

February 3, 2020

From:
Steve Loren, CFA, FRM, MBA
Ph.D. Candidate
Past Chair, Sustainable Investing Committee CFANY
Boston, MA

To:
Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street N.E
Washington, D.C. 20549

File numbers: S7-23-19; S7-22-19

Dear Ms. Countryman,

I am a past Chair of the Sustainable Investment Committee of the Chartered Financial Analysts Society in New York (CFANY) and current member of the Boston CFA society. While I speak for myself and not on behalf of the CFANY or CFA Society Boston in this letter, I have had the good fortune to be a part of the growing phenomenon of ESG investing that has swept the world over the last number of years. I was also instrumental in bringing together the Board leadership of the Principles of Responsible Investment (PRI) and CFANY a few years back, which subsequently led to several world-class educational events and collaborative initiatives between the two organizations that continue to this day.

My sentiments concerning S7-23-19 and S7-22-19 are in broad agreement with the PRI comment letter submitted on this matter. This agreement is based upon my considerable experience with asset owners, managers service providers concerning ESG issues as well as academics who have studied governance in capital markets. In my current role, I do not speak for any PRI signatory. Therefore I include the text of the PRI letter (sans listed signatories) here to indicate my support for the *reasoning* the PRI provides as to why the aforementioned proposed rules would introduce major impediments to environmental, social and governance (ESG) integration into capital markets.

I support the compelling reasoning of the PRI statement reproduced below authored by PRI CEO Fiona Reynolds:

“Dear Ms. Countryman,

The PRI and its undersigned signatories write to urge you to ensure that the SEC preserve the right of shareholders to make their voices heard and the independence of proxy voting advice. If finalized, the SEC’s proposed rules on shareholder proposals and proxy advisers would introduce major impediments to environmental, social and governance (ESG) integration, which has traditionally depended on dedicated investors engaging with management and access to independent and efficient proxy voting advice.

The shareholder proposal process is critical to the advancement of ESG integration in the US and the fulfilment of the second PRI principle, active ownership. Shareholder proposals are a component of fundamental investor rights in the US. They enable investors to engage with the companies they own at

annual elections on critical issues. Those issues include but are not limited to: corporate transparency, executive compensation and climate change. The proposed changes to the 14a-8 thresholds significantly raise the ownership requirements and the percentage vote a proposal must receive to be resubmitted, making it more difficult to submit and sustain proposals. That's especially the case for ESG resolutions, because the reality is that it often takes several years for the investor community to appreciate the importance of an emerging ESG topic and integrate the appropriate response into their voting decisions. Accordingly, if finalized, the SEC's proposed amendments to Rule 14a-8 would in many cases hinder discussion of emerging ESG issues before investors have the chance to analyze and incorporate the latest thinking into voting behavior.

Moreover, proxy advisory firms play a vital role in providing impartial analyses of and recommendations on corporate issues that are important to investors. Many PRI signatories make use of the information from proxy advisers when assessing how to vote their shares. But requiring proxy advisory firms to allow companies to review and comment on recommendations before investors even see them, as the SEC has proposed, is an unprecedented intrusion of management into this arena, greatly limiting investors' access to independent advice on matters brought to a vote in

corporate elections. The PRI is deeply concerned that the SEC's proposed rule will undermine the reliability of this source of advice and cause unwarranted delays in an already compressed process. These hurdles will likely make it harder for investors to carry out their fiduciary responsibilities.

Any rulemakings should address the concerns set out in this letter. We urge you to preserve the existing framework and look forward to working with you to make sure that these important elements of shareholder democracy are maintained.

Thank you for the opportunity to share our views. For further conversation and follow up, please feel free to contact our policy team:

- Will Martindale, Director of Policy and Research:
- Colleen Orr, U.S. Policy Analyst:

Yours sincerely,

Fiona Reynolds
Chief Executive Officer
Principles for Responsible Investment

cc. The Honorable Jay Clayton, Chairman
The Honorable Robert J. Jackson, Jr., Commissioner The Honorable Hester M. Peirce,
Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Allison H. Lee, Commissioner"

I want to thank you in advance for your measured consideration of all the comments received regarding these important proposed rule changes. Sincerely,

Steve Loren, CFA, FRM, MBA
Ph.D. Candidate
Past Chair, Sustainable Investing Committee CFANY

Boston, MA

