

December 5, 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,

The Franciscan Sisters of Perpetual Adoration, a U.S. Catholic religious congregation based in Wisconsin, wish 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.

Our congregation has approximately 195 sisters and has \$295 million AUM.

We have been members since 2014 of Seventh Generation Interfaith Coalition for Responsible Investment (SGI), a regional affiliate of the Interfaith Center on Corporate Responsibility (ICCR). ICCR has already submitted their comment on this matter, and we fully support their letter.

We agree with ICCR that there is no need to revise the rules governing the proxy process, which has served for decades as a cost effective way for corporate management and boards to gain a better understanding of shareholder priorities and concerns, particularly those of longer-term shareholders concerned about the long-term value of the companies that they own.

Because of shareholder engagements and resolutions brought by ICCR members, SGI members, and other responsible investors, longer-term emerging risks with the potential to negatively impact people have been identified early and proactively managed to the financial benefit of hundreds of companies, the health of the environment, and the welfare of communities across the globe.

We are especially concerned about any changes to the following:

**Ownership Threshold:** We believe that the current ownership threshold of \$2,000 allows an important diversity of investors to be heard, and that raising the threshold will exclude smaller investors from participating in the proposal process and raise concerns about the equality of the system. 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.

**Resubmission thresholds:** We believe the current thresholds provide a framework that has served the process well. The rising thresholds in the first, second and third year provide 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. Claims of abuses or that shareholder resolutions are a burden on the markets are not supported by the evidence.

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. According to ISS Voting Analytics, the average company receives a shareholder proposal once every 7.7 years, and of those that do, the median number of proposals is one per year. Often resolutions are withdrawn by proponents after they prompt a productive dialogue and improved understanding between shareholders and management, leading to significant policy changes that can transform businesses.

Many of the companies that ICCR members engage recognize the value that engagement with shareholders brings. Increasing re-submission thresholds would likely inhibit important contributions to corporate governance that have proven to be beneficial to the long term health and performance of companies.

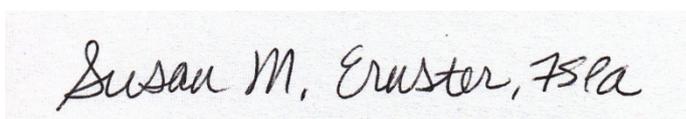
There are many examples of shareholder resolutions that initially received little support but through investor education were eventually recognized as the important issues and risks to companies that they were. Issues originally brought to the attention of corporate boards and fellow shareholders through proposals resulted in companies adopting suggested practices, many of which are now seen as best practice.

**Influence of proxy advisory firms:** Critics' claims that these firms have excessive influence do not bear scrutiny. While institutional investors like ourselves do look to proxy advisory firms to provide research and guidance to help inform our decisions, the ultimate decision remains ours. The real motivation behind the special interests opposed to the proxy advisory firms is to undermine the in-depth analysis that they provide and encourage investors to simply vote in alignment with how corporate boards and management see fit, regardless of fiduciary duty or interest in long-term shareholder value.

The claim that resolution sponsors motives are "political" and that they have no interest in creating shareholder value is untrue, and betrays the political agenda of their critics, which is to limit the ability of shareholders to engage with the companies that they own, and to cripple the proxy process that has been in place for over fifty years.

The Franciscan Sisters of Perpetual Adoration are long-term investors who are deeply concerned about the returns on and growth of the investments in our portfolios. We and other members of SGI press companies on environmental, social, and governance risks precisely because we are concerned with the long-term health of the companies in which we are invested.

Sincerely,

A handwritten signature in black ink that reads "Susan M. Ernster, FSPA". The signature is written in a cursive style and is centered within a light gray rectangular box.

Susan Ernster, FSPA  
Vice President & Treasurer, FSPA



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December 3, 2018

The Honorable Michael Crapo, Chair  
The Honorable Sherrod Brown, Ranking Member  
Committee on Banking, Housing & Urban Affairs.

**SUBJECT: SHAREHOLDER RIGHTS**

As a member of Interfaith Center on Corporate Responsibility (ICCR) and a faith-based investor, we **strongly support ICCR's positions on the protection of our shareholder rights.**

The Franciscan Sisters of Perpetual Adoration promote social and economic justice through their investments by striving to maintain an awareness of the social impact which is being made by those companies whose securities have been purchased, or that are under consideration.

As investors we value the **right to have shareholder engagements** with companies.

- Members of ICCR have been involved in the shareholder resolution process since 1971, giving us over 45 years of experience in shareowner engagement and the proxy process.
- The history of ICCR demonstrates literally hundreds of examples of companies changing their policies and practices in light of constructive engagement with shareowners, including the filing of resolutions. The process has served as an invaluable tool to both shareholders and companies to bring to light emerging risks and facilitate the mitigation before they result in negative consequences.
- Because of shareholder engagements and resolutions brought by ICCR members and other responsible investors, longer-term emerging risks with the potential to negatively impact people have been identified early and proactively managed to the financial benefit of hundreds of companies, the health of the environment, and the welfare of communities across the globe.
- Many of the companies that ICCR members engage recognize the value that engagement with shareholders brings.

**Ownership Thresholds** (minimum value of shares owned in order to file a shareholder proposal)

- The current ownership threshold of \$2,000 allows an important diversity of investors to be heard.
- Raising the threshold excludes smaller investors from participating in the proposal process.
- Time frame of holding shares for a year ensures that investors are concerned about the long term value of the company, there is no need to change it. **Resubmission Thresholds** (question of whether to increase the minimum votes a proposal receives from all shareholders in order to re-submit a proposal)
- Current minimums of 3%, 6% and 10% (in the first, second and third year, respectively) votes have been successful in allowing time for emerging issues to increasingly receive support from investors while still ensuring that proposals that receive meaningful support are moved forward.

There are many examples in ICCR's history of issues that initially received little support but through investor education were eventually recognized as the important issues and risks to companies that they were. Issues originally brought to the attention of corporate boards and fellow shareholders through proposals resulted in companies adopting suggested practices, many of which are now seen as best practice.

Important areas where progress has been made include: climate change, human rights risks assessments, financial practices, and governance standards.

**Other**

Trade associations such as Business Roundtable, U.S. Chamber of Commerce, and National Association of Manufacturers are creating a false sense that resolutions are a major burden on companies. However, the vast majority of companies never even receive a shareholder resolution. For those that do, it is notable that often times resolutions end up being withdrawn by the proponent because of conversations between them and the company. Many times this leads to changes beneficial to the company.

The average company receives a shareholder proposal once every 7.7 years, and of those that do, the median number of proposals is one per year (ISS Voting Analytics)

Respectfully submitted,

*Susan M. Ernster, FSPA*

Susan Ernster, FSPA

Vice President & Treasurer, FSPA