



# Municipal Pension Board of Trustees

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September 29, 2017

Honorable Jay Clayton  
Chairman  
US Securities & Exchange Commission (SEC)  
110 F Street, N.E.  
Washington, D.C. 20549

*via email: rule-comments@sec.gov*

Dear Chairman Clayton:

**Subject: Human Capital Management Coalition - Disclosures Rulemaking Petition**

I am writing on behalf of the British Columbia Municipal Pension Board of Trustees (board) in support of an institutional investor call for consultation around the subject of better disclosure of relevant, material human capital metrics.

The Municipal Pension Plan (MPP) is the largest pension plan in British Columbia and the sixth largest pension plan in Canada. We are a fully funded, jointly trustee, public sector, multi-employer, defined benefit pension plan with over CAD\$46 billion in assets that we invest on behalf of MPP beneficiaries. We strive to be an industry leader as a pension provider and an effective participant in the pension industry.

We are aware of two recent submissions:

- Human Capital Management Coalition's July 6, 2017 petition, and
- CalPERS and CalSTRS' July 10, 2017 letter

requesting the SEC consider opening consultation on strengthening the disclosure requirements for publicly listed companies' human capital.

As investors of patient capital, we agree with the authors' underlying premise that understanding a company's human capital management is an important input to assessing the potential value and performance of a company over the long term. We support a call for further discussion on the importance of human capital metrics and disclosures.

We believe that the current SEC rules need to expand beyond requiring publicly listed companies to disclose their total number of employees. Without identifying specific metrics at this time, more human capital management disclosure will be very useful for investors. Companies with poor human management practices may attract operational, legal and reputational risk; in contrast, companies with strong human management practices may develop a competitive advantage.

Further, as a general rule, standardized data disclosure by publicly held companies is good for investors, capital formation and companies:

- Standardized disclosure of more human capital metrics would enable all investors to better assess the risks and rewards of potential investments.
- Requiring investors to make investment decisions, without access to information that permits an adequate assessment of the risks, can have a negative impact on capital formation and discourage investment.
- Efficient and effective markets include adequate, standardized data disclosures and corporate reporting, providing a level playing field for all companies.

As long term investors, we understand the importance of companies measuring and reporting non-financial information, balanced by the need to evolve practices, carefully choose meaningful metrics and not overwhelm issuers:

- Much work is being done to improve disclosure standardization across industries – see for example the frameworks suggested by the Sustainable Accounting Standards Board and the Financial Stability Board Task Force on Climate-related Financial Disclosures.
- There are many human capital management metrics to choose from - some are sector-specific and some are more material than others.

Nonetheless, human capital management metrics continue to be a critical and missing piece of the puzzle for investors. As such, the opportunity for further research, discussion and consideration of the importance of human capital management metrics would be most welcome.

Thank you for the opportunity to share our views. We look forward to future opportunities for discussion and input.

Sincerely,



Gary Yee  
Board Chair

pc: Hilary Brown, Board Vice Chair  
Judy Payne, Executive Director  
Irene Schamhart, Board Secretary