



December 9, 2022

SENT VIA ELECTRONIC TRANSMISSION

Board of Directors
BlackRock, Inc.
55 East 52nd Street
New York, NY, 10055

Dear BlackRock Directors:

I write today on behalf of the people of North Carolina and particularly the North Carolina Retirement System (NCRS), as one of the largest public pension plans in the country, also regarded as one of the best funded. It provides retirement benefits and savings for more than 1 million North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers. It is currently valued at \$111.4 billion. As State Treasurer, I am its sole fiduciary.

As keeper of the public purse, my duty is to manage our investments to ensure that the best interests of those that teach, protect and serve, as well as of our retirees, are always paramount. The North Carolina Retirement Systems (NCRS) have approximately \$14 billion invested through BlackRock in various active and passive funds, in addition to around \$55 million passively invested in BlackRock stocks or bonds.

Unfortunately, Larry Fink's pursuit of a political agenda has gotten in the way of BlackRock's same fiduciary duty. A focus on ESG is not a focus on returns and potentially could force us to violate our own fiduciary duty. Ultimately, Fink's continued ideological pressure could result in using ESG scores against states and local governments, lowering their credit ratings and thus driving up their cost of borrowing at taxpayers' expense. This not only concerns me as the State Treasurer but as Chair of the North Carolina State Banking Commission and the Local Government Commission.

At Larry Fink's direction, BlackRock has used the financial power of its clients to force the global warming agenda, using proxy voting authority to push companies to "net zero," often in conflict with its fiduciary responsibilities. For example, in 2020 he used BlackRock's clients' votes against two management-supported board members of ExxonMobil because of "insignificant progress" towards green energy. Yet, ExxonMobil stock rose 60% in the 12 months since the board member election because of an increase in the demand for oil. Berkshire Hathaway's Charlie Munger had it right when he said we don't need "emperors" voting shares in index funds based on their social agendas.

With that in mind, I recently signed an agreement that enables NCRS to vote its shares managed by BlackRock. I recognize that you implemented a proxy voting system last year that allows investors in certain pooled vehicles to have some degree of control over their voting. However, the existence of the proxy voting program does not mitigate the need for a new direction at BlackRock.

There is no blue money or red money at the treasurer's office, only green. As the fiduciary for NCRS, I seek not to be political, but mathematical. BlackRock needs to be totally focused on returns for their clients, not on the political effort to 'transform' the economy to your vision of carbon zero. Fossil fuels will be the engine that drives the world's economy for the foreseeable future. The only way that I can see BlackRock refocusing on its fiduciary duty to its clients is for a change at the top.

Larry Fink has personally guided BlackRock, the world's largest asset manager, in its efforts to coerce the world's companies, working with organizations such as Glasgow Financial Alliance for Net Zero, and Climate Action 100 in doing so. That activism is simply at odds with BlackRock's duty to investors. Given his dogged pursuit of these political objectives over a number of years, I'm skeptical that he would or could lead the necessary course correction. Having lost confidence in his leadership to responsibly steward investors' resources, I request, quite simply, that he resign or be removed from the asset management firm's leadership team immediately.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Folwell, CPA". The signature is written in a cursive style with a large initial "D".

Dale R. Folwell, CPA