

# Zevin Asset Management

PIONEERS IN SOCIALLY RESPONSIBLE INVESTING

November 2, 2016

Mary Jo White  
Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: “Disclosure Update and Simplification,” Proposed Rule**

File No. S7-15-16

RIN 3235-AL82

Submitted via e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Dear Chair White,

Zevin Asset Management is an investment firm that invests globally, integrating environmental, social, and governance (ESG) issues into our financial analysis. We write in strong opposition to the Securities and Exchange Commission’s (SEC, or Agency) proposed rule, titled “Disclosure Update and Simplification”, and we ask that the proposed rule be withdrawn.

As an investor, Zevin Asset Management relies on clear, complete and forthcoming corporate disclosure. We are concerned that this proposal to “simplify” disclosure is nothing more than an attempt to curtail it, which will severely limit investors’ ability to evaluate issuers and carry out our duties to clients.

We regret that the Agency has made a dangerous and unfounded assumption throughout this rule-making: that investors are burdened with too much corporate disclosure. Nothing could be further from the truth. We need *more* disclosure of any factors that could influence our investment decisions. Therefore, we urge the Agency to abandon efforts to weaken the definition of “materiality”. Information considered “material” and subject to disclosure should include traditional data as well as a capacious range of ESG factors, such as climate change risk, political spending, human capital management, and so on.

Unduly narrowing the definition of “materiality” would encourage issuers to disclose even less about the undeniable risks in their businesses. Even in the last two months, we have had ample evidence that our markets cannot afford to go in that direction. ExxonMobil has resisted reporting on how declining oil prices have hurt its assets and Wells Fargo was silent on internal probes into its abusive cross-selling for five years until the situation exploded this summer. Rather than attack “materiality,” the SEC must broaden and strengthen the concept to encourage disclosure of such issues in the interests of investors and society at large.

In that vein, we wish to address specific elements of the proposed rule:

1. The Agency should withdraw its proposal to delete Rule 4-08(m)(1)(ii), which provides essential information on issuers’ liabilities in the repo market.

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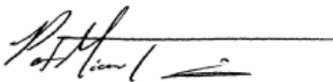
2. The Agency should withdraw its proposal to delete pro forma (forward looking, with results combined for as yet separately operating units) financial information in interim filings for business combinations, as provided in Rule 8-03(b)(4). The current requirement should be improved rather than deleted. As it stands, the rule gives investors a much-needed window into M&A activity.
3. The Agency should withdraw its proposal to delete its requirement that executive compensation be disaggregated. Disaggregated disclosure which describes the key elements of pay (salary, equity, bonus, etc.) and the vesting requirements of equity awards enables investors to determine whether compensation is aligned with the company's overall strategy and the interests of investors. Pulling a veil over pay will lead to more over-compensation and contribute to corporate cultures that value short-term gain over sustainable prosperity.

We are aware that you have received several comments from investors about the disclosure regime, and we hope that you will heed our concerns. Investors welcome comprehensive and forthcoming disclosure from issuers on a full range traditional and ESG factors. Investors do not need "simplification" as it has been presented in this proposed rule.

The Agency should withdraw the proposed rule and recommit to working with investors and other stakeholders on disclosure that improves our capital markets, increases transparency, and supports a fairer economy.

Thank you for considering this submission. Please feel free to contact me at [REDACTED] with any questions.

Sincerely,



Pat Miguel Tomaino  
Associate Director of Socially Responsible Investing  
Zevin Asset Management, LLC