

February 25, 2018

Laurence D. Fink
Chief Executive Officer
BlackRock, Inc.
40 East 52nd Street
New York, NY 10022

Re: Exposure to deforestation through financing practices

Dear Mr. Fink,

As investors in BlackRock, Inc., we are writing to discuss the Company's strategies and policies that aim to address and mitigate the Company's exposure to deforestation through its financing and corporate lending practices. Our outreach is in response to the letter sent to you by eight U.S. Senators concerning your approach to environmental, social, and governance risks, specifically deforestation,¹ and in follow-up to our earlier queries on this subject.

Green Century has engaged dozens of companies on deforestation risk and is an Advisory Committee member of two international investor working groups led by the United Nations-supported Principles for Responsible Investment, which are supported by current and potential BlackRock investors representing over \$12 trillion USD in assets under management.

Investors around the globe are increasingly concerned about how companies are addressing urgent climate risks that threaten shareholder value. Tropical deforestation, in particular, has become a high-profile climate issue, and questions about whether investors and banks are adequately managing their forest-related risks have garnered significant public concern, including most recently from eight U.S. senators.

Deforestation and peatland destruction caused by agricultural expansion of commodities such as palm oil are leading drivers of climate change, responsible for approximately 10% of global greenhouse gas emissions. Additionally, commodity-driven deforestation has been associated with other environmental destruction and human rights violations, including soil erosion, biodiversity loss, shifting rainfall patterns, labor trafficking, and conflicts with local communities over land tenure.

Banks and investors contribute to deforestation, peat development, and social conflicts by financing and investing in companies that perpetuate these problems, and are thus indirectly exposed to material sustainability risks. BlackRock alone has tens of billions of dollars invested in palm oil producers, the banks and lenders who finance them, and major consumer brands that use palm oil in their products, making BlackRock a top financier of palm oil.²

¹ Letters from 8 US Senators on Managing ESG-Related Risks. 4 February, 2019.

<https://www.schatz.senate.gov/imo/media/doc/FINAL%20merged%20deforestation%20letters.pdf>

² Deforestation Free Funds. BlackRock. As of 19 February, 2019.

https://deforestationfreefunds.org/funds?pg=2&q=blackrock&srt=po_overall_rating

Investor and NGO pressure have driven considerable progress toward deforestation-free supply chains: over 460 companies around the globe have made zero-deforestation commitments, and the percentage of palm oil refineries covered by no deforestation policies increased from five to seventy-four percent in the last seven years.

With an increasing number of producers and retailers having made no deforestation commitments, investors and NGOs are shifting their focus to the financial sector to encourage a similar transition away from forest-related risks. Tools like Forests and Finance, Deforestation Free Funds, and BankTrack provide investors with greater transparency and understanding of the financial sector's contributions to deforestation.

Already as a result of investor and public pressure, industry peers such as HSBC,³ Rabobank,⁴ and Credit Suisse⁵ have adopted detailed, time-bound policies with regular reporting plans to reduce their exposure to deforestation through the financing of agricultural commodities. These policies include adoption of a "No Deforestation, No Peat, No Exploitation" (NDPE) policy, consideration of clients' links to deforestation, and application of such considerations throughout the Company's financial services.

We are encouraged by BlackRock's recognition of the importance of environmental sustainability, which can be seen through the Company's sustainable investment strategies, through the development of insights for investors on managing climate change risk,⁶ and through your own 2019 letter to corporate CEOs underscoring the "inextricable link" between purpose and profit.⁷

However, **despite the Company's belief that "all investors should incorporate climate change awareness into their investment processes,"⁸ BlackRock has done little to mitigate its exposure to deforestation, one of the greatest drivers of global climate change.** BlackRock's lack of concrete policies regarding deforestation and palm oil as well as information on strategies to address forest-risk commodities is leading investors to believe that it is not properly mitigating reputational and market access risks linked to deforestation.

We believe it is firmly within the purview of BlackRock's fiduciary responsibility, and in the Company's own best interest, to manage these risks, especially as more financiers and investors recognize the materiality of risks associated with deforestation and climate change and adjust their portfolios accordingly.

³ HSBC. Agricultural Commodities Policy, February 2017; "Revised Agricultural Commodities Policy: Palm Oil." 20 February 2017, <http://www.hsbc.com/news-and-insight/media-resources/media-releases/2017/hsbc-statement-on-revised-agricultural-commodities-policy>

⁴ Rabobank Group. "Sustainability Policy Framework." <https://www.rabobank.com/en/images/sustainability-policy-framework.pdf>.

⁵ Credit Suisse Group. "Summary of Credit Suisse's Sector Policies and Guidelines." <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf>

⁶ BlackRock. "Adapting Portfolios to Climate Change." September 2016. <https://www.blackrock.com/corporate/literature/whitepaper/bii-climate-change-2016-us.pdf>

⁷ BlackRock. "Larry Fink's 2019 Letter to CEOs: Purpose & Profit." 15 January 2019. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

⁸ BlackRock. "Adapting Portfolios to Climate Change." September 2016. p. 2. <https://www.blackrock.com/corporate/literature/whitepaper/bii-climate-change-2016-us.pdf>

We hope to discuss with BlackRock representatives how you are managing and monitoring environmental and social deforestation-related risks in the financing you provide to clients, as well as policies the Company has in place to mitigate such risks.

We would appreciate a response to this inquiry by March 20, 2019. Please direct all correspondence to Jessye Waxman, Shareholder Advocate at Green Century Capital Management. She may be reached at 617-482-0800 or at jwaxman@greencentury.com.

We look forward to engaging with you on this important topic.

Sincerely,

A handwritten signature in black ink that reads "Leslie Samuelrich". The signature is written in a cursive, flowing style.

Leslie Samuelrich
President
Green Century Capital Management