

Statement of Dissent by Stephen Holmes to the Investment Advisory Committee Approval of the ESG Disclosure Recommendation on May 21, 2020

I dissent from the IAC recommendation concerning ESG because:

I think the whole ESG topic is best addressed by the private parties rather than the opining and mandating of some central group such as the SEC.

The reason the private parties have not yet come to a broad, singular consensus on ESG is that it IS a complex topic with many aspects that vary widely from one company to another and from one investor to another. One size does not, and will not, fit all.

The SEC already mandates disclosures of material topics as defined in the securities laws and as determined by the filer.

I think it is highly unrealistic to expect that the SEC will be able to come up with a broadly useful ESG reporting 'solution' or 'benchmarks' or 'lowest common denominator'. And trying to do so would probably be quite expensive. This results in a bad cost/benefit ratio in my opinion.

In particular, I find the suggestion (point 4 of the Recommendation) that small and mid-cap companies would benefit through reduced cost of capital as a payoff for this requirement unpersuasive.

I also strongly support the protection of FASB from these proposed ESG disclosure efforts. We have the highest quality accounting standards in the world and these should not be inadvertently diluted.

Finally, I don't think many people would benefit from what would probably be a massive amount of boilerplate legalese or a Master Manual with lots of boxes to be checked. I do not think most investors would benefit from the inevitable additional and substantial infrastructure that would be required to develop, implement, report and audit the ESG notions/proposals.