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January 31, 2020

Hon. Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re:
S7-23-19 Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8
S7-22-19 Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Chairman Clayton,

Everence is a faith-based financial services firm headquartered in Goshen, IN. The mission of our firm is to help people integrate their faith and finances through investment, insurance, banking, and charitable products and services. At Praxis Mutual Funds – Everence’s mutual fund family with \$1.6 billion of assets under management – we practice corporate engagement to be good stewards of both our clients’ assets and their values.

We and many of our colleagues at other faith-based and socially conscious institutional investors use the shareholder proposal process to communicate with corporate management and boards. Praxis has filed numerous shareholder proposals on environment, social, and governance (ESG) issues. Many of these proposals have anticipated issues that were not yet seen as risks by the company or business community. We don’t take the act of filing proposals lightly, and we seek to file only when necessary to secure productive dialogue with the company. The shareholder proposal process has been an important means to communicate with the companies we hold.

As such, we strongly oppose the rules proposed by the Securities and Exchange Commission (SEC) on November 5th, 2019, which will severely limit the rights of shareholders to engage with corporations using the shareholder resolution process over issues with a distinct impact on long-term value.

As long-term investors who engage with companies on critical ESG issues, we believe that the proposed rules are unnecessary, and will undermine a corporate engagement process that has been of great value to both companies and investors.

For decades, the shareholder proposal process has benefited issuers and proponents alike as an effective, efficient, and valuable tool for corporate management and boards to gain a better understanding of shareholder priorities and concerns. The proposed rule changes will make companies less accountable to shareholders, stakeholders, and the public at large.

The proposed increase in ownership thresholds will make it difficult for smaller investors to voice important concerns and raise issues of risk to the companies they own. The current ownership threshold of \$2,000 ensures that a diversity of voices are heard, not just the biggest players. Small investors have contributed a multitude of now commonplace best practices. According to data compiled by the Sustainable Investments Institute, 187 resolutions on social and environmental topics came to a vote at US companies in the spring of 2019. Many of these were filed by investors with relatively small stakes consistent with the existing filing thresholds. The proposals received an average of 25.6 % support (about

the same as the average of 25.4% for resolutions of this kind in 2018, and 21.4% in 2017). These numbers demonstrate that proposals of interest to a large portion of a company's shareholder base can and do originate with smaller individual and institutional investors.¹ Excluding this group of shareholders until they have held for three continuous years raises serious questions about the equity of the proposal process and leaves smaller investors who can make valuable contributions without access to the proxy.

The proposed increase in resubmission thresholds threatens to unnecessarily exclude important proposals that gain traction over time, and will ultimately stifle key reforms. There are many examples of resolutions that initially received low votes, but went on to receive significant support or have led to productive engagement, as shareholders came to appreciate the serious risks they presented to companies.

In addition to the Rule 14a-8 proposals, changes regarding proxy advisory firms were approved at the SEC's November 5th meeting. We believe these modifications have been proposed to undermine the voice of investors and produce more management-friendly votes, unfairly stacking the deck against shareholders and towards corporate management. The proposal would require that proxy advisory firms allow companies to review and provide feedback on proxy voting advice, and would greatly impede the ability of institutional investors to get independent advice and information about how to vote on director elections, Say on Pay ballot items and shareholder proposals. The fact that the proposed rule does not give shareholder proposal proponents and shareholders conducting "vote no" campaigns the same right of review further underlines that the rule would provide an unfair advantage to company management to the detriment of shareholders.

The current 14a-8 rule has worked well for decades, and there is no need to revise it. Trade associations like the Business Roundtable, the U.S. Chamber of Commerce, and the National Association of Manufacturers have lobbied rigorously for the proposed changes by exaggerating the cost of the process to companies, and by misleadingly painting shareholders raising ESG issues as "activists" imposing a "social agenda" who are "uninterested in shareholder value." This misinformation feeds a political agenda by the trade associations to limit the ability of shareholders to engage with the companies that they own.

We choose to engage companies on environmental and social risks precisely because we are concerned about the long-term health of the companies in which we are invested. Many of the companies that we engage with understand that this engagement enables them to mitigate reputational, legal, and financial risks, and build value. The filing of shareholders resolutions by investors big and small is a crucial part of the engagement process.

For the above reasons, we strongly urge the SEC to reconsider the proposed rule changes.

Sincerely,



Chris C. Meyer
Manager of Advocacy and Research
Everence and the Praxis Mutual Funds

¹Si2 'FACT SHEET: Shareholder Proposal Trends', *Sustainable Investments Institute*, Oct.17, 2019, https://siinstitute.org/special_report.cgi?id=80