



Priests of the Sacred Heart

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December 3, 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 Priests of the Sacred Heart, 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 84 priests and brothers working in numerous ministries in Wisconsin, Mississippi, Texas and South Dakota, and has \$240 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 Priests of the Sacred Heart 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.

In conclusion, the Priests of the Sacred Heart strongly believe that the filing of resolutions is a fundamental tenet of shareholder democracy that should be protected. We appreciate this opportunity to provide input. Please call me at [REDACTED] with any questions.

Sincerely,



Mark Peters, Director of Justice, Peace and Reconciliation, US Province