



Via E-Mail

September 29, 2022

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

*Re: Draft 2022-2026 Strategic Plan*

Dear Ms. Countryman:

I am writing in response to the Securities and Exchange Commission's (SEC or Commission) request for comment on its draft 2022-2026 Strategic Plan (Strategic Plan).<sup>1</sup> We thank you for the opportunity to comment on the Strategic Plan.

CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$4 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants – true “Main Street” investors through their pension funds. Our associate members include non-U.S. asset owners with about \$4 trillion in assets, and a range of asset managers with more than \$40 trillion in assets under management.<sup>2</sup>

We strongly endorse the Strategic Plan's mission, vision, values and goals.<sup>3</sup> We offer the following specific comments on initiative 1.3.<sup>4</sup>

**1.3 Modernize design, delivery, and content of disclosure so investors, including in particular retail investors, can access readable, useful, and timely information to make informed investment decisions.<sup>5</sup>**

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<sup>1</sup> Draft 2022-2026 Strategic Plan for Securities and Exchange Commission, Exchange Act Release No. 95,588, 83 Fed. Reg. 53,040 (Aug. 30, 2022), <https://www.federalregister.gov/documents/2022/08/30/2022-18582/draft-2022-2026-strategic-plan-for-securities-and-exchange-commission>; U.S. Securities and Exchange Commission, Strategic Plan, Fiscal Years 2022-2026 [hereinafter Strategic Plan], [https://www.sec.gov/files/sec\\_strategic\\_plan\\_fy22-fy26\\_draft.pdf](https://www.sec.gov/files/sec_strategic_plan_fy22-fy26_draft.pdf).

<sup>2</sup> For more information about the Council of Institutional Investors (CII), including its board and members, please visit CII's website at <http://www.cii.org>.

<sup>3</sup> Strategic Plan at 5-6.

<sup>4</sup> *Id.* at 9.

<sup>5</sup> *Id.* (emphasis added).

We support the Strategic Plan’s initiative to modernize design, delivery, and content of disclosure so investors can access readable, useful, and timely information to make informed investment decisions.<sup>6</sup> We believe that investors and other stakeholders benefit when SEC disclosure requirements ensure that important information is promptly and transparently provided to the marketplace.<sup>7</sup>

### Sustainability disclosures

We agree with the Commission that the “SEC must update its disclosure framework to reflect investor demand.”<sup>8</sup> As indicated in our September 2020 membership-approved **Statement on Corporate Disclosure of Sustainability Performance**: “Investors increasingly seek decision-useful, comparable and reliable information about sustainability performance in corporate disclosures in order to better understand how nonfinancial metrics can impact business and profitability [and] . . . standardized metrics established by independent, private sector standard setters along *with reporting mandated by applicable securities regulations* [can] . . . better ensure investors have the information they need to make informed investment and proxy voting decisions.”<sup>9</sup>

We believe that in updating its disclosure framework in response to investor demand for sustainability disclosures the Commission should work with other regulators and standard setters, including the International Sustainability Standards Board, to limit, to the extent possible, disclosure fragmentation in the global markets.<sup>10</sup>

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<sup>6</sup> Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors to Nicole Puccio, Branch Chief, Securities and Exchange Commission 2 (July 19, 2018), [July 19 2018 SEC Strategic Plan final \(003\).pdf \(cii.org\)](https://www.cii.org/files/2018/07/19/20180719_CII_Sec_Strategic_Plan_Final_003.pdf) (“We support the Strategic Plan initiative to modernize design, delivery, and content of disclosure so investors can access readable, useful, and timely information to make informed investment decisions.”).

<sup>7</sup> See, e.g., Letter from Kenneth A. Bertsch, Executive Director, Council of Institutional Investors, to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission 1 (July 8, 2016) [hereafter Concept Release Letter], <https://www.sec.gov/comments/s7-06-16/s70616-49.pdf> (“CII believes that investors and other stakeholders benefit when regulations “ensure that important information is promptly and transparently provided to the marketplace.”).

<sup>8</sup> Strategic Plan at 9.

<sup>9</sup> Council of Institutional Investors, Policies on Other Issues, **Statement on Corporate Disclosure of Sustainability Performance** (adopted Sept. 22, 2020), [https://www.cii.org/policies\\_other\\_issues#sustainability\\_disclosure](https://www.cii.org/policies_other_issues#sustainability_disclosure); see Jeff Mahoney, General Counsel, Council of Institutional Investors to Vanessa A. Countryman, Secretary, Securities and Exchange Commission 6-7 (May 19, 2022), [https://www.cii.org/Files/Correspondence/May%2019%202022%20CII%20Comment%20Letter%20on%20Climate%20Disclosure%20for%20SEC%20\(final\).pdf](https://www.cii.org/Files/Correspondence/May%2019%202022%20CII%20Comment%20Letter%20on%20Climate%20Disclosure%20for%20SEC%20(final).pdf) (“We agree with SEC Chair Gary Gensler that “the SEC has a role to play in terms of bringing some standardization to the conversation happening between issuers and investors . . . .” [a]nd the Proposed Rule “would build on that long tradition . . . [by] providing] investors with consistent, comparable, and decision-useful information” for their investment and proxy voting decisions.”); Letter from Tracy Stewart, Director of Research, Council of Institutional Investors to Vanessa A. Countryman, Secretary, Securities and Exchange Commission 4 (May 9, 2022), [https://www.cii.org/files/05\\_09\\_22\\_SEC\\_cyber\\_letter.pdf](https://www.cii.org/files/05_09_22_SEC_cyber_letter.pdf) (CII generally supporting a “Proposal [that] has goals of protecting investors and incenting a more robust framework of cybersecurity defense within our capital markets.”); Jeff Mahoney, General Counsel, Council of Institutional Investors to the Honorable Gary Gensler, Chair, U.S. Securities and Exchange Commission 6, 17 (June 11, 2021), <https://www.sec.gov/comments/climate-disclosure/cii12-9036137-246175.pdf> (generally supporting U.S. Securities and Exchange Commission involvement in updating its disclosure framework to include, among other disclosures, climate change risk and “Key workforce metrics”).

<sup>10</sup> Jeff Mahoney, General Counsel, Council of Institutional Investors to the Honorable Gary Gensler, Chair, U.S. Securities and Exchange Commission 14-15 (June 11, 2021), <https://www.sec.gov/comments/climate->

We also believe that in updating its disclosure framework the Commission should ensure that its rulemakings include an evaluation of the following factors set forth in our March 2020 membership-approved **Statement on Company Disclosure**:

- Materiality to investment and voting decisions
- Depth, consistency and reliability of empirical evidence supporting the connection between the disclosure and long-term shareowner value
- Anticipated benefits to investors, net of the cost of collection and reporting
- Prospect of substantially improving transparency, comparability, reliability and accuracy<sup>11</sup>

#### Machine-readable format

We also agree with the Commission that the 1.3 initiative should encompass “mak[ing] public disclosures easier to access and analyze and thus more decision-useful to investors.”<sup>12</sup> In support of this aspect of the initiative, we reiterate the views expressed in our response to the 2018-2022 Strategic Plan:

[W]e view the Commission’s . . . requiring use of the Inline eXtensible Business Reporting Language (XBRL) format as an important development. Inline XBRL “allows filers to embed XBRL data directly into the document filed on EDGAR.” This improvement in the functionality of EDGAR makes disclosure documents more valuable and cost-effective for a broad range of users, including market analysts and data vendors that conduct research on smaller companies.<sup>13</sup>

We also reiterate the related views expressed in our September 2022 joint letter with the CFA Institute respectfully requesting the Commission to consider “mak[ing] SEC correspondence to,

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[disclosure/cii12-9036137-246175.pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2022/July%2028%202022%20ISSB%20S1%20and%20S2%20CII%20Letter%20(final).pdf) (“We also encourage the SEC to continue to work cooperatively with international regulators, policymakers, and investors to try to establish a minimum international set of sustainability standards as a baseline that individual jurisdictions, including the United States, could consider and potentially build on.”); *see also* Letter from Jeff Mahoney, General Counsel, Council of Institutional Investors to Mr. Emmanuel Faber, Chair, International Sustainability Standards Board (July 28, 2022), [https://www.cii.org/files/issues\\_and\\_advocacy/correspondence/2022/July%2028%202022%20ISSB%20S1%20and%20S2%20CII%20Letter%20\(final\).pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2022/July%2028%202022%20ISSB%20S1%20and%20S2%20CII%20Letter%20(final).pdf) (“we have generally supported, subject to certain governance improvements, the establishment of the ISSB and its mission to develop a comprehensive baseline for corporate sustainability disclosures [but] . . . we acknowledge there are a number of political, legal, and practical reasons why ISSB standards may never become a comprehensive baseline for the U.S. capital markets.”).

<sup>11</sup> Council of Institutional Investors, Policies on Other Issues, **Statement on Company Disclosure** (adopted Mar. 10, 2020), [https://www.cii.org/policies\\_other\\_issues#Company\\_disclosure](https://www.cii.org/policies_other_issues#Company_disclosure); *see, e.g.*, Jeff Mahoney, General Counsel, Council of Institutional Investors to Vanessa A. Countryman, Secretary, Securities and Exchange Commission at 8-9, 12-13, 16, 18-20, 23-27, 29-30, 32, 34, 36 (discussing application of various factors included in the **Statement on Company Disclosure** to the U.S. Securities and Exchange Commission proposed disclosure of climate related disclosures).

<sup>12</sup> Strategic Plan at 9.

<sup>13</sup> Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors to Nicole Puccio, Branch Chief, Securities and Exchange Commission at 2-3 (footnotes omitted).

and from, public companies available in a structured, machine-readable format.”<sup>14</sup> In support of that request we explained:

While the SEC publishes this correspondence on its website (i.e., in PDF format), it is difficult to locate, and even more challenging to search and consume. Additionally, while a few data providers extract and resell this information, the labor involved in producing it results in pricing that can be prohibitively expensive for investors and other stakeholders.

....

*We urge the Commission to consider providing this data in structured (XBRL) format as it does with financial statement data produced by public companies. We believe that tagging comments related to financial statements and linking them to the US GAAP Taxonomy could be particularly helpful in connecting these two datasets (financial statements and the Commission’s commentary on them). It could also be highly valuable to the investment community and other stakeholders in understanding emerging topics. Comments related to information contained outside of financial statements could also be block tagged or tagged by key topics within the filing (e.g., MD&A, critical estimates, business, legal proceedings, liquidity, etc.) and could be equally – if not more – useful to investors as it represents management’s views on key issues.*<sup>15</sup>

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Thank you for consideration of our views. If we can answer any questions or provide additional information regarding this letter, please do not hesitate to contact me at [REDACTED] or [REDACTED].

Sincerely,



Jeffrey P. Mahoney  
General Counsel

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<sup>14</sup> Letter from Sandra J. Peters, Global Financial Reporting Policy, CFA Institute et al. to Renee Jones, Director, Division of Corporation Finance, U.S. Securities and Exchange Commission 1 (Sept. 1, 2022), [https://www.cii.org/files/issues\\_and\\_advocacy/correspondence/2022/CFA%20and%20CII%20Letter%20to%20SEC%20on%20XBRL%20Comment%20Letters\\_Final.pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2022/CFA%20and%20CII%20Letter%20to%20SEC%20on%20XBRL%20Comment%20Letters_Final.pdf) (emphasis omitted).

<sup>15</sup> *Id.* at 2 (emphasis added).