July 29, 2025

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

Dear Mr. Fink:

As financial officers entrusted with safeguarding our states' public funds, we write to express our deep concern about the erosion of traditional fiduciary duty in American capital markets. Over the past several years, many large financial institutions have used their positions as stewards of trillions in passive investments, such as index and target-date funds, to advance social and political agendas that fall outside the scope of materiality and positive financial return. The January federal court ruling in *Spence v. American Airlines*, which found that American Airlines breached its duty of loyalty under the Employee Retirement Security Act (ERISA) by allowing BlackRock to use proxy voting policies to advance environmental, social, and governance (ESG) goals, underscores the importance of adhering to traditional fiduciary standards. The very occurrence of this case illustrates just how far fiduciary standards have splintered.

While some firms have recently taken encouraging steps, such as withdrawing from global climate coalitions and scaling back ESG rhetoric and proxy votes, and some states have permitted incremental reintegration, more work must be done. The number one issue is a recommitment to the foundational principles of fiduciary duty, loyalty, objectivity, and financial focus.

We therefore request that asset managers seeking to do business with our states take specific steps to reaffirm and operationalize their commitment to traditional fiduciary duty. This includes:

1) Abandoning the practice of framing deterministic future outcomes as long-term risks to justify immediate ideological interventions through corporate engagement or proxy

voting. Climate change is a common example of this issue, where potential risks—often uncertain and already accounted for in insurance and financial markets—are framed as certain and catastrophic to justify forcing companies to take immediate actions that may not align with their long-term business interests. Successful long-term investing relies on diversified portfolios rather than speculative predictions presented as guaranteed outcomes.

2) A commitment not to use passive investment vehicles for activist proxy voting or corporate engagement. Passive investing is designed to provide economic benefits of shareholder ownership, as reflected in price appreciation over time. Using that ownership position to actively influence company behavior beyond material and relatively short-term financial considerations breaches the expectations of millions of Americans who selected these vehicles for broad market exposure and low cost.

3) A commitment to abstain from embedding international political agendas, such as net-zero climate mandates, natural capital frameworks, or the EU's Corporate Sustainability Reporting Directive (CSRD), into default investment strategies and corporate engagement. These approaches often rely on predetermined political outcomes, not fiduciary judgment, and they risk overriding market signals in favor of ideological consensus.
4) Clear and transparent proxy voting guidelines and stewardship practices that reflect a singular focus on shareholder value. Voting decisions and corporate engagement must be aligned with shareholder value, not environmental or social goals imposed by activists.

5) A full disclosure of all affiliations and collaborative initiatives (e.g., Climate Action 100+, GFANZ, PRI) that could influence investment strategy or engagement priorities. Participation in such groups must not compromise a fiduciary's obligation to act solely on behalf of beneficiaries.

Fiduciary duty has long been a critical safeguard that facilitated efficient capital allocation grounded in financial merit rather than political ideology. But that clarity is being diluted under the banner of so-called "long-term risk mitigation," where speculative assumptions about the future, like climate change catastrophe, are used to justify ideological conclusions today. This deterministic approach to investing is not consistent with the fiduciary's role that recognizes uncertain and unknowable future outcomes and, hence, the construction of diversified portfolios.

Financial institutions wishing to compete for our states' business should provide durable assurances that their practices align with these principles. Our responsibility is to ensure public assets are managed in the best financial interest of beneficiaries and taxpayers. We expect detailed evidence that your firm's investment practices, proxy voting and corporate engagement behavior (which should be minimal to begin with), and institutional affiliations align with traditional fiduciary standards, as widely understood as short as ten years ago, and comply with applicable state laws.

We invite your firm to both respond to this letter by September 1, 2025 and engage directly with our offices, as some have begun to do, to provide clarity and demonstrate your commitment to a fiduciary model grounded in financial integrity, not political advocacy. Our public servants, retirees, and taxpayers deserve nothing less.

Sincerely,

Alabama Auditor Andrew Sorrell

Alaska Commissioner of Revenue Adam Crum

Arizona Treasurer Kimberly Yee

Idaho Treasurer Julie Ellsworth

Indiana Comptroller Elise Nieshalla

Indiana Treasurer Dan Elliott

Iowa Treasurer Roby Smith

Kansas Treasurer Steven Johnson

Kentucky Auditor Allison Ball

Kentucky Treasurer Mark Metcalf

Louisiana Treasurer John Fleming

Mississippi Treasurer David McRae

Missouri State Auditor Scott Fitzpatrick

Missouri Treasurer Vivek Malek

Nebraska Auditor Mike Foley

Nebraska Treasurer Tom Briese

North Carolina Treasurer Brad Briner

North Dakota Treasurer Thomas Beadle

Oklahoma Auditor & Inspector Cindy Byrd

Oklahoma Treasurer Todd Russ

Pennsylvania Treasurer Stacy Garrity

South Carolina Treasurer Curtis Loftis

South Dakota Treasurer Josh Haeder

Utah Treasurer Marlo Oaks

West Virginia Treasurer Larry Pack

Wyoming Treasurer Curt Meier