Framework

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July 21, 2016

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

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

Dear Sir/Madam:

Framework LLC welcomes the opportunity to comment on the "Business and Financial Disclosure Required by Regulation S-K" Concept Release. Framework is an advisory and analytics firm that helps companies create value through sustainable business practices. Since 2005, Framework has been at the forefront of research, discussion, and use of materiality analysis as a management tool for companies across a broad range of industries and business models. Framework's clients are represented in the Fortune 100, S&P 500, and the Dow Jones Sustainability Indices.

The comments in this letter focus on a selection of the questions in section F, "Disclosure of Information Relating to Public Policy and Sustainability Matters". We wish to emphasize a few points central to our feedback:

- The meaning and importance of sustainability and public policy issues are dependent upon the unique operating context and characteristics of the individual firm in question.
- Issues identified as important at the industry level do not provide the issuer-level specificity needed to elicit meaningful disclosure of material ESG information.
- Prescriptive line-item disclosure requirements for specific issues would not elicit more meaningful or cost-effective disclosures and may incentivize behavior that ultimately harms investors.

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- Standalone sustainability reports and websites serve the purpose for which they are intended, but they are inappropriate vehicles for disclosure of material ESG information to investors.

We encourage the Commission to expand its engagement with the investor and corporate issuer community beyond the public comment process, as we do not believe this method alone will provide the Commission with sufficient and representative insight into these matters.

We appreciate the opportunity to provide our thoughts and would be happy to discuss our comments or any questions the Commission may have with respect to this letter.

Sincerely,

/s/ Kate Rebernak
President & CEO
Framework LLC

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#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?

Regardless of the Commission's ultimate approach, issuers would benefit from greater clarity regarding the Commission's interpretation of the term "sustainability and public policy issues," which is subjective and vague. In preparing our comments, we have interpreted the term "sustainability" to refer to the social, environmental, and economic contexts in which companies operate and the associated forms of capital they encompass (e.g. financial, human, physical, natural, etc.); we have interpreted "public policy" to refer to the requirements, expectations, and relationships of and among governments and government agencies.

Under these definitions, there are certainly sustainability or public policy issues that are important to informed voting and investment decisions. However, the specific issues that are important to such decisions depend upon the unique characteristics and operating context of the individual firm in question. Thus, the issues vary greatly among industries and companies and it is not possible to simply list them here.

If the Commission were to adopt specific disclosure requirements for such issues, the requirements would need to permit companies to determine which specific issues require disclosure. As further elaborated upon in response to question #217, prescriptive disclosure requirements for specific issues are, in our view, unlikely to elicit meaningful disclosure.

#217: Would line-item requirements for disclosure about sustainability or public policy issues cause registrants to disclose information that is not material to investors? Would these disclosures obscure information that is important to an understanding of a registrant's business and financial condition? Why or why not?

To result in relevant and useful disclosures, line-item disclosure requirements would have to focus on a predetermined set of issues that are material to all registrants. We believe this is not only an unrealistic precondition but also an approach that, if implemented, would provide minimal, if any, value to investors. Line-item requirements for specific issues effectively transform the nature of disclosure to an exercise in compliance. By specifying the issues on which companies must disclose, such requirements may encourage companies to disclose

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immaterial information in some cases and omit material information in others, leading to a patchwork of uninformative and/or irrelevant disclosures.

Requiring disclosure on issues that are not material to all registrants may also encourage companies to forgo the thoughtful self-determination of materiality. We believe this is likely to lead to boilerplate and/or irrelevant disclosures in some, if not many, cases. As a result, investors would not be able to ascertain whether a disclosure was made because of its importance (materiality) or simply because it is required.

Some groups have suggested that the Commission adopt disclosure rules for specific issues based on each company's industry classification. It is certainly reasonable to assume that the issues important to firms within a single industry are *more likely* to be similar than the issues important to firms in different industries. However, this approximation does not hold true in all cases and is a wholly inadequate basis upon which to determine the information registrants are required to provide to investors. In short, a firm's industry classification, which is itself an approximation, is an inappropriate determinant for the issues on which it is required to disclose.

#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?

It is important to recognize that ESG information, broadly speaking, is sought by a diverse range of stakeholders. However, the specific disclosures sought can vary significantly depending on the individual's interests and motives for considering the information. For example, prospective employees may be interested in a company's professional development programs and workforce culture, while customers may have little interest in these topics. Therefore, companies often publish comprehensive ESG information in a standalone report in order to satisfy the

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broad and diverse interests of their various stakeholders. As a result, not all of the information contained within such reports may be appropriate for inclusion in Commission filings because it may not meet the threshold to constitute "material information."

This does not imply that *none* of the information contained within standalone sustainability reports is inappropriate for inclusion in Commission filings. Stated differently, the information that companies currently disclose in standalone sustainability reports may include, but may not be limited to, information that investors consider material. Indeed, some companies incorporate portions of separately reported ESG information into Commission filings.

At the same time, current standalone sustainability reports may not include all of the ESG information that investors consider material. For example, companies may omit from voluntary standalone reports information that is particularly complex or which casts the firm in a poor light. Companies may make these omissions for various reasons, some of which may be valid given the purpose of such reports (e.g. a company may learn that the report's audience is not interested in a certain topic).

Because standalone sustainability reports and websites are intended to satisfy the diverse interests of a range of stakeholders, they are likely to contain information that investors do not consider material; in our view, investors should not need to wade through potentially irrelevant information to locate material information. Therefore, we do not believe that these channels, as currently employed, provide the focused, timely, or consistent presentation of material information that investors require.