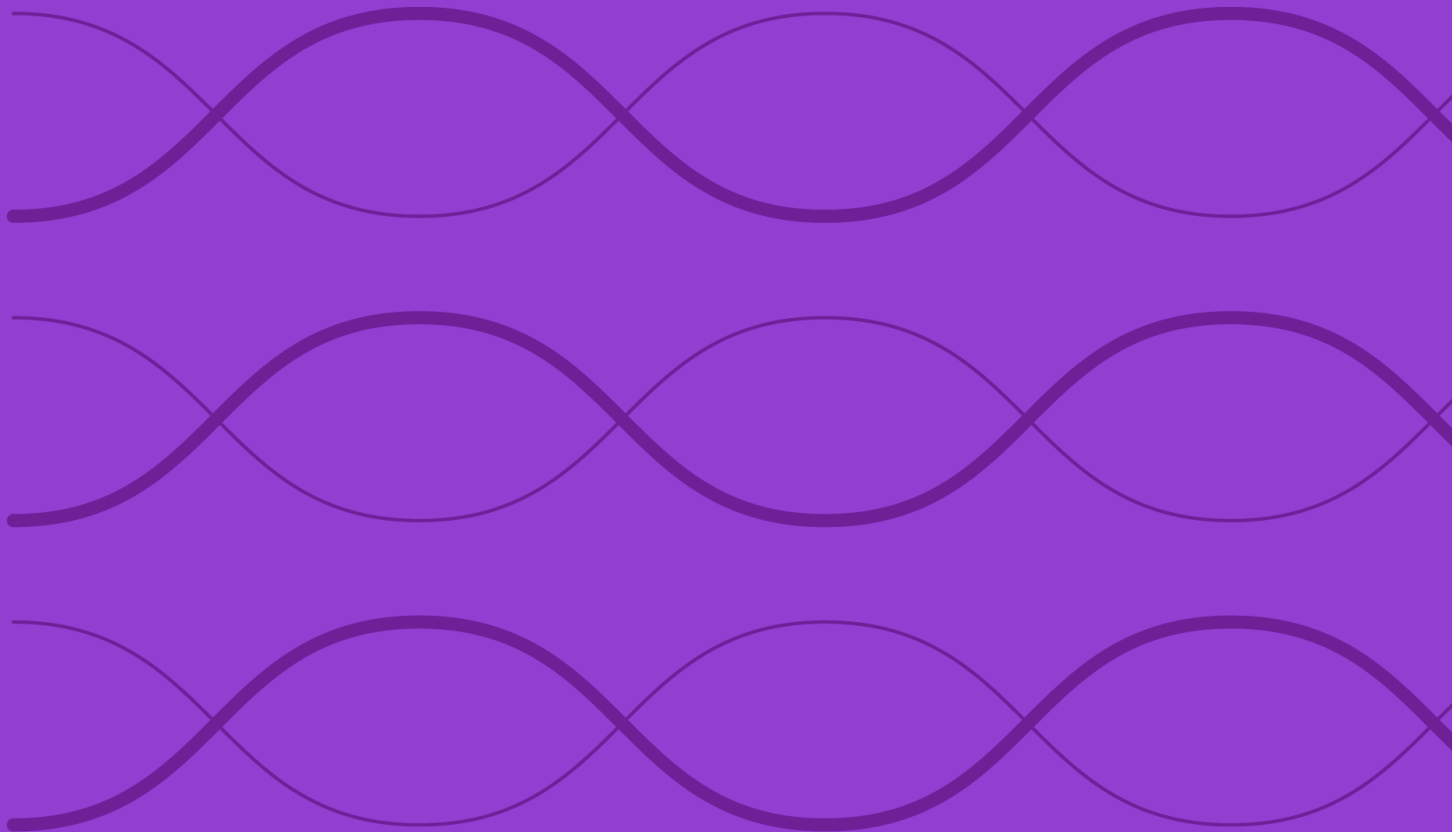


Construction Rules for the Morningstar[®] Jantzi Social Index



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Overview

The Morningstar® Jantzi Social Index is a market capitalization-weighted, consisting of 50 Canadian companies that pass a set of broadly based environmental, social and governance (ESG) screening criteria. Security selection is based on a composite score that incorporates both ESG risk ratings and market capitalization.

For further information on ESG data used in the index, please see the [Morningstar ESG Index Glossary](#).

Index Inception and Performance Start Date

The index inception date and the performance start date, is April, 24th, 2013.

Index Construction

Exhibit 1: Construction Process



Assigning Stocks to the Index

At each reconstitution, securities for Morningstar Jantzi Social Index are derived from Morningstar Canada Large-Mid Index. For more details on benchmark construction, refer to the [Construction rules for Morningstar Global Markets Indexes](#).

Security Selection

- Companies must not have a null ESG risk score.
- Baseline Exclusions
 - Securities with severe controversy score of 5 are eliminated from the starting universe.
 - The company must not be non-compliant with the principles of the United Nations Global Compact.
- Activity-Based Exclusions
 - Not have any tobacco production involvement by revenue.
 - Not have more than 5% product involvement by revenue in Tobacco Related Products and Services.
 - Not have more than 10% product involvement by revenue from the distribution and/or retail sale of tobacco products.

¹ Refer to [Appendix 4: Baseline & Activity Based Exclusions](#) for the ESG screens.

- Not have any involvement in Military Contracting – Weapons.
- Not have more than 5% product involvement by annual revenues in Military Contracting – Weapons-related products and/or services.

Portfolio Construction

- A security level score is developed by using ESG ratings and market capitalization of a company. Details regarding the calculation of the composite score is present in appendix 2.
- Securities are ranked based on the composite score, and top 50 securities are initially selected.
- To ensure participation from all sectors, benchmark's sector count proportion is calculated, which then is used as a reference, against which the portfolio's sector count is compared. A replacement algorithm iteratively removes the worst ranking security based on its presence in previous portfolio and the composite score from the most overrepresented sector (relative to benchmark) and adds the highest-ranking security to the least represented sector (relative to benchmark.), till the sector count proportion of the portfolio is constrained at +/-2% sector count proportion of the benchmark.
- In order to reduce turnover, a buffer is implemented. The details are as follows:
 - Previous effective portfolio's count from each sector is used as a reference, upon which additional 50% buffer is added.
 - During the selection process, securities are sorted on the basis of the composite score, then on a sector level, securities from previous effective portfolio lying in the buffer region (Previous sector count +50% buffer) are tagged as prioritized.
 - Finally, all securities are sorted based on prioritization, and then on composite score. Following which, the selection process described in previous step is executed.
- The portfolio is weighted on the basis of free float market capitalization.
- Security level weight capping is implemented at 10%.
- Sector weights are capped at +/-5 % relative to the benchmark sector weight.

Number of Stocks

The target number of stocks in the index is fixed at 50. The actual number of constituents may differ due to corporate actions.

Index Weighting

The company weights of index constituents are based of free-float market capitalization. Additionally, security level and sector level caps are implemented to reduce concentration risk.

Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted, where the membership is reset, semi-annually. Adjustments are made on the Monday following the third Friday of June and December. If the Monday is a holiday, reconstitution occurs on the next business day. The market data used for reconstitution is as of the last trading day of May and November.

The index is rebalanced quarterly on the third Friday of March, June, September, and December. Adjustments are implemented after Friday's market close and reflected the following Monday. If Monday is an index holiday, the rebalance is reflected the next business day. During each rebalance parent index membership is checked, and the weights of the constituents are adjusted as per the weighting scheme. Updated float market capitalization is used during rebalance. The market data used for rebalancing is as of the last trading day of February, May, August, and November.

Index files are published according to the global calendar schedule. For more information, please refer to the [Morningstar Indexes Holiday Calendar](#).

Corporate Actions

The treatment of corporate actions will be as per the float-adjusted market capitalization-weighted indexes. For more details, please refer to the [Morningstar Indexes Corporate Actions Methodology rulebook](#)

Index Calculation and Price Data

Details about index calculations and price data can be found in their respective rulebooks: [Morningstar Indexes Calculation Methodology](#) and [Equity Closing Prices Used for Index Calculation](#).

Methodology Review and Index Cessation Policy

The index methodology is continually reviewed to ensure it achieves all stated objectives. These reviews consider corporate action treatment, selection, and maintenance procedures. Subscribers to the index will be notified before any methodology changes are made. For more details, refer to the [Morningstar Index Methodology Change Policy](#).

Morningstar also notifies all subscribers and stakeholders of the index that circumstances might arise that require a material change to the index or a possible cessation of the index. Circumstances that could lead to an index cessation include, but are not limited to, market structure change, product definition change, inadequate supply of data, insufficient revenue associated with the index, insufficient number of clients using the index, and/or other external factors beyond the control of the Morningstar Index Methodology Committee.

Because the cessation of the index or benchmark index could disrupt subscriber products that reference this index, all subscribers are encouraged to have robust fallback procedures if an index is terminated. For more details, refer to the [Morningstar Index Decommissioning Policy](#).

Data Correction and Precision

Intraday Index Data Corrections

Commercially reasonable efforts are made to ensure the accuracy of data used in real-time index calculations. If incorrect price or corporate action data affects index daily highs or lows, it is corrected retroactively as soon as is feasible.

Index-Related Data and Divisor Corrections

Incorrect pricing and corporate action data for individual issues in the database will generally be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence, will be fixed retroactively on the day it is discovered to prevent an error from being carried forward. Commercially reasonable efforts are made to correct an older error subject to its significance and feasibility.

For more details, refer to the [Recalculation Guidelines](#).

Exceptions

While Morningstar will seek to apply the method described above, the market environment, supervisory, legal, financial, or tax reasons may require an alternative approach to be adopted. A decision to take an alternative approach will be made by the relevant Morningstar Index Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Index Oversight Committee.

Appendixes

Appendix 1: Modifications to the Rulebook

Section	Description of Change	Update Date
Entire rulebook	Moved to new template June 2025	June 2025
Index Name Change	Changed from Jantzi Social Index to Morningstar Jantzi Social Index	June 2025

Appendix 2: Composite Score Calculation

Composite Score is calculated using ESG Ratings provided by Sustainalytics, and market capitalization of a company.

Let:

- $x_{i,s}^{ESGR}$ be the ESG rating value for stock i in sector s
- $x_{i,s}^{McapLog}$ be the log of float market capitalization value for stock i in sector s

Then, their z score values are:

$$x_{i,s}^{ESGRNorm} = \frac{x_{i,s}^{ESGR} - \mu_s^{ESGR}}{\sigma_s^{ESGR}}$$

$$x_{i,s}^{McapLogNorm} = \frac{x_{i,s}^{McapLog} - \mu_s^{McapLog}}{\sigma_s^{McapLog}}$$

Composite Score Calculation:

$$Tilt\ Score = (1 - w)(-1 \cdot x_{i,s}^{ESGRNorm}) + w \cdot x_{i,s}^{McapLogNorm}$$

Where,

$$w = 50\%$$

Then normalize the composite score within sector to obtain the final composite score.

$$Tilt\ Factor_{i,s} = \frac{TiltScore_{i,s} - \mu_s^{Tilt\ Score}}{\sigma_s^{Tilt\ Score}}$$

Appendix 3: Index Methodology Before June 2025

Prior to the June 2025 reconstitution, the Morningstar Jantzi Social Index was named the Jantzi Social Index. The index also went through a material methodology change, which was implemented during the June 2025 reconstitution. More details on the former Index methodology can be found below. The original Index inception date of the Jantzi Social Index is April, 24th, 2013.

Jantzi Social Index [legacy methodology](#).

June 2025 Methodology Change summary:

- Starting Universe:
 - The parent benchmark for the Index will be the Morningstar Canada Large-Mid Index.
- ESG Exclusions: ESG screens will be maintained from the legacy Jantzi Social Index methodology except for the three changes below.
 - Addition: A new screen excluding companies identified as non-compliant with the UN Global Compact.
 - Removal: All screens related to nuclear energy have been eliminated.
 - Update: The exclusion criteria now apply only to companies with a "Severe" Controversy Rating. Previously, companies with a "High" rating were also excluded.
- Selection criteria:
 - For updated selection criteria, refer to the Portfolio Construction section.
- Review frequency:
 - Annual review in March changed to semi-annual review in June and December to align with the Morningstar Equity Index review schedule.
- ESG data change:
 - The Index will use the Sustainalytics ESG Risk Rating for security selection. This replaces the legacy Morningstar Sustainalytics ESG Rating.

Appendix 4: Baseline & Activity Based Exclusions

ESG Field	Missing Data Treatment	Threshold for exclusion
Highest Controversy Level	Exclude	5
UNGC Compliance Status	Exclude	Non-compliant
Military Contracting Weapons - Level of Involvement	Exclude	Any involvement
Military Contracting Weapons (Products & Services) - Level of Involvement	Exclude	Greater than 5%
Tobacco Products (Production) - Level of Involvement	Exclude	Any involvement
Tobacco Products - Products/Services - Level of involvement	Exclude	Greater than 5%
Tobacco Products - Retail/Distribution - Level of involvement	Exclude	Greater than 10%

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers, and advisors in navigating investment opportunities across major asset classes, styles, and strategies. From traditional benchmarks and unique IP-driven indexes to index design, calculation, and distribution services, our solutions span an investment landscape as diverse as investors themselves.

Morningstar Index Methodology Committee

The Morningstar Index Methodology Committee oversees all new index development, index methodology changes, and cessation of indexes for any indexes where Morningstar owns the intellectual property. This committee is also charged with ensuring that indexes align with Morningstar Research principles and values. The group comprises members of the index team with index research, product development, product management, client service, index implementation, and operation expertise who provide the first layer of governance over index design and methodology.

Morningstar Index Operations Committee

The Morningstar Index Operations Committee governs the processes, systems, and exception handling of the day-to-day management of all live indexes, including index rebalancing and reconstitution, restatements, market classification, and contingency management. The committee oversees the annual review of index methodology (as required by U.K. and EU benchmark regulations, or BMR), ensuring that methodologies remain fit for purpose and continue to achieve their stated investment objectives. The group comprises members of the index team with data, operations, corporate actions, product development, index launch, client service, and index management experience who provide the first layer of governance over index operations.

Morningstar Index Oversight Committee

The Morningstar Index Oversight Committee is responsible for the index oversight function as per the requirements of the U.K. and European BMR, providing independent oversight of all aspects of the governance of benchmark administration as required by the relevant BMR. Its remit extends to all calculation and administration-related business activities of Morningstar Indexes, including administration of Morningstar-owned benchmarks as well as client-owned benchmarks and index calculation. The oversight function is part of the organizational structure of Morningstar but is separate and independent from the index business, index management, and the other index committees.

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