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FOR IMMEDIATE RELEASE**Morningstar Introduces Industry's First Sustainability Rating for 20,000 Funds Globally, Giving Investors New Way to Evaluate Investments Based on Environmental, Social, and Governance (ESG) Factors**

CHICAGO, March 1, 2016—To help investors evaluate funds based on environmental, social, and governance (ESG) factors, Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today introduced the Morningstar Sustainability Rating™ for funds. The new rating will enable investors around the world to evaluate mutual funds and exchange-traded funds based on how well the companies held in their funds are managing their ESG risks and opportunities.

Morningstar is rolling out the ratings and related ESG metrics today for approximately 20,000 funds globally in Morningstar DirectSM, the company's research platform for asset managers and wealth management professionals, and Morningstar OfficeSM, the company's practice management system for independent financial advisors. In the coming weeks, Morningstar will launch the ratings on other platforms, including Morningstar® Advisor WorkstationSM, Morningstar.com®, and other websites around the world.

In support of Morningstar's sustainable investing initiative, Steven Smit, CEO of Morningstar Benelux, has been named head of sustainability and will be responsible for leading the company's initiative to bring the new ratings and metrics to investors globally. Jon Hale, Ph.D., CFA, former head of manager research for North America, has been named head of sustainability research.

"Given the widespread and growing interest in sustainable investing around the world, investors need better tools to help them determine whether the funds they own or are considering adding to their portfolios reflect best sustainability practices," Smit said. "Our Sustainability Rating and related metrics will provide investors with an ESG lens they can use to evaluate funds and, eventually, other managed

products. Creating more insight into sustainability investing is a passion of mine and many others at Morningstar. This initiative will help us better serve investors who place particular importance on incorporating ESG factors into their investment decisions.”

The Morningstar Sustainability Rating helps investors gauge how well the companies held in a fund are managing the ESG issues most relevant to their industries and compare funds with one another, across Morningstar Categories, and to benchmarks. Morningstar calculates the rating based on the underlying fund holdings and company-level ESG research and ratings from [Sustainalytics](#), a leading independent provider of ESG and corporate governance ratings and research.

“Many investors are interested in sustainable investing but unsure how to put it into practice,” Hale said. “Our new rating makes it easier to compare funds based on their ESG attributes. In that way, investors can better determine how to incorporate sustainable investing into their portfolios, or assess the extent to which their fund investments are upholding best sustainability practices.”

Hale added, “Some firms say that they invest according to sustainability principles, but it’s been hard to verify. Now investors can draw their own conclusions, using an independent, robust check of that claim that’s based on comprehensive analysis of a fund’s holdings.”

The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 50 percent of assets covered by a company-level ESG score from Sustainalytics receives a *Morningstar® Portfolio Sustainability Score™*. The Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for companies involved in controversial incidents, such as environmental accidents, fraud, or discriminatory behavior. The *Morningstar Sustainability Rating* is the Portfolio Sustainability Score relative to at least 10 category peers, assigned in a bell curve distribution. Funds receive Sustainability Ratings described as Low, Below Average, Average, Above Average, and High, and depicted by globe icons where Low equals 1 globe and High equals 5 globes. Morningstar assigns ratings to all funds that have more than half of their underlying assets rated by Sustainalytics, not just funds with explicit sustainable or responsible investment mandates. Of the approximately 20,000 funds with Morningstar Sustainability Ratings, 10 percent received 5 globes, 22.5 percent received 4 globes, 35 percent received 3 globes, 22.5 percent received 2 globes, and 10 percent received 1 globe. Morningstar will update Portfolio Sustainability Scores when it receives new fund

holdings data and will base them on the latest company scores from Sustainalytics. Morningstar will update the Sustainability Rating each month using the most recent Portfolio Sustainability Scores.

Morningstar's initial analysis of the ratings reveals that funds with explicit sustainable or responsible mandates are generally practicing what they preach. Nearly two out of three such funds received the highest ratings, more than double the percentage of funds with Sustainability Ratings overall. It's important to note that funds with explicit sustainable or responsible investment mandates comprise only about 2 percent of the fund universe.

Morningstar Direct and Morningstar Office users can screen for the Sustainability Rating for funds along with other ESG metrics, such as separate Environmental, Social, and Governance scores. In the future, Morningstar plans to expand the number and types of investments that receive Sustainability Ratings as well as add additional sustainable investing analytics and research.

For more information about Morningstar's Sustainability Rating, including frequently asked questions and definitions, articles about sustainable investing, and the rating methodology, please visit the [press kit](#) and [website](#).

Morningstar will hold a webinar to discuss the Sustainability Rating and Morningstar's approach to sustainable investing at 9 a.m. CT/4 p.m. ET on Tuesday, March 1, 2016. Click [here](#) to register. Follow the conversation on [Twitter](#) with the hashtag #MstarESG.

About Morningstar, Inc.

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar provides data on more than 510,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 17 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment management services through its investment advisory subsidiaries, with more than \$180 billion in assets under advisement and management as of Dec. 31, 2015. The company has operations in 27 countries.

About Sustainalytics

Sustainalytics is an independent ESG and corporate governance research, ratings, and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 14 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social, and governance information and assessments into their investment

processes. Today, the firm has 250 staff members, including more than 120 analysts with varied multidisciplinary expertise across more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years—2012 through 2014—and in 2015, Sustainalytics was named among the top three firms for both ESG and corporate governance research. For more information, visit www.sustainalytics.com.

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