



Written by [James Murphy](#) on December 9, 2022

Arizona Divests From BlackRock Over ESG Principles

Another state has signaled that it has had enough of “woke” environmental, social, and governance (ESG). On Thursday, Arizona Treasurer Kimberly Yee announced that her office has divested more than half a billion dollars from the investing behemoth BlackRock, due to its ESG policies.

In recent months, several conservative-leaning states have removed investments from BlackRock. Florida CFO Jimmy Patronis announced last week that the Sunshine State was divesting close to \$2 billion of investments from the company.



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Patronis referred to BlackRock’s woke investment strategy as a “social-engineering project.”

West Virginia, Louisiana, Texas, Kentucky, Oklahoma, South Carolina, Arizona, Idaho, Utah, Wyoming, Arkansas, and North Dakota are the other states who have pushed back against BlackRock in particular, and ESG investing in general.

ESG requires companies to follow leftist political ideas in order to receive money from investment companies such as BlackRock. Many believe that ESG is an attempt to implement leftist ideals in society without the messiness of the democratic process.

“The vast majority of our \$30 billion in investments, 98% to be specific, are managed by our in-house investment management team,” Yee explained in her [statement](#). She continued:

We have never had a contract with BlackRock to manage money for the Arizona Treasury, except for money market funds for daily liquidity needs. At the beginning of the year, I led in the national divestment effort to remove any exposure we had with BlackRock. In February of 2022, my office divested more than \$543 million from BlackRock money market funds and reduced our direct exposure to BlackRock by 97% this year.

For now, Arizona maintains certain small investments in BlackRock, but Yee promises to continue divestment from it and other like-minded investment houses.

We will continue to reduce our remaining exposure in BlackRock over time in a phased in approach that takes into consideration safe and prudent investment strategy that protects the taxpayers. Any stock owned by the Permanent Land Endowment Trust Fund that is part of our passive index equity strategy in investing in the top 1,500 American firms will have minimal exposure as it is within the index. If BlackRock were not part of the index, we would otherwise divest the position. At the end of November, our direct exposure to BlackRock was in stock and bonds, or less than 1 tenth of one percent of our total assets under management.



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Arizona Attorney General Mark Brnovich had previously warned BlackRock that the state was unhappy with their ESG outlook on investing. Brnovich and at least 18 other state attorneys general believe that the ESG investment scheme is dangerously close to running afoul of U.S. antitrust laws.

“Me and my colleagues are worried that as BlackRock manages, literally trillions of dollars [in] investments, including state pension funds, including maybe your 401K or your retirement fund, they have this radical leftist agenda. And as an investment company, as financial managers, their duty and their obligations are to the people whose funds they’re managing, not to some green leftist agenda. And they have a duty of care and an obligation to make sure they’re taking care of those folks and not some radical agenda,” Brnovich [told](#) Fox News.

Yee and her treasury team concluded that BlackRock’s ESG agenda was more important to it than the needs of its investors.

The divestment was the result of a review by our internal Investment Risk Management Committee (IRMC) that began in the fourth quarter of 2021. Part of the review by IRMC involved reading the annual letters by CEO Larry Fink, which in recent years, began dictating to businesses in the United States to follow his personal political beliefs. In short, BlackRock moved from a traditional asset manager to a political action committee.

“Our internal investment team believed this moved the firm away from its fiduciary duty in general as an asset manager,” she concluded.

Indeed, Fink’s annual [letter](#) clearly indicates that BlackRock is getting ready for a post-fossil-fuel world, whether his investors want it or not.

“Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?” Fink asks. “We focus on sustainability not because we’re environmentalists, but because we are capitalists and fiduciaries to our clients.”

But many states — and [now](#) the U.S. Congress — are skeptical of Fink’s claims and are beginning to push back against ESG investing.

Will that be enough to put a halt to these “woke” investment strategies?



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