116TH CONGRESS
2D SESSION

S. 3361

To amend the Securities Exchange Act of 1934 to require issuers to disclose to the Securities and Exchange Commission information regarding human capital management policies, practices, and performance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2020

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To amend the Securities Exchange Act of 1934 to require issuers to disclose to the Securities and Exchange Commission information regarding human capital management policies, practices, and performance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Workforce Investment Disclosure Act of 2020''.

SEC. 2. DISCLOSURES RELATED TO HUMAN CAPITAL MANAGEMENT.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following:

"(s) DISCLOSURES RELATING TO HUMAN CAPITAL MANAGEMENT.—

"(1) IN GENERAL.—Each issuer required to file an annual report under subsection (a) shall disclose in that report information about human capital management policies, practices, and performance with respect to the issuer.

"(2) RULES.—Not later than 270 days after the date of enactment of this subsection, the Commission shall issue final rules to carry out paragraph (1), which shall require disclosure of the following with respect to an issuer described in that paragraph:

"(A) Workforce demographic information, including the number of full-time employees, the number of part-time employees, the number of contingent workers (including temporary and contract workers), and any policies or practices relating to subcontracting, outsourcing, and insourcing.

“(B) Workforce stability information, including information about the voluntary turnover or retention rate, the involuntary turnover rate, the internal hiring rate, and the internal promotion rate.

“(C) Workforce composition, including data on diversity (including racial, ethnic, and gender composition) and any policies and audits relating to diversity.

“(D) Workforce skills and capabilities, including information about training of employees (including the average number of hours of training and spending on training per employee per year), skills gaps, and alignment of skills and capabilities with business strategy.

“(E) Workforce health and safety, including information about—

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

“(ii) the total dollar value of assessed fines under the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.);

“(iii) the total number of actions brought under section 13 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 662) to prevent imminent dangers; and

"(iv) the total number of actions brought against the issuer under section 11(c) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)).

"(F) Workforce compensation and incentives, including information about—

"(i) total workforce compensation, including disaggregated information about compensation for full-time, part-time, and contingent workers;

"(ii) policies and practices about how performance, productivity, and sustainability are considered when setting pay and making promotion decisions; and

"(iii) policies and practices relating to any incentives and bonuses provided to employees below the named executive level and any policies or practices designed to counter any risks created by such incentives and bonuses.

"(G) Workforce recruiting and needs, including the number of new jobs created, the worker classification of new jobs, and the new hire retention rate.

"(3) TREATMENT OF EMERGING GROWTH COMPANIES.—The Commission may exempt emerging growth companies from any disclosure required under subparagraph (D), (E), (F), or (G) of paragraph (2), if the Commission determines that such an exemption is necessary or appropriate in the public interest or for the protection of investors.".

SEC. 3. BACKSTOP.

(a) DEFINITIONS.—In this section—

(1) the term "Commission" means the Securities and Exchange Commission;

(2) the term "covered issuer" means an issuer that is required to file an annual report under section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)); and

(3) the term "issuer" has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) COMPLIANCE.— If, as of the date that is 2 years after the date of enactment of this Act, the Commission has not issued the rules required under subsection (s)(2) of section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as added by section 2 of this Act, a covered issuer, during the period beginning on that date and ending on the date on which the Commission issues those rules, shall be deemed to be in compliance with subsection (s) of such section 13 if disclosures set forth in the annual report of the covered issuer satisfy the public disclosure standards of the International Organization for Standardization's ISO 30414, or any successor standards for external human capital reporting, as supplemented or adjusted by rules, guidance, or other comments from the Commission.

SEC. 4. SEC STUDY.

(a) DEFINITIONS.—In this section, the terms ''Commission'' and ''issuer'' have the meanings given those terms in section 3(a).

(b) STUDY.—The Commission shall conduct a study about the value to investors of—

(1) information about the human rights commitments of issuers required to file annual reports under section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)), including information about any principles used to evaluate risk, constituency consultation processes, and supplier due diligence;

(2) with respect to issuers required to file annual reports under section 13(a) of the Securities

Exchange Act of 1934 (15 U.S.C. 78m(a)), information about—

(A) violations of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) by those issuers; and

(B) workforce culture and empowerment, including information about—

(i) policies and practices of each such issuer relating to freedom of association and work-life balance initiatives;

(ii) any incidents of verified workplace harassment in the previous 5 fiscal years of each such issuer; and

(iii) the policies and practices of each such issuer relating to employee engagement and psychological wellbeing, including management discussion regarding—

(I) the creation of a culture of lifelong learning;

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

(III) trust in management; and

(IV) a supportive, fair, and constructive workplace;

(3) disaggregating the information required to be disclosed under subsection (s) of section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as added by section 2 of this Act, based on relevant workforce subgroups, including—

(A) full-time employees;

(B) part-time employees;

(C) contingent workers; and

(D) company management; and

(4) surveys regarding employee satisfaction and engagement.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to Congress a report that contains the results of the study required to be conducted under subsection (b).

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