



**ICGN**

International Corporate Governance Network

Honorable Jay Clayton,  
Chairman  
U.S. Securities and Exchange Commission  
110 F Street, N.E.  
Washington D.C. 20549  
Re: Human Capital Management Disclosures Rulemaking Petition

By email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Re: File No. 4-711, Human Capital Management Disclosure Petition for Rulemaking**

17 October 2017

Dear Chairman Clayton,

The International Corporate Governance Network (ICGN) is a global investor-led body based in London, whose mission is to promote high standards of governance in companies and responsible investment practices by investors, with a long-term perspective on sustainable value creation. This mission extends systemically to promoting efficient financial markets and economies world-wide. ICGN was established in 1995, and today our network of governance professionals spans over 45 countries and includes investors representing assets under management in excess of US\$26 trillion. Our policy positions are guided by the ICGN Global Governance Principles and the ICGN Global Stewardship Principles, both of which have been developed in consultation with ICGN Members and as part of a wider peer review. A large number of our members are based in the US, and almost all our institutional investment members have investment holdings in companies listed in the US capital markets.

We are writing in support of the petition for public reporting on Human Capital Management (File 4-711.) by the Human Capital Management Coalition. A number of our members are part of the coalition which has worked over several years to develop a suggested framework for corporate reporting on human capital management. Many of them devoted resources, time and effort to this initiative because as serious long term investors they found a deficiency in current corporate reporting in this area to enable them to make the assessments they needed to make. Our members, the majority of which are institutional investors, rely upon investment returns to fulfill their fiduciary duties and therefore depend on healthy markets and economic growth. These, in turn, depend on robust data disclosure and corporate reporting by issuers on their use of capitals-- financial, physical and social.

We commend the Commission for its strong commitment to robust disclosure in the US financial markets; but as noted in the petition, the current requirements are weak in an area that our members believe is important to their ability to make long term investment decisions and therefore effective allocation of capital. The petition provides numerous examples and supporting studies of why Human Capital

Management is important to positive corporate performance and risk management and this disclosure is called for by investors.

The petition is not prescriptive in directing how listed companies should report data, but takes an approach of listing nine categories of information where investors broadly agree a lack of disclosure should be remedied. Such information is material to businesses and investors and if disclosure is required by regulators it will certainly come to the attention of board of directors—whereas it could have been obscured in the past as in the unfortunate example of Wells Fargo. We believe that your calling for such a requirement will lead to not only more transparency but as a result, stronger markets and better outcomes for corporations, investors and society.

We hope our comments are useful for your deliberations. Should you wish to discuss this matter further, please contact me or George Dallas, ICGN's Policy Director, by email at [REDACTED]

Yours faithfully,

Kerrie Waring  
Executive Director, ICGN  
[REDACTED]

Cc. Joyce Haboucha  
Co-Chair, ICGN Disclosure and Transparency Committee  
[REDACTED]