

Brussels, 17 April 2020

To:
Emily O'Reilly
European Ombudsperson

Object:

Contract awarded by the European Commission to BlackRock

Dear Ms O'Reilly,

We would like to raise our concerns regarding the contract won by BlackRock for a study to the European Commission on how the EU could best integrate environmental, social and governance (ESG) factors into its banking supervision, as reported for example by the Guardian on 12th of April 2020¹. This contract - with a total value of EUR 280,000 – raises, in our views, issues of conflicts of interests.

Following the complaint submitted by Damien Carême, Member of the European Parliament on behalf of the signatories below, we would like you to investigate several aspects of this tendering procedure.

First of all, we would like to ensure that all the rules have been properly followed by the Commission services in the attribution of this public tender² to BlackRock. This could be checked through an inspection from your office if necessary.

Secondly, we would like to ensure that the Directive 2014/24/EU on public procurement³ - in particular its Articles 24 and 57 - have been properly respected by the Commission. We would like to ensure that the Commission has properly looked into the conflict of interest raised by BlackRock.

Taken together, BlackRock funds are indeed among the world's largest investors in banks and fossil fuel companies. More precisely, this asset management company is a top-three investor in all eight of the world's largest oil companies, and a top-10 investor in the 12 most systemically important banks in the world. The oil and gas sectors are likely to be directly impacted by tighter environmental rules. Decisions made by European banking regulators on ESG issues could have significant financial effects on the companies that BlackRock-administered funds are invested in. Hence, Blackrock may obviously seek to protect the industrial sector in which it invests heavily by influencing the decision-making in favour of softer environmental rules. Furthermore, as Blackrock is the leading global investor of the

¹ <https://www.theguardian.com/business/2020/apr/12/blackrock-eu-environmental-rules-for-banks>

² <https://etendering.ted.europa.eu/cft/cft-documents.html?cftId=5201>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024>

weapons industry, it has no legitimacy to advice on social factors, neither in general, nor in the banking supervision.

Moreover, the Greens/EFA group already informed the European Commission of another risk of conflict of interest: we sent the Commission evidence regarding BlackRock's role in the banking sector. BlackRock has significant holdings in several systemically relevant banks across the EU. We provided a list of systemically relevant banks and a table with BlackRock's holdings in those. In our views, the conflict of interest arising from these holdings would give sufficient justification to refuse the assignment of the study to this company.

Finally, we would like to check whether the Commission has investigated further on the reinsurance obtained by BlackRock when it raised the possible issue with conflicts of interest. Has the Commission investigated why the offer proposed by BlackRock is significantly lower than the price of the tender and whether the tasks could be properly carried out with such a low offer? Did the Commission request insurances from BlackRock regarding conflicts of interest? If yes has it just taken the insurance of “Chinese walls” that the company would apply for granted or has it really verified that it was doable in practice? Moreover, was the Commission really legally obliged to grant the contract to Blackrock, beyond the criteria of lowest price and best price-quality ratio or could it have re-launch another call for tenders because of the possible conflicts of interest?

The crisis we are experiencing must under no circumstances lead the European Union to lose or depart from its environmental and sustainability objectives. Strong and strict ESG rules for the banking sector are key in order to reorient investments towards a climate-neutral future. In contrary, softer rules would profit oil companies and lenders but would be detrimental to all of us. We hope that you can help us shed light on this Commission’s decision and whether EU rules have been duly applied.

We thank you for your consideration,

Sincerely Yours,

Damien Carême
François Alfonsi
Rasmus Andresen
Margarete Auken
Benoit Biteau
Saskia Bricmont
Reinhard Bütikofer
Anna Cavazzini
David Cormand
Jakop Dalunde
Gwendoline Delbos-Corfield
Karima Delli

Bas Eickhout
Alexandra Geese
Sven Giegold
Claude Gruffat
Francisco Guerreiro
Henrike Hahn
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Yannick Jadot
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Alica Kuhnke
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Kira Peter-Hansen
Michèle Rivasi
Caroline Roose
Mounir Satouri
Marie Toussaint
Ernest Urtasun
Monika Vana
Thomas Waitz
Salima Yenbou

Members of the European Parliament