



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

Amsterdam, 14 October 2019

**SUBJECT: GRI Submission on the Modernization of Regulation S-K Items 101, 103, and 105 (File Number S7-11-19)**

Dear Ms. Countryman,

I praise the progressive policy step taken through the proposal to modernize Regulation S-K Items 101, 103, and 105. This demonstrates global leadership on corporate transparency while promoting Environmental, Social, and Governance (ESG) disclosures as a critical building block.

GRI welcomes the growing relevance of the role of corporate disclosure on ESG-related issues in the United States. It was an honor to testify at the hearing “Building a Sustainable and Competitive Economy: An Examination of Proposals to Improve Environmental, Social and Governance Disclosures” on July 10, 2019 at the U.S. House Committee on Financial Services<sup>1</sup>.

We applaud the SEC’s continuing efforts to adapt and modernize the existing disclosure regime. This letter is to offer our assistance in supporting these efforts. The focus on critical disclosures, including environmental regulations and human capital resources, represents a great advancement towards more and better corporate transparency. We welcome the proposal and encourage the SEC to rely on already existing internationally recognized, independent, multi-stakeholder standards.

We emphasize the following points that we believe are central to the proposal’s success and effectiveness:

- We support the principle-based approach adopted throughout the proposal. This approach will allow the SEC to tailor disclosures to provide the information that is material to investment decisions. By identifying, measuring – and most importantly reporting – about the most material ESG topics, these issues will be managed and performance will improve. ESG disclosures represent a crucial aspect of this paradigm because they enhance the credibility and accountability of the information and provide investors and other stakeholders with essential decision-making information. To promote efficiency for both issuers and investors, we believe that reporting must be concise, consistent, current, and comparable.
- We applaud the choice to revise the standard for disclosure from the “most significant” risks to “material” risks. Because ESG information includes environmental and social impacts on the world outside of the reporting organization, the magnitude of these impacts must be considered to

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<sup>1</sup> <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=404000>

determine materiality. The materiality methodology in the GRI Standards instructs issuers to identify and address the most relevant ESG issues to their organization and affected communities throughout their value chains. This analysis must be conducted in consultation with a broad range of stakeholders, including investors. The GRI Standards themselves are comprised of a collection of three required universal Standards and thirty-three discretionary, topic-specific Standards. They are modeled after the widely adopted financial standards organizations and are used by approximately three out of four of the 250 largest companies (by revenue) worldwide<sup>2</sup>.

- Finally, GRI agrees that prescribing fixed, specific line item disclosures would not result in the most meaningful disclosure. Specifying the type or form of disclosures in legislation will lock in the practice and quickly devolve into a “box-ticking” exercise. Rather, independent standards bodies such as GRI are designed to stay current with the best practices and represent all points of view to create the “state of the art” disclosure standards.

Thank you for the opportunity to provide input into this important process and I remain available to further discuss the recommendations presented in this letter.

Sincerely,



Tim Mohin,  
Chief Executive, GRI

CC: Alyson Genovese (Director of Regional Hub: USA & Canada)

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<sup>2</sup> <https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/executive-summary-the-kpmg-survey-of-corporate-responsibility-reporting-2017.pdf>