Morningstar Indexes

Morningstar Indexes Approach to Sanctioned Index Constituents

June 2026

Overview

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.

This document outlines the approach Morningstar Indexes will take when sanctions are imposed that restrict investment in certain jurisdictions or specific index constituents.

Approach to Sanctions that Restrict Investment

Sanctions may vary in their applicability, particularly in respect of investor domicile. Sanctions may also not be enacted universally, and the restrictions imposed may apply only to certain individuals, companies, industries or countries. Additionally, sanctions issued by one authority may conflict with sanctions issued by, or face blocking rules from, another authority, or may otherwise be inconsistent with countervailing policy considerations.

Consequently, sanctions and their impact on index constituents are reviewed on a case-by-case basis and affected securities may be removed either at reconstitution or in between reconstitution periods to facilitate the preservation of replicability. Such removals will be communicated to clients.

Typically, Morningstar Indexes' approach will align with the following principles:

- Sanctions that prohibit US, UK and/or EU individuals or entities from investing in specific companies, industries, countries or companies linked to sanctioned individuals, will result in the sanctioned securities being removed from an index. Such removal may be at market value or at zero value.

- Sanctions that prohibit an existing index constituent from raising capital from US, UK and/or EU individuals or entities, may result in either the index constituent remaining in the index and Morningstar Indexes suspending implementation of any capital raising corporate events relating to the constituent, or Morningstar Indexes removing the constituent from the index.

- Sanctions that prohibit investment by investors other than US, UK and/or EU individuals or entities may warrant consideration of the creation of a customised index for impacted investors, however, would likely not result in removal of constituents from the standard Morningstar indexes.

Companies that are sanctioned will not be considered for inclusion in Morningstar indexes until such time as the sanctions are removed.

About Morningstar Indexes

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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 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 European Benchmark Regulations (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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