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Texas Has a Warning for Its Pensions: Sever Ties With BlackRock

Comptroller sends letters to state money managers warning they may not be complying with intent of divestment law

Texas Comptroller Glenn Hegar is stepping up his battle against so-called sustainable investing, telling state money managers that they haven't done enough to cut ties with BlackRock Inc. and other financial firms that he says boycott the oil and gas industry.

Hegar sent letters late Wednesday to five Texas government-employee pension funds and an entity that manages money for the public school systems, "strongly" encouraging them to sever all relationships with companies on his office's divestment list, according to copies of the missives seen by Bloomberg News. The move follows a 2021 law that requires state entities to sell their shares in financial companies or investment funds that limit business with the fossil-fuel industry. In August, Hegar released a list of 10 companies including BlackRock and UBS Group AG and more than 300 individual funds that he says discriminate against oil and gas.

The demands laid out by Hegar increases pressure on state agencies that manage hundreds of billions of dollars in assets to completely cut off the firms on the boycott list. While the state firms indicated they didn't own direct stakes in the financial companies, Hegar said that an examination of their holdings and business relationships showed some still had investment funds issued by the companies or were paying the firms for services such as analytics or risk management.

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