



November 6, 2025

1 Week Reminder: Consultation on the Morningstar Sweden Sustainability Select 70 Index

Morningstar Indexes is considering methodology changes to the Morningstar Sweden Sustainability Select 70 Index. These changes include adjusting the ESG exclusion criteria, changing the method for security selection, and capping.

Impacted Index

PortfolioID	Index Name
2473960	Morningstar Sweden Sustainability Select 70 Index

Adjustment of ESG Exclusions Criteria:

The current methodology uses a range of ESG exclusions. The following adjustments to the exclusion criteria are proposed:

Adjustment Type	Category	ESG Exclusions Criteria
Removal	Activity Exclusions	- Thermal Coal Supporting Products and Services - Adult Entertainment Distribution - Gambling Supporting Products and Services

		• Military Contracting (Weapons, Weapons Products & Services and Non-Weapons Products & Services) • Oil and Gas Generation and Supporting Products & Services) • Thermal Coal (Power Generation) • Small Arms (Civilian Assault, Civilian Non-Assault, Customers, Key Components, Retail Distribution Assault and Retail Distribution Non-Assault)
Removal	Baseline Exclusions	• Controversial Weapons Tailor Made & Essential – Category Level of Involvement • Controversial Weapons Non-Tailor Made or Nonessential – Category Level of Involvement
Addition	Controversial Weapons Individual Involvement Categories	• Anti-Personnel Mines – Category of Involvement • Biological and Chemical Weapons – Category of Involvement • Cluster Weapons – Category of Involvement

The Proposed Exclusions Are:

To be eligible for index inclusion, all constituents must meet the following criteria:

The security must not have null or Severe ESG Risk Score (>40)

Baseline Exclusions:

- The security must not have null or a controversy score or 5.
- The security must be compliant with the principles of the United Nations Global Compact.
- Anti-Personnel Mines
- Biological and Chemical Weapons
- Cluster Weapons

Activity-based exclusions:

- Nuclear Weapons

- The company may not have any revenue involvement in the following activities:
 - Thermal Coal - Extraction
 - Tobacco Products - Production
- The company's product involvement must be less than 5% for the following activities:
 - Adult entertainment - Production
 - Alcoholic beverages - Production
 - Arctic Oil Extraction
 - Gambling – Operations and Specialized Equipment
 - Oil and gas - Production
 - Shale Energy Extraction
 - Tobacco Production - Retail and Supporting Products & Services
- The company must not have 50% or more of its combined revenue from oil and gas generation and coal power generation.

Other Changes:

Change	Current	Proposed
Eligibility	Average Daily Trading Volume filter of at least \$150,000 applied	No Average Daily Trading Volume filter
Selection	Top 75% of companies or 70 whichever is lower, based on the Sustainalytics ESG Risk Score while enforcing sector constraints	All eligible securities after screens are included in the index
Capping	Security weight capping at 2% or 20 times its respective float market cap weight after exclusions	2% company-level capping

Further details on the portfolio impact compared to the Live Index June 2025 reconstitution can be provided upon request.

PortfolioID	Index Name	Active Share	Additions	Deletions
2473960	Morningstar Sweden Sustainability Select 70 Index	0.46	77	0

If adopted, these changes would take effect at the upcoming reconstitution effective December 22, 2025. There would be no change to the performance history or historical composition of the portfolios.

We are soliciting 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 October 15, 2025 to November 13, 2025.
- **Decision announcement:** Final decisions will be announced by November 21, 2025.
- **Proposed implementation:** December 22, 2025.

Questions

1. Should Morningstar Indexes adopt the ESG exclusion changes to the Morningstar Sweden Sustainability Select 70 Index?
 - a. Yes

- b. No
- 2. Should Morningstar Indexes remove the Average Daily Trading Volume (ADTV) filter?
 - a. Yes
 - b. No
- 3. Should Morningstar remove the security weight capping at 2% or 20 times its respective float market cap weight after exclusions?
 - a. Yes
 - b. No
- 4. Should Morningstar Indexes modify the selection changes to the Morningstar Sweden Sustainability Select 70 Index to be based on market capitalization with 2% company level capping?
 - a. Yes
 - b. No
- 5. 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.

