PUBLIC CITIZEN

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October 25, 2018

Mr. Jay Clayton, Chairman
Mr. William Hinman, Director, Division of Corporation Finance
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Via electronic mail (rule-comments@sec.gov)

Re: File Number 4-730, Request for rulemaking on environmental, social, and governance (ESG) disclosure

Dear Mr. Clayton and Mr. Hinman,

Public Citizen encourage the U.S. Securities and Exchange Commission (SEC) to develop a comprehensive framework requiring issuers to disclose identified environmental, social, and governance (ESG) aspects of each public-reporting company's operations.

For years, investors have been calling upon the SEC to require companies to disclose various types of ESG risks from climate, to human capital management, to political spending, to tax, to human rights, to gender pay ratios. Moreover, in response to increasing demands from investors for this information as connected to long- term performance and risk management, many companies have been attempting to provide this information voluntarily. However, the lack of parameters for the nature, timing, and extent of these voluntary disclosures makes it impossible for investors to compare companies and make smart investment decisions. The only way to fill this void is for the SEC to issue comprehensive, standard guidance for public companies' disclosure of ESG risk, creating a uniform requirement.

The SEC has clear statutory authority to require this type of disclosure, and doing so will promote market efficiency, protect the competitive position of American public companies and the U.S. capital markets, and enhance capital formation.

While we applaud the companies that do choose to volunteer ESG information, they often do so in a manner that is episodic, incomplete, incomparable, and inconsistent. By issuing standard disclosure rules, the SEC will reduce the current burden on public companies, allowing them to plan for providing information that is relevant, reliable, and decision-useful. This will provide a level playing field for the many American companies engaging in voluntary ESG disclosure.

ESG information is material to a broad range of investors. Today, investors with $68.4 trillion of capital are committed to incorporating ESG factors in their investing and voting decisions as part of the U.N. Principles for Responsible Investment. Moreover, global assets under management utilizing sustainability screens, ESG factors, and comparable SRI corporate engagement strategies were valued at $22.89 trillion at the start of 2016, which comprised 26% of all professionally managed assets globally. Additionally, it's important to note the scope and depth of the investors who filed the petition we are commenting to today. We strongly support the position of the academic experts and investors representing more than $5 trillion in assets under management who are calling for this standard disclosure.

While Public Citizen takes the stance that investors have a right to a broad range of ESG disclosure, one issue that we have focused on specifically for almost a decade is corporate political activity.

A company's political activity- both its election spending and lobbying- is relevant to its shareholders because it can present significant reputational risk if not disclosed and managed properly. Many customers and the purchasing public are paying close attention to whether a company's political activity lines up with its corporate values. If there is a disconnect companies can face bad press, boycotts, or targeted social media campaigns.

For example, AT&T came under public scrutiny after it was revealed that the company paid attorney Michael Cohen--who has since plead guilty to multiple counts of fraud--$600,000 to consult on policy matters without disclosing that information to shareholders. This was following five years of calls from AT&T's shareholders to disclose the full extent of its lobbying activity and oversight policies, including payments for direct and indirect lobbying. Clearly shareholders were right to make this demand. It is important for companies to be transparent in order to prove corporate integrity and reputational soundness.

Shareholder proposals calling on companies to be honest about their political activity are one of the most frequently filed proposals every year, with 80 filed at the start of the 2018 proxy season. Further, more and more companies are adopting accountability and transparency policies because they see this demand. Currently, more than half of the S&P 100 companies are disclosing some or all of their election- related contributions with corporate money.

In 2011, a group of securities law experts filed a petition with the SEC (File Number 4-637) calling for a rulemaking on corporate political spending disclosure. Since being filed the petition has received more than the 1.2 million comments from significant experts and stakeholders such as John C. Bogle, founder and former CEO of the Vanguard Group; five state treasurers; a bipartisan group of former SEC Commissioners and Chairs; members of Congress; and 79 charitable foundations.

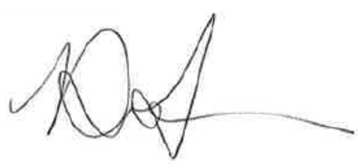
In addition to the comments that have poured in to the political spending disclosure petition, the SEC received over 26,500 comments in response to its 2016 Concept Release on Business and

Financial Disclosure Required by Regulation S-K, the overwhelming majority of which expressed a demand for more and better disclosure in general. Additional petitions and stakeholder engagement seeking different kinds of ESG information suggest, in aggregate, that it is time for the SEC to regulate in this area.

Public Citizen disagrees with the notion that investors experience “information overload” in the current disclosure regime. While it is incredibly important that corporate disclosures are clear, concise, and decision-useful for investors, they have the right to the material information they demand. To cite Commissioner Peirce in her speech at the University of Michigan Law School on September 24th, 2018, “the Commission serves the public interest not by making decisions for people, but by enabling them to make decisions for themselves.” Having access to a broad range of information about a company is a key way for investors to make smart decisions. Furthermore, if a company already has strong oversight of its political activity, for example, why wouldn’t it share that information with its shareholders?

Public Citizen encourages the Commission to promptly initiate a rulemaking to develop mandatory rules for public companies to disclose high-quality, comparable, decision-useful environmental, social, and governance information.

Sincerely,



Rachel Curley
Democracy Associate
Public Citizen’s Congress Watch Division