



**MARYKNOLL FATHERS AND BROTHERS**

**Rev. Joseph P. La Mar, M.M.**

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Corporate Social Responsibility

December 5, 2019

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,

I, as a representative of the Maryknoll Fathers and Brothers (Maryknoll) in the work of Corporate Social Responsibility (CSR) strongly oppose the rules proposed by the Securities and Exchange Commission (SEC) on November 5<sup>th</sup>, 2019, which will severely limit our rights as shareholders to engage with corporations using the shareholder resolution process over issues with a distinct impact on long-term value.

The Maryknoll Fathers and Brothers is a Catholic organization whose missionary work serves the overseas world in 35 different countries. We give witness to the abuse these nationals suffer from decisions made at corporate and governmental level. In my own mission in Guatemala, I have witnessed the wasting (killing, torture, land abuse, forced deportation, etc.) of peoples from Central America due to an aggregation of local military desires, government pressure and corporate

**greed. NOTE: We are reaping the “reward” of such activity by the flood of distressed and frightened people at our Southern border.**

**For the past thirty years, I have been representing Maryknoll in this work and the changes that have occurred in this time have been beneficial both to the Corporation and to the using public.**

**At first we were titled as “*gad flies*,” and now we are directly petitioned by these same corporate folks to assist them in realizing their need to adjust and/or create changes in their policies and procedures that have brought about a great sense of appreciation by corporate workers, communities and customers better served, improved sales and investors satisfaction.**

**As long-term investors with a portfolio of nearly one half a billion dollars, we engage with companies on critical environmental, social, and governance (ESG) issues, I 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 increase in ownership thresholds will make it difficult for us to voice important concerns and raise issues of risk to the companies we 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.**

**I understand that 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.<sup>1</sup> 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 through the years 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.

The issue of declassified boards is just one example – in 1987 proposals on this issue received under 10% support; in 2012 - 81%, and it is now considered to be best practice.

Other examples include resolutions with oil and gas companies on the risks of climate change that often received below 5% of shareholder support when first introduced beginning in 1998, but which now receive substantial, and even majority shareholder votes, and have been adapted by numerous companies.

Resolutions highlighting human rights risks in global supply chains initially received low votes at companies, but as a result of engagement prompted by the proposals, sector leaders have adopted human rights policies and supplier codes of conduct that help minimize legal, reputational, and financial risks.

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<sup>1</sup>Si2 'FACT SHEET: Shareholder Proposal Trends', *Sustainable Investments Institute*, Oct.17, 2019, [https://siinstitute.org/special\\_report.cgi?id=80](https://siinstitute.org/special_report.cgi?id=80)

**Clearly these and other votes on critical matters signify that investors appreciate the value of the issues being raised in these resolutions. It can take some time for shareholders to get up to speed on emerging issues. The proposed changes could prevent significant topics from even being raised and considered, to the detriment of all stakeholders.**

**In addition to the Rule 14a-8 proposals, changes regarding proxy advisory firms were approved at the SEC's November 5<sup>th</sup> 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.**

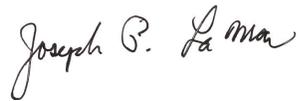
**The current 14a-8 rule has worked well for decades, and there is no need to revise it. Trade associations like the Business Roundtable, the U.S. Chamber of Commerce, and the National Association of Manufacturers have lobbied rigorously for the proposed changes by exaggerating the cost of the process 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 engage**

as shareholders on ESG 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,

A handwritten signature in cursive script that reads "Joseph P. La Mar".

Rev. Joseph P. La Mar, M.M.

Assistant CFO