April 18, 2023

Mr. Larry Fink
Chairman and Chief Executive Officer
BlackRock, Inc.
50 Hudson Yards
New York, NY 10001

Dear Mr. Fink,

We write to you in your capacity as Chief Executive Officer and Chairman of the Board on behalf of BlackRock, Inc. (the "Company") shareholders and customers.

The purpose of this letter is to alert you to apparent mismanagement and violations of federal civil rights laws that threaten the waste of the Company's assets. As you may know, workplace anti-discrimination mandates are an essential and mission-critical regulatory compliance risk. You and the Board, among your other fiduciary obligations, have a duty of oversight and must put into place a reasonable board-level system of compliance monitoring and reporting relating to these mandates.[1] However, it appears that you and the Board have failed to do these critical things, suggesting both a lack of internal controls and an inappropriate disregard for your fiduciary duties to the Company and its shareholders.

The Company describes itself as "a leading publicly traded investment management firm with $8.6 trillion of assets under management ("AUM")."[2] It acknowledges that "BlackRock's reputation is critical to relationships with its clients, employees, shareholders and business partners"[3] and that negative publicity can "adversely impact BlackRock's reputation and its business."[4] It further acknowledges that "ESG and sustainability have been the subject of increased regulatory focus across jurisdictions"[5] and that there will be "enhanced disclosure regarding human capital management and board diversity for public issuers."[6]

As you know, an unlawful employment practice is established when the evidence demonstrates that race, color, religion, sex, or national origin is a motivating factor

[1] See *Marchand v. Barnhill*, 212 A.3d 805, 824 (Del. 2019); *In re Clovis Oncology, Inc. Derivative Litig.*, No. CV 2017-0222-JRS, 2019 WL 4850188, at *12 (Del. Ch. Oct. 1, 2019).
[2] BlackRock, Inc., Form 10-K at 3, https://bit.ly/40IMiUU, (last visited Mar. 28, 2023).
[3] *Id.* at 33.
[4] *Id.* at 28.
[5] *Id.* at 15, 30.
[6] *Id.*

for any employment practice.[7] The Commission also recognizes that it is unlawful to discriminate in hiring or firing based "on homosexuality or transgender status [as it] necessarily entails discrimination based on sex; the first cannot happen without the second."[8] Here, the evidence is that the Company is knowingly and intentionally discriminating with respect to compensation, terms, conditions, or privileges of employment because of race and sex in violation of 42 U.S.C. § 2000e-2(a)(1).

The BlackRock Founders Scholarship is a program that is described on its website as:

> "[A]n accelerated Summer Analyst internship interview process and scholarship program for diverse students who have demonstrated leadership while exemplifying the BlackRock Principles in their communities. In addition to a summer internship, candidates may also receive a merit award of $17,500. This program is designed for undergraduate or master's students who self-identify as Black or African American, Hispanic or Latino, Native American, LGBTQ+ or disabled."[9]

BlackRock's Founders Scholarship is unlawful in that it limits, segregates, and/or classifies applicants for employment in a manner that deprives or tends to deprive certain individuals of employment opportunities because of race, color, sex, or national origin in violation of 42 U.S.C. § 2000e-2(a)(2).[10]

Even if legal, this decision raises serious concerns regarding management's commitment to maximizing shareholder value. We note with concern that you cited no facts suggesting that using this race-based and sex-based program as a pipeline to increase potential human capital is in the Company's best interests. Rather, the empirical evidence indicates management's discriminatory conduct on an issue of such intense public interest and concern that is otherwise wholly detached from the Company's business (managing assets) may needlessly destroy shareholder value.[11]

Further, in its most recent 10-K filing, BlackRock states that it "has made a long-term commitment to cultivating diversity, equity, and inclusion in its workforce and leadership team through its hiring, retention, promotion, and development practices"

---

[7] 42 U.S.C. § 2000e-2(m).
[8] *Sexual Orientation and Gender Identity (SOGI) Discrimination,* U.S. EQUAL EMPLOYMENT OPPORTUNITY COMM'N (last visited Mar. 26, 2023), https://bit.ly/3npFQ6Y (citing *Bostock v. Clayton Cnty, Ga.,* 140 S.Ct. 1731, 1747 (2020)).
[9] *Diversity, Equity and Inclusion - Be Yourself. Be Valued for it.*, BLACKROCK, (last visited Mar. 28, 2023), https://bit.ly/42MAGSz.
[10] *See also Bostock v. Clayton Cnty., Ga.*, 140 S. Ct. 1731 (2020) (holding that discrimination based on sexual orientation or behavior constitutes unlawful sex discrimination).
[11] *See e.g.,* Phil Hall, *The Crisis at Disney: Part 1, Bob Chapek's Blunder Road,* MARKETS INSIDER (June 21, 2022), https://bit.ly/3zTe6vM.

and that it "has aligned its DEI strategy with the firm's business priorities and long-term objectives."[12] As part of that long-term strategy, BlackRock has "set goals for increasing the overall workplace representation of US Black and Latinx employees and growing the number of senior women globally and US Black and Latinx leaders at the Director level and above."[13]

These "goals" are affirmed and repeated by the Company on its website, where it commits explicitly to "increasing overall representation of Black and Latinx employees by 30% [and] to doubling the number of Black and Latinx senior leaders in the U.S."[14]

However, all of these measures are patently illegal. First, since the Civil Rights Act of 1866 (codified at 42 U.S.C. 1981), federal law has prohibited all forms of racial discrimination in private contracting. As the late Justice Ginsburg noted, Section 1981 is a "'sweeping' law designed to 'break down all discrimination between black men and white men' regarding 'basic civil rights.'"[15] If, as represented, the Company's employment decisions are driven or influenced by race, color, or national origin, then management is violating the law, creating significant legal and reputational risk, and wasting the Company's assets, reputation, and goodwill. If race, color, sex, or national origin are not influencing or driving the Company's contracting decisions, then management's public representations to the contrary are cynical misrepresentations. There can be no other alternative.

Second, racial, color, sex, and national origin "balancing" in hiring, training, internships, and promotion is prohibited by Title VII of the Civil Rights Act of 1964.[16] Decades of case law have held that policies seeking to impose racial balancing or quotas in employment, training, or recruitment, such as those presented on the Company's website, are prohibited.[17] Again, either management is violating state and federal civil rights laws prohibiting employment discrimination based on race, color, sex, or national origin, or it is lying to shareholders and regulators. This is not a close question.

Management's conduct, as outlined above, has needlessly exposed the Company to potential state and/or federal civil rights investigations and enforcement actions and suggests either a disregard for its fiduciary obligations or a major breakdown in its compliance controls. The Company is organized and carried on primarily for the profit

---

[12] BlackRock, Inc., Form 10-K at 11, https://bit.ly/40IMiUU, (last visited Mar. 28, 2023).
[13] *Id.*
[14] *Diversity, Equity, and Inclusion – Be Yourself. Be Valued for it*, BLACKROCK (last visited Mar. 28, 2023) https://bit.ly/42MAGSz.
[15] *Comcast Corp. v. Nat'l Ass'n of Afr. Am.-Owned Media*, 140 S.Ct. 1009, 1020 (2020) (Ginsburg, J. concurring) (quoting *Jones v. Alfred H. Mayer Co.*, 392 U.S. 409, 432 (1968)).
[16] 42 U.S.C. §§ 2000e-2(a), (d).
[17] See, e.g., *United Steelworkers of America v. Weber*, 443 U.S. 193, 208 (1979); *Johnson v. Transp. Agency*, U.S. 616, 621, 632 (1987).

of its shareholders, and the powers of its officers and directors are to be employed solely for that end. If the Company's officers and directors are unable to demonstrate that the above-described conduct and policies clearly and concretely create shareholder value, then they have violated their fiduciary duty to shareholders by spending the Company's funds to advance idiosyncratic political and social views.

Therefore, to prevent the waste of the Company's assets, to repair and safeguard the Company's brand, goodwill, and reputation among its core customers, to protect the Company's shareholders, and in fulfillment of your fiduciary duty to ensure the Company's compliance with civil rights laws, we demand that you and the Board immediately take the following steps:

1. Retain an independent counsel for a full investigation of and a report on the events and circumstances behind management's decision to offer the "Founders Scholarship" to potential employees that are "undergraduate or master's students who self-identify as Black or African American, Hispanic or Latino, Native American, LGBTQ+" while not offering it to potential employees that are not classified as such. To avoid the expense and disruption of litigation enforcing the Company's disclosure obligations under 8 Del. Code § 220, the Board should affirmatively and transparently disclose all of management's contemporaneous emails and other communications on this topic to the Company's employees and shareholders. Among other things, all communications to or from the Company's General Counsel regarding this matter should be made available. The Company should promptly and transparently publish all studies and analytic data that it possesses demonstrating that this policy enhances the Company's brand reputation and promotes alignment between its business and the tastes and preferences of its core customers.

2. Compel the Company to: (a) Immediately cease and desist from all employment practices that discriminate based on race, color, sex, or national origin, and/or that are designed to "match the combined demographics" of any racial or other group; (b) to immediately cease and desist from making any statements or representations promoting or promising employment outcomes based on race, color, sex, and/or national origin; and (c) to retain an independent counsel to conduct a compliance audit of the Company's hiring, promotion, recruitment, and purchasing practices comply with federal civil rights laws. Again, to avoid the expense and disruption of litigation enforcing the Company's disclosure obligations under 8 Del. Code § 220, the compliance audit and all relevant emails and other management communications regarding the racial balancing and other prohibited hiring and contracting practices described in the Company's 10-K should be made promptly and fully available. In anticipation of litigation, direct the Company to preserve all records relevant to the issues and concerns noted above, including but not limited to paper records and electronic information, including email, electronic calendars, financial

spreadsheets, PDF documents, Word documents, and all other information created and/or stored digitally. This list is intended to give examples of the types of records you should retain. It is not exhaustive. Thank you in advance for your cooperation.

Sincerely,

/s/ Gene P. Hamilton
Vice President and General Counsel
America First Legal Foundation

Cc: Robert S. Kapito, President
Bader M. Alsaad, Director
Pamela Daley, Director
William E. Ford, Director
Fabrizio Freda, Director
Murry S. Gerber, Director
Margaret "Peggy" L. Johnson, Director
Cheryl D. Mills, Director
Gordon M. Nixon, Director
Kristin Peck, Director
Charles H. Robbins, Director
Marco Antonio Slim Domit, Director
Hans E. Vestberg, Director
Susan L. Wagner, Director
Mark Wilson, Director