

EXHIBIT C1



ATRS BlackRock Update

**Joint Performance Review Committee
February 26, 2024**

Mark White, ATRS Executive Director

ESG Context: Arkansas

- Act 411 of 2023 established an ESG Oversight Committee to make divestment decisions for the State.
- Act 498 of 2023 requires equity shares to be voted solely in the pecuniary interest of members.

ESG Context: National

Divestment processes similar to Act 411 have been established in other states:

- Kentucky (11 firms listed)
- Oklahoma (6 firms listed)
- Texas (15 firms listed)

ATR TRS Actions Against ESG

ATR TRS Investment Policy requires each of the System's investment managers to:

- ✓ Not discriminate against energy, fossil fuel, firearm, or ammunition industry entities
- ✓ Exercise proxy voting rights solely in the pecuniary interest of ATR TRS members
- ✓ Comply with Arkansas law on ESG

Tennessee Lawsuit

- Tennessee's Attorney General filed suit in December, alleging that BlackRock misleads consumers about the scope and effects of its ESG activity.
- The lawsuit alleges BlackRock's ESG activism drives strategy for some non-ESG funds, and that the impacts of pro-ESG funds are exaggerated.

Tennessee Lawsuit

- Tennessee's lawsuit specifically identifies 27 BlackRock investment products in its allegations of deceptive practices.
- ATRS has no investment in any of these 27 products.

ATRIS Investments

- ATRIS has three BlackRock holdings: an equity index fund, a bond fund, and an energy infrastructure fund.
- As required by Act 498, BlackRock has certified in writing that it will vote proxies solely in the pecuniary interest of ATRIS members.
- The energy infrastructure fund has invested in fossil fuel production, pipelines, processing, & storage, and power generation.

ATR BlackRock Holdings

Fund	MSCI ACWI IMI Fund (All Country World Index)	US Core Plus Bond Fund	Global Energy and Power Infrastructure Fund II
Initial Investment	2011	2003	2014 (*)
NAV	\$1 billion	\$260 million	\$13.8 million
Asset Category	Public Equity	Fixed Income	Real Assets
Management	Passive	Active	Active
Total Fees (in basis points)	3 bp	19 bp	133 bp
Net IRR (since inception)	8.50%	3.60%	11.1%

(as of 2/20/24)

(as of 2/20/24)

(as of 9/30/23 - not publicly traded)

(*) Global Energy and Power Infrastructure Fund II was created by First Reserve in 2014 and acquired by BlackRock in 2017.

ATRIS Next Steps

- Once the ESG Oversight Committee identifies those firms in violation of Arkansas law, ATRIS will work with its investment consultants to transition as appropriate.
- Act 411's exemptions for locked-in maturity dates may be relevant to funds that are not publicly traded.

ATRIS Next Steps

- Proxy Voting reports per Act 411 will be submitted to ATRIS by investment managers after the end of the fiscal year and presented publicly to the ATRIS Board of Trustees.
- BlackRock is in the process of acquiring another infrastructure fund in which ATRIS is a partner. That acquisition has not yet closed.

Thank You!

Mark White

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