



03/06/23

Dear Treasurer Murante and Distinguished Members of the State Financial Officers Foundation:

The CUFI Action Fund, the legislative arm of the 11-million-member national pro-Israel organization Christians United for Israel (CUFI), and the Union of Orthodox Jewish Congregations of America (OU), wish to express our deep gratitude to those state financial officers working to thwart companies seeking to use Americans' retirement savings to advance anti-Israel positions.

As you know, under the auspices of Environmental, Social, and Governance (ESG) investing, Morningstar, Inc., through its subsidiary Sustainalytics, treats Israel differently from all other nations in accordance with the approach of the antisemitic campaign to Boycott, Divest from and Sanction (BDS) Israel. While in October Morningstar made promises to end Sustainalytics' anti-Israel activity, it has not.

A recent [report](#) from the Foundation for Defense of Democracies, "Morningstar Misleads Investors on Its Anti-Israel Bias — Again," notes that Morningstar's "ratings reportedly continue to target firms connected to Israel on the basis of assumptions and sources tied to the global anti-Israel boycott campaign." Worse yet, the report lays out how, "Morningstar punishes companies that help Israel protect its citizens from terrorism."

Moreover, in a December 30th [letter](#) addressed to Morningstar's leadership, a number of pro-Israel organizations, including CUFI, wrote that, "after months of working with Morningstar in good faith, it appears that Sustainalytics is failing to do its part to implement the commitments that Morningstar made to eliminate the pervasive anti-Israel bias in Sustainalytics' ESG ratings."

CUFI and the OU are deeply grateful to Arizona State Treasurer Kimberly Yee for recognizing that Morningstar's anti-Israel ESG ratings, which are used to guide divestment from Israel-based companies, constitute a clear violation of state laws prohibiting contracts with and/or investment in firms that boycott Israel. We are also grateful to Nebraska Treasurer John Murante, Missouri Treasurer Scott Fitzpatrick, Arkansas Treasurer Dennis Milligan, Utah Auditor John Dougall, Louisiana Treasurer John Schroder and the 13 other state financial officers who wrote to Morningstar last year.

Well over half the states in America have enacted measures to ensure their taxpayer dollars do not subsidize the BDS campaign by prohibiting contracting with and/or investing in companies that

boycott Israel. State leaders have done so because the American people do not want to aid and abet economic warfare against the Jewish state, yet Morningstar is engaged in exactly that type of economic warfare.

Given that Morningstar already uses its ratings to advance a political agenda, we recognize and respect the concern the company might retaliate against states that faithfully implement their anti-BDS laws. For instance, by downgrading the ratings of state 529 accounts. Rest assured, we will urge Attorneys General around the country to hold Morningstar accountable should such underhanded tactics be employed.

We encourage your members to stand strong and push forward with their investigation of Morningstar's antisemitic BDS activities. It's time for Morningstar to choose boycotts of Israel or state investments and contracts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sandra Parker', with a stylized, cursive script.

Sandra Parker
Chairwoman
CUFI Action Fund

A handwritten signature in black ink, appearing to read 'Rabbi Moshe Hauer', with a stylized, cursive script.

Rabbi Moshe Hauer
Executive Vice President
Orthodox Union