



December 10, 2018

Honorable 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 Statement announcing a Staff Roundtable on the Proxy Process, the Sisters of the Holy Cross join the Interfaith Center on Corporate Responsibility (ICCR), a coalition of more than 300 institutional investors collectively representing over \$400 billion in invested capital, to express our affirmation of the current shareholder proposal process as effective, efficient and beneficial to both shareholders and the long term well-being of the companies they hold. 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.

We believe that the current rules governing the proxy process continue to serve as a cost-effective way for corporate management and boards to gain a better understanding of shareholder priorities and concerns, and has led to the widespread adoption of constructive corporate governance practices that have become standard in the field.

We believe that the current ownership threshold of at least \$2,000 worth of a company's shares allows a diversity of voices to be heard including 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.

The issue of resubmission thresholds also concerns us. 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 vast majority of companies never even see a shareholder resolution, and

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ICCR member experience has shown that approximately one third of resolutions filed result in dialogue and agreements, with resolutions being withdrawn from the proxy.

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 presented to companies that they produced. For example, resolutions requesting a business plan in alignment with the 2° C warming threshold established in the Paris Climate Agreement resulted in a majority vote or more at Occidental Petroleum, ExxonMobil, PNM Resources and in 48% at Dominion Resources.

Resolutions highlighting human rights risks in global supply chains have brought human trafficking and forced labor to the forefront and sector leaders such as Coca Cola, HP, Ford and Gap now have human rights policies and supplier codes of conduct that help them uncover and eradicate these violations from their supply chains - along with the legal, reputational and financial risks they represent.

Critics of the shareholder resolution process argue that the motives of those who file resolutions are “political” and that they have no interest in creating shareholder value. In fact, the Sisters of the Holy Cross rely heavily on investor income to provide for care of the poor, our apostolic works, the education of our members, the care of our elderly sisters, and our commitment to building a society of justice, non-violence and ecological integrity.

We join other ICCR members in pressing 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. Many of the companies that we engage with see the great value that this engagement brings, for example, by enabling companies to identify and address reputational and legal risks in advance, before they become liabilities for the company.

In conclusion, we reiterate ICCR's 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.

Sincerely,



Suzanne Brennan, CSC
General Treasurer