January 25, 2021

Mr. Laurence Fink
Chairman & Chief Executive Officer
BlackRock
40 East 52nd Street
New York, NY 10022

Dear Mr. Fink:

As State Treasurers or as elected fiduciaries and trustees of public funds and retirement savings with assets under management of over $1 trillion, we are frequently asked to evaluate asset allocations to asset managers such as BlackRock. We write to you today in our capacity as institutional investors concerned with the erosion of political stability in the United States. A functioning democracy is foundational to a stable economy, and as institutional investors we rely on economic and political stability in order to generate consistent investment returns on behalf of our beneficiaries.

We believe that the events of January 6 add greater urgency to concerns and expectations regarding corporate political spending and lobbying transparency and practices. Accordingly, we join together as fellow capital markets participants to ask how BlackRock will reform both its own corporate practices as well as its approach to investment stewardship regarding the lack of transparency, alignment, and accountability in portfolio companies at which BlackRock votes proxies.

Concerns Regarding BlackRock's own Disclosures, Practices, and Reputation

We read with interest "BlackRock Investment Stewardship's Perspective on Corporate Political Activities" in December and we recognize from this publication that BlackRock's views on the importance of this topic to protecting long-term shareholder value have evolved.[1] However, BlackRock's disclosure of its own activities on its website falls short of the expectations BlackRock set for portfolio companies in December. BlackRock fails to specify the purpose of its political participation, referring only to vague "contribution policies and public policy goals."[2] BlackRock does not specify its process for "monitoring political contributions," and provides no information about board oversight of "trade association memberships for which dues exceed a predetermined threshold that requires board approval or oversight."[3] BlackRock ranks behind over 150 S&P 500 companies in the 2020 CPA-Zicklin Index of Corporate Political Disclosure

[1] https://www.blackrock.com/corporate/literature/publication/blk-commentary-perspective-on-corporate-political-activities.pdf
[2] https://www.blackrock.com/corporate/insights/public-policy/public-policy-engagement-and-political-activities-policies
[3] https://www.blackrock.com/corporate/literature/publication/blk-commentary-perspective-on-corporate-political-activities.pdf

and Accountability.[4]

We expect BlackRock, as the world's largest asset manager, to demonstrate excellence and leadership in best practices, not to set out those practices for others and then follow outdated norms of transparency. Had BlackRock followed its own policy recommendations, perhaps the firm could have avoided the reputational damage related to its political action committee (PAC) donating $85,000 to fifteen legislators who continued to deny the results of the 2020 presidential election even after the invasion of the US Capitol.[5] We do not believe that BlackRock's temporary "pausing" of all PAC donations mitigates this damage. Peer asset manager State Street announced that it will not support lawmakers or candidates who undermine legitimate election outcomes, stating clearly that "culpability for this untenable challenge to our Constitution and American values goes beyond the criminals that attacked our Capitol, and falls to a number of our elected leaders as well who, in effect, perpetuated the lies and untruths about the outcome of the 2020 presidential election."[6]

BlackRock's disclosure of trade association payments is similarly inadequate, as BlackRock's website lists only trade association memberships as of 2019 and does not provide amounts paid nor indicate how the money was spent.[7] However, the PACs of at least five trade associations which received $25,000 or more from BlackRock in 2019 made aggregate 2020 donations of $275,500 to 64 Congressmen and $29,500 to five Senators who objected to electoral votes on January 6 following the invasion of the Capitol. These trade associations include the U.S. Chamber of Commerce, Securities Industry and Financial Markets Association, Insured Retirement Institute, Small Business Investor Alliance, and National Association of Manufacturers.[8]

Concerns Regarding BlackRock's Stewardship Expectations and Proxy Voting Practices

We are also concerned by BlackRock's historic failure to support efforts by other shareholders to promote greater transparency regarding political spending and lobbying at S&P 500 companies. BlackRock voted *against* all 48 of the shareholder proposals calling for greater lobbying and political spending disclosure at S&P 500 companies that received at least 20% support in the 2020 shareholder season.[9] Eight of these proposals would have received majority support if BlackRock had supported them, including proposals at companies such as

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[4]https://politicalaccountability.net/hifi/files/2020-CPA-Zicklin-Index.pdf
[5]Fund Managers Gave More Than $1 Million to GOP Election Deniers." Bloomberg, January 12, 2021, available at https://www.bloomberg.com/news/articles/2021-01-12/fund-managers-gave-more-than-1-million-to-gop-election-deniers?sref=Raf9WCg1
[6]https://www.bloomberg.com/news/articles/2021-01-12/fund-managers-gave-more-than-1-million-to-gop-election-deniers?sref=Raf9WCg1
[7]https://www.blackrock.com/corporate/insights/public-policy/public-policy-engagement-and-political-activities-policies/trade-associations
[8] Center for Responsive Politics, https://www.opensecrets.org/orgs/all-profiles
[9] SEIU and Majority Action, "Equity in the Boardroom: How Asset Manager Voting Shaped Corporate Action on Racial Justice in 2020," p. 15, December 2020, available at https://www.majorityaction.us/racial-justice-report-2020

Verizon, Motorola and Delta Air Lines. Nineteen proposals would have received support of a majority of shareholders if both BlackRock and Vanguard had supported them, including proposals at ExxonMobil, Duke Energy, and NextEra.[10] BlackRock's failures in this regard have shielded issuers from much-needed transparency and accountability on policy influence activities that impact sustainable value creation.

While we welcome BlackRock's recognition of the risks to investors from misaligned corporate political spending in its December commentary, BlackRock's updated proxy voting guidance from December 2020 still does not offer sufficient clarity to clients and issuers on the standards to which it will hold boards on political spending disclosure. For example, BlackRock states in its updated proxy voting policies:

> "When presented with shareholder proposals requesting increased disclosure on corporate political activities, BlackRock will evaluate publicly available information to consider how a company's lobbying may impact the company. We will also evaluate whether there is alignment between a company's stated positions on policy matters material to its strategy and the positions taken by industry groups of which it is a member. We may decide to support a shareholder proposal requesting additional disclosure if we identify a material misalignment."[11]

We share BlackRock's concern about the risks to investors from such misalignments, but conditioning support for a shareholder proposal on identifying a "material misalignment" is nonsensical on its face. Comprehensive disclosure is a precondition of successfully identifying such misalignments, and BlackRock has a long track record of voting against shareholder proposals that would provide such transparency. Absent a standard of comprehensive disclosure, neither BlackRock nor any other institutional investor could ever be in position to identify and hold boards accountable for these misalignments. BlackRock's proxy voting policies do not state clearly that it will support shareholder proposals for enhanced disclosure, nor does it specify what the consequences will be for directors that fail to provide such disclosures or address such material misalignments.

Given BlackRock's failure to demonstrate leadership in its own practices or in its role as a top shareholder, please communicate the following:

- Will you commit to holding companies accountable for comprehensive disclosure of corporate political spending[12] by supporting shareholder proposals calling for greater disclosure, and by voting against those board members charged with the responsibility for overseeing such spending who have failed to do so?

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[10] "Equity in the Boardroom," p.17, https://www.majorityaction.us/racial-justice-report-2020

[11] BlackRock Investment Stewardship, "Proxy voting guidelines for U.S. securities," effective as of January 2021, p. 15. https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-us.pdf

[12] For this and the following queries, "corporate political spending" includes, but is not limited to, trade association payments, groups that make independent campaign expenditures, party or campaign contributions via political action committees, direct and indirect lobbying, 527 organizations, 501(c) organizations, LLCs, SuperPACs and other vehicles at the local, state and national level.

- Under what circumstances will BlackRock vote against directors at companies that have failed to comprehensively disclose political spending activity?

- Under what circumstances will BlackRock vote against directors for lack of alignment between stated corporate positions and corporate political spending? Given that indirect giving (often referred to as “dark money”) dwarfs direct corporate PAC contributions, how will BlackRock consider all such spending, not just direct PAC contributions, in making that determination?

- Will BlackRock forswear corporate political spending (direct or indirect) to the 147 members of Congress who voted to overturn the results of a free and fair democratic election on January 6th, 2021?

- When and how will BlackRock comprehensively disclose and rigorously reassess its own corporate political spending? How will BlackRock evaluate whether payments serve to advance the company’s business objectives? What is the role of independent members of the board of directors in the reassessment of BlackRock’s corporate political spending, and how will the board provide oversight once the temporary suspension of payments expires?

We look forward to receiving your response. Should you wish to discuss the steps you are taking with us, please contact Renaye Manley (renaye.manley@seiu.org) or Lisa Lindsley (lisa@majorityact.org).

Sincerely,

Aaron Omer Anmons	State University Retirement System (SURS)
Roderick S. Bashir	SEIU Master Trust
Kyle Bragg	32BJ Funds
Michael W. Frerichs	Illinois State Treasurer
Deborah B. Goldberg	Massachusetts State Treasurer
Vivian Gray	LACERA
David Green	LACERA
Sharon Hendricks	CalSTRS
David Huerta	National Industry Pension Fund
Paige Kelly	SEIU Local 4 Benefits Fund
Nancy K. Kopp	Maryland State Treasurer
Liz Lee	LACERS
Theresa McGoldrick	Massachusetts PRIT Fund
Kenneth Munz	NIPF
David Pickus	New England Health Care Employees Pension Fund
Tobias Read	Oregon State Treasurer
Ramon Rubalcava	CalPERS Board of Administration
Mark Sharwood	National Industry Pension Fund
Theresa Taylor	CalPERS

Carol M. Thomas	Connecticut Retirement Plans and Trust Funds
Verna R. Thompson	MEABF
Antonio A. Vasquez	State Universities Retirement System of Illinois
Betty T. Yee	CalPERS and CalSTRS
David L. Young	Colorado State Treasurer

Cc: BlackRock board of directors