



Via Email

September 28, 2017

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Mr. Secretary:

I am writing on behalf of the Ohio Public Employees Retirement System (OPERS) to express our opposition to the July 17, 2017, "Request for rulemaking to amend Rule 14a-8 under the Securities Exchange Act of 1934 regarding resubmission of Shareholder Proposals" submitted by the Corporate Governance Coalition for Investor Value.

OPERS is a long-term institutional investor with assets exceeding \$90 billion and investments in more than 9,300 public companies. We represent nearly one million active, inactive, and retired public employees, meaning that almost one in eleven Ohioans is or has been a member of our System. We are bound by our fiduciary duty to safeguard and prudently manage our members' and employers' contributions. In so doing, we have adopted a policy of 'quiet diplomacy,' engaging directly with public companies in order to establish an on-going dialogue. Through this relationship-building, we hope to better understand the viewpoints of the companies in which we are invested, and to more effectively convey our concerns and thoughts regarding the maximization of shareholder value.

As an institutional investor, we have an interest in preserving the current structure of Rule 14a-8. However, we absolutely believe that maintaining a reasonable and proven method of communication between shareholders, management, and boards of directors is in the best interest of all parties and fosters trust and familiarity, which are essential in the capital marketplace.

It should go without saying that most long-term institutional investors have little interest in frivolous shareholder activism. Rather, our goals and intentions are generally more closely aligned with those of management and boards of directors in that we are focused on maximizing long-term shareholder value. If we submit or support a shareholder proposal it is because we have considered whether it comports with our long-standing corporate governance policy and aligns with our investment goals, and we have determined that it would generate value for the company, and by extension, its shareholders.

It is sometimes necessary to submit, or resubmit, a shareholder proposal in order to begin a dialogue and encourage engagement between shareholders and companies. In order to fulfill our duty to our members, we must attempt to manage our investment risk, and part of that process involves reaching out to companies with evidence, data, and suggestions for possible

improvements. We have the benefit of observing what has and has not worked for thousands of public companies across multiple industries. The current structure of Rule 14a-8 provides us with the opportunity to effectively discuss these insights with public companies in an effort to improve sustainability and as a result, long-term shareholder value.

We believe it is disingenuous to assert that because a majority of shareholders have rejected a proposal – even multiple times – they will always reject it. On this point, we would encourage you to consider the August 21, 2017, letter drafted by the Council of Institutional Investors (CII), which described in detail several of the “positive advancements in U.S. corporate governance practices that would not have occurred without a robust shareowner process in place,” including the current requirement that independent directors constitute at least a majority of the board, and the practice of electing directors in uncontested elections by majority vote.<sup>1</sup> In our own experience, OPERS is involved with the 30% Coalition, which has been working since 2011 to improve the gender, racial, and ethnic diversity of boards of directors – an effort that has only recently gained traction as large investors such as BlackRock and State Street announced that they would begin voting against boards that were not gender diverse. While we have every reason to believe that improvements in board diversity will continue until it is a normal and accepted business practice for boards of directors to reflect the customers they serve, the reality is that, in the near term, this will require the dialogue and interaction that accompany the submission and resubmission of shareholder proposals.

We would echo the request in the CII letter that the SEC preserve the current resubmission mechanism within Rule 14a-8. However, if the Commission believes a new rulemaking is warranted, we agree with CII that before any proposed rulemaking is issued, the SEC should (1) “solicit input from investors, company representatives, and other market participants about their experiences with Rule 14a-8,” including “the perceived costs and benefits of the current rule and whether the rule can be improved to better meet the needs of investors,” and (2) “consider holding public roundtables to have an open exchange among investors, company representatives, and other market participants on the input received.”<sup>2</sup>

Thank you for considering our comments regarding the preservation of Rule 14a-8. If you have any questions, please do not hesitate to contact Patricia Brammer, OPERS Interim Corporate Governance and Employer Services Officer, at [REDACTED].

Sincerely,



Karen Carraher  
Executive Director

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<sup>1</sup> Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors, to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission (August 21, 2017), <http://www.cii.org/files/August%2021%202017%20SEC%20Letter.pdf>.

<sup>2</sup> Id.