Leading Investor Group Seeks Strengthened Sustainability Reporting

Washington, D.C., September 23, 2020 — The Council of Institutional Investors (CII) on Tuesday adopted a statement urging companies to report on their sustainability performance using standardized metrics established by independent private sector standard-setters. CII’s Statement on Disclosure of Sustainability Performance reflects CII’s belief that that standards that focus on materiality to investment and proxy voting decisions, and that take into account appropriate sector and industry considerations, are most likely to meet investors’ needs for useful and comparable sustainability information. The statement also supports momentum toward third-party assurance that such disclosures are reliable.

Lessons from the experience with standardized financial reporting are important to consider as standardized “non-financial” reporting takes shape. While recognizing the obligation to comply with reporting mandated by securities regulators, CII’s statement emphasizes the importance of a prominent role for independent standard setting, leveraging deep expertise while at arm’s length from both the companies that comply with those standards and the regulators that may endorse them.

The CII statement comes at a pivotal time for the future of sustainability reporting, with five leading sustainability standard setters recently releasing a document declaring intent to work together toward comprehensive reporting, and the International Federation of Accountants recently proposing the creation of a sustainability standards board that would exist alongside the International Accounting Standards Board. While CII does not endorse any particular framework or independent standard setter, these developments clearly indicate momentum toward the broad objectives described in the statement.

Also on Tuesday, CII adopted amendments to its existing corporate governance policies to: signal flexibility for virtual-only shareholder meetings during Covid; encourage electronic means for shareholders to correspond with boards; provide guidance for boards navigating meaningful opposition to their choice of auditor; and support the transparency of enforcement actions stemming from audit regulators.

About CII: The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of U.S. asset owners, primarily pension funds, state and local entities charged with investing public assets, endowments and foundations, with combined global assets that exceed $4 trillion. CII’s associate members include non-U.S. asset owners with more than $4 trillion in global assets, and a range of asset managers with more than $40 trillion in global assets under management. CII is a leading voice for effective corporate governance, strong shareowner rights and sensible financial rules that foster fair, transparent and vibrant capital markets.