



June 6, 2018

The Honorable Bill Huizenga
Chairman
Subcommittee on Capital Markets, Securities,
and Investment
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets, Securities,
and Investment
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Huizenga and Ranking Member Maloney:

The Interfaith Center on Corporate Responsibility (ICCR) is a coalition of more than 300 faith- and values-driven institutional investors collectively representing over \$400 billion in invested capital, who engage with corporations on environmental, social, and governance issues.

We urge you to oppose H.R. 5756, requiring the Securities and Exchange Commission to drastically increase resubmission thresholds for shareholder proposals. The current provisions under Rule 14a-8 of the Securities and Exchange Act have proven to be highly effective in facilitating communication between shareholders and the corporate boards and management of the companies they own and should be maintained and protected.

Higher resubmission thresholds are likely to prematurely exclude a large number of proposals, negatively impacting shareholder filing of proposals on critical emerging issues. The current thresholds provide a reasonable amount of time for emerging issues to gain support among investors while ensuring that only those proposals that garner meaningful support remain on the ballot for multiple years.

In the course of engaging corporations for over four decades, ICCR members have seen many examples of issues that initially received little support, but soon grew to become standard practices. Such an example is the issue of declassified boards where directors stand for election each year – support of shareholder proposals on this issue was regularly below 10% in 1987 and below 30% for many years, but eventually grew to 81% in 2012. With 15% and 30% resubmission thresholds these proposals would have died long before they had the chance to be adopted. Declassified boards are now common practice, with two-thirds of S&P 500 companies holding annual votes, up from 40% 10 years ago.

Additionally, in the early years, resolutions with oil and gas companies requesting reporting on the risks of climate change often received below 5% of shareholder support and would not meet the increased threshold for refiling proposed by H.R. 5756. Yet through the persistence of shareholders concerned that corporations were ignoring significant climate risks, support has steadily grown into a clear mandate for climate action. The 2017 proxy season saw a resolution requesting a business plan in alignment with the 2° C warming threshold established in the Paris Climate Agreement achieve a 67% vote at Occidental Petroleum, 62% at ExxonMobil, 50% at PNM Resources and 48% at Dominion Resources.

The current resubmission thresholds allow shareholders an opportunity to communicate directly with corporate boards and management on issues of concern to them and to other shareholders. This process has led to many reforms that protect and enhance shareholder value, both at specific companies and in many cases to the benefit of entire sectors. Further information on maintaining the current resubmission thresholds and the current provisions of Rule 14a-8 can be found in this in-depth [briefing document](#).

I urge you to oppose this legislation and any others that limit shareholder rights. I welcome a conversation on this matter. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, likely representing the name Josh Zinner.

Josh Zinner
Chief Executive Officer
Interfaith Center on Corporate Responsibility

Cc: Members of the House Committee on Financial Services