KEN PAXTON
ATTORNEY GENERAL OF TEXAS

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JPMorgan Chase & Co
383 Madison Avenue
New York, NY 10179
eburbach@foley.com

Bank of America Corporation
100 North Tryon Street
Charlotte, NC 28202
eburbach@foley.com

Morgan Stanley & Co. LLC
1633 Broadway, 29th Floor
New York, NY 10019
Colleen.O'Loughlin@morganstanley.com

The Goldman Sachs Group, Inc.
200 West Street
New York, NY 10282
Kathryn.Ruemmler@gs.com

Citigroup Inc.
388 Greenwich Street
New York, NY 10013
Brent.Mcintosh@citigroup.com

BlackRock Inc.
50 Hudson Yards
New York, NY 10001
Jane.Moffat@blackrock.com

Re: Apparent Legal and Contractual Violations by Financial Institutions

To Whom It May Concern:

Each of you—BlackRock, Goldman Sachs, Morgan Stanley, JPMorgan Chase, Bank of America, and Citigroup (together, the "Financial Institutions")—has a fiduciary duty to make financially sound decisions in the best interest of maximizing the return on shareholder investments without any ulterior political motive or agenda. There is, however, mounting concern that political objectives have, in some cases, influenced your decision-making at the expense of your statutory and contractual obligations. Specifically, you appear to have embraced race- and sex-based quotas and to have made business and investment decisions based not on maximizing shareholder and asset value, but in the furtherance of political agendas. We, the undersigned Attorneys General, are concerned this may violate federal and State laws.

Before pursuing legal action, we are extending to each of you an opportunity to avoid a lengthy enforcement action. Your answers to the attached questions, along with interviews of relevant employees, will demonstrate whether violations have occurred, whether they will continue, and the necessity of enforcement actions to vindicate federal or State laws.

I. Applicable State laws and fiduciary duties where applicable are binding on State contractors.

State contracts, including in Texas, contain provisions requiring that contractors comply with federal, State, and local laws. And in Texas, under Texas Government Code section 802.203, fiduciaries must act "solely in the interest" of asset owners and beneficiaries and for "the exclusive purpose" of providing financial benefits to those owners and beneficiaries. Texas is not alone; other States' contracts with asset managers that manage public retirement system assets require them to follow State-specific fiduciary laws. Many State contracts also contain provisions requiring contractors to not racially or sexually discriminate.

II. Federal and State civil rights laws prohibit race- and sex-based quotas.

Both federal and State law prohibit race- and sex discrimination through advancing race- and sex-based employee and/or supplier quotas. Title VII of the Civil Rights Act of 1964 prohibits employers who "discriminate against any individual with respect to . . . compensation, terms, conditions, or privileges of employment" on the basis of "race, color, . . . [or] sex." 42 U.S.C. § 2000e-2. Federal law further prohibits race-based discrimination in contracting and explains that this prohibition against race-based discrimination extends to "the making, performance, modification, and termination of contracts, and the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship." *Id.* § 1981. To the extent you racially discriminate in your "supplier diversity" programs, those policies may violate Section 1981.

Texas similarly prohibits such conduct through Chapter 21 of the Texas Labor Code, as do most, if not all States. Granting an employment or contracting opportunity based on an individual's race or sex necessarily requires denying that very same opportunity to individuals of another race or sex. Accordingly, the Supreme Court has condemned the use of racial quotas, and recently reaffirmed that racial preferences violate the Equal Protection Clause. *Students for Fair Admissions, Inc. v. President & Fellows of Harvard Coll.*, 600 U.S. 181 (2023).

A. Each of you appears to unlawfully advance discriminatory employment quotas.

BlackRock allegedly has placed race- and sex-based employment quotas in contracts and executive compensation agreements, and it uses pressure tactics to ensure hiring managers that help it meet those quotas.

BlackRock also allegedly amended a revolving-credit contract with major banks, including JPMorgan Chase, Citibank, Bank of America, Goldman Sachs, and Morgan Stanley, so that BlackRock will save or pay millions of dollars based on whether BlackRock meets race- and sex-based employment targets.[1] Apparently motivated by this incentive, BlackRock has used several pressure tactics to implement discriminatory hiring preferences throughout the company. First, quotas. In 2021, BlackRock announced specific employment percentage targets based on race and sex.[2] Second, pressuring employees. We understand that to meet these quotas BlackRock includes diversity, equity, and inclusion ("DEI") goals in employee performance reviews, and the employees' "year-end bonus pool allocation" partially depends on meeting DEI goals.

Like BlackRock, JPMorgan Chase, Goldman Sachs, Morgan Stanley, Bank of America, and Citigroup have committed to race- and sex-based employee quotas. JPMorgan Chase pledged to hire 4,000 Black students by 2024.[3] JPMorgan Chase's CEO stated that the company hired employees whose "only job" was to help "increas[e] Black executive directors and managing directors."[4] In its 2023 Annual Report, Goldman Sachs set race- and sex-based hiring goals.[5] Morgan Stanley aims to hit specific percentages of officers who are women or specific races. Bank of America imposes "business-specific, action-oriented" diversity goals as part of a scorecard for each management team member.[6] And Citigroup aims to have its workforce meet specific racial percentages by 2025.[7] None of this has anything to do with meeting fiduciary obligations.

B. Unlawfully pursuing discriminatory board quotas.

You also have fiduciary duties to pursue exclusively the financial returns of State clients, such as by voting for board members that will maximize financial returns. *See, e.g.*, Tex. Gov't Code § 802.203. Thus, you appear to have violated your fiduciary duties by pursuing race- and sex-based board quotas rather than solely focusing on whether the board members would maximize financial performance.

As one example, rather than using its clients' assets to focus solely on financial returns, BlackRock, leverages those assets in proxy votes and shareholder engagements to push quotas across society more broadly and especially on the boards of the portfolio companies in which BlackRock is an influential shareholder. For example, BlackRock stated in 2019-20 that it voted against management "more than 1,500 times for 'insufficient diversity.'"[8]

BlackRock's current proxy voting guidelines continue to "encourage" large companies to have boards with "at least two women and a director who identifies as a member of an underrepresented group,"

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[1] Amendment No. 10 to Five-Year Revolving Credit Agreement, S.E.C. (2021), sec.gov/Archives/edgar/data/1364742/000119312521107747/d113222dex101.htm.
[2] Ross Kerber & Jessica DiNapoli, *BlackRock Adds Diversity Target for U.S. Boardrooms*, Reuters (Dec. 18, 2021), https://www.reuters.com/markets/us/blackrock-adds-diversity-target-us-boardrooms-2021-12-14/.
[3] *JPMorgan Chase Provides an Update on its $30 Billion Racial Equity Commitment*, Chase Media Center, https://media.chase.com/news/jpmc-provides-update-on-30-billion-racial-equity-commitment (last visited Dec. 16, 2024).
[4] Mitchell Parton, *JPMorgan Chase CEO Jamie Dimon Talks Racial Equity, Texas Economy*, Dall. News (Nov. 18, 2022), dallasnews.com/business/banking/2022/11/18/jpmorgan-chase-ceo-jamie-dimon-talks-racial-equity-texas-economy/).
[5] *Enhancing Diversity Disclosures*, BlackRock (2022), http://bit.ly/3ZIbZWK.
[6] *Definitive Proxy Statements*, Bank of America (March 7, 2023), investor.bankofamerica.com/regulatory-and-other-filings/all-sec-filings/content/0001193125-23-064593/d294559ddefr14a.htm.
[7] *Citigroup Sets New Diversity Goals for Workforce by 2025*, Reuters (Sept. 20, 2022), https://www.reuters.com/business/sustainable-business/citigroup-sets-new-diversity-goals-workforce-by-2025-2022-09-20.
[8] John Masko, *BlackRock's Tyrannical ESG Agenda: Is Larry Fink a Threat to Democracy?*, UnHerd (March 2, 2023), unherd.com/2023/03/blackrocks-tyrannical-esg-agenda.

which includes "individuals who identify as Black or African American, Hispanic or Latinx [sic]."[9] If a company does not meet BlackRock's expectations and fails to "adequately explain[]" its "approach to diversity in . . . board composition," BlackRock threatens to "vote against members of the [board's] nominating/governance committee."[10] On information and belief, we understand that you likewise force discriminatory board quotas.

C. Using discriminatory supplier quotas.

Many of you also have racial preferences in your contracts with suppliers, potentially violating Section 1981. JPMorgan Chase allocated $750 million of its supplier budget based on race.[11] Goldman Sachs set a similar goal to "spend a cumulative $1.5 billion with small and diverse vendors between 2023 and 2025," where a vendor is "diverse" if it is owned by women or members of "minority groups," including "Asian, Black, Hispanic/Latinx [sic], and Indigenous peoples."[12] And, on information and belief, BlackRock, Bank of America, Citigroup, and Morgan Stanley have similar "supplier diversity" programs that also may include discriminatory contracting preferences.

III. As asset managers you appear to be violating fiduciary duties and duties of loyalty and prudence.

As a fiduciary in managing Texas's and other States' assets you must act "solely in the interest" of the asset owners and beneficiaries for "the exclusive purposes" of providing financial benefits to them. Tex. Gov't Code § 802.203. Yet concerns have arisen that you may have violated your fiduciary duties by managing client assets to not only advance race- and sex-based quotas but also satisfy climate commitments rather than maximize financial returns for your clients. If so, it needs to stop, and the law must be followed.

In fact, we know all of you had joined groups requiring members to spend time and money on helping the "climate." For example, BlackRock willfully succumbed to pressure from its clients to cast votes to advance a net-zero agenda rather than exclusively increase financial returns for clients. After joining Climate Action 100+ ("CA100+") and Net Zero Asset Managers ("NZAM") initiative, BlackRock's voting behavior dramatically shifted towards supporting climate resolutions.[13] In the 2019-20 proxy season, BlackRock voted for 6.3% of environmental proposals. In the 2020-21 proxy season, it supported 64% of environmental proposals.[14] Similarly, BlackRock voted against only 55 directors on climate-related issues in the 2019-20 proxy season, but it voted against 255 directors on climate-related issues in the 2020-21 proxy season.[15] This is likely because BlackRock understood what interest groups expected it to do once it joined

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[9] *BlackRock Investment Stewardship: Proxy Voting Guidelines for U.S. Securities* at 9 & fn.7, S.E.C. (Jan. 2024), sec.gov/Archives/edgar/data/890196/000119312524231917/d881774dex99uscorpgov.htm.
[10] *Id.* at 9.
[11] *Reaching $750 Million and Moving Ahead: Building Economic Equity Through Business Diversity*, JPMorganChase (Feb. 8, 2024), jpmorganchase.com/newsroom/stories/reaching-750m-and-moving-ahead.
[12] *Vendor Diversity*, Goldman Sachs, https://www.goldmansachs.com/our-firm/our-vendor-program/vendor-diversity (last visited Dec. 18, 2024).
[13] *Comment: BlackRock's Wording Change on Climate Change*, responsible investor (Feb. 13, 2024), responsible-investor.com/comment-blackrocks-wording-change-on-climate-change; *see also,* compare *Investment Stewardship Annual Report* at 17 with *Pursuing Long-Term Value for Our Clients: BlackRock Investment Stewardship* at 15, BLACKROCK (2021), https://bit.ly/3ZdDbxJ.
[14] *Id.*
[15] Compare *Investment Stewardship Annual Report*, *supra* at 13, BlackRock (Sept. 2020), https://bit.ly/4fYfz5A with *BlackRock Investment Stewardship*, *supra*, at 14.

these alliances. As CA100+ Global Steering Committee's internal meeting minutes confirmed "BlackRock underst[ood] . . . *it [wa]s expected to shift its voting to support climate resolutions*."[16]

Some of you had been the founding members of the Net Zero Banking Alliance ("NZBA") or the founding signatories of CA100+. Others had been NZAM signatories and actively supported the net-zero mission for years. NZAM, for instance, demanded that its signatories focus on climate rather than making money for their clients who hired them to make more money. As NZAM signatories, BlackRock and J.P. Morgan Asset Management had committed to "[i]mplement a stewardship and engagement strategy, with a *clear escalation and voting policy*, that is consistent with [its] ambition for *all assets under management* to achieve net zero emissions by 2050 or sooner."[17] That commitment was non-waivable—NZAM emphasized that "stewardship and policy advocacy" were to be "comprehensively implemented" in order to obtain "real action [and] not just empty statements."[18] This likely violates State laws. *E.g.*, Tex. Gov't Code § 802.203.

In the past year, some of you have either fully or partially withdrawn from CA100+, all of you have withdrawn from NZBA, and BlackRock has left NZAM. Following BlackRock's departure, NZAM has suspended its activities. We applaud you for terminating your relationships with these organizations. However, we still want answers to the attached questions with regard to the decisions you had made while you were members of CA100+, NZBA, and/or NZAM. Moreover, some of you are still associated with net-zero groups, through CA100+ or as Principles for Responsible Banking signatories. Some of you have made public statements of continued, independent commitment to the net-zero agenda. These actions raise serious concerns as to whether your exodus is an optics-only effort.

Conclusion

Your response to the attached questions within the next 45 days is appreciated.

Respectfully,

Ken Paxton

Ken Paxton
Attorney General of Texas

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[16] *Climate Action 100+, Steering Committee Meeting Minutes* (March 26, 2020) at 460, https://bit.ly/4fWkPqr (emphasis added).
[17] *Commitment*, Net Zero Asset Managers, netzeroassetmanagers.org/commitment/(last visited Dec. 18, 2024) (emphases added).
[18] *FAQ*, Net Zero Asset Managers, netzeroassetmanagers.org/faq/ (last visited Dec. 18, 2024).

Steve Marshall
Attorney General of Alabama

Mike Hilgers
Attorney General of Nebraska

Raúl R. Labrador
Attorney General of Idaho

Alan Wilson
Attorney General of South Carolina

Todd Rokita
Attorney General of Indiana

Derek Brown
Attorney General of Utah

Brenna Bird
Attorney General of Iowa

Jason S. Miyares
Attorney General of Virginia

Austin Knudsen
Attorney General of Montana

Appendix – Requests to the Financial Institutions

I. Requests regarding the Financial Institutions' DEI targets and their corresponding votes and engagements on DEI issues

A. Requests to BlackRock

1. In 2021, BlackRock agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."
    a. Provide a detailed explanation of the specific targets that BlackRock is contractually required to meet, and has been obligated to meet in the past, in order to qualify for an "adjustment" of rates or fees under these KPI provisions.
    b. For each year since agreeing to these provisions in 2021, explain which KPI metrics BlackRock met, and whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.
    c. Identify and explain any actions that BlackRock has taken to meet any targets or quotas that are in line with the KPI Metrics described above, including any communications to any of its employees regarding those targets or quotas.
2. BlackRock has announced specific goals to "increase the share of women in its senior leadership ranks by 3% each year," and to "boost the share of Black and Latino people in its U.S. workforce 30% by 2024."
    a. Explain how those goals relate to the KPI Metrics that BlackRock agreed to when amending its revolving-credit contract in 2021.
    b. Identify and explain all actions that BlackRock has taken to help it achieve these specific goals, including any communications to any of its employees regarding these goals or policies related to these goals.
    c. Identify and describe any complaints that BlackRock has received from any individuals, including any employees or job applicants, regarding these goals or policies related to these goals.
3. According to its current proxy voting guidelines, BlackRock "ask[s] boards to disclose how diversity is considered in board composition, including . . . demographic characteristics such as gender, race/ethnicity, and age." BlackRock also says that "boards should aspire to at least 30% diversity of membership." And BlackRock "encourage[s]" large companies to have corporate boards with "at least two women and a director who identifies as a member of an underrepresented group," which includes "individuals who identify as Black or African American, Hispanic or Latinx [sic]."
    a. Describe any analysis BlackRock conducted on whether these policies would increase or decrease financial returns.

   b. Explain how these policies are compatible with BlackRock's obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.
   c. Identify and explain all voting activity and shareholder engagements in which BlackRock has sought to advance or enforce these policies.

4. In its current proxy voting guidelines, BlackRock states that, "[t]o the extent that . . . a company has not adequately explained their approach to diversity in their board composition, we may vote against members of the nominating/governance committee."
   a. Identify and explain each instance in which BlackRock has voted against members of a board's nominating or governance committee as a result of a company's inadequate practices or explanations relating to diversity.
   b. Identify and explain all voting activity and shareholder engagements in which BlackRock has sought to advance or enforce these policies.

B. Requests to JPMorgan Chase

1. In October 2021, JPMorgan Chase pledged to hire 4,000 Black students by 2024 as part of its $30 Billion Racial Equity Commitment.
   a. Identify and explain any actions that JPMorgan Chase has taken since 2021 to help meet its goal of hiring 4,000 Black students by 2024, including any communications to any of its employees regarding this goal or policies related to this goal.
   b. Identify and describe any complaints that JPMorgan Chase has received from any individuals, including any employees or job applicants, regarding these goals or policies related to these goals.

2. The CEO of JPMorgan Chase, Jamie Dimon, has stated that JPMorgan Chase hired employees whose "only job" was to help "increase[e] Black executive directors and managing directors." He claimed that this caused Black executive directors and managing directors to increase by 50% or 60%.
   a. Explain how many JPMorgan Chase employees' only job is or has been to help "increase[e] Black executive directors and managing directors," and provide each employee's start date and (if applicable) end date.
   b. State each of these employees' compensation for each calendar year, each of these employees' official job description for each year, and provide each of these employees' performance reviews for each year. For this response, you may redact or otherwise remove personally identifiable information.
   c. Identify and explain all actions that these employees have taken to help cause Black executive directors and managing directors to increase by 50% or 60%.

3. JPMorgan Chase "surpasse[d] its five-year goal of spending an additional $750 million with Black-, Hispanic-, and Latino-owned businesses."
   a. Identify and explain any actions that JPMorgan Chase has taken since 2021 to help meet this goal, including any communications to any of its employees regarding this goal or policies related to this goal.

    b. Identify and describe any complaints that JPMorgan Chase has received from any individuals regarding this goal or policies related to this goal.

4. JPMorgan Asset Management "expect[s] [its] investee companies to be committed to diversity and inclusiveness in their general recruitment policies" and "will generally vote against the chair of the nominating committee when the issuer does not disclose the gender or racial and ethnic composition of the board" or "lacks any gender diversity or any racial/ethnic diversity." JPMorgan Asset Management also States that "investee companies should provide clear disclosure within their financial reports on how they intend to increase female representation beyond 30%."
    a. Describe any analysis JPMorgan Asset Management conducted to determine whether these policies would increase financial returns.
    b. Explain how these policies are compatible with JPMorgan Asset Management's obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.
    c. Identify and explain all voting activity and shareholder engagements in which JPMorgan Asset Management has sought to advance or enforce these policies.
5. In 2021, JPMorgan Chase agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."
    a. Provide a detailed explanation of why JPMorgan Chase agreed to adjust its fees based on the race and sex of BlackRock's employees, which KPI targets BlackRock has been required to meet, and whether BlackRock met those targets.
    b. For each year since agreeing to these provisions in 2021, explain whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.

C. Requests to Goldman Sachs

1. In its 2023 Annual Report, Goldman Sachs set goals of "[a]nalyst and associate hiring of 50% women professionals, 11% Black professionals and 14% Hispanic/Latinx [sic] professional in the Americas."
    a. Identify and explain any actions that Goldman Sachs has taken to help meet these goals, including any communications to any of its employees regarding these goals or policies related to these goals.
    b. Identify and describe any complaints that Goldman Sachs has received from any individuals regarding these goals or policies related to these goals.
2. Goldman Sachs set another goal to "spend a cumulative $1.5 billion with small and diverse vendors between 2023 and 2025" as part of its Vendor Diversity Program. According to Goldman Sachs' "Diverse Vendor Definitions Guide," a vendor may be "diverse" if it is owned by women or members of "minority groups," including "Asian, Black, Hispanic/Latino, and Indigenous peoples."

a. Identify and explain any actions that Goldman Sachs has taken to help meet this goal, including any communications to any of its employees regarding this goal or policies related to this goal.

b. Identify and describe any complaints that Goldman Sachs has received from any individuals regarding this goal or policies related to this goal.

3. Goldman Sachs Asset Management "encourage[s] companies to disclose the [racial] composition of [the portfolio companies'] board." Goldman Sachs votes against or withholds votes from members of the director nominees if those companies "do not meet the board diversity requirements of local listing rules, corporate governance codes, national targets, or is not representative relative to the board composition of companies in their market" or if companies within the S&P 500 do not "have at least one diverse director from a minority ethnic group."

   a. Explain how and why Goldman Sachs Asset Management decided to adopt these policies, including any analysis of whether these policies would increase or decrease financial returns.

   b. Explain how these policies are compatible with Goldman Sachs Asset Management's obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.

   c. Identify and explain all voting activity and shareholder engagements in which Goldman Sachs Asset Management has sought to advance or enforce these policies.

4. In 2021, Goldman Sachs agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."

   a. Provide a detailed explanation of why Goldman Sachs agreed to adjust its fees based on the race and sex of BlackRock's employees, which KPI targets BlackRock has been required to meet, and whether BlackRock met those targets.

   b. For each year since agreeing to these provisions in 2021, explain whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.

D. Requests to Morgan Stanley

1. Morgan Stanley stated that it aims to "[g]row total women officers by 25%" and "[i]ncrease Black and Hispanic officer representation in the U.S. by 50%."

   a. Identify and explain any actions that Morgan Stanley has taken to help meet these goals, including any communications to any of its employees regarding these goals or policies related to these goals.

   b. Identify and describe any complaints that Morgan Stanley has received from any individuals regarding these goals or policies related to these goals.

2. Morgan Stanley Investment Management considers "withholding support from or voting against nominees" "if the board has failed to consider diversity, including but not limited to, gender and

ethnicity, in its board composition." Morgan Stanley Investment Management "will generally also consider not supporting the re-election of the nomination committee chair (or other resolutions when the nomination chair is not up for re-election) if the board lacks ethnic diversity and has not outlined a credible diversity strategy."

   a. Describe any analysis that Morgan Stanley Investment Management conducted regarding whether these policies would increase financial returns.

   b. Explain how these policies are compatible with Morgan Stanley Investment Management's obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.

   c. Identify and explain all voting activity in which Morgan Stanley Investment Management has sought to advance or enforce these policies.

3. As part of its pursuit of "Supplier Diversity," Morgan Stanley "pursues diversity in every aspect of [its] business, seeking out diverse-owned companies that can meet Morgan Stanley's business needs."

   a. Identify and explain any actions that Morgan Stanley has taken to "seek[] out diverse-owned companies," including any communications to any of its employees regarding this goal or policies related to this goal.

   b. Identify and describe any complaints that Morgan Stanley has received from any individuals regarding its pursuit of "diverse-owned companies."

4. In 2021, Morgan Stanley agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."

   a. Provide a detailed explanation of why Morgan Stanley agreed to adjust its fees based on the race and sex of BlackRock's employees, which KPI targets BlackRock has been required to meet, and whether BlackRock met those targets.

   b. For each year since agreeing to these provisions in 2021, explain whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.

F. Requests to Bank of America

1. Bank of America has stated that it has a "goal . . . for [its] workforce to mirror the clients and communities [they] serve at all levels of the company," and imposes "business-specific, action-oriented" diversity goals that make up part of a scorecard for each management team member.

   a. Explain by what metrics Bank of America measures whether it has met its goal "for [its] workforce to mirror the clients and communities [they serve]."

   b. Identify and explain any actions that Bank of America has taken to help meet its goal referenced above, including the creation and enforcement of "business-specific, action-oriented" diversity goals that make up part of a scorecard for each management team member. Provide any communications to any of your employees regarding this goal or policies related to this goal.

c. Identify and describe any complaints that Bank of America has received from any individuals, including any employees or job applicants, regarding its goal referenced above.

2. Bank of America runs a "Supplier Diversity program," through which it claims to "support the growth of minority, women, veteran, disabled, service-disabled veteran, LGBT+ and other diverse-owned suppliers."

   a. Identify and explain any actions that Bank of America has taken to "support the growth of minority, women, veteran, disabled, service-disabled veteran, LGBT+ and other diverse-owned suppliers." Provide any communications to any of your employees regarding this goal or policies related to this goal.

   b. Identify and describe any complaints that Bank of America has received from any individuals regarding its Supplier Diversity Program.

3. In 2021, Bank of America agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."

   a. Provide a detailed explanation of why Bank of America agreed to adjust its fees based on the race and sex of BlackRock's employees, which KPI targets BlackRock has been required to meet, and whether BlackRock met those targets.

   b. For each year since agreeing to these provisions in 2021, explain whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.

G. Requests to Citigroup

1. Citigroup aims to have 11.5% "Black Colleagues" in North America and 16% "Hispanic & Latino Colleagues" in the U.S. by 2025.

   a. Identify and explain any actions that Citigroup has taken to help meet its goal referenced above, including any communications to any of its employees regarding this goal or policies related to this goal.

   b. Identify and describe any complaints that Citigroup has received from any individuals, including any employees or job applicants, regarding its goal referenced above.

2. As part of the "Citi Supplier Diversity and Sustainability Program," Citigroup is "focused on establishing and maintaining close working relationships with a diverse set of suppliers in the countries where [it] operate[s]."

   a. Identify and explain any actions that Citigroup has taken to "focus[] on establishing and maintaining close working relationships with a diverse set of suppliers in the countries where [it] operate[s]," including any communications to any of its employees regarding this goal or policies related to this goal.

b. Identify and describe any complaints that Citigroup has received from any individuals regarding its Citi Supplier Diversity and Sustainability Program.

3. In 2021, Citigroup agreed to amend a revolving-credit contract by adding provisions that call for an "adjustment" of rates and fees depending on whether BlackRock meets targets under certain "KPI Metrics," including BlackRock's "Female Leadership Rate" and its "Black, African American, Hispanic and Latino Employment Rate."

    a. Provide a detailed explanation of why Citigroup agreed to adjust its fees based on the race and sex of BlackRock's employees, which KPI targets BlackRock has been required to meet, and whether BlackRock met those targets.

    b. For each year since agreeing to these provisions in 2021, explain whether BlackRock has received any adjustment of rates or fees based on its performance under the KPI Metrics that are described above.

II. Requests regarding the Financial Institutions' net-zero commitments and their related use of proxy votes and shareholder engagements on climate issues

A. Requests to BlackRock

1. An internal email from Ceres reveals that climate activists exercised "unprecedented leverage" over BlackRock, and that Ceres "convened large asset owners" so that "big asset managers" such as BlackRock were pressured to "step up their climate ambition" by joining CA100+.

    a. Provide any written communications, and describe in detail any verbal communications, in which individuals or entities indicated to BlackRock that its failure to join CA100+ could in any way affect BlackRock's business relationships or potential business relationships with those individuals or entities.

2. BlackRock has stated that CA100+'s Phase 2 strategy would "require signatories to make an overarching commitment to use client assets to pursue emissions reductions in investee companies through stewardship engagement."

    a. Explain how the following statements, which BlackRock made or agreed to when it initially signed onto the CA100+ initiative, do not represent an "overarching commitment to use assets to pursue emissions reductions in investee companies through stewardship engagement":

        i. BlackRock's commitment to "accelerat[e] [its] engagement with companies" on climate risk.

        ii. BlackRock's commitment to "secure commitments from . . . boards and senior management to . . . [t]ake action to reduce greenhouse gas emissions across their value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees Celsius above pre-industrial levels."

    b. Explain how the "overarching commitment" that BlackRock references above differs from its prior NZAM commitment to "[i]mplement a stewardship and engagement strategy, with a *clear escalation and voting policy*, that is consistent with [the] ambition for *all assets under management* to achieve net zero emissions by 2050 or sooner."

   i. Explain what actions BlackRock had taken to achieve this commitment, including any communications to any of its employees regarding this commitment.

   ii. Explain how this commitment was compatible with your obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.

3. Soon after BlackRock joined CA100+, the meeting minutes from CA100+'s Global Steering Committee noted that "BlackRock understands that by joining CA100+, it is expected to shift its voting to support climate resolutions." Provide all written communications, and descriptions of all verbal communications, between BlackRock and CA100+ or any member of its Global Steering Committee regarding this understanding.

4. Soon after BlackRock joined CA100+, an email from a top official at Ceres noted that BlackRock could suffer "billions of dollars in lost revenue" if it did not "*dramatically change*" its proxy voting in line with its CA100+ commitments. Provide all written communications, and descriptions of all verbal communications, between BlackRock and Ceres, CA100+, or asset owners, regarding BlackRock's proxy voting on environmental proposals or issues.

5. In the 2019-20 proxy season, BlackRock voted in favor of about 6% of environmental proposals, and it voted against 55 directors on climate-related issues. In the 2020-21 proxy season, by contrast, BlackRock voted in favor of 64% of environmental proposals, and it voted against 255 directors on climate-related issues. Explain the reasons for this measurable shift in BlackRock's voting and explain whether and how this shift is related to BlackRock's commitments to NZAM and/or CA100+ in 2020 and 2021.

6. When BlackRock joined CA100+, it publicly stated that it would continue to "independently" determine how to "prioritize engagements" and "vote proxies," pursuant to its "fiduciary and contractual duties to its clients." Explain how this commitment is compatible with the fact that you went from voting for 6% of environmental proposals to 64% in the following proxy season.

   a. Explain how your voting decisions in each proxy season were compatible with your obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.

7. BlackRock voted for a 2021 proposal urging Norwegian company Equinor to adopt "short-, medium-, and long-term emissions reduction targets" that align with the Paris Agreement. Yet BlackRock voted against a nearly identical proposal in the prior proxy season and stated that the "Proposal [was] not in shareholders' best interests." Explain the reasons for this change in voting, and address whether and how this change was related to BlackRock's commitments to NZAM and CA100+.

8. BlackRock voted for a 2021 proposal urging FedEx to disclose lobbying information and whether it is a member of "any tax-exempt organization that writes and endorses model legislation," with the proposal expressly mentioning the American Legislative Exchange Council. Again, BlackRock voted against a nearly identical proposal in the prior proxy season and stated that the proposal was "not in shareholders' best interests." Explain the reasons for this change in voting, and address whether and how this change was related to BlackRock's commitments to NZAM and CA100+.

9. A CA100+ Global Steering Committee presentation contains a survey response articulating a 2030 goal for all of the CA100+ targeted companies to either have "committed to net zero *or gone out of business* as investors are no longer providing them with capital." Explain why BlackRock joined a group with one or more members who had this goal.

B. **Requests to the Asset Managing Banks (JPMorgan Chase, Goldman Sachs, and Morgan Stanley)**

1. By joining NZBA, you had committed to aligning your business strategies to be "consistent with and contribute to individuals' needs and society's goals, as expressed in the . . . Paris Climate Agreement" and to transitioning GHG emissions from your "lending and investment portfolios to align with pathways to net-zero by 2050 or sooner."
    a. Explain in detail what steps you had taken to achieve this goal, including any communications to any of your employees regarding this goal or policies related to this goal.
2. [**Question specific to JPMorgan Chase**] As a NZAM signatory, J.P. Morgan Asset Management had committed to to "[i]mplement a stewardship and engagement strategy, with a *clear escalation and voting policy*, that is consistent with [the] ambition for *all assets under management* to achieve net zero emissions by 2050 or sooner."
    a. Explain in detail what steps J.P. Morgan Asset Management had taken to achieve this commitment, including any communications to any of its employees regarding this commitment.
    b. Explain how this commitment was compatible with your obligations under State law to act solely in the interest of the participants and beneficiaries of State pension funds.
3. [**Question specific to JP Morgan Chase**] Since J.P. Morgan Asset Management joined NZAM, it added a new section to its Global Proxy-Voting Guidelines to "make clear that [it] encourage[s] disclosures of minimum climate-related indicators" and "may vote against the directors of relevant committees of companies where these are not available or meaningful."
    a. Explain how J.P. Morgan Asset Management encouraged disclosures of minimum climate-related indicators and how its Global Proxy-Voting Guidelines were related to J.P. Morgan Asset Management's commitments to NZAM.