

Continuing Professional Development Policy

1. Scope

This Continuing Professional Development Policy applies to Morningstar Investment Management Australia Ltd ("Morningstar Investment Management") and its directors, and officers, employees and authorised representatives.

Morningstar is part of the Morningstar, Inc. group of companies. As such, this Policy is to be read together with Morningstar, Inc.'s various global policies and procedures, including but not limited to the Morningstar, Inc. Code of Ethics. To the extent that there are discrepancies between Morningstar, Inc.'s global policies and procedures and this Policy, this Policy will take precedence in relation to Morningstar.

This Continuing Professional Development Policy is available on the Morningstar Investment Management website.

Please refer to **Appendix 1** for the **Morningstar Dictionary** to understand the terms used in this Policy.

2. Executive Summary

Morningstar Investment Management embraces a culture of lifelong learning and encourages directors, officers, employees and authorised representatives to continue their education in their chosen career path. This policy outlines the Continuing Professional Development (CPD) framework and requirements, which Morningstar Investment Management requires all individuals identified as '**relevant providers**' to meet. This includes outlining the required training hours, relevant competencies of a relevant provider and the development of a CPD plan

For personnel authorised to provide **general advice**, requirements are specified in the Advice and Training chapter of the Morningstar Australia Compliance Handbook.

3. Policy Requirements

CPD Requirements of Relevant Providers

Relevant providers are obligated to maintain a total minimum number of 40 hours 'qualifying CPD' per **CPD year**.

Minimum Restrictions

The total minimum number of 40 hours must also meet each CPD area's minimum required hours, as outlined below:

| CPD Area | Minimum requirement |
|---|----------------------|
| Technical Competence | 5 hours |
| Client Care and Practice | 5 hours |
| Regulatory Compliance and Consumer Protection | 5 hours |
| Professionalism and Ethics | 9 hours |
| General | No set minimum hours |

Maximum Restrictions

In any CPD year, no more than:

- × 30 hours of **formal relevant education**
- × 4 hours of **professional or technical reading**

may be counted.

CPD Areas

A CPD activity must relate to one of the following CPD areas:

| Item | CPD area | Definition |
|------|---|--|
| 1. | Technical Competence | The activity is designed to enhance participants' technical proficiency and ability to develop and provide advice strategies that are appropriate to the objectives, financial situations and needs of different classes of retail clients. |
| 2. | Client Care and Practice | The activity is designed to enhance participants' ability to act as a client-centric practitioner in advising retail clients. |
| 3. | Regulatory Compliance and Consumer Protection | The activity is designed to enhance participants' understanding of applicable legal obligations and how to comply with them. |
| 4. | Professionalism and Ethics | The activity is designed to enhance participants' capacity to act as an ethical professional. |
| 5. | General | The activity is designed to maintain and extend participants' professional capabilities, knowledge and skills, including keeping up to date with regulatory, technical and other relevant developments, but is not in an area referred to in another item of this table. |

4. Assessment and Approval of CPD Plans

The relevant provider and their manager, or Compliance where applicable, will meet annually towards the start of the CPD year to discuss knowledge and skill gaps from the previous year, including forward looking business objectives and goals that could be improved in the new year.

The relevant provider will be required to submit the resulting CPD Plan to their manager and Compliance for review and approval. The approved CPD Plan will be maintained by the relevant provider.

Compliance will attain a copy of the relevant provider's training register at the end of the CPD year to confirm the CPD Plan has been followed.

5. Assessment of qualifying CPD Activities

A CPD activity must meet, and the relevant provider must provide evidence of, the following requirements to be approved as a 'qualifying CPD activity':

- × Clearly defined aims and learning outcomes
- × Clearly defined, logical structure that follows adult learning principles
- × Is current, accurate and up-to-date
- × Relates to one of the CPD areas referred to above
- × Is the appropriate learning level and has appropriate technical or practical content
- × Deals primarily with matters related to the provision of financial product advice, financial advice services and financial advice business
- × Is led or conducted by one or more persons with appropriate expertise, academic qualifications and practical experience
- × Enhances the relevant providers' knowledge and skills, and/or contributes to the maintenance of knowledge and skills in areas relevant to the provision of financial product advice and financial advice services
- × Includes one or more of the following: workshop, face-face presentation, multimedia, worked examples, activities, case studies, tips, warnings, and if appropriate, reference to relevant legislation
- × Preference is given to activities with a structured assessment component. Evidence of the successful completion of the assessment is required

Evidence Requirements

For approval to be granted for a 'qualifying CPD activity' the following evidence is required:

- × Proof of attendance/completion (e.g. certificate, digital record, transcript), which includes as a minimum:
 - The name of the activity and the provider
 - The date the activity was undertaken
 - An overview of the activity
 - The CPD area to which it relates
 - The duration in minutes/hours of the activity
 - The letterhead and/or signature of the provider or an appropriate authorised person.

Morningstar Investment Management will approve activities that enable a relevant provider to comply with their CPD requirements. However, Morningstar Investment Management will not approve an activity unless the activity meets the qualifying CPD activity requirements and evidence requirements set out in this policy.

Allocation of hours

CPD hours will be assessed and allocated on the estimated time taken to complete all content components (including video and/or multimedia) *plus* the completion of the assessment, on the basis of a 'reasonable person', with the appropriate knowledge.

6. Record Keeping

A training platform will be used by Morningstar Investment Management to record the completion of CPD activities. CPD plans will specify each relevant provider's:

- × individual CPD minimum hours
- × minimum requirements in each CPD area
- × any other specific requirements that must be met

The training platform will monitor individual progress and provide reporting.

For CPD activities undertaken and completed outside the training platform, each individual relevant provider is required to upload details into the platform and submit evidence for assessment and approval to the Compliance Department.

It is the relevant provider's responsibility to maintain complete and accurate records within the training platform.

7. Part-Time Relevant Providers

In special circumstances, CPD requirements may apply, where the relevant provider must be working **part-time** for the whole of the CPD year. If special circumstances apply that justify a reduction in CPD hours, please contact the Compliance department for prior written consent. If consent is provided, the following minimum hours will apply.

Total minimum hours: 36 hours of 'qualifying CPD' per CPD year.

Similar to the above requirements, qualifying CPD activities must include a minimum in the following areas:

| CPD Area | Minimum requirement |
|---|----------------------------|
| Technical Competence | 5 hours |
| Client Care and Practice | 5 hours |
| Regulatory Compliance and Consumer Protection | 5 hours |

| | |
|----------------------------|----------------------|
| Professionalism and Ethics | 9 hours |
| General | No set minimum hours |

8. Career Breaks & Extenuating Circumstances

If a relevant provider has not been practicing or authorised as a relevant provider for a continuous period of two years or more, then they must comply with the following career break requirements.

Morningstar Investment Management must approve the relevant providers CPD plan for the first CPD year after the relevant provider resumes practice. The relevant provider must not resume practice until such time as Morningstar Investment Management has approved the CPD Plan.

Morningstar Investment Management will not approve the CPD plan unless it is satisfied that it is appropriate to address gaps in the relevant provider's competence, knowledge and skills arising from the relevant provider's absence from practice.

9. Provisional Relevant Providers

Provisional relevant providers who are completing their **Professional Year** are not required to meet CPD requirements.

In the first CPD year as a relevant provider, CPD requirements will be pro-rated for the period between the completion of the professional year and the CPD year.

10. Existing Relevant Providers new to Morningstar Investment Management

With the assistance of the relevant provider, Compliance will assess on a case by case basis, whether the Relevant Provider has met FASEA's education and CPD training requirements.

11. Monitoring

Monitoring of the completion of CPD requirements by each relevant provider will be undertaken by Compliance using the reporting functionality of the training platform on a quarterly basis. Any exceptions identified must be reported to the Chief Compliance Officer, APAC and the Board.

12. Roles and Responsibilities

The Board of Directors of Morningstar Investment Management have ultimate accountability for this Policy. In undertaking their responsibilities, the Board of Directors of Morningstar Investment Management are supported by various roles, which each have their own accountabilities. These are set out in **Appendix 2 Roles and Responsibilities**.

13. Non-compliance

If you become aware of any non-compliance or potential non-compliance with this policy, please report it immediately to the Compliance department.

Breaches of the Continuing Professional Development Policy may lead to disciplinary action including termination of employment.

If you are not comfortable speaking to someone directly, Morningstar has established a confidential hot-line called the Morningstar Ethics Hotline which you can use to express your concerns. The Morningstar Ethics Hotline is available 24 hours a day, seven days a week at <https://www.integrity-helpline.com/morn.jsp> or on the following telephone numbers if calling:

| | |
|-------------|--------------|
| Australia | 1800 149 924 |
| New Zealand | 0800 450464 |

14. Further information and advice

If you have any questions about this Policy, please contact a member of the Compliance department.

For more information about the regulatory requirements applicable to this Policy please refer to:

- × FASEA.gov.au
- × [Corporations \(Relevant Providers Continuing Professional Development Standard\) Determination 2018](#)
- × [Corporations Amendment \(Professional Standards of Financial Advisers\) Act 2017](#)

14. Policy Review

As part of its commitment to ensuring its CPD Policy remains effective and current, this Policy will be reviewed every two years, or as needed by the Board of Morningstar Investment Management.

Any change in this Policy will be subject to approval by the Board of Morningstar Investment Management.

| Version Number | Modified By | Modifications Made | Date Modified | Status |
|----------------|-------------|------------------------------|---------------|----------|
| 1.0 | Paige Ly | Initial Policy | June 2019 | Approved |
| 2.0 | Paige Ly | Policy review period amended | June 2021 | Approved |

Appendix 1

Morningstar Dictionary

The following terms and definitions apply throughout this document.

CPD Year Morningstar Investment Management's CPD year is based on the calendar year and runs from 1 January to 31 December.

Formal Relevant Education includes any of the following:

- a) a degree or equivalent qualification approved under the *Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination 2018*
- b) a course determined in a legislative instrument under paragraph 1546B(1)(b) of the Corporations Act
- c) education or training provided or approved by a professional association
- d) Formal education or training study towards qualifications or designations relevant to practice as a relevant provider.

Part-time employment is permanent employment, working less than 40 hours per week, on average.

Professional or technical reading is reading of relevant magazines, academic readings or journal articles that is unstructured and does not contain an assessment.

Professional Year is the work and training period that a provisional relevant provider must undertake to meet the education and training standards under section 921B of the Act. The Professional year is the equivalent of one year's full-time work and comprises 1600 hours, of which 100 hours is structured training.

Provisional Relevant Provider is a relevant provider who is undertaking work and training in accordance with subsection 921B(4) of the Corporations Act.

Relevant Provider is a person who:

- a) Is an individual; and
- b) Is:
 - i. An authorised representative of Morningstar Investment Management; or
 - ii. An employee or director of Morningstar Investment Management; or
 - iii. An employee or director of a related body corporate of Morningstar Investment Management; and
- c) Is authorised to provide personal advice to retail clients, on behalf of Morningstar Investment Management, in relation to the relevant financial products.

Appendix 2

Roles and Responsibilities

| Role | Ongoing Accountability/Responsibility |
|--|--|
| Board | <ul style="list-style-type: none"> × Approving and overseeing the Continuing Professional Development Policy × Ensuring Morningstar Investment Management and its relevant providers comply with the Policy |
| Management of Morningstar Investment Management | <ul style="list-style-type: none"> × Supporting Morningstar Investment Management relevant providers with adequate resources to maintain their CPD activities. × Ensuring relevant providers comply with their CPD requirements × Promoting a continuing professional development culture in Morningstar Investment Management. × Review and approve the relevant provider's CPD Plan. |
| Compliance | <ul style="list-style-type: none"> × Support and advise relevant providers on their compliance requirements with this CPD policy. × Review and approve the relevant provider's CPD Plan × Monitor and assess the relevant provider's compliance with the CPD Policy requirements. × To report to the Board and Chief Compliance Officer, APAC of any failures to meet the specified requirements. × To notify ASIC of the relevant provider's non-compliance with the continuing professional development standard. |
| Relevant Providers | <ul style="list-style-type: none"> × Comply with the CPD obligations specified in this policy. × To develop and follow their approved CPD Plan |