



December 12, 2019

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street N.E.  
Washington, D.C. 20549

File numbers: S7-23-19; S7-22-19

Dear Ms. Countryman,

The PRI and its undersigned signatories write to urge you to ensure that the SEC preserve the right of shareholders to make their voices heard and the independence of proxy voting advice. If finalized, the SEC's proposed rules on shareholder proposals and proxy advisers would introduce major impediments to environmental, social and governance (ESG) integration, which has traditionally depended on dedicated investors engaging with management and access to independent and efficient proxy voting advice.

The shareholder proposal process is critical to the advancement of ESG integration in the US and the fulfilment of the second PRI principle, active ownership. Shareholder proposals are a component of fundamental investor rights in the US. They enable investors to engage with the companies they own at annual elections on critical issues. Those issues include but are not limited to: corporate transparency, executive compensation and climate change. The proposed changes to the 14a-8 thresholds significantly raise the ownership requirements and the percentage vote a proposal must receive to be resubmitted, making it more difficult to submit and sustain proposals. That's especially the case for ESG resolutions, because the reality is that it often takes several years for the investor community to appreciate the importance of an emerging ESG topic and integrate the appropriate response into their voting decisions. Accordingly, if finalized, the SEC's proposed amendments to Rule 14a-8 would in many cases hinder discussion of emerging ESG issues before investors have the chance to analyze and incorporate the latest thinking into voting behavior.

Moreover, proxy advisory firms play a vital role in providing impartial analyses of and recommendations on corporate issues that are important to investors. Many PRI signatories make use of the information from proxy advisers when assessing how to vote their shares. But requiring proxy advisory firms to allow companies to review and comment on recommendations before investors even see them, as the SEC has proposed, is an unprecedented intrusion of management into this arena, greatly limiting investors' access to independent advice on matters brought to a vote in

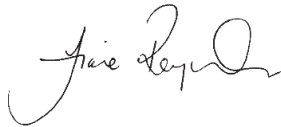
corporate elections. The PRI is deeply concerned that the SEC's proposed rule will undermine the reliability of this source of advice and cause unwarranted delays in an already compressed process. These hurdles will likely make it harder for investors to carry out their fiduciary responsibilities.

Any rulemakings should address the concerns set out in this letter. We urge you to preserve the existing framework and look forward to working with you to make sure that these important elements of shareholder democracy are maintained.

Thank you for the opportunity to share our views. For further conversation and follow up, please feel free to contact our policy team:

- Will Martindale, Director of Policy and Research: [REDACTED]
- Colleen Orr, U.S. Policy Analyst: [REDACTED]

Yours sincerely,



Fiona Reynolds  
Chief Executive Officer  
Principles for Responsible Investment

cc. The Honorable Jay Clayton, Chairman  
The Honorable Robert J. Jackson, Jr., Commissioner  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Elad L. Roisman, Commissioner  
The Honorable Allison H. Lee, Commissioner

About the PRI

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Launched in New York in 2006, the PRI has grown to over 2,700 signatories, managing over \$90 trillion AUM and is still growing. The U.S. is the PRI's largest market, with over 500 signatories investing over \$42 trillion AUM.

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