



November 9, 2018

Hon. Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File 4- 725 -- Staff Roundtable on the Proxy Process

Dear Chairman Clayton,

In response to your July 30th announcement of a Staff Roundtable on the Proxy Process, Trinity Health, one of the largest multi-institutional Catholic health care delivery systems in the nation, wishes to affirm the current shareholder proposal process as effective, efficient and beneficial to both shareholders and the long-term well-being of the companies they hold.

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.

The Roundtable announcement lists several potential topics for consideration regarding the shareholder proposal process, among them ownership thresholds, resubmission thresholds,



representation of long-term retail investors, the cost of proposals to companies, and the influence of proxy advisory firms.

The current ownership threshold of at least \$2,000 worth of a company's shares allows a diversity of voices to be heard, including those of smaller investors. The requirement of ownership for at least one year prior to filing a proposal ensures that investors cannot simply buy shares before the filing deadline and sponsor a resolution. Raising the ownership threshold threatens to exclude smaller investors, which is problematic and raises concerns about the equality of the system. Shareholders big and small can make and have made valuable contributions to the companies that they own.

The issue of resubmission thresholds is also raised as a topic for discussion. We believe the current thresholds provide a framework that has served the process well. Minimum votes of 3%, 6% and 10% in the first, second and third years, respectively, of filing a proposal have provided a reasonable amount of time for emerging issues to receive increasing support among investors, while ensuring that only those proposals that garner meaningful support move forward and can appear in subsequent years.

The argument for raising thresholds has been championed as a means of addressing so-called abuses in the system, including claims that shareholder resolutions are a burden on the markets. However, the evidence tells a different story. In fact, there are relatively few resolutions that are filed and come to a vote each year. Approximately 200 social and environmental resolutions came to a vote this year, hardly a burden on the markets and companies. The vast majority of companies never even receive a shareholder resolution. It is also worth noting that often proponents withdraw resolutions when the resolutions result in a productive dialogue and improved understanding between shareholders and management, leading to significant policy changes.

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).

Increasing thresholds could prevent important issues from being considered. There are many examples throughout the history of shareholder engagement of issues that initially received little support, but went on to be appreciated for the serious risks they presented to companies. For example, Resolutions with oil and gas companies beginning in 1998 requested reporting on the risks of climate change. In the early years, these resolutions often received below 5% of shareholder support. The 2017 proxy season saw a resolution, of which Trinity Health was a proponent, requesting a business plan in alignment with the 2° C warming threshold established in the Paris Climate Agreement achieve a 67% vote at Occidental Petroleum, 62% at ExxonMobil, 50% at PNM Resources and 48% at Dominion Resources.

We reiterate our support of the shareholder proposal process as it is currently practiced under Rule 14a-8 and believe altering it risks the exclusion of voices that can be vital to this critical accountability tool. The filing of resolutions is a fundamental tenet of shareholder democracy that should be protected.



We appreciate this opportunity to provide input and look forward to providing additional written feedback following the Roundtable. Please feel free to contact me at [REDACTED] or [REDACTED] with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Tonya K. Wells". The signature is contained within a thin black rectangular border.

Tonya K. Wells
Vice President, Social Impact Investing & Community Development
Trinity Health