Our approach to engagement on corporate human rights risks

Investment Stewardship

BlackRock

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 Rights as an investment issue

Human rights are inherent to all human beings and include the right to life, health and well-being, privacy, fair wages, and decent working conditions; freedom from discrimination, slavery, and torture; and freedom of association.[3] Considerations regarding the role of business in upholding human rights have been an important topic for decades among governments, corporations, and other stakeholders.[4]

From an investor's perspective, unmanaged potential or actual adverse human rights issues can expose companies to significant legal, regulatory, operational, and reputational risks. These risks can materialize in a variety of ways and may damage a company's standing with business partners, customers, and communities. Common impacts of these risks include fines, litigation, and customers severing contracts as a result of human rights-related regulatory requirements, as well as workforce and supply chain disruptions.

BIS notes that at the regional and national levels, regulatory action with respect to human rights is increasingly complex.[5] Consequently, companies face scrutiny regarding how they address human rights issues that may arise from their business practices. These risks may call into question a company's ability to maintain operations in a certain location and benefit from the labor, raw materials, community support, or regulatory structures in place, particularly if they significantly undermine their corporate reputation and purpose.[6] BIS recognizes that exposure to human rights-related risks will vary by company, industry, and geographic location. As a result, no single governance model or approach can be applied to how all companies address human rights issues in their business models.

As with all business-relevant risks, long-term investors can benefit when companies implement processes to identify, manage, and prevent adverse human rights impacts that could expose them to material business risks, and provide robust disclosures on these processes.

In general, human rights-related risks can include:

- **Poor working conditions, substandard wages, and use of forced labor or child labor** — by the company or its key suppliers — can expose a company to supply chain stoppages, health and safety incidents, strikes, international trade disruption, and reputational damage.
- **Community harm or displacement, particularly using contested land or infringing on Indigenous Peoples' rights**, can damage community support and jeopardize access to resources vital to a company's operations.
- **A hostile or discriminatory workplace** can result in legal ramifications and inhibit a company's ability to attract and retain talent, overcome business challenges, and drive innovation and competitive differentiation.
- **Failure to manage content that encourages human rights violations or does not adhere to applicable privacy laws, standards, or expectations** can lead to regulatory penalties and litigation, and erode stakeholder trust.[7]

A company that addresses human rights-related risks in a proactive and effective manner may, in addition to mitigating against such risks, create opportunities for improved relationships across its value chain (e.g., through access to education, employment, and other economic and social benefits), increased productivity, higher-quality products, better positioning for its corporate reputation, and a more engaged employee base.

Our approach to engagement with companies on corporate human rights risks

BIS engages with companies to understand how they are overseeing and managing the material business risks associated with human rights issues, and monitoring the effectiveness of their human rights practices on a best-efforts basis.

As one of many minority shareholders in public companies, BlackRock does not tell companies how to identify, manage, and mitigate material human rights-related risks. We recognize that most companies' business models, including their supply chains, are multi-tiered and complex and, thus, not always easily assessed.

BIS relies on public information, which may not capture every issue that could be relevant. In our view, the responsibility for managing human rights issues — and all business practices — lies with the boards and management of companies and the governments that regulate them. Governments and other public policymakers are responsible for implementing and enforcing relevant laws and regulations in their respective markets. BIS does not engage with governments on these issues as it pertains to the companies that we invest in on behalf of our clients.

Recognizing that exposure to human rights-related risks will vary by company, by industry, and by geographic location, BIS finds it helpful when corporate leadership provides robust disclosures on their approach to governance, strategy, and management of material business risks and opportunities. This information can help BIS better understand how companies are managing their material risks and planning for the long term.

Through our analysis of company disclosures and engagement with corporate leadership, we have found the following to be helpful to our understanding of how companies manage human rights-related risks and impacts inherent in their businesses:

- Whether a company **considers human rights across its value chain**, as appropriate in the context of its products and services, operations, and suppliers — and whether it adheres to applicable mandatory and voluntary frameworks and reporting requirements.[8]
- How **the board oversees human rights-related risks** including, as appropriate, whether the full board or a specific committee has responsibility to oversee related policies and processes, and the type and frequency of information reviewed.
- How **a company identifies, mitigates, and prevents** any potential human rights impacts and determines the appropriate due diligence processes to minimize risk across its value chain (e.g., human rights risk assessments, supply chain tracing, recruitment procedures, and auditing and grievance mechanisms). This includes whether companies sourcing from high-risk jurisdictions have mechanisms in place to ensure suppliers are adhering to their own human rights-related policies and processes.
- How **a company measures and assesses the effectiveness** of its human rights management and mitigation strategy, including due diligence processes, relevant metrics and targets, and the use of any third-party assurance providers. This encompasses steps being taken in locations where there are no credible third-party assurance providers.
- How **a company navigates ambiguities or inconsistencies** between local human rights laws or regulations and international standards as they affect its operations or supply chain, and how the board and management team balance matters important to key stakeholders and maintain trust (e.g., how health and safety is considered across operations in different geographic locations, where local regulations vary).
- Whether **a company engages with affected stakeholders** in a regular and timely manner and provides access to remedy and address actual human rights impacts, e.g., whether companies obtain (and maintain) the free, prior, and informed consent of Indigenous Peoples for business decisions that affect their rights, protect cultural heritage sites, and provide access to resources and/or compensation in the event of displacement or destruction.
- How **a company monitors, identifies, and manages evolving human rights-related risks in dynamic contexts.** For example, due to emerging technologies such as artificial intelligence, shifting operating conditions and regulatory developments.
- Whether **a company participates in industry and stakeholder initiatives** to advance practices and address pervasive issues related to human rights. This includes how a company's participation in voluntary initiatives, such as memberships in organizations that support human rights matters, has evolved over time, in response to shifting strategic priorities or external developments.

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. The Universal Declaration of Human Rights was adopted by the United Nations (UN) General Assembly in 1948. Since then, the core principles have been reiterated in various international human rights conventions and treaties. Today, all UN member states have ratified at least one of the nine core international human rights treaties on behalf of their governments, and 80% have ratified four or more. Source: United Nations, "Universal Declaration of Human Rights (UDHR)", accessed in December 2025.
4. For example, see the following sources: United Nations, "Guiding Principles on Business and Human RightsGuiding Principles on Business and Human Rights," 2011. Organization for Economic Cooperation and Development (OECD), "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct," originally adopted in 1976 and updated in June 2023.
5. For example, see: U.S. Department of State, "2024 Country Reports on Human Rights Practices," August 2025, accessed in December 2025.
6. For more information, please see our commentary, "Our approach to engagement on corporate strategy, purpose, and financial resilience," December 2025.
7. For more information, please see our commentary, "Our approach to data privacy and security," July 2022.
8. For example, the UNGPs, OECD Guidelines, UN Global Compact, UN Sustainable Development Goals, the EU Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), EU Forced Labor Regulation. and relevant Modern Slavery Acts, among others. Examples of Modern Slavery Acts include; the UK Modern Slavery Act of 2015, the Australian Modern Slavery Act of 2018, and the California Transparency in Supply Chains Act. Also, we note that companies subject to the CSRD have to report according to European Sustainability Reporting Standards (ESRS). Websites accessed in December 2025.

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