Presbyterian Mission
Mission Responsibility
Through Investment

100 Witherspoon Street | Louisville, KY 40202 | presbyterianmission.org

January 28, 2020

Hon. Jay Clayton Chairman U.S. Securities and Exchange Commission 100 F Street, N.E. Washington, D.C. 20549	Vanessa A. Countryman Secretary, Securities and Exchange Commission 100 F Street NE Washington, DC 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 and Secretary Countryman,

The rules proposed by the Security and Exchange Commission (SEC) on November 5, 2019 will severely limit the rights of shareholders to engage with corporations using the shareholder resolution process over issues with impacting long-term value. We strongly oppose them.

The Presbyterian Church (U.S.A.) (PCUSA) is a major Protestant denomination with nearly 1.6 million members. Our General Assembly believes the church's investments stewarded by its investing agencies should promote the church mission goals and reflect its ethical values. The Committee on Mission Responsibility Through Investment (MRTI) was created almost 50 years ago to implement this policy and has engaged hundreds of corporations on a variety of environmental, social, and governance (ESG) issues.

The PCUSA's investing agencies, the Board of Pensions and Presbyterian Foundation steward a combined $12 billion of assets under management. The Board of Pensions is responsible for funding thousands of pension plans for retired church workers. The Presbyterian Foundation funds millions of dollars for mission every year. Their return on investments makes this possible. For decades, the shareholder proposal process has benefited both issuers and proponents as an effective, efficient and valuable tool for corporate management and directors to gain a better understanding of shareholder priorities and concerns. The proposed rule changes will make companies far less accountable to shareholders, stakeholders, and the public at large.

We are concerned about the proposed increase in resubmission thresholds. This threatens to needlessly exclude important proposals that gain traction over time and will ultimately stifle key reforms. Recently, the PCUSA filed a series of shareholder proposals with a mid-cap energy company. Within three years, the vote totals on the proposal ranged from 20 to 24 percent. Then in the 4^{th} year, the vote count was almost 50 percent. The company went on to credit shareholders, like the PCUSA, with helping them examine and plan for climate

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risks. The company took our concerns seriously, engaged us in dialogue, and ultimately responded robustly to the primary request of the resolutions. Under the proposed rule change, our shareholder proposal would have been excluded in the fourth year.

When resolutions with oil and gas companies on the risks of climate change were first introduced in the late 1990s, they often received below 5% of shareholder support. They now receive substantial, and even majority shareholder votes, and have been adapted by numerous companies. Also, 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.

While 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. Clearly these and other votes on critical matters signify that investors appreciate the value of the issues being raised in these resolutions.

The current 14a-8 rule has worked well for decades. Trade associations have long exaggerated the cost of the shareholder process to companies and misleadingly painted shareholders as activists pushing agendas. Rather than “activists”, we at the PCUSA are concerned shareholders in a unique position between needing our investments to make a return to advance the values of the church and fund vital mission work. That is our compromise with the marketplace. We exercise our rights as shareholders to bring important issues and concerns to the forefront of companies – issues that often translate into unmanaged or undermanaged risks.

The current rules work well and keep frivolous proposals at bay. The proposed rule changes will make it extremely more difficult for smaller faith-based investors to bring issues before corporate management. Issues that matter to the PCUSA, society and to the company’s bottom-lines. We urge the SEC to reconsider the proposed rule changes.

Sincerely,

Rob Fohr
Director of Faith-Based Investing and Corporate Engagement
Presbyterian Church (USA)