February 3, 2020

The Honorable 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:

On behalf of Bon Secours Mercy Health ("BSMH"), I appreciate the opportunity to provide perspectives of the rule proposal from the vantage point of our community-based health system, which is one of the 20 largest health systems in the United States and the fifth-largest Catholic health system in the country. As a ministry of the Catholic Church, our care is provided by more than 60,000 associates serving communities in Florida, Kentucky, Maryland, New York, Ohio, South Carolina and Virginia, as well as Ireland.

In response to the Securities and Exchange Commission ("SEC") proposed rules on November 5, 2019, I believe if implemented as proposed, the outcome will have a chilling effect on shareholders who urge companies to address a variety of socio-economic concerns, particularly small investors. Given our expansive geography of providing services and jobs at more than 1,000 sites of care, I am deeply concerned over any future limitations of choice regarding both representation and the resolutions that we are currently eligible to file.

The comments below address aspects of the rule proposal that BSMH believes would not only limit but threaten: the common good of all investors and society at large, including those with fewer resources; the investor voice with corporations and boards with respect to thresholds and resolution filings; and agent representation to carry-out the agenda of our ministry and congregational sponsors.

More specifically, we have been a party to effective engagements with positive outcomes through standing procedural requirements and resubmission thresholds:

- Rule 14a-8 must be preserved in its current state. Shareholder resolutions facilitate communication between shareholders and promote dialogue between shareholders and companies. Approximately one-third of shareholder proposals are withdrawn because they produce effective engagement between investors, management, and boards of directors.

- The proposed submission thresholds would make it significantly more difficult for investors to get critical issues on the meeting agendas of publicly traded companies. Time and again, individual investors, asset managers and institutional owners have raised areas of concerns to improve these companies and make them better investments over the longer term. They have encouraged companies to diversify their boards of directors, to align executive compensation incentives with the long-term good of the company, to manage human rights in the supply chain and to reduce their environmental impacts.

- Shareholder proposals are not burdensome to companies or investors. The number of shareholder proposals submitted each year is just a fraction of the total number of proxy votes. Moreover, the total number of shareholder proposals that are submitted each year has been stable over the past two decades, while receiving growing support from shareholders.

- The Rule 14a-8 stockholding requirement of one-year to file a shareholder proposal is appropriate and should not be changed. Turnover of stock portfolios has increased dramatically in recent decades, and even passive investors experience significant turnover in their stock index portfolios. In addition, ownership in companies can be interrupted for a brief period due to administrative issues such as change in custodian.

- The current Rule 14a-8 stockholding requirement of $2,000 in shares should also be preserved. Small investors have long been a source of shareholder proposals that investors support. The marketplace for good ideas is not limited by the size of investors' portfolios.

A shareholder's right to use an agent with their consent, knowledge and direction for providing expertise and guidance on voting company proxies must be upheld:

- The proposed changes on proxy advice would interfere with investor rights to contract for timely and independent proxy research. The proposal fosters a pro-management bias in proxy advisor reports, which is not acceptable. Company executives should not make it more onerous and more expensive for institutional investors to get the expert advice they need to hold management accountable.

- One proposal per person, which includes the representative as the person, is inefficient and confusing as it would mandate the shareholder, not the agent, to make themselves to be available to meet with the company about a proposal. Our role as a shareholder means that we are the person who directs our representative. Moreover, in concert with the Interfaith Center on Corporate Responsibility (ICCR) and Mercy Investment Services (MIS), Catholic health systems, such as BSMH, are among those that jointly participate with like-minded organizations on a host of proxy voting initiatives. This approach creates many efficiencies, particularly in instances when multiple resolutions to the same company occur on behalf of different stakeholders who are addressing an array of issues.

- The proxy advisor proposal will give corporate management substantial editorial and other influences over reports on their companies. Proxy advisory firms help investors meet their fiduciary responsibilities by providing independent, efficient and cost-effective research services to inform their proxy voting decisions. Furthermore, to give companies the automatic right to preview proxy advisory firm reports and to lobby the authors to change recommendations is wholly inappropriate.

As a shareholder in a variety of companies, BSMH believes it needs to have the continued ability to engage a range of small to large corporations on environmental, social and governance (ESG) issues. Our goal remains to establish an integral process for these entities to mitigate reputational, legal, and financial risks, while building value. Moreover, our engagement helps to provide a voice for community populations in need of attention to address local economic conditions and other pressing issues, including the opioid crisis, human trafficking and environmental impacts.

Further, if promulgated as proposed, the new rules would have a detrimental effect on our ability to provide a voice beyond the patient care setting where we perform some of our best work. However, rendering direct patient care services isn't the only way that we add value in the communities we serve. Consistent with our commitment to serve those in greatest need with dignity, we provide nearly $2 million per day in community benefit. Our charitable mission truly extends the compassionate ministry of Jesus by improving the health and well-being of its communities and bring good help to those in need, especially people who are poor, dying and underserved. And it goes beyond our hospitals, physician offices and other facilities into local communities that are facing a host of issues due to the decline in employment and educational opportunities, and other barriers such as affordable housing and access to transportation. We can help a vast population who needs representation such as ours through many avenues, including when we exercise our shareholder rights to raise issues of social, ethical, environmental and governance concerns with companies where we are a shareholder.

For example, as a shareholder of pharmaceutical manufacturers, retailers and distributors, we have acted in filing resolutions about their corporate policies on the marketing and sales of drugs that have led to addiction. Such actions promote healthier communities. We advocate that these companies take responsibility for historic business practices, and as the largest health care system in Ohio and among the state's five largest employers, we believe we have a responsibility to do so. As a result, we are utilizing innovative strategies and working in tandem with local and state organizations to fight Ohio's opioid crisis, which is challenging due to the many different opioid of narcotic products on the market.

In addition to helping patients and communities, these efforts support employers as well. The impact of substance abuse is undermining employers' ability to attract, hire and retain workers, including critical positions such as nurses, and a variety of clinicians. Moreover, those seeking entry level positions in BSMH alone comprise approximately one-third of our hiring. Of additional concern are instances of first responders, including emergency department (ED) staff, being exposed to toxic substances. Indicative of our commitment to increase the availability of services for substance abuse patients, support harm reduction programs, and reduce access to addictive medications and drugs, there has been a profound decrease in opioid prescriptions in our EDs system-wide between 2016 and 2019, a dramatic reduction of 48-percent.

Our shareholder engagement also extends to creating safe communities by working with business and industry such as hotel, airline and trucking companies on compliance with best practice standards to mitigate child and women sexual tourism and human trafficking while protecting refugees and vulnerable migrants. In many cases, instances of human trafficking occur along some of our nation's most traveled roads such as Interstates 95, 90, 85, 75 and 70, and these are also the same corridors where we have a mixed market presence, including geographies that serve urban, rural, suburban and ex-urban areas. To this end, BSMH is committed to training our workers and improving identification of victims with a standardized screening protocol and sharing our knowledge and experience throughout the communities we serve.

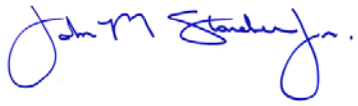
By engaging in dialogue with companies on these and other issues through written correspondence and shareholder resolution filings on Socially Responsible Investing (SRI) related issues, we are simply in a good position to advance our mission and core values for community-wide issues, and our decision-making is never made in a vacuum. In fact, it's rather comprehensive and is not limited to shareholder advocacy and proxy voting. It also includes the utilization of social screens, ESG investing, and community engagement. I would be remiss if I did not offer a brief description of our more than 10-year proven track record, which is considered one of the most sophisticated among health systems in the country.

First, as a member of the ICCR and MIS, these organizations help to provide effective and efficient channels for shareholder advocacy and engagement in areas impacting environmental, social, and governance issues. Representatives from our system are participants in ICCR. Second, we work with a third-party consultant to develop a customized advocacy plan that reflects our mission and values. Additionally, a multi-disciplined team of internal colleagues work together to approve BSMH's annual shareholder engagement plan prior that sets forth an annual forecast of those companies we wish to engage. Lastly, the third-party consultant who we engage votes all proxies, which is conducted in a manner consistent with Catholic social teaching and current standards of ethical practice.

In conclusion, it is essential that the investable assets of BSMH be used to promote its mission and core values in a way that is consistent with our identity as a Catholic health ministry and congruent with our mission. To ensure the values of Human Dignity, Integrity, Compassion, Stewardship and Service are held to the highest standard, we will not only refrain from investing in companies whose products, services or actions are contrary to our mission and values, we must also promote our mission and core values through preserving the ability to engage in shareholder advocacy and proxy voting that is consistent with administrative rules that are currently in place. This is right for our citizens and for the future of our country.

Thank you for your consideration.

Sincerely,



John Starcher
President and CEO
Bon Secours Mercy Health