



Rainforest Action Group

Committed to the defence of rainforests worldwide

BLACKROCK BACKGROUND INFORMATION

- **Top owner of nearly every public company worldwide**
- **Biggest shareholder of Newcrest Mining (13.49%), BHP Billiton Ltd (5%) and BHP Billiton Plc (10.08%)**
- **Major shareholder of DGR Global (6%) & Solgold (5%)**
- **Largest asset manager in the world with \$6 trillion of assets**

WHO ARE BLACKROCK?

BlackRock are a New York based global investment management corporation with 70 offices in 30 countries (3 in Australia), and clients in over 100 countries.

Blackrock are the world's largest "shadow bank", a phrase used to describe companies that offer the same services as banks, but without banking regulations. BlackRock are proud of their "risk-based strategy" based on diversification within multi-asset portfolios.

"Because it has over \$6 trillion of client money to invest, much of it in products that follow stock and bond market indexes, BlackRock is among the top owners of nearly every public company."

BlackRock invests in some of the planet's worst companies and has a vast array of technology to keep them updated about their investments. This includes the Aladdin system with a capacity of 5,000 mainframe computers which can scour and analyse "global economic data, stock quotes and a range of other variables, including changes of government, earthquakes, cold spells and droughts."¹

Aladdin also keeps track of around 30,000 investment portfolios, not just those owned by the firm, but portfolios owned by banks, pension funds and insurance companies. "According to the British business magazine 'The Economist', the system monitors around 7 percent of the world's total invested capital of approximately \$225 trillion."¹

TACTICS & STRATEGIC INFLUENCE

Being the largest shareholder in BHP and Newcrest provides BlackRock with significant influencing potential, but for strategic influence, BlackRock appears to play another tactic:

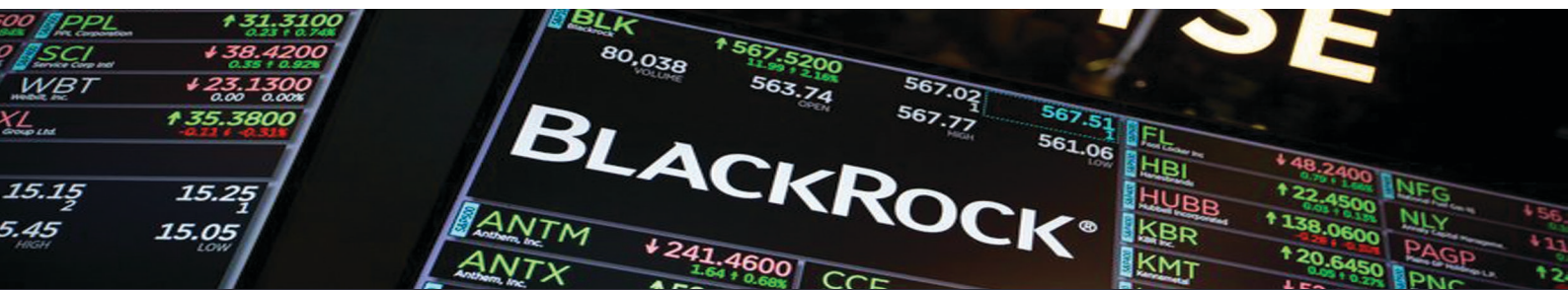
*"Some of the largest investment managers—such as BlackRock—advocate simply owning every company, reducing the incentive to influence management teams. A reason for this last strategy is that the investment manager prefers a closer, more open and honest relationship with a company's management team than would exist if they exercised control; allowing them to make a better investment decision."*²



CONSUMER BOYCOTTS

Over the past decade, BlackRock has received abundant criticism and been under several consumer boycotts for their role in investing in mining, oil drilling in the Amazon, US gun manufacturing, and their inadequate approach to climate change.

- In 2009 BlackRock divested from Lev Leviev and his Israeli company, "Africa-Israel Investments" due to its ongoing construction of settlements in the Occupied West Bank and human rights abuses in the diamond industry in Namibia and Angola.³
- Since 2015, environmental organisations such as Friends of the Earth have highlighted BlackRock's role in investing in the Oil Palm Industry.⁴
- Amazon Watch in November 2017 produced the report "Investing in Amazon Destruction" which targets BlackRock's investments in oil drilling in the Amazon.⁵
- BlackRock have been under massive pressure for their investments in U.S. gun manufacturers, particularly after the Parkland, Florida massacre in February 2018.⁶ As a response BlackRock announced a range of index products that enable investors to avoid gunmakers and sellers.
- In March 2018 BlackRock came under pressure from the U.S. based Natural Resources Defence Council to pull out of the controversial Pebble Mine in Alaska. BlackRock refused. Another major investor, First Quantum Minerals Ltd pulled out of the project in May 2018 after they had been targeted by protesters.⁷
- May 24 2018: "Directors of 10 global environmental organizations sent a letter to BlackRock CEO Larry Fink... highlighting that the company's current approach on climate change is inadequate and significantly more action is needed to align BlackRock's investments with the goals of the Paris Climate Agreement."⁸



BLACKROCK'S GREENWASHING

As a result of a range of criticisms, the company has given the impression that they are open to change, however these statements cannot be taken too seriously due to the enormous range of the company's investments.

- In September 2016, the company produced a paper on climate change.^{10/11}
- In March 2017, BlackRock stated that "they would place pressure on companies to explain themselves on issues such as climate change". They also produced a statement on engagement with climate risk.
- In January 2018, BlackRock Chairman and CEO, Larry Fink, sent a letter to companies imploring them to drive sustainable long-term growth, which includes a focus on climate. The letter said: "Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate." BlackRock has also developed an investment stewardship strategy.¹²





BLACKROCK & AUSTRALIAN MINING COMPANIES IN ECUADOR

BHP and Newcrest are both active in Ecuador. In 2017, BlackRock were the largest substantial shareholders of BHP Billiton Ltd (5%), BHP Billiton Plc (10.08%) and Newcrest Mining (13.49%).

BlackRock Investment Management (UK) are also a top ten shareholder of DGR Global controlling about 6% of that company and 5% of DRG's subsidiary Solgold which BlackRock amassed in April 2018.¹⁰

- **BHP:** a raft of exploration licences in the north-west of the country, 40km south-west of Solgold's Cascabel exploration area. BHP have recently opened an office in Ecuador.
- **DGR Subsidiary (Solgold):** extensive exploration areas, most notably in the north of the country with the Cascabel project.
- **Newcrest** invested \$250m in the Fruta del Norte mine in Ecuador's south-east in February 2018, expected to open in 2019.

In May 2017, **Lundin Gold Inc** secured a project finance package of US\$400-450 million with the **Orion Mine Finance Group** and **Blackstone Tactical Opportunities** to provide the foundation to develop Fruta del Norte gold mine. The package comprised "a gold prepay credit facility for \$150 million, a stream loan credit facility of \$150 million, and committed participation of \$100-\$150 million to future equity financings required to fund the project."

Without the May 2017 finance package, Fruta del Norte may not have proceeded. BlackRock therefore were the vital element in financing this controversial development, meaning that BlackRock are "up to their necks" in Fruta del Norte.

BLACKROCK'S OFFICES IN AUSTRALIA

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