An Open Letter to the Business Community

We write as investors to request that companies consider taking two actions to support meaningful engagement with their shareowners.

As you know, on September 16th the Securities and Exchange Commission announced it was proposing to rescind the shareholder proposal rule, Rule 14a-8. The SEC's release was published in the Federal Register on September 21st with a 2-month comment period. Comments are due by November 20th.

We believe that the rescission of the shareholder proposal rule strips investors of a significant shareholder right and is also not in the best interests of companies. Many of the investors signing this letter have been active as proponents or co-filers of shareholder proposals. Others have been conscientiously voting their proxies over the years dealing with both management and shareholder proposals. We believe that the present system is better for companies and investors alike, compared to an unstable landscape of changing state laws, independent solicitations, initiatives focused on director accountability, and litigation.

The shareholder proposal rule has been in place for over 80 years. Investors have used it to raise important issues related to corporate governance, as well as environmental and social risks for companies. We believe the proposal process allows investors to use a tested and cost-effective tool to present issues of concern to boards and management. Often these lead to meaningful engagement and agreed-upon solutions resulting in a withdrawal of the proposal. At other times, the proposal goes to a vote.

The vote at a shareholder meeting provides a window for management to gauge shareholder sentiment. If the vote in support is minimal, it would appear investors feel that the proposal has little merit. But if proposals receive significant support or even gain a majority vote, it sends a clear signal to management that investors find the proposed change in policy or the requested expanded disclosure to be value-enhancing. In addition, the shareholder proposal process has served as an essential early warning system over the years, alerting boards and management teams to emerging risk areas, governance best practices, and material environmental and social considerations.

Thus, we are appealing to the business community to speak out and oppose the rescission of Rule 14a-8. The voice of the business community explaining the unintended consequences of rescission for companies is important to have on the record.

We also request that companies adopt their own policies allowing acceptance of shareholder resolutions if Rule 14a-8 is rescinded. Even if the SEC removes itself from the process, companies can set up their own guidelines for including proposals in their proxy materials. In fact, one major corporation recently announced that it would continue to accept resolutions in 2027, which is significant since its annual meeting is held in the fall with a submission deadline that may well fall after any rescission becomes effective. We think companies should ensure they have a thoughtful process in place going forward when shareholders submit proposals for inclusion in company proxy statements.

We appreciate the opportunity to register this appeal with you as business leaders and to encourage the business community to take these actions. We look forward to hearing from you and invite you to send responses to Tim Smith (tsmith@iccr.org) at ICCR who will share them with us.

Signatories include

Achmea

Achmea Investment Management

Adasina Social Capital

Adrian Dominican Sisters

Æquo Shareholder Engagement Services

AJL Foundation

AkademikerPension

American Sustainable Business Council

As You Sow

Bon Secours Mercy Health

Boston Common Asset Management

Chevedden Corporate Governance

Chicory Wealth

Christian Brothers Investment Services, Inc

Christian Church Foundation

Church of Sweden

Clean Yield Asset Management

Committee on Mission Responsibility Through Investment of the Presbyterian Church (U.S.A.)

CommonSpirit Health

Community Capital Advisors

Congregation of the Sisters of Bon Secours

Congregation of St. Joseph

CorpGov.net

Corporate Responsibility Committee, School Sisters of Notre Dame Central Pacific Province

Dana Investment Advisors

Daughters of Charity, Province of St. Louise

Dominican Sisters of Springfield IL

DPAM

Ethos Engagement Pool International

Ethos Engagement Services Clients

Ethos Foundation

Etica Funds - Responsible Investments

Everence and Praxis Investment Management

Felician Sisters of North America

Figure 8 Investment Strategies

Folksam Group

Fondazione Finanza Etica

Franciscan Sisters of Allegany NY

Franciscan Sisters of Perpetual Adoration, Inc.

Freedom Economy Business Association

Friends Fiduciary Corporation

Future Group Investment Management

Green America

Green Century Capital Management

GuideStream Financial

Harkins Wealth Management

Harrington Investments, Inc.

Heartland Initiative

Investor Advocates for Social Justice

Maryknoll Sisters

Mercy Investment Services

Missionary Oblates of Mary Immaculate

MSU Denver Foundation

National Legal and Policy Center

Natural Investments PBLLC

NEI Investments

New Alternatives Fund

Newground Social Investment

Nia Impact Capital

NorthStar Asset Management

Pension Fund of the Christian Church

PKA

Province of St. Joseph of the Capuchin Order

Proxy Impact

Racial Justice Investing Coalition

Region VI Coalition for Responsible Investment

School Sisters of Notre Dame Collective Investment Fund

School Sisters of St. Francis

Schroders

Shareholders for Change

Sisters of Bon Secours, USA Justice, Peace and Integrity of Creation

Sisters of Mary Reparatrix

Sisters of St. Dominic of Blauvelt, New York

Sisters of St. Francis of Philadelphia

Sisters of the Humility of Mary

SOC Investment Group

SSCC Advisory

Stance Capital LLC

Syntrinsic

Tender Wealth

Terra Alpha Investments

The Alliance for Health Equity

The Sheltering Arms Foundation

Trillium Asset Management

Trinity Health

Trust for London

Unitarian Universalist Association

United Church Funds

Ursuline Center

Ursuline Provincialate

USA East Province of the Society of Jesus

Vancity Investment Management

Velliv

Veris Wealth Partners

Zevin Asset Management