

May 14, 2025

Consultation on Morningstar Indexes Sustainability Leaders Index Family

Morningstar Indexes is considering a methodology change for the Morningstar Sustainability Leaders Index family.

The current methodology excludes companies that Morningstar Sustainalytics has assessed as 'Non-Compliant' with global norms and standards. This status is assigned to companies found 'causing, contributing or being directly linked to' severe or systemic and/or systematic violations. The proposed change is to tighten the sustainability exclusionary screening criteria by also excluding companies on the Global Standards 'Watchlist'.

The impact of this change is expected to be moderate and varied per regional version. Though only a small number of additional securities would be excluded, some have a significant weight impact. The list of impacted indexes as well as the active share details as of the March 2025 reconstitution are available [here](#).

The difference attributed specifically to the proposed methodology change is driven largely by one security with significant weight, Lvmh Moet Hennessy Louis Vuitton SE. This security is present in the live indexes and not in the simulations with the proposed methodology due to not meeting the new Global Standards screening criteria as of the latest reconstitution in March 2024 with ESG data as of December 2024. The remainder of the difference can be attributed to aspects of the methodology including ESG score ranking and sector constraints, which remain unchanged under the proposal.

We are soliciting client feedback on this proposal.

Submit your responses and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to indexes@morningstar.com.

Key dates

- **Consultation:** The consultation will be open for response from May 14, 2025 to May 23, 2025.
- **Decision announcement:** Final decisions will be announced by May 30, 2025.
- **Proposed implementation:** TBD

Questions

1. Should Morningstar adopt the more stringent screening criteria on company compliance with international norms and standards (UNGC) to exclude companies with status 'non-compliant' or 'watchlist' within the Morningstar Sustainability Leaders Index Family?

- a. Yes
 - b. No
- 2. Should any Morningstar Sustainability Leaders indexes be kept out of scope for this change?
 - a. Yes
 - b. No
 - c. Other, please explain.
- 3. If Morningstar Indexes adopts this change to the exclusion's methodology, when should this change be implemented?
 - a. June 2025 Reconstitution
 - b. December 2025 Reconstitution
 - c. Other, please explain.
- 4. What other factors should Morningstar Indexes consider in making this decision?

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

MorningstarIndexesAlerts@morningstar.com is a no-reply email address. For questions concerning this notification, please contact us at Indexes@morningstar.com.

