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SHAREHOLDER ASSOCIATION *for* RESEARCH & EDUCATION

July 17, 2019

Via electronic mail

Mr. William Hinman
Director, Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Subject: June 21, 2019 Rule 14a-8 Stakeholder Meeting

Dear Director Hinman,

I am writing to raise our concerns with some of the proposals raised at the annual Rule 14a-8 stakeholder meeting on June 21, 2019.

The Shareholder Association for Research and Education ("SHARE") advises institutional investors with approximately $23 billion in assets under management on environmental, social and governance (ESG) matters related to their portfolios. We regularly engage in discussions on corporate governance issues with boards and management of a wide range of issuers as well as a large cross-section of the North American institutional investor community.

Our clients are long-term shareholders that, through SHARE, regularly engage in dialogue with issuers to improve oversight, drive long-term performance and promote effective risk management. At times, we use the shareholder resolution process judiciously to raise issues that have not yet been effectively addressed by the company but which we believe are linked to better performance and risk management.

Accordingly, we are concerned with the potential change in practice at the SEC in which some "no action" requests would not receive a written decision.

This concern was raised by the Shareholder Rights Group in a July 11th letter, which we have reviewed. We support the entire submission made by the Shareholder Rights Group, and will not repeat it in detail here.

Our primary concern is that removing the written reasons for no action decisions injects further uncertainty into the process for both proponent shareholders and issuers.

We rely on three fundamental things to provide clarity and certainty to the Rule 14a-8 process:

- Basic respect for the process of shareholder resolutions and the value they can and have brought to issuer decision-making and shareholder accountability;
- Consistency in staff decisions, following the rules and established precedent; and
- Written decisions that clarify the staff's reasons for decisions and help define staff thinking for both issuers and shareholders.

This is especially important in light of recent "no action" decisions that have appeared to up-end precedent on matters like "micromanagement". Some of these decisions have been difficult to understand and inconsistently applied. They appear to be trying to fix something that is not broken.

Prior doctrine, that restricted proposals that truly sought to micromanage a company's operations and intrude upon management's responsibilities, was understandable, consistent and effective.

Recent decisions, however, have excluded proposals that asked issuers to set goals related to climate change, yet clearly left decision-making on the substance of those goals in the hands of the issuer's board. In our view this is actually the appropriate balance for a shareholder proposal to strike, and a "micromanagement" interpretation that excludes these proposals is counterproductive. An unduly restrictive approach will steer shareholder resolutions instead towards a level of vagueness that will not serve either issuers or shareholders.

We also agree with the Shareholder Rights Group's analysis that the actual voting record clearly demonstrates that investors are capable of making decisions for themselves about these proposals, and are not supporting proposals that are frivolous or irrelevant. Further, these are, ultimately, advisory resolutions; even if a proposal receives a majority vote issuers are able to tailor their response to the proposal in a manner that is consistent with the board's duties to uphold good corporate governance and the corporation's best interests.

An unduly restrictive approach to the "no-action" determination is unnecessary given the evidence, and a novel approach to determinations coupled with a lack of written decisions would plunge the whole process into uncertainty and confusion for both issuers and shareholders for no clear purpose. Please reconsider these ideas.

Regards,

Kevin Thomas
Chief Executive Officer
Shareholder Association for Research & Education