

June 17, 2022

The Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Chair Gensler,

The undersigned organizations write in support of urgent action by the U.S. Securities and Exchange Commission (“the Commission”) on mandated human capital management disclosures for U.S.-listed companies.

The signatories of this letter represent businesses, investors, philanthropies and nonprofits dedicated to advancing public and private sector solutions to help manifest an economy that works for all Americans.

We are supportive of the Commission’s broader disclosure agenda, including the recent rulemaking on climate-related disclosures, as indicated in the Coalition’s comment letter.¹ However, there is more work to be done to improve transparency and accountability across the capital markets. The Coalition calls on the Commission to prioritize publishing a rulemaking on human capital management disclosures this year, as is outlined in the Commission’s regulatory agenda.

Information on human capital management - such as a company’s workforce composition, compensation, health and safety, and diversity practices - is vital to investor decision making. Investments in human capital are associated with higher risk-adjusted returns, return on assets, return on capital, profitability² and overall outperformance compared to benchmarks.³

Furthermore, investors are increasingly demanding clear, consistent and comparable data on this type of information. Over 80% of Americans agree that companies need to disclose more about their business practices and impact on society,⁴ and some of the largest asset managers have called on public companies to disclose board and workforce diversity information, in particular.⁵ It is evident that human

¹ Coalition on Inclusive Economic Growth, [Comments Re: File Number S7-10-22](#), April 2022.

² Investor Responsibility Research Center Institute (IIRCI), [“The Materiality of Human Capital to Corporate Financial Performance,”](#) April 2015.

³ McBassi & Company, [“Human Capital Management Predicts Stock Prices,”](#) June 2010.

⁴ JUST Capital, [“Survey Report: Americans Want to See Greater Transparency on ESG Issues and Support Federal Requirements for Increasing Disclosure,”](#) February 2022.

⁵ Harvard Law School Forum on Corporate Governance, [“Diversity Strategy, Goals & Disclosure: Our Expectations for Public Companies,”](#) September 2020; Reuters, [BlackRock adds diversity target for U.S. boardrooms,](#) December 2021.

capital management information is both material with significant implications for business performance and desired by investors.

We encourage the Commission to pursue a comprehensive set of human capital management disclosure requirements, including universal and quantitative metrics like the total number of employees (including full-time, part-time and contingent labor), the total cost of a company's workforce, workforce turnover and employee diversity demographics by seniority level. These should be paired with qualitative disclosure requirements around factors such as workforce health and safety, human rights and supply chain due diligence, workforce culture and worker empowerment, among other material factors. The Commission should also consider applying appropriate assurance requirements for these disclosures in order to equip investors with high-quality, decision-useful information.

We are deeply appreciative of the Commission's leadership in advancing its mission to protect investors by improving access to clear, consistent and comparable data on material factors. The undersigned organizations urge the Commission to work quickly on publishing a rule that will lend meaningful transparency to companies' human capital management practices. We look forward to continuing to engage with the Commission on these issues and providing comment upon publication of the proposed rule.

Sincerely,

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Align Impact

American Sustainable Business Network

Americans for Financial Reform Education Fund

Aspen Institute Economic Opportunities Program

B Lab US & Canada

BlueMark

The B Team

California Wellness Foundation

Change Finance

Chicory Wealth

Coalition for Inclusive Capitalism

Community Capital Advisors

Community Development Venture Capital Alliance

Confluence Philanthropy

Florida For Good

Ford Foundation

For the Long Term

Global Steering Group for Impact Investment

Impact Capital Managers

Impact Investing Institute, UK

Inspiring Capital
Interfaith Center on Corporate Responsibility
JUST Capital
Kresge Foundation
Legacy Vacation Resorts
McKnight Foundation
Nathan Cummings Foundation
National Community Investment Fund
Nia Impact Capital
Omidyar Network
Oxfam America
PolicyLink
Predistribution Initiative
Public Citizen
Rights CoLab
Salt Palm Development
Social Finance
Sorenson Impact Foundation
Surdna Foundation
Sustainable Development Investment Finance Partnership
Toniic Institute
U.S. Impact Investing Alliance
Westfuller
Whistle Stop Capital
WORC (Workforce & Organizational Research Center)
Workforce Disclosure Initiative, ShareAction