Mr. Brent J. Fields

Secretary

Securities and Exchange Commission

100 F Street, Northeast

Washington, DC 20549-0609

March 8, 2019

Petition for a rulemaking on environmental, social, and governance disclosure (file no. 4-730)

Dear Mr. Fields,

Dundas Partners LLP (operating as Dundas Global Investors) writes to encourage the U.S. Securities and Exchange Commission (SEC) to develop a comprehensive framework for requiring issuers to disclose identified environmental, social, and governance (ESG) aspects of each public reporting company's operations.

As a signatory to the United Nations (UN) backed Principles for Responsible Investment (PRI), an initiative with over 2000 signatories representing approximately 80 trillion dollars in assets under management, we are committed to the PRI's six investment principles. Principle 1: *We will incorporate ESG issues into investment analysis and decision-making processes* and Principle 3: *We will seek appropriate disclosure on ESG issues by the entities in which we invest* are pertinent to the petition and this discussion.

We manage global equity portfolios for investors in the UK, the USA, Australia, and New Zealand, investing in sustainable dividend growth stocks. ESG analysis is integrated into our investment process i.e. ESG criteria are included in financial valuations, company engagement, investment decisions, and portfolio monitoring. All research is conducted in-house using publicly available data. Relevant, reliable, and material information is essential.

Importantly, to evaluate the change in a company's ESG conduct over time, information needs to be disclosed consistently. The financial implications of ESG issues come to light in the long term and, for those with a long term investment horizon, preempting these issues is vital to avoid investment in unsustainable businesses. This approach mitigates risk and losses, securing returns to clients, while benefitting the wider society.

ESG initiatives have had far-reaching influences on the investment industry. Just some of the examples from the past few years:

- Pension trustees in the UK are now required to disclose their stance on ESG in their Statement of Investment Principles;
- Investment managers are assessing companies' alignment with the UN Sustainable Development Goals and targets set out in the Paris Climate accord;
- Last year's proxy voting season saw 320 shareholder resolutions proposed, 20% of which focused on climate change;
- Of the world's largest 250 public companies, 93% issue sustainability reports and 82% of these us the Global Reporting Initiative's Sustainability Reporting Guidelines. In addition, the

Sustainability Accounting Standards Board published the first set of industry-specific standards for sustainability reporting in November.

- More than 500 companies and organizations support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Financial regulators including those of Australia, Belgium, France, Hong Kong, Japan, the Netherlands, Singapore, South Africa, Sweden, and the UK have also shown support for the TCFD.
- Over 7,000 companies, 620 cities, and 120 states and regions disclosed to the CDP (formerly the Carbon Disclosure Project) in 2018 – with disclosures from roughly 700 US companies;
- The European Union Directive on disclosure of non-financial information relating to issues surrounding ESG, human rights, anti-corruption, bribery, and diversity was enforced in 2014 and saw some 6,000 firms publish sustainability reports and disclosures in 2018.

Above all there is an expectation of fiduciaries to invest capital responsibly. This expectation has built pressure on companies to disclose ESG information. Many are already disclosing voluntarily in the form of sustainability reports and other media but, despite existing frameworks to assist reporting, a lack of consistency in the data remains. Consequently, it is up to regulatory bodies to standardize this process, ensuring reliable and comparable information is reported.

The reporting landscape is evolving and US standards lag that of other developed countries. Dundas Partners LLP encourages the SEC to promptly initiate rulemaking to develop mandatory rules for public companies to disclose high-quality, comparable, decision-useful ESG information.

Thank you for considering this comment.

Yours sincerely,

Linsey Mortimer

Operations Associate

Dundas Partners LLP