UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 6, 2025

Ning Chiu
Davis Polk & Wardwell LLP

Re: MSCI Inc. (the "Company")
Incoming letter dated December 17, 2024

Dear Ning Chiu:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by the National Center for Public Policy Research for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company remove anti-Israel bias from its ESG ratings criteria.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal relates to the Company's ordinary business operations. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Stefan Padfield
National Center for Public Policy Research

Davis Polk

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
davispolk.com

December 17, 2024

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Ladies and Gentlemen:

On behalf of MSCI Inc., a Delaware corporation (the "**Company**"), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), we are filing this letter with respect to the shareholder proposal (the "**Proposal**") submitted by the National Center for Public Policy Research (the "**Proponent**") for inclusion in the proxy materials the Company intends to distribute in connection with its 2025 Annual Meeting of Shareholders (the "**2025 Proxy Materials**"). The Proposal is attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the "**Staff**") will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2025 Proxy Materials.

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff's online Shareholder Proposal Form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the Company's intent to omit the Proposal from the 2025 Proxy Materials. This letter constitutes the Company's statement of the reasons it deems the omission of the Proposal to be proper. We have been advised by the Company as to the factual matters set forth herein.

THE PROPOSAL

The Proposal states:

> RESOLVED: Shareholders request that the Company remove anti-Israel bias from its ESG ratings criteria.

BACKGROUND

The Company is a leading provider of data and analytics to institutional investors.

The Company's ESG Ratings product (the "**Ratings Product**") is one of its key offerings, designed and produced by MSCI ESG Research LLC, a wholly owned subsidiary of the Company. The Ratings Product assesses a company's exposure and resilience to long-term, financially material environmental, social and governance ("**ESG**") risks. The Ratings Product applies a rules-based methodology to assess companies relative to their industry peers on a seven-point scale from AAA (best) to CCC (worst).

The Ratings Product is used by institutional investors for risk management purposes to evaluate financially relevant factors that may impact a company's long-term value. Ratings are risk management tools, not investment recommendations.

The development, refinement and application of the Ratings Product is integral to the Company's ordinary business operations. As a core component of the Company's broader suite of data and analytical tools, the Ratings Product supports the needs of the Company's institutional investor clients to analyze and manage relevant risks and opportunities. The Ratings Product methodology is regularly reviewed by the Company and updated as appropriate to ensure its relevance to evolving client needs and market dynamics. Proposed changes to the methodology are reviewed and approved by an ESG Methodology Committee of subject matter and technical experts.

The Ratings Product methodology is the Company's unique and proprietary intellectual property, core to its business operations and competitively differentiated from the methodology used by other ESG ratings providers. The Ratings Product methodology is developed and applied independently, with governance structures designed to ensure it is free of political interests, third-party influence or other conflicts. The internal research team that establishes and maintains the Ratings Product methodology operates behind an information firewall that allows for editorial independence from commercial concerns or third-party interests.

REASONS FOR EXCLUSION OF THE PROPOSAL

The Company believes that the Proposal may be properly omitted from the 2025 Proxy Materials pursuant to:

1. Rule 14a-8(i)(7) because the Proposal deals with matters related to the Company's ordinary business operations and seeks to micromanage the Company; and

2. Rule 14a-8(i)(3) because the Proposal is impermissibly vague and indefinite so as to be inherently misleading.

1. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because the Proposal Deals with Matters Related to the Company's Ordinary Business Operations and Seeks to Micromanage the Company.

Rule 14a-8(i)(7) allows a company to omit a shareholder proposal from its proxy materials if such proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *See* Exchange Act Release No. 34-40018 (May 21, 1998) (the "**1998 Release**"). The 1998 Release also identified two central considerations: (i) that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (ii) the "degree to which the proposal seeks to 'micromanage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *See* 1998 Release; *see also* Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("**SLB 14L**").

In seeking to influence the ways in which the Company manages its Ratings Product business, the Proposal implicates both of these central considerations. Since the Company's primary business involves the provision of data and analytics for the global investment community, including data and analytics to assess ESG risks and opportunities, the Proposal relates to the design and composition of the Company's core products and services. It implicates tasks that are fundamental to management's ability to offer its products and services on a day-to-day basis, including the development, refinement and application of the Ratings Product methodology. In addition, the Proposal seeks to "micromanage" the Company by probing too deeply into matters of a complex nature – the criteria for assessing financial risks resulting from the ESG exposures of companies held in investment portfolios – upon which shareholders, as a group, are not in a position to make an informed judgment. The Company's employees responsible for designing, refining

or applying the methodology for the Ratings Product have advanced degrees and/or specialized extensive experience in the subject matter, which is not familiar to shareholders as a group.

A. The Proposal May Be Excluded Because It Relates to the Products and Services that the Company Offers.

With respect to the first policy consideration, the Staff has repeatedly determined that proposals relating to the products and services that a company offers to its customers can be excluded pursuant to Rule 14a-8(i)(7) as relating to the company's ordinary business operations. *See JPMorgan Chase & Co.* (Feb. 21, 2019) (proposal requesting that the board complete a report evaluating the company's overdraft policies and practices and the impacts those have on customers was excluded because the proposal related to "ordinary business operations," and specifically," the products and services offered for sale" by the company); *AT&T Inc.* (Jan. 4, 2017) (proposal requesting the company to report on its progress toward providing internet service and products for low-income customers was excluded because the proposal related to "products and services offered by the company"); *Dominion Resources, Inc.* (Feb. 19, 2014) (proposal requesting the company to develop and provide information concerning renewable energy generation services was excluded because the proposal related to "products and services that the company offers[, which] are generally excludable"); *Wells Fargo & Co.* (Jan. 28, 2013, recon. denied March 4, 2013) (concurring with exclusion of a proposal that related to the company's decision to offer specific lending products and services to its customers); *Wal-Mart Stores, Inc.* (March 30, 2010) (concurring with exclusion of a proposal requiring that all company stores stock certain amounts of locally produced and packaged food); *Wal-Mart Stores, Inc.* (March 26, 2010) (concurring with exclusion of a proposal requesting a policy that all products and services offered for sale in the U.S. be manufactured or produced in the U.S.); *The Procter & Gamble Company* (July 15, 2009) (concurring with Rule 14a-8(i)(7) exclusion of a proposal requesting the company to cease making cat-kibble).

The Proposal seeks to influence decisions regarding the design and composition of the Company's products by requesting that the Company "remove anti-Israel bias from its ESG ratings criteria." However, the Ratings Product contains no criteria specifically related to Israel. The methodology criteria underlying the Ratings Product are integral to the Company's business operations, and by dictating requirements for the Ratings Product's underlying methodology for assessing financially material ESG risk in investments, the Proposal seeks to subject these fundamental business decisions to shareholder oversight. The Proposal is akin to asking shareholders to vote on the criteria a credit rating agency uses to assess a company's bonds for investment risk—an impractical and inappropriate level of interference in the agency's technical processes. Such determinations require specialized expertise and are not suitable for shareholder oversight, as confirmed in precedents such as *JPMorgan Chase & Co*. (Feb. 21, 2019) and *AT&T Inc*. (Jan. 4, 2017).

In developing and applying the methodology criteria underlying the Ratings Product, the Company's management evaluates a range of factors critical to assessing a company's resilience to ESG risks. These factors include the identification and weighting of key ESG issues most material to each industry, analyzing risk exposure and risk management relating to each relevant key issue, and the incorporation and evaluation of data points from diverse sources such as corporate disclosures, regulatory filings, government agencies, litigation records, news media and third-party datasets. These determinations are guided by a rules-based methodology that prioritizes consistency, objectivity and financial relevance in producing the Ratings Product. Management ensures the quality of the Ratings Product through ongoing data monitoring, methodology reviews and consultations with institutional investors. This process is central to the Company's day-to-day business operations and its role as a trusted provider of decision-support tools. These determinations require a sophisticated understanding of industry-relevant ESG risks and opportunities, and their integration into a rules-based methodology demands technical expertise and extensive data analysis.

The development, construction and review of the Ratings Product is highly complex and is "so fundamental to management's ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight." 1998 Release.

B. The Proposal May Be Excluded Because It Relates to the Policies and Procedures Regarding the Products and Services That the Company Offers.

The Staff has consistently concurred in the exclusion of shareholder proposals that relate not only to a company's products and services themselves but also to company policies regarding those products and services. *See, e.g., Amazon.com Inc.* (Mar. 17, 2016) (where a proposal requesting that the company prepare a report on the company's policy options to reduce potential pollution and public health problems from electronic waste and increase the safe recycling of such waste was excluded because it dealt with ordinary business operations); *FMC Corp.* (Feb. 25, 2011, recon. denied Mar. 16, 2011) (excluding shareholder proposal that recommended that the company establish a "product stewardship program" for certain of its pesticides that were "suspected to have been misused by third parties to harm wildlife or humans" and in which the company noted, citing to *The Coca-Cola Co.* (Jan. 22, 2007), that the Staff has "taken the position that decisions regarding the sale, content or presentation of a particular product, whether considered controversial or not, are part of a company's ordinary business operations and thus may be excluded under Rule 14a-8(i)(7)"). As evidenced in the *Amazon.com Inc.* and the *FMC Corp.* examples, the existence of a reference to some tangential or correlating policy issue (pollution and public health problems in the *Amazon.com Inc.* example and the potential harming of wildlife and humans by pesticides in the *FMC Corp.* example) does not render an otherwise "ordinary business" shareholder proposal to fall out of the scope of Rule 14a-8(i)(7).

The Ratings Product leverages data from diverse sources and thousands of data points are systematically analyzed across 33 ESG key issues, which are selected and weighted based on their relevance to specific industries. These key issues are mapped to each industry using the ESG Industry Materiality Map, ensuring that the analysis focuses on the most financially significant risks within each industry.

Each company's rating is derived from two core components: (i) exposure metrics, which evaluate a company's exposure to material ESG risks based on its geographic and business segment operations; and (ii) management metrics, which assess the company's ability to mitigate these risks or capitalize on opportunities through its policies, initiatives and performance indicators. The ratings process also incorporates ongoing monitoring of data, systematic quality reviews and ad hoc updates triggered by material events or changes in market conditions.

This robust methodology and its application to derive company-specific ratings reflect the Company's expertise in balancing complex considerations, such as identifying financially relevant ESG issues, applying the methodology to evaluate company-specific risks and opportunities, and ensuring that the ratings meet the needs of institutional investors and other stakeholders. Establishing the policies and procedures for the methodology underlying the Ratings Product is a core matter of ordinary business, requiring a depth of technical knowledge and judgment that cannot be effectively subject to shareholder oversight.

C. The Proposal May Be Excluded Because It Relates to the Company's Choice of Technology.

The Staff has repeatedly concurred that proposals that concern a company's choice of technologies for use in its operations are generally excludable under Rule 14a-8(i)(7) as related to ordinary business matters. For example, in *FirstEnergy Corp.* (avail. Mar. 8, 2013), the proposal requested that the company report on actions it is taking or could take to "diversify[] the [c]ompany's energy resources to include increased energy efficiency and renewable energy sources." The Staff concurred with exclusion of the proposal under Rule 14a-8(i)(7), stating, "[p]roposals that concern a company's choice of technologies for use in its operations

are generally excludable under rule 14a-8(i)(7)." *See also AT&T Inc.* (avail. Jan. 4, 2017) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company's progress toward providing Internet service and products for low-income customers); *PG&E Corp.* (avail. Mar. 10, 2014) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal advocating that the company make analog electrical meters available instead of "smart" meters); *AT&T Inc.* (avail. Feb. 13, 2012) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on financial and reputational risks posed by continuing to use technology that inefficiently consumed electricity); *CSX Corp.* (avail. Jan. 24, 2011) (concurring with the exclusion of a proposal requesting that the company develop a kit to convert its fleet to fuel cell power, noting that "[p]roposals that concern a company's choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)").

The Ratings Product is developed using a sophisticated methodology supported by advanced data and technology systems. The Company's ESG and Climate products, including the Ratings Product, leverage over 7 million data points monthly from a diverse array of sources, including 4,700 news outlets, 150 alternative datasets and 12,000 corporate websites.[1] This expansive data collection ensures comprehensive coverage of key ESG risks and opportunities.

To process and refine this data, the Company employs innovative technologies such as natural language processing for document classification and data extraction, machine learning models to identify contextual anomalies and enhance accuracy and other artificial intelligence tools to increase the timeliness and precision of data collection and analysis. These technologies enable the transformation of unstructured data into structured information. Data from various sources is converted into consistent, comparable metrics to facilitate meaningful assessments, with over 350 technologists providing support for the Company's ESG and Climate products as of September 2024.[2]

The development of the Ratings Product involves multiple layers of quality assurance, including automated and manual data reviews and oversight by the ESG Ratings Methodology Committee. These reviews ensure that the Ratings Product remains a reliable tool for institutional investors seeking to assess financially material ESG risks. Determining which technologies to employ in developing the Ratings Product methodology involves management considerations of complex factors, including balancing efficiency and quality tradeoffs (e.g., speed versus accuracy and automation versus manual processes), cost versus reliability, and decisions relating to data infrastructure (data centers versus cloud computing and internal versus third-party hosting) and software (open source versus proprietary code). Weighing these considerations is inherently the type of ordinary business determinations that Rule 14a-8(i)(7) was intended to address.

D. The Proposal May Be Excluded Because It Seeks to Micromanage the Company by Imposing Specific Methods for Determining Its ESG Ratings Criteria.

Based on the second policy consideration underlying the ordinary business exclusion and as reiterated by SLB 14L, the Company believes it may omit the Proposal pursuant to Rule 14a-8(i)(7) because it impermissibly seeks to micromanage the Company by imposing specific methods on management for determining the criteria of its Ratings Product methodology.

[1] See MSCI Inc., Investor Presentation - November 2024, at 42, 45-48, available at https://ir.msci.com/events/event-details/msci-investor-presentation-november-2024 (describing the Company's use of advanced data and technology systems for ESG and Climate products).

[2] *Ibid*.

(i) The Level of Granularity Sought in the Proposal Inappropriately Limits the Company's Discretion.

According to SLB 14L, the determination of whether a proposal impermissibly micromanages the Company "will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." The Staff further clarified that this approach is "consistent with the Commission's views on the ordinary business exclusion, which is designed to preserve management's discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters."

The Staff has consistently concurred with the exclusion of proposals that inappropriately limit management's discretion. *See, e.g., JP Morgan Chase & Co.* (Mar. 29, 2024) (concurring that a proposal sought to micromanage the company because it would have required the company to adopt a specific methodology for sector-by-sector achievement of emissions targets within its investment portfolios); *Tesla, Inc.* (Mar. 27, 2024) (concurring that a proposal micromanaged the company by requesting the redesign of company vehicle tire products to avoid pollution from chemicals); *The Home Depot, Inc.* (Mar. 21, 2024) (concurring that a proposal micromanaged the company by requesting a report assessing the benefits and drawbacks of permanently committing not to sell certain company paint products containing titanium dioxide); *The Sherwin-Williams Co.* (Feb. 21, 2024) (same); and *Chubb Limited* (Mar. 27, 2023) (concurring with the exclusion of a proposal that would require the board to adopt and disclose a policy for the timebound phase out of underwriting risks associated with new fossil fuel exploration and development projects). The proposal dictated a particular method (a categorical prohibition on underwriting all new fossil fuel projects for the company to help limit global temperature rise to 1.5 degrees Celsius). *See also Comcast Corp.* (Apr. 16, 2024) (proposal requesting that the board adopt as policy, and amend the governing documents as necessary, to require each year that director nominees furnish to the company information about their political and charitable giving was excludable as it micromanaged the company); *Lowe's Companies, Inc.* (Apr. 8, 2024) (proposal that requested the board adopt a policy, and amend the company's bylaws as necessary, to require directors to disclose their expected allocation of hours among all formal commitments on a weekly, monthly or annual basis was excludable as it micromanaged the company); *Verizon Communications Inc.* (Mar. 14, 2024) (same); *Johnson & Johnson* (Mar. 1, 2024) (same); and *Amazon.com Inc*. (Apr. 1, 2024) (concurring with the exclusion of a proposal requesting the preparation of a living wage report as seeking to micromanage the company).

The Proposal micromanages the Company by prescribing a specific changes to how the Company should determine its ratings criteria, by dictating that such criteria must remove an alleged "anti-Israel bias." Although the methodology for the Ratings Product contains no criteria specific to Israel, the Proposal impermissibly limits management's discretion to address the complex topic of determining the criteria underlying the Ratings Product for assessing a company's resilience to ESG risks. The Company's ratings criteria for the Ratings Product are carefully developed through an intricate and rules-based process. These determinations are informed by deep technical knowledge and subject matter expertise, rigorous governance protocols, consultations with market participants and continuous reviews to ensure the methodology remains relevant to institutional investors—tasks that are integral to management's role and unsuited to shareholder oversight.

In prescribing its own specific judgments with respect to how the Company should account for ESG risks in its Ratings Product, the Proponent seeks to replace the Company's informed and balanced decision-making with its own prescriptive approach. The Company's criteria for the Ratings Product have been carefully developed by the Company's management through informed and extensive analysis that balances highly complex and technical considerations. As such, the Proposal seeks to undermine and replace management's expertise, judgment and discretion to address these critical business matters.

These determinations, which are central to the Company's ability to run its business on a day-to-day basis, are precisely the kind of decisions that Rule 14a-8(i)(7) was intended to shield from shareholder oversight. For these reasons, the Proposal is appropriately excludable as an impermissible attempt to micromanage the Company.

(ii) The Proposal Probes Matters "Too Complex" for Shareholders, as a Group, to Make an Informed Judgment.

The micromanagement element of the ordinary business exception under Rule 14a-8(i)(7) is also based on whether a proposal probes matters "too complex" for shareholders, as a group, to make an informed judgement. SLB 14L, citing the 1998 Release. According to SLB 14L, in making this determination as to whether a proposal probes matters "too complex" for shareholders, the Staff may consider "the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic," as well as "references to well-established national or international frameworks when assessing proposals related to disclosure, target setting, and timeframes as indicative of topics that shareholders are well-equipped to evaluate." The Staff has consistently granted no-action relief for shareholder proposals that probe matters too complex for shareholders. *See, e.g. The Procter & Gamble Company* (Aug. 14, 2024) (concurring that a proposal asking the company to adopt as policy, and amend the governing documents as necessary, to require each year that director nominees furnish the company information about their political and charitable giving sought to micromanage the company); *NetApp, Inc.* (Jul. 19, 2024) (concurring that a proposal requiring director compensation to be fixed at $1 for any given fiscal year unless such compensation was disclosed to shareholders in advance of the fiscal year, submitted to shareholders for an approval vote at an annual or special meeting of shareholders, and approved by shareholder vote sought to micromanage the company); *Delta Air Lines, Inc.* (Apr. 24, 2024) (permitting exclusion of a proposal requiring a report regarding "union suppression expenditures," including internal and external expenses, because it sought to micromanage the company); *Paramount Global* (Apr. 19, 2024) (concurring with the exclusion of a broadly phrased proposal for detail on charitable contributions that would result in the disclosure of intricate details about the Company's policies and practices); *Walmart Inc.* (Apr. 18, 2024) (permitting exclusion of a proposal requiring a breakdown of greenhouse gas emissions for different categories of products in a manner inconsistent with existing reporting frameworks); *Deere & Company* (Dec. 29, 2023) (permitting exclusion of a proposal seeking a report assessing the benefits and drawbacks of opposing "Right to Repair" regulation, as well as the financial and reputational risk associated with such opposition); *GameStop Corp.* (Apr. 24, 2023) (concurring with exclusion of a proposal requesting the company to create a service and provide a daily report on certain shareholding information, a service that was not related to any existing business offering of the company); *Phillips 66* (Mar. 20, 2023) (concurring with exclusion of a proposal requesting the company to disclose specific and detailed information related to the undiscounted expected value to settle obligations for asset retirement obligations with indeterminate settlement dates); and *Valero Energy Corporation* (Mar. 20, 2023) (same).

The Proposal requests an assessment and changes to the Ratings Product's criteria that are inherently beyond the knowledge and expertise of the Company's shareholders, thereby impermissibly micromanaging the Company. Matters involving the determination of the criteria for the Ratings Product and the development and application of its underlying methodology are multi-faceted and require highly specialized expertise. These determinations involve establishing an inventory of ESG investment risks, identifying industry-specific key ESG issues, creating an assessment framework and detailed rules to evaluate companies consistently and objectively, designing a weighting mechanism to score a company on the issues it faces, mapping companies to relevant peers and industry specific issues, developing a complex ratings scale, integrating and assessing huge volumes of diverse data sources, designing and applying advanced analytics to test and compute company ratings, and establishing and adhering to rigorous governance processes to ensure accuracy and relevance.

The complexity of creating the methodology criteria for the Ratings Product is simply beyond the knowledge and expertise of the Company's shareholders and therefore the Proposal seeks to micromanage the Company. Matters involving the determination of the criteria for the Ratings Product and the underlying methodology are multi-faceted, complex and based on a range of considerations. These are fundamental business matters for the Company's management at multiple levels of the Company and require an understanding of the business implications that could result from changes made to relevant methodologies. Given the inherent complexity of these matters, the business decisions that the Proposal seeks to influence are properly within the discretion of the Company's management and should not be the subject of direct shareholder oversight.

Accordingly, because the Proposal seeks to micromanage the Company by inappropriately limiting management's discretion and probing too deeply into highly technical and complex matters on which shareholders are not in a position to make an informed judgment, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) as micromanaging the Company.

E. The Proposal Is Excludable Under Rule 14a-8(i)(7) Regardless of Whether It Touches Upon a Significant Policy Issue.

In the 1998 Release, the Staff expressed that while proposals relating to ordinary business matters "but focusing on sufficiently significant social policy issues generally would not be excludable," under Rule 14a-8(i)(7), the Staff has indicated that proposals that relate to both ordinary business matters and significant social policy issues may be excludable if the proposals do not "transcend the day-to-day business matters." SLB 14L states that in making the determination on whether a proposal raises a significant social policy issue, the Staff will "focus on the social policy significance of the issue that is the subject of the shareholder proposal" and "consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company." *See, e.g.*, *Walmart Inc.* (Mar. 6, 2020) (concurring with the exclusion of a proposal requesting that the company publish a report on the use of contractual provisions requiring employees to arbitrate employment-related claims); *Amazon.com, Inc.* (Mar. 28, 2019) (concurring with the exclusion of a proposal requesting that the company publish a report on the impacts of its operations when the company has "hundreds of facilities" around the world and employs a large workforce); and *JPMorgan Chase & Co.* (Mar. 9. 2015) (concurring with the exclusion of a proposal requesting that the company amend its human rights-related policies related to political participation because the proposal related to the company's "policies concerning its employees").

The Proposal focuses on altering how the Company designs its Ratings Product. The Proposal does not address an issue with a broad societal impact but rather seeks to influence the Company's methodology for assessing a company's financially material ESG risks. This focus squarely places the Proposal within the realm of ordinary business operations, similar to other instances described above where the Staff has concurred that proposals targeting company-specific policies, products or services—regardless of whether they reference broader social or environmental issues—remain excludable if they do not transcend ordinary business matters. For example, in *Dominion Resources, Inc.* (avail. Feb. 22, 2011), a proposal requesting that the company offer its customers the option of purchasing electricity generated from 100% renewable energy was excludable as relating to the products and services the company offers. Similarly, a proposal in *Pepco Holdings, Inc.* (avail. Feb. 18, 2011) asking the company to study, implement and pursue the solar market and provide a report to shareholders describing how the company would implement the market opportunities for solar power was excludable as relating to the sale of particular products and services. In *The Home Depot, Inc.* (avail. Jan. 24, 2008) the Staff agreed that the Company could exclude a proposal requesting it stop selling glue traps because of their harm to mice and danger to other wildlife and human health.

Additionally, a proposal is excludable under Rule 14a-8(i)(7) even if it raises a significant social policy issue, provided it seeks to micromanage the company's business operations. *See* Staff Legal Bulletin No. 14E

(Oct. 27, 2009), at note 8, citing the 1998 Release for the standard that "a proposal [that raises a significant policy issue] could be excluded under Rule 14a-8(i)(7), however, if it seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." Since the issuance of SLB 14L, the Staff concurred with the exclusion of proposals addressing how companies interact with their shareholders on significant social policy issues because the proposals sought to micromanage how the companies addressed those policy issues. *See Amazon.com, Inc.* (Apr. 7, 2023) (concurring that a proposal requesting the company report Scope 3 emissions from "its full value chain" was excludable for attempting to micromanage the company).

For these reasons, the Proposal is excludable under Rule 14a-8(i)(7) as it focuses on ordinary business matters and seeks to micromanage the Company's operations, regardless of whether it references a significant social policy issue.

2. The Proposal May Be Excluded Under Rule 14a-8(i)(3) Because the Proposal Is Impermissibly Vague and Indefinite So as To Be Inherently Misleading.

Rule 14a-8(i)(3) permits the exclusion of a shareholder proposal if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. Specifically, Rule 14a-9 provides that no solicitation may be made by means of any proxy materials "containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading." The Staff has consistently taken the position that vague and indefinite shareholder proposals are inherently misleading and therefore excludable under Rule 14a-8(i)(3) because "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." Staff Legal Bulletin No. 14B (Sept. 15, 2004). A proposal may be materially misleading as vague and indefinite when the "meaning and application of terms and conditions . . . in the proposal would have to be made without guidance from the proposal and would be subject to differing interpretations" such that "any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal." *See Fuqua Industries, Inc.* (Mar. 12, 1991). Further, courts have held that shareholders are entitled to know "precisely the breadth of the proposal on which they are asked to vote." *New York City Employees' Retirement System v. Brunswick Corp.*, 789 F. Supp. 144, 146 (S.D.N.Y. 1992).

The Staff has consistently concurred in the exclusion of shareholder proposals that fail to define key terms. *See The Boeing Co.* (Feb. 23, 2021) (concurring with the exclusion under Rule 14a-8(i)(3) of a proposal requiring that 60% of the company's directors "must have an aerospace/aviation/engineering executive background" where such phrase was undefined); *The Home Depot, Inc.* (avail. Mar. 12, 2014, recon. denied Mar. 27, 2014) (concurring with the exclusion under Rule 14a-8(i)(3) of a proposal requesting a sustainability report where the company argued that the meaning of "benchmark objective footprint information" was unclear); *AT&T Inc.* (Feb. 21, 2014) (concurring with the exclusion under Rule 14a8(i)(3) of a proposal requesting a review of policies and procedures related to the "directors' moral, ethical and legal fiduciary duties and opportunities," where such phrase was undefined); *Moody's Corp.* (Feb. 10, 2014) (concurring in exclusion of a proposal when the term "ESG risk assessments" was not defined); *Berkshire Hathaway Inc.* (Jan. 31, 2012) (concurring with the exclusion under Rule 14a-8(i)(3) of a proposal that specified company personnel "sign off [by] means of an electronic key . . . that they . . . approve or disapprove of [certain] figures and policies" because it did not "sufficiently explain the meaning of 'electronic key' or 'figures and policies'"); and *International Paper Co.* (Feb. 3, 2011) (concurring with the exclusion

under Rule 14a-8(i)(3) of a proposal that requested the adoption of a particular executive stock ownership policy because it did not sufficiently define "executive pay rights").

The Staff has also routinely concurred with the exclusion of proposals that fail to provide sufficient clarity or guidance on implementation and "would be subject to differing interpretation both by shareholders voting on the proposal and the [c]ompany's board in implementing the proposal, if adopted, with the result that any action ultimately taken by the [c]ompany could be significantly different from the action envisioned by shareholders voting on the proposal." *Exxon Corporation* (Jan. 29, 1992). For example, in *Apple Inc.* (Zhao) (Dec. 6, 2019), the Staff concurred that a company could exclude, as vague and indefinite, a proposal that recommended that the company "improve guiding principles of executive compensation," but failed to define or explain what improvements the proponent sought to the "guiding principles." The Staff noted that the proposal "lack[ed] sufficient description about the changes, actions or ideas for the [c]ompany and its shareholders to consider that would potentially improve the guiding principles" and concurred with exclusion of the proposal as "vague and indefinite." *See also Puget Energy, Inc.* (Mar. 7, 2002) (concurring with the exclusion under Rule 14a-8(i)(3) of a proposal requesting that the company's board of directors implement "a policy of improved corporate governance" where it also included a broad array of unrelated topics that could be covered by such a policy).

The Proposal requests "that the Company remove anti-Israel bias from its ESG ratings criteria." Understanding the meaning of the term "anti-Israel bias" is essential to the Company's efforts to implement the Proposal, as it governs the only change requested to implement the Proposal. It is also the sole criterion for shareholders to assess how to vote on the Proposal. However, this key term does not have an ordinary, commonly understood meaning, and the Proposal does not define the term or explain its meaning. Without a clear definition, shareholders cannot make an informed voting decision, and the Company cannot determine how to implement the Proposal. This challenge is compounded by the fact that the Ratings Product methodology makes no reference to Israel, and the Proposal does not identify any specific criteria from the methodology that the Company uses. The Company is therefore incapable of determining what elements from the Ratings Product that the Proposal seeks to remove.

The examples provided in the Supporting Statement fail to clarify the meaning of "anti-Israel bias" and are not examples of "ESG ratings criteria", which also is not defined. Phrases such as "double standard towards Israel" and "heavily biased and morally corrupt sources" are vague, subjective and open to multiple interpretations. For example, the Supporting Statement lists several organizations as sources allegedly contributing to this bias but does not explain how or why their use would constitute an "anti-Israel bias." These statements leave critical questions unanswered, including:

1. Does "anti-Israel bias" refer to specific ratings outcomes, the use of certain data sources, the application of certain criteria, or the analysis of the management of, or exposure to, certain risks?

2. Should the methodology exclude certain sources, modify scoring frameworks or abandon certain ESG issues?

3. How would the impact of the proposed action be measured or verified, and by whom?

As a result of the Proposal's lack of guidance or clarity in its use of the term "anti-Israel bias," shareholders would be unable to determine the scope and nature of the amendments to the Ratings Product methodology they are being asked to support and the Company would be unable to determine how to implement the Proposal if it elects to do so. This uncertainty makes the Proposal inherently misleading, as shareholders would lack the necessary information to make an informed voting decision. *See Bank of America Corp.* (Feb. 25, 2008) (concurring with the exclusion of a proposal requesting that the company's board of directors revise its policies on greenhouse gas emissions to cease operations including "further involvement in activities that support MTR coal mining," as such term invited too much speculation as to

what actions the proposal would proscribe if implemented). As in *Bank of America Corp.* (Feb. 25, 2008), where undefined terms such as 'support MTR coal mining' invited speculation, the lack of clarity here means that any actions taken to implement the Proposal could differ significantly from what shareholders anticipate or intend.

The term “anti-Israel bias” is vague and indefinite, and any interpretation of what constitutes “anti-Israel bias” could be subject to differing interpretations by the Company and shareholders voting on the Proposal. What constitutes “anti-Israel bias” is entirely subjective and varies from one individual to the next, and is not factual or objectively certifiable. *See e.g., Walt Disney Co.* (Jan. 19, 2022), where the Staff concurred in the exclusion of a proposal requesting a prohibition on communications by or to cast members, contractors, management or other supervisory groups within the company of “politically charged biases regardless of content or purpose” on the grounds that the proposal was vague and indefinite. Just like the terms in the Disney proposal, the Proposal refers to vague and indefinite terms relating to biases. Further, because the Proposal is prescriptive in its request, rather than a recommendation or suggestion for consideration, the Company would be required to take actions that neither the Company, nor its shareholders, could determine with any certainty.

Accordingly, because the Proposal includes terms that are so inherently vague or indefinite that neither the shareholders voting on it, nor the Company in implementing the Proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the Proposal requires, the Proposal may properly be excluded from the Proxy Materials under Rule 14a-8(i)(3) on the basis that the Proposal is materially false and misleading in violation of Rule 14a-9.

CONCLUSION

For the reasons set forth above, the Company believes that the Proposal may be excluded from its 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) and Rule 14a-8(i)(3).

Respectfully yours,

Ning Chiu

Attachment

cc w/ att: MSCI Inc.
Ethan Peck, National Center for Public Policy Research

Exhibit A

Proposal

Request to Remove Anti-Israel Criteria from ESG Ratings

SUPPORTING STATEMENT:

MSCI claims that its ESG ratings do nothing more than "align [a] portfolio with [an] investor's ethical or political values,"[1] but in reality, ESG ratings are weaponized against companies to sway their policies towards the partisan agenda of ESG. When ESG turns companies into partisan actors rather than merely 'doing well by doing good,' all investors suffer from the material misinformation. Additionally, MSCI's ESG rating criteria include a number of highly divisive positions that the majority of shareholders (including many pro-ESG shareholders) are not aligned with.

One such example is that MSCI's ESG ratings have a distinct anti-Israel bias and double standard towards Israel, which most Americans – and therefore most shareholders – would not approve of.[2]

Nonetheless, MSCI lowers companies' ESG scores – which influences their policies as they are penalized by asset managers for low scores – simply for their business operations in Israel. MSCI does this by applying a "severe controversy" penalty to those companies' ratings,[3] and it cites heavily biased and morally corrupt sources as a rationale.

As Richard Goldberg from The Foundation for Defense of Democracies reports, MSCI relies on "several anti-Israel sources to justify these negative ESG ratings, including Human Rights Watch, the United Nations Human Rights Council, Amnesty International, Who Profits, Pax Christi, Jewish Voice for Peace, Al-Jazeera, War on Want, and the Palestine Chronicle… The UN Human Rights Council's blacklist of Israeli-connected companies is a pillar of the [Boycott, Divestment, Sanctions] BDS campaign.[4] Who Profits is an organization that initiates BDS campaigns,[5] while Amnesty and Human Rights Watch have falsely libeled Israel as an apartheid state.[6] Al-Jazeera employed a Hamas terrorist.[7] Pax Christi and Jewish Voice for Peace both advocate for BDS and routinely denounce Israel.[8]"[9] And a writer from The Palestine Chronicle held Israeli civilian hostages in his home.[10]

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[1] https://www.msci.com/our-solutions/esg-investing/esg-ratings/what-esg-ratings-are-and-are-not

[2] https://www.pewresearch.org/2024/03/21/majority-in-u-s-say-israel-has-valid-reasons-for-fighting-fewer-say-the-same-about-hamas/; https://globalaffairs.org/research/public-opinion-survey/americans-see-united-states-playing-positive-role-middle-east; https://www.brookings.edu/articles/what-do-americans-think-of-the-bds-movement-aimed-at-israel /

[3] https://www.jns.org/msci-accused-of-using-site-tied-to-gaza-hostage-holder-to-penalize-companies-doing-business-with-israel/ ; https://www.jns.org/already-under-multi-state-probe-msci-allegedly-penalizes-israeli-banks-that-operate-in-judea-samaria/

[4] https://www.fdd.org/analysis/2021/06/30/united-nations-human-rights-council/; https://www.timesofisrael.com/un-human-rights-agency-releases-blacklist-of-112-companies-that-aid-settlements/

[5] https://www.ngo-monitor.org/ngos/who_profits/

[6] https://www.jns.org/amnesty-international-slammed-over-report-accusing-israel-of-apartheid-systematic-discrimination; https://www.jta.org/2021/04/28/united-states/human-rights-watch-says-israel-has-crossed-apartheid-threshold

[7] https://www.jpost.com/israel-hamas-war/article-786392

[8] https://ngo-monitor.org/ngos/pax/; https://www.jewishvoiceforpeace.org/faq/

[9] https://www.fdd.org/analysis/2024/09/11/mscis-anti-israel-esg-ratings-merit-state-and-federal-investigations/

[10] https://nypost.com/2024/06/17/world-news/gaza-reporter-abdallah-aljamal-worked-for-us-non-profit/

In short, MSCI relies on these sources – sometimes staffed with literal terrorists[11] – to smuggle BDS-type activism into its ESG ratings, which are then leveraged against companies to pressure them to conform to the ratings' criteria.

Aside from running counter to the values of most shareholders, this also raises a grave regulatory risk. As Goldberg reports, "[m]ore than 30 states have adopted laws or executive orders related to boycotts of Israel. Some states prohibit contracting with companies that boycott Israel, while others mandate divestment of state funds, including pension fund investments, from such companies."[12] Thus, states with anti-BDS laws could potentially place MSCI on prohibited investment lists or terminate state contracts with the firm.

This is a clear risk to shareholder value and an abuse of the Company's mandate to serve the interests of *all* shareholders.

RESOLVED: Shareholders request that the Company remove anti-Israel bias from its ESG ratings criteria.

[11] https://www.jpost.com/israel-hamas-war/article-786392

[12] https://www.fdd.org/analysis/2024/09/11/mscis-anti-israel-esg-ratings-merit-state-and-federal-investigations/

December 31, 2024

Via Online Shareholder Proposal Form

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549

Re: No-Action Request from MSCI Inc. Regarding Shareholder Proposal by the National Center for Public Policy Research ("Proponent" or "NCPPR")

Ladies and Gentlemen:

This correspondence is in response to the letter of Ning Chiu on behalf of MSCI Inc. (the "Company") dated December 17, 2024, requesting that your office (the "Commission" or "Staff") take no action if the Company omits Proponent's shareholder proposal (the "Proposal") from its 2025 proxy materials for its 2025 annual shareholder meeting.

REASONS FOR DENYING THE COMPANY'S REQUEST

With respect to the specific objections raised by the Company, Proponent believes that the Proposal may not be properly omitted from the 2025 Proxy Materials because:

1. The Proposal does not (a) impermissibly deal with matters related to the Company's ordinary business operations, or (b) impermissibly micromanage the Company.

2. The Proposal relates to a significant policy issue that transcends the Company's ordinary business.

3. The Proposal is clear, comprehensible and relevant, not impermissibly vague, indefinite, or inherently misleading.

For clarity, we are organizing our presentation to follow the structure of the Company's letter.

1. The Proposal Does Not Impermissibly Implicate the Company's Ordinary Business Operations and Does Not Seek to Impermissibly Micromanage the Company.

To appreciate the inappropriateness of the Company's argument, one must merely imagine the Company's reaction if it were considering race or gender in this context. Would a request to

eliminate bias in those areas trigger such a dismissive response? Given that the Proposal merely asks the Company to remove anti-Israel bias from its ESG ratings criteria, the Company's arguments appear to assert the remarkable proposition that: (1) "the Company's primary business involves the provision of [anti-Israel] data and analytics for the global investment community," (2) the Proposal "implicates tasks that are fundamental to management's ability to offer its [anti-Israel] products and services on a day-to-day basis," and (3) deciding whether to remove anti-Israel bias is an issue "too complex" for shareholders, who are "not in a position to make an informed judgment" about whether the Company should disseminate anti-Israel bias.

The first two clauses seem to be insupportable and the third is demonstrably and evidently false. Accordingly, the Proposal is not subject to exclusion under any reasonable definition of "ordinary business operations" or "impermissible micromanagement."

A. The Proposal Does Not Impermissibly Relate to the Products and Services That the Company Offers.

Take a moment to reflect on the types of products and services MSCI equates with the inclusion of anti-Israel bias in ESG ratings criteria (as set forth in the no-action letters it cites as controlling in Part 1.A.): (1) overdraft policies and practices, (2) internet service, (3) renewable energy generation services, (4) lending products, (5) locally produced and packaged food, (6) U.S. manufactured or produced goods, and (6) cat-kibble. There is obviously a glaring difference between (a) the ordinary business at issue in the cited precedents, and (b) the extraordinary "business" of disseminating anti-Israel bias.

Of course, the Company will argue that the ordinary business it wants the Staff to focus on is the provision of ESG ratings. But that is not the focus of the Proposal, unless anti-Israel bias makes up such a large or critical part of MSCI's ESG ratings that the bias and ratings are inseparable.

The Company will also argue that there is no anti-Israel bias in its ESG ratings. But that is not an argument for excluding the Proposal. That is an argument for concluding MSCI should be able to carry out the Proposal's requested conduct quickly and easily.

B. The Proposal Does Not Impermissibly Relate to the Policies and Procedures Regarding the Products and Services That the Company Offers.

The problem for MSCI here is that its ESG ratings either include an anti-Israel bias or they don't.

If they do, then the Staff must not permit MSCI to designate such discrimination "ordinary business" and thereby insulate that discrimination from proper shareholder oversight -- regardless of whether that bias is deemed a product or policy.

If, on the other hand, MSCI's ESG ratings do not include any anti-Israel, then the issue of ordinary business is irrelevant. The Company can simply explain to shareholders why they should reject any claim of anti-Israel bias, or it can quickly implement and resolve the Proposal, or – as it does below – it can attempt to rely on another basis for exclusion.

Regardless, impermissible interference with policies and procedures is not a valid basis for exclusion in either of the only two possible realities confronting the Staff.

C. The Proposal Does Not Impermissibly Relate to the Company's Choice of Technology.

Just as anti-Israel bias does not constitute protected "ordinary business," so too is it not a protected "choice of technology."

The Company may argue that its ESG ratings are in whole or part dependent on a "black box" that shareholders should simply trust not to contain any anti-Israel bias and that, accordingly, the Proposal seeks to impermissibly manage that choice of technology. But yet again, this argument runs straight into the problem that the Proposal is not targeting the Company's ESG ratings or its choice of, for example, an "internal research team that establishes and maintains the Ratings Product methodology." Rather, it is focusing solely on the presence of anti-Israel bias in those ratings.

To be effective, the Company's argument here must be boiled down to the proposition that anti-Israel bias is so essential to the Company's ESG ratings that to eliminate the bias would be to eliminate the entire black box and thus impermissibly interfere with the Company's choice of technology. The Staff should reject that argument, at the very least as contrary to public policy. If Google can figure out how to remove racial bias from its AI, then the Company can remove anti-Israel bias from its ESG ratings.[1] (As previously noted, the argument that there is no anti-Israel bias is distinct.)

D. The Proposal Does Not Seek to Impermissibly Micromanage the Company by Imposing Specific Methods for Determining Its ESG Ratings Criteria.

(i) The Proposal Does Not Implicate an Impermissible Level of Granularity or Impermissibly Limit the Company's Discretion.

The Company notes that under SLB 14L, the bar against impermissible granularity is "designed to preserve management's discretion on ordinary business matters but not prevent shareholders from providing high level direction on large strategic corporate matters." This cuts strongly in Proponent's favor, given that any discretion on the part of management to include anti-Israel bias should most certainly not be preserved as ordinary business, and whether to include anti-Israel bias is precisely the type of large strategic corporate matter properly subject to high level direction (as in, "don't do it" and "get rid of it") from shareholders.

The Company describes a request to eliminate anti-Israel bias from its ESG ratings as the imposition of a "particular method … prescribing a specific change." This raises a potentially troubling question: How exactly does the Company know the level of granularity required to eliminate anti-Israel bias from its ratings? If it does know, then the problem is worse than feared and all the more necessitates shareholder oversight. If it does not know, then how can it claim the change is too granular for shareholder oversight?

The Company also compares a request to eliminate anti-Israel bias to "a categorical prohibition on underwriting all new fossil fuel projects" – as if to say the Company is as intent on including anti-Israel bias in its ratings as an insurer is on maximizing its underwriting coverage.

[1] https://www.nbcnews.com/tech/tech-news/google-making-changes-gemini-ai-portrayed-people-color-inaccurately-rcna140007

While the Company asserts that "the Ratings Product contains no criteria specific to Israel," the Proposal makes clear how anti-Israel bias may be imported into the ratings:

> MSCI lowers companies' ESG scores … simply for their business operations in Israel. MSCI does this by applying a "severe controversy" penalty to those companies' ratings, and it cites heavily biased and morally corrupt sources as a rationale. As Richard Goldberg from The Foundation for Defense of Democracies reports, MSCI relies on "several anti-Israel sources to justify these negative ESG ratings, including Human Rights Watch, the United Nations Human Rights Council, Amnesty International, Who Profits, Pax Christi, Jewish Voice for Peace, Al Jazeera, War on Want, and the Palestine Chronicle… The UN Human Rights Council's blacklist of Israeli connected companies is a pillar of the [Boycott, Divestment, Sanctions] BDS campaign. Who Profits is an organization that initiates BDS campaigns, while Amnesty and Human Rights Watch have falsely libeled Israel as an apartheid state. Al-Jazeera employed a Hamas terrorist. Pax Christi and Jewish Voice for Peace both advocate for BDS and routinely denounce Israel. And a writer from The Palestine Chronicle held Israeli civilian hostages in his home. In short, MSCI relies on these sources – sometimes staffed with literal terrorists – to smuggle BDS-type activism into its ESG ratings, which are then leveraged against companies to pressure them to conform to the ratings' criteria.[2]

It must be kept in mind that MSCI is attempting to keep this Proposal from even being reviewed and voted on by its shareholders. Perhaps shareholders would conclude the allegations of anti-Israel bias are unfounded or overblown. Even if shareholders conclude there is evidence of anti-Israel bias, they could nevertheless also conclude that the costs of eliminating it from the ratings outweigh the benefits. But to argue that they should be denied an opportunity to even consider the Proposal because removing anti-Israel bias amounts to a change too "granular" for shareholder oversight or, worse, that MSCI should not have its "discretion" to engage in anti-Israel bias interfered with, is not an argument the Staff should approve of.

(ii) The Proposal Does Not Probe Matters "Too Complex" for Shareholders, as a Group, to Make an Informed Judgment.

Whether the Company should remove anti-Israel bias from its ESG ratings is not a question "too complex" for shareholders. The Company is, of course, free to argue shareholders should vote against the Proposal because the costs of removing the anti-Israel bias outweigh the benefits. The Company is also free to argue there is no anti-Israel bias in the ratings. In fact, because the Proposal is a request, the Company retains the discretion to refuse to implement it even if a majority of the shareholders approve the Proposal. Once all of this is properly considered, it is clear that what the shareholders are voting on is (1) a moral question every one of them is naturally

[2] Internal citations and paragraph breaks omitted.

equipped to answer, and (2) a high-level shareholder value question every one of them is entitled to answer. As the Proposal notes:

> Aside from running counter to the values of most shareholders, this [anti-Israel bias] also raises a grave regulatory risk. As Goldberg reports, "[m]ore than 30 states have adopted laws or executive orders related to boycotts of Israel. Some states prohibit contracting with companies that boycott Israel, while others mandate divestment of state funds, including pension fund investments, from such companies." Thus, states with anti-BDS laws could potentially place MSCI on prohibited investment lists or terminate state contracts with the firm.[3]

In fact, MSCI demonstrably has a higher opinion of its shareholders than it advances in its arguments here because otherwise it would not make "plain English" disclosures such as the following in its annual report:

> *Differentiated research-enhanced content* provides our clients with insights to better understand and adapt to a complex and fast-changing marketplace. We are continually developing a wide range of differentiated content and have amassed an extensive database of historical global market data; proprietary equity index data; ESG and climate data and metrics; factor models; private asset performance, transaction and benchmark data, including fund- and asset-level data; and risk algorithms, all of which can be critical components of our clients' investment processes.[4]

E. The Proposal Relates to a Significant Policy Issue That Transcends the Company's Ordinary Business.

The Company appears to argue that anti-Israel bias is not a significant social policy issue.[5] No citations should be needed to refute this proposition, but here are just a few:

- "Morningstar Announces Steps to Address Anti-Israel Bias Concerns in ESG Research"[6]
- "U.S. Will Withdraw From Unesco, Citing Its 'Anti-Israel Bias'"[7]
- Mark Goldfeder, *Defining Antisemitism*, 52 SETON HALL L. REV. 119, 173 (2021) ("Former Secretary General Ban Ki-moon conceded that there is an anti-Israel bias within the UN that threatens the work the UN is attempting to do.").

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[3] Internal citations omitted.
[4] https://ir.msci.com/static-files/c16d90ad-1e40-4b9b-9e50-c61d76eb203c
[5] Cf. "The Proposal does not address an issue with a broad societal impact but rather seeks to influence the Company's methodology for assessing a company's financially material ESG risks."
[6] https://shareholders.morningstar.com/newsroom/news-archive/press-release-details/2022/Morningstar-Announces-Steps-to-Address-Anti-Israel-Bias-Concerns-in-ESG-Research/default.aspx
[7] https://www.nytimes.com/2017/10/12/us/politics/trump-unesco-withdrawal.html

The Company further argues that even if anti-Israel bias constitutes a significant policy issue, it does not transcend the ordinary business of the Company. However, the Company's own quotation from SLB 14L highlights that the focus of this part of the analysis is on "whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company." One need only recall for a moment the horrific events of October 7, 2024, and the global pro-Hamas riots that followed, to quickly dismiss any suggestion that anti-Israel bias is not an issue with broad societal impact.

Finally, the Company argues that even if anti-Israel bias is a significant social issue that transcends the Company's business, the Proposal remains excludable because social significance does not trump micromanagement. However, the micromanagement arguments have already been addressed above.

2. The Proposal Is Not Impermissibly Vague, Indefinite, or Inherently Misleading.

After spending roughly eight pages arguing that the Proposal is clearly interfering with the Company's ordinary business in myriad highly detailed ways, the Company proceeds to argue that the Proposal is impermissibly vague. While everyone understands the necessity of arguing in the alternative, the Staff need not ignore the inherent tension in these arguments.

The Company claims it and shareholders will be confused by the phrase "anti-Israel bias." However, the Company makes no attempt to explain which of the three words making up that phrase are beyond its comprehension or the comprehension of shareholders. (Proponent will spare the Staff the need to read the definitions of "anti," "Israel," and "bias.")

Shareholder proposals addressing specific forms of bias or discrimination—such as those related to race, gender, or national origin—have been accepted in the past without being deemed impermissibly vague. Cf. *Mcdonnell Douglas Corp.* (Feb. 8, 1990) (refusing to concur in issuer's view that proposal may be omitted as vague where it required "that any MDC-funded programs … be free of religious bias" and "suspend expenditures for … groups practicing religious discrimination"). This resolution follows a similar structure, identifying a specific concern (anti-Israel bias) within a particular domain (ESG ratings criteria). Just as proposals targeting broader biases (e.g., systemic racism or gender inequality) are sufficiently clear for shareholder and management action, so too is this resolution, as it targets a defined subset of potential bias.

The resolution does not mandate a specific method for removing anti-Israel bias, but this does not render it vague. The absence of prescriptive details allows the company discretion in determining how best to achieve the resolution's objective, a common and permissible characteristic of shareholder proposals. The company could conduct internal audits, engage independent evaluators, or consult stakeholders to identify and address anti-Israel bias. In fact, MSCI's DEI page assures us that its managers are capable of this: "We coach our managers … to be aware of their biases, determined to address them, open to collaboration, and committed to building an equitable workplace …."[8]

The resolution's objective is clear: to ensure the company's ESG ratings criteria are free from anti-Israel bias. The intended outcome—neutral and unbiased ESG ratings—is specific and measurable.

[8] https://www.msci.com/who-we-are/diversity-equity-and-inclusion

Shareholders can reasonably evaluate the proposal based on whether they believe the company's ESG criteria should be reviewed for such bias, and the company can act accordingly to meet this goal.

CONCLUSION

For the reasons set forth above, Proponent believes that the Proposal may not be excluded from the Company's 2025 Proxy Materials.

A copy of this correspondence has been timely provided to the Company. If I can provide additional materials to address any queries the Commission may have with respect to this letter, please do not hesitate to call me at (202) 507-6398 or email me at spadfield@nationalcenter.org.

Rule 14a-8(k) and Section E of Staff Legal Bulletin No. 14D (Nov. 7, 2008) provide that companies are required to send proponents a copy of any correspondence that they elect to submit to the Commission or the Staff. Accordingly, we remind the Company that if it were to submit correspondence to the Commission or the Staff or individual members thereof with respect to our Proposal or this proceeding, a copy of that correspondence should concurrently be furnished to us.

Sincerely,

Stefan Padfield
FEP Director
National Center for Public Policy Research

cc: Ning Chiu

January 7, 2024

Via Online Shareholder Proposal Form

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549

Re: No-Action Request from MSCI Inc. Regarding Shareholder Proposal by the National Center for Public Policy Research ("Proponent" or "NCPPR")

Ladies and Gentlemen:

This correspondence supplements Proponent's reply of December 31, 2024, which was in response to the letter of Ning Chiu on behalf of MSCI Inc. (the "Company") dated December 17, 2024, requesting that your office (the "Commission" or "Staff") take no action if the Company omits Proponent's shareholder proposal (the "Proposal") from its 2025 proxy materials for its 2025 annual shareholder meeting.

It has come to our attention that the Company's citation to, and use of, *The Boeing Co.* (Feb. 23, 2021) in its December 17th request may be misleading. Specifically, the Company writes:

> The Staff has consistently concurred in the exclusion of shareholder proposals that fail to define key terms. See *The Boeing Co.* (Feb. 23, 2021) (concurring with the exclusion under Rule 14a-8(i)(3) of a proposal requiring that 60% of the company's directors "must have an aerospace/aviation/engineering executive background" where such phrase was undefined) ....

This statement appears clearly intended to assert that the Staff has found the phrase "aerospace/aviation/engineering executive background" to be impermissibly vague absent supporting definitions. This would certainly constitute an important citation as it would appear to support the contention that the Staff does not set a high bar for finding impermissible vagueness, given that most shareholders would likely be surprised to learn they need "aerospace/aviation/engineering executive background" to be defined. However, *The Boeing Co.* (Feb. 23, 2021) appears to have been issued without an explanatory letter from the Staff and the underlying request proffered three additional and independent grounds for exclusion in addition to

impermissible vagueness. Accordingly, it appears misleading to cite *The Boeing Co.* (Feb. 23, 2021) for the proposition the Company appears to be citing it for.

Proponent sought clarification of this issue from the Company via email on the morning of January 6, 2025, but has received no reply as of the time of this writing. Obviously, Proponent would be happy to learn that the foregoing analysis is incorrect or materially incomplete for some reason currently escaping Proponent's good faith analysis, given the seriousness of the matter. But the prospect of a decision from the Staff rapidly approaching counsels against waiting for further clarification from the Company at this time.

A copy of this correspondence has been timely provided to the Company. If I can provide additional materials to address any queries the Commission may have with respect to this letter, please do not hesitate to call me at (202) 507-6398 or email me at spadfield@nationalcenter.org.

Rule 14a-8(k) and Section E of Staff Legal Bulletin No. 14D (Nov. 7, 2008) provide that companies are required to send proponents a copy of any correspondence that they elect to submit to the Commission or the Staff. Accordingly, we remind the Company that if it were to submit correspondence to the Commission or the Staff or individual members thereof with respect to our Proposal or this proceeding, a copy of that correspondence should concurrently be furnished to us.

Sincerely,

Stefan Padfield
Executive Director
Free Enterprise Project
National Center for Public Policy Research

cc: Ning Chiu