

Union Calendar No. 519

116TH CONGRESS
2^D SESSION

H. R. 5930

[Report No. 116–634]

To amend the Securities Exchange Act of 1934 to require issuers to disclose information about human capital management in annual reports, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 21, 2020

Mrs. AXNE introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 8, 2020

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on February 21, 2020]

A BILL

To amend the Securities Exchange Act of 1934 to require issuers to disclose information about human capital management in annual reports, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Workforce Investment*
 5 *Disclosure Act of 2020”.*

6 **SEC. 2. DISCLOSURES RELATED TO HUMAN CAPITAL MAN-**
 7 **AGEMENT.**

8 *Section 13 of the Securities Exchange Act of 1934 (15*
 9 *U.S.C. 78m) is amended by adding at the end the following:*
 10 “(s) *DISCLOSURES RELATED TO HUMAN CAPITAL*
 11 *MANAGEMENT.—*

12 “(1) *IN GENERAL.—Each issuer required to file*
 13 *an annual report under subsection (a) shall disclose*
 14 *in that report information about human capital man-*
 15 *agement policies, practices, and performance.*

16 “(2) *RULES.—Not later than 270 days after the*
 17 *date of the enactment of this subsection, the Commis-*
 18 *sion shall issue final rules to carry out paragraph (1)*
 19 *and such rules shall require disclosure of the following*
 20 *with respect to the issuer:*

21 “(A) *Workforce demographic information,*
 22 *including the number of full-time employees, the*
 23 *number of part-time employees, the number of*
 24 *contingent workers (including temporary and*
 25 *contract workers), and any policies or practices*

1 *relating to subcontracting, outsourcing, and*
2 *insourcing.*

3 *“(B) Workforce stability information, in-*
4 *cluding information about the voluntary turn-*
5 *over or retention rate, the involuntary turnover*
6 *rate, the internal hiring rate, and the internal*
7 *promotion rate (and with such internal pro-*
8 *motion rate disaggregated by the workforce com-*
9 *position described under subparagraph (C)).*

10 *“(C) Workforce composition, including data*
11 *on diversity (including racial, gender, and eth-*
12 *nic composition) and any policies and audits re-*
13 *lated to diversity.*

14 *“(D) Workforce skills and capabilities, in-*
15 *cluding information about training of employees*
16 *(including the average number of hours of train-*
17 *ing and spending on training per employee per*
18 *year), skills gaps, and alignment of skills and*
19 *capabilities with business strategy.*

20 *“(E) Workforce culture and empowerment,*
21 *including information about—*

22 *“(i) policies and practices of the issuer*
23 *relating to freedom of association and work-*
24 *life balance initiatives;*

1 “(ii) any incidents of verified work-
2 place harassment in the previous 5 fiscal
3 years of the issuer; and

4 “(iii) policies and practices of the
5 issuer relating to employee engagement and
6 psychological wellbeing, including manage-
7 ment discussion regarding—

8 “(I) the creation of an autono-
9 mous work environment;

10 “(II) fostering a sense of purpose
11 in the workforce;

12 “(III) trust in management; and

13 “(IV) a supportive, fair, and con-
14 structive workplace.

15 “(F) Workforce health and safety, including
16 information about—

17 “(i) the frequency, severity, and lost
18 time due to injuries, illness, and fatalities;

19 “(ii) the total dollar value of assessed
20 fines under the Occupational Safety and
21 Health Act of 1970;

22 “(iii) the total number of actions
23 brought under section 13 of the Occupa-
24 tional Safety and Health Act of 1970 to
25 prevent imminent dangers; and

1 “(iv) the total number of actions
2 brought against the issuer under section
3 11(c) of the Occupational Safety and
4 Health Act of 1970.

5 “(G) Workforce compensation and incen-
6 tives, including information about—

7 “(i) total workforce compensation, in-
8 cluding disaggregated information about
9 compensation for full-time, part-time, and
10 contingent workers;

11 “(ii) policies and practices about how
12 performance, productivity, and sustain-
13 ability are considered when setting pay and
14 making promotion decisions; and

15 “(iii) policies and practices relating to
16 any incentives and bonuses provided to em-
17 ployees below the named executive level and
18 any policies or practices designed to counter
19 any risks create by such incentives and bo-
20 nuses.

21 “(H) Workforce recruiting and needs, in-
22 cluding the number of new jobs created, the
23 worker classification of new jobs, information
24 about the quality of hire, and new hire retention
25 rate.

1 “(3) *TREATMENT OF EMERGING GROWTH COMPA-*
2 *NIES.—The Commission may exempt emerging*
3 *growth companies from any disclosure described*
4 *under subparagraph (D), (E), (F), (G), or (H) of*
5 *paragraph (2), if the Commission determines that*
6 *such exemption is necessary or appropriate in the*
7 *public interest or for the protection of investors.”.*

8 **SEC. 3. BACKSTOP.**

9 *If, 2 years after the date of the enactment of this Act,*
10 *the Securities and Exchange Commission has not issued*
11 *rules required under section 13(s)(2) of the Securities Ex-*
12 *change Act of 1934, as added by section 2, and until such*
13 *rules are issued, an issuer shall be deemed in compliance*
14 *with section 13(s) of the Securities Exchange Act of 1934*
15 *if disclosures set forth in the annual report of such issuer*
16 *satisfy the public disclosure standards of the International*
17 *Organization for Standardization’s ISO 30414, or any suc-*
18 *cessor standards for external human capital reporting, and*
19 *as supplemented or adjusted by such rules, guidance, or*
20 *other comments from the Commission.*

21 **SEC. 4. SEC STUDY.**

22 *(a) STUDY.—The Securities and Exchange Commis-*
23 *sion shall conduct a study about the value to investors of—*
24 *(1) information about the human rights commit-*
25 *ments of issuers of securities required to file annual*

1 *reports under section 13(a) of the Securities Exchange*
2 *Act of 1934, including information about any prin-*
3 *ciples used to evaluate risk, constituency consultation*
4 *processes, and supplier due diligence;*

5 *(2) information about violations, by issuers of se-*
6 *curities required to file annual reports under section*
7 *13(a) of the Securities Exchange Act of 1934, of the*
8 *Fair Labor Standards Act of 1938;*

9 *(3) disaggregating the information requested in*
10 *section 13(s) of the Securities Exchange Act of 1934*
11 *based on relevant workforce subgroups, including—*

12 *(A) full-time employees;*

13 *(B) part-time employees;*

14 *(C) contingent workers; and*

15 *(D) company management; and*

16 *(4) surveys regarding employee satisfaction and*
17 *engagement.*

18 *(b) REPORT.—Not later than 1 year after the date of*
19 *the enactment of this Act, the Securities and Exchange*
20 *Commission shall submit to Congress a report about the*
21 *study conducted pursuant to subsection (a).*

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