August 11, 2009

Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549


Dear Chairman Schapiro:

The General Board of Pension and Health Benefits of The United Methodist Church (General Board) is the largest faith-based pension fund in the United States, managing more than $14 billion in assets on behalf of 74,000 active and retired clergy and lay employees of the Church. We are writing to express our support of the July 20, 2009 proposal submitted by the Social Investment Forum (SIF) regarding mandatory corporate reporting of environment, social and governance (ESG) information. The SIF proposal can be found at www.socialinvest.org/documents/ESG_Letter_to_SEC.pdf.

As a signatory to the United Nations Principles for Responsible Investment, the General Board believes that the evaluation of ESG factors is critical to the investment decision-making process. Recent research, such as Fiduciary II, a July 2009 report by the United Nations Environment Programme Finance Initiative (UNEP FI), also confirms that analyzing ESG factors is integral to an investment services provider’s fiduciary obligations. We recognize, however, that the U.S. Department of Labor has not yet commented on how the UNEP FI report may impact fiduciary obligation in this country as defined by the Employee Retirement Income Security Act of 1974. Fiduciary II states:

“In tendering for investment mandates, it would be expected that the investment consultant or asset manager would raise ESG considerations as an issue to be taken into account and discussed with the client even if the pension fund had not specified ESG considerations as material to the tender. If the investment consultant or asset manager fails to do so, there is a very real risk that they will be sued for negligence on the ground that they failed to discharge their professional duty of care to the client by failing to raise and take into account ESG considerations.”

The SIF’s proposal consists of two components:

Component 1—Standardized Sustainability Disclosures
The first component requests that issuers be required to report on a uniform set of sustainability factors using the highest reporting level, which is currently the G3
Guidelines A-plus of the Global Reporting Initiative (GRI). The report should contain standardized information that pertains to all companies, but also address the challenges and opportunities that are specific to the issuer’s industry sector.

The General Board supports this recommendation because the lack of comparative ESG information is a significant obstacle to analyzing nonfinancial business risks. In the absence of regulatory guidance, the GRI has emerged as the common standard for ESG reporting. The General Board often asks companies to issue reports that are in accordance with GRI guidelines.

Component 2—Materiality Guidance and Risk Disclosures
The second component asks the SEC to provide interpretative guidance regarding the disclosure of short- and long-term sustainability risks in each issuer’s “Management Discussion and Analysis” section of Form 10-K.

Meaningful disclosure of risk in Form 10-K is necessary for fiduciaries such as the General Board to fulfill their financial obligations. Investors also need some assurance that the disclosure is factual and complete. For example, Item 103 of SEC Regulation S-K requires registered issuers to disclose in Form 10-K all environmental liabilities that are material to the financial condition of the registrant. However, there is widespread underreporting of such liabilities, and as a result, investors are routinely denied access to this information. This reporting deficiency has been acknowledged by the Government Accountability Office, the U.S. Environmental Protection Agency and the SEC, with estimates of companies that do not adequately disclose material liabilities ranging from 51% to 74% of affected issuers.

Conclusion
The General Board firmly believes that mandatory disclosure of ESG information, coupled with clear interpretative guidance and enforcement, will provide investors with important information they can use to guide their investment decisions and comply with their fiduciary responsibilities. Thank you for considering our position.

Sincerely,

David H. Zellner
Chief Investment Officer

cc: Commissioner Luis A. Aguilar
Commissioner Kathleen L. Casey
Commissioner Troy A. Paredes
Commissioner Elisse B. Walter