July 20, 2016

The Honorable Mary Jo White, Chair
Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

Re:  Release No. 33-10064, Business and Financial Disclosure Required by Regulation S-K (Apr. 13, 2016); File Number S7-06-16

Dear Chairperson White:

I write on behalf of the John D. and Catherine T. MacArthur Foundation (MacArthur Foundation), a private foundation with an investment portfolio of approximately $6 billion, in response to the SEC’s invitation to comment on the referenced Release.

The MacArthur Foundation is a long-term investor that was incorporated as a not for profit corporation to exist in perpetuity. We seek an investment return sufficient to fund our operations and grantmaking consistent with budgets approved by our board of directors. We maintain a broadly diversified portfolio across a range of asset classes. We typically invest in public securities through pooled funds with many other investors and, therefore, rarely own public securities directly. As an institutional investor, however, we support improvements to Regulation S-K that would lead to more uniform, substantive reporting by publically-traded companies on material social and environmental business issues. From the perspective of a long-term investor, we believe the benefits of measuring and reporting on specific material social and environmental risks outweigh the attendant costs that might be imposed on a registrant. A standardized, easily understood structure would encourage more uniform reporting that will provide investors with important information. This is preferable to leaving it up to companies to include differing quality and types of information on websites or as they choose in regulatory disclosures.

In Section F.2, the SEC asks for information on whether "these disclosures are important to investors voting and investment decisions."

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Although the MacArthur Foundation rarely holds securities directly, we communicate to each of our managers in advance of any investment our perspective on the consideration of environmental, social and governance ("ESG") issues in the investment decisions of the fund. As part of our due diligence, we also examine the policy approach our managers take with respect to ESG and discuss with managers our perspective. We have found that managers are increasingly adopting policies and/or practices with respect to ESG either because of their own interest or increased interest on behalf of investors. We anticipate that expectations for asset managers to analyze and act on such information will grow in the future and, consequently, more information and disclosures related to material matters as being considered by the SEC will be increasingly important.

Enhanced disclosure will also benefit proxy voting decisions. The MacArthur Foundation does not own public securities directly nor retain managers who vote proxies solely on the Foundation’s behalf. The Foundation has, however, adopted a proxy policy wherein the Foundation will identify its position on specific subjects relevant to our programmatic interests that will likely be the subject of proxies and communicate those positions to managers of pooled funds in which the Foundation invests. In this way, the MacArthur Foundation hopes to provide helpful information on important ESG issues to managers voting proxies. The MacArthur Foundation believes that managers having additional information from SEC procedures can only be helpful to these important decisions.

We recognize that social and environmental risks can vary significantly from sector to sector. The MacArthur Foundation supports reporting standards that focus on the primary, material risks for each sector and supports standardized measures. One such standard gaining increasing acceptance is the approach of the Sustainability Accounting Standards Board (SASB). We believe this is an approach that the SEC should seriously consider as a standard.

Standardization and sector-based reporting will also distribute costs more fairly. We believe it is more effective if all companies provide material information in a manner that is substantive and, therefore, informative, to their investors. Efforts to date, including the Commission’s 2010 Interpretive Guidance on Climate Change, have been helpful, but many experts have observed that some companies have responded with boilerplate, or inadequate, information that is less helpful to investors. Additional regulatory guidance to companies would help ensure that investors receive substantive information, particularly on risks related to climate change, and other material issues that can affect a business’s profitability.

The SEC has requested investor comment on the mission of the SEC to “protect investors, maintain fair, orderly and efficient markets and facilitate capital formation”. As an institutional investor, the MacArthur Foundation considers systematic, reliable and useful disclosure of material risks related to ESG helpful to achieving a fully informed market that functions efficiently over the long-term.
Thank you very much for your consideration of the MacArthur Foundation’s perspective on these important questions.

Sincerely,

Julia M. Stasch
President

JMS/