BCI

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VIA EMAIL: **rule-comments@sec.gov**

October 22, 2019

ATTN: Vanessa A. Countryman

Secretary
Securities and Exchange Commission
100F Street, NE
Washington, DC 20549-1090

Dear Vanessa A. Countryman:

RE: MODERNIZATION OF REGULATION S-K (FILE NO. S7-11-19)

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD $150 billion in assets under management, and one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 500,000 people in our Canadian province, including university and college instructors, teachers, health care workers, firefighters, police officers, municipal and other public sector workers. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will deliver strong and stable financial returns.

BCI welcomes the opportunity to provide feedback to the Securities and Exchange Commission (SEC), building on our original submission on the related Concept Release from 2016. We offer some overall introductory thoughts and then address the proposed amendments to Items 101 and 105 in particular.

BCI has a firm commitment to integrate ESG into our investment decision-making processes. To fulfill this commitment, we require credible, comprehensive and comparable company data across relevant peer groups. BCI is of the view that disclosure of ESG-related information is already required in Regulation S-K where the ESG issues are likely to be material to a company's business. However, due to a lack of guidance and standardization, many issuers tend to rely on boilerplate disclosures that are not decision-useful, leaving investors with the task of searching for material information in voluntary disclosures or relying on information from third parties.

Given that the SEC is largely pursuing a principles-based approach for modernizing Regulation S-K, we will take this opportunity to reiterate our support for the Sustainable Accounting Standards Board (SASB) as it provides the consistency and comparability that we require. SASB has gone through a rigorous process over several years, to identify which ESG issues are material to a specific industry and the metrics that may be used for reporting purposes. We believe the SASB standards are appropriate because they are informed by industry, anchored in materiality, designed to meet investor needs and are cost effective for issuers. Encouragement of the SASB standards would decrease the risk of investors getting boilerplate disclosure as a result of this modernization of Regulation S-K effort, which is always a possibility when pursuing a principles-based approach versus a more prescriptive one.

Item 101: General Development of the Business

Revisions to 101(a)
BCI is generally supportive of the proposed amendments to assist in reducing the regulatory burden imposed by repetitive disclosure. We do not object to eliminating the prescribed timeline for this disclosure provided that hyperlinks are provided to the most recent filing so that investors can easily access desired information. BCI is also supportive of the focus on material developments within the reporting period including any change in strategy. We see the strategic orientation of a company as material for investors and changes in approach should be disclosed on a continuing basis. Including the business strategy, we are supportive of the list of topics that are provided and do not view these changes as very significant, meaning they should be easy for issuers to adapt to.

Revisions to 101(c)
It is our view that these disclosure requirements would benefit from a combination of quantitative and qualitative factors. Most of the disclosure topics currently required, such as dependence on raw materials or seasonality of the business, require context for investors and lend themselves to a more principles-based approach. However, the topics of environmental compliance and human capital disclosure, are amenable to more specific line item disclosure.

Regarding disclosure around environmental compliance, the SEC states in its proposal, that these requirements have not been amended since 1976. Managing environmental risk has changed dramatically since 1976 with evolving municipal, state and federal changes to legislation since this time and compliance is only one component of how companies manage environmental risk.

Climate change has become a mainstream business issue and with the development of the Task Force on Climate-Related Financial Disclosures (TCFD), we have a global standard for climate risk disclosure that the SEC could be proactive in considering. By the time government fines are investigated and levied against issuers, the situation for the issuer has usually evolved as it often takes several years for compliance events to be realized. In contrast, investors are seeking more strategic information and guidance on how companies are managing and adapting to emerging climate risks. BCI encourages the SEC to look closely at how TCFD recommendations could be incorporated into this disclosure item, and we would specifically point to the metrics and targets portion of TCFD which are also largely aligned to the SASB standards. Given that about 65% of S&P500 companies already report Scope 1 greenhouse gas emissions (GHG) data according to ESG data provider Refinitiv, it does not seem onerous to impose reporting requirements in this area.

As for human capital disclosure, BCI is encouraged that the SEC has included this as an additional topic of disclosure as we have struggled to get meaningful data on this when incorporating ESG considerations into our investment decision-making. While we agree that a principles-based approach makes sense for determining what is material to each issuer and that SASB is an effective tool that is compatible to this approach, there are certain metrics that we see as applicable to all issuers. BCI would be supportive of quantitative disclosure on things like number of employees; percentage of union representation; employee training and development budgets; and, voluntary turnover rates. Our research shows that only a small percentage of companies are voluntarily providing this information. According to Refinitiv, only 51 companies in the S&P500 disclose voluntary turnover rates for employees and only 21 provide employee training costs. BCI would see these disclosure topics as good indicators of company culture and how companies are investing in one of their most important assets.

BCI sees the inclusion of human capital disclosure in SEC filings as a positive step forward. For the reasons stated above, however, we do prefer a combination of principles-based and prescriptive rules to truly meet the needs of investors who need comparable, consistent and reliable data to support our investment decisions.

Item 105, Risk Factors

BCI would agree with the SEC's conclusion that risk factor disclosure has become too lengthy and boilerplate in nature. We support efforts by the SEC to deprioritize those disclosures that are generic and applicable to any security. For these reasons, we support the proposed amendments that require the use of relevant headings as well as prioritizing the order in which issuers discuss their risk factors. Those posing the greatest risk should be presented first and those that are generic to investing in the market broadly, should be last and clearly identified. This should not be burdensome for issuers as they already carry out such categorization through an enterprise risk management (ERM) process internally.

In terms of the proposed page limit of fifteen that would trigger summary disclosure, BCI sees this as somewhat arbitrary and may not yield the results desired. Every business or industry is different, and an international mining company is going to have a very different risk profile than a domestic financial institution, for example. It seems more important to focus on getting better quality disclosure rather than encouraging issuers to remain within a certain page limit.

Conclusion

As an active and long-term investor in the US markets, BCI would like to reiterate our support for some of the key changes proposed in the Modernization of Regulation S-K such as the addition of human capital disclosure; reducing redundant and duplicative disclosure; and, prioritizing the disclosure of risk factors. However, we did note the absence of any specific requirements around sustainability disclosures outside of human capital. For this reason, BCI is once again encouraging the SEC to consider both SASB as a reporting standard and TCFD as a reporting framework that both have substantial support from the mainstream investment community. Investors that seek to gain insights from ESG data, continue to be plagued by inconsistent, unreliable and not comparable data. Capital markets regulators around the world are playing an increasing role in addressing this challenge.

Please feel free to contact Jennifer Coulson, BCI's Vice President ESG at **jennifer.coulson@bci.ca** as you consider these comments, or if you require further clarification.

Sincerely,

Daniel Garant
Executive Vice President
Public Markets

cc Jennifer Coulson, Vice President ESG