ENDOWMENTS AND FOUNDATIONS

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Sierra Club Foundation to terminate BlackRock due to ESG pullback

By Caryl Anne Francia

Sierra Club Foundation announced it will terminate BlackRock as an asset manager for its $167 million in assets for failing to address the "financial implications of the climate crisis" in its investments, according to a June 25 news release.

The Oakland, Calif.-based foundation — which was established by the Sierra Club as the environmental group's fiscal sponsor — noted it will divest all of the $10.5 million it has invested with the $11.6 trillion money management giant, citing the firm's promotion of "a dangerous all-of-the-above energy strategy" that is accelerating climate change and hurting clients' financial investments.

Additionally, the organization also cited BlackRock's support of environmental- and social-linked shareholder proposals reaching a low of 4.1% during the 2024 proxy season, as well as its withdrawal from the climate group Net Zero Asset Managers.

In 2022, the Sierra Club Foundation sent a letter to BlackRock Chair and CEO Larry Fink as well as Liz Michaels and Ran Lesham, co-heads of the firm's Aperio unit, informing them the firm has been placed on the foundation's watchlist for termination due to "timidity" in confronting climate change risk in its portfolio. Additionally, the Sierra Club in 2024 criticized shareholders of BlackRock for not holding the firm accountable on climate risk management.

Sierra Club Foundation has been invested in BlackRock through Apeiro, a platform for personalized portfolios that the firm acquired in 2021.

While the foundation noted in the news release that information on values-aligned investing was removed from BlackRock's website, Aperio does maintain a page with the information on its website.

"We support clients that have made net-zero commitments for their organizations through our industry leading sustainable and transition investment platform, research and analytics," a BlackRock spokesperson said in a statement. As the firm offers eligible clients its Voting Choice program for proxy voting, the spokesperson noted that clients "have entrusted us with more than

$1 trillion of sustainable and transition assets to manage on their behalf."

As a result of the move, the foundation will invest the divested funds in Nia Impact Capital, a $446 million impact-investing firm focused on public companies providing solutions for a healthy climate. The foundation will also invest in Xponance, the $20 billion multistrategy asset manager founded by CEO and CIO Tina Byles Williams.

Information on the particular funds the foundation will invest in could not be immediately learned.