July 21, 2016

Brent J. Fields
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Via email to rule-comments@sec.gov

Re: Concept Release on Business and Financial Disclosures Required by Regulation S-K
File Number S7-06-16
Release Number 33-10064; 34-775599

Dear Mr. Fields:

We are writing on behalf of Rockefeller & Co., Inc.'s ("Rockefeller & Co.") Sustainability and Impact Investing Group to comment on the "Business and Financial Disclosures Required by Regulation S-K" ("Concept Release"): Concept Release No. 33-10064; 34-775599; File No. S7-06-16. Rockefeller Asset Management is a member of US SIF: The Forum for Sustainable and Responsible Investment, ICGN, IIRC and signatory to the UN-backed Principles for Responsible Investment, and CDP.

In providing these responses to the specific Requests for Comment in the Concept Release, Rockefeller & Co. seeks to be a helpful resource on sustainable, responsible and impact investing and sustainability disclosure.

SECTION F: DISCLOSURE OF INFORMATION RELATING TO PUBLIC POLICY AND SUSTAINABILITY MATTERS

The following represents our response to the requests for comments on the disclosure of information relating to sustainability.

General comments:

As an asset manager, we are long-term, global fundamental investors. We have a number of clients with investment portfolios that have requested we include environmental, social and governance issues into our analysis of investments for their portfolios. We have integrated such criteria into our investment selection process for well over 20 years. Therefore, we consider the quality of corporate disclosure an important factor in our decision making process. We strive to have a deep understanding of the companies in which we invest, and we find that such an understanding no longer depends on just their past financial performance, but also on their management of such intangible issues such as human capital, customer relationships, and environmental responsibilities, interactions with the larger community, human rights and governance practices. These are or can become sources of potential risks and opportunities. We use a variety of strategies to manage and reduce sustainability risk in our portfolios. These include: consulting registrant's SEC filings, conducting media searches, engaging with companies on issues such as environmental practices, safety and integrity of products and services, human capital management including health, safety and diversity, as well as filing shareholder resolutions and voting proxies. However, we have found that disclosure of sustainability information by issuers in the U.S. has usually been incomplete, often inconsistent and rarely comparable. As a result, the process of conducting a thorough and robust analysis is often difficult, time-consuming and expensive, and we believe thwarts the Commission's mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation. This mission, as we have learned, (especially during the Financial Crisis of 2008) depends on robust disclosure, to quote Mary Jo White the Commission's Chair, "transparency is indeed the premise upon which the U.S. capital markets have been built and it is their source of strength. Investors and potential investors must be given the information they need to make informed investment and voting decisions."[1] And to further quote Ms. White: "It is also our responsibility at the SEC, using the materiality lens to ensure that our disclosure regime evolves to continue to provide the total mix of information necessary for a "reasonable investor" whose priorities and investing behavior also continue to evolve." We would like to emphasize two concepts in Ms. White's comments, the concept of the needed "total mix of information" which is the basis for the Supreme Court's definition of materiality and the concept of the "evolving priorities of the reasonable investor." We believe that these two concepts taken together encompass the case that needs to be made for disclosure of sustainability information today by companies. Sustainability information is important to investors because it helps to provide that mix of information needed for investment and voting decisions that meet the evolving needs of investors in a world that is changing.

216. Are there specific sustainability or public policy issues that are important to informed voting and investment decisions? If so, what are they? If we were to adopt specific disclosure requirements involving sustainability or public policy issues, how could our rules elicit meaningful disclosure on such issues? How could we create a disclosure framework that would be flexible enough to address such issues as they evolve over time? Alternatively, what additional Commission or staff guidance, if any, would be necessary to elicit meaningful disclosure on such issues?

We will respond to this request by listing specific information which we have found useful in assessing the risks and opportunities presented by particular potential investments. We will start by reiterating the Supreme Court's definition of materiality; something is material where there is "a substantial likelihood that the…fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."[2] We believe that there is now ample evidence to support the contention that information relating to performance on sustainability issues has materiality.

Our position is supported by a number of recent studies[3]: Information on human capital, on climate change policies and practices and on human rights policies and practices would help assess a company's potential risks and opportunities in areas not usually covered in financial reporting, but which we believe are increasing in importance to the long-term financial health of companies.

The level of human capital disclosure currently found in SEC filings is fairly minimal and was probably considered adequate when labor and workers were not seen as adding value or risk to an enterprise. However, now that there is acknowledgement that human capital and other intangible assets play a

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[1] https://www.sec.gov/news/speech/chair-white-icgn-speech.html
[2] *TSC Industries, Inc. v. Northway*, Inc., 426 U.S. 438 (1976).
[3] See US SIF Foundation, Unlocking ESG Integration (2015).
Gunnar Friede, Timo Busch & Alexander Bassen, "ESG and financial performance: aggregated evidence from more than 2000 empirical studies, " Journal of Sustainable Finance & Investment (2015), 5:4, 210, DOI: http://tandfonline.com/doi/pdf/10.1080/20430795.2015.1118917

large role in value creation, and labor disputes and disruptions can cause not only reputational risks but costly legal repercussions. A study in the Academy of Management Journal found that high performance work practices were associated with significantly better financial performance[4].

The risks and opportunities potentially associated with Climate Change practices have risen in the past few years and have been emphasized by the discussions that took place among the leadership of companies, civil society and government in the run up to the talks in Paris in 2015, as well as the demonstration of support to the 2015 Paris Agreement.

We would also like to reiterate the importance of the quality of management, a comment which was made to the Commission by a number of parties and to remind the Commission of the reference made in the concept paper to the 1975 Sommer report, that had noted that a minority of the advisory committee on corporate disclosure believed that disclosure of social and environmental information was material to an investment decision regardless of its economic impact on the financial performance of the company. The minority argued that this kind of information would reflect on the quality and character of management, which "clearly plays an important role in both investment and corporate suffrage decision-making." Although 1975 is four decades ago and the investment landscape as well as other factors that can affect business have changed, it is our view that now, like then, the quality of management is a bedrock of good investing and requiring the disclosure of information that will facilitate making such a judgement falls into the mission of the Commission. Just like the Sommer report did in 1975, we urge the Commission to require increased disclosure in the social and environmental area.

218. Some registrants already provide information about ESG matters in sustainability or corporate social responsibility reports or on their websites. Corporate sustainability reports may also be available in databases aggregating such reports. Why do some registrants choose to provide sustainability information outside of their Commission filings? Is the information provided on company websites sufficient to address investor needs? What are the advantages and disadvantages of registrants providing such disclosure on their websites? How important to investors is integrated reporting, as opposed to separate financial and sustainability reporting? If we permitted registrants to use information on their websites to satisfy any ESG disclosure requirement, how would this affect the comparability and consistency of the disclosure?

We are very supportive of sustainability and corporate social responsibility reports. We use them and encourage their preparation and publication. However, because they are published outside of Commission filings, they are seen as voluntary and the information they contain is usually neither complete nor consistent over issues, over time and not comparable. The information also rarely relates to the company's business model or financial strategy which creates a disconnect and dissonance and reduces the ability of investors to get a complete picture of the registrant's business, risks, and opportunities. Publishing an "integrated report" would require companies to address all of the issues associated with the resources it needs for its business, its output and outcome and the impact on society at large. Thus seeking to provide an investor with a clearer picture of a company's prospects and risks that might affect its business in the future, a factor we consider important in investment decision making. So we would encourage the Commission to support an "Integrated Reporting" approach. Furthermore when information is published only in a separate section of a website, we find that the

[4] Mark A. Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity and Corporate Financial Performance," Academy of Management Journal 38:3, 635-672 (1995).

shortcomings we listed above multiply and are exacerbated by the ability of the information to shift "place" from time to time and become difficult to locate. We would suggest that such information be published in a consistent location on websites as long as they are an integral part of a Commission filing.

219. In an effort to coordinate ESG disclosures, several organizations have published or are working on sustainability reporting frameworks. Currently, some registrants use these frameworks and provide voluntary ESG disclosures. If we propose line-item disclosure requirements on sustainability or public policy issues, which, if any, of these frameworks should we consider in developing any additional disclosure requirements?

We believe that there are a number of voluntary sustainability frameworks which have been published, or are in the process of being developed, that are well thought out and present robust processes, the Commission should review and consult as it develops mandatory requirements. These frameworks provide a combination of Principle-based and indicator specific frameworks which we believe would be the best approach for the Commission to adopt. Principle-based frameworks allows for the flexibility of a changing landscape with the rigor of the need to adhere to a principle. In indicator specific frameworks we find that sometimes the number of indicators can proliferate and overwhelm both the reporting company and investors, however they provide important illustrations that help investors and seek to provide a principle based framework.

Below is a list of those frameworks which we have used most often in no particular order:

CDP (formerly Carbon Disclosure Project)
The International Integrated Reporting Council
Sustainability Accounting Standards Board (SASB)
Global Reporting Initiative (GRI)
The UN Guiding Principles on Business and Human Rights
The Financial Stability Board (FSB), which is working on Climate Change Financial disclosure. We recommend the Commission review its phase one report as well as its discussion of disclosure which highlights many of the issues faced by organizations seeking to develop reporting standards and frameworks.

220. Are there sustainability or public policy issues for which line-item disclosure requirements would be consistent with the Commission's rulemaking authority and our mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation, as described in Section III.A.1 of this release? If so, how could we address the evolving nature of such issues and keep our disclosure requirements current?

Environmental and climate change issues, such as water, energy, emissions, toxins, packaging, greenhouse gas emissions, energy use, etc.; Social issues, such as labor relations, employee health and safety, diversity, human rights, global supply chain and subcontracting, product safety, community relations, impact on indigenous peoples, etc.; and Governance issues such as shareholder rights, shareholder and stakeholder engagement, executive compensation, sustainability policies and oversight, bribery and corruption prevention, board diversity, corporate political lobbying and spending disclosure and tax strategy, etc.

221. What, if any, challenges would registrants face in preparing and providing this information? What would be the additional costs of complying with sustainability or public policy line-item disclosure requirements, including the administrative and compliance costs of preparing and disseminating disclosures, beyond the costs associated with current levels of disclosure?

We as investors are not in a position to respond to this question, although we expect that you will receive numerous responses from registrants. However we would like to comment that for many of the issues we mentioned and for which we request information, we expect that well managed companies are already in the process of collecting that information. In that case, there would likely be additional costs associated with reporting and legal requirements of a Commission filing, but the cost of collecting the information would likely have been absorbed by the practices of good management.

222. If we propose line-item disclosure requirements that require disclosure about sustainability or public policy issues, should we scale the disclosure requirements for SRCs or some other category of registrant? Similarly, should we exempt SRCs or some other category of issuer from any such requirements?

In our experience, the need for sustainability information from SRCs is as great if not greater than from larger companies. SRCs are likely to have more human capital, supply chain (therefore human rights) and product and marketing risks than larger corporations that have more experience and more resources to apply to managing these issues. For SRCs, the lack of disclosure requirements could lead to a less robust focus on these issues and therefore create more risks for investors. We therefore would encourage the Commission to require reporting from SRCs in order to protect investors. We believe that the cost of collecting and reporting that information would be offset by better management and more risk mitigation.

223. In 2010, the Commission published an interpretive release to assist registrants in applying existing disclosure requirements to climate change matters. As part of the Disclosure Effectiveness Initiative, we received a number of comment letters suggesting that current climate change-related disclosures are insufficient. Are existing disclosure requirements adequate to elicit the information that would permit investors to evaluate material climate change risk? Why or why not? If not, what additional disclosure requirements or guidance would be appropriate to elicit that information?

We support the Commission's 2010 guidance on climate change disclosure, while we believe is strong. We agree with the commentators that it may not be adequately monitored and enforced as many companies do not follow the guidance (according to some recent articles, about half of the 3,000 largest companies traded in the U.S. did not report on climate change risks and opportunities in their annual filings), and those who do report, generally do not follow the guidance and do not receive comments from the Commission. We would encourage the Commission to exercise stronger monitoring and enforcement of this guidance.

Thank you for taking our views into consideration and for the opportunity to comment. We support the Commission in its continued efforts "to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." If you have any questions regarding the contents of this letter, please contact Farha-Joyce Haboucha at jhaboucha@rockco.com.

Sincerely,

Farha-Joyce Haboucha,

Managing Director and Director of Sustainability & Impact Investing Group

Rockefeller & Co., Inc.

10 Rockefeller Plaza, 3rd floor

New York, NY 10020

Phone: [redacted]

Email: [redacted]