



February 3, 2020

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

Re: Public Comment on File Number S7-23-19

Secretary Countryman:

MARY KAY HENRY
International President

GERRY HUDSON
International Secretary-Treasurer

NEAL BISNO
Executive Vice President

LUISA BLUE
Executive Vice President

HEATHER CONROY
Executive Vice President

LESLIE FRANE
Executive Vice President

VALARIE LONG
Executive Vice President

ROCIO SAENZ
Executive Vice President

SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

1800 Massachusetts Ave., NW
Washington, DC 20036

202.730.7000

www.SEIU.org

On behalf of the Service Employees International Union, 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 Service Employees International Union ("SEIU") is a national labor union. Our 2 million members are plan participants in 50 public pension funds. Furthermore, SEIU members participate in another 18 Taft Hartley funds that are separately managed. The combined retirement assets of our members total over \$1 trillion dollars.

SEIU participates in a number of investor coalitions, including the CTW investment group, the 30% coalition, the Council of Institutional investors and the Midwest Investors Diversity Initiative.

SEIU has actively engaged with companies that lack diversity on their boards. SEIU has filed resolutions at entities that have experienced significant risks associated with sexual harassment, and has raised human rights issues with stockholders. SEIU's engagement is often facilitated with the filing of a shareholder resolution as a way of establishing a constructive dialog with companies regarding specific governance practices.

SEIU joins with other groups that are vigorously opposing the Commission's proposed rulemaking. The proposed rule will make it more difficult for the employee benefit plans that union members participate in to submit shareholder proposals.

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, and 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. We believe that the proposed rule change will effectively disenfranchise many shareholders from filing shareholder proposals.

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 SEIU is our collaborative approach. We believe strongly in this exercise. Over the past few years we have successfully engaged with over 35 companies that, following the engagement, have agreed to implement our proposals. As investors we have 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. 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. Please contact Renaye Manley at [REDACTED] if you have any questions or need additional information.

Sincerely,



Arun Ivatury
Chief Financial Officer