Trinity Health

October 17, 2017

Chairman Jay Clayton
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090
Via email: chairmanoffice@sec.gov

Dear Chairman Clayton:

We write to join our colleagues at the Council of Institutional Investors (see CII letter dated August 21, 2017) and express our strong 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 (Petition).

Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. Trinity Health includes 93 hospitals, as well as 115 continuing care locations that include PACE, senior living facilities, and home care and hospice locations. Our continuing care programs provide nearly 1.9 million visits annually. Committed to those who are poor and underserved, Trinity Health returns almost $1 billion to our communities annually in the form of charity care and other community benefit programs. We have 35 teaching hospitals with Graduate Medical Education (GME) programs providing training for 2,095 residents and fellows in 184 specialty and subspecialty programs. We employ approximately 131,000 colleagues, including more than 7,500 employed physicians and clinicians, and have more than 15,000 physicians and advanced practice professionals committed to 22 Clinically Integrated Networks that are accountable for 1.3 million lives across the country.

As a Catholic Health Ministry we believe investment decisions can provide economic prosperity, embrace environmental stewardship and enhance social responsibility. One of the ways Trinity Health lives out its mission to be a compassionate and transforming healing presence is through our Shareholder Advocacy Program. We use our voice as shareowners to engage with corporations to improve corporate decision-making on a number of issues that reflect our mission and core values.

We believe the current rules governing the shareholder resolution process are fair and respect the freedom of the shareholder to express their views. For decades, the shareholder proposal process has served as a cost-effective way for corporate management and boards to hear and address the concerns of all shareholders on issues of sustainability, corporate governance, and risk. We also believe that the SEC's current, rigorous vetting system ensures shareholder proposals are soundly presented, reasonable, and in the long-term best interests of the company and its shareholders.

As a direct result of shareholder engagements and resolutions brought by Trinity Health and other responsible investors, longer-term emerging risks with the potential to negatively impact people, including small investors, have been identified early and proactively managed to the financial benefit of companies, health of the environment, and welfare of communities. Examples of how shareholder proposals have served as early warning systems for companies and the broader market include:

- Resolutions on key governance issues such as annual election of directors, majority votes for directors, splitting the board chair and CEO roles, board diversity and disclosure of lobbying and political expenditures. These issues can improve corporate accountability and strengthen governance structures and long-term financial performance.
- Resolutions highlighting risks in corporate operations and global supply chains with companies in the apparel, electronics and agricultural sectors, raising concerns of human trafficking and forced labor. Many leading companies now have human rights policies and supplier codes of conduct that help eradicate these risks from their supply chains – and avoid legal, reputational and financial risks that they present.
- Resolutions in the 1990s and early 2000s asking for pharmaceutical policies to adopt policies of price restraint focused on an issue that continues to be of great social and economic concern in our nation.

It is also important to underscore that, very often, proponents withdraw resolutions after a productive dialogue between a company and its shareholders leads to an agreement. For example, productive dialogues that Trinity Health had in the early 2000s with the major retailers of video games on the sale of Mature-rated, violent video games to minors led to our withdrawing resolutions after the retailers adopted point-of-sale policies that significantly reduced the sales of these games to youth under 17 (this was documented in surveys by the Federal Trade Commission).

Resolutions that are not withdrawn are voted on by all holders of voting stock – giving the board and management input far beyond that of resolution filers. In addition, over the years, the shareholder proposal process has contributed to many reforms that protect and enhance shareholder value. A 2015 study found that successful shareholder engagements can generate cumulative excess returns of +7.1%. J.P. Morgan Asset Management states in its April 2017 Sustainable Investing: "We believe that a company's environmental, social and governance policies have a long-term impact on the company's financial performance." The shareholder resolution filing process is a key tool to ensure constructive dialogues between companies and shareholders occur.

We support the CII's position that it is not necessary to open rulemaking for Rule 14a-8, since the Petition does not make a compelling case to warrant a rulemaking review. If rulemaking is opened, we strongly believe investors should be given the opportunity to provide input. Thank you for considering our input.

Sincerely,

Tonya K. Wells

Tonya K. Wells
Vice-President, Public Policy and Federal Advocacy

cc: The Honorable Jay Clayton
The Honorable Michael Piwowar
The Honorable Kara Stein
William Hinman, Director, Division of Corporate Finance