



The Forum for Sustainable and Responsible Investment

June 17, 2020

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

Re: Comments on SEC Release No. 33–10750; a34-88093— Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information (File No. S7–01-20)

Dear Ms. Countryman:

US SIF: The Forum for Sustainable and Responsible Investment is pleased to submit these comments on the Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information (File No. S7–01-20) proposed rule (the “Release”).

US SIF is the leading voice advancing sustainable and impact investing across all asset classes. Our mission is to rapidly shift investment practices toward sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. Our members, comprised of investment management and advisory firms, mutual fund companies, asset owners, research firms, financial planners, advisors and broker-dealers, represent more than \$3 trillion in assets under management or advisement. US SIF members integrate environmental, social, and governance factors (“ESG”) into their investment decisions and take their responsibilities seriously as shareowners, including voting proxies and engaging with companies.

Investor interest in ensuring that companies have good ESG practices has never been higher. Since 1995, when the US SIF Foundation first measured the size of the US sustainable and responsible investment universe at \$639 billion, these assets have increased more than 18-fold to \$12 trillion in 2018, a compound annual growth rate of 13.6 percent.¹ Investors consider ESG issues both when they make decisions about their portfolios and when they engage in the shareholder process. Disclosure of uniform, comprehensive, and comparable information is essential to the investment process.

The Release proposes minor technical changes to Reg S-K and Management’s Discussion & Analysis of Financial Condition and Results of Operations (“MD&A”). The Release notes that the proposed changes were informed by the Commission’s Disclosure Effectiveness Initiative begun in 2013 and the subsequent Regulation S-K (“Reg S-K”) Concept Release issued in 2016.² Our comment addresses what is missing from the Release.

Investors desire a comprehensive framework to help ensure that companies report more consistent, complete and comparable information relevant to their long-term risks and performance. We believe that the Release missed this opportunity to provide investors with a meaningful disclosure framework.

¹ Report on US Sustainable, Responsible and Impact Investing Trends 2018: <http://www.ussif.org/trends>.

² P. 7, SEC Release No. 33–10750; a34-88093— Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information (File No. S7–01-20)

Unfortunately, the Release also ignores the large volume of comments offered by investors in the Concept Release file that urged the Commission to establish comprehensive disclosure of environmental, social and governance (“ESG”) issues in 2016. Of the 278 non-form letter responses, two-thirds of the public comments addressed sustainability issues and most of these supported sustainability-related disclosures in SEC filings.³

Investors are demanding and often utilizing multiple data sources to assess the environmental, social and governance priorities and risk management strategies of publicly traded companies. Additionally, some public companies are voluntarily producing “sustainability reports” designed to explain how they are addressing ESG risks and opportunities and creating long-term value for shareholders. However, there are substantial problems with the nature, timing, comparability and extent of these voluntary disclosures. Also, voluntary reporting leads to significant data gaps, especially among medium- and small-sized companies.

ESG information is material to investors and the SEC has clear statutory authority to require public companies to disclose this information. We believe public companies should be required to report on a comprehensive, uniform set of ESG indicators. Despite missing the opportunity to create such a framework in the Release, we encourage the SEC to consider a rulemaking on comprehensive, consistent and comparable disclosure on ESG criteria.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Lisa N. Woll". The signature is written in a cursive, flowing style.

Lisa Woll
CEO

³ *Business and Financial Disclosure Required by Regulation S-K – the SEC’s Concept Release and Its Implications*, Sustainability Accounting Standards Board, (September 2016), <https://www.sasb.org/wp-content/uploads/2016/09/Reg-SK-Comment-Bulletin-091416.pdf>