



Retirement News Highlights

Wednesday, December 7, 2022

BlackRock Urged to Fire Fink over ESG 'Hypocrisy'

The manager is taking fire from both sides in the increasingly politicized debate over ESG.

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FundFire

December 7, 2022

An activist investor is calling for the removal of Larry Fink as CEO of BlackRock, saying he has displayed “apparent hypocrisy” over how the company uses environmental, social and governance investment factors, the Financial Times reports.

The move is further evidence of the political tightrope that the world’s largest asset manager has to walk when it comes to ESG investing.

In a letter to BlackRock’s board, Bluebell Capital Partners says Fink has failed to move BlackRock away from fossil fuel investments, opening up the company to charges of greenwashing and other reputational risk and “potentially fueling a gap between the ‘talk’ and the ‘walk’ on ESG investing,” Bloomberg reports.

Bluebell blames the “contradictions and apparent hypocrisy of BlackRock’s actions” for having “politicized the ESG debate.”

BlackRock is getting it from both sides: from climate hawks who say the company hasn’t gone far enough in using its heft to push for carbon emissions cuts, and from Republicans who claim ESG investing is a ruse and accuse the company of being opposed to the energy industry. BlackRock has lost billions of dollars in mandates and other business from a range of states recently.

Bluebell wants BlackRock to review its overall ESG stance and get rid of alleged contradictions and inconsistencies, Bloomberg reports. The company says it would accept Fink staying on as chairman as long as the role is split from that of CEO.

The letter is dated Nov. 10, but Bluebell released it publicly on Tuesday.

BlueBell’s concerns include BlackRock’s new Voting Choice program, which allows institutional investors to cast their own ballots on some thorny proxy issues, the FT reports. The letter says this program is a “clear sign of BlackRock’s capitulation of its obligation to exercise its fiduciary duties and little more than a cute commercial tool.”

BlackRock, as an investor, has voted against Bluebell's activist proposals in at least one other company Bluebell has targeted.

“In the past 18 months, Bluebell has waged a number of campaigns to promote their climate and governance agenda,” a BlackRock spokesperson told FundFire in response to the activist firm's letter. “BlackRock Investment Stewardship did not support their campaigns as we did not consider them to be in the best economic interests of our clients.”

Last year, London-based Bluebell helped push out the chairman of food company Danone and holds a 0.01% stake in BlackRock, the FT says, citing regulatory filings. That would equate to about an \$11 million stake. Bluebell has about \$250 million under management overall, according to the FT.

Republican officials are also continuing their efforts to pressure BlackRock and other asset managers over ESG, with a new report aimed at reigning in the “growing influence” of the nation’s three largest asset management firms: BlackRock, Vanguard and State Street Global Advisors.

A BlackRock executive previously said forces on the left and right are “trying to threaten the neutrality, the discipline [and] the integrity of the capital markets,” with their efforts to influence BlackRock’s ESG policies.

“We have to pause and wonder whether we’re killing the goose that laid the golden egg,” said Mark Wiedman, BlackRock’s head of international and corporate strategy, at a Financial Times conference in September.

[Back to top](#)