

# Morningstar Index Methodology & Administration Committee Committee Charter

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## Introduction

The purpose of the Morningstar Index Services Methodology & Administration Committee (ISMA) is to oversee all new index development, index methodology changes, and cessation of indexes for any indexes where Morningstar provides calculation and administration services but does not own the intellectual property of the indexes ("Client Indexes"). (Governance of indexes that Morningstar does own the intellectual property in is conducted primarily via the Morningstar Index Methodology Committee (IMeC)). ISMA will also oversee the adequacy and effectiveness of the operational interactions between Morningstar and its calculation services clients, and of client governing committees, where relevant.

The ISMA reports to the Senior Management of Morningstar Indexes, escalating matters to the Morningstar Index Oversight Committee (IOC) as warranted. The ISMA is comprised of members of the index team with expertise in index research, product development, product management, client service, index implementation and operations, and provides the first layer of governance over the index calculation services and administration business, with respect to index design and methodology.

## Committee Responsibilities

The primary responsibilities of the ISMA in respect of Client Indexes are:

1. **Administration Oversight:** Oversee the adequacy and efficacy of the operational interactions between Morningstar and its calculation services clients, and of client governing committees.
2. **New Index Design:** Review and approve all aspects of a new index design, including the key features of the index, the intended use of the index and any potential real or perceived conflicts of interests. The ISMA will solicit additional input from the Morningstar indexes team as necessary.
3. **Methodology Changes:** Vet and approve all proposed changes to index methodologies considering the key features of the index, and intended, expected or known usage of the index.
4. **Index Cessation:** Review and approve proposed index cessations, requesting the index team to undertake a consultation with clients on such changes as necessary.
5. **Risk Management:** Take measures to remain informed about issues and risks to an index, as well as commissioning external reviews of an index or indexes when deemed necessary.
6. **Consultation:** Oversee consultation process, reviewing feedback and determining whether methodology changes are needed.
7. **Annual Review:** Review and reassess the adequacy of this Charter annually and notify any changes to the IOC.
8. **Additional Responsibilities:** Perform such other duties and responsibilities, consistent with this Charter.

## Committee Members

The ISMA will consist of at least five of voting members (including the Chair) each of whom must be employed in the index team and have significant experience in index governance, regulations, research, methodology or calculations.

At its discretion, the ISMA can appoint non-voting members with relevant index and governance expertise from within the index team.

The ISMA will have a Chair, who will be responsible for, with input from the other members of the ISMA, calling, establishing agendas for, and supervising the ISMA meetings. The Chair will report to the Managing Director of Morningstar Indexes the actions and recommendations of the ISMA.

The Managing Director of Morningstar Indexes shall appoint the Chair of the ISMA. The Managing Director is responsible for removing and adding members and can do so at any time. Appointments to the ISMA, including the Chair of the ISMA, shall conform to Morningstar's by-laws, this Charter, and applicable laws and regulations, as appropriate under the circumstances.

### Meetings

The ISMA will meet at least monthly in person or by telephone. It may meet more frequently, if the ISMA deems it necessary to comply with the responsibilities defined in this Charter.

The ISMA shall have the authority to establish its own rules and procedures consistent with Morningstar's by-laws for notice and conduct of its meetings should the ISMA, in its discretion, deem it desirable to do so. A majority of the members of the ISMA shall constitute a quorum for the transaction of business and the action of a majority of the members present at any meeting at which there is a quorum shall be an act of the ISMA. The ISMA may also take any action permitted in this Charter by majority written consent.

Agenda items can be requested by ISMA members and other members of the index team.

Any communications between the ISMA and legal counsel in the course of obtaining legal advice will be considered privileged communications of Morningstar, subject to the ISMA taking the necessary steps to preserve the privileged nature of these communications.

The ISMA will keep adequate minutes of its proceedings and shall maintain copies of such minutes and each written consent to action taken without a meeting.

### Conflicts of Interest

Members of the ISMA must disclose any activities or engagements that could conflict with their position as a member of the ISMA. The ISMA will maintain a record of potential conflicts of interest and report those to the IOC and the Chief Compliance Officer for Indexes.

## 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 Services Methodology & Administration Committee

The purpose of the Morningstar Index Services Methodology & Administration Committee is to oversee all new index development, index methodology changes, and cessation of indexes for any indexes where Morningstar provides calculation and administration services but does not own the Intellectual Property of the indexes. The group is comprised of 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 the index calculation services and administration business, with regard to 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 European Benchmarks Regulation (the “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 European Benchmarks Regulation (the “BMR”), providing independent oversight of all aspects of the governance of benchmark administration. 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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