



July 10, 2017

Dear Senator,

We the undersigned members of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of more than 300 faith- and values-driven institutional investors collectively representing over \$200 billion in invested capital, are writing to voice our strong opposition to the Financial CHOICE Act. The proposed legislation would undo critical financial reforms put in place after the 2008 financial crash, and would expose the economy and the public to enormous risk.

As active shareowners, we are writing to express particular concern with provisions in the Financial CHOICE Act which would prevent virtually all shareholders from having a voice through the filing of shareholder resolutions.

For over four decades ICCR members have used the proxy process to engage hundreds of multinational corporations on a host of environmental, social and governance topics in order to promote greater justice and sustainability in addition to improved financial performance. As faith- and values-based investors, we believe fundamentally that the management of our investments should be aligned with our values, and that ethical and sustainable business practices are in the long-term interests of companies and investors. As a direct result of shareholder resolutions brought by ICCR members and other responsible investors, longer-term emerging risks with the potential to negatively impact the world's most vulnerable have been identified early and proactively managed -- to the financial benefit of hundreds of companies, as well as the health of the environment, and the welfare of communities across the globe.

Specifically, Section 844 of the Financial CHOICE Act proposes the following changes to Securities and Exchange Commission Rule 14a-8 regarding shareholder resolutions:

- 1) increase the filing limits for shareholders from \$2,000 to 1% of market capitalization;
- 2) increase the length of time required for holding shares before filing from one year to three years;
- 3) increase the vote thresholds required for refiling a shareholder proposal (to 6%, 15%, 30%), and;
- 4) prohibit proposals by a proxy other than the shareholder.

The changes proposed by the CHOICE Act, if adopted, would set unreasonable thresholds for ownership that virtually all shareholders would find impossible to meet. As a point of reference, 1% of Wells Fargo stock is currently valued at \$2.5 billion. Meeting the 1% market cap requirement would, in effect, render the proxy process, and the

important corporate accountability and shareholder democracy tool that it represents, inaccessible to virtually all investors.

We believe the current rules governing the shareholder resolution process are both fair and comprehensive, and further, that the current vetting system at the SEC is rigorous enough to ensure that shareholder-sponsored proposals are soundly presented, reasonable in their requests, and in the long-term best interest of the company. Examples of how shareholder proposals have served as early warning systems for companies and the broader market include:

- **Resolutions on key governance issues** such as splitting the board chair and CEO roles, CEO pay and claw-back provisions tied to specific performance metrics, and disclosure of lobbying and political expenditures that improve corporate transparency and accountability and strengthen governance structures and long-term financial performance.
- **Resolutions highlighting human rights risks in corporate operations and global supply chains** with companies in the apparel, electronics, automotive and agricultural sectors, bringing human trafficking and forced labor, including forced child labor into public view. As a result of proxy pressure, sector leaders such as Coca Cola, HP, Ford and Gap now have human rights policies and supplier codes of conduct that help them uncover and eradicate these violations from their supply chains - along with the legal, reputational and financial risks they represent.
- **Resolutions with oil and gas majors beginning in 1998 requesting reporting on the risks of climate change.** In the early years, these resolutions often received below 5% of shareholder support and would not meet the 6% threshold for refiling proposed by the CHOICE Act. Yet through the persistence of ICCR members and the broader responsible investment community, support has steadily grown into a clear mandate for climate action. This 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. Clearly these and other votes signify that investors understand the financial value to companies of the issues being raised in these resolutions.
- **Resolutions as early as 2005 with top U.S. banks on risk management** calling for disclosures around high-risk mortgage products and how they were being collateralized. Three years later we would see sub-prime lending bring our nation's economy to its knees and, shortly thereafter, the passage of Dodd-Frank financial reforms to curb excessive risk-taking and protect banks, their customers and the greater global economy.

These are just a few examples of how regular and productive shareholder engagements using the proxy process have produced significant and long-term changes in corporate behavior that have helped to raise the bar and set new industry standards for entire sectors. These are also examples of engagements carried out by long-term, responsible shareowners that would be effectively excluded from the proxy process if the Financial CHOICE Act becomes law.

It is also important to underscore that quite often resolutions are withdrawn by their proponent after prompting a productive dialogue and improved understanding between shareholders and companies, leading to significant policy changes that can transform businesses. Resolutions that are not withdrawn are voted on by all holders of voting stock – giving the board and management input far beyond that of resolution proponents. Moreover, it is important to understand that virtually all resolutions are advisory (not requiring mandatory company action).

In summary, we believe the current proxy process does an effective job of facilitating communication between shareholders of all types and sizes - from large pension funds to faith-based and other smaller asset owners and asset managers, to individual investors - and the corporate boards and management of the companies they own. The ability to file resolutions is a critical accountability tool and a fundamental tenet of shareholder democracy that must be protected.

For these reasons, we strongly oppose Section 844 of the proposed Financial CHOICE Act. While this letter focuses on our concerns about Section 844, we also strongly oppose the CHOICE Act more broadly, as it would eviscerate critical financial reforms instituted in response to the 2008 financial crash.

We would welcome the opportunity to meet with you in person or by phone to discuss the very real implications we believe the Financial CHOICE Act could have on shareholder rights, corporate responsibility and, most importantly, the communities impacted by corporate practices.

Sincerely,



Josh Zinner
CEO

The Interfaith Center on Corporate Responsibility

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| 1. Adrian Dominican Sisters, Portfolio Advisory Board | 82. Prosperita Stiftung für die berufliche Vorsorge, Switzerland |
| 2. American Baptist Home Mission Society | 83. Province of St. Joseph of the Capuchin Order |
| 3. American Friends Service Committee | 84. Reformed Church in America |
| 4. Aquinas Associates | |

5. As You Sow
6. Augustinians
7. Azzad Asset Management
8. Benedictine Sisters, Boerne Texas
9. Boston Common Asset Management
10. Brethren Foundation Funds Inc.
11. BVM Shareholder Education & Advocacy Group
12. Caisse de Prévoyance des Interprètes de Conférence (CPIC), Switzerland
13. California Province of the Society of Jesus
14. CAP Prévoyance, Switzerland
15. CHRISTUS Health
16. Church of the Brethren Benefit Trust, Inc.
17. CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle, Switzerland
18. Clean Yield Asset Management
19. COGIC Urban Initiatives Eastern First Jurisdiction
20. Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.
21. Conference on Corporate Responsibility Indiana and Michigan
22. Congregation of Holy Cross
23. Congregation of Holy Cross - Moreau Province
24. Congregation of Sisters of St. Agnes
25. Congregation of St. Basil
26. Congregation of St. Joseph
27. Dana Investment Advisors
28. Daughters of Charity, Province of St Louise
29. Daughters of Wisdom
30. Dignity Health
31. Diocese of Springfield, IL
85. Region VI Coalition for Responsible Investment
86. Regroupement pour la Responsabilité Sociale des Entreprises
87. Religious of the Sacred Heart of Mary
88. RENEW International
89. School Sisters of Notre Dame
90. School Sisters of Notre Dame - Central Pacific Province
91. School Sisters of Notre Dame - CP Province CR Committee
92. School Sisters of Notre Dame Cooperative Investment Fund
93. School Sisters of St. Francis
94. School Sisters of St. Francis, US Province
95. SEIU Master Trust
96. Servants of the Paraclete
97. Seventh Generation Interfaith Inc.
98. Sinsinawa Dominican Shareholder Committee
99. Sisters of Bon Secours, USA
100. Sisters of Charity of Cincinnati
101. Sisters of Charity of Cincinnati - Corporate Responsibility Committee
102. Sisters of Charity of New York
103. Sisters of Charity, BVM
104. Sisters of Charity, Halifax
105. Sisters of Christian Doctrine
106. Sisters of Mary Reparatrix
107. Sisters of Mercy of the Holy Cross
108. Sisters of Notre Dame de Namur, Base Communities
109. Sisters of Providence - MJP
110. Sisters of Providence of St. Mary-of-the-Woods
111. Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA

32. Dominican Sisters of Grand Rapids
33. Dominican Sisters of Hope
34. Dominican Sisters of Houston
35. Dominican Sisters of Mission San Jose
36. Dominican Sisters of San Rafael
37. Dominican Sisters of Springfield, IL
38. Erie Benedictines for Peace
39. Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland
40. Ethos Foundation, Switzerland
41. FAIRR Initiative
42. Felician Sisters of North America
43. FOR Investment Partners
44. Franciscan Sisters of Allegany, NY
45. Franciscan Sisters of Perpetual Adoration -La Crosse, WI
46. Franciscan Sisters of the Atonement
47. Friends Fiduciary Corporation
48. Global Solidarity Fund
49. Green Century Capital Management
50. IHM Sisters - Justice, Peace and Sustainability Office
51. Intentional Endowments Network
52. Investor Voice
53. Iroquois Valley Farms
54. Jesuits of the United States Central and Southern Province
55. Justice Office of the Sisters of St. Joseph of Carondelet, St. Paul Province
56. Ladysmith Servite Sisters
57. Marist Fathers
58. Maryknoll Fathers and Brothers
59. Maryknoll Sisters
60. Maryland Province of the Society of Jesus
61. Mercy Health
62. Mercy Investment Services
63. Midwest Coalition for Responsible
112. Sisters of St Dominic Amityville
113. Sisters of St Francis Dubuque
114. Sisters of St Joseph-TOSF
115. Sisters of St. Ursula
116. Sisters of St. Dominic of Caldwell NJ
117. Sisters of St. Dominic-Racine Dominican SRI Committee
118. Sisters of St. Francis Charitable Trust
119. Sisters of St. Joseph
120. Sisters of St. Joseph of Boston
121. Sisters of St. Joseph of Carondelet
122. Sisters of St. Joseph of Orange
123. Sisters of St. Joseph of Springfield
124. Sisters of St. Joseph-Baden
125. Sisters of St. Joseph-TOSF SJ Committee
126. Sisters of St. Dominic of Blauvelt, NY
127. Sisters of the Holy Names of Jesus & Mary, U.S. Ontario Province
128. Sisters of the Good Shepherd
129. Sisters of the Holy Cross
130. Sisters of the Holy Names of Jesus & Mary, U.S.-Ontario Province
131. Sisters of the Humility of Mary
132. Sisters of the Presentation of the Blessed Virgin Mary
133. Sisters of the Presentation of the Blessed Virgin Mary, New Windsor, NY
134. Sisters, Servants of the IHM, Immaculata, PA
135. Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan
136. Social Justice Committee, UU Congregation at Shelter Rock
137. Socially Responsible Investment Committee
138. Society of Jesus (Jesuits) of the Central

- Investment
64. Miller/Howard Investments, Inc.
 65. Missionary Servants of the Most Blessed Trinity
 66. Mount St. Scholastica Atchison, KS
 67. NEI Investments
 68. Nest Sammelstiftung, Switzerland
 69. Newground Social Investment
 70. NorthStar Asset Management, Inc.
 71. Northwest Coalition for Responsible Investment
 72. Our Lady of Victory Missionary Sisters, Inc.
 73. Oxfam
 74. Pensionskasse Caritas, Switzerland
 75. Pensionskasse der Stadt Winterthur, Switzerland
 76. Pensionskasse Unia, Switzerland
 77. Praxis Mutual Funds/Everence Financial
 78. Prévoyance Santé Valais (PRESV), Switzerland
 79. prévoyance.ne, Switzerland
 80. Priests of the Sacred Heart, US Province
 81. Progressive Asset Management
 - and Southern Province
 139. Society of the Holy Child Jesus
 140. Sonen Capital
 141. Sisters of St. Francis of Philadelphia
 142. SSND AM Province JPIC Department
 143. St. Norbert Abbey
 144. St. Norbert Abbey Corporate Responsibility Advisory Group
 145. Stardust
 146. Stiftung Abendrot, Switzerland
 147. The Church Pension Fund
 148. The Episcopal Church
 149. The Grey Nuns of the Sacred Heart
 150. The Pension Boards-UCC, Inc.
 151. The Province of St. Mary of the Capuchin Order
 152. The Sustainability Group of Loring, Wolcott & Coolidge
 153. Trillium Asset Management
 154. Trinity Health
 155. Tri-State Coalition for Responsible Investment
 156. Trustees of Donations Diocese of Massachusetts
 157. Trustees of Donations to the Protestant Episcopal Church
 158. Union of Concerned Scientists
 159. United Church Funds
 160. Ursuline Sisters of Tildonk, U.S. Province
 161. Ursulines of Cincinnati
 162. USA Midwest Jesuits
 163. USA Northeast Province of the Society of Jesus
 164. Walden Asset Management
 165. Xaverian Brothers
 166. Zevin Asset Management