Written by **James Murphy** on April 10, 2024

BMO Scraps Anti-coal Policy in Another Defeat for ESG

AP Images

The Bank of Montreal (BMO) quietly dropped a policy that barred the financial service company from lending to coal producers to keep from being labeled a boycotter of energy. West Virginia Treasurer Riley Moore believes that the decision might have had something to do with a letter he sent in February threatening that the state would not do business with financial institutions that engage in boycotts of energy producers.

The move is another lethal blow to proponents of so-called environmental, social, and corporate governance (ESG) banking, which measures how companies line up with left-wing policies on environmental and social issues such as climate change and transgenderism.

Moore added BMO to his list of financial service companies that engaged in energy boycotts in late February. His original list included BlackRock Inc., Goldman Sachs Group Inc., JPMorgan Chase & Co., Morgan Stanley, and Wells Fargo & Co., which Moore believed “engaged in boycotts of fossil fuel companies.”

“As a result of policy changes made in November 2023, we removed a Coal Statement from BMO’s websites as it did not fully reflect our current policies,” wrote BMO’s U.S. general counsel Timothy Cox. “After receipt of your letter, we realized that a cached version of the statement remained on our websites and took it down. We have no plans to republish the Coal Statement,” Cox’s letter to Moore’s office said.

Moore, who is currently running for a congressional seat, was able to take a victory lap on Tuesday, appearing on Fox News.

“Really what this is is a conflict of interest,” Moore said on Fox. “Our state, here in West Virginia, we love fossil fuels, that’s what we do here. We generate nearly a billion dollars in … severance taxes from those fossil fuels and we’ve got a 4.7 billion dollar budget — that’s a large chunk of that.”

When asked why ESG investing was such a bad thing, Moore answered, “They can invest in whatever they want but to have prohibitive and discriminatory language in place as it relates to legal industries like coal, gas and oil in this country does not make any sense.”

On the whole, the financial industry has cooled on the idea of ESG, with even BlackRock, once the poster child for ESG investing, backing off its aggressive stance.

“It is for governments to make policy and enact legislation, and not for companies, including asset managers, to be the environmental police,” said BlackRock CEO Larry Fink in 2023.

Several American states have challenged ESG investing. Twenty-five states sued the Biden administration when the Department of Labor announced that it would undo a Trump-era restriction that prevented fiduciaries from using ESG factors when investing money in pension funds.

“The Biden Administration is promoting its climate change agenda by putting everyday people’s retirement money at risk,” wrote Utah Attorney General Sean Reyes. “Americans are already suffering from the current economic downturn. Permitting asset managers to direct hard-working Americans’ money to ESG investments puts trillions of dollars of retirement savings at risk in exchange for someone else’s political agenda. We are acting with urgency on this case because this illegal rule is set to take effect next week. It must be stopped.”

Several states, including West Virginia, Florida, and Arizona, have passed legislation prohibiting state pension funds from going to fiduciaries that practice ESG investing.

So, ESG, at least as it’s now known, could be in its death throes. One economist has even suggested that ESG needs a name change in order to save it as an investment strategy.

“Many of the controversies surrounding ESG become moot when we view it as a set of long-term value factors,” Alex Edmons wrote. “We don’t need to get into angry fights between ESG believers and deniers, nor politicize the issues, because reasonable people can disagree on how relevant a characteristic is for a company’s long-term success.”

But any name change might now become moot as state treasurers and legislatures have grown wise to the tactics used by woke fiduciaries. And West Virginia and Moore have been leaders in that development.

“While the ‘Environmental, Social and Governance’ or ‘ESG’ movement might be politically popular in California or New York, financial institutions need to understand their practices are hurting people across West Virginia,” Moore has said. “I simply cannot stand by and allow financial institutions working against West Virginia’s critical industries to profit off the very funds their policies attempt to diminish.”