

Summary of Morningstar's Support for BDS

Morningstar Corporate Overview:

Morningstar Inc. is a U.S. public company headquartered in Chicago that sells investment research and oversees \$215 billion in assets. In 2020, Morningstar acquired Sustainalytics, a Dutch company that sells ESG (Environment, Social, Governance) research to support socially responsible investing. In 2019, Sustainalytics acquired GES International, a Swedish company that conducts investor advocacy and engagement on behalf of institutional investors. Sustainalytics and GES International are two of the most sophisticated enablers of the anti-Israel BDS (Boycott, Divestment, Sanction) campaign in the global investment field, based on JLens' findings.

About JLens:

JLens is a nonprofit investor network established in 2012 that explores a Jewish lens on investing and serves as a bridge between the Jewish community and the socially responsible investing (SRI) and corporate social responsibility (CSR) arenas. Nearly 40 Jewish institutions invest in JLens' Jewish Advocacy Strategy, a \$150 million Jewish values-based strategy that invests in 300 U.S. companies and conducts investor advocacy on Jewish communal concerns.

JLens' Analysis on Morningstar's BDS Support:

JLens has concluded that Morningstar's products and services support BDS in the following five areas:

- Morningstar's Engagement Services pressure BDS-targeted global companies with business ties to Israel to divest Israeli operations or cease sales to Israeli entities.
- Morningstar's Controversy Reports support the BDS campaign by elevating the controversy rating of BDS-targeted companies.
- Morningstar's ESG Risk Ratings incorporate BDS sources and blacklists and use politicized anti-Israel language in the report commentary.
- Morningstar's Human Rights Radar Report narrowly focuses on three disputed territories "Palestine, Western Sahara and Tibet"
- Morningstar's Global Standards Screening sells custom screen lists to institutional investors to facilitate divestment from BDS-targeted companies.

The Ask of Morningstar:

Morningstar could easily eliminate BDS from the company's products and services by:

1. Refusing to do Engagement Services to pressure BDS-targeted companies to cut ties to Israel
2. Eliminating biased BDS sources and blacklists from ESG reports, and providing balanced sources and perspectives on the Israeli-Palestinian conflict
3. Ensuring their methodologies do not penalize companies targeted by BDS by elevating controversy and ESG risk scores
4. Refusing to generate BDS divestment lists for institutional investor clients

JLens' Engagement History with Morningstar:

- April 2020: Morningstar announced plans to acquire Sustainalytics. The JLens team reached out to Morningstar's CEO to share concerns related to Sustainalytics anti-Israel bias and BDS support. JLens was informed that Morningstar would not speak with JLens until after the Sustainalytics acquisition was finalized.
- November 2020: Following no response from Morningstar, JLens again reached out to Morningstar's CEO and was informed that three employees would speak with JLens.
- January 2021: After unproductive dialogue with Sustainalytics employees, JLens determined that Morningstar was not committed to engaging in good faith dialogue and the company was added to JLens' Do Not Invest list. Given failed engagement with employees, JLens reached out to Morningstar's board chairman and founder. JLens remains open to dialogue with him and the company.
- February 2021: JLens submitted a bylaws shareholder proposal to be presented at the Annual Shareholders Meeting.
- March 2021: Morningstar released a [public statement](#) on their website claiming an internal investigation founds JLens concerns to be false, while at the same time acknowledging that BDS news reports influence their ESG research and providing examples of companies they score as controversial due to Israeli military contracts.
- May 2021: JLens [presented](#) the [resolution](#) related to Morningstar's support for BDS at the Annual Meeting. Morningstar's chairman of the board read a statement claiming JLens concerns are false and announced the board voted unanimously against JLens resolution.
- JLens' advocacy efforts on this campaign are ongoing.