

**From:** [Vaughan, Peter](#)  
**To:** [divestment@ttstc.texas.gov](mailto:divestment@ttstc.texas.gov)  
**Cc:** [mark.mccombe@blackrock.com](mailto:mark.mccombe@blackrock.com); [Dalia.Blass@blackrock.com](mailto:Dalia.Blass@blackrock.com)  
**Subject:** BlackRock, Inc. Response  
**Date:** Sunday, May 15, 2022 4:47:14 PM  
**Attachments:** [BlackRock, Inc. - Texas Comptroller Response.pdf](#)  
[BlackRock, Inc. - Appendixes.pdf](#)  
[Annex 2 .xlsx](#)

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Dear Comptroller Hegar:

On Friday, BlackRock, Inc. emailed you its response to your March 16, 2022 requests for information. Shortly after sending our response, we discovered that the Excel spreadsheet was inadvertently produced with columns that are not responsive to the requests and contain certain notes from BlackRock's counsel. The attorney notes, while not sensitive, are protected from disclosure by the attorney-client privilege or attorney work product doctrine, and should have been withheld from our March 16 response. Attached is a corrected version of the Excel file, along with our full response. Please delete any copies of the original spreadsheet in your possession. We apologize for any inconvenience.

We would appreciate if you would acknowledge your receipt of this email and our request for deletion of the inadvertently produced privileged communications. If you have any questions, please call me at 212-810-3001. Thank you for your cooperation.

Sincerely,

Peter Vaughan

Peter Vaughan  
Managing Director  
Legal & Compliance  
**BlackRock**  
212.810.3001

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**From:** Blass, Dalia  
**Sent:** Friday, May 13, 2022 5:19 PM  
**To:** 'divestment@ttstc.texas.gov' <[divestment@ttstc.texas.gov](mailto:divestment@ttstc.texas.gov)>  
**Cc:** McCombe, Mark <[mark.mccombe@blackrock.com](mailto:mark.mccombe@blackrock.com)>  
**Subject:** BlackRock, Inc. Response

Comptroller Hegar:

Please find enclosed BlackRock Inc.'s response to your March 16, 2022 letter. We are also sending a courtesy hard copy of BlackRock's response (excepting the attached Excel data) to the address provided in your letter. Please feel free to reach out to me if you have any questions or require any further information.

Regards,  
Dalia Blass

**Dalia Osman Blass**

Head of External Affairs | BlackRock

Phone: +1.202.414.2120

Mobile: +1.202.961.1258

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May 13, 2022

**VIA FEDERAL EXPRESS AND EMAIL** (divestment@ttstc.texas.gov)

Glenn Hegar  
Comptroller of Public Accounts  
Texas Treasury Safekeeping Trust Company  
Office of the General Counsel  
Thomas Jefferson Rusk State Office Building  
208 E. 10<sup>th</sup> St., 4<sup>th</sup> Floor  
Austin, TX 78701

Dear Comptroller Hegar:

We appreciate the opportunity to respond to the information requests from your office dated March 16, 2022. As a global asset manager and fiduciary to our clients, BlackRock's role is to help each of them navigate investment risks and opportunities. We do this by providing a range of investment products they can choose from to meet their individual financial goals.

BlackRock serves millions of Texans as they invest to build savings that support them throughout their lives. Specifically in Texas, BlackRock manages \$65 billion for defined contribution retirement plans, reaching almost 2 million current and future retirees, and \$24 billion for state and local public pension plans.<sup>i</sup> Retirement security is core to BlackRock's purpose, and we are dedicated to developing innovative and accessible retirement solutions and working with our clients – in Texas and beyond – to help more and more individuals retire with dignity. We also manage \$51 billion for individual investors in Texas, partnering with over 12,000 local financial advisors that serve more than 700,000 people.

As BlackRock has previously stated, as a matter of policy, we do not boycott energy companies. On behalf of our clients, we are invested in industries and in communities across Texas. On our clients' behalf, BlackRock currently has approximately \$310 billion in assets invested in energy companies globally, including over \$115 billion invested in Texas energy companies alone.<sup>ii</sup>

Our private markets investments also demonstrate that we do not boycott energy companies. On behalf of our clients, we have committed or invested more than \$8.3 billion – across 130 private market investment deals – into projects and companies based, or with meaningful operations, in Texas. Several of these companies are in the energy sector; for example, on behalf of our clients:

- We committed and invested \$280 million into **Centric Infrastructure Group**, a Woodlands-based owner and operator of a natural gas utility delivering critical

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infrastructure to large-scale residential communities, schools, and healthcare customers across Texas.

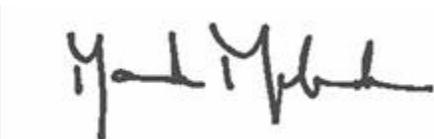
- We partnered with San Antonio-based **Valero Energy Corporation** and Dallas-based **Navigator Energy Services** to invest \$750 million to develop an industrial scale carbon capture pipeline system.
- We invested more than \$40 million in the **Whitewater Whistler Pipeline**, a 514-mile intrastate pipeline in Texas.
- We invested \$55 million in **Triple Crown Resources**, an upstream energy player in the Permian Basin.
- We invested more than \$20 million in **Laredo Energy**, a dry gas exploration and production company in the Eagle Ford Shale area; as well as \$125 million with **Vertex Energy**, a Houston-based specialty refiner.

With this background, we have attached responses to your specific questions about BlackRock. We appreciate the opportunity to convey the pride we take in serving our clients in Texas. Over the history of our firm, our investments in Texas have helped to create jobs and finance local schools, hospitals, and energy projects, while also building wealth and retirement savings for hard working Texans. Please do not hesitate to email or call us if additional information would be helpful.

Sincerely,



Dalia Blass, Senior Managing Director, Head of External Affairs



Mark McCombe, Senior Managing Director, Chief Client Officer

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<sup>i</sup> Defined contribution retirement assets represent assets under management with Texas-based plans. Data is sourced from Brightscope as of December 30, 2021. There are approximately 2 million plan participants with access to at least one BlackRock fund in their defined contribution plan.

<sup>ii</sup> As of March 31, 2022. "Energy companies" refers to corporations classified as belonging to the GICS-1 Energy Sector. Includes investments in Energy Equipment and Services, and Oil, Gas and Consumable Fuels companies.



## **Response to Annex 1**

### **1. What is the name of your company? What is the ISIN for your company?**

BlackRock, Inc. BlackRock's ISIN is US09247X1019 and our CUSIP is 09247X.

### **2. What is the name, title and mailing address for the person verifying the answers to these questions on behalf of your company?**

Dalia Blass, Senior Managing Director, Head of External Affairs  
1401 New York Avenue NW, 3<sup>rd</sup> Floor  
Washington, DC 20005

### **3. What is the name, title, mailing address, e-mail address and telephone number for the person to whom the Comptroller may direct further communications regarding this verification request?**

Dalia Blass, Senior Managing Director, Head of External Affairs  
1401 New York Avenue NW, 3<sup>rd</sup> Floor  
Washington, DC 20005  
[Dalia.Blass@BlackRock.com](mailto:Dalia.Blass@BlackRock.com)  
(202) 414-2120

### **4. Is your company publicly traded? On which securities exchange?**

BlackRock, Inc. is a publicly traded company listed on the New York Stock Exchange (NYSE: BLK).

### **5. Does your company invest capital or loan capital to other people or entities? Does your company invest capital or loan capital to other people or entities on behalf of third parties?**

BlackRock is a global asset manager and provider of technology that facilitates investment management. We do not undertake traditional banking activities, nor do we use our balance sheet to provide financing or underwriting services to market participants.<sup>1</sup> We are a fiduciary asset manager that invests and manages capital on behalf of retail and institutional clients in a vast array of public and private assets. As a fiduciary, we always put our clients' interests first. We serve pension funds providing for nurses, teachers, firefighters, law enforcement and other workers in the

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<sup>1</sup> As is customary in our industry, or when regulatorily required, BlackRock also makes direct investments, primarily seed and co-investments in BlackRock-sponsored investment products. The total economic carrying value of these investments as of March 31, 2022, was approximately \$4.3 billion.



public and private sectors; individual investors that are investing for their own retirement, education, or other goals; as well a range of other clients. Most of the money we manage is for someone's retirement.

To help our clients meet their individual financial goals, BlackRock offers a range and choice of financial products and investment options to both retail and institutional investors. As of March 31, 2022, BlackRock had \$9.57 trillion in assets under management.

**6. Has your company committed or pledged to meet environmental standards beyond applicable federal or state law? If so, to what environmental standards has your company committed or pledged?**

BlackRock is both a public company listed in the United States, as well as an asset manager that serves our clients in a fiduciary capacity and provides them with a broad range of investment options.

As a public company, we have set our own emissions reduction goals for our own corporate operations. These goals do not pertain to the management of investments or to investment decisions we make on behalf of our clients.

As an asset manager and a fiduciary, our obligation is to our clients, and we have not made commitments or pledges to meet environmental standards that constrain our ability to invest our clients' money on their behalf consistent with their objectives.

Our role as an asset manager and a fiduciary is to help our clients navigate investment risks and opportunities. The money we manage is not our own – it belongs to our clients, who choose their own investment strategies and products from our broad product offering. Many of our largest clients globally have made the decision to align their portfolios with the long-term changes in the economy that they anticipate in response to environmental pressures. BlackRock has joined initiatives such as the Net Zero Asset Managers Initiative, Climate Action 100+, and the Task Force for Climate-Related Financial Disclosures (“TCFD”) to participate in dialogue with governments, companies, and financial institutions on matters important to our clients.<sup>2</sup> Notwithstanding, **our investment decisions are governed strictly by our fiduciary duty to clients**, and that duty requires us to prioritize our clients' financial interests above any commitments or pledges not required by law.

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<sup>2</sup> Climate Action 100+ reports it includes 700 global investors, Net Zero Asset Managers Initiative reports over 200 signatories, and TCFD reports the number of organizations in the thousands.

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Similarly, BlackRock does not make any commitment or pledge that would interfere with our independent determination on how to engage with issuers and vote proxies in the best long-term economic interest of our clients. Nor do we act collectively with other shareholders or organizations in buying, selling, holding, or voting shares of public issuers. Instead, we make decisions on how to engage companies and how to vote proxies based solely on the long-term economic interest of our clients. This includes in relation to any shareholder proposals filed or supported by Climate Action 100+ or any of its members. In fact, when joining the initiative, BlackRock clarified to the organization that we would continue to independently exercise our fiduciary duties to our clients in determining how we prioritize engagements and how we vote proxies. Our voting record since then shows that our support for shareholder proposals is demonstrably independent.

**a. What is the name of the entity that established the environmental standards beyond applicable federal or state law to which your company has committed or pledged?**

As described above, as a public company, BlackRock has set its own emissions reduction targets for its own corporate operations (i.e., they were not established by a third-party entity). As an asset manager, BlackRock does not make pledges or commitments that would constrain our ability to make independent decisions about how to exercise our fiduciary duty to our clients, and we have taken affirmative steps to be clear about that, including when participating in environmental initiatives.

**b. Are your company's commitments or pledges to such environmental standards mandatory for your company? If so, how are your company's commitments or pledges mandatory?**

No. As described above, BlackRock's commitments in this area are voluntary.

**c. Who monitors your company's commitments or pledges to such environmental standards? How are your company's commitments or pledges to such environmental standards monitored?**

BlackRock monitors its own corporate commitments and reports on its progress through public disclosures.

**d. What are the consequences for your company not fulfilling its commitments or pledges to such environmental standards?**



As noted above, BlackRock's corporate commitments are voluntary.

**7. Does your company have a written policy, procedure or investment guideline restricting or prohibiting investment in energy companies, including companies engaged in the exploration, production, utilization, transportation, sale or manufacturing of fossil fuel-based energy?**

BlackRock does not have any policies prohibiting or restricting investment in companies because they are energy companies. On the contrary, many of our clients remain long-term investors in the energy sector because these companies play a crucial role in the economy and the energy transition by, amongst other things, ensuring the continuity of a reliable and affordable energy supply.

Rather than dictate particular strategies for our clients, we offer products that are designed to meet their unique needs. To that end, BlackRock offers a broad suite of investment products to meet our clients' varied investment goals, priorities, and risk tolerances, such as products that allow clients to gain broad market exposure, including to energy companies, and to make sector-specific investments.

Many of our clients are invested in the energy sector. Consequently, BlackRock, on behalf of our clients, is among the largest investors in the energy industry, with approximately \$310 billion in assets invested in these companies globally, including over \$115 billion invested in Texas energy companies. Please see Appendix X for an illustrative list of our public and private debt and equity investments in the Texas oil and gas sector.

In our active strategies, BlackRock takes investment views that we believe will generate long-term economic value for our clients. In 2020, BlackRock, after extensive analysis, took an investment view in discretionary active investment portfolios to exit public debt and equity investments in businesses generating greater than 25% of revenue from thermal coal. We took this view in 2020, and continue to hold this view, because our active portfolio managers concluded that the long-term economic or investment rationale no longer justifies continued investment in companies with significant exposure to thermal coal. Twenty-five companies, of which four are U.S.-based, are impacted by this investment decision—and none are based in Texas. This is not a policy, procedure, or investment guideline restricting or prohibiting investment in energy companies because they are energy companies; rather, this is an investment decision that, like any other investment decision our active portfolio managers make, is grounded in an analysis of that investment's risk/return profile.

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Importantly, consistent with our commitment to providing clients with choice, certain clients have opted to specifically continue including thermal coal companies in their investable universe. Those clients' portfolios hold thermal coal issuers from time to time and do so today. Further, this investment decision did not impact BlackRock's index-tracking products, which constitute the majority of BlackRock's overall assets under management. As a result, BlackRock's index-tracking products continue to invest in companies that generate more than 25% of their revenue from thermal coal.

**8. What is your company's policy on banking, consumption, financing, investment, underwriting or related activity pertaining to fossil fuel-based energy and fossil fuel-based energy companies, including companies engaged in the exploration, production, utilization, transportation, sale or manufacturing of fossil-fuel based energy?**

Please see our response to Question 7 above. BlackRock does not have any policies prohibiting or restricting investment in companies because they are energy companies. Further, as noted in response to question 5, BlackRock is a global asset manager and provider of technology that facilitates investment management. **We do not use our balance sheet to provide banking, financing, or underwriting services to market participants. Instead, we are a fiduciary asset manager that invests and manages capital on behalf of retail investors and institutional clients in a vast array of public and private companies.** As part of that business, BlackRock offers a range and choice of financial products and investment options to retail investors and institutional clients.

Please see Appendix X for an illustrative list of our public and private debt and equity investments in the Texas oil and gas sector.

**9. How is your company's chief executive officer, board of directors or other company leadership involved in the development or monitoring of the company's policies pertaining to fossil fuel-based energy companies, including banking, consumption, financing, investment, underwriting or related activity?**

As noted, BlackRock does not have any policies prohibiting or restricting investment in companies because they are energy companies. Below we describe BlackRock's approach to the development and monitoring of the company's investment policies and processes more generally, including the extent to which company leadership has a role.



The money BlackRock manages belongs to our clients. Our clients make many critical decisions about how their money is invested, and our investment policies – i.e., the documentation of clients’ investment objectives and guidelines – are generally client-specific. BlackRock’s firmwide investment processes are focused on helping our clients reach their investment goals by managing resilient and well-constructed portfolios. Senior investment professionals representing all of BlackRock’s major investment divisions oversee investment process consistency across the firm’s investment groups. Subject matter experts, in partnership with investment platform leadership, work across teams to coordinate the firm-wide approach to incorporating material risks and opportunities into investment processes, including climate-related risks and opportunities.

Our Risk and Quantitative Analytics team is responsible for developing a framework for evaluating investment, counterparty, and operational risk, and conducts regular reviews with portfolio managers using that framework to ensure that climate-related risks, like other investment risks, are considered relative to the potential rewards.

Neither the Chief Executive Officer, nor the Board of Directors, has a role in the day-to-day management of clients’ assets. BlackRock’s senior executives, including its Chief Executive Officer, oversee progress towards BlackRock’s strategic objectives, while BlackRock’s Board of Directors engages with senior leaders on near- and long-term business strategy and reviews management’s performance in delivering on BlackRock’s framework for long-term value creation.

**10. Applying Texas Government Code Chapter 809’s statutory definition of “boycott energy company,” is your company boycotting energy companies as defined in Texas law?**

**No.** BlackRock does not boycott energy companies. BlackRock’s investments on behalf of our clients in the global and Texas energy industries, and its role as a fiduciary, foreclose any possible determination that BlackRock in any way “boycotts” this sector of the Texas and U.S. economy.

Section 809.001(1) of the Energy Boycott Law states that “boycott energy company” means:

without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company [is an

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energy company] and does not commit or pledge to meet environmental standards beyond applicable federal and state law.<sup>3</sup>

As an initial matter, BlackRock’s history of investment in the energy sector is completely at odds with any finding that BlackRock “refus[es] to deal with, terminate[s] business activities with, or otherwise tak[es] any action” against companies in that sector. In fact, BlackRock, on behalf of our clients, is among the largest investors in energy companies, with approximately \$310 billion in assets invested in these companies globally, including over \$115 billion invested in Texas energy companies. Moreover, as shown in Appendix Y, the assets we invested in energy companies<sup>4</sup> have increased globally, and in Texas, over the last several years.

Even in circumstances where BlackRock decides not to make an investment in a particular company, it is clearly driven by an “ordinary business purpose”; that is, to prudently and in accordance with our fiduciary duty manage investments for our clients, including for Texas clients.<sup>5</sup> In furtherance of that purpose, BlackRock seeks to maximize returns and minimize risk in accordance with our clients’ investment objectives. This analysis may consider the risks and opportunities of investing in various companies with the goal of generating sustainable short, medium, and long-term returns for clients. Our role as a fiduciary also requires us to take into account each client’s unique circumstances, and to that end we offer a broad choice of investment strategies, including certain funds that restrict particular sectors. Again, our “ordinary business purpose” in offering these products is to meet client demand and give clients the choice of products that fit their investment needs.

Moreover, in no way are any of these investment decisions motivated by intentions to inflict economic harm, penalize particular issuers or sectors of the economy, or limit commercial relations with companies because they are

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<sup>3</sup> The language used in Section 809.001(1) is substantially identical to language that the Texas State Legislature has used for other anti-boycott laws.

<sup>4</sup> As of March 31, 2022. “Energy companies” refers to corporations classified as belonging to the GICS-1 Energy Sector. Includes investments in Energy Equipment and Services, and Oil, Gas and Consumable Fuels companies.

<sup>5</sup> In a case dealing with a nearly identical anti-boycott law, in that instance boycotts against Israel, Texas Attorney General Paxton stated that taken as a whole, actions that would fall within the term ‘ordinary business purpose’ “can be understood to refer to actions that a company would take in the course of its business in the absence of any intention not to deal with a company merely because that company is based in Israel.” See *Amawi v. Pflugerville Indep. Sch. Dist.*, 373 F.Supp. 3d 717, 756-57 (W.D. Tex. 2019) (quoting brief of Texas Attorney General defending the law), mooted on appeal, *Amawi v. Paxton*, 956 F.3d 816 (5th Cir. 2020); see also Senate Research Center, Bill Analysis, S.B. No. 13 at 1 (June 7, 2021), <https://capitol.texas.gov/tlodocs/87R/analysis/pdf/SB00013F.pdf#navpanes=0> (legislative history of S.B. 13 in which Texas State Senator Brian Birdwell, author and sponsor of the Energy Boycott Law, provided further clarification in the bill analysis, explaining that an action did not have an ordinary business purpose if it was *solely or primarily* intended to have the relevant effect of penalizing, inflicting economic harm on or limiting commercial relations with an energy company).

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energy companies. **Indeed, any such motivation would be in violation of BlackRock’s fiduciary responsibilities to our clients, which do not allow our investment decisions to be based on any specific political or social agenda.**<sup>6</sup>

Accordingly, under the plain language of Section 809.001(1), BlackRock does not “boycott energy company[ies].”

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<sup>6</sup> *SEC v. Moran*, 944 F. Supp. 286, 297 (S.D.N.Y. 1996) (“Investment advisers are entrusted with the responsibility and duty to act in the best interest of their clients.”).

## Response to Annex 2

**Does your company offer for sale on an exchange securities of an investment company, mutual fund, exchange-traded fund or other publicly traded security that has a written policy, procedure or investment guideline restricting or prohibiting investment in energy companies, including companies engaged in the exploration, production, utilization, transportation, sale or manufacturing of fossil-fuel based energy?**

**If the answer is “yes,” please provide the following information in connection with each such investment company, mutual fund, exchange-traded fund or other publicly traded security using a format that can be viewed in Microsoft Excel. Append additional information as necessary.**

As we discussed in our response to Annex 1, Question 7, BlackRock offers clients choice, and provides a broad suite of investment products to meet our clients’ varied investment goals, priorities, and risk tolerances, such as products that allow clients to gain broad market exposure, including to energy companies, and to make energy-specific investments. To meet client demand, we also offer clients products that restrict investments in certain issuers.

**A core principle of BlackRock’s fiduciary duties is that our clients’ investment goals, preferences, and risk tolerances dictate how BlackRock manages their money.** Some of our clients have opted to invest in funds that, among other things, specifically exclude fossil fuels from their investable universe. To meet this client demand, we have created seven BlackRock-managed U.S. public retail funds whose investment criteria broadly prohibit certain investments relative to their parent index, including in fossil fuel companies. These funds represent approximately 0.1% of BlackRock’s U.S. retail assets under management, and approximately 3.6% of our U.S. sustainable assets under management. The names, ticker symbols,<sup>7</sup> exchange (if applicable), and assets under management for these funds are provided in the attached Excel Spreadsheet A.

To offer completeness and transparency, we are also including on Excel Spreadsheet B, the names, ticker symbols, exchange (if applicable), and assets under management of BlackRock-managed U.S. public retail funds whose investment criteria restrict to varying degrees certain energy or fossil-fuel related investments or prioritize energy companies that are advancing the energy transition. All of the funds on Excel Spreadsheet B can, and most

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<sup>7</sup> For funds with multiple share classes, we provided the ticker for the Institutional share class.

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do, invest in energy companies.<sup>8</sup> The funds listed on Excel Spreadsheet A and B collectively represent approximately 2.8% of BlackRock's U.S. retail assets under management. More than half of BlackRock's U.S. retail funds – representing 72% of U.S. retail assets under management – allocate some portion of their portfolio to energy companies.<sup>9</sup>

May 13, 2022

A handwritten signature in black ink, appearing to read 'Dalia Blass', followed by a long horizontal line extending to the right.

Dalia Blass, Senior Managing Director, Head of External Affairs

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<sup>8</sup> Please note that we have not included in either list funds whose investment guidelines would not otherwise include energy companies as part of their investible universe (e.g., funds that only invest in the health care sector or municipal bonds). Please also note that SEC rules may impose concentration restrictions around particular sectors and/or issuers. Finally, we have included in this list certain fund of funds (i.e., funds that invest in other funds) that do not restrict investments in energy companies, but which primarily invest in funds that may contain such restrictions.

<sup>9</sup> Based on Morningstar data, as of March 31, 2022.