Larry Fink
CEO
BlackRock, Inc.
50 Hudson Yards
New York, NY 10001

Dear Mr. Fink,

We are writing on behalf of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of over 300 global institutional investors that collectively represent more than $4 trillion in managed assets, to express our concern over BlackRock's 2022 proxy voting record on shareholder proposals related to environmental, social and governance (ESG) risks. Our members, many of whom are BlackRock shareholders and clients, are long-term investors who believe that a company's management of environmental and social risks, and commitment to strong governance, are essential to long-term value creation.

As you may know, there has been increasing scrutiny of the proxy voting records of asset managers on ESG-related shareholder proposals and on Board oversight of these issues. Research from Morningstar, Majority Action, ShareAction, Georgeson, and others reflects asset owners' heightened expectations of their asset managers to address these material risks in their proxy voting. While we are mindful of the recent pressures fund managers face from parties attempting to discredit ESG, the fiduciary case for integrating material ESG risk factors into investment decisions and proxy voting is clear and irrefutable.

Research by BlackRock found that the long-term implications of inaction on climate change could reduce global economic output by nearly 25 percent over the next two decades, making addressing climate change a material issue for fiduciaries. Thus it was not surprising when in your annual letter to investors you reiterated that the firm "views climate risk as an investment risk". Yet despite the research and clearly articulated recognition of the materiality of climate risk, BlackRock's proxy voting record on climate-related proposals and board oversight of climate risks in 2022 was largely lacking. According to ShareAction's recent ranking of the top 68 managers' voting record on 252 shareholder proposals on proxy in 2022, BlackRock Investments ranked 62nd in 68 asset managers assessed. BlackRock supported only 24% of overall proposals, and only 28% of environmental resolutions examined**.**

While BlackRock stated that the 2022 climate asks were "overly prescriptive" which may have impacted the firm's support for these shareholder proposals, the firm's support for Board members on climate oversight was also lacking. Majority Action's report on *Fulfilling the Promise 2023: How Climate Action 100+ Investor-Signatories Can Mitigate Systemic Climate Risk,* indicates that BlackRock supported all directors at 98.2% of U.S.-based Climate Action 100+ focus companies and supported all but one of the ten directors opposed and flagged for an "Against" vote by Climate Action 100+ investors at U.S. companies, despite being among the top four CA100+ signatories in terms of assets under management. BlackRock was one of only five asset managers to increase support for management-sponsored directors at climate-critical companies from the prior season.

BlackRock's voting record on shareholder resolutions related to social policy issues, particularly those related to racial justice, was even worse than its voting record on environmental proposals. BlackRock supported only 24% of social policy-related proposals assessed by ShareAction in 2022, and according to Majority Action's report on *Equity in the Boardroom 2022,* which assessed the proxy voting record of major asset managers (those with more than $1trillion in assets under management, the firm was ranked in the six lowest supporters of racial equity audit proposals at S&P 500 companies. Many of these racial equity audit proposals received strong support from other shareholders with some receiving majority votes and many others being withdrawn by their proponents due to successful agreements reached in dialogue.

Furthermore, the report notes that BlackRock supported only 24% of shareholder proposals addressing worker rights and safety issues such as mandatory arbitration agreements, whistleblower policies, and sexual harassment policies. Despite the lack of support from BlackRock these proposals achieved an average vote of 37% with five of them being supported by the majority of shareholders reflecting growing shareholder recognition of the business risks surrounding worker rights and safety. It's also worth noting that BlackRock supported only half of shareholder proposals that requested disclosure on various workforce DEI initiatives, including diversity reporting, racial and gender pay gap disclosure, and disclosure of EEO-1 data.

We wish to commend BlackRock for its recent report *Progress Toward the Implementation of its 2021 DEI Strategy.* The report reveals the need for the firm to *"formalize the methodology for analyzing social impact proposals to tailor the application of BIS principles to the subject matter. In addition, identify opportunities to provide more explanations of vote rationales—through voting bulletins and/or a public guidance document—specifically related to voting on racial equity assessments."* We would welcome this thoughtful and transparent approach to proxy voting on social proposals.

Morningstar's analysis of asset manager voting on key resolutions, i.e. those shareholder resolutions addressing environmental or social themes that were supported by 40% or more of a company's independent shareholders, indicates that BlackRock's overall support for key resolutions over the last three years was 43%, significantly below the mean support of the top 20 U.S. asset managers over the period (56%). Furthermore Morningstar's report indicates that the firm's funds voted "For" such resolutions 68% of the time in 2021, but its support receded to 48% in 2022.

Finally, we also wanted to note that ShareAction's report *Voting Matters 2022,* indicates that BlackRock supported only 15% of shareholder proposals that directly relate to executive compensation or to the company's lobbying and political spending disclosure, policies and practices. This is noteworthy given the growing public attention to corporate misalignments between their public policies and their direct and indirect lobbying and political contributions.

In summary, as a coalition of long-term investors, including many clients of BlackRock, we want to underscore that we see the adequate management of material ESG risks as critical to long-term value creation and the safeguarding of shareholder value. As a fiduciary managing the assets of millions of clients, we believe BlackRock has an obligation to fully leverage its proxy voting powers to mitigate those ESG risks.

We look forward to your response, which we will gladly share with ICCR members. We will continue to monitor BlackRock's proxy voting practices and, in the meantime, would welcome a discussion with management regarding the issues raised in this letter. My colleague Tim Smith, Senior Policy Advisor (tsmith@iccr.org) will be glad to coordinate a call.

Sincerely,

Josh Zinner, CEO

CC:

Michelle Edkins, Managing Director, Investment Stewardship Team
Andrew Dickson, Managing Director and Corporate Secretary
Tanya Levy-Odom, Managing Director, Deputy Head of Investment Stewardship
Ariel Smilowitz, Vice President, BlackRock Investment Stewardship
Hilary Novik-Sandberg, Vice President, Corporate Governance, Investment Stewardship
Joshua Eliason,Vice President, BlackRock Investment Stewardship

Tim Smith, Senior Policy Advisor, ICCR