

THE MCKNIGHT FOUNDATION

June 11, 2018

Mr. Brent Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F St., NE  
Washington, DC 20549

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Minneapolis,  
Minnesota 55401  
[REDACTED] fax  
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Via e-mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov) & US Postal Service

**Re: File Number 4-675: Rule 14a-8 regarding shareholder resolution resubmissions**

Dear Mr. Fields:

The McKnight Foundation is a private family foundation founded by Maude and William McKnight; the latter was the first significant CEO of the 3M Corporation. Stock from this innovative company remains an important part of our endowment. With \$2.3 billion under management we are truly long-term investors, providing more than \$85 million in private philanthropic support annually. Our largest asset allocation is to US stocks, and we rely on our country's transparent, dynamic market to provide growth.

As shareholders in many US corporations, we appreciate the value of the existing shareholder resolution process. It helps establish the right balance for company management between short-termism driven by stock price signals and long-term, strategic decision-making. For this reason, we write to urge the SEC, in the strongest possible terms, *to preserve the current resubmission thresholds unchanged.*

Shareholders must have undiminished access to proxy ballots. Corporate governance issues are fundamental to ensuring that the rules which govern our Boards and corporations are adequate and fair. Any attempt to restrict shareholders' ability to resubmit proposals on emerging issues of corporate structure, pay, board composition, special meetings and other important topics are a dangerous strike against the rights of shareholders. In our experience, the current resubmission thresholds are effective for filtering out ideas that are wholly without merit.

In addition, shareholder proposals that focus on social and environmental risks and opportunities are fundamental to the long-term success of our companies. Resolutions filed by prescient shareholders have long-served as barometers of emerging issues for corporate managers. For example, a changing climate is producing substantial operational impacts for corporations (e.g. <https://riskybusiness.org/report/heat-in-the-heartland-climate-change-and-economic-risk-in-the-midwest/>). These changes present risks, as well as tremendous opportunities for far-sighted companies. Smart companies are positioning themselves with new products and services to meet new demands from business clients or the retail market. Smart

companies are building hyper-efficient products, conducting more comprehensive scenario planning, and setting goals to reduce greenhouse gas emissions in their operations. Shareholder resolutions have played an *instrumental* role in encouraging our boards and our senior managers to look deeply at the emerging business risks of climate change and act on the concurrent opportunities. The McKnight Foundation credits the existing shareholder resolution process with prompting this long-term dialog that will ensure that our economy remains strong, and that the companies we invest in remain successful.

In the early days of climate proposals, corporate managers called these proposals immaterial. They were wrong. It often takes time for company management to identify material issues. But they do. Similarly, it can take larger, bureaucratic institutional investors time to recognize the impact of an emerging issue on shareholder value and shift their votes. But they do. This is why the current resubmission thresholds are reasonable.

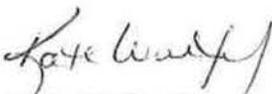
According to the Interfaith Center on Corporate Responsibility, in 1999 the average support for a climate proposal was 5%. By 2017 the average support for climate proposals was over 38%. Had the proposed thresholds been in place at that time these proposals would have been eliminated, but the business risks of climate would have remained unchanged. At ExxonMobil, the first three times it faced climate resolutions shareholder support was roughly 4.5%, 5.3%, and 6.2% of the total votes cast. However in 2018 and 2017 a *majority of all shareholders* supported climate proposals at ExxonMobil. What a corporate manager might have deemed immaterial has proved highly material to the company's owners.

The ability to submit – and resubmit – shareholder resolutions adds significant value to the capital markets, providing investors a structured venue to proactively communicate with boards, management and other shareholders about material environmental, social and governance issues. If investors are denied this effective channel of communication, they will resort to more costly, time-consuming strategies for companies including filing lawsuits, initiating withhold campaigns and running independent directors.

For the many reasons articulated above, we hope that the SEC will act in the interest of US investors and preserve the existing resubmission thresholds.

Thank you very much for your consideration of our view on this important matter. If you have any questions I hope you will contact me directly at [REDACTED]

Sincerely,



Kate Wolford  
President

CC: Richard Scott, Vice President, Finance & Compliance

Elizabeth McGeeveran, Director, Impact Investing, McKnight Foundation