



Ombudsman investigates Commission's decision to contract BlackRock for study on integrating environmental, social and governance goals into EU banking rules

News - 07/07/2020

The Ombudsman is investigating the European Commission's decision to award BlackRock Investment Management a contract for carrying out a study on integrating environmental, social and governance (ESG) risks and objectives into the EU banking supervision system.

As part of the inquiry, which seeks to examine how the Commission assessed the risk of conflicts of interest posed by BlackRock's tender, the Ombudsman plans to inspect the Commission's file and to discuss the matter with the Commission.

The Ombudsman received several complaints about the Commission's decision to award the contract in question to BlackRock. The complainants raised various concerns, notably about the risk of conflicts of interest. They argue there is a potential conflict of interest, as BlackRock continues to invest in energy companies with fossil fuel components as well as European banks. Among other issues, they raised questions about the assurances given by BlackRock that it will prevent conflicts of interest by ensuring that no information is shared between its employees working on the study and other employees, notably those involved in its investment operations.

The Commission has been tasked with developing tools and mechanisms for integrating ESG factors into the EU banking prudential framework and into the business strategies and



investment policies of banks. According to the Commission, the purpose of the study is to identify the current situation and the challenges for developing new tools and mechanisms to take account of ESG factors. It argues that the tender by BlackRock was the most competitive on a 'price-quality ratio'.