



August 25, 2022

Mr. Kunal Kapoor  
Chief Executive Officer  
Morningstar, Inc.  
22 W Washington St #7  
Chicago, IL 60602

Dear Mr. Kapoor:

We are writing to express our serious concern regarding reports that Morningstar, Inc. (Morningstar), through its wholly-owned subsidiary, Sustainalytics, negatively rates firms connected to Israel in apparent alignment with the Boycott, Divestment, Sanctions (BDS) movement.<sup>1</sup>

After reviewing your corporate statements of March 2021 and June 2022, an independent review conducted by White & Case, a follow-on analysis of the said report,<sup>2</sup> and a recent letter sent to Morningstar by dozens of national and regional Jewish organizations around the country,<sup>3</sup> it is clear to us that the environmental, social, governance (ESG) research and ratings products offered by Sustainalytics are deeply infused with anti-Israel bias. Specifically, Sustainalytics relies on anti-Israel sources and automatically punishes any company involved in the Israeli economy in its ratings system. Morningstar's continued statements to the contrary, including a recent letter published in the Wall Street Journal,<sup>4</sup> appear intentionally misleading.

Companies, investors, and asset managers – including those contracted with our states – rely upon Morningstar and other firms for unbiased financial research. As state financial officers, we have a fiduciary duty to ensure that the financial research our respective states rely upon is based on sound

---

<sup>1</sup> <https://www.reuters.com/business/sustainable-business/exclusive-missouri-attorney-general-investigates-morningstar-over-esg-ratings-2022-08-03/>  
<https://www.reuters.com/world/us/eighteen-us-states-join-missouri-probe-into-morningstar-esg-2022-08-17/>  
<https://www.reuters.com/business/finance/morningstar-scraps-esg-product-found-overly-focus-israel-2022-06-02/>  
<https://www.bloomberg.com/news/articles/2022-08-03/missouri-probes-morningstar-amid-woke-esg-israel-bias-concern#xj4y7vzkg>  
<https://www.bloomberg.com/news/articles/2022-06-02/morningstar-cuts-ties-to-human-rights-group-due-to-bias-concerns#xj4y7vzkg>  
<https://jewishinsider.com/2022/06/morningstar-illinois-israel-technology/>  
<https://www.ipost.com/diaspora/antisemitism/article-708545>

<sup>2</sup> [https://assets.contentstack.io/v3/assets/blt4eb669caa7dc65b2/blt14225aa50ae4fa4d/2022-05-11\\_Report\\_of\\_Independent\\_Investigative\\_Counsel\\_\(Final\).pdf](https://assets.contentstack.io/v3/assets/blt4eb669caa7dc65b2/blt14225aa50ae4fa4d/2022-05-11_Report_of_Independent_Investigative_Counsel_(Final).pdf)

<sup>3</sup> <https://cdn.fedweb.org/fed-42/2/Morningstar%2520July%252015%2520Final.pdf>

<sup>4</sup> <https://www.wsj.com/articles/morningstar-ratings-sustainalytics-esg-bds-anti-israel-11657662969>

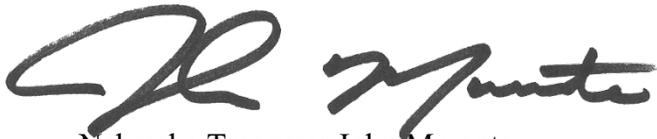
financial principles rather than BDS movement tactics meant to isolate Israel in the world economy and breed prejudice against the Jewish people.

Many of our states have investments in Israel, and we view Sustainalytics' practices are a direct attack on those investments. As Americans who strongly support Israel – a close democratic ally of the United States – we are also deeply disturbed by a corporate culture at Morningstar that would allow researchers to rely on sources aligned with the anti-Semitic BDS movement<sup>5</sup>.

We urge Morningstar to take corrective action immediately to terminate all research and ratings products that treat Israel-connected companies differently than companies operating in other free democracies. This includes termination of automatic incident reporting related to companies operating in disputed territories controlled by Israel, elimination of terminology and definitions hostile to Israel, and halting the use of known anti-Israel sources.

The BDS Movement is antithetical to the global causes of peace, democracy, and human rights. We sincerely hope that Morningstar will take corrective measures to ensure that companies, investors, and asset managers – including those contracted with our states – can once again rely upon Morningstar for unbiased financial research.

Sincerely,



Nebraska Treasurer John Murante  
SFOF National Chair



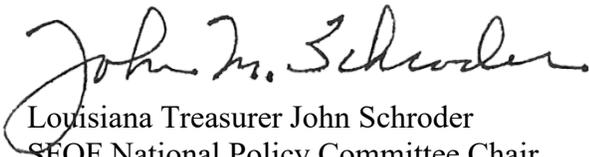
Missouri Treasurer Scott Fitzpatrick  
SFOF National Vice Chair



Arkansas Treasurer Dennis Milligan  
SFOF Past National Chair



Utah Auditor John Dougall  
SFOF Auditor-At-Large



Louisiana Treasurer John Schroder  
SFOF National Policy Committee Chair

---

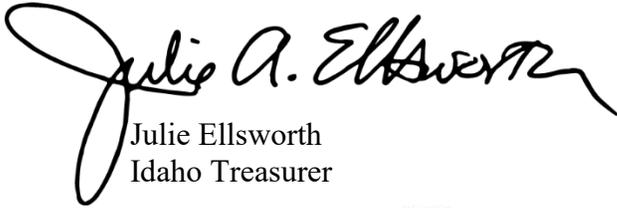
<sup>5</sup> <https://jewishinsider.com/2022/06/morningstar-illinois-israel-technology/>  
<https://www.bloomberg.com/news/articles/2022-06-02/morningstar-cuts-ties-to-human-rights-group-due-to-bias-concerns#xj4y7vzkg>



Kimberly Yee  
Arizona Treasurer



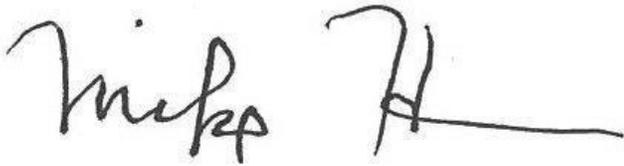
Jimmy Patronis  
Florida CFO



Julie Ellsworth  
Idaho Treasurer



Allison Ball  
Kentucky Treasurer



Mike Harmon  
Kentucky Auditor



David McRae  
Mississippi Treasurer



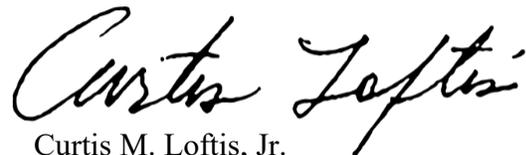
Dale Folwell  
North Carolina Treasurer



Thomas Beadle  
North Dakota Treasurer



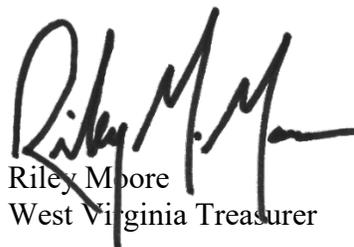
Robert Sprague  
Ohio Treasurer



Curtis M. Loftis, Jr.  
South Carolina Treasurer



Josh Haeder  
South Dakota Treasurer



Riley Moore  
West Virginia Treasurer



Curt Meier  
Wyoming Treasurer