

Church Investment Group

Serving the Episcopal Church and Its Christian Mission



Via email to rule-comments@sec.gov

January 29 ,2020

Vanessa A. Countryman

Secretary

Securities and Exchange Commission

100 F Street NE

Washington, DC 20549-1090

RE: Proposed Rule on Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice; File Number S7-22-19

Dear Ms. Countryman:

On behalf of Church Investment Group, I welcome the opportunity to provide this comment letter on the “Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice,” File Number S7-22-19.

The Church Investment Group (CIG) is a non-profit with over \$90 million in assets which enables Episcopal Church endowments to invest at scale. We have a fiduciary responsibility to our Episcopal endowments to maximize the probability of attractive long-term returns and we believe that that duty includes engaging with corporations to effect constructive improvements in corporate governance and well as other matters of financial sustainability.

We would note that CIG controls the decisions on voting our proxies. While we work with Glass Lewis, Glass Lewis' recommendations are reviewed and considered before being implemented by them as our proxy voting advisor. We have found that the current proxy voting process has resulted in constructive improvements in corporate governance, as well as corporate behavior on environmental and employee concerns which improved the long-term resilience and profitability of the corporations which our endowments own.

The proposed proxy advisor proposal will give corporate management substantial editorial influence over reports on their companies because it requires proxy advisors to give companies the automatic right to preview their reports and to lobby the authors to change recommendations. By giving companies the automatic right to preview proxy advisory firm reports and to lobby the authors to change recommendations, this proposal fosters an inappropriate pro-management bias in proxy advisor reports. Company executives and their lobbyists want to make it harder and more expensive for institutional investors to get the expert advice they need to hold management accountable. This will make it less likely that investors vote against management or vote at all.

The proposed rule points to issuers' claim that proxy advisory firms wield excessive influence over how institutional investors vote and that institutional investors vote in lockstep with proxy advisor recommendations. This assumption is not an accurate depiction of our relationship with our proxy advisor. It is also not supported by the broader facts. While ISS recommended voting against say-on-pay proposals at 12.3% of Russell 3000 companies in 2018, just 2.4% of those companies received less than majority shareholder support on their say-on-pay proposals. In 2019, Glass Lewis recommended in favor of 89% of directors and 84% of say-on-pay proposals, while directors received average support of 96% and say-on-pay proposals garnered average support of 93%. These examples demonstrate that investors don't blindly follow proxy advisor recommendations. In fact, according to ISS, 85% of its top 100 clients use a custom voting policy.

Disclosure of conflicts of interest is appropriate for proxy advisory firms. However, this proposed rule goes too far and interferes with the investors' ability to obtain independent research that is not influenced by company management prior to publication. Thank you for your consideration of these comments.

Sincerely,

JoAnn Hanson

President, Church Investment Group

The Peachtree, 1355 Peachtree St., NE, Suite 1775, Atlanta, GA 30309

T: 845-351-2671 www.churchinvestment.org