

June 6, 2018

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

H.R.5756, TO REQUIRE THE SECURITIES AND EXCHANGE COMMISSION TO ADJUST CERTAIN RESUBMISSION THRESHOLDS FOR SHAREHOLDER PROPOSALS

Dear Mr. Chairman and Ranking Member Waters:

I am writing on behalf of the Principles for Responsible Investment (PRI) to express strong opposition to H.R.5756, which would require the Securities and Exchange Commission (SEC) to adjust certain resubmission thresholds for shareholder proposals.

The PRI is the world's leading initiative on responsible investment, which is an approach to investment that explicitly acknowledges the financial relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole. The PRI has more than 1900 signatories that collectively have \$81.7 trillion. The United States is the PRI's largest market with over 360 signatories that represent nearly \$40 trillion in assets under management.

The PRI has serious concerns that H.R.5756 would significantly weaken the role institutional investors play in the effective corporate governance of US companies. The legislation would require the SEC to increase resubmission thresholds under SEC Rule 14a-8. Currently, a board is able to exclude a previously submitted shareholder proposal if it received less than 3% of the vote on the first submission, 6% on the second submission, and 10% on the third submission. H.R.5756 would increase the thresholds to 6%, 15%, and 30% respectively.

We believe that the current process works in providing shareholders with an opportunity to engage with boards and management on important issues that could affect the long-term value of the company, while still protecting companies from challenges not supported by a significant number of shareholders. Proposals addressing critical issues often take several years to garner support for change, and the resubmission process enables proposals to receive the assessment and vote they deserve. This process also allows for a healthy exchange of ideas between

investors and companies that leads to a more robust and meaningful corporate governance approach for companies.

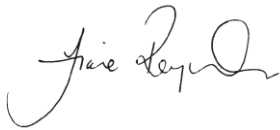
As part of their commitment to implement the Principles for Responsible Investment, our signatories are asked to consider ESG issues in their active ownership policies and practices (Principle 2) and collaborate in their efforts to build a dialogue with investee companies (Principle 5) for more than a decade. Signatories have made this commitment because they have seen through experience that their work in helping companies to consider ESG factors contributes to stronger investee companies and more resilient portfolios.

Active ownership is generally regarded as one of the most effective mechanisms to reduce risks, create business opportunities, maximize returns and have a positive impact on society and the environment. That is why 78% of US-based PRI signatories holding listed equity engage with companies either directly or indirectly.

Increasing resubmission levels would wind the clock back on shareholder rights and could mean that investors' voices are not heard. This measure could also negatively affect the strength of US business performance through reducing the amount of helpful corporate governance challenges companies receive from their investors. As a result, we urge you to oppose this legislation.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Fiona Reynolds". The signature is fluid and cursive, with a large initial "F" and "R".

Fiona Reynolds
Chief Executive Officer
Principles for Responsible Investment