



August 29, 2019

Mr. Josh Bolten

Ms. Maria Ghazal

Business Roundtable

300 New Jersey Avenue, N.W.

Washington, DC 20001

Dear Mr. Bolten and Ms. Ghazal,

The Interfaith Center on Corporate Responsibility (ICCR) is a coalition of more than 300 institutional investors collectively representing over \$500 billion in invested capital. Our members comprise a cross section of religious investors, pension funds, foundations, asset managers, and other long-term institutional investors. Members of ICCR have been involved in shareholder engagement with companies since 1971, giving us nearly 50 years of experience with the proxy process.

We write today for two reasons. The first is to commend the Business Roundtable (BRT) and the 181 CEOs who endorsed the new Statement on the Purpose of the Company (the "Statement"), embracing the importance of companies' commitment to key stakeholders. The statement acknowledges a central tenet of ICCR's core philosophy: that companies focused on the well-being of all their key stakeholders and not just on boosting short-term shareholder returns will be more successful over the long term. A growing community of ESG investors have been supportive of companies demonstrating leadership in corporate responsibility for years, with the firm belief that these companies are building long-term value for shareholders. We expect the BRT CEO statement will stimulate an important dialogue within companies, investors and the broader public.

However, the principles clearly articulated in the Statement makes the BRT's continuing lobbying and public statements against shareholder resolutions dealing with environmental, social and governance issues even more perplexing. We urge the BRT to reassess its campaign against shareholder resolutions in light of the new statement.

We read with interest the June 3, 2019 BRT letter to the Securities & Exchange Commission (SEC Letter) and take issue with several of the assumptions used to support the BRT's argument. The BRT's characterization of the issues raised in the proxy process, as well as the motivations of shareholder proponents, is a simplistic description that is false and misleading.

We believe that many of the Business Roundtable's members would also argue that the ESG issues presented using the 14a-8 process are important and relevant business concerns deserving attention by the Board and management. The BRT's Statement of Purpose acknowledges a pledge by virtually all the BRT's members to commit to stakeholders by

delivering value to your customers, investing in employees, working ethically with suppliers, supporting communities where you work and delivering long-term shareholder value. In fact, a great many of the shareholder resolutions filed by investors address many of these same central themes and urge companies to establish policies, governance systems and reporting processes to deliver meaningful progress on these issues.

Yet your June 3 letter to the SEC presents a one-sided case against the issues raised in ESG resolutions, without any sense of balance or recognition of the relevance to companies of many of the topics presented, many of which the BRT membership support in the Statement. For example, characterizing shareholder resolutions on these issues as “tangential or unrelated to the company’s businesswithout regard to shareholder value” is misleading at best. We urge you to examine the inconsistency in these two public positions and to re-examine your position in the SEC Letter in light of the Statement.

For example, the June 3rd BRT letter to the SEC states that, “In the past few decades, companies have had to contend with an increasing influx of shareholder proposals focused on general societal issues... Many of these proposals are of little relevance to shareholders as a whole.” And further, “These activities divert management’s and the Board’s attention away from creating long-term value for the company.” This position presents a false generalization that describes shareholder resolutions as presenting irrelevant issues that waste a company and investors’ time. While it may create a useful headline, it bears little relationship to reality.

A simple review of the major issues presented via shareholder resolutions in the last few years illustrates that there are numerous ESG issues presented to companies that investors and companies alike view as significant business concerns deserving of study and action. The BRT Statement demonstrates that the membership is aware of and grappling with the fact that societal expectations of companies are evolving, and that the fundamental commitment to society cannot be divorced from the everyday operations of a business. It is clear that hundreds of ESG related resolutions fit that category. And when resolutions get votes in the 25-70% range, it is clear that investors pursuing their fiduciary responsibility deem these requests deserving of their votes.

Here are just a few examples of ESG issues to help make the point:

1. Access to the Proxy – Regularly passes with votes over 50%.
2. Majority Vote for Directors, Written Consent, Ability to Call a Special Meeting – Widely supported, as are many other governance reforms.
3. Climate Change – Companies and investors alike recognize the significant risks caused by climate change to companies, the markets and the economy, as well as the opportunities presented to companies that are ahead of their competitors in planning for a low carbon future. This is indisputably a bottom line issue.
4. Human Rights Risks in Supply Chains – Embraced by companies from Walmart to Intel who recognize the inherent business risk and have vigorous programs to ensure that their manufacturers and suppliers follow rigorous human rights standards.
5. Requests for Companies to do Sustainability Reports – thousands of companies do such reports now, often prompted by shareholder resolutions as well as the growing evidence that sustainability issues have a demonstrable effect on financial performance.

6. Board Diversity – There is a clear business case for diversity on corporate Boards supported by mainstream investors like State Street, BlackRock, Vanguard, Bank of New York Mellon, and others.
7. Plastic Pollution – An issue that has rapidly risen to become a major priority for companies particularly now that China is no longer importing plastic waste.
8. Pay Disparity – Many companies responding positively to this important human capital issue, and the business risks are clear.
9. Opioid Epidemic and Governance Systems – Resolutions on this topic have gotten high votes given the enormous risks to companies.
10. Privacy on the Internet – This is another widespread concern for consumers and investors, with clear risk to companies.

We believe all these issues have critical relevance to the company bottom line, particularly in the long term, and are appropriate matters for proxy statements. And since the Business Roundtable members are prestigious leading companies, we know many of them are striving for leadership in these areas and certainly would not describe them as irrelevant or nuisance issues.

The Business Roundtable does a disservice to its members, many of them sustainability leaders, by describing these shareholder resolution topics and ESG issues in the way you do. We want to thank the Roundtable for its leadership statement on the purpose of corporations but note that most shareholder proposals relate directly to the stakeholder issues enumerated in that statement. We sincerely hope that the BRT will align its positions on the proxy process in furtherance of a corporate purpose that serves all stakeholders, and leads to long-term value.

We urge the BRT to reflect both accuracy and balance in its public presentations to the Securities and Exchange Commission and the media. We are glad to provide background research on many of the resolutions presented to companies.

We appreciate your prior willingness to engage in dialogue with investors, and are hopeful we can have another round of discussions. We look forward to your response.

Sincerely,



Josh Zinner
CEO
Interfaith Center on Corporate Responsibility

cc: Timothy Smith, Boston Trust Walden
Mary Vaccari, ICCR