



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



FOR IMMEDIATE RELEASE
August 22, 2022

CONTACT: Alyssa Koury
Public Information Officer
alyssak@aztreasury.gov
(602) 542-7843

**Arizona Treasurer Kimberly Yee Notifies Morningstar Inc. that their ESG
Rating System Violates Arizona's Anti-BDS Law**

PHOENIX, AZ – Arizona Treasurer Kimberly Yee has notified Morningstar Inc. that they have 30 days to prove they are not violating Arizona law in actively boycotting the State of Israel, or they will be placed on the Arizona Treasury's prohibited investment list.

Arizona law (Arizona Revised Statutes §35-393 et seq.) states that a public entity or public fund may not enter a contract or directly invest moneys with a person or company that is engaged in boycotting Israel. The Arizona Treasurer's Office determined that Morningstar's environmental, social, and corporate governance (ESG) focused subsidiary, Sustainalytics, uses antisemitic and anti-Israel sources to negatively impact the scores of companies conducting business in Israel.

"As Treasurer, it is my duty to ensure that Arizona does not do business with companies that are attempting to undermine Israel's economy and violate Arizona's anti-BDS law," said Arizona Treasurer Kimberly Yee. "Morningstar's ESG rating subsidiary, Sustainalytics, appears to violate Arizona law by negatively impacting ratings of companies doing business in Israel. I continue to strongly oppose the use of woke ESG ratings in order to keep politics out of Arizonan's livelihoods and retirement accounts."

In Treasurer Yee's letter to Kunal Kapoor, CEO of Morningstar Inc., she informed Kapoor that the company had 30 days within receipt of her letter sent on August 18, 2022, to provide written certification explaining how Morningstar's usage of ESG ratings does not violate Arizona's anti-BDS law. Further, Treasurer Yee required that Morningstar must provide a written averment that they will not engage in any future boycott activities against Israel.

"As Arizona's Chief Banking and Investment Officer, I stand with Israel, and I will not allow taxpayer dollars to become victim to the woke political gamesmanship of ESG ratings. ESG ratings are a political scorecard, not a financial scorecard," said Arizona Treasurer Kimberly Yee. "I will not allow companies to promote policies that are antisemitic and discriminatory efforts against Israel, which is America's longtime friend and ally, and a significant trade partner with Arizona."

Read Treasurer Yee's full notification letter to Morningstar Inc. [here](#).

###