

United States Senate

October 8, 2020

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

Dear Mr. Fink:

It has been more than nine months since you pledged to make sustainability BlackRock's "new standard for investing." We write today to request an update on your progress and to understand why BlackRock's 2020 proxy voting record appears to contradict your public statements.

We were encouraged by your annual letters to company chief executives and clients in January 2020, in which you committed to "making sustainability integral to the way BlackRock manages risk, constructs portfolios, designs products, and engages with companies." On the last point, you acknowledged BlackRock's responsibility to "hold [companies] to account through proxy voting" if they fail to manage climate risks.¹ You also told CEOs that BlackRock would be "increasingly disposed to vote against management and board directors when companies are not making sufficient progress" on climate;² and you announced BlackRock had joined Climate Action 100+, an investor coalition pushing the largest corporate greenhouse gas polluters to curb their emissions and improve their climate-related governance and disclosure.³

BlackRock's recent voting decisions contrast sharply with these plans. According to data from Proxy Insight compiled by the non-profit Majority Action, BlackRock supported only three of the 36 shareholder resolutions Majority Action deemed "climate-critical" in the 2020 proxy season.⁴ In several instances, BlackRock's vote was decisive: the resolutions would have received majority support had BlackRock voted in favor.⁵ Despite your claim that your firm would be "increasingly disposed" to hold climate laggards accountable when voting on board nominations, BlackRock voted for 98 percent of company-proposed directors at oil & gas companies, and 99.7 percent of directors at electric utilities.⁶ Finally, BlackRock voted against 10 of the 12 "key resolutions" Climate Action 100+ flagged for its signatories this proxy season,⁷ even though Climate Action 100+ determined the proposals were consistent with its goals and "[w]orded such that the request of management is considered reasonable and not burdensome."⁸

¹ <https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter>

² <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter#>

³ <http://www.climateaction100.org/>

⁴ <https://www.majorityaction.us/asset-manager-report-2020>

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ <https://climateaction100.wpcomstaging.com/proxy-season-2020/>

These statistics would be disappointing under any circumstances. You lag all of your peers in exercising your fiduciary responsibility to make companies account for their contributions—and exposure—to climate risks.⁹ Considering your goal of incorporating climate risks into BlackRock’s investment stewardship, this proxy voting record is troubling and inconsistent.

One aspect of BlackRock’s voting record stands out: its opposition to shareholder resolutions that would improve disclosure of election spending and lobbying, including through trade associations. In your January 2020 letter to company chief executives, you wrote: “Over the next few years, one of the most important questions we will face is the scale and scope of government action on climate change, which will generally define the speed with which we move to a low-carbon economy.”¹⁰ Your company’s official approach to climate risk states: “As the global economy transitions to a lower carbon future, it is in the best interests of companies and markets that the transition is orderly.”¹¹

An orderly transition to a clean economy is only possible through stable and predictable decarbonization policies.¹² Timely, comprehensive climate legislation in the Congress will give financial firms like yours the direction they need to reallocate capital in a clearly defined manner.¹³ It should therefore concern you that unlimited corporate political spending is a significant barrier to climate action.¹⁴ This anonymized “dark money,” much of it funneled by fossil fuel interests through trade associations and front groups, has cost us time we cannot afford in our effort to pass meaningful climate legislation.¹⁵ It is essential that we expose the role of fossil fuel corporations in funding climate obstruction so that the voting public and policymakers will understand the self-interested and unreliable nature of anti-climate disinformation. Instead, you voted with management to block resolutions that would have shed light on the political activities of America’s most significant corporate polluters.¹⁶ In some of these instances, had BlackRock voted in favor of the resolution, it would have passed.¹⁷

Your pattern of voting against political spending transparency resolutions is even more troubling given that members of Congress have repeatedly written to you highlighting the ways in which corporate funding of anti-climate groups has negative repercussions for the prospects of advancing climate legislation. In July 2019, Senator Whitehouse wrote to you regarding corporate funding of the Competitive Enterprise Institute, one of the most politically influential

⁹ <https://www.majorityaction.us/asset-manager-report-2020>, Figure 7.

¹⁰ <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter#>

¹¹ <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engaging-on-climate-risk.pdf>

¹² Opening remarks by Mr. Frank Elderson, chair of the NGFS and executive director of De Nederlandsche Bank, before the U.S. Senate Democrats’ Special Committee on the Climate Crisis, 17 Oct. 2019, p. 3.

https://www.dnb.nl/binaries/Special%20Committee%20on%20the%20Climate%20Crisis_tcm46-385981.pdf

¹³ Senate Democrats’ Special Committee on the Climate Crisis, “Financial and Economic Risks,” *The Case for Climate Action: Building a Clean Economy for the American People*, 25 Aug. 2020, pg. 72.

https://www.schatz.senate.gov/imo/media/doc/SCCC_Climate_Crisis_Report.pdf

¹⁴ Senate Democrats’ Special Committee on the Climate Crisis, “Dark Money,” *The Case for Climate Action: Building a Clean Economy for the American People*, 25 Aug. 2020, pg. 199.

https://www.schatz.senate.gov/imo/media/doc/SCCC_Climate_Crisis_Report.pdf

¹⁵ See, “The Case for Climate Action,” pg. 199 *et seq.*, Senate Democrats Special Committee on the Climate Crisis,

https://www.schatz.senate.gov/imo/media/doc/SCCC_Climate_Crisis_Report.pdf

¹⁶ <https://www.majorityaction.us/asset-manager-report-2020>, Figure 9.

¹⁷ *Ibid.*

anti-climate front groups that enjoys a direct line to the Trump administration (letter attached). In January 2020, Senators Whitehouse, Schatz, and Heinrich wrote to you regarding the various ways in which Marathon Petroleum, both directly and through one of its trade associations, was obstructing climate policy in Washington (letter attached). Their staffs then followed up with your staff by phone to further alert BlackRock to the importance of this issue.

To better understand how and to what extent BlackRock intends to integrate climate risk management into its investment stewardship, we respectfully request you respond to the following questions by October 30, 2020:

1. Do you believe BlackRock's 2020 voting record reflects the commitments you outlined in your January letters? Is your firm still working to enhance its voting on sustainability-related proposals, or is the 2020 proxy season an accurate reflection of what to expect from BlackRock going forward?
2. When considering shareholder proposals related to corporate political activities, BlackRock assesses "[w]hether the disclosure requested is materially relevant to the investment decisions and goals of shareholders, keeping in mind the nature of the company and its business."¹⁸
 - a. You acknowledge the importance of an orderly transition to a low-carbon economy. If a fossil fuel company works to obstruct climate legislation, thereby delaying action and increasing the risk of a disorderly transition, is disclosure of such activities materially relevant to shareholders?
3. For how long could a company fail to bring its business model in line with the Paris Agreement before BlackRock would feel compelled to vote against management?
4. How do you define the "sufficient progress" you said BlackRock expects to see from companies on sustainability?¹⁹

Thank you, and we look forward to your timely response.


¹⁸ <https://www.blackrock.com/corporate/literature/publication/blk-commentary-perspective-on-corporate-political-activities.pdf>

¹⁹ <https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter>

Sincerely,



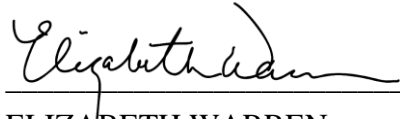
BRIAN SCHATZ
U.S. Senator



SHELDON WHITEHOUSE
U.S. Senator



TAMMY BALDWIN
U.S. Senator



ELIZABETH WARREN
U.S. Senator

/S/ Martin Heinrich

MARTIN HEINRICH
U.S. Senator