Morningstar Dumps 'Anti-Israel' UN Human Rights Council

By Brian Ponte November 2, 2022

Morningstar's Sustainalytics platform no longer uses data from the **United Nations Human Rights Council** because several organizations claim that the data has anti-Israel bias, the company said.

Terminating the use of the UN Human Rights Council's data is one of the several steps that the Chicago-based researcher announced Monday that aim to help the firm address anti-Israel bias on its Sustainalytics platform.

The steps were the result of a months-long engagement process with several nonprofits by Morningstar, the announcement says. Organizations including the **Anti-Defamation League**, the **American Jewish Committee** and the **Jewish Federations of North America**, as well as 17 state treasurers, raised concerns that Morningstar's Sustainalytics platform supported the Palestinian-led Boycott, Divestment and Sanctions movement, which promotes sanctions against Israel.

The treasurers represent states with bills that forbid them from doing business with companies that boycott Israel.

A spokesperson for the U.N. Human Rights Council denied the organizations' accusations of antisemitism and said the Human Rights Council "takes a vigilant stance against antisemitism."

"The Council has a long track record speaking out against all forms of discrimination and racism and vehemently condemns such abhorrent acts," he said. "As the only intergovernmental body charged with addressing human rights situations around the globe, the Human Rights Council provides a unique stage to hear a wide range of views, often those not heard elsewhere."

Removing the UN Human Rights Council data from Sustainalytics platform is part of Morningstar's plans to "hone its approach to media and other sources," the announcement says. Sources determined to be "biased and unreliable," including the UN Human Rights Council, were removed from the platform.

"The UN Human Rights Council is not an objective source of information," wrote **Julie Hammerman**, chief executive of **JLens**, a Jewish investor network, in an email. "How can anyone, let alone ESG investors, take seriously human rights

guidance from some of the world's worst human rights abusers that currently sit on the UNHRC including Russia, China, Cuba and Venezuela."

The UN's Human Rights Council has "used Israel as a punching bag for years, targeting the country more times than all other countries combined," she said.

Morningstar will also provide guidance for analysts to ensure that business activity within regions linked to the Israeli-Palestinian conflict "do not give rise to the presumption that there is a human rights concern," the announcement says.

Additionally, the service will now use geographic names such as "West Bank" and "East Jerusalem" rather than terms such as "occupied territory." Sustainalytics will also provide ongoing anti-bias and antisemitism training to research staff, including analysts.

Morningstar will also seek advice regarding its sources and use of language from "independent, recognized experts in international law, including international human rights law, who are well-versed in the policy, security, history, and religious and legal context of the Israeli-Palestinian conflict," the announcement says.

The commitments were the result of a "months-long engagement" with the Jewish Federations of North America and other major organizations, after the groups sent Morningstar a letter highlighting the issue earlier this year, a Morningstar spokesperson said.

JLens's Morningstar campaign began in April 2020, when the researcher announced plans to acquire Sustainalytics. At the time, JLens reached out to Morningstar CEO **Kunal Kapoor** regarding concerns of Sustainalytics' anti-Israel bias.

In response to JLens' concerns, in June, Morningstar firm contracted law firm **White & Case** to investigate its Sustainalytics platform for anti-Israel bias. The investigation found that there was no evidence that Sustainalytics products encourage divestment from Israel, but noted that one Sustainalytics product, Human Rights Radar, overrepresented firms linked to the Israeli-Palestinian conflict, used inflammatory language and sometimes failed to provide sourcing attribution clearly and consistently.

Morningstar discontinued the Human Rights Radar following the investigation, according to a June open letter signed by Kapoor and Executive Chairman **Joe Mansueto.**

In July, JLens and nine other national organizations including The Jewish Federations of North America, the Anti-Defamation League and the **Combat Antisemitism Movement**, penned an open letter to Kapoor and Mansueto urging the researcher to take additional steps to address the bias.

"We are pleased that issues JLens first raised with Morningstar in 2020 resulted in a coalition of Jewish groups working to remove anti-Israel bias from Morningstar's ESG research," Hammerman said. "The ESG field should celebrate this move and recognize that bias and antisemitism have no place in ESG."

The Anti-Defamation League also acknowledged the researcher's new plan, noting in a tweet on Monday that the organization will "continue to support [Morningstar] through this process."

In August, Arizona State Treasurer **Kimberly Yee** [warned](#) Morningstar that it was in danger of being placed on the Arizona Treasury's prohibited investment list for violating Arizona law by "actively boycotting the State of Israel." On Monday, Yee revealed that Arizona is continuing its investigation of Morningstar.

Yee and the treasurers of Florida, Idaho, Kentucky, Mississippi, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, West Virginia and Wyoming – which have similar laws forbidding them from doing business with firms that boycott Israel – penned an additional open letter to Kapoor, urging the CEO to "take corrective action immediately" and terminate all research and ratings products that "treat Israel-connected companies differently than companies operating in other free democracies."