



January 31, 2020

Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

RE: Proposed Rule on Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8; File Number S7-23-19

Dear Ms. Countryman:

On behalf of the Thirty Percent Coalition, we welcome the opportunity to provide this comment letter on the “Proposed Rule on Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8,” File Number S7-23-19.

The Thirty Percent Coalition (“the Coalition”) is a national organization advocating for increased gender diversity, including women of color, on the boards of both publicly and privately held companies. Coalition members include public companies, private equity, state treasurers, professional services firms, and many women’s organizations and advocacy groups. Within our membership we also have a large group of Institutional Investors, including both asset managers and owners. Coalition membership represents over \$6 trillion in assets under management. [Please visit the member section of our website for more information.](#)

Since the founding of the Coalition in 2011, our institutional investors have actively engaged with companies that lack diversity, especially gender diversity, on their boards. This engagement is often facilitated with the filing of shareholder resolutions as a way of establishing a constructive dialog with companies regarding their diversity practices.

The shareholder proposal process is one of the most visible and verifiable ways in which investors can practice responsible ownership. This proposed rule, by changing submission and resubmission thresholds, among multiple other alterations, will make it significantly more difficult for investors to get critical issues on the meeting agendas of publicly traded companies. The proposals, particularly the momentum rule and the prohibition of share aggregation, also increase the complexity of this process.

Investors—including the “main street individual investor” that the SEC has said is a priority—have a multi-decade history of raising critical issues at American companies. Such issues have included board diversity, executive compensation, reduction of greenhouse gas emissions and implementation of non-discrimination policies. These proposals help companies look at concerns before they become crises that erode shareholder value, increase reputational risk and harm communities.

We believe that the proposal transfers power to management at the expense of their shareholders. Investors have not sought these changes. Corporate trade associations and some issuers are advocating for these changes even though, on average, only 13 percent of Russell 3000 companies received a shareholder proposal in any one year between 2004 and 2017.

The shareholder proposal process is one of the least costly ways of alerting companies and their investors to emerging issues, assessing shareholder perspectives and improving governance, disclosure, risk management, and performance. Alternatives to shareholder proposals include voting against directors, lawsuits, books and records requests and requests for additional regulations. Each of these is more onerous and adversarial than including a 500-word proposal in the proxy statement for the consideration of shareholders.

One of the most important characteristics of the Thirty Percent Coalition is our collaborative approach. The Coalition's investors adhere to this philosophy. Over the past few years they have successfully engaged with over 300 companies that, following the engagement, appointed a woman to their board for the first time. The investors have also been successful in convincing companies to publicly commit to diversity in their governance documents – inclusive of race, ethnicity and gender - and to include diverse candidates in their board searches going forward. In some instances, resolutions have been filed, collaborative discussions have occurred, and the resolution withdrawn. This process is a last resort but essential to get the attention of some companies to engage in a discussion with their shareholders.

Rule 14a-8 is working for investors. The revisions put forward would pose a true handicap to the investors' process of company engagement. The Coalition has a good relationship with Chair Clayton as well as the SEC Commissioners. We believe we are being heard and that our collective voice is important. We ask that the SEC protect investors' ability to help hold publicly traded companies accountable rather than creating higher thresholds and more complex rules.

Thank you for your consideration of our views on this important issue. We remain at your disposal to assist in any way you deem appropriate.

Sincerely,



Charlotte Laurent-Ottomane  
Executive Director  
Thirty Percent Coalition

T. [REDACTED]



Toni Wolfman  
Co-Chair  
Public Policy Outreach  
Thirty Percent Coalition

