Impact Metrics</td>
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<td><strong>Stewardship</strong></td>
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<td>Engagement Services</td>
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<td>ESG Voting Policy Overlay</td>
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<td>Fiduciary Voting</td>
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<td><strong>Compliance &amp; Screening</strong></td>
<td><strong>Corporate Issuer Solutions</strong></td>
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ESG Investment Value Chain

Pre-Investment
- ESG Risk Analysis & Integration
- Screening
- Product Development

Investment
- Portfolio Construction
- Portfolio Analytics
- Product Creation

Post-Investment
- Stewardship
- Proxy Voting
- Reporting & Compliance
Starting point is a company’s exposure to material ESG issues.

Some companies have unmanageable risks, e.g. an oil company will face climate-related risks even through its transition to a less carbon-intensive business model.

Of the manageable risk a portion is managed through a company’s policies, programs, management systems, etc.; the remainder is considered unmanaged (management gap).

The ESG Risk Ratings evaluate unmanaged ESG risks.
Market Leading ESG Risk Rating and Research

Manageable Risk Exposure

Unmanaged Risk

Unmanageable Risks

Managed Risk Management Gap

Starting point is a company's exposure to material ESG issues. Some companies have unmanageable risks, e.g. an oil company will face climate-related risks even through its transition to a less carbon-intensive business model. Of the manageable risk a portion is managed through a company's policies, programs, management systems, etc.; the remainder is considered unmanaged (management gap). The ESG Risk Ratings evaluate unmanaged ESG risks.
# Making Our Ratings, Research, and Data Available for Multiple Use Cases

<table>
<thead>
<tr>
<th>Client Type</th>
<th>Use Cases</th>
<th>Morningstar</th>
<th>Bloomberg</th>
<th>Factset</th>
<th>State Street</th>
<th>Aladdin</th>
<th>Style Analytics</th>
<th>Axioma</th>
<th>Evestment</th>
<th>Caissa</th>
<th>BNY Mellon</th>
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</table>
Sustainalytics Has Supported 600+ Sustainable Bonds

- 172+ North America
- 262+ Europe
- 175+ Asia Pacific
- 47+ Latin Americas
- 8+ Middle East
Rapid Growth in Core ESG & Sustainable Finance Solutions

Sustainalytics Total Sales* ($mil)

*Sales is a Non-GAAP measure of aggregate annualized contract value during a given year, and includes both recurring and non-recurring items. Sales differs from Revenue, a GAAP measure, which includes the effects of revenue accruals and deferrals under generally accepted accounting principles.
Looking Ahead: Growth of the ESG Market Is Robust
Market Trends: Sustainable Investing Continues to Grow

Signatory Assets Under Management

Source: UN PRI
Market Trends: Sustainable Fund Flows are Increasing

Quarterly Global Sustainable Fund Flows

Source: Morningstar
Market Trends: Sustainable Finance Market Continues to Expand

Global Sustainable Debt Issuance

<table>
<thead>
<tr>
<th>Year</th>
<th>Issuance (USD Billions)</th>
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<tr>
<td>2020</td>
<td>800</td>
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<tr>
<td>2019</td>
<td>600</td>
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<td>2018</td>
<td>400</td>
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<tr>
<td>2017</td>
<td>200</td>
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<td>2016</td>
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<td>2015</td>
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<td>2013</td>
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Source: Bloomberg NEF
ESG Regulatory Initiatives are Serving as Tailwinds

Robust Regulatory Environment

Corporate Disclosure Standards
The New Sustainability: Morningstar + Sustainalytics = ESG Leadership
Morningstar and Sustainalytics: Across All Relevant Channels

The Market Standard Across:

**Core Investor Audiences:**
- Individual Investors
- Financial Advisors
- Wealth Managers
- Asset Managers
- Institutional Investors
- Corporates

**Asset Classes:**
- Equity
- Fixed Income
- Private Markets
- Credit

**Investment Vehicles:**
- Securities
- Funds
- Portfolios

**Audience Workflows:**
- Create
- Manage
- Communicate
Sustainalytics + Morningstar Empower All Investor Workflows
2021 Product Portfolio: Strategic Innovation Priorities

- EU Action Plan Solutions
- Impact Offering
- Carbon Solutions
- Supply Chain ESG Assessments
Transform Morningstar’s values into core competencies

- Support Enterprise Sustainability Working Group to align BU, functional, regional goals
- Operationalize ESG data and sustainability metrics in critical strategy and functions
- Articulate and communicate our roadmap for key stakeholders

Reinforce and communicate the firm’s sustainability strategy

- Enhance Morningstar policies pertaining to Sustainability
- Position Morningstar as a provider of record for Sustainability-aware clients
- Harness the energies and expertise of Morningstar businesses and employees to drive the sustainability roadmap

Position for ESG leadership in the financial services industry

- Turn our research IP and product capabilities inward
- Leverage the ES Working Group to harness the global expertise and innovation potential for multiple audiences
Appendix:
Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure
Reconciliation from operating income to adjusted operating income:

<table>
<thead>
<tr>
<th>($mil)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated revenue growth</strong></td>
<td>14.2%</td>
<td>11.9%</td>
<td>15.6%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Adoption of accounting changes/ M&amp;A</td>
<td>6.6%</td>
<td>0.1%</td>
<td>8.4%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Effect of foreign currency translations</td>
<td>—</td>
<td>0.4%</td>
<td>(1.2%)</td>
<td>0.2%</td>
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<tr>
<td><strong>Organic revenue growth</strong></td>
<td>7.6%</td>
<td>11.4%</td>
<td>8.4%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>
Reconciliation from consolidated revenue growth to organic revenue growth:

<table>
<thead>
<tr>
<th>($mil)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>GAAP operating income</td>
<td>$169.8</td>
<td>$215.8</td>
<td>$189.6</td>
<td>$215.2</td>
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<tr>
<td>M&amp;A costs</td>
<td>—</td>
<td>—</td>
<td>7.2</td>
<td>14.9</td>
</tr>
<tr>
<td>All intangible amortization</td>
<td>23.6</td>
<td>20.7</td>
<td>36.5</td>
<td>58.8</td>
</tr>
<tr>
<td>Earn-out</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>27.8</td>
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<tr>
<td><strong>Adjusted operating income</strong></td>
<td><strong>$193.4</strong></td>
<td><strong>$236.5</strong></td>
<td><strong>$233.3</strong></td>
<td><strong>$316.7</strong></td>
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</table>
Reconciliation from operating margin to adjusted operating margin:

<table>
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<th>($mil)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Operating margin</td>
<td>18.6%</td>
<td>21.2%</td>
<td>16.1%</td>
<td>15.5%</td>
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<tr>
<td>add: intangible amortization expense</td>
<td>2.6%</td>
<td>2.0%</td>
<td>3.7%</td>
<td>7.3%</td>
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<tr>
<td>and all M&amp;A-related expenses</td>
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<tr>
<td>Adjusted operating margin</td>
<td>21.2%</td>
<td>23.2%</td>
<td>19.8%</td>
<td>22.8%</td>
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</table>
Reconciliation from cash provided by operating activities to free cash flow:

<table>
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<th>($mil)</th>
<th>2017</th>
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<tr>
<td>Cash provided by operating activities</td>
<td>$250.1</td>
<td>$314.8</td>
<td>$334.4</td>
<td>$384.3</td>
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<td>Capital expenditures</td>
<td>(66.6)</td>
<td>(76.1)</td>
<td>(80.0)</td>
<td>(76.7)</td>
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<tr>
<td>Free cash flow</td>
<td>183.5</td>
<td>238.7</td>
<td>254.4</td>
<td>307.6</td>
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