INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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October 6, 2017

Mr. Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Dear Mr. Secretary:

The International Brotherhood of Teamsters ("IBT," "Teamsters") is strongly opposed to the July 17, 2017, "Request for rulemaking to amend Rule 14a-8 under the Securities Exchange Act of 1934 regarding resubmission of Shareholder Proposals" submitted by the Corporate Governance Coalition for Investor Value (Petition).

The IBT and its affiliated pension and benefit funds have a combined $100 billion in assets under management invested in the capital markets. Teamsters affiliated pension funds are long-term investors committed to protecting the retirement security of plan participants. The Teamsters has been at the forefront of investors filing Rule 14a-8 shareholders proposals to improve corporate governance and promote responsible corporate behavior to mitigate risk in our funds' equity portfolio companies.

We believe the Securities and Exchange Commission must ensure that Rule 14a-8 is a fair and workable standard for shareowners and companies. We are confident the current rule provides institutional and retail investors an orderly and cost-effective means to communicate important policy issues to shareholders, corporate boards of directors, and corporate executives. We strongly believe that corporate governance practices among many U.S. companies would not have changed for the better without the current shareholder proposal process.

Teamsters and other investors won strong support for shareholder proposals demanding enhanced accountability from board of directors to shareowners by promoting greater director independence. Following these votes on shareholder proposals, the New York Stock Exchange and the NASDAQ amended their listing standards, mandating a majority of the directors must be independent and, that all members of the key committees – audit, compensation and nominating -- be comprised entirely of independent directors. Shareholder proposals on corporate governance led more than two-thirds of the S&P 500 index companies to declassify boards of directors and hold annual elections. And, it is our firm belief that increasing support for shareholder proposals calling for majority election standards moved U.S. companies to shift away from a plurality standard that in effect allowed for sitting directors to vote themselves on to boards of directors. Ninety percent (90%) of large-cap U.S. corporations now have a majority voting standard.

Similarly, the idea of proxy access has been significantly advanced by the shareholder proposal process. Shareholder proposals helped build rapid momentum for U.S. companies to open up the process for nominating directors to their boards, a process now known as "proxy access." These proposals called for corporations to allow shareholders meeting certain ownership requirements to be eligible to nominate directors on the corporate proxy ballot. This proposal for proxy access has influenced change at hundreds of companies in just the past few years.

Over the years, shareholder resolutions have played a critical role in reforming executive pay – in ways now considered standard practices, and in some cases, now required by law. Proposals, for example, were critical in signifying investor support for stock option expensing, with many companies voluntarily adopting expensing practices before required to do so, following more than 150 resolutions submitted during the 2003 and 2004 proxy seasons. "Say-on-Pay" requirements similarly followed more than 200 shareholder proposals filed over three proxy seasons (2007- 2009). Shareholder proposals have also helped limit egregious practices, such as tax-gross-ups, and excessive severance benefits.

Shareholder proposals have helped garner increasing support over many years for enhanced disclosures on climate risk in corporate reporting. This year, shareholder proposals requesting disclosure of how climate change could affect businesses received a majority share of the votes cast at the annual meetings of ExxonMobil, Occidental Petroleum, and PPL. Shareholder proposals have opened lines of communication between investors, corporate boards of directors and senior management on issues concerning human rights, diversity, workplace policies and practices and a host of other issues. Investors are often in the dark about these topics because the issues are either under reported or not disclosed at all in corporate reports.

Astonishingly, the rulemaking petition ignores these and other changes for the better in corporate governance and corporate disclosure that have resulted from shareholders ability to submit proposals under the current rule. The petition also fails to recognize that in the Teamsters experience, as well as the experiences of many other institutional investors, that a number of proposals are withdrawn each year because of positive dialogue with the issuer following the submission of a proposal.

We believe the petition's arguments to raise the ownership threshold will disqualify the overwhelming majority of investors at any given company from submitting a shareholder proposal. The petition also does not show the data as to why it is overly burdensome for companies dealing with a resubmission of proposals that only receive 10% in the third year, as is current practice, and therefore seek to impose a 30% threshold for resubmission. According to research from Institutional Shareholder Services (ISS) and Walden Asset Management, it is a small number of shareholder proposals that stay in the range of 1-20% over time.

We believe this is truly a case of "if something is not broke, do not fix it." We do not believe the Petition is worthy of the Security and Exchange Commission's limited resources. If, however, the Commission decides to consider a new rulemaking in response to the Petition, we strongly urge that Commission seek investor input.

We thank you for your consideration of our concerns on this matter. If you have any questions or concerns, please contact Louis Malizia, Assistant Director, Capital Strategies Department, at [redacted] or by phone [redacted].

Sincerely,

Ken Hall

Ken Hall
General Secretary-Treasurer

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