



The Forum for Sustainable and Responsible Investment

March 8, 2016

By E-Mail:

Chair Mary Jo White

Commissioner Michael Piwowar

Commissioner Kara Stein

US Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-1090

Re: Release No. 34-76620; File No. S7-25-15 Disclosure of Payments by Resource Extraction Issuers

Dear Chairman White and Commissioners:

US SIF: The Forum for Sustainable and Responsible Investment welcomes the opportunity to comment on proposed rules for the implementation of Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act [Section 13(q) of the Securities Exchange Act of 1934]. Given competing demands surrounding implementation of the many provisions within the Dodd-Frank Act and congressional funding constraints, US SIF appreciates that the US Securities and Exchange Commission (SEC) and its staff have produced strong and thoughtful rules that protect investors by making public valuable factual information useful in investment analysis. We thank the SEC and its dedicated staff for its leadership throughout the rule development process.

US SIF and its members seek to use investment capital to help build a sustainable and equitable economy. We therefore advance investment practices that consider environmental, social and corporate governance criteria in addition to standard financial indicators to generate long-term competitive financial returns and positive societal impact. Sustainable, responsible and impact investing (SRI) strategies now account for \$6.57 trillion, or nearly 18 percent of the professionally managed assets in the United States. SRI strategies can be applied across asset classes to promote corporate social responsibility, build long-term value for companies and their stakeholders, and foster business that will yield community and environmental benefits. US SIF's approximately 300 members collectively represent more than \$2 trillion in assets under management. They include investment management and advisory firms, mutual fund companies, research firms, financial planners and advisors, community investing institutions, non-profit associations, and pension funds, foundations, and other asset owners. For more information, see www.ussif.org.

We are providing general comments on the proposed rules that are most important to our constituency and are responding to certain comments made on the proposing release. This letter follows up on our prior submissions to the SEC on August 14, 2013, March 2, 2011, and November 12, 2010, as well as a

number of meetings with Commissioners, the Division of Corporation Finance and other staff on this subject. US SIF encourages SEC staff and commissioners to refer to the most recent submission of US SIF member Calvert Investment Management, Inc. dated February 16, 2016 for more details on these and other issues regarding the proposed rules. (We have attached the Calvert comment letter as an addendum for reference.)

We offer the following comments:

- Project-Level Reporting – We support that the proposed rules require that disclosure be made at the project level in a manner equivalent to the approach adopted in the European Union and proposed in Canada. Aligning this reporting standard to equivalent standards in those regions will provide consistency in disclosure across global markets and access to greater financial transparency for investors.
- Disclosure using Form SD – We are very pleased to see that the proposed rules would require a resource extraction issuer to publicly disclose the information annually using Form SD. The disclosure required under Section 1504 is material and is not qualitatively different from the nature and purpose of existing disclosure that has historically been required under Section 13 of the Exchange Act. As such, we believe this disclosure requires the investor assurance provided by Exchange Act Section 18 liability and inclusion among the regular financial statements of relevant issuers.
- Exemptive Relief – We are pleased that the proposed rules would not include any express exemptions. Although we understand that resource extraction issuers could apply for, and the SEC would consider, exemptive relief on a case-by-case basis, we recommend that the SEC clearly state in the rule how and when it would provide exemptive relief at the request of a resource extraction issuer, including public notice and comment. Investors need full disclosure to guide investment decisions.
- Exemptions for certain categories of issuers from the proposed rules, such as smaller reporting companies, emerging growth companies, or foreign private issuers – The proposed rules request comments on whether exemptions for certain categories of issuers from the proposed rules, such as smaller reporting companies, emerging growth companies, or foreign private issuers should be made. US SIF suggests that the SEC not deviate from the plain language of the statute by providing exemptions to smaller reporting companies or foreign private issuers in light of the need for investment information that is as consistent and comparable and the Congressional intent that the disclosure mandated by Section 13(q) be as broad as possible. Issuers in both these categories are exposed to significant political and regulatory risks and their exclusion from the Section 13(q) disclosure requirements would undermine the value of this reform to investors.
- Overwhelming investor support for the rule – Despite the assertion of the American Petroleum Institute in its February 16th letter to the SEC that investor supporters of Section 1504 represent “a small number of special-interest investors”¹, the referenced investors represent trillions of

¹ American Petroleum Institute. Comment to the U.S. Securities and Exchange Commission regard “Rulemaking under Section 13(q) of the Securities Exchange Act of 1934, File No. S7-25-15.” February 16, 2016. Page 37. <http://www.sec.gov/comments/s7-25-15/s72515-32.pdf>.

dollars in assets under management and most certainly should be considered reasonable investors. In fact, the disclosures benefit all investors, including members of US SIF representing \$2 trillion in assets under management. The benefits of Section 13(q) disclosures are set out clearly in the investors' comments and the usefulness of this data in investment analysis is summarized well in the comment submitted to the SEC by the Columbia Center for Sustainable Investment on October 30, 2015². Additionally, the list of supporting investors highlighted in the comment submitted by Calvert Investment Management, Inc. on February 16, 2016, include the California Public Employees' Retirement System (CalPERS), the largest public pension fund in the US; UBS Investment Management, the investment management arm of the world's largest private wealth manager; and ING Investment Management, the investment management arm of the world's largest financial services and insurance conglomerate.

US SIF and its members believe that the disclosure that will be required by Rule 13(q) will yield material information. We express our appreciation for the opportunity to comment and look forward to the announcement of the Commission's final rule.

Sincerely,



Lisa N. Woll
CEO
US SIF and US SIF Foundation

² Jeffrey D. Sachs, Chair, Advisory Board, et al., Columbia Center on Sustainable Investment. "Re: Project level payment disclosure requirements by extractive industry companies as part of Section 1504 of the Dodd Frank Act." Comment Letter Submitted to the SEC. October 30, 2015. <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-93.pdf>.