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The Honorable Gary Gensler, Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: File Number 4-711 (Human Capital Petition)

Dear Chair Gensler:

The International Brotherhood of Teamsters, a member of the Human Capital Management Coalition (HCMC), strongly supports enhancing the required disclosures of listed companies around critical issues of human capital management.

The Teamsters Union represents 1.4 million members across almost every major industry and economic sector in the United States. Collectively, Teamster-affiliated pension and benefits funds have more than $100 billion invested in the capital markets, including long-term holdings in practically every publicly traded equity in the United States. Our Capital Strategies Department actively works to promote the Environmental, Social and Governance (ESG) performance of portfolio companies through engagement, shareholder proposals, and direct Vote No campaigns.

Human Capital Management Disclosure Foundational to ESG issues

While I appreciate the SEC's ongoing efforts to improve disclosures around governance and environmental issues, including the recent request for comment regarding climate change disclosures, I believe human capital management disclosures remain critically under-developed. As communicated in our recent comment on climate change disclosures, the failure to bring human capital management disclosures up to the level of granularity, consistency and sophistication of other important ESG-related reporting risks undermining the goal of sustainable value creation. Corporate climate strategies, for instance, do not operate in a vacuum but depend on skilled and motivated workers for their execution, as I explained in the correspondence.[1] In short, I believe that human capital management practices are foundational to addressing the myriad of ESG challenges corporations face and which investors seek to better understand and manage in their portfolios.

To this end, I urge the Commission to adopt the recommendations of the HCMC's petition for rulemaking on human capital management disclosure.[2] This calls for universal and mandatory metrics, as well as principles-based information. The core mandatory or foundational metrics include a comprehensive accounting of a firm's workforce, including its use of agency staff and independent contractors, worker turnover, diversity and total cost.[3] Among the principles-based disclosures endorsed by the HCMC are: workforce health and safety; skills; culture, such as engagement and empowerment, including union representation; workforce pay and incentives; and, human and labor rights.

I briefly outline a few of the ways in which these human capital management practices -- and their disclosure -- are critical to long-run sustainable value creation in industries that the Teamsters know well, transportation and logistics. As you will see, current dynamics in these industries provide compelling reasons why investors, both as they manage the risks and opportunities of individual transportation stocks, and as they assess the outlook for other sectors or the economy as a whole, require fuller disclosure of human capital management practices. I believe these examples inform the Commission's consideration of this request to upgrade listed companies' human capital management disclosures.

Transportation and Logistics

Supply Chain Disruptions

It is an indisputable fact that transportation networks around the world are overburdened, creating supply chain bottlenecks and widespread economic impacts. While COVID-19 is undoubtedly a key factor, the disruption and imbalances caused by the pandemic have only served to exacerbate existing critical challenges in recruiting and retaining transportation workers, particularly truck drivers. The driving factor here: The transportation sector's human capital management practices.

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[1] https://www.sec.gov/comments/climate-disclosure/cll12-9041955-246232.pdf
[2] https://www.sec.gov/rules/petitions/2017/petn4-711.pdf
[3] See https://www.hcmcoalition.org/foundational-reporting

Critically, the compensation of workers, and broader human capital management practices, most notably de-unionization efforts, have undercut the attractiveness of a job if that job fails to offer competitive pay, especially when calculated on an hourly basis. While much has been made of a driver shortage, the reality is closer to a shortage of good wages and benefits. Coupled with the tough schedules and the prevalence of the independent contractor model, the industry's human capital management practices have simply been failing to attract, and more importantly, retain sufficient drivers. Professor Steve Viscelli, a sociologist at the University of Pennsylvania who studies the trucking industry, recently told NPR that "the business practices of the big trucking companies burn [drivers] out fast" and [companies] have been systematically degrading trucker working conditions," with the industry rife with minimum wage violations and "debt peonage."[4] The latter are particularly associated with the independent contractor model prevalent in sectors of transportation -- such as at U.S. ports, which have been sites of major logjams in global supply chains of late.[5]

Similarly, *The Wall Street Journal* has recently highlighted how railroads are struggling to bring back workers amid the pandemic, again hindering the broader economy.[6] Critically, the report traced the struggles back to the industry's preoccupation with so-called "precision-scheduled railroading," a cost-cutting strategy that has slashed and degraded jobs in the railroad industry to the point of causing shipping delays due to lack of crews.

In short, the current stresses in the transportation and logistics sector have at their core, poor human capital management practices, the unsustainability of which have been exacerbated by the pandemic. While investors may come across anecdotal reports of companies offering recruitment bonuses to new drivers, a far more comprehensive understanding of how these companies train, incentivize, and safeguard their existing workers is critical. In fact, given the strategic importance of the industry to the overall health of the economy, a clearer understanding of the human capital management practices of transportation firms would be of utility not only to the holder of a given transportation stock, but to investors in 'downstream' companies, and to those involved in overall asset allocation (given the impact transportation costs have on a host of macro-economic factors).

[4] "Is There Really a Truck Driver Shortage?" Planet Money - NPR, May 25, 2021.

[5] California law SB1402, otherwise known as "Dignity in the Driver's Seat," referred to port drayage drivers as the "last American sharecroppers," while investigative reporting by USA Today into these practices was a blackeye to major U.S. retailers relying on these drivers (see "Rigged," USA Today, June 16, 2017).

[6] "Shortage of Railroad Workers Threatens Recovery," The Wall Street Journal, July 22, 2021.

Ride-Sharing and the so-called Gig Economy

The gig economy, or more specifically the growing reliance on independent contractors to fill critical roles in growing parts of our economy, such as ride-sharing and delivery services, represents one of the most important, and poorly disclosed areas of human capital management risk for investors.

The risk that drivers are being misclassified as independent contractors obviously looms large for investors given the liability exposure and the overall risks to the business models of ride-share companies like Uber and Lyft. Assessing (and pricing) the legal and political risk of misclassification, as well as the political feasibility of Proposition 22-like rules beyond California, demands that investors get an accurate handle on whether drivers are being 'exploited' through the structuring of their contracts and interaction with the algorithms determining ride costs. Even with passage of Proposition 22 in California, the need for disclosure remains; a recent survey of California rideshare drivers, for instance, found that they were not receiving the healthcare benefits promised under Proposition 22.[7] If these companies are intent on spending hundreds of millions of dollars in shareholder money pushing these legislative 'fixes,' in California and elsewhere, investors are more than entitled to know whether they are living up to their side of the bargain. Moreover, with the recent ruling by a California state Superior Court judge invalidating Proposition 22 (though the ruling is stayed while the companies appeal), it is far from clear that the companies' legislative and political efforts solve the financial risks to investors from the companies' human capital management practices.

However, even without the misclassification risk, investors merit clearer and more comparable insights into the culture, compensation (including medical and retirement benefits) and retention of drivers. Incentive bonuses and revenue sharing with drivers are among the most critical variables determining the financial sustainability of these companies. Understanding how ride share companies manage these variables, and balance this with the retention and quality of the underlying asset - namely drivers -- is critical to investors. The well-documented driver shortage at present, and the impact it is having on prices and wait times, only serves to underscore this.[8]

Finally, I would note with the Biden Administration signaling its intent to crack down on misclassification, the ride-sharing companies could be the canary in the coal-mine for the financial and operational risks facing a host of other companies and sectors that use independent contractors, albeit not as visibly. This makes it all the more important that

[7] Many Gig Drivers Lack Prop. 22 Health Benefits, Survey Says, Bloomberg Law, Aug. 19, 2021

[8] "Lyft and Uber Prices Are High: Wait Times Are Long and Drivers Are Scarce," National Public Radio, Aug. 7, 2021

companies disclose the composition of their workforce, including the use of independent contractors.

Thank you for the opportunity to share our views on these important disclosure topics. If you would like to discuss these comments or have questions, please contact Carin Zelenko, Director of Capital Strategies, at: [redacted].

Sincerely,

Ken Hall

Ken Hall
General Secretary-Treasurer

KH/cz

cc: John Coates, General Counsel, SEC - [redacted]
Keo Chea, Director of Public Engagement, SEC - [redacted]
Corey Klemmer, Division of Corporation Finance Counsel, SEC - [redacted]