

[BlackRock, Inc.: Rule 14a-8 Proposal, December 8, 2020]
[This line and any line above it – *Not* for publication.]

ITEM 4* – Public Benefit Corporation Request

RESOLVED: Shareholders request our Board of Directors take steps necessary to amend our certificate of incorporation and, if necessary, bylaws (including presenting such amendments to the shareholders for approval) to become a public benefit corporation (a “PBC”).

SUPPORTING STATEMENT: The Company signed the Business Roundtable Statement on the Purpose of a Corporation (the “Statement”),¹ which proclaims, “we share a fundamental commitment to all of our stakeholders. . . . We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”

However, the Company is a conventional Delaware corporation, so that directors’ duties emphasize shareholders, not stakeholders (except to the extent they create value for shareholders). As one law firm reported to another signatory, directors of a conventional corporation may consider stakeholder interests only if “*any decisions made with respect to such stakeholders are in the best interests of the corporation and its stockholders.*”² In contrast, directors of a PBC must “balance” the interests of shareholders, stakeholders, and a specified benefit,³ giving legal status to the Statement’s otherwise empty promise.

This distinction is critical. A recent study determined that listed companies create annual social and environmental costs of \$2.2 trillion.⁴ These costs have many sources, including pollution, climate change and employee stress.⁵ A company required to balance stakeholder interests could prioritize lowering these costs, even if doing so sacrificed higher return.

These costs matter to our shareholders, the vast majority of whom are diversified. Indeed, as of September 2020, the Company itself, along with Vanguard and State Street, each of whom provides broadly diversified investment products, own almost 20% of the Company’s shares. Diversified shareholders suffer when companies follow Delaware’s “shareholder primacy” model and harm the economy, because the relationship between GDP and the value of a diversified portfolio is positively correlated over time.⁶ While the Company may profit by ignoring costs that it can externalize, its diversified shareholders ultimately internalize them and may prefer different governance.

This issue is especially cogent for the Company, an investment manager with more than \$7 trillion under management, heavily weighted towards indexed strategies. Its first focus as a steward of these assets should be protection of the systems that support all of the companies in its diversified portfolios.

Shareholders are entitled to vote on a governance change that would serve their interests and ensure the commitment made to stakeholders in the Statement is authentic and lasting—and that the Company’s corporate governance is aligned with the interests of its clients.

Please vote for: Public Benefit Corporation Request – Proposal [4*]
[This line and any below are *not* for publication]
Number 4* to be assigned by the Company

¹ <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

² <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2020/harringtonwellsfargo021220-14a8.pdf> (emphasis added.)

³ 8 Del C, §365.

⁴ <https://www.schroders.com/en/sysglobalassets/digital/insights/2019/pdfs/sustainability/sustainex/sustainex-short.pdf>

⁵ Id.

⁶ See *Universal Ownership: Why Environmental Externalities Matter to Institutional Investors*, Appendix IV (demonstrating linear relationship between GDP and a diversified portfolio) available at https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf; cf. <https://www.advisorperspectives.com/dshort/updates/2020/11/05/market-cap-to-gdp-an-updated-look-at-the-buffett-valuation-indicator> (total market capitalization to GDP “is probably the best single measure of where valuations stand at any given moment”) (quoting Warren Buffet).