[BlackRock, Inc.: Rule 14a-8 Proposal, December 16, 2021]
[This line and any line above it – *Not* for publication]
ITEM 4*: Report on Asset Management Policies and Diversified Investors

***RESOLVED**, shareholders ask that, to the extent practicable, consistent with fiduciary duties, and otherwise legally and contractually permissible, the Company adopt stewardship practices designed to curtail corporate activities that externalize social and environmental costs that are likely to decrease the returns of portfolios that are diversified in accordance with portfolio theory, even if such curtailment could decrease returns at the externalizing company.*

Supporting Statement:

Our Company is the world's largest asset manager, with close to $10 trillion in assets under management, primarily weighted toward indexed strategies. In line with portfolio theory, most of its clients are likely to be broadly diversified.[1]

Overall return of the financial markets ("beta") is the primary determinant of diversified investors' return. Beta itself relies on a healthy economy, which in turn relies on healthy social and environmental systems. But those systems are at risk from corporate practices that reduce the value of the economy by externalizing social and environmental costs. In short, a company's externalities harm its diversified shareholders, even if they do not harm the company itself.[2]

Given its market position, BlackRock's stewardship activities—engaging with portfolio companies and voting their shares—could significantly improve beta by discouraging corporate practices that externalize costs. This would increase the portfolio value of BlackRock's clients, and also increase the value of the assets it manages, thereby improving the returns of both its clients and shareholders.

However, BlackRock's social and environmental stewardship only focuses on improving individual company performance. BlackRock commits to engagement "that supports companies['']… efforts to deliver… value to shareholders."[3] In contrast, the Company's stewardship policy does not address practices of a company that harm the global economy unless those practices also harm that company's financial performance.

Indeed, BlackRock says expressly that it does "not tell management what to do."[4] This appears to be the case even if doing so were necessary to protect commonly shared social and environmental resources from exploitation. Similarly, BlackRock asks companies to have business plans "aligned" with a net-zero

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[1] *See, e.g.,* Uniform Prudent Investor Act, § 3 ("trustee shall diversify the investments of the trust" absent special circumstances.)
[2] https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf; https://archive.fortune.com/magazines/fortune/fortune_archive/2001/12/10/314691/index.htm (total market capitalization to GDP "is probably the best single measure of where valuations stand at any given moment") (quoting Warren Buffet).
[3] https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global-summary.pdf.
[4] https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-natural-capital.pdf.

economy and to be “resilient” in a scenario where warming is limited to 1.5 degrees Celsius,[5] but such standards focus on the ability of the company to operate successfully in a world that is addressing climate change. In contrast, **there is no BlackRock policy requiring companies do their part to ensure those goals are met:** that would be telling management “what to do.”

Stewardship policies designed to directly support the health of social and environmental systems would promote the interests of the BlackRock’s clients and shareholders.

Please vote for: Report on Asset Management Policies and Diversified Investors – Proposal 4*

[This line and any below are *not* for publication]
[*Number to be assigned by the Company]

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal.

Reference SEC Staff Legal Bulletin No. 14I (CF)

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder’s graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder’s graphics. If a company’s proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004, including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;

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[5] *Supra, n.2*

- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005).

I also remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. In SLB 14L Section F, https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."