



California State Teachers' Retirement System
Sustainable Investment and Stewardship Strategies
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April 13, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: Comment on Reforming Regulation S-K (CLL-15)

We write on behalf of the California State Teachers' Retirement System (CalSTRS). Established in 1913, CalSTRS is the largest educator-only pension fund in the world, with a global investment portfolio valued at approximately \$401.6 billion as of February 28, 2026. As administrators of both a defined benefit plan and a defined contribution plan, we serve the investment and retirement interests of more than 1 million Californian educators and their families. The long-term nature of CalSTRS' liabilities and our responsibilities as a fiduciary to our members make us keenly interested in the rules and regulations that govern securities markets.

We appreciate the opportunity to comment on how the Commission can amend Regulation S-K to improve disclosure of material information. We believe any review should begin with investor information needs rather than filing length alone. Annual reports and related commission filings are foundational documents that promote efficient market functioning and transparency. They provide the baseline information investors rely on to allocate capital, assess management, and compare issuers. A disclosure framework that omits material information risks advantaging market participants with privileged management access or costly analytical tools

Material disclosure serves not only investment decisions but also proxy voting and stewardship decisions. For long-term investors, proxy voting is a core ownership responsibility informed by substantial review and analysis. Disclosure that may not be relevant to an immediate buy/sell decision may still be integral in evaluating director oversight, executive compensation, governance quality and other matters presented for shareholder vote. A modern disclosure framework should not be evaluated principally by whether it reduces page count or issuer burden, but by whether it elicits decision-relevant, comparable, and reliable information for investors operating in today's markets. We have long held this view, as expressed in our October 2019 and August 2020 letters to the Commission.

Since much of Regulation S-K's architecture dates back decades, modernization may require additional disclosures to keep pace with how investors have evolved in their analysis of companies. The comments below are intended to highlight several priority areas we believe are especially important from the

perspective of a long-term investor and active proxy voter. To that end, we propose several disclosure enhancements and highlight areas of existing disclosure we believe should be retained.

Disclosures to Enhance

- **Item 101 – Business Description**
 - **Artificial Intelligence:** Significant investments in data centers, compute capacity, model development, data acquisition, cybersecurity and technical talent are becoming more prevalent. Standard required disclosure requirements about these activities would help investors better understand the risks and opportunities companies face and facilitate comparisons across industry participants.
 - **Human Capital Management:** Winners and losers in various industries are defined by workforce issues, but current disclosure is not adequate. We would like to see workforce disclosure expand beyond the number of employees, and include metrics regarding employee turnover, workforce costs, composition, training, development, engagement and wellbeing. Investors regularly seek out this information because it is a key source of competitive advantage for companies. However, the lack of standard disclosure makes it difficult to compare companies within a sector.
 - **Competitive Positioning:** Companies should be required to discuss standard elements such as pricing power, customer and supplier bargaining dynamics, barriers to entry, exposure to substitutes, and other structural components of competitive positioning that shape profitability. In commodity industries, companies should disclose where they are positioned on the relevant supply cost curves. More comparable discussion of these fundamental drivers would help investors assess performance across issuers and sectors.
- **Item 303 – MD&A:** We think improved disclosure of management’s philosophy regarding capital allocation is essential information for investors. As AI becomes a topic of increasing relevance to corporate operations, specific discussion about their approach to investing in technology and how they measure returns from those investments will be crucial.
- **Item 105 – Risk Factors:** We believe reforms should focus on improving the organization and specificity of these disclosures, rather than diminishing them. The informational value of risk factor disclosures is not limited to a static reading of any single filing. Changes in risk factor language over time can provide investors with meaningful insight into how management’s assessment of risk is evolving.
- **Item 402 – Executive Compensation:** We support reclassifying home security as a business expense rather than a perquisite. However, we would urge caution with any proposal to reclassify security-related expenses in a manner that reduces transparency around significant personal benefits.

- **Item 404 – Related Party Transactions:** We support increasing the related-party transaction threshold from \$120,000 to \$250,000. The current threshold, last revised in 2006, has not been adjusted for inflation. If the Commission considers raising the disclosure threshold, it should do so with a clear investor protection rationale, preserving the comparability and visibility that makes this disclosure useful. There should be a clear rules-based requirement rather than relying on issuer-specific materiality judgments.

Disclosures to Retain

- **Items 401, 405 406, 407 and 408 – Governance and Accountability:** These disclosures are central to investor oversight, proxy voting and confidence in effective functioning of the markets. Investors need transparency about the core governance provisions in Regulation S-K because they provide investors with information that is difficult to replicate from other sources, which promotes accountability in places where visibility matters most.
- **Item 402 – Executive Compensation:** We strongly believe executive compensation disclosure remains an important component of investor oversight. The sections for Compensation Discussion & Analysis, Summary Compensation Tables, Supplemental Tables, Pay vs. Performance, Hedging Policy Disclosures, and Clawback Disclosures should be retained.
- **Item I-3 – Legal Proceedings:** Disclosure of legal proceedings is vital to investors. Even low-value cases can be indicators of recurring compliance failures, weak controls, and emerging liabilities. We urge the Commission to avoid changes that would allow issuers to omit these proceedings.
- **Item I-4 – Mine Safety Disclosures:** Mining safety records reflect operational quality, and a poor track record can be a leading indicator of material financial risk. Disclosure within Forms 10-K and 10-Q allows for transparent reporting and assessment of risk in easily accessible public filings without specialist knowledge of Mine Safety and Health Administration databases.
- **Item 15 – Exhibits:** We support filing governance policies as exhibits where appropriate to provide investors with access to underlying documents. At the same time, exhibits should complement, rather than replace, clear disclosure indicating whether such policies have been adopted. We support removal of genuinely redundant information, but not where streamlining would come at the expense of transparency or comparability.

Conclusion

In considering potential amendments to Regulation S-K, the Commission should avoid equating modernization with reduction alone. The more durable approach is to ensure the disclosure framework remains responsive to the ways investors actually use public company information today: to allocate capital, assess governance, compare issuers, evaluate long-term strategy and resilience, and engage with portfolio companies over time.

CalSTRS is an active member of the Council of Institutional Investors and supports the comment letter dated April 2, 2026 on this topic (link: <https://www.sec.gov/comments/cil-15/cil15-739427->



HOW WILL YOU SPEND YOUR FUTURE?

[2297494.pdf](#)).

A modernized Regulation S-K should preserve investor protections, improve comparability and usability, and continue to elicit material information relevant to today's markets and emerging business realities.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Aisha Mastagni". The signature is written in a cursive style.

Aeisha Mastagni
Portfolio Manager

A handwritten signature in black ink that reads "L. Paquin". The signature is written in a cursive style.

Lynn Paquin
Portfolio Manager