



October 21, 2019

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

Re: *Modernization of Regulation S-K Items 101, 103, and 105 (File No. S7-11-19)*

Dear Ms. Countryman:

I am writing on behalf of the Oregon State Treasury and submit this comment in response to the U.S. Securities and Exchange Commission (SEC or Commission) and its proposed rule, “Modernization of Regulation S-K Items 101, 103, and 105,” (the “Proposed Rule”). I appreciate the opportunity to share our views on the Proposed Rule in general and, in particular, the changes contemplated for governing Item 101(c) in Regulation S-K regarding human capital-related disclosures in the Narrative Description of Business.

As Treasurer, I am the custodian of state funds, responsible for protecting the state’s credit ratings, and responsible for overseeing public investing, banking, bonding, and financial empowerment programs. I also serve as the investment officer for the Oregon Investment Council (OIC), which sets policy for the investment management of over \$100 billion in state assets and public trust fund portfolios. On the OIC, I sit as an ex officio voting member and as such, have a fiduciary duty over the assets managed on behalf of fund beneficiaries. At my direction, Staff within the Oregon State Treasury perform a variety of daily investment management functions in accordance with policies and investment beliefs¹ set by the OIC.

The Oregon State Treasury is a member of the Human Capital Management Coalition² (HCMC), a cooperative effort among 28 institutional investors representing over \$4 trillion in assets to further elevate human capital management as a critical component driving company performance and the creation of long-term shareholder value. We are also members of the Sustainability Accounting Standards Board (SASB) and its Investor Advisory Group (IAG), a group of 46 leading institutional investors, accounting for more than \$34 trillion in assets under management from leading asset owners and asset managers committed to improving

¹ <https://www.oregon.gov/treasury/invested-for-oregon/Documents/Invested-for-OR-OIC-INV/Invested-for-OR-OIC-INV-1201--Statement-of-OIC-Invest-and-Mgmt-Beliefs.pdf>

² <http://www.uawtrust.org/hcmc>



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sustainability-related disclosure practices. Our Chief Investment Officer, John Skjervem currently serves as the IAG's Vice Chair.

We appreciate the SEC's focus on ensuring that investors get the information they need to make the best decisions on behalf of their beneficiaries, their clients, and – in the case of individual investors – themselves and their families. The HCMC first urged the Commission in 2017³ to pursue rulemaking that would lead to stronger disclosures from issuers about their human capital management policies and performance through a process that included input from investors, issuers, and other key market participants. We agree with the Commission that human capital has increasingly become an engine of economic growth and a critical contributor to the creation of long-term shareholder value. Given the complex and dynamic role human capital plays in this value creation process, investors must have the tools necessary to evaluate how well an issuer manages its human capital resources to adequately assess its business operations, related risks and prospects for growth and expansion.

In July 2019, I joined 100 other signatories to an Investor Statement⁴ which proclaimed that current corporate transparency is insufficient on material human capital management issues. Investors need access to policies on workforce composition, recruitment, retention, pay, and promotion practices as well as better insight into workforce safety, sexual harassment, mobility, and social justice issues.

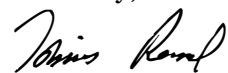
We support the HCMC and SASB in their responses to the Commission's release⁵.

In short, we believe:

- Human capital-related disclosures, as well as other information material to a company's operations, should be provided in a way that helps investors understand the workforce strategy and how it relates to the company's overall business strategy.
- A strictly principles-based disclosure regime is unlikely to result in information that is consistent, comparable, or efficient for investors to collect, process, and analyze.
- An approach where the SEC establishes a limited set of well-defined, baseline disclosure standards for information that is of particular interest to investors and universally-applicable across issuers, regardless of industry or business strategy, would be appropriate.

Thank you for your attention to this important matter, and for this opportunity to share our thoughts on the SEC's proposed changes to Regulation S-K.

Sincerely,



Tobias Read

³ Human Capital Management Coalition. (2017) *Rulemaking Petition to Require Issuers To Disclose Information About Their Human Capital Management Policies, Practices And Performance*, as submitted to the U.S. Securities and Exchange Commission on July 6, 2017. Retrieved from <https://www.sec.gov/rules/petitions/2017/petn4-711.pdf>.

⁴ <https://www.asyousow.org/our-work/gender-workplace-equity-disclosure-statement>

⁵ HCMC and SASB comment letters on File Number S7-11-19 Release Nos. 33-10668; 34-86614 Modernization of Regulation S-K Items 101, 103, and 105, to be filed shortly. <https://www.sec.gov/comments/s7-11-19/s71119.htm>