

THE
Episcopal
CHURCH

ES158921

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

rule-comments@sec.gov.

Subject line: File No: S7-23-19/ S7-22-19.

Dear Chairman Clayton:

As Treasurer of The Episcopal Church, I write to oppose the proposed change to the shareholder proposal process outlined by Rule 14a-8. We urge the SEC to maintain the current process and reconsider the proposed change. We believe the current shareholder proposal process is effective, efficient, and beneficial to both shareholders and the long-term well-being of the companies they hold. We recognize the critical importance of shareholder engagement as a key means for corporations to be made aware of and address the moral and ethical issues that arise as they carry out their business. 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. The proposed changes to limit resolution filings by investors risks the exclusion of voices that can be vital to this critical accountability tool.

Forty-seven years ago, the Episcopal Church was the first institutional investor to file a shareholder resolution on a moral and ethical issue – apartheid – under the rules of the Securities Exchange Commission. The Presiding Bishop and Primate of The Episcopal Church at that time, the Most Reverend John E. Hines, attended the General Motors annual meeting in person to voice his support for the resolution previously filed by the Church in accordance with SEC regulations. On behalf of the Church, Bishop Hines called on General Motors to stop doing business in South Africa. Bishop Hines' testimony was the opening move by investors in support of the wider effort to end apartheid. That initiative was the first of many actions taken by individuals, organizations, companies and governments across the United States and around the world to address the injustice, which over time, contributed to the dismantling and ultimate undoing of apartheid. Nelson Mandela himself and Nobel peace laureate and Anglican Archbishop Desmond Tutu acknowledged the importance of investors in ending the apartheid regime.

The Episcopal Church remains concerned not only with the financial returns of its investments, but also with their moral and ethical implications. The Church understands that the viability of the financial system depends upon corporations acting responsibly and developing policies that are in everyone's best interest. Business enterprises need to seek to sustain and grow our global economic system, rather than being incentivized to produce results that yield immediate profits to the detriment of long-term growth. Corporate management needs to responsibly address environmental and social issues that have an impact on people across the globe. We all need to push for sustainable practices, whether as business enterprises or as investors.

The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America

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The Episcopal Church is a founding member of the Interfaith Center on Corporate Responsibility (ICCR), and through our membership, we participate in shareholder engagement, including filing resolutions. As an investor for sustainability and a member of ICCR, the Church is concerned about the changes now under consideration. 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. We believe these changes will have a negative impact on our work as socially conscientious investors. The shareholder engagement carried out by investors in the faith community have helped corporations to appropriately evaluate longer-term risks and trade-offs with the potential to affect adversely corporations, their customers and clients, and their employees. Shareholder activism has helped corporations to see early warnings of future troubles.

Meaningful shareholder engagement by ethical investors has contributed to hundreds of corporations changing their policies and practices for the better. This kind of constructive engagement helps us to work together towards a better world in terms of growth, sustainability, and society. We have seen corporate engagement help companies to address key areas of human rights risks, financial and governance standards and the environment, and we have seen progress. The current ownership threshold of \$2000 allows for a diverse array of investors to share their input and perspectives. Holding shares for a year ensures that investors are concerned about the long-term value of the company. Raising the length of time required to own shares and raising the minimum dollar amount would dramatically reduce the ability of smaller investors to participate in the proposal process, a critical way that diverse voices can engage in shareholder advocacy. In terms of resubmission, the current minimums of 3%, 6% and 10% in the first, second and third year, respectively – have enabled investors to learn more about critical issues, while ensuring that proposals that receive meaningful support are moved forward.

We reiterate our support of the shareholder proposal process as currently practiced under Rule 14a-8 and urge the SEC to reconsider the proposed change. We believe that making the proposed changes to limit resolution filings by investors 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, whether those investors are large or small. We appreciate this opportunity to share our perspectives on the importance of shareholder rights.

Very truly yours,



N. Kurt Barnes
Treasurer and CFO
The Episcopal Church