

Our approach to engagement on human capital management

BlackRock®

Investment Stewardship

At BlackRock, investment stewardship serves as a link between our clients and the companies they invest in and is one of the ways we fulfill our fiduciary responsibilities as an asset manager on their behalf. BlackRock Investment Stewardship (BIS) is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. BIS takes a long-term approach in our stewardship efforts, reflecting the investment horizons of the majority of our clients. BIS engages with the boards and management of companies in which clients are invested to deepen our understanding of a company's business model, including how they are overseeing material business risks and opportunities over time, and to help inform our voting on behalf of clients.¹ Our sole focus when conducting our stewardship program under our Benchmark Policies is to advance our clients' long-term financial interests.²

Human capital management as an investment issue

Human capital management (HCM) is the approach that companies take to manage their workforce and their contributions.³ A company's approach to HCM is an important factor in fostering an inclusive multifaceted, and engaged workforce, which contributes to business continuity, innovation, and long-term financial value creation. We look to companies to demonstrate a robust approach to HCM and provide shareholders with clear disclosures to help investors understand how a company's approach aligns with its stated strategy and business model.

In many markets, companies face various risks and opportunities that may impact their workforce. Examples include aging demographics such that key workers are retiring; technological shifts that require workers to evolve their skillsets; workforce shortages in some segments of the market; and worker turnover particularly stemming from the prevalence of contract, freelance, and gig work.⁴

Substandard human capital practices may lead to a breach in international and/or national standards, worker protests, or stakeholder activism potentially resulting in greater talent turnover, declines in production, regulatory action, and/or damage to a company's reputation.

As a result, many companies and investors consider robust HCM as a way to achieve a competitive advantage. Companies need to be able to attract, retain, and develop workers with the skillsets and expertise necessary to execute their long-term strategy, meet the needs of their customers and others in their value chain, and deliver financial returns for shareholders.

Our approach to engagement on human capital management

In our engagements, BIS focuses on understanding the effectiveness of boards and management in ensuring a company has the workforce necessary for delivering long-term financial performance. Our discussions cover material workforce-related risks and opportunities, which may include how a company promotes a workforce with a variety of experiences, perspectives, and skillsets to identify financially relevant opportunities and risks; enhance job quality and employee engagement; enable career development; promote positive labor relations, safe working conditions, and fair wages; and consider human rights.⁵ BIS does not direct a company's policies or practices, which are the responsibility of management and the board.

BIS finds it helpful when companies provide shareholders with the necessary information to understand their approach to HCM and how it aligns with the company's stated strategy and business model. We are particularly interested in how boards assess management's effectiveness at integrating the company's strategic goals and purpose into day-to-day operations and ensuring that corporate culture is experienced as intended across the workforce and key stakeholders. We recognize that there are different reporting standards and frameworks on HCM, which may be voluntary or required by regulation. In such cases, we appreciate when companies provide context on their reporting and highlight the metrics reported that are industry- or company-specific.

Through our analysis of company disclosures and engagement with corporate leadership, we aim to understand the following, as appropriate and relevant to the particular company:

- **Board oversight of human capital risks and opportunities.** This includes the board’s approach to overseeing HCM (e.g., whether a specific committee has oversight responsibility), and the type and frequency of information reviewed by the board and this committee, including measures of progress in management’s human capital strategy. This may also include how the board oversees the development and management of a corporate culture that supports the company’s strategic objectives and long-term financial value creation.
- **Workforce engagement.** This includes the processes a company uses to understand workers’ views and feedback on areas for improvement, and how senior leadership assesses the efficacy of its efforts (e.g., employee opinion surveys). We look to how these processes promote constructive dialogue with respect to employment and working conditions, and result in the perspectives of workers being reflected in the company’s overall HCM strategy, where appropriate.
- **Workforce compensation.** This includes how management establishes a compensation philosophy that is aligned with the company’s strategy and purpose, and whether the company’s pay practices (e.g., salary, benefits, and stock ownership) are effective in attracting and retaining talent and deliver equal pay for equal work.
- **Training and development.** This includes the programs companies offer to enable their workers to develop their skillsets and expertise to contribute to a company’s goals, have opportunities for advancement, and adapt to the workplace of the future. In industries or markets where workers may be displaced due to structural shifts materially impacting the company’s business model, such as the low-carbon transition or the integration of emerging technologies such as artificial intelligence, this may include re-training and re-deployment opportunities for affected workers. It may also include companies collaborating with universities and other training organizations to develop new talent pools.
- **Efforts to promote a workforce with various experiences, perspectives, and skillsets that support long-term financial value creation.** This includes a company’s efforts to recruit, retain, and develop employees to ensure it has the workforce necessary for delivering long-term financial performance. This also includes drawing from a broad range of experiences, perspectives, and skillsets to identify top talent, and creating a connected and inclusive culture.
- **Worker rights and protection.** This includes a company’s procedures to prevent involuntary and child labor in its workforce and, to the extent possible, its supply chain; enable worker organization and collective bargaining; and prevent workplace harassment, discrimination, and misuse of employer power, in line with applicable laws and regulations related to all of these topics.^{6,7} These procedures may encompass codes of conduct, equal opportunity employment policies, whistleblowing systems, and grievance mechanisms. It also includes how a company’s HCM strategy and compensation programs align to create a healthy culture and prevent unwanted risk taking or behaviors.
- **Health and safety.** This includes safety management plans, as well as the workplace wellness programs a company offers to support workers’ physical and mental health and safety (for example, paid parental and sick leave, personal counselling sessions, and compliance with occupational health and safety policies).

Endnotes

1. On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.
2. The BIS [Global Principles](#), [regional voting guidelines](#), and [Engagement Priorities](#) (collectively, the BIS Benchmark Policies) set out the core elements of corporate governance that guide our investment stewardship program. The Benchmark Policies apply to clients' assets invested through index equity strategies, take a financial materiality-based approach, and are focused solely on advancing clients' long-term financial interests.
3. Forbes, "What is Human Capital Management (HCM)," June 2024, accessed in December 2025.
4. For example: Deloitte Insights, "[AI, demographic shifts, and agility: Preparing for the next workforce evolution](#)," August 2025, accessed in December 2025. For additional insights, see BIS' viewpoint, "[Financial resilience in a new economic regime](#)," January 2024.
5. For more information, please see our commentary "[Our approach to engagement on corporate human rights risks](#)," December 2025.
6. Where local human rights laws or regulations differ from international labor standards such as those outlined in the [International Labor Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#), we appreciate when companies explain how they navigate any ambiguities or contradictions. The ILO Declaration was last amended in 2022. Website accessed in December 2025.
7. For more information, please see our commentary "[Our approach to engagement on corporate human rights risks](#)," December 2025.

Want to know more?

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