



February 3, 2020

The Hon. Jay Clayton III, Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice; File Number S7-22-19;
Release Number 34-87457

Dear Chairman Clayton:

This Proposed Rule¹ is a significant step forward for corporate governance. More importantly, this Rule enhances shareholder protections. Proxy advisory firms, notably Institutional Shareholder Services (ISS) and Glass Lewis, frequently provide guidance to investors that belie a conflict of interest. These firms make errors in their proxy voting recommendations that in turn inflict costs and harmful policies on manufacturers, workers, and shareholders. I commend the Securities and Exchange Commission for its progress on this Rule.

Shareholders can benefit from many of the amendments contained in this rulemaking. Specifically, they will gain from changes that regulate the specialty reports issued by proxy advisors. Proxy advisors often use these specialty reports to cater to the specific interests of privileged subsets of shareholders. Proxy advisors instead should be issuing reports for all investors. What is more, investors are kept in the dark as to how these specialty reports are furnished; companies also face challenges in uncovering what is contained in such reports.

Unfortunately, these specialty reports are also used to promulgate highly ideological agendas, such as those espoused in certain ESG programs. An investor has every right to invest his money in a faith-based fund or a sustainability index. But proxy advisory firms should be held responsible for providing a full and transparent report that serves the financial interest of shareholders. As Dr. Wayne Winegarden of the Pacific Research Institute points out, "While ESG programs can be financially viable, these programs can also be financially harmful. And, there is evidence that in many instances, ESG programs do not enhance shareholder value."² Furthermore, by requiring ISS, Glass Lewis, and other proxy advisors to disclose all conflicts of interest and allow the companies to address potential errors, the Commission is rightfully promoting sound corporate governance

¹ Securities and Exchange Commission, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice S7-22-19, 17 CFR Part 240, RIN: 3235-AM50, accessed at: <https://www.sec.gov/rules/proposed/2019/34-87457.pdf>.

² Dr. Wayne Winegarden, Comment Letter, "File No. S7-22-19 Proposed Rule Regarding Proxy Solicitations", December 12, 2019, accessed at: <https://www.sec.gov/comments/s7-22-19/s72219-6534522-200542.pdf>.

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Page 2 of 2

and strong capital markets. Thus, the proxy process would be improved considerably. According to Charles Crain, director of tax and domestic economic policy at the National Association of Manufacturers (NAM):

"This is a significant victory for manufacturers, workers and middle-class Americans across the country...Americans deserve a proxy process that protects their hard-earned money and sets up reasonable guardrails for the firms that impact their retirement savings, and that's exactly what this rule proposes."³

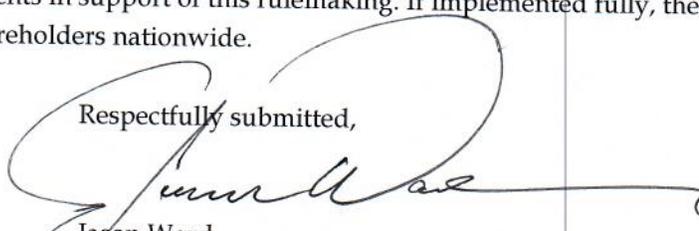
My work as an executive recruiter specializing in industrial manufacturing and services affords me the opportunity to work with many of these companies across the country. My client engagements in manufacturing, aerospace and defense, automotive, construction, transportation, and supply chain and logistics have offered me a unique vantage point to watch the hard work performed by the men and women in these industries. These individuals will be the true beneficiaries should this rule be finalized.

In conclusion, I also refer you to a new report from the Spectrem Group, a research and consulting firm in Chicago. The firm conducted a follow-up survey regarding proxy advisors; the results were overwhelmingly in favor of the Commission's Proposed Rule. The report found:

"The more investors learn about proxy advisors, the more they support reasonable regulations of the firms. Of the rules proposed by the SEC, investors are most supportive of requiring proxy advisors to disclose conflicts of interest, and of requiring them to post a hyperlink directing investors to a written statement addressing the proxy vote advice, to allow companies to respond to the proxy advisor reports."⁴

Thank you for this opportunity to offer my comments in support of this rulemaking. If implemented fully, these amendments will further protect workers and shareholders nationwide.

Respectfully submitted,



Jason Ward
Managing Partner
Industrial Search Partner

³ National Association of Manufacturers, "Manufacturers Score SEC Victory in Proxy Firm Oversight", November 6, 2019, accessed at: <https://www.nam.org/manufacturers-score-sec-victory-in-proxy-firm-oversight-6234/>.

⁴ Jeff Berman, "Retail Investors Overwhelmingly Support Proposed SEC Proxy Changes: Survey", ThinkAdvisor, January 10, 2020, accessed at: <https://www.thinkadvisor.com/2020/01/10/retail-investors-overwhelmingly-support-proposed-sec-proxy-changes-survey/?slreturn=2020002822706>.