



The Value Alliance and Corporate Governance Alliance

February 1, 2019

Brent J. Fields, Secretary Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, N. E. Washington, D.C. 20549

Re: Rulemaking Petition – File No. 4-711

Dear Mr. Fields,

Founded in 1999, The Value Alliance and Corporate Governance Alliance works to strengthen board governance and decision-making in a way that enhances sustainable economic value. We work with boards of directors across the U.S. and globally to promote this aim and fulfill our mission to improve board and company performance in a way that creates sustainable value for all stakeholders and builds a bridge of trust between management, board, shareholders and all stakeholders. Our efforts are designed to strengthen our capital markets and boost our economy.

We strongly support the Human Capital Management Coalition’s Rulemaking Petition.

In recent years, the SEC has provided important guidance on cyber security and climate change disclosure. This guidance has helped companies begin the process of meeting the needs of investors related to these important risks and threats to corporate survival.

In practice, underpinning a company’s capacity to address these and other emerging threats relies on the company’s ability to manage its human resource capabilities effectively -- and underpinning its ability to manage human capital well is a company’s capabilities in measuring its own human capital effectiveness and reporting on those measures.

Recognizing the importance of measurement and reporting, in December, ISO issued a new standard: Human resource management -- Guidelines for internal and *external* human capital reporting. <https://www.iso.org/standard/69338.html> <https://www.iso.org/news/ref2357.html>

And in December, SEC Chair Clayton reiterated a long-standing view of the important role of disclosure in our capital markets system: “Disclosure is at the heart of our country’s and the SEC’s approach to both capital formation and secondary liquidity. As stewards of this powerful, far reaching, dynamic and ever evolving system, a key responsibility of the SEC is to ensure that the mix of information companies provide to investors facilitates well-informed decision making.”

It is time for the SEC to address quality human capital reporting and Rulemaking Petition – File No. 4-711. The Petition includes resources and a variety of views on human capital metrics that the SEC can draw from in providing guidance. <https://www.sec.gov/rules/petitions/2017/petn4-711.pdf>

An easy first step would be to request that all companies first disclose the major metrics they already use to measure the effectiveness of human capital management and describe why they have chosen those measures among the multitude of possibilities outlined by ISO and the other sources referenced in the petition.

While it is true that some issuers might cherry-pick measures, honest actors will not. And such disclosure would provide investors with a view into the unique thinking of each board and management on what measures they believe provide the best means for measuring their ability to execute their strategies and support their human capital needs, considering the changing issues companies face today.

Such disclosure would be only a first step, but one with little cost to companies or resource requirements from the SEC.

After this first step, investors could then weigh in on which of the human capital management metrics should be standardized and reported on by all companies in a similar fashion, in addition to the others the company is already reporting on and finds useful.

As with all disclosures, these comparable measures would provide comparisons of corporate human capital management effectiveness that are key to managing risks and sustaining the business -- and fulfill the role of disclosure Chair Clayton has outlined.

Sincerely yours,



Eleanor Bloxham
CEO, The Value Alliance and Corporate Governance Alliance

[REDACTED]
[REDACTED]