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September 4, 2019

The Honorable Jay Clayton
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20001

The Honorable William Hinman
Director, Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20001

Dear Chair Clayton and Mr. Hinman:

The undersigned investors and investor organizations, representing over \$1.5 billion in assets under management, are writing to share their concerns about potential changes to 14a-8. The Securities and Exchange Commission has placed investors on alert with its May 2019 announcement that it is considering conducting a rulemaking to alter the thresholds for filing and/or resubmission of shareholder proposals.

Rule 14a-8 is a vitally important, cost-effective, market-based mechanism for shareholders of all sizes to communicate with management teams, directors and other shareholders on important corporate governance, risk and policy issues that affect companies and their investors. We oppose changes to Rule 14a-8 for the following reasons:

- The current rule is not broken. While a handful of large trade associations are advocating for the SEC to make changes to reduce investors' ability to engage constructively with companies, this process is one of the most reliable—and vital—ways in which investors can practice responsible ownership. Additionally, it allows shareholders to raise issues before they become crises that can erode shareholder value.
- Investors in publicly traded companies have long held the right to participate in the shareholder proposal process. In exchange for capital, shareholders gain unique rights to bring concerns in front of corporate management. Changes to submission and resubmission thresholds will likely decrease shareholders' ability to share concerns about and suggestions for better policies and procedures. Concerns may thus emerge in other ways including voting against directors, lawsuits, books and

records requests and requests for additional regulations. The existing rule provides a well-established, well understood, and reasonably predictable vehicle for investor input.

- The rule is designed to give voice to all investors, including small investors. The size of a shareholder's investment in a company does not dictate the quality of the shareholder's idea. The threshold to file a shareholder proposal was intentionally set at a level which allows small institutional and individual shareholders alike to engage corporate boards and senior management. It has been pegged at a modest level for over 70 years. This harnesses the power of the free market to the benefit of companies, investors and the economy. Efforts to revise ownership thresholds upwards would likely exclude retail investors.
- The existing resubmission thresholds are effective at screening out proposals considered irrelevant or ill-advised by most shareholders. Advocates for weakening shareholder rights argue that submission criteria and resubmission thresholds should be revised upwards. It is our view that those advocates have not substantiated a clear and widespread problem requiring the SEC to propagate a lengthy and costly rulemaking to alter Rule 14a-8. This move seems particularly misguided when there are much more pressing matters before the SEC, such as proxy plumbing and universal proxy, or addressing the diminution of shareholder rights and loss of shareholder value that comes with perpetual dual share classes.

Over the years, shareholder proposals have helped companies address issues before they have become significant problems. Proposals have contributed to significant and tangible benefits at companies. Issues addressed by shareholder proposals include:

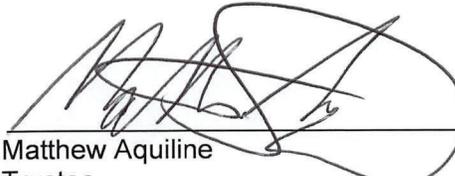
- The now standard practice that independent directors constitute at least a majority of the board. This is now mandated in US stock exchanges' listing standards;
- Advisory votes on executive compensation, or "say-on-pay" vote requirements – now mandated by the Dodd–Frank Wall Street Reform and Consumer Protection Act;
- Wide-scale adoption of international human rights principles as part of corporate codes of conduct and supply chain policies which help protect companies from legal and reputational risk;
- Expanded company initiatives to reduce greenhouse gas contributions to climate change and report about these efforts;
- Widespread adoption of corporate sustainability reporting;
- Adoption of comprehensive nondiscrimination policies that include sexual orientation and gender identity or expression which are now standard practice at the majority of large companies;
- Increased board diversity.

The SEC's job is to protect investors and maintain well-functioning markets. Thus, we urge the SEC to protect the market mechanism tools available for shareholders to ensure that companies are transparent and accountable. It does not benefit the economy, companies or the capital markets to diminish this fundamental right.

Sincerely,



Timothy J. Driscoll
Trustee



Matthew Aquilino
Trustee

cc: Commissioner Roisman
Commissioner Peirce
Commissioner Jackson
Commissioner Lee