Texas blacklists BlackRock, 9 other companies, claiming energy boycotts

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Texas Comptroller Glenn Hegar on Wednesday included BlackRock on a list of 10 financial companies he has determined “boycott energy companies,” said a news release on his website.

Mr. Hegar is charged with implementing a 2021 state law that restricts the state's pension funds and other state entities from investing in companies that divest from fossil fuels. The other financial companies are BNP Paribas, Credit Suisse Group, Danske Bank, Jupiter Fund Management, Nordea Bank, Schroders, Svenska Handelsbanken, Swedbank and UBS Group.

Among the public pension funds that are affected by the law are the $199.9 billion Texas Teacher Retirement System; $44 billion Texas County & District Retirement System; and $39.6 billion Texas Employees Retirement System. All three funds are based in Austin.

The state law, which took effect Sept. 1, 2021, mandates that state entities begin the process of divesting from companies on Mr. Hegar's list. The law provides state entities up to 60 days to share their holdings in the affected companies and funds with the comptroller's office, and gives companies on the list up to 90 days to engage with the state and its retirement systems and "cease" boycotting energy companies.

The law also says a state governmental entity may delay the schedule for divestment if the entity determines that to divest from the company would not be consistent with their fiduciary duties, "that divestment from listed financial companies will likely result in a loss in value or a benchmark deviation."

The law also exempts entities from divesting from any "indirect holdings in actively or passively managed investment funds or private equity funds."

BlackRock said in an emailed statement: "We disagree with the comptroller's opinion. This is not a fact-based judgment. BlackRock does not boycott fossil fuels — investing over $100 billion in Texas energy companies on behalf of our clients proves that. Elected and appointed public officials have a duty to act in the best interests of the people they serve. Politicizing state pension funds, restricting access to investments, and impacting the financial returns of retirees, is not consistent with that duty. Texans
deserve access to the full range of asset managers, and investment opportunities, that can help them meet their retirement goals. We are proud to play our part."

Mr. Hegar has also released a list of 350 publicly listed investment funds he has also determined "boycott energy companies." The list includes funds managed by BlackRock, Brown Advisory, Dimensional Fund Advisors, Fidelity Investments, Invesco, Janus Henderson Group, Mellon Investments, Neuberger Berman Group, Nuveen, PGIM Investments, Pacific Investment Management Co., State Street Global Advisors and Vanguard Group, among others.

Many are listed as ESG, impact, sustainable or responsible investing funds.

The law defines the "boycotting" of energy companies as a financial company or fund "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 engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond federal and state law" or does business with a company the comptroller deems guilty of those actions.