Ursuline Sisters of Tildonk
UNITED STATES PROVINCE
81-15 UTOPIA PARKWAY
JAMAICA, NEW YORK 11432-1308
PROVINCIAL'S OFFICE: (718) 591-0681
FAX: (718) 969-4275

July 18, 2016

Re: File Number S7-06-16 - Regulation S-K Concept Release
on Business and Financial Disclosure Required by Regulation S-K

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Via email: rule-comments@sec.gov

Dear Mr. Fields:

On behalf of the Ursuline Sisters of Tildonk, U.S. Province, I am offering comments regarding the Regulation S-K Concept Release, File Number S7-06-16. In response to the questions regarding the role of the SEC, I specifically encourage sustainability reporting and disclosure as it relates to human rights, hydraulic fracturing, chemical footprint, and deployment of corporate assets for political purposes.

The Ursuline Sisters of Tildonk, U.S. Province, is a Roman Catholic religious order of women committed to spreading the Gospel message of justice and peace. Assets under management are approximately $10 million dollars. Investments are for the care of the Ursuline Sisters and carrying out of its mission.

The Ursuline Sisters of Tildonk strongly supports the establishment of enforceable SEC requirements for companies to report on sustainability issues. Such reporting is already required by Regulation S-K, as demonstrated by the SEC's 2010 Interpretative Guidance on Disclosures Regarding Climate Change. Yet the current disclosures of sustainability issues by registrants do not satisfy our needs as active investors.

Which Reporting Frameworks Are Appropriate Sources For Line Item Disclosure? SEC Concept Release Question Number 219

> 219. In an effort to coordinate ESG disclosures, several organizations have published or are working on sustainability reporting frameworks. Currently, some registrants use these frameworks and provide voluntary ESG disclosures. If we propose line-item disclosure requirements on sustainability or public policy issues, which, if any, of these frameworks should we consider in developing any additional disclosure requirements?

Many voluntary initiatives and guidelines are relevant to disclosure in the 10-K. These initiatives have prompted development of metrics and performance indicators adopted across individual sectors or issue areas. We do not recommend that the SEC to take action that would set a standard. Rather, we suggest SEC guidance or rules that encourage companies to disclose reference standards or programs utilized.

For instance, when it comes to evaluation of the impacts and management of hydraulic fracturing operations, the **report, *Extracting the Facts: An Investor Guide to Disclosing Risks from Hydraulic Fracturing Operations***, offers best practice recommendations to oil and gas companies for reporting and reducing risks and impacts from natural gas operations. Investors in North America, Europe and Australia managing more than $1.3 trillion in assets have supported the disclosure framework published in 2011. It addresses core management goals, current best practices, and key performance indicators for reporting progress.

Investors also use the framework to benchmark companies—***Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations*** is an annual review which benchmarks 30 oil and gas companies on their disclosures against the performance indicators across five areas of environmental, social, and governance metrics: (1) toxic chemicals; (2) water management: sourcing, well integrity, waste management, and water quality monitoring; (3) air emissions; (4) community impacts; and (5) management and accountability.

Similarly, the **Chemical Footprint Project** provides a metric for benchmarking companies reduce use of chemicals of high concern. It measures overall corporate chemicals management performance by evaluating: (1) management strategy, (2) chemical inventory, (3) footprint measurement, and (4) public disclosure and verification. The researchers' plan to expand the measurement to include manufacturing operations, supply chain, and packaging.

Again, we do not ask the SEC to choose one standard. It is helpful to know which standards a company is utilizing in its reporting. Investors get a better understanding of sustainability matters. There are many issues that command consideration of the investor community. For instance, although there are obvious market leaders on sustainability disclosure (SASB, GRI, CDP and UNPRI). Many other disclosure standards set by investor coalitions and NGOs on issues such as human rights, IEHN's hydraulic fracturing work, responsible sourcing, and executive compensation also are relevant.

For example, the **Corporate Human Rights Benchmark** whose founding partners include Calvert Investments, Business & Human Rights Resource Centre, and the Institute for Human Rights and Business, launched in December 2014, has gone from strength to strength. During 2015, the initiative to rank the top listed companies on human rights performance completed a successful multi-stakeholder consultation of its methodology, consulting over 400 individuals/organizations across six continents. The initiative plans to publish the first pilot benchmark in November 2016. Another example is governance and Board oversight on political spending. **The *CPA-Zicklin Index*,** a joint product of The Center for Political Accountability and the Zicklin Center for Business Ethics Research at the Wharton School of Business, researches and ranks political spending policy and disclosure of major U.S. S&P 500 companies. And, also, shareholders concerned about mining and the conflict mineral situation in the Democratic Republic of Congo urged implementation of the Dodd-Frank Act Section 1502. Since the Act took effect, many companies are researching disclosure on conflict minerals, and shareholders developed ***Companies' Conflict Mineral Reporting*** as outlined here in the report.

One example of a problem, should there not be sustainability reporting frameworks required by the SEC, is responsible investing in Burma since sanctions were lifted. Investors concerned about risk of operations asked Chevron to make a report available regarding its operations in Burma. It asked that the report be consistent with the contents and scope of the U.S. State Department ("State") *Reporting Requirements and Responsible Investment in Burma* but it does not limit the scope and content to that which is strictly in the government mandated reporting. This annual reporting required by State has two versions – one that goes directly to the federal government and one that is available to the general public. **The Department of State allows U.S. companies to omit answers on the public report to what Proponents believe are critical questions for shareholders concerned with risks associated in doing business in Burma**. These omissions include the answers to questions: (8) contact information for the report drafter; (9) information about communications with military groups; and (10) information regarding risks and risk prevention and mitigation steps relating to human rights, worker rights, anticorruption, and/or environmental issues—apart from military groups, all of which are current sustainability issues.

Voluntary reporting frameworks provide information on many companies but without providing consistency across companies and sectors, and without providing the checks on accuracy and completeness that are inherent in securities filings. It is necessary, too, that loopholes are closed to the best of SEC's ability to do so, e.g. such as special permission to omit the very data sought by investors concerned about risks associated with corporations operating in Burma. We urge the SEC to establish sustainability reporting requirements as part of companies' annual filing requirements.

Yours truly,

Valerie Heinonen, o.s.u.

Valerie Heinonen, o.s.u.
Director, Shareholder Advocacy