

November 12, 2021

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Ms. Countryman:

Thank you for the opportunity to provide a comment to the rulemaking petition requiring issuers to disclose information about their human capital management policies, practices, and performance (File #: 4-711).

On behalf of The Harkin Institute for Public Policy & Citizen Engagement, I very much appreciate the intent behind the efforts of the Securities and Exchange Commission (SEC) to foster greater transparency and accountability in the human capital practices of listed companies. A significant number of experts already have submitted comments as part of this petition in support of more robust measurement methodologies and approaches to the disclosure of human capital practices. Their arguments are compelling – the recruitment, development, and retention of human talent is critical to fostering both strong firm performance and long-term value creation for society.

The purpose of this comment letter is to provide greater detail on a particular aspect of the relationship between human capital, firm performance, and long-term value creation – the critical importance of integrating disability inclusion considerations into the SEC's approach to measuring and disclosing human capital practices.

While it is true that the level of knowledge across the private sector about human capital measures is limited, research has shown that those companies that foster competitive, integrated employment for persons with disabilities have a higher level of innovation and outperform the market compared to their peers.

Consider:

- Research by the Center for Talent Innovation found that 75% of employees with disabilities in the United States have ideas that would drive value for their company – compared with 61% of employees without disabilities.¹
- Research by Accenture shows that companies which are inclusive of people with disabilities are, on average, twice as likely to have higher total shareholder return than their peers, 28% higher revenue and 30% higher profit margins.²

¹ Sherbin, Laura and Kennedy, Julia Taylor, "Disabilities and Inclusion," Center for Talent Innovation (now Coqual), 2017.

² Accenture, "Getting to Equal 2018: The Disability Inclusion Advantage," October 29, 2018.

Human capital in the workforce is only fully understood and measured through a careful examination of the talents, needs, and opportunities that persons with disabilities bring to companies. A significant portion of the U.S. workforce has a disability, and disability status is intersectional in nature – it cuts across gender, race, culture, sexual orientation, age, and organizational hierarchy, to name a few.

According to the Centers for Disease Control and Prevention, 61 million adults in the United States have a disability. A fundamental reality is that every one of us at some point in our lives will experience a disability – be it through injury, illness, aging, or a life event such as exposure to emotional trauma. It is very possible that our disability will occur while we are participating in the workforce.

To help organizations better understand the value creating opportunities that come with fostering a competitive, integrated employment environment for persons with disabilities, we must move beyond using compliance-based metrics, such as the number of people with disabilities hired, the number of workplace affinity groups, or the number of sensitivity trainings conducted by HR departments.

In a December 2020 paper I wrote for The Harkin Institute for Public Policy & Citizen Engagement, I proposed several metrics oriented towards measuring how companies have integrated persons with disabilities into all levels of the organization with an ultimate goal of value creation.³ Those metrics are, in part, based on feedback from investors on how they want to evaluate the efforts of companies to achieve competitive, integrated employment.

Suggestions for the types of disclosure include:

- Conduct an all-employee census to determine the number of employees, executives, and board members that identify as disabled
 - According to research by the Valuable 500 and Tortoise Media no executives or senior managers in FTSE 100 companies have disclosed a disability, and only 12% of FTSE 100 companies report on the total number of employees that identify as disabled.⁴
 - It is important to note that much of the disclosure on disability status is related to physical disabilities because they are apparent. There is an extremely low level of reporting on non-apparent disabilities (such as mental health conditions) or cognitive disabilities.
- Steps taken by boards of directors to incorporate statements on disability inclusion and steps taken to achieve competitive, integrated employment for people with disabilities as part of the corporate leadership agenda
- Number of employees voluntarily disclosing their disability status
- Executive and board level composition of persons with disabilities

³ Ludke, Robert, “Solving ‘Then What?’: Achieving Empowering Investors to Achieve Competitive, Integrated Employment for Persons with Disabilities,” The Harkin Institute for Public Policy & Citizen Engagement, December 10, 2020.

⁴ Tortoise Media in partnership with The Valuable 500, “Disability 100 Findings report,” May 19, 2021.

- Compensation (with a focus on equal pay for equal work)
- Engagement with suppliers and vendors to collaborate on achieving competitive, integrated employment throughout supply chains
- Money invested and resources provided to make office-based technologies (such as IT equipment) adaptable
- The types of inclusive design concepts incorporated into physical office spaces
- The nature of support (such as employee resource groups, mentoring programs, internships, and training initiatives) made available to people with disabilities
- Efforts to recruit people with disabilities, including:
 - Accessible job portals
 - Disability-specific recruiting initiatives (such as partnering with local workforce development offices)
 - Auditing of existing recruiting practices to determine if unintentional biases are in place that prevent meaningful recruitment of people with disabilities

If the SEC, listed companies, investors, and the disability community collaborate in developing a series of effective metrics, three positive outcomes will occur:

- Companies will have a much clearer path for taking meaningful steps to foster competitive, integrated employment
- Investors will have a better roadmap for engaging with the companies in which they invest to advance competitive, integrated employment across the private sector
- Society will have significantly more effective metrics by which to hold companies accountable for their commitments, or lack thereof

I commend the SEC for its commitment to bringing greater rigor, transparency, and accountability for how companies invest in their human capital. However, it is imperative that the SEC's approach be fully inclusive of the value brought to organizations by people with disabilities.

I welcome the opportunity to further discuss this matter with you.

Sincerely,



Robert Ludke
Senior Fellow
The Harkin Institute for Public Policy & Citizen Engagement

