

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. Over 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:

- Morningstar advises institutional investors how to divest from Israeli and/or BDS targeted companies, and maintains divestment lists of companies with ties to Israel
- Morningstar advocates for companies to divest Israeli operations or cease sales to Israeli entities including the Israeli military and government
- Morningstar's ESG research punishes companies with ties to Israel by elevating their controversy and risk scores, making those companies less attractive for investment
- Morningstar discriminates against companies with ties to Israel by relying on antisemitic, anti-Israel, and extremist sources in their ESG research reports
- Companies are penalized disproportionately in Morningstar's scoring for operating in Israel

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. Morningstar refused to 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 the CEO and employees, JLens reached out to Morningstar's Executive Chairman.

- 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 Executive Chairman read a statement claiming JLens concerns are false and announced the board voted unanimously against JLens resolution.
- October 2021: The Chicago Federation, an investor in JLens' Jewish Advocacy Strategy, facilitated a dialogue between JLens and Morningstar's Executive Chairman. The discussions addressed Morningstar's support for BDS, the lack of moral leadership by Morningstar to date with the publication of misleading statements and the company's failure to address the serious concerns that have been raised by stakeholders, and JLens' request for an independent third-party investigation. A proposal by the company to conduct an internal confidential investigation was rejected by JLens.
- December 2021: Morningstar announces that the law firm White and Case has been hired to conduct an independent investigation, and Morningstar has committed to publishing the final report. It remains to be seen whether the investigation will result in satisfactory changes at Morningstar.
- JLens' advocacy efforts on this campaign are ongoing.