UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

February 5, 2019

A. Michelle Willis
SunTrust Banks, Inc.
shelli.willis@suntrust.com

Re: SunTrust Banks, Inc.

Dear Ms. Willis:

This letter is in regard to your correspondence dated February 4, 2019 concerning the shareholder proposal (the "Proposal") submitted to SunTrust Banks, Inc. (the "Company") by United Church Funds et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponents have withdrawn the Proposal and that the Company therefore withdraws its December 18, 2018 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Kasey L. Robinson
Special Counsel

cc: Kathryn McCloskey
United Church Funds
katie.mccloskey@ucfunds.org

SUNTRUST

February 4, 2019

Via e-mail to shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: SunTrust Banks, Inc.
Withdrawal of Shareholder Proposal by United Church Funds and Co-Proponents
Referenced herein

Ladies and Gentlemen:

In a letter dated December 18, 2018, we requested that the staff of the Division of Corporation Finance of the Securities and Exchange Commission (the "*Commission*") confirm that it would not recommend enforcement action to the Commission if SunTrust Banks, Inc. (the "*Company*") excluded from its proxy materials for its 2019 annual meeting of shareholders a proposal (including the related supporting statement, the "*Proposal*") submitted to the Company by United Church Funds, the Felician Sisters of North America, Inc., the Unitarian Universalist Association and the Maryknoll Sisters of St. Dominic, Inc. (collectively, the "*Proponents*").

Since submitting that letter, the Company and the Proponents have reached agreement for withdrawal of the Proposal, and the Company has received a communication attached as Exhibit A via e-mailed letter from the Proponents, dated February 1, 2019, withdrawing the Proposal. In reliance thereon, we hereby withdraw our December 18, 2018 no-action request relating to the Company's ability to exclude the Proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

This letter is being submitted electronically to the Staff, with a copy of the letter being sent simultaneously to the Proponents as notification.

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact me at 404-588-8616 or shelli.willis@suntrust.com.

Very truly yours,

SunTrust Banks, Inc.

By: _____

A. Michelle Willis, SVP and Deputy General Counsel

Attachments

cc: Kathryn McCloskey
(United Church Funds)

Sister Maryann Agnes Mueller
(Felician Sisters of North America)

Exhibit A

Correspondence with the Proponents

[see attached]

Willis.Shelli

From: Kathryn McCloskey <katie.mccloskey@ucfunds.org>
Sent: Friday, February 01, 2019 10:02 AM
To: Willis.Shelli; Kaplan.Tori.S
Cc: Tim Brennan (TBrennan@uua.org); Nadira Narine; Pat Zerega; smaryann@feliciansisters.org; Lisa Hinds; Cathy Rowan (rowan@bestweb.net)
Attachments: suntrust withdrawal agreement 02012019.pdf; Suntrust withdrawal agreement.pdf

Dear Shelli and Tori,

We are pleased to withdraw the shareholder resolution upon SunTrust's commitments of including a proponent and a human rights expert as respondents to the materiality assessment and to change the charter of its Enterprise Business Practices Committee.

The proponents will identify the two respondents very quickly.

Thank you,
Katie

Katie McCloskey
Director, Social Responsibility
United Church Funds
475 Riverside Drive, Suite 1020
New York NY 10115
212.729.2608

UNITED CHURCH FUNDS

February 1, 2019

Ms. Ellen M. Fitzsimmons, Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302

Dear Ms. Fitzsimmons:

Upon reaching a mutually beneficial agreement on next steps for SunTrust Banks, Inc. regarding its governance of salient human rights impacts, United Church Funds, on behalf of all proponents, hereby withdraws the shareholder resolution titled "Create Board Committee on Human Rights." The terms of withdrawal are outlined in the attached.

The proponents look forward to the work together to make our Bank a leader in human rights and are grateful for the spirit of honest negotiation that the SunTrust team members brought to our meetings.

Sincerely,

Kathryn McCloskey
Director, Social Responsibility
475 Riverside Drive, Suite 1020
New York, NY 10115
Katie.mccloskey@ucfunds.org / 212.729.2608

January 22, 2019

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by SunTrust Banks Inc. to omit proposal submitted by United Church Funds and co-filers

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, United Church Funds and three co-filers (the "Proponents") submitted a shareholder proposal (the "Proposal") to SunTrust Banks Inc. ("SunTrust" or the "Company"). The Proposal asks SunTrust's board "to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of compliance, on human rights of individuals in the U.S. and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance."

In a letter to the Division dated December 18, 2018 (the "No-Action Request"), SunTrust stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company's 2019 annual meeting of shareholders. SunTrust argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), on the ground that the Proposal deals with SunTrust's ordinary business operations Rule 14a-8(i)(5), as addressing matters that are not significantly related to the Company's business; and Rule 14a-8(i)(10), arguing that the Company has substantially implemented the Proposal. As

discussed more fully below, SunTrust has not met its burden of proving its entitlement to exclude the Proposal on any of those bases, and the Proponents respectfully request that SunTrust's request for relief be denied.

The Proposal

The Proposal states:

> RESOLVED: That shareholders of SunTrust Banks Inc. (SunTrust) urge the Board of Directors to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of legal compliance, on the human rights of individuals in the United States and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance.

Ordinary Business

Rule 14a-8(i)(7) allows exclusion of proposals related to a company's ordinary business operations. SunTrust urges that the Proposal deals with the Company's ordinary business operations because it:

- Would micromanage SunTrust by dictating criteria the Company must use in selecting clients with which to do lending and underwriting business; and
- Does not address a significant social policy issue, or, in the alternative, addresses both a significant social policy issue and matters that do not rise to that level.

SunTrust's arguments, however, mischaracterize the Proposal. Rather than seeking to impose specific changes to the criteria the Company uses to evaluate potential clients, the Proposal urges only that a board committee on human rights be established and that it adopt or (if such criteria have already been adopted) assess such criteria. In other words, the Proposal recommends a process but does not suggest a particular substantive outcome.

SunTrust also ignores the Proposal's clear focus on human rights, a subject the Staff has consistently determined to be a significant policy issue. None of the factors considered by SunTrust's board in analyzing the Proposal involved human rights—indeed, the phrase "human rights" is nowhere to be found in the description of the board's process—and the No-Action Request repeatedly, and inaccurately, describes the Proposal as focusing on one narrow type of client, companies in the private detention/incarceration business. Accordingly, SunTrust has failed to meet

its burden of proving its entitlement to exclude the Proposal in reliance on Rule 14a-8(i)(7).

The Proposal Would Not Micromanage SunTrust

SunTrust claims that the Proposal "seeks to dictate how the Company handles matters of a complex nature that are at the core of the Company's business operations—specifically, the Company's standards for selecting its clients and the products and services the Company will offer to those clients."[1] As a result, SunTrust urges, the Proposal would micromanage the Company.

SunTrust's argument does not address the central request of the Proposal—that the board establish a committee on human rights. Asking for a new board committee to oversee important issues facing the Company does not constitute micromanagement. In a 1998 release, in which the Commission changed certain aspects of how the Division interprets the ordinary business exclusion, the Commission stated that micromanagement "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies."[2] Those examples involve shareholder intrusion into specific details of a company's management or disclosure practices; creating a new a board committee, by definition, does not involve management.

To sidestep this problem, SunTrust mischaracterizes the Proposal. The new human rights board committee, under the Proposal, would be charged with creating and reviewing company policies on human rights, including incorporating human rights and corporate responsibility considerations when evaluating potential clients. SunTrust claims that the Proposal would "dictate" the substance of human rights policies—and specifically, the criteria the Company would use to evaluate potential clients--despite the fact that the Proposal recommends only that the committee create and review policies, without reference to what those policies should say. Put another way, the Proposal seeks to establish a new oversight entity and fix the scope of its responsibility but not to micromanage the substance of any policies or criteria.

SunTrust cites the Division's determination in JPMorgan Chase & Co. ("JPMC"),[3] but that reliance is misplaced. The proposal submitted to JPMC went into a great deal of detail about the substance of the human rights policies the

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[1] No-Action Request, at 4.
[2] Exchange Act Release No. 40018 (May 21, 1998)
[3] JPMorgan Chase & Co. (Mar. 30, 2018).

proponent thought JPMC's committee should adopt. The proposal's supporting statement asserted that the committee should adopt, at a minimum, "policies and procedures to . . . [r]equire our Company and its fiduciaries in all relevant instances of corporate level, project or consortium financing [to] ensure consideration of finance recipients' policies and practices for potential impacts on Human and Indigenous Peoples' Rights" and "[e]nsure respect for the Free, Prior and Informed Consent of Indigenous communities affected by JP Morgan Chase financing."

The JPMC proposal, then, supplied details regarding the content of human rights policies, not just the general area to be addressed. As JPMC pointed out in its no-action request, the proposal sought to impose a specific standard—free, prior and informed consent—on management's financing decisions. Here, by contrast, the Proposal recommends an area for committee oversight—how human rights and corporate social responsibility should factor into evaluating potential clients—but does not try to control what the committee decides to do with its authority.

Underlying the micromanagement doctrine is the Division's belief that companies should not be required to disclose "matters of a complex nature upon which shareholders, as a group, [are] not in . . . a position to make an informed judgment."[4] That concern is not implicated by the Proposal. Shareholders regularly analyze governance arrangements and decide whether board composition, leadership or committee structure should be changed when voting on shareholder proposals addressing those issues. They are therefore well-positioned to make an informed judgment when voting on the Proposal.

The Proposal's Subject—Human Rights—Is a Significant Social Policy Issue

SunTrust's selective and misleading depiction of the Proposal extends to the Company's argument that the Proposal does not implicate a significant social policy issue. Here, too, SunTrust elides the Proposal's central request for a human rights board committee and represents the Proposal as concerned specifically about human rights risks in the detention/incarceration industry. Only by starting from this false premise does SunTrust and its board reach the conclusion that the Proposal is excludable on ordinary business grounds.

As discussed above, the Proposal's resolved clause clearly asks that the board establish a new committee to oversee human rights, including formulating and reviewing policies about how SunTrust should take into account human rights and corporate responsibility performance. The supporting statement describes one potential human rights risk facing SunTrust—its business relationships with companies in the private detention and incarceration business—to illustrate how a bank can be exposed to human rights risk. The proponents believe that such an

[4] Exchange Act Release No. 40018, "Amendments to Rules on Shareholder Proposals" (May 21, 1998).

example is useful to other shareholders reviewing the Proposal because they might associate human rights risk more with industries that have foreign workforces or operate in countries where human rights risks are especially significant.

In our view, potential risks relating to the private detention/incarceration business are particularly salient at SunTrust because the intense public debate over immigration policy, including family separation, the Trump Administration's "zero-tolerance" policy and stepped-up deportations, has highlighted the role of private companies that provide detention and incarceration services, as well as firms that finance them. SunTrust has been identified publicly as one of those firms.[5]

The Proposal's resolved clause does not limit the requested committee's purview to policies regarding relationships with clients in the detention/incarceration industry. Nor should the inclusion of that example in the supporting statement be read as imposing such a limitation. Proponents should be able to explain why a proposal is appropriate at a particular company, and given Rule 14a-8's 500-word limit, only one or perhaps two such supporting examples will likely fit. Thus, SunTrust's characterization of the Proposal as addressing only the detention/incarceration industry is misleading.

The Division has consistently found human rights to be a significant social policy issue. No-action relief has been denied on ordinary business grounds for proposals asking a company to adopt or amend a human rights policy.[6] The Staff has characterized a proposal as focusing on "the significant policy issue of human rights" even when it requested a specific kind of human rights policy—one guiding business in China and other repressive countries—rather than a more general one.[7] As well, a proposal asking for disclosure of a company's human rights due diligence process has survived ordinary business challenge.[8] Initiatives such as California's 2010 Transparency in Supply Chains Act and Dodd-Frank's provision requiring

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[5] E.g., Morgan Simon, "What Do Big Banks Have to Do With Family Detention? #FamiliesBelongTogether Explains," Forbes, Sept. 25, 2018; Deon Roberts, "'Stop Financing Hatred:' Charlotte Banks Criticized for Ties to ICE Detention Centers," The Charlotte Observer, Oct. 4, 2018.

[6] E.g., Halliburton Co. (Mar. 9, 2009) (proposal asking Halliburton to "review its policies related to human rights to assess areas where the company needs to adopt and implement additional policies" not excludable); Abbott Laboratories (Feb. 28, 2008) (proposal asking Abbott to "amend the company's human rights policy to address the right to access to medicines" not excludable).

[7] Yahoo, Inc. (Apr. 5, 2011) (declining to concur with Yahoo that a proposal asking the company to adopt human rights principles to guide its business in China and other repressive countries was excludable on ordinary business grounds, stating that "[i]n our view, the proposal focuses on the significant policy issue of human rights").

[8] See Amazon.com, Inc. (Mar. 25, 2015) (proposal urges the board to report to shareholders on Amazon's process for comprehensively identifying and analyzing potential and actual human rights risks of Amazon's entire operations and supply chain not excludable as it "focuses on the significant policy issue of human rights").

disclosure regarding conflict minerals, as well as high-profile revelations of human rights abuses in the seafood supply chain,[9] have kept human rights in the spotlight.

SunTrust tries to prevent application of this consistent Staff approach by ignoring the Proposal's primary request and elevating one portion of the resolved clause that refers to evaluating potential clients' human rights performance. By doing so, SunTrust tries to reframe the Proposal's subject as "determining the particular products and services the Company should or should not provide and the Company's standards for selecting the clients to whom it will provide those products and services."[10] Using that lens, SunTrust urges, the Proposal either (a) does not address a significant policy issue at all or (b) deals with a significant policy issue plus matters that do not qualify as a significant policy issue. Neither version of SunTrust's argument has merit.

As a bank, SunTrust can create human rights risk through its own conduct, but it can also face exposure as a result of business relationships with companies that violate human rights or projects that contribute to such violations. For example:

- Banks provided loans to construct the controversial Dakota Access Pipeline, which violated the rights of indigenous peoples whose sacred land and drinking water were affected by the project. Given that the pipeline's route was known before the banks provided financing, they can be viewed as contributing to the human rights violations.[11]
- By financing the construction of the Agua Zarca dam in Honduras despite the objections of indigenous people whose land was taken for the project and whose leaders had been threatened, lead arranger FMO contributed to human rights violations, including the murders of two indigenous leaders.[12]

Because this potential for human rights risk exposure through client relationships is not present for companies in all industries, the Proposal was drafted to clarify that the human rights board committee would have responsibility for overseeing policies to assess clients' conduct and exposures. In other words, the language about potential clients does not shift the subject of the Proposal away from human rights; rather, it ensures that oversight of human rights is defined in a way that is appropriate for a financial institution.

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[9] See, e.g., Adam Chandler, "Walmart, Whole Foods, and Slave-Labor Shrimp," The Atlantic, Dec. 16, 2015; Yasmeen Alamiri, "Investigation Reveals Shocking Details About Shrimp Bought and Sold by Major Grocery Chains," Atlanta Journal-Constitution, Dec. 19, 2015.

[10] No-Action Request, at 5.

[11] E.g., Julia Carrie Wong, "Dakota Access Pipeline: ING Sells Stake in Major Victory for Divestment Push," The Guardian, Mar. 21, 2017.

[12] E.g., "European Banks Pull Out of Honduras Dam Project After Killings of Activists," NBCNews.com, July 7, 2017.

With this understanding, both versions of SunTrust's argument are easily dispatched. First, the resolved clause's clear reference to human rights defeats SunTrust's claim that the Proposal does not address a significant policy issue at all. Second, even assuming SunTrust would concede that human rights is relevant to the Proposal in some way, oversight regarding assessment of potential clients is not a separate subject, or even an excessive expansion of the scope of "human rights".[13]

A 2011 Staff determination shows how a proposal seeking a report on human rights policies can address the sale of specific products to particular kinds of clients without adding a second subject--"sale of products or services"--to that of human rights. In Yahoo Inc.,[14] the proposal asked Yahoo to adopt human rights principles to "guide its business relating to its business in China and other repressive countries" and to "review, report to shareholders and improve all policies and actions (including supervising the abused Yahoo Human Rights Fund) that might affect human rights observance in countries where it does business."

The proposal's resolved clause further specified that Yahoo should not sell "information technology products or technologies," provide assistance "to authorities in China and other repressive countries that could contribute to human rights abuses" or provide information "that would place individuals at risk of persecution based on their access or use of the Internet or electronic communications for free speech and free association purposes." The proposal directed that "Yahoo will support the efforts to assist users to have access to encryption and other protective technologies and approaches, so that their access and use of the Internet will not be restricted by the Chinese and other repressive authorities."

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[13] In some determinations cited by SunTrust as standing for the proposition that a significant policy issue cannot be paired with a non-significant policy issue, the proposals' flaw was that their more expansive scopes exceeded the contours of previously-recognized significant policy issues. See Amazon.com Inc. (Mar. 27, 2015) (proposal excludable as "relat[ing] to the products and services offered for sale by the Company"; Amazon had argued that the proposal's broad focus on "treatment of animals" went beyond the previously-recognized significant policy issue of animal cruelty); Hewlett-Packard Co. (Jan. 23, 2015) (proposal excludable with same reasoning as in Amazon.com; HP had argued that the proposal was not limited to products or services of "military equipment"—the proponent had urged that "foreign military sales" by a company had been found to raise a significant policy issue—nor was the proposal limited to products or services connected to human rights violations); see also Johnson & Johnson (Feb. 10, 2014) (proposal did not concern the company's "general political activities," a subject that had long been considered a significant policy issue, but rather specific political contributions related to the operation of the company's business). Other determinations concerned proposals whose subjects had never been considered significant policy issues and whose proponents failed to persuade the Staff that they should be. See McKesson Corp. (June 1, 2017) (proposal regarding controlled distribution systems to prevent diversion of execution drugs excludable on ordinary business grounds despite proponent's argument that the "impermissible use of medicines to carry out execution by lethal injection" should be deemed a significant policy issue); Dominion Resources Inc. (Feb. 14, 2014) (proponent argued unsuccessfully that "new carbon regulation and centralized versus distributed power generation" should be considered significant policy issues).

[14] Yahoo, Inc. (Apr. 5, 2011).

Citing the principles listed above, Yahoo challenged the proposal on ordinary business grounds, claiming that the proposal's subject was not limited to a significant policy issue because certain principles "clearly relate to the ordinary business matters of determining the manner in which the Company should or should not provide its products and services, determining what products and services to offer, and establishing procedures for protecting customer information." Although the proponent did not respond substantively to the company's request, the Staff declined to grant relief, explaining that "[i]n our view, the proposal focuses on the significant policy issue of human rights." The Yahoo determination, then, undermines SunTrust's argument that mentioning relationships with current or potential clients dooms the Proposal to exclusion on ordinary business grounds.

The Staff has rejected similar arguments aimed at proposals to pharmaceutical companies seeking drug pricing disclosure. In the 2015 proxy season, proposals asked Gilead, Vertex and Celgene to report on the risks created by rising pressure to contain U.S. specialty drug prices.[15] All three companies challenged the proposals and invoked the ordinary business exclusion, arguing that the proposals addressed "business considerations"[16] related to product pricing, which were not a significant social policy issue. The proponents countered by pointing out that high drug prices, and pharmaceutical price restraint, had previously been deemed a significant policy issue. They contended that the proposal's discussion of specific pricing-related considerations, such as payer resistance, the use of cost/benefit analysis and potential regulatory blowback, should be viewed as integral to the larger social issue of high drug prices, rather than as separate from it. The Staff did not grant the relief the companies sought.

SunTrust's misrepresentation of the Proposal's scope extends to the factors on which its Nominating and Governance Committee (the "Nom/Gov Committee") and board relied in concluding that the Proposal does not implicate a significant policy issue for SunTrust. SunTrust's characterization of the Proposal, which was both over- and under-inclusive, resulted in the Nom/Gov Committee and board considering factors that did not apply to the Proposal, and failing to consider relevant factors. The Nom/Gov Committee and board's conclusion therefore is neither "well-informed" nor "well-reasoned," as required by Staff Legal Bulletin 14I.[17]

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[15] Gilead Sciences, Inc. (Feb. 23, 2015); Celgene Corporation (Mar. 19, 2015); Vertex Pharmaceuticals Inc. (Feb. 25, 2015).

[16] Gilead Sciences, Inc. (Feb. 23, 2015).

[17] See Staff Legal Bulletin 14I (Nov. 1, 2017) ("That explanation [of the board's analysis] would be most helpful if it detailed the specific processes employed by the board to ensure that its conclusions are well-informed and well-reasoned.") Matt McNair, Senior Special Counsel, Office of Chief Counsel of the Division of Corporation Finance, stated in a Nov. 14, 2017 webcast that "[t]he most important thing is to make sure that the description of the board process and their findings is sufficiently detailed so that we can get a good sense as to whether those conclusions are well-informed and well-

SunTrust points to "prior work . . . in addressing elements of corporate responsibility," including creating the new position of Head of Corporate Responsibility, SunTrust's "commitment to conducting its business in a socially responsible manner," and the Nom/Gov Committee's oversight responsibility for corporate responsibility matters.[18] None of those factors, however, relates specifically to human rights; indeed, the phrase "human rights" appears nowhere in the list of factors or the documents referenced therein.

"Corporate responsibility" or "corporate social responsibility" encompasses a wide variety of behaviors, such as engaging in philanthropy, reducing impact on the environment, working to increase diversity and strengthening communities in which a company operates.[19] Efforts on corporate responsibility issues other than human rights, such as "diversity and inclusion initiatives,"[20] are not relevant to the Proposal, and citing corporate responsibility initiatives and board oversight without specifically mentioning human rights strongly suggests that SunTrust has not addressed it. Similarly, hiring a Head of Corporate Responsibility has no bearing on the Proposal unless she has pursued human rights-related initiatives.

As well, SunTrust asserts that the Nom/Gov Committee and board considered the "social significance of the matters raised by the Proposal relative to the specific business operations of SunTrust and the potential for reputational harm."[21] But SunTrust inaccurately represents the "matters raised by the Proposal" as only "lending relationships with private prison and detention-based organizations," touting the fact that they account for less than 1% of the Company's assets and revenues.[22] That conception of the Proposal is far too narrow, as discussed above; the Proposal requests a board committee to oversee all aspects of human rights. Accordingly, it is unclear whether the Nom/Gov Committee and board considered the significance of human rights in the context of SunTrust's entire business, or only the significance of the relationships with clients in the detention/incarceration industry.

Finally, the factors analyzed by the Nom/Gov Committee and board reinforce the role of the board and do not suggest that overseeing human rights risk is a day-to-day management function. The board's role in overseeing corporate responsibility

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reasoned." See Transcript of Webcast Hosted by TheCorporateCounsel.net on Nov. 14, 2017, "Shareholder Proposals: Corp. Fin. Speaks," (available at https://www.thecorporatecounsel.net/Webcast/2017/11_14/transcript.htm#1).

[18] No-Action Request, at 8-9.

[19] See https://ethicsunwrapped.utexas.edu/glossary/corporate-social-responsibility; https://www.forbes.com/sites/susanmcpherson/2018/01/12/8-corporate-social-responsibility-csr-trends-to-look-for-in-2018/#76de400040.

[20] No-Action Request, at 9.

[21] No-Action Request, at 9.

[22] No-Action Request, at 8.

and "business, reputation and other risks" more generally was incorporated into the Nom/Gov Committee's analysis. That analysis also took into account "[m]anagement's responsibility for exercising its expertise in determining to whom and on what terms the Company will provide particular products and services," but decisions about products and services are not the subject of the Proposal, as discussed above. There is no indication that the Nom/Gov Committee or board was aware of any management role in adopting or reviewing policies about human rights. As a result, SunTrust has not established that the conclusions of the Nom/Gov Committee and board regarding the Proposal were well-informed or well-reasoned.

In sum, SunTrust has failed to meet its burden of proving it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7). The Proposal would not micromanage SunTrust, as it seeks a board-level committee but does not specify the substance of policies the committee should adopt. The Proposal's subject, human rights, is a significant policy issue, and that conclusion is not weakened by language clarifying that human rights policies includes guidance about evaluating potential clients. Nor does illustrating potential risks using the example of the private detention/incarceration industry, with which SunTrust currently has relationships. The analysis engaged in by SunTrust's Nom/Gov Committee and board thus considered the wrong factors, undermining their conclusions. We therefore respectfully ask that SunTrust's request for relief on ordinary business grounds be denied.

The Proposal is "Otherwise Significantly Related" to SunTrust's Business, Given the High Profile of Human Rights Issues

Rule 14a-5, sometimes called the "relevance" exclusion, allows a company to omit a proposal that:

1. Relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year;
2. Relates to operations which account for less than 5 percent of the company's net earnings and gross sales for its most recent fiscal year; and
3. Is not "otherwise significantly related to the company's business."

SunTrust claims that the Proposal is not relevant to the Company because (a) it relates to operations which account for less than 5% of SunTrust's assets, earnings and revenues; and (b) there is not a "sufficiently significant relationship between the Proposal and the Company's business," as demonstrated by the Nom/Gov Committee and board analysis described in the ordinary business section of the No-Action Request. Both the quantitative and qualitative analyses are flawed and do not support exclusion on relevance grounds.

SunTrust's quantitative analysis proceeds from the assumption that the Proposal "is intended primarily to address the Company's lending and underwriting relationships with entities operating in the private prison/detention industry." Those relationships, SunTrust asserts, account for less than one percent of the Company's assets, net earnings and annual revenue for the year ended December 31, 2017.[23] As discussed above, however, the Proposal addresses human rights generally, not issues associated with only one industry. Accordingly, the quantitative comparison cannot be used to support exclusion of the Proposal.

The qualitative analysis is similarly defective, for the reasons explored in the previous section of this response. In brief, the discussion provided regarding the Nom/Gov Committee and board's consideration of the Proposal shows both that irrelevant factors were considered and that relevant factors were ignored. As a result, it is not possible to conclude that the Nom/Gov Committee and board's judgment about the Proposal was well-informed or well-reasoned.

SunTrust's General Corporate Responsibility Activities, Which Include No Initiatives or Oversight Relating Specifically to Human Rights, Do Not Substantially Implement the Proposal

Rule 14a-8(i)(10) permits exclusion of a proposal that has been "substantially implemented." SunTrust urges that it has substantially implemented the Proposal because (a) three board committees oversee corporate responsibility matters; and (b) a Head of Corporate Responsibility implements SunTrust's "efforts effecting [sic] corporate responsibility generally, including matters impacting human rights." As with its ordinary business arguments, SunTrust bases its substantial implementation claim on a faulty conception of the Proposal, which seems intended to camouflage the fact that SunTrust has no board oversight of, or meaningful management initiatives relating to, human rights.

The board oversight to which SunTrust points consists of general oversight of "all matters of corporate responsibility" (Nom/Gov Committee); reputational and business risks, "including standards for conducting diligence of Company clients" (Risk Committee); and diversity and inclusion (Compensation Committee). These arguments proceed from SunTrust's erroneous assertion that a "stated objective" of the Proposal is to establish board oversight for corporate responsibility matters.[24] The Proposal clearly focuses on human rights and contains no discussion of environmental, philanthropic, diversity or other matters often included under the corporate responsibility umbrella.

The Nom/Gov Committee's putative oversight falls far short of the Proposal's request. Its charter makes no mention of human rights, and does not define

[23] No-Action Request, at 12.
[24] No-Action Request, at 10.

"corporate responsibility," making it impossible to conclude that human rights is in fact within the Nom/Gov Committee's jurisdiction. Nor can such a definition be found outside of the charter. SunTrust's website includes pages on topics one might characterize as related to corporate responsibility--"Philanthropy," "Diversity & Inclusion" and "Community Development"--but none on human rights. The "Governance" section of SunTrust's investor relations web presence includes links to information on the board, management, "Corporate Governance Documents" and "Anti-Money Laundering and Customer ID Program," but no information on human rights or even corporate responsibility more generally.

More important, even if one assumes without evidence that corporate responsibility at SunTrust includes human rights, the Nom/Gov Committee charter does not assign responsibility to that committee for adopting or reviewing policies related to human rights—or even corporate responsibility generally—which the Proposal specifically requests. Instead, the Nom/Gov Committee simply "[r]eceives reports from the Head of Corporate Responsibility and others on Corporate Responsibility efforts at SunTrust." The passivity of "receiving reports" on corporate responsibility contrasts with the active roles the Nom/Gov Committee assumes on other matters: It "approve[s]" related party transactions, "recommend[s]" proposed changes to the Company's Corporate Governance Guidelines, and "oversee[s]" the board self-evaluation process.[25] Accordingly, the Nom/Gov Committee cannot be said to have the oversight role described by the Proposal.

Likewise, while the Risk Committee charter includes "reputational risk" in the long list of risks the committee "may" oversee and review, nothing in the charter or proxy statement acknowledges that human rights risk, or even risk related to corporate responsibility more broadly, can cause reputational harm. Neither "human rights" nor "corporate responsibility" appears in the Risk Committee's charter. SunTrust also argues that diligence on customers is within the Risk Committee's purview, but the committee charter and the proxy statement are silent on the Risk Committee's oversight of diligence activities. SunTrust would like shareholders to infer that the Risk Committee considers human rights and customer diligence as part of its (possible) oversight of reputational risk, without any factual support for that notion. A similar argument was rejected in AmerisourceBergen Corp.,[26] where the company unsuccessfully argued that it had substantially implemented a proposal seeking disclosure on measures to address opioid-related risks by citing general disclosure about risk oversight and management, including reputational risk.

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[25] http://s2.q4cdn.com/438932305/files/doc_downloads/corporate_governance/2018/11/STI-BGNC-CH-01-Board-Governance-and-Nominating-Committee-Charter.pdf

[26] AmerisourceBergen Corp. (Jan. 11, 2018).

SunTrust cites The Goldman Sachs Group, Inc.[27] to support its claim that a proposal like the Proposal can be substantially implemented without the establishment of a separate board committee on human rights.[28] The proposal submitted to Goldman Sachs had requested that the company "modify its committee charters or other directives to ensure board committee oversight of issues of Human and Indigenous Peoples' Rights." Goldman Sachs urged that it had substantially implemented the proposal, and the Staff concurred.

Goldman Sachs, however, had gone much further than SunTrust in establishing board oversight of human rights. Goldman had assigned to its board's Public Responsibilities Committee the duty to oversee the company's "Environmental Policy Framework," which, despite its name, included language on human rights:

> We have a responsibility to help protect, preserve and promote human rights around the world. Examples of such rights are articulated in the United Nations Universal Declaration of Human Rights. While national governments bear the primary responsibility for ensuring human rights, we believe that the private sector can and should play a role in championing these fundamental rights. Our respect for human rights is fundamental to and informs our business; it guides us in how we treat and train our people, and how we work with our clients and our vendors.

As well, the Environmental Policy Framework included language on indigenous people's rights, including a requirement that clients comply with a specific standard of conduct:

> Goldman Sachs recognizes that the identities and cultures of indigenous peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. We recognize the rights of these communities regarding issues affecting their lands and territories, traditionally owned or otherwise occupied and used. For transactions where the use of proceeds may have the potential to directly impact indigenous peoples, we expect our clients to demonstrate alignment with the objectives and requirements of IFC [International Finance Corporation] Performance Standard 7 on Indigenous Peoples, including free, prior and informed consent.

Thus, Goldman Sachs had given a specific board committee responsibility for a framework that explicitly included human rights and the rights of indigenous peoples. That assignment accomplished the proponent's stated objective of ensuring board-level oversight of human and indigenous peoples' rights. SunTrust, by

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[27] The Goldman Sachs Group, Inc. (Mar. 12, 2018)

[28] No-Action Request, at 10.

contrast, has not included language on human rights in any committee charter or document over which a board committee has oversight responsibility. The Goldman Sachs determination is thus not persuasive on the question of whether SunTrust has substantially implemented the Proposal.

* * *

For the reasons set forth above, SunTrust has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7), (i)(5) or (i)(10). The Proponents thus respectfully request that SunTrust's request for relief be denied.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at (___) ___-____.

Sincerely,

cc: A. Michelle Willis
Senior Vice President and Deputy General Counsel
SunTrust Banks, Inc.

A. Michelle Willis
Senior Vice President
Deputy General Counsel

SunTrust Banks, Inc.
P.O. Box 4418
Mail Code 643
Atlanta, GA 30302

December 18, 2018

via e-mail to shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Financeo
Securities and Exchange Commissiono
100 F Street, NE
Washington, DC 20549

Re: SunTrust Banks, Inc.o
Shareholder Proposal by United Church Funds and Co-Proponents Referenced herein

Ladies and Gentlemen:

SunTrust Banks, Inc., a Georgia corporation (the "*Company*"), hereby respectfully requests confirmation that the staff of the Division of Corporation Finance (the "*Staff*") of the Securities and Exchange Commission (the "*Commission*") will not recommend enforcement action to the Commission if the Company omits the enclosed shareholder proposal (including the related supporting statement, the "*Proposal*") received from United Church Funds, the Felician Sisters of North America, Inc., the Unitarian Universalist Association and the Maryknoll Sisters of St. Dominic, Inc. (collectively, the "*Proponents*") from the Company's proxy materials for its 2019 annual meeting of shareholders (the "*2019 Proxy Materials*") in reliance on Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended.o

This letter is being submitted electronically to the Staff no later than eighty (80) calendaro days before the Company intends to file its definitive 2019 Proxy Materials with the Commission. A copy of this letter is being sent simultaneously to the Proponents and theiro representatives as notification of the Company's intention to omit the Proposal from the 2019o Proxy Materials. We will promptly forward to the Proponents any response received from theo Staff to this request that the Staff transmits by email or fax only to the Company.o

I. The Proposal

The Proposal requests that the Company's shareholders adopt a resolution urging theo Company's board of directors "to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters ofdegal compliance, on human rights of individuals in the US and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance." The supporting statement portion of the Proposal focuses primarily on the Company's lending relationships with certain entities operating in the private detention / prison

industry. The supporting statement also states that these matters should be addressed at the board level "[i]n order to allay reputational risks and business risks [from] . . . corporate entities that interfere with human rights, especially on issues of detention."

The Proposal was submitted to the Company pursuant to letters from the Proponents dated October 30, 2018 to November 6, 2018. A copy of the Proposal and all related correspondence with each of the Proponents is attached to this letter as Exhibit A.

II. Reasons to exclude the Proposal

As discussed in detail below, the Company believes it may properly exclude the Proposal from the 2019 Proxy Materials pursuant to (1) Rule 14a-8(i)(7) because the Proposal seeks to address matters related to the Company's ordinary business operations, (2) Rule 14a-8(i)(10) because the Company has previously substantially implemented the Proposal and (3) Rule 14a-8(i)(5) because the Proposal primarily addresses matters not significantly related to the Company's business.

A. The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it seeks to address matters related to the Company's ordinary business operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." In *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals*, [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH) ¶ 86,018, at 80,539* (May 21, 1998) (the "*1998 Release*"), the Commission stated that the policy underlying the ordinary business operation exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." The Commission further articulated two central considerations for determining the application of the ordinary business operation exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id. at 80,539*. The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id. at 86,539-40* (footnote omitted).

Under the first consideration, proposals raising matters fundamental to management's ability to run the company on a day-to-day basis may be excluded unless such a proposal focuses on policy issues that are sufficiently significant to transcend ordinary business operations and be appropriate for a shareholder vote. Whether such a policy issue exists depends, in part, on the connection between the issue and the company's operations. *Staff Legal Bulletin 14I* (Nov. 1, 2017) ("*Staff Legal Bulletin 14I*"). Further, the Staff stated that it considers the proposal and supporting statement as a whole when determining whether the focus of a shareholder proposal is a significant policy issue. *Staff Legal Bulletin 14C* (June 28, 2005) ("*Staff Legal Bulletin 14C*"). The Staff has addressed proposals that relate to both ordinary business matters and significant policy issues on several occasions and has consistently concurred that proposals relating to both

ordinary business matters and significant policy issues may be excluded in their entirety in reliance on Rule 14a-8(i)(7). *See, e.g., Wal-Mart Stores, Inc.* (Mar. 15, 1999) (concurring in the exclusion of a proposal requesting a report on the company's actions to ensure it did not purchase from suppliers who manufacture items using forced labor, convict labor, child labor or who fail to comply with laws protecting employees' rights, among other matters, because certain of the matters to be described in the report related to ordinary business operations); *General Electric Company* (Feb. 3, 2005) (concurring in the exclusion of a proposal requesting that the company issue a statement providing information on the elimination of jobs within the company and the relocation of U.S.-based jobs to foreign countries because the proposal related to day-to-day management of the workforce and was not limited to the policy issue of "offshoring").

In Staff Legal Bulletin 14I, the Staff noted that a well-informed board, exercising its fiduciary duties in overseeing management and the strategic direction of the company, "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote." Staff Legal Bulletin 14I went on to say that, where the board concludes that the policy issue underlying a proposal is not sufficiently significant to the company's business operations, the company's letter notifying the Staff of the company's intention to exclude the proposal should set forth the board's analysis of "the particular policy issue raised and its significance" and describe the "processes employed by the board to ensure that its conclusions are well-informed and well-reasoned."

As discussed below, the Proposal fails both prongs of the Commission's approach to the ordinary business operation exclusion. The Proposal probes too deeply into matters of a complex nature by seeking to dictate criteria the Company must consider in its process for evaluating business relationships and its credit underwriting process. In addition to their complexity, these matters are fundamental to Company management's ability to conduct the day-to-day operations of the business as a financial institution. Finally, even if a significant policy issue were raised by the Proposal, this policy issue is inexorably intertwined with the Company's operations in a manner that makes it impractical for shareholders to provide direct or informed oversight.

1. The Proposal probes too deeply into matters of a complex nature by seeking to dictate criteria the Company must consider in its process for evaluating business relationships and its credit underwriting process.

The Proposal requests that shareholders adopt a resolution urging the Company's board of directors to establish a board-level committee on human rights. The Proposal also requests that this committee adopt and assess criteria for evaluating potential clients' corporate responsibility record and human rights performance. Though not part of the resolution itself, the Proposal specifically focuses on the Company's lending and underwriting decisions for certain entities operating in the private detention / prison industry.

The Commission has long held that, when applying Rule 14a-8(i)(7), the Staff will evaluate proposals requesting the establishment of a board committee by considering the underlying subject matter of the proposal. *See Commission Release No. 34-20091* (Aug. 16, 1983). Further, in a similar situation earlier this year, the Staff concurred in excluding a proposal received by JPMorgan Chase & Co. requesting the establishment of a board-level "Human and Indigenous People's Rights Committee" and the adoption of policies requiring consideration of the impact of human and indigenous peoples' rights on all of its corporate, project and consortium financings because the proposal sought to impermissibly micro-manage complex policies involved in the Company's ordinary business operations. *JPMorgan Chase & Co.* (March 30, 2018).

Here, the subject matter of the Proposal seeks to address the human rights and corporate responsibility record of the Company's potential clients, as well as the Company's underwriting criteria and process for these clients. As a result, the Proposal seeks to dictate how the Company handles matters of a complex nature that are at the core of the Company's business operations—specifically, the Company's standards for selecting its clients and the products and services the Company will offer to those clients—by imposing a specific, over-riding requirement regarding day-to-day management decisions.

The Company is a financial holding company that, through its subsidiaries, offers a full line of financial services (including deposit, credit and trust and investment services, as well as capital markets, mortgage banking, securities brokerage, investment banking and wealth management services) for consumers, businesses, corporations, institutions and not-for-profit entities. Decisions regarding whether and on what terms the Company will provide its services to existing and prospective clients are fundamental to the Company's ability to run its day-to-day operations.

The Company's management invests significant time and energy on a daily basis in determining whether the Company will do business with specific clients, including whether to extend significant credit arrangements to those clients, all while generating an attractive return for the Company's shareholders. Discussions regarding potential client and lending relationships are regular agenda items at numerous routine management meetings. Company management also focuses extensively on establishing appropriate policies and procedures for making these decisions on an informed and timely basis each day as the Company competes for business from prospective clients and seeks to expand its relationships with its existing clients.

The Proposal seeks to impose on the Company's client intake and underwriting decisions the consideration of a potential client's corporate responsibility record and human rights performance, a requirement that would significantly impact the numerous day-to-day decisions made by the Company in each of these areas. Decisions regarding potential client and lending relationships (and the enterprise-level policies under which individual decisions are made) require a deep understanding of the Company's operations and a complex consideration of numerous factors, including the risks to the Company with respect to the client (such as reputational and credit risks), legal and regulatory compliance, length of the client relationship, and competitive factors, among others. Because of these complexities and the depth of

information required in making each decision and fashioning appropriate internal policies and procedures around these decisions, these discussions are most appropriate for the exercise of management's underlying expertise, and it is impractical for shareholders to meaningfully participate in informed decision-making around these issues.

Based on the foregoing, the Company believes that the Proposal seeks to micro-manage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment and, consequently, that the Proposal may be omitted pursuant to Rule 14a-8(i)(7).

2. The Proposal addresses tasks that are fundamental to management's ability to conduct the day-to-day operations of the business as a financial institution.

As discussed in detail above, the Proposal seeks to address, and would greatly impact, the Company's ability to make its day-to-day decisions around client and lending relationships by requesting policies and procedures that would subject all client relationships to consideration of the clients' corporate responsibility record and human rights performance. In addition, the supporting statement portion of the Proposal makes clear that the Proposal is intended primarily to curtail and impact decisions to form business relationships and extend credit to particular types of clients—those engaged in activities related to the imprisonment or detention of individuals. The only potential human rights issue affecting the Company that is highlighted by the Proposal is the existence of certain lending relationships listed in the Proposal that the Company has with businesses in this industry. Further, the Proposal states that board level oversight of client intake decisions (including the implementation of criteria for evaluating potential clients' corporate responsibility record and human rights performance) is necessary to "allay reputational risks and business risks, . . . especially on issues of detention." These statements are consistent with correspondence received from certain of the Proponents in October 2018 questioning the underwriting criteria and process applicable to the lending relationships highlighted in the proposal. As a result, the Proposal relates directly to the ordinary business matter of determining the particular products and services the Company should or should not provide and the Company's standards for selecting the clients to whom it will provide those products and services.

It is well established in Staff precedent that a company's decisions as to whether to offer particular products and services to its clients and the manner in which a company offers those products and services, including related credit underwriting and customer relations, are precisely the kind of fundamental, day-to-day operational matters meant to be covered by the ordinary business operations exception under Rule 14a-8(i)(7). *See, e.g.*, *H&R Block, Inc.* (Aug. 1, 2006) (concurring in the omission of a proposal that related to the company's policy of issuing refund anticipation loans); *Banc One Corp.* (Feb. 25, 1993) (concurring in the omission of a proposal requesting the adoption of procedures that would consider the effect on customers of credit application rejection); *see also Regions Financial Corporation* (Jan. 28, 2013) (concurring in the omission of a proposal requesting a report on the social and financial impacts of direct deposit advance lending activity); *Wells Fargo & Company* (Jan. 28, 2013) (same); *Fifth Third Bancorp*

(Jan. 28, 2013) (same); *Bank of America Corp.* (Feb. 21, 2007) (concurring in the omission of a proposal requesting a report on policies against the provision of services that enabled capital flight and resulted in tax avoidance); *JPMorgan Chase & Co.* (Feb. 26, 2007) (same); *Citigroup Inc.* (Feb. 21, 2007) (same). Omission of the Proposal is further supported by a long line of precedent recognizing that proposals addressing a financial institution's participation in a particular segment of the lending market relate to ordinary business matters and may be omitted under Rule 14a-8(i)(7). *See, e.g.*, *Cash America International, Inc.* (Mar. 5, 2007) (concurring in the omission of a proposal requesting the appointment of a committee to develop a suitability standard for the company's loan products, and to determine whether loans were consistent with the borrowers' ability to repay and for an assessment of the reasonableness of collection procedures because it related to "credit policies, loan underwriting and, customer relations"); *see also JPMorgan Chase & Co.* (Mar. 10, 2010) (concurring in the exclusion of a proposal requesting adoption of a policy barring the financing of companies engaged in mountain-top removal mining); *Wells Fargo & Co.* (Feb. 16, 2006) (concurring in the omission of a proposal requesting a policy that the company would not provide credit or banking services to lenders engaged in payday lending); *Citicorp* (Jan. 26, 1990) (concurring in the omission of a proposal that related to the development of a policy to forgive a particular category of loans).

Based on the foregoing, the Company believes that the Proposal seeks to impermissibly control the day-to-day decisions around client and lending relationships for a specific group of clients and, consequently, that the Proposal may be omitted pursuant to Rule 14a-8(i)(7).

3. The Proposal is not limited to any over-riding social policy consideration sufficiently significant to the Company or its business.

While the Commission did note in the 1998 Release that proposals focusing on sufficiently significant policy issues generally would not be excludable because the proposals would "transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote," if the proposal does not focus solely on a significant policy issue or if it addresses, even in part, matters of ordinary business in addition to a significant policy issue, the Staff has consistently concurred with the exclusion of the proposal. For example, in *McKesson Corp.* (June 1, 2017), the Staff permitted the company's exclusion of a stockholder proposal that requested a report on the company's processes to "safeguard against failure" in its distribution system for restricted medicines despite the fact that the proponent argued that the proposal touched upon a significant policy issue (the impermissible use of medicines to carry out execution by lethal injection). In granting relief under Rule 14a-8(i)(7), the Staff concurred with the company that the proposal related to the sale or distribution of the company's products. Similarly, in *Amazon.com, Inc.* (Feb. 3, 2015), the Staff permitted the company to exclude a proposal requesting that it "disclose to shareholders reputational and financial risks it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" despite the proponent's argument that the sale of foie gras raised a significant policy issue (animal cruelty). The Staff concluded that the proposal related to "the products and services offered for sale by the company." *See also Hewlett-Packard Co.* (Jan. 23, 2015) (concurring with the exclusion of a proposal requesting that the board provide a report on the company's sales of products and services to the military, police, and

intelligence agencies of foreign countries); *Dominion Resources, Inc.* (Feb. 14, 2014) (permitting the exclusion of a proposal relating to use of alternative energy because the proposal related, in part, to ordinary business operations (the company's choice of technologies for use in its operations)); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion when a proposal asked a company to disclose information about how it managed its workforce, even though the proposal also involved the significant policy issue of outsourcing).

Further, as noted above, the Staff stated in Staff Legal Bulletin 14C that "[i]n determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole." Accordingly, the fact that the Proposal addresses a policy issue that may be significant will not prevent the Proposal from being excludable under Rule 14a-8(i)(7) if the supporting statement makes clear that the Proposal relates, at least in part, to the Company's ordinary business. Consistent with the Staff's statement in Staff Legal Bulletin 14C, in *General Electric Co. (St. Joseph Health System)* (Jan. 10, 2005), the Staff considered a proposal raising a general corporate governance matter by requesting that the company's compensation committee "include social responsibility and environmental (as well as financial) criteria" in setting executive compensation, where the proposal was preceded by a number of recitals addressing executive compensation but the supporting statement read, "we believe that it is especially appropriate for our company to adopt social responsibility and environmental criteria for executive compensation" followed by several paragraphs regarding an alleged link between teen smoking and the depiction of smoking in movies. The company argued that the supporting statement evidenced the proponents' intent to "obtain[] a forum for the [p]roponents to set forth their concerns about an alleged risk between teen smoking and the depiction of smoking in movies," a matter involving the company's ordinary business operations. The Staff permitted exclusion of the proposal under Rule 14a-8(i)(7), noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production." *See also Johnson & Johnson (Northstar)* (Feb. 10, 2014) (permitting exclusion under Rule 14a-8(i)(7) of a proposal with a resolution concerning the general political activities of the company where the preamble paragraphs to the proposal demonstrated that the thrust and focus of the proposal was on specific company political expenditures, which are ordinary business matters); *The Walt Disney Co.* (Dec. 15, 2004) (permitting exclusion under Rule 14a-8(i)(7) of a proposal identical to the proposal in *General Electric Co. (St. Joseph Health System)* (Jan. 10, 2005), where the company argued that the proponents were attempting to "us[e] the form of an executive compensation proposal to sneak in its otherwise excludable opinion regarding a matter of ordinary business (on-screen smoking in the [c]ompany's movies)").

If the Staff were to conclude that the Proposal, even in part, relates to a policy issue that transcends ordinary business and would otherwise be appropriate for a shareholder vote, as was the case in the letters discussed above, the Proposal is nonetheless excludable pursuant to Rule 14a-8(i)(7) because it is not focused solely on such policy issue and clearly addresses matters related to the Company's ordinary business operations. The Company is of the view that the Proposal relates, at least in part, to the ordinary business matter of the Company's decisions to maintain business relationships or extend credit to particular clients and the criteria used to reach

those decisions. The Company's view is supported by the language of the supporting statement, which is focused primarily on specific human detention and imprisonment enterprises and not the general issue of human rights. Further, the statement in the Proposal tying the Proposal to Company risk exposures generally evidences the Proponents' real focus by saying that the Company should evaluate its "exposure to corporate entities that interfere with human rights, especially on issues of detention." The Company already has existing due diligence processes for transactions involving certain industries and activities, and the decision to implement those processes was made as part of management's day-to-day determinations regarding the careful balancing of business relationships and risk. Through the policies and procedures requested as part of the board-level committee to be created, the Proponent clearly seeks to affect how the Company approaches these day-to-day decisions regarding whether and on what terms the Company will provide particular products and services.

Company management regularly updates the board of directors on the Company's business operations, which includes the manner in which various policy issues may impact the Company and the manner in which the Company addresses those issues in the course of its day-to-day operations. During the past year, the Company and its board of directors have previously been considering the impact of numerous elements of corporate responsibility on the Company's day-to-day operations. As part of the Company's efforts to address its corporate responsibility obligations, the Company created the new position of Head of Corporate Responsibility to lead these efforts. Throughout its 2018 meetings, the Nominating and Governance Committee and the board of directors were presented with information by Company management on the Company's approach to corporate responsibility matters. Most recently at its November 2018 meeting, the Nominating and Governance Committee received a presentation from management regarding the Proposal. The Nominating and Governance Committee considered the Proposal in light of its prior discussions around corporate responsibility and the following factors, among others:

- Management's responsibility for exercising its expertise in determining to whom and on what terms the Company will provide particular products and services on a daily basis.

- Per information based on the quarter ended September 30, 2018, the Company's lending relationships with private prison and detention-based organizations represented less than one percent of the Company's total assets and revenues.

- The prior work by the Company in addressing elements of corporate responsibility and its commitment to conducting its business in a socially responsible manner, both as disclosed through the Company's most recent annual report to shareholders made available as part of the proxy materials for its 2018 annual meeting of shareholders (the "*2018 Annual Report*").

- The creation of the position of Head of Corporate Responsibility.

- Action taken by the Nominating and Governance Committee at the November 2018 meeting to amend its charter to explicitly provide it oversight responsibility over all matters of corporate responsibility and require it to receive regular reports from the Head of Corporate Responsibility and others with regard to "corporate responsibility" efforts undertaken by the Company.

- The continual oversight of business, reputation and other risks by the management and board-level risk committees and business development committees, practices and policies already in place at the Company, as well as the work by the Company's Chief Ethics Officer and others in fulfilling the Company's commitment to enhancing its focus on corporate responsibility.

- The Company's diversity and inclusion initiatives overseen by the Compensation Committee, and the work by the Chief Inclusion Officer and others in addressing these aspects of the Company's corporate responsibility in the employment context.

- The social significance of the matters raised by the Proposal relative to the specific business operations of SunTrust and the potential for reputational harm.

After due consideration and discussion of these matters, and acting consistent with its fiduciary duties, the Nominating and Governance Committee concluded that the issues raised by the Proposal, while important, do not transcend the Company's ordinary business operations and, as such, would not be appropriate for a shareholder vote. At its subsequent November 2018 meeting, the Company's board of directors discussed this conclusion reached by the Nominating and Governance Committee and concurred in the result.

Prior to the submission of this letter, the Company's General Counsel conferred with the Chairman of the Board of Directors and the Lead Director and Chairman of the Nominating and Governance Committee to update them on discussions with the Proponents regarding the Proposal, the decision to seek exclusion and the key points set forth in this letter. Following these discussions, the General Counsel sent a similar update to all directors concerning these matters.

As the Proposal relates, at least in part, to the Company's ordinary business operations of making decisions to extend credit or provide other financial services to particular types of customers and the Company's underwriting criteria and operating procedures with respect thereto, the Company is of the view that it may properly omit the Proposal pursuant to Rule 14a-8(i)(7).

B. The Proposal may be excluded pursuant to Rule 14a-8(i)(10) because it has already been substantially implemented through the existing oversight responsibilities of the Company's board of directors and the Company's existing policies and procedures.

Rule 14a-8(i)(10) permits the exclusion of a shareholder proposal "[i]f the company has already substantially implemented the proposal." The Staff has stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. *See* 1998 Release at 80,539. In applying this standard, the Staff has stated that a proposal is substantially implemented if "the particular policies, practices and procedures [of the company] compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991); *see also Aluminum Company of America* (Jan. 16, 1996) (stating that a proposal is substantially implemented when the company's practices are consistent with the "intent of the proposal"). A company's actions may "compare favorably" and permit exclusion of a shareholder proposal without taking the specific actions requested as part of a shareholder proposal. *See, e.g.*, *Walgreen Co.* (Sept. 26, 2013) (permitting exclusion of a proposal requesting elimination of supermajority voting requirements in the company's governing documents where the company had eliminated all but one of the supermajority voting requirements); *Johnson & Johnson* (Feb. 17, 2006) (permitting exclusion of a proposal requesting that the company confirm the legitimacy of all current and future U.S. employees where the company had verified the legitimacy of over 91% of its domestic workforce); *Masco Corp.* (Mar. 29, 1999) (permitting exclusion of a proposal seeking adoption of a standard for independence of the company's outside directors where the company had adopted a standard that, unlike the one specified in the proposal, added the qualification that only material relationships would affect a director's independence).

With regard to proposals requesting board-level oversight of human rights issues in particular, the Staff has previously concurred in the exclusion of proposals on the basis of substantial implementation without the establishment of a separate, board-level committee. *See, e.g.*, *The Goldman Sachs Group, Inc.* (Mar. 12, 2018) (concurring in the exclusion of a proposal to establish a board committee to oversee issues of human and indigenous people's rights based on existing policies and board committee structure); *Apple Inc.* (Dec. 11, 2014) (concurring in the exclusion of a proposal to establish a public policy committee to oversee human rights issues based on existing policies). As a result, a company may exercise discretion when taking actions designed to implement the essential objective of a shareholder proposal without losing the right to exclude the proposal.

While the Company believes that the primary intent of the Proposal is to address the Company's lending and underwriting relationships with entities operating in the private prison / detention industry, a stated objective of the Proposal is for the Company to establish board oversight of client matters affecting the Company relating to corporate responsibility and human rights issues. Based on the supporting statement, this oversight is intended to address business and reputational risks, focused on the company's lending and underwriting practices in particular.

The Company agrees with the Proponents on the importance of protecting and respecting human rights, and these principles are reflected throughout the Company's policies, practices and procedures. As a financial holding company, the Company's board of directors has already formed a Risk Committee, a Nominating & Governance Committee and a Compensation Committee that, together, address the Company's policies, practices and procedures with regard to corporate responsibility and human rights.[1] As previously noted, the Governance and Nominating Committee is specifically tasked with (1) providing oversight over all matters of corporate responsibility and (2) receiving regular reports from the Head of Corporate Responsibility and others with regard to corporate responsibility efforts undertaken by the Company. The Risk Committee is responsible for evaluating all risks to the Company, including reputational and business risks posed to the Company from its relationships with each of its clients and the Company's enterprise business practices (including standards for conducting diligence of Company clients). The Risk Committee also oversees numerous management-level committees (including, among others, an enterprise risk committee, corporate portfolio management committee, enterprise business practices committee and strategic initiative review committee) responsible for conducting diligence on Company clients (including their business practices) and making decisions about underwriting client lending relationships. The Compensation Committee oversees the Company's diversity and inclusion initiatives undertaken as part of the Company's employment and hiring processes.

At the management level, in addition to the committees described above, the Company has also hired a Head of Corporate Responsibility who reports through Investor Relations to the Company's Chief Financial Officer and is responsible for implementing all Company efforts effecting corporate responsibility generally, including matters impacting human rights. The Head of Corporate Responsibility, together with the Company's Chief Ethics Officer (who reports through the management risk committee to the board Risk Committee) and others, are responsible for implementing the Company's efforts to fulfill its public commitment in its 2018 Annual Report to conducting its business in a socially responsible manner. Further, all clients and their business practices are evaluated by management under the Company's "know your customer," anti-money laundering and anti-corruption policies, which policies are designed to comply with applicable federal and state banking law requirements.

Based on the foregoing, the Company believes that any oversight to be provided by a separate committee on human rights is already provided by the Governance and Nominating Committee and the Risk Committee, with implementation of any day-to-day policies being handled through the Company's existing management team. Consequently, the Company believes the Proposal may be omitted pursuant to Rule 14a-8(i)(10).

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1 Copies of the charters for the Nominating & Governance Committee, the Risk Committee and the Compensation Committee are located in the Investor Relations section of the Company's website (http://investors.suntrust.com) and included in Exhibit B for reference.

C. The Proposal may be excluded pursuant to Rule 14a-8(i)(5) because the Proposal primarily addresses matters not significantly related to the Company's business.

Rule 14a-8(i)(5) permits the exclusion of a shareholder proposal relating to operations which account for less than five percent of a company's (i) total assets at the end of its most recent fiscal year, (ii) net earnings for the most recent fiscal year, and (iii) gross sales for the most recent fiscal year, and that is not otherwise significantly related to the company's business. For years, the Staff did not agree with exclusion under Rule 14a-8(i)(5), even where a proposal has related to operations that accounted for less than five percent of total assets, net earnings and gross sales, when the company conducted business, no matter how small, related to the issue raised in the proposal. In Staff Legal Bulletin 14I, the Staff re-examined its historic approach to interpreting Rule 14a-8(i)(5) and determined that the "application of Rule 14a-8(i)(5) has unduly limited the exclusion's availability because it has not fully considered the second prong of the rule as amended in 1982—the question of whether the proposal 'deals with a matter that is not significantly related to the issuer's business' and is therefore excludable." Accordingly, the Staff noted that, going forward, it "will focus, as the rule directs, on a proposal's significance to the company's business when it otherwise relates to operations that account for less than 5% of total assets, net earnings and gross sales." *Id.* While a proponent can continue to raise social or ethical issues in its arguments, it would need to tie those to a significant effect on the company's business, and the "mere possibility of reputational or economic harm will not preclude no-action relief." *Id.*

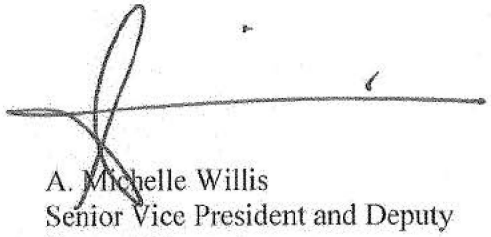
As discussed above, the Proposal is intended primarily to address the Company's lending and underwriting relationships with entities operating in the private prison / detention industry. However, the Company's relationships with private prison and detention-based organizations, the essence of the Proposal, represent less than one percent of the Company's total assets as of December 31, 2017 and September 30, 2018 and less than one percent of the Company's net earnings and annual revenue for the year ended December 31, 2017. The Proposal offers no link between human rights more generally and the Company's business beyond a blanket statement that oversight should be provided to address reputational and business risk issues, a statement that alone would not preclude no-action relief and that is qualified by reiterating its focus on the detention industry.

In addition to the limited economic link to the Company's operations, the board of directors did not find a sufficiently significant relationship between the Proposal and the Company's business to justify shareholder input on the Proposal. After due consideration of the relationship between the Proposal and the Company's business as discussed in detail under Section III.C above, and acting consistent with its fiduciary duties, the Nominating and Governance Committee concluded at its November 2018 meeting that the issues raised by the Proposal, while important, are not significantly related to the Company's business, a conclusion in which the Company's board of directors concurred. Consequently, the Company believes the Proposal may be omitted pursuant to Rule 14a-8(i)(5).

* * * *

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact me at (404) 588-8616 or shelli.willis@suntrust.com.

Very truly yours,



A. Michelle Willis
Senior Vice President and Deputy
General Counsel
SunTrust Banks, Inc.

Attachments

cc: Kathryn McCloskey
(United Church Funds)

Sister Maryann Agnes Mueller
(Felician Sisters of North America)

Exhibit A

Correspondence with the Proponents

UNITED CHURCH FUNDS

October 30, 2018

Ms. Ellen M. Fitzsimmons, Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302

Dear Ms. Fitzsimmons:
United Church Funds (UCF) is a shareholder of SunTrust Banks, Inc. and considers the social impacts of our investments as part of our sustainability focus.

UCF strongly believes that our Company must consider the human rights impacts of its operations, supply chains, and lendees. SunTrust's financial relationships with corporations involved in the "zero tolerance" immigration policy of the United States and certain private prison corporations may not be in accordance with international human rights conventions or business human rights norms. We believe oversight of the human rights risks of our Company is an important first step toward remedying these potential problems.

UCF is filing the enclosed shareholder proposal for inclusion in the proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. United Church Funds has been a shareholder continuously for more than one year holding at least $2000 in market value and will continue to invest in at least the requisite number of shares for proxy resolutions through the annual shareholders' meeting. A representative of the filers will attend the Annual Meeting to move the resolution as required by SEC rules. Upon request, the verification of ownership may be sent to you separately by our custodian, a DTC participant.

We look forward to having productive conversations with the company. United Church Funds will act as lead filer, in the event that other investors file the shareholder proposal as well.

Sincerely,

Kathryn McCloskey
Director, Social Responsibility
475 Riverside Drive, Suite 1020
New York, NY 10115
Katie.mccloskey@ucfunds.org / 212.729.2608

Create Board Committee on Human Rights
2019 – SunTrust Banks, Inc.

RESOLVED: That shareholders of SunTrust Banks, Inc. (SunTrust) urge the Board of Directors to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of legal compliance, on the human rights of individuals in the US and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance.

Supporting Statement: SunTrust is reportedly a source of funding for MVM, Inc. and Comprehensive Health Services, which are directly contracted to U.S. government agencies carrying out the "zero tolerance" immigration policies that have led to family separations and child detentions. According to the United Nation's (UN's) Office of the High Commissioner for Human Rights, the practice of separating children at the border constitutes "arbitrary and unlawful interference in family life, and is a serious violation of the rights of the child," including those rights articulated in the UN Convention on the Rights of the Child, and in other relevant instruments and standards.

In addition, SunTrust has had the following financial relationships with CoreCivic and GEO Group, corporations which operate private prisons: (1) extended revolving credit, (2) provided the two companies with term loans, and (3) underwrote the two companies' bonds (https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf). These private prisons are the subject of claims of alleged human rights abuses, as noted in recent reports and lawsuits, including inmate deaths, poor medical care, allegations of physical and sexual abuse of detainees and violence (https://www.hrw.org/news/2016/07/07/us-deaths-immigration-detention).

The UN Guiding Principles on Business and Human Rights (UNGPs)—unanimously adopted by the UN Human Rights Council in 2011—clarify the roles and responsibilities of states and businesses with regard to human rights. While governments have a duty to protect human rights, companies have a responsibility to respect human rights by exercising human rights due diligence to identify, prevent, mitigate and account for how they address their adverse human rights impacts regardless of whether the state upholds its duty, and both must provide remedy to victims of corporate related abuses. Principle 13b of the UNGPs asserts that the corporate responsibility to respect human rights extends to situations where corporations may be directly linked to adverse human rights impacts through business relationships, "even if they have not contributed to those impacts".
In order to allay reputational risks and business risks, SunTrust should evaluate its exposure to corporate entities that interfere with human rights, especially on issues of detention.

Establishing a separate Board Committee on Human Rights would elevate board level oversight and governance regarding human rights issues implicated by the company's activities and policies and provide a vehicle to fulfill the Board's fiduciary responsibilities for oversight of these issues.

FELICIAN SISTERS

Our Lady of Hope Province

November 2, 2018

Ms. Ellen M. Fitzsimmons, Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302

Dear Ms. Fitzsimmons:

I am writing to you on behalf of the Felician Sisters of North America, Inc., members of an international religious congregation committed to compassionate service to people throughout the world. The Felician Sisters of North America is a shareholder of SunTrust Banks, Inc. and considers the social impacts of our investments as part of our sustainability focus. We believe that our congregation must consider the human rights impacts of its operations, supply chains, and lendees. SunTrust's financial relationships with corporations involved in the "zero tolerance" immigration policy of the United States and certain private prison corporations may not be in accordance with international human rights conventions or business human rights norms.

The Felician Sisters of North America Endowment Trust are owners of 514 shares of Sun Trust Banks stock. We have held these stocks for over one year and intend to retain these shares at least through the annual meeting. Verification of our ownership is enclosed.

I hereby notify you of our intention to co-file the attached resolution with United Church Funds, the Lead Filer, for consideration and action by the shareholders. I hereby submit it for inclusion in the proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Security Act of 1934. A representative of the filers will attend the Annual Meeting to move the resolution as required by SEC rules.

Please address all communications to Kathryn McCloskey, Director of Social Responsibility, 475 Riverside Drive, Suite 1020 New York, NY 10115; email address Katie.mccloskey@ucfunds.org and phone number 212.729.2608. We respectfully request direct communications from SunTrust Banks, and to have our supporting statement and organization name included in the proxy statement. We look forward to working with you on this important issue.

Sincerely,

Sister Maryann Agnes Mueller

Sister Maryann Agnes Mueller
Justice and Peace Coordinator
Felician Sisters of North America
smaryann@feliciansisters.org

Encl: Verification of Ownership

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60603
312-630-6000

NORTHERN TRUST

November 2, 2018

Ms. Ellen M. Fitzsimmons, Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302
RE: The Felician Sisters of North America Endowment Trust
Letter of Verification of Ownership

Dear Ms. Fitzsimmons:

This letter alone shall serve as proof of beneficial ownership of 514 shares of Sun Trust Banks Inc Com common stock for the Felician Sisters of North America Endowment Trust.

Please be advised that as of November 2, 2018, the Felician Sisters of North America Endowment Trust:

- have continuously held the requisite number of shares of common stock for at least one year,
- and intend to continue holding the requisite number of shares of common stock through the date of the next Annual Meeting of Shareholders

Sincerely,

Matthew C. Pomatto
Vice President
Northern Trust

NTAC:3NS-20

UNITED CHURCH FUNDS

October 30, 2018

Ms. Ellen M. Fitzsimmons, Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302

Dear Ms. Fitzsimmons:
United Church Funds (UCF) is a shareholder of SunTrust Banks, Inc. and considers the social impacts of our investments as part of our sustainability focus.

UCF strongly believes that our Company must consider the human rights impacts of its operations, supply chains, and lendees. SunTrust's financial relationships with corporations involved in the "zero tolerance" immigration policy of the United States and certain private prison corporations may not be in accordance with international human rights conventions or business human rights norms. We believe oversight of the human rights risks of our Company is an important first step toward remedying these potential problems.

UCF is filing the enclosed shareholder proposal for inclusion in the proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. United Church Funds has been a shareholder continuously for more than one year holding at least $2000 in market value and will continue to invest in at least the requisite number of shares for proxy resolutions through the annual shareholders' meeting. A representative of the filers will attend the Annual Meeting to move the resolution as required by SEC rules. Upon request, the verification of ownership may be sent to you separately by our custodian, a DTC participant.

We look forward to having productive conversations with the company. United Church Funds will act as lead filer, in the event that other investors file the shareholder proposal as well.

Sincerely,

Kathryn McCloskey
Director, Social Responsibility
475 Riverside Drive, Suite 1020
New York, NY 10115
Katie.mccloskey@ucfunds.org / 212.729.2608

Create Board Committee on Human Rights

2019 – SunTrust Banks, Inc.

RESOLVED: That shareholders of SunTrust Banks, Inc. (SunTrust) urge the Board of Directors to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of legal compliance, on the human rights of individuals in the US and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance.

Supporting Statement: SunTrust is reportedly a source of funding for MVM, Inc. and Comprehensive Health Services, which are directly contracted to U.S. government agencies carrying out the "zero tolerance" immigration policies that have led to family separations and child detentions. According to the United Nation's (UN's) Office of the High Commissioner for Human Rights, the practice of separating children at the border constitutes "arbitrary and unlawful interference in family life, and is a serious violation of the rights of the child," including those rights articulated in the UN Convention on the Rights of the Child, and in other relevant instruments and standards.

In addition, SunTrust has had the following financial relationships with CoreCivic and GEO Group, corporations which operate private prisons: (1) extended revolving credit, (2) provided the two companies with term loans, and (3) underwrote the two companies' bonds (https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf). These private prisons are the subject of claims of alleged human rights abuses, as noted in recent reports and lawsuits, including inmate deaths, poor medical care, allegations of physical and sexual abuse of detainees and violence (https://www.hrw.org/news/2016/07/07/us-deaths-immigration-detention).

The UN Guiding Principles on Business and Human Rights (UNGPs)—unanimously adopted by the UN Human Rights Council in 2011—clarify the roles and responsibilities of states and businesses with regard to human rights. While governments have a duty to protect human rights, companies have a responsibility to respect human rights by exercising human rights due diligence to identify, prevent, mitigate and account for how they address their adverse human rights impacts regardless of whether the state upholds its duty, and both must provide remedy to victims of corporate related abuses. Principle 13b of the UNGPs asserts that the corporate responsibility to respect human rights extends to situations where corporations may be directly linked to adverse human rights impacts through business relationships, "even if they have not contributed to those impacts".

In order to allay reputational risks and business risks, SunTrust should evaluate its exposure to corporate entities that interfere with human rights, especially on issues of detention.

Establishing a separate Board Committee on Human Rights would elevate board level oversight and governance regarding human rights issues implicated by the company's activities and policies and provide a vehicle to fulfill the Board's fiduciary responsibilities for oversight of these issues.

—MARYKNOLL—SISTERS—

P.O. Box 311
Maryknoll, New York 10545-0311
Tel. (914)-941-7575

November 6, 2018

Ellen M. Fitzsimmons
General Counsel and Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, Georgia 30302

Dear Ms. Fitzsimmons

The Maryknoll Sisters of St. Dominic, Inc., are the beneficial owners of shares of SunTrust Banks, Inc. These shares have been held continuously for over a year and the Sisters will maintain ownership at least until after the next annual meeting. A letter of verification of ownership is enclosed.

I am authorized, as the Maryknoll Sisters' representative, to notify you of the Sisters' intention to file the attached proposal. I submit this proposal for inclusion in the proxy statement, in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

This is the same proposal as being submitted by the United Church Funds. The contact person for this proposal is Kathryn McCloskey <katie.mccloskey@ucfunds.org> and we have authorized her to be our contact in regards to this proposal.

We look forward to discussing the proposal with Company representatives at your convenience.

Sincerely,

Catherine Rowan

Catherine Rowan
Corporate Social Responsibility Coordinator
766 Brady Ave., Apt. 635
Bronx, NY 10462

enc

Susan M. Lane-Jean-Baptiste
Vice President
Complex Risk Officer

Wealth Management
One Fawcett Pl, 3rd Fl.
Greenwich, CT 06830

direct 203 625 4853
fax 203 661 4280

susan.lane@morganstanley.com

Morgan Stanley

November 6, 2018

Re: Maryknoll Sisters of St. Dominic, Inc.

To Whom it May Concern:

Please be advised that the Maryknoll Sisters of St. Dominic, Inc. maintain brokerage accounts at Morgan Stanley Smith Barney LLC ("Morgan Stanley") which contain assets, including cash and marketable securities, valued in excess of $70,000,000.00 as of the close of business on November 5, 2018.

Please accept this letter as verification that as of November 6, 2018 the Maryknoll Sisters of St. Dominic, Inc. maintain 6,655.00 shares of SunTrust Bank, Inc., symbol STI and the 6,655 shares of Sun Trust Bank Inc. have been held continuously for over one year.

This letter is to confirm that the aforementioned shares of stock are registered with Morgan Stanley, at the Depository Trust Company.

We are presenting the information contained herein pursuant to our client's request. It is valid as of the date of issuance. Morgan Stanley does not warrant or guarantee that such identified securities, assets or monies will remain in the client's account. The client has/have the power to withdraw assets, including excess collateral, if the account collateralizes a PLA/LAL line of credit, from these accounts at any time and no security interest or collateral rights are being granted to any party other than Morgan Stanley.

Thank you for your time and consideration in this matter.

Sincerely,

Susan M. Lane-Jean-Baptiste
Vice Presdient
Complex Risk Officer

cc: Maryknoll Sisters of St. Dominic, Inc.

Create Board Committee on Human Rights
2019 – SunTrust Banks, Inc.

RESOLVED: That shareholders of SunTrust Banks, Inc. (SunTrust) urge the Board of Directors to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of legal compliance, on the human rights of individuals in the US and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance.

Supporting Statement: SunTrust is reportedly a source of funding for MVM, Inc. and Comprehensive Health Services, which are directly contracted to U.S. government agencies carrying out the "zero tolerance" immigration policies that have led to family separations and child detentions. According to the United Nation's (UN's) Office of the High Commissioner for Human Rights, the practice of separating children at the border constitutes "arbitrary and unlawful interference in family life, and is a serious violation of the rights of the child," including those rights articulated in the UN Convention on the Rights of the Child, and in other relevant instruments and standards.

In addition, SunTrust has had the following financial relationships with CoreCivic and GEO Group, corporations which operate private prisons: (1) extended revolving credit, (2) provided the two companies with term loans, and (3) underwrote the two companies' bonds (https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf). These private prisons are the subject of claims of alleged human rights abuses, as noted in recent reports and lawsuits, including inmate deaths, poor medical care, allegations of physical and sexual abuse of detainees and violence (https://www.hrw.org/news/2016/07/07/us-deaths-immigration-detention).

The UN Guiding Principles on Business and Human Rights (UNGPs)—unanimously adopted by the UN Human Rights Council in 2011—clarify the roles and responsibilities of states and businesses with regard to human rights. While governments have a duty to protect human rights, companies have a responsibility to respect human rights by exercising human rights due diligence to identify, prevent, mitigate and account for how they address their adverse human rights impacts regardless of whether the state upholds its duty, and both must provide remedy to victims of corporate related abuses. Principle 13b of the UNGPs asserts that the corporate responsibility to respect human rights extends to situations where corporations may be directly linked to adverse human rights impacts through business relationships, "even if they have not contributed to those impacts".
In order to allay reputational risks and business risks, SunTrust should evaluate its exposure to corporate entities that interfere with human rights, especially on issues of detention.

Establishing a separate Board Committee on Human Rights would elevate board level oversight and governance regarding human rights issues implicated by the company's activities and policies and provide a vehicle to fulfill the Board's fiduciary responsibilities for oversight of these issues.

November 6, 2018

Ellen Fitzsimmons
Corporate Secretary
SunTrust Banks, Inc.
Post Office Box 4418, Mail Code 643
Atlanta, GA 30302

Re: Shareholder proposal

Dear Ms. Fitzsimmons:

The Unitarian Universalist Association ("UUA"), a holder of 173 shares of SunTrust Banks, Inc., is hereby submitting the enclosed resolution for consideration at the upcoming annual meeting. We are joining with United Church Funds which is the primary filer, and we delegate to United Church Funds the authority to act on behalf of the UUA in all respects regarding this filing.

UNITARIAN UNIVERSALIST ASSOCIATION

Timothy Brennan
Treasurer and Chief Financial Officer

The Unitarian Universalist Association is a faith community of more than 1000 self-governing congregations that brings to the world a vision of religious freedom, tolerance and social justice. With roots in the Jewish and Christian traditions, Unitarianism and Universalism have been forces in American spirituality from the time of the first Pilgrim and Puritan settlers. The UUA is also an investor with an endowment valued at approximately $194 million, the earnings from which are an important source of revenue supporting our work in the world. The UUA takes its responsibility as an investor and shareowner very seriously. We view the shareholder resolution process as an opportunity to bear witness to our values at the same time that we enhance the long-term value of our investments.

We submit the enclosed resolution for inclusion in the proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 for consideration and action by the shareowners at the upcoming annual meeting. We have held at least $2,000 in market value of the company's common stock for more than one year as of the filing date and will continue to hold at least the requisite number of shares for filing proxy resolutions through the stockholders' meeting.

Verification that we are beneficial owners of the requisite shares of SunTrust Banks, Inc. is enclosed. If you have questions or wish to discuss the proposal, please contact Kathryn McCloskey at 212-729-2608 or by email at katie.mccloskey@ucfunds.org.

Yours very truly,

Timothy Brennan

Enclosure: Shareholder resolution on human rights
Verification of ownership

Create Board Committee on Human Rights
2019 – SunTrust Banks, Inc.

RESOLVED: That shareholders of SunTrust Banks, Inc. (SunTrust) urge the Board of Directors to establish a Board Committee on Human Rights, to create company policies and review existing policies, above and beyond matters of legal compliance, on the human rights of individuals in the US and worldwide, including adopting and assessing criteria for evaluating potential clients' corporate social responsibility record and human rights performance.

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In addition, SunTrust has had the following financial relationships with CoreCivic and GEO Group, corporations which operate private prisons: (1) extended revolving credit, (2) provided the two companies with term loans, and (3) underwrote the two companies' bonds (https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf). These private prisons are the subject of claims of alleged human rights abuses, as noted in recent reports and lawsuits, including inmate deaths, poor medical care, allegations of physical and sexual abuse of detainees and violence (https://www.hrw.org/news/2016/07/07/us-deaths-immigration-detention).

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Establishing a separate Board Committee on Human Rights would elevate board level oversight and governance regarding human rights issues implicated by the company's activities and policies and provide a vehicle to fulfill the Board's fiduciary responsibilities for oversight of these issues.

usbank

All of **us** serving you

November 6, 2018

To Whom It May Concern:

The Unitarian Universalist Association currently holds 173 shares of SunTrust Bank Cusip=867914103.

The Unitarian Universalist Association holds 173 shares in account xxxxx *** .

The shares have been held in custody for more than an one year period preceding and including November 6, 2018.

The Unitarian Universalist Association is the beneficial owner of the shares. US Bank's DTC participant number is 2803.

Please contact me if you have any questions or require further information

Thank you,

Lynn S. Shotwell

Lynn S. Shotwell

Assistant Vice President | Account Manager
p. 302.576.3711 | **f.** 302.576.3718 | lynn.shotwell@usbank.com

U.S. Bank Institutional Trust & Custody
300 Delaware Avenue, Suite 901 | Wilmington, DE 19801

Phillips.Curt

From:	Chase.Melissa.M
Sent:	Thursday, November 08, 2018 4:27 PM
To:	'katie.mccloskey@ucfunds.org'
Cc:	Willis.Shelli; Phillips.Curt
Subject:	RE: UCF Letter - Shareholder Proposal for 2019 Annual Meeting
Attachments:	UCF Ltr 11.08.18.pdf; UCF Ltr Attachment 1.pdf; UCF Ltr Attachment 2.pdf

Ms. McCloskey:

Attached are the items which are also being sent to you under separate cover via FedEx.

Please do not hesitate to contact Shelli Willis if you have any questions. Thank you kindly.

Melissa Morgan Chase, Administrative Assistant, Corporate and Wholesale Legal Teams
SunTrust Bank | Take a step toward financial confidence. Join the movement at onUp.com.
303 Peachtree St., Ste. 900, Mail Code GA-ATL-0643, Atlanta GA 30308
|Bus 404.230.1910 | FAX 404.813.5513 | Melissa.M.Chase@suntrust.com

SUNTRUST

Shelli Willis
Senior Vice President
Deputy General Counsel

SunTrust Banks, Inc.
P.O. Box 4418
Mail Code 643
Atlanta, GA 30302

November 8, 2018

By Fedex and E-mail

Kathryn McCloskey
United Church Funds
Director, Social Responsibility
475 Riverside Drive, Suite 1020
New York, NY 10115

Re: Notice of Deficiency – Shareholder Proposal for 2019 Annual Meeting

Dear Ms. McCloskey:

I am writing to acknowledge receipt on November 2, 2018 of your shareholder proposal (the "Proposal") submitted to SunTrust Banks, Inc. (the "Company") for inclusion in the Company's proxy statement for its 2019 Annual Meeting of Shareholders. While we hope to engage in constructive dialogue with you about the Proposal, we must first inform you of a deficiency in your submission, as described below.

Absence of Sufficient Proof of Beneficial Ownership

Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") provides that, in order to be eligible to submit a shareholder proposal for inclusion in a company's proxy statement, a shareholder must submit sufficient proof that the shareholder has continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to vote on the proposal for at least one year as of the date the shareholder submits its proposal. I noticed that you acknowledged this requirement in the cover letter accompanying the Proposal. However, the Company's stock records do not indicate that you are the record owner of shares of the Company's common stock satisfying this requirement, and we have not otherwise received sufficient proof of your ownership as required by Rule 14a-8(b).

To remedy this defect, you must submit sufficient proof of your continuous ownership of the required number or amount of shares of the Company's common stock for the one-year period preceding and including October 30, 2018, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in guidance issued by the staff of the Securities and Exchange Commission ("SEC"), sufficient proof must be in the form of:

(1) a written statement from the "record" holder of your shares (usually a broker or a bank) verifying that you continuously held the required number or amount of shares of the Company's common stock for the one-year period preceding and including October 30, 2018; or

(2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the required number or amount of shares of the Company's common stock as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that you continuously held the required number or amount of shares of the Company's common stock for the one-year period.

If you intend to demonstrate ownership by submitting a written statement from the "record" holder of your shares as set forth in clause (1) above, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC.[1] As a result, you will need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

(1) If your broker or bank is a DTC participant, then you need to submit a written statement from your broker or bank verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including October 30, 2018; or

(2) If your broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including October 30, 2018. You should be able to find out the identity of the DTC participant by asking your broker or bank. If the DTC participant that holds your shares is not able to confirm your individual holdings but is able to confirm the holdings of your broker or bank, then you need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including October 30, 2018, the required number or amount of shares of the Company's common stock were continuously held: (i) one from your broker or bank confirming your ownership, and (ii) the other from the DTC participant confirming the broker or bank's ownership.

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[1] You can confirm whether your broker or bank is a DTC participant by asking your broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx.

Please review SEC Staff Legal Bulletin No. 14F carefully before submitting proof of ownership to ensure that it is compliant. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Under Rule 14a-8(f)(1), your response must be postmarked or transmitted electronically within 14 calendar days of your receipt of this letter. Please send the requested documentation to my attention at the address indicated in the letterhead. Alternatively, you may transmit any response by email to me at: shelli.willis@suntrust.com.

If you have any questions or would like to speak with me about your proposal, please contact me at 404-588-8616. After this deficiency is corrected in a timely manner, we look forward to discussing the substantive aspects of your Proposal.

Best regards,

Shelli Willis
Deputy General Counsel

Attachments

17 CFR 240.14a-8 - Shareholder proposals.

- eCFR
- Authorities (U.S. Code)
- What Cites Me

§ 240.14a-8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§ 240.13d-101), Schedule 13G (§ 240.13d-102), Form 3 (§ 249.103 of this chapter), Form 4 (§ 249.104 of this chapter) and/or Form 5 (§ 249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c)*Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d)*Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e)*Question 5:* What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§ 249.308a of this chapter), or in shareholder reports of investment companies under § 270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f)*Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section? (1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under § 240.14a-8 and provide you with a copy under Question 10 below, § 240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g)*Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h)*Question 8:* Must I appear personally at the shareholders' meeting to present the proposal? (1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i)*Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal? (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (I)(1):
Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2)*Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (I)(2):
We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3)*Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including § 240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4)*Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5)*Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5

percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6)*Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7)*Management functions:* If the proposal deals with a matter relating to the company's ordinary business operations;

(8)*Director elections:* If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9)*Conflicts with company's proposal:* If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (I)(9):
A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10)*Substantially implemented:* If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (I)(10):
A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§ 229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by § 240.14a-21(b) of this chapter a single year (*i.e.,* one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by § 240.14a-21(b) of this chapter.

(11)*Duplication:* If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12)*Resubmissions:* If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends:* If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10:* What procedures must the company follow if it intends to exclude my proposal? (1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11:* May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12:* If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13:* What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, § 240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the

reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under § 240.14a-6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14 (CF)

Action: Publication of CF Staff Legal Bulletin

Date: July 13, 2001

Summary: This staff legal bulletin provides information for companies and shareholders on rule 14a-8 of the Securities Exchange Act of 1934.

Supplementary Information: The statements in this legal bulletin represent the views of the Division of Corporation Finance. This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission. Further, the Commission has neither approved nor disapproved its content.

Contact Person: For further information, please contact Jonathan Ingram, Michael Coco, Lillian Cummins or Keir Gumbs at (202) 942-2900.

A. What is the purpose of this bulletin?

The Division of Corporation Finance processes hundreds of rule 14a-8 no-action requests each year. We believe that companies and shareholders may benefit from information that we can provide based on our experience in processing these requests. Therefore, we prepared this bulletin in order to

- explain the rule 14a-8 no-action process, as well as our role in this process;
- provide guidance to companies and shareholders by expressing our views on some issues and questions that commonly arise under rule 14a-8; and
- suggest ways in which both companies and shareholders can facilitate our review of no-action requests.

Because the substance of each proposal and no-action request differs, this bulletin primarily addresses procedural matters that are common to companies and shareholders. However, we also discuss some substantive matters that are of interest to companies and shareholders alike.

We structured this bulletin in a question and answer format so that it is easier to understand and we can more easily respond to inquiries regarding its contents. The references to "we," "our" and "us" are to the Division of Corporation Finance. You can find a copy of rule 14a-8 in Release No. 34-40018, dated May 21, 1998, which is located on the Commission's website at www.sec.gov/rules/final/34-40018.htm.

B. Rule 14a-8 and the no-action process.

1. What is rule 14a-8?

Rule 14a-8 provides an opportunity for a shareholder owning a relatively small amount of a company's securities to have his or her proposal placed alongside management's proposals in that company's proxy materials for presentation to a vote at an annual or special meeting of shareholders. It has become increasingly popular because it provides an avenue for communication between shareholders and companies, as well as among shareholders themselves. The rule generally requires the company to include the proposal unless the shareholder has not complied with the rule's procedural requirements or the proposal falls within one of the 13 substantive bases for exclusion described in the table below.

Substantive Basis	Description
Rule 14a-8(i)(1)	The proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization.
Rule 14a-8(i)(2)	The proposal would, if implemented, cause the company to violate any state, federal or foreign law to which it is subject.
Rule 14a-8(i)(3)	The proposal or supporting statement is contrary to any of the Commission's proxy rules, including rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials.
Rule 14a-8(i)(4)	The proposal relates to the redress of a personal claim or grievance against the company or any other person, or is designed to result in a benefit to the shareholder, or to further a personal interest, which is not shared by the other shareholders at large.

Rule 14a-8(i)(5)	The proposal relates to operations that account for less than 5% of the company's total assets at the end of its most recent fiscal year, and for less than 5% of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business.
Rule 14a-8(i)(6)	The company would lack the power or authority to implement the proposal.
Rule 14a-8(i)(7)	The proposal deals with a matter relating to the company's ordinary business operations.
Rule 14a-8(i)(8)	The proposal relates to an election for membership on the company's board of directors or analogous governing body.
Rule 14a-8(i)(9)	The proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting.
Rule 14a-8(i)(10)	The company has already substantially implemented the proposal.
Rule 14a-8(i)(11)	The proposal substantially duplicates another proposal previously submitted to the company by another shareholder that will be included in the company's proxy materials for the same meeting.
Rule 14a-8(i)(12)	The proposal deals with substantially the same subject matter as another proposal or proposals that previously has or have been included in the company's proxy materials within a specified time frame and did not receive a specified percentage of the vote. Please refer to questions and answers F.2, F.3 and F.4 for more complete descriptions of this basis.
Rule 14a-8(i)(13)	The proposal relates to specific amounts of cash or stock dividends.

2. How does rule 14a-8 operate?

The rule operates as follows:

- the shareholder must provide a copy of his or her proposal to the company by the deadline imposed by the rule;
- if the company intends to exclude the proposal from its proxy materials, it must submit its reason(s) for doing so to the Commission and simultaneously provide the shareholder with a copy of that submission. This submission to the Commission of reasons for excluding the proposal is commonly referred to as a no-action request;
- the shareholder may, but is not required to, submit a reply to us with a copy to the company; and
- we issue a no-action response that either concurs or does not concur in the company's view regarding exclusion of the proposal.

3. What are the deadlines contained in rule 14a-8?

Rule 14a-8 establishes specific deadlines for the shareholder proposal process. The following table briefly describes those deadlines.

120 days before the release date disclosed in the previous year's proxy statement	Proposals for a regularly scheduled annual meeting must be received at the company's principal executive offices not less than 120 calendar days before the release date of the previous year's annual meeting proxy statement. Both the release date and the deadline for receiving rule 14a-8 proposals for the next annual meeting should be identified in that proxy statement.
14-day notice of defect(s)/ response to notice of defect(s)	If a company seeks to exclude a proposal because the shareholder has not complied with an eligibility or procedural requirement of rule 14a-8, generally, it must notify the shareholder of the alleged defect(s) within 14 calendar days of receiving the proposal. The shareholder then has 14 calendar days after receiving the notification to respond. Failure to cure the defect(s) or respond in a timely manner may result in exclusion of the proposal.

80 days before the company files its definitive proxy statement and form of proxy	If a company intends to exclude a proposal from its proxy materials, it must submit its no-action request to the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission unless it demonstrates "good cause" for missing the deadline. In addition, a company must simultaneously provide the shareholder with a copy of its no-action request.
30 days before the company files its definitive proxy statement and form of proxy	If a proposal appears in a company's proxy materials, the company may elect to include its reasons as to why shareholders should vote against the proposal. This statement of reasons for voting against the proposal is commonly referred to as a statement in opposition. Except as explained in the box immediately below, the company is required to provide the shareholder with a copy of its statement in opposition no later than 30 calendar days before it files its definitive proxy statement and form of proxy.
Five days after the company has received a revised proposal	If our no-action response provides for shareholder revision to the proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, the company must provide the shareholder with a copy of its statement in opposition no later than five calendar days after it receives a copy of the revised proposal.

In addition to the specific deadlines in rule 14a-8, our informal procedures often rely on timely action. For example, if our no-action response requires that the shareholder revise the proposal or supporting statement, our response will afford the shareholder seven calendar days from the date of receiving our response to provide the company with the revisions. In this regard, please refer to questions and answers B.12.a and B.12.b.

4. What is our role in the no-action process?

Our role begins when we receive a no-action request from a company. In these no-action requests, companies often assert that a proposal is excludable under one or more parts of rule 14a-8. We analyze each of the bases for exclusion that a company asserts, as well as any arguments that the shareholder chooses to set forth, and determine whether we concur in the company's view.

The Division of Investment Management processes rule 14a-8 no-action requests submitted by registered investment companies and business development companies.

Rule 14a-8 no-action requests submitted by registered investment companies and business development companies, as well as shareholder responses to those requests, should be sent to

U.S. Securities and Exchange Commission
Division of Investment Management
Office of Chief Counsel
450 Fifth Street, N.W.
Washington, D.C. 20549

All other rule 14a-8 no-action requests and shareholder responses to those requests should be sent to

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
450 Fifth Street, N.W.
Washington, D.C. 20549

5. What factors do we consider in determining whether to concur in a company's view regarding exclusion of a proposal from the proxy statement?

The company has the burden of demonstrating that it is entitled to exclude a proposal, and we will not consider any basis for exclusion that is not advanced by the company. We analyze the prior no-action letters that a company and a shareholder cite in support of their arguments and, where appropriate, any applicable case law. We also may conduct our own research to determine whether we have issued additional letters that support or do not support the company's and shareholder's positions. Unless a company has demonstrated that it is entitled to exclude a proposal, we will not concur in its view that it may exclude that proposal from its proxy materials.

6. Do we base our determinations solely on the subject matter of the proposal?

No. We consider the specific arguments asserted by the company and the shareholder, the way in which the proposal is drafted and how the arguments and our prior no-action responses apply to the specific proposal and company at issue. Based on these considerations, we may determine that company X may exclude a proposal but company Y cannot exclude a proposal that addresses the same or similar subject matter. The following chart illustrates this point by showing that variations in the language of a proposal, or different bases cited by a company, may result in different responses. As shown below, the first and second examples deal with virtually identical proposals,

but the different company arguments resulted in different responses. In the second and third examples, the companies made similar arguments, but differing language in the proposals resulted in different responses.

Company	Proposal	Bases for exclusion that the company cited	Date of our response	Our response
PG&E Corp.	Adopt a policy that independent directors are appointed to the audit, compensation and nomination committees.	Rule 14a-8(b) only	Feb. 21, 2000	We did not concur in PG&E's view that it could exclude the proposal. PG&E did not demonstrate that the shareholder failed to satisfy the rule's minimum ownership requirements. PG&E included the proposal in its proxy materials.
PG&E Corp.	Adopt a bylaw that independent directors are appointed for all future openings on the audit, compensation and nomination committees.	Rule 14a-8(i)(6) only	Jan. 22, 2001	We concurred in PG&E's view that it could exclude the proposal. PG&E demonstrated that it lacked the power or authority to implement the proposal. PG&E did not include the proposal in its proxy materials.
General Motors Corp.	Adopt a bylaw requiring a *transition to* independent directors for each seat on the audit, compensation and nominating committees as openings occur (emphasis added).	Rules 14a-8(i)(6) and 14a-8(i)(10)	Mar. 22, 2001	We did not concur in GM's view that it could exclude the proposal. GM did not demonstrate that it lacked the power or authority to implement the proposal or that it had substantially implemented the proposal. GM included the proposal in its proxy materials.

7. Do we judge the merits of proposals?

No. We have no interest in the merits of a particular proposal. Our concern is that shareholders receive full and accurate information about all proposals that are, or should be, submitted to them under rule 14a-8.

8. Are we required to respond to no-action requests?

No. Although we are not required to respond, we have, as a convenience to both companies and shareholders, engaged in the informal practice of expressing our enforcement position on these submissions through the issuance of no-action responses. We do this to assist both companies and shareholders in complying with the proxy rules.

9. Will we comment on the subject matter of pending litigation?

No. Where the arguments raised in the company's no-action request are before a court of law, our policy is not to comment on those arguments. Accordingly, our no-action response will express no view with respect to the company's intention to exclude the proposal from its proxy materials.

10. How do we respond to no-action requests?

We indicate either that there appears to be some basis for the company's view that it may exclude the proposal or that we are unable to concur in the company's view that it may exclude the proposal. Because the company submits the no-action request, our response is addressed to the company. However, at the time we respond to a no-action request, we provide all related correspondence to both the company and the shareholder. These materials are available in the Commission's Public Reference Room and on commercially available, external databases.

11. What is the effect of our no-action response?

Our no-action responses only reflect our informal views regarding the application of rule 14a-8. We do not claim to issue "rulings" or "decisions" on proposals that companies indicate they intend to exclude, and our determinations do not and cannot adjudicate the merits of a company's position with respect to a proposal. For example, our decision not to recommend enforcement action does not prohibit a shareholder from pursuing rights that he or she may have against the company in court should management exclude a proposal from the company's proxy materials.

12. What is our role after we issue our no-action response?

Under rule 14a-8, we have a limited role after we issue our no-action response. In addition, due to the large number of no-action requests that we receive between the months of December and February, the no-action process must be efficient. As described in answer B.2, above, rule 14a-8 envisions a structured process under which the company submits the request, the shareholder may reply and we issue our response. When shareholders and companies deviate from this structure or are unable to resolve differences, our time and resources are diverted and the process breaks down. Based on our experience, this most often occurs as a result of friction between companies and shareholders and their inability to compromise. While we are always available to facilitate the fair and efficient application of the rule, the operation of the rule, as well as the no-action process, suffers when our role changes from an issuer of responses to an arbiter of disputes. The following questions and answers are examples of how we view our limited role after issuance of our no-action response.

a. If our no-action response affords the shareholder additional time to provide documentation of ownership or revise the proposal, but the company does not believe that the documentation or revisions comply with our no-action response, should the company submit a new no-action request?

No. For example, our no-action response may afford the shareholder seven days to provide documentation demonstrating that he or she satisfies the minimum ownership requirements contained in rule 14a-8(b). If the shareholder provides the required documentation eight days after receiving our no-action response, the company should not submit a new no-action request in order to exclude the proposal. Similarly, if we indicate in our response that the shareholder must provide factual support for a sentence in the supporting statement, the company and the shareholder should work together to determine whether the revised sentence contains appropriate factual support.

b. If our no-action response affords the shareholder an additional seven days to provide documentation of ownership or revise the proposal, who should keep track of when the seven-day period begins to run?

When our no-action response gives a shareholder time, it is measured from the date the shareholder receives our response. As previously noted in answer B.10, we send our response to both the company and the shareholder. However, the company is responsible for determining when the seven-day period begins to run. In order to avoid controversy, the company should forward a copy of our response to the shareholder by a means that permits the company to prove the date of receipt.

13. Does rule 14a-8 contemplate any other involvement by us after we issue a no-action response?

Yes. If a shareholder believes that a company's statement in opposition is materially false or misleading, the shareholder may promptly send a letter to us and the company explaining the reasons for his or her view, as well as a copy of the proposal and statement in opposition. Just as a company has the burden of demonstrating that it is entitled to exclude a proposal, a shareholder should, to the extent possible, provide us with specific factual information that demonstrates the inaccuracy of the company's statement in opposition. We encourage shareholders and companies to work out these differences before contacting us.

14. What must a company do if, before we have issued a no-action response, the shareholder withdraws the proposal or the company decides to include the proposal in its proxy materials?

If the company no longer wishes to pursue its no-action request, the company should provide us with a letter as soon as possible withdrawing its no-action request. This allows us to allocate our resources to other pending requests. The company should also provide the shareholder with a copy of the withdrawal letter.

15. If a company wishes to withdraw a no-action request, what information should its withdrawal letter contain?

In order for us to process withdrawals efficiently, the company's letter should contain

- a statement that either the shareholder has withdrawn the proposal or the company has decided to include the proposal in its proxy materials;
- if the shareholder has withdrawn the proposal, a copy of the shareholder's signed letter of withdrawal, or some other indication that the shareholder has withdrawn the proposal;
- if there is more than one eligible shareholder, the company must provide documentation that all of the eligible shareholders have agreed to withdraw the proposal;
- if the company has agreed to include a revised version of the proposal in its proxy materials, a statement from the shareholder that he or she accepts the revisions; and
- an affirmative statement that the company is withdrawing its no-action request.

C. **Questions regarding the eligibility and procedural requirements of the rule.**

Rule 14a-8 contains eligibility and procedural requirements for shareholders who wish to include a proposal in a company's proxy materials. Below, we address some of the common questions that arise regarding these requirements.

1. **To be eligible to submit a proposal, rule 14a-8(b) requires the shareholder to have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date of submitting the proposal. Also, the shareholder must continue to hold those securities through the date of the meeting. The following questions and answers address issues regarding shareholder eligibility.**

   a. **How do you calculate the market value of the shareholder's securities?**

Due to market fluctuations, the value of a shareholder's investment in the company may vary throughout the year before he or she submits the proposal. In order to determine whether the shareholder satisfies the $2,000 threshold, we look at whether, on any date within the 60 calendar days before the date the shareholder submits the proposal, the shareholder's investment is valued at $2,000 or greater, based on the average of the bid and ask prices. Depending on where the company is listed, bid and ask prices may not always be available. For example, bid and ask prices are not provided for companies listed on the New York Stock Exchange. Under these circumstances, companies and shareholders should determine the market value by multiplying the number of securities the shareholder held for the one-year period by the highest *selling* price during the 60 calendar days before the shareholder submitted the proposal. For purposes of this calculation, it is important to note that a security's highest selling price is not necessarily the same as its highest closing price.

   b. **What type of security must a shareholder own to be eligible to submit a proposal?**

A shareholder must own company securities entitled to be voted on the proposal at the meeting.

Example

A company receives a proposal relating to executive compensation from a shareholder who owns only shares of the company's class B common stock. The company's class B common stock is entitled to vote only on the election of directors. Does the shareholder's ownership of only class B stock provide a basis for the company to exclude the proposal?

Yes. This would provide a basis for the company to exclude the proposal because the shareholder does not own securities entitled to be voted on the proposal at the meeting.

c. How should a shareholder's ownership be substantiated?

Under rule 14a-8(b), there are several ways to determine whether a shareholder has owned the minimum amount of company securities entitled to be voted on the proposal at the meeting for the required time period. If the shareholder appears in the company's records as a registered holder, the company can verify the shareholder's eligibility independently. However, many shareholders hold their securities indirectly through a broker or bank. In the event that the shareholder is not the registered holder, the shareholder is responsible for proving his or her eligibility to submit a proposal to the company. To do so, the shareholder must do one of two things. He or she can submit a written statement from the record holder of the securities verifying that the shareholder has owned the securities continuously for one year as of the time the shareholder submits the proposal. Alternatively, a shareholder who has filed a Schedule 13D, Schedule 13G, Form 4 or Form 5 reflecting ownership of the securities as of or before the date on which the one-year eligibility period begins may submit copies of these forms and any subsequent amendments reporting a change in ownership level, along with a written statement that he or she has owned the required number of securities continuously for one year as of the time the shareholder submits the proposal.

(1) Does a written statement from the shareholder's investment adviser verifying that the shareholder held the securities continuously for at least one year before submitting the proposal demonstrate sufficiently continuous ownership of the securities?

The written statement must be from the record holder of the shareholder's securities, which is usually a broker or bank. Therefore, unless the investment adviser is also the record holder, the statement would be insufficient under the rule.

(2) Do a shareholder's monthly, quarterly or other periodic investment statements demonstrate sufficiently continuous ownership of the securities?

No. A shareholder must submit an affirmative written statement from the record holder of his or her securities that specifically verifies that the shareholder owned the securities *continuously* for a period of one year as of the time of submitting the proposal.

(3) If a shareholder submits his or her proposal to the company on June 1, does a statement from the record holder verifying that the shareholder owned the securities continuously for one year as of May 30 of the same year demonstrate sufficiently continuous ownership of the securities as of the time he or she submitted the proposal?

No. A shareholder must submit proof from the record holder that the shareholder continuously owned the securities for a period of one year as of the time the shareholder submits the proposal.

d. Should a shareholder provide the company with a written statement that he or she intends to continue holding the securities through the date of the shareholder meeting?

Yes. The shareholder must provide this written statement regardless of the method the shareholder uses to prove that he or she continuously owned the securities for a period of one year as of the time the shareholder submits the proposal.

2. In order for a proposal to be eligible for inclusion in a company's proxy materials, rule 14a-8(d) requires that the proposal, including any accompanying supporting statement, not exceed 500 words. The following questions and answers address issues regarding the 500-word limitation.

a. May a company count the words in a proposal's "title" or "heading" in determining whether the proposal exceeds the 500-word limitation?

Any statements that are, in effect, arguments in support of the proposal constitute part of the supporting statement. Therefore, any "title" or "heading" that meets this test may be counted toward the 500-word limitation.

b. Does referencing a website address in the proposal or supporting statement violate the 500-word limitation of rule 14a-8(d)?

No. Because we count a website address as one word for purposes of the 500-word limitation, we do not believe that a website address raises the concern that rule 14a-8(d) is intended to address. However, a website address could be subject to exclusion if it refers readers to information that may be materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules. In this regard, please refer to question and answer F.1.

3. Rule 14a-8(e)(2) requires that proposals for a regularly scheduled annual meeting be received at the company's principal executive offices by a date not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. The following questions and answers address a number of issues that come up in applying this provision.

a. How do we interpret the phrase "before the date of the company's proxy statement released to shareholders?"

We interpret this phrase as meaning the approximate date on which the proxy statement and form of proxy were first sent or given to shareholders. For example, if a company having a regularly scheduled annual meeting files its definitive proxy statement and form of proxy with the Commission dated April 1, 2001, but first sends or gives the proxy statement to shareholders on April 15, 2001, as disclosed in its proxy statement, we will refer to the April 15, 2001 date as the release date. The company and shareholders should use April 15, 2001 for purposes of calculating the 120-day deadline in rule 14a-8(e)(2).

b. How should a company that is planning to have a regularly scheduled annual meeting calculate the deadline for submitting proposals?

The company should calculate the deadline for submitting proposals as follows:

- start with the release date disclosed in the previous year's proxy statement;
- increase the year by one; and
- count back 120 calendar days.

Examples

If a company is planning to have a regularly scheduled annual meeting in May of 2003 and the company disclosed that the release date for its 2002 proxy statement was April 14, 2002, how should the company calculate the deadline for submitting rule 14a-8 proposals for the company's 2003 annual meeting?

- The release date disclosed in the company's 2002 proxy statement was April 14, 2002.
- Increasing the year by one, the day to begin the calculation is April 14, 2003.
- "Day one" for purposes of the calculation is April 13, 2003.
- "Day 120" is December 15, 2002.
- The 120-day deadline for the 2003 annual meeting is December 15, 2002.
- A rule 14a-8 proposal received after December 15, 2002 would be untimely.

If the 120th calendar day before the release date disclosed in the previous year's proxy statement is a Saturday, Sunday or federal holiday, does this change the deadline for receiving rule 14a-8 proposals?

No. The deadline for receiving rule 14a-8 proposals is always the 120th calendar day before the release date disclosed in the previous year's proxy statement. Therefore, if the deadline falls on a Saturday, Sunday or federal holiday, the company must disclose this date in its proxy statement, and rule 14a-8 proposals received after business reopens would be untimely.

c. How does a shareholder know where to send his or her proposal?

The proposal must be received at the company's principal executive offices. Shareholders can find this address in the company's proxy statement. If a shareholder sends a proposal to any other location, even if it is to an agent of the company or to another company location, this would not satisfy the requirement.

d. How does a shareholder know if his or her proposal has been received by the deadline?

A shareholder should submit a proposal by a means that allows him or her to determine when the proposal was received at the company's principal executive offices.

4. Rule 14a-8(h)(1) requires that the shareholder or his or her qualified representative attend the shareholders' meeting to present the proposal. Rule 14a-8(h)(3) provides that a company may exclude a shareholder's proposals for two calendar years if the company

included one of the shareholder's proposals in its proxy materials for a shareholder meeting, neither the shareholder nor the shareholder's qualified representative appeared and presented the proposal and the shareholder did not demonstrate "good cause" for failing to attend the meeting or present the proposal. The following questions and answers address issues regarding these provisions.

a. Does rule 14a-8 require a shareholder to represent in writing before the meeting that he or she, or a qualified representative, will attend the shareholders' meeting to present the proposal?

No. The Commission stated in Release No. 34-20091 that shareholders are no longer required to provide the company with a written statement of intent to appear and present a shareholder proposal. The Commission eliminated this requirement because it "serve[d] little purpose" and only encumbered shareholders. We, therefore, view it as inappropriate for companies to solicit this type of written statement from shareholders for purposes of rule 14a-8. In particular, we note that shareholders who are unfamiliar with the proxy rules may be misled, even unintentionally, into believing that a written statement of intent is required.

b. What if a shareholder provides an unsolicited, written statement that neither the shareholder nor his or her qualified representative will attend the meeting to present the proposal? May the company exclude the proposal under this circumstance?

Yes. Rule 14a-8(i)(3) allows companies to exclude proposals that are contrary to the proxy rules, including rule 14a-8(h)(1). If a shareholder voluntarily provides a written statement evidencing his or her intent to act contrary to rule 14a-8(h)(1), rule 14a-8(i)(3) may serve as a basis for the company to exclude the proposal.

c. If a company demonstrates that it is entitled to exclude a proposal under rule 14a-8(h)(3), can the company request that we issue a no-action response that covers both calendar years?

Yes. For example, assume that, without "good cause," neither the shareholder nor the shareholder's representative attended the company's 2001 annual meeting to present the shareholder's proposal, and the shareholder then submits a proposal for inclusion in the company's 2002 proxy materials. If the company seeks to exclude the 2002 proposal under rule 14a-8(h)(3), it may concurrently request forward-looking relief for any proposal(s) that the shareholder may submit for inclusion in the company's 2003 proxy materials. If we grant the company's request and the company receives a proposal from the shareholder in connection with the 2003 annual meeting, the company still has an

obligation under rule 14a-8(j) to notify us and the shareholder of its intention to exclude the shareholder's proposal from its proxy materials for that meeting. Although we will retain that notice in our records, we will not issue a no-action response.

5. In addition to rule 14a-8(h)(3), are there any other circumstances in which we will grant forward-looking relief to a company under rule 14a-8?

Yes. Rule 14a-8(i)(4) allows companies to exclude a proposal if it relates to the redress of a personal claim or grievance against the company or any other person or is designed to result in a benefit to the shareholder, or to further a personal interest, that is not shared by the other shareholders at large. In rare circumstances, we may grant forward-looking relief if a company satisfies its burden of demonstrating that the shareholder is abusing rule 14a-8 by continually submitting similar proposals that relate to a particular personal claim or grievance. As in answer C.4.c, above, if we grant this relief, the company still has an obligation under rule 14a-8(j) to notify us and the shareholder of its intention to exclude the shareholder's proposal(s) from its proxy materials. Although will retain that notice in our records, we will not issue a no-action response.

6. What must a company do in order to exclude a proposal that fails to comply with the eligibility or procedural requirements of the rule?

If a shareholder fails to follow the eligibility or procedural requirements of rule 14a-8, the rule provides procedures for the company to follow if it wishes to exclude the proposal. For example, rule 14a-8(f) provides that a company may exclude a proposal from its proxy materials due to eligibility or procedural defects if

- within 14 calendar days of receiving the proposal, it provides the shareholder with written notice of the defect(s), including the time frame for responding; and

- the shareholder fails to respond to this notice within 14 calendar days of receiving the notice of the defect(s) or the shareholder timely responds but does not cure the eligibility or procedural defect(s).

Section G.3 – Eligibility and Procedural Issues, below, contains information that companies may want to consider in drafting these notices. If the shareholder does not timely respond or remedy the defect(s) and the company intends to exclude the proposal, the company still must submit, to us and to the shareholder, a copy of the proposal and its reasons for excluding the proposal.

a. Should a company's notices of defect(s) give different levels of information to different shareholders depending on the company's perception of the shareholder's sophistication in rule 14a-8?

No. Companies should not assume that any shareholder is familiar with the proxy rules or give different levels of information to different shareholders based on the fact that the shareholder may or may not be a frequent or "experienced" shareholder proponent.

b. Should companies instruct shareholders to respond to the notice of defect(s) by a specified date rather than indicating that shareholders have 14 calendar days after receiving the notice to respond?

No. Rule 14a-8(f) provides that shareholders must respond within 14 calendar days of receiving notice of the alleged eligibility or procedural defect(s). If the company provides a specific date by which the shareholder must submit his or her response, it is possible that the deadline set by the company will be shorter than the 14-day period required by rule 14a-8(f). For example, events could delay the shareholder's receipt of the notice. As such, if a company sets a specific date for the shareholder to respond and that date does not result in the shareholder having 14 calendar days after receiving the notice to respond, we do not believe that the company may rely on rule 14a-8(f) to exclude the proposal.

c. Are there any circumstances under which a company does not have to provide the shareholder with a notice of defect(s)? For example, what should the company do if the shareholder indicates that he or she does not own at least $2,000 in market value, or 1%, of the company's securities?

The company does not need to provide the shareholder with a notice of defect(s) if the defect(s) cannot be remedied. In the example provided in the question, because the shareholder cannot remedy this defect after the fact, no notice of the defect would be required. The same would apply, for example, if

- the shareholder indicated that he or she had owned securities entitled to be voted on the proposal for a period of less than one year before submitting the proposal;
- the shareholder indicated that he or she did not own securities entitled to be voted on the proposal at the meeting;
- the shareholder failed to submit a proposal by the company's properly determined deadline; or

- the shareholder, or his or her qualified representative, failed to attend the meeting or present one of the shareholder's proposals that was included in the company's proxy materials during the past two calendar years.

In all of these circumstances, the company must still submit its reasons regarding exclusion of the proposal to us and the shareholder. The shareholder may, but is not required to, submit a reply to us with a copy to the company.

D. Questions regarding the inclusion of shareholder names in proxy statements.

1. If the shareholder's proposal will appear in the company's proxy statement, is the company required to disclose the shareholder's name?

No. A company is not required to disclose the identity of a shareholder proponent in its proxy statement. Rather, a company can indicate that it will provide the information to shareholders promptly upon receiving an oral or written request.

2. May a shareholder request that the company not disclose his or her name in the proxy statement?

Yes. However, the company has the discretion not to honor the request. In this regard, if the company chooses to include the shareholder proponent's name in the proxy statement, rule 14a-8(l)(1) requires that the company also include that shareholder proponent's address and the number of the company's voting securities that the shareholder proponent holds.

3. If a shareholder includes his or her e-mail address in the proposal or supporting statement, may the company exclude the e-mail address?

Yes. We view an e-mail address as equivalent to the shareholder proponent's name and address and, under rule 14a-8(l)(1), a company may exclude the shareholder's name and address from the proxy statement.

E. Questions regarding revisions to proposals and supporting statements.

In this section, we first discuss the purpose for allowing shareholders to revise portions of a proposal and supporting statement. Second, we express our views with regard to revisions that a shareholder makes to his or her proposal before we receive a company's no-action request, as well as during the course of our review of a no-action

request. Finally, we address the circumstances under which our responses may allow shareholders to make revisions to their proposals and supporting statements.

1. Why do our no-action responses sometimes permit shareholders to make revisions to their proposals and supporting statements?

There is no provision in rule 14a-8 that allows a shareholder to revise his or her proposal and supporting statement. However, we have a long-standing practice of issuing no-action responses that permit shareholders to make revisions that are minor in nature and do not alter the substance of the proposal. We adopted this practice to deal with proposals that generally comply with the substantive requirements of the rule, but contain some relatively minor defects that are easily corrected. In these circumstances, we believe that the concepts underlying Exchange Act section 14(a) are best served by affording an opportunity to correct these kinds of defects.

Despite the intentions underlying our revisions practice, we spend an increasingly large portion of our time and resources each proxy season responding to no-action requests regarding proposals or supporting statements that have obvious deficiencies in terms of accuracy, clarity or relevance. This is not beneficial to all participants in the process and diverts resources away from analyzing core issues arising under rule 14a-8 that are matters of interest to companies and shareholders alike. Therefore, when a proposal and supporting statement will require detailed and extensive editing in order to bring them into compliance with the proxy rules, we may find it appropriate for companies to exclude the entire proposal, supporting statement, or both, as materially false or misleading.

2. If a company has received a timely proposal and the shareholder makes revisions to the proposal before the company submits its no-action request, must the company accept those revisions?

No, but it *may* accept the shareholder's revisions. If the changes are such that the revised proposal is actually a different proposal from the original, the revised proposal could be subject to exclusion under

- rule 14a-8(c), which provides that a shareholder may submit no more than one proposal to a company for a particular shareholders' meeting; and
- rule 14a-8(e), which imposes a deadline for submitting shareholder proposals.

3. If the shareholder decides to make revisions to his or her proposal after the company has submitted its no-action request, must the company address those revisions?

No, but it *may* address the shareholder's revisions. We base our no-action response on the proposal included in the company's no-action request. Therefore, if the company indicates in a letter to us and the shareholder that it acknowledges and accepts the shareholder's changes, we will base our response on the revised proposal. Otherwise, we will base our response on the proposal contained in the company's original no-action request. Again, it is important for shareholders to note that, depending on the nature and timing of the changes, a revised proposal could be subject to exclusion under rule 14a-8(c), rule 14a-8(e), or both.

4. If the shareholder decides to make revisions to his or her proposal after the company has submitted its no-action request, should the shareholder provide a copy of the revisions to us?

Yes. All shareholder correspondence relating to the no-action request should be sent to us and the company. However, under rule 14a-8, no-action requests and shareholder responses to those requests are submitted to us. The proposals themselves are not submitted to us. Because proposals are submitted to companies for inclusion in their proxy materials, we will not address revised proposals unless the company chooses to acknowledge the changes.

5. When do our responses afford shareholders an opportunity to revise their proposals and supporting statements?

We may, under limited circumstances, permit shareholders to revise their proposals and supporting statements. The following table provides examples of the rule 14a-8 bases under which we typically allow revisions, as well as the types of permissible changes:

Basis	Type of revision that we may permit
Rule 14a-8(i)(1)	When a proposal would be binding on the company if approved by shareholders, we may permit the shareholder to revise the proposal to a recommendation or request that the board of directors take the action specified in the proposal.

Rule 14a-8(i)(2)	If implementing the proposal would require the company to breach existing contractual obligations, we may permit the shareholder to revise the proposal so that it applies only to the company's future contractual obligations.
Rule 14a-8(i)(3)	If the proposal contains specific statements that may be materially false or misleading or irrelevant to the subject matter of the proposal, we may permit the shareholder to revise or delete these statements. Also, if the proposal or supporting statement contains vague terms, we may, in rare circumstances, permit the shareholder to clarify these terms.
Rule 14a-8(i)(6)	Same as rule 14a-8(i)(2), above.
Rule 14a-8(i)(7)	If it is unclear whether the proposal focuses on senior executive compensation or director compensation, as opposed to general employee compensation, we may permit the shareholder to make this clarification.
Rule 14a-8(i)(8)	If implementing the proposal would disqualify directors previously elected from completing their terms on the board or disqualify nominees for directors at the upcoming shareholder meeting, we may permit the shareholder to revise the proposal so that it will not affect the unexpired terms of directors elected to the board at or prior to the upcoming shareholder meeting.
Rule 14a-8(i)(9)	Same as rule 14a-8(i)(8), above.

F. Other questions that arise under rule 14a-8.

1. May a reference to a website address in the proposal or supporting statement be subject to exclusion under the rule?

Yes. In some circumstances, we may concur in a company's view that it may exclude a website address under rule 14a-8(i)(3) because information contained on the website may be materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules. Companies seeking to exclude a website address under rule 14a-8(i)(3) should specifically indicate why they believe information contained on the particular website is materially false or misleading,

irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules.

2. **Rule 14a-8(i)(12) provides a basis for a company to exclude a proposal dealing with substantially the same subject matter as another proposal or proposals that previously has or have been included in the company's proxy materials. How does rule 14a-8(i)(12) operate?**

Rule 14a-8(i)(12) operates as follows:

a. First, the company should look back three calendar years to see if it previously included a proposal or proposals dealing with substantially the same subject matter. If it has not, rule 14a-8(i)(12) is not available as a basis to exclude a proposal from this year's proxy materials.

b. If it has, the company should then count the number of times that a proposal or proposals dealing with substantially the same subject matter was or were included over the preceding five calendar years.

c. Finally, the company should look at the percentage of the shareholder vote that a proposal dealing with substantially the same subject matter received the last time it was included.

- If the company included a proposal dealing with substantially the same subject matter only once in the preceding five calendar years, the company may exclude a proposal from this year's proxy materials under rule 14a-8(i)(12)(i) if it received less than 3% of the vote the last time that it was voted on.

- If the company included a proposal or proposals dealing with substantially the same subject matter twice in the preceding five calendar years, the company may exclude a proposal from this year's proxy materials under rule 14a-8(i)(12)(ii) if it received less than 6% of the vote the last time that it was voted on.

- If the company included a proposal or proposals dealing with substantially the same subject matter three or more times in the preceding five calendar years, the company may exclude a proposal from this year's proxy materials under rule 14a-8(i)(12)(iii) if it received less than 10% of the vote the last time that it was voted on.

3. **Rule 14a-8(i)(12) refers to calendar years. How do we interpret calendar years for this purpose?**

Because a calendar year runs from January 1 through December 31, we do not look at the specific dates of company meetings. Instead, we look at the calendar year in which a meeting was held. For example, a company scheduled a meeting for April 25, 2002. In looking back three calendar years to determine if it previously had included a proposal or proposals dealing with substantially the same subject matter, any meeting held in calendar years 1999, 2000 or 2001 – which would include any meetings held between January 1, 1999 and December 31, 2001 – would be relevant under rule 14a-8(i)(12).

Examples

A company receives a proposal for inclusion in its 2002 proxy materials dealing with substantially the same subject matter as proposals that were voted on at the following shareholder meetings:

Calendar Year	1997	1998	1999	2000	2001	2002	2003
Voted on?	Yes	No	No	Yes	No	-	-
Percentage	4%	N/A	N/A	4%	N/A	-	-

May the company exclude the proposal from its 2002 proxy materials in reliance on rule 14a-8(i)(12)?

Yes. The company would be entitled to exclude the proposal under rule 14a-8(i)(12)(ii). First, calendar year 2000, the last time the company included a proposal dealing with substantially the same subject matter, is within the prescribed three calendar years. Second, the company included proposals dealing with substantially the same subject matter twice within the preceding five calendar years, specifically, in 1997 and 2000. Finally, the proposal received less than 6% of the vote on its last submission to shareholders in 2000. Therefore, rule 14a-8(i)(12)(ii), which permits exclusion when a company has included a proposal or proposals dealing with substantially the same subject matter twice in the preceding five calendar years and that proposal received less than 6% of the shareholder vote the last time it was voted on, would serve as a basis for excluding the proposal.

If the company excluded the proposal from its 2002 proxy materials and then received an identical proposal for inclusion in its 2003 proxy materials, may the company exclude the proposal from its 2003 proxy materials in reliance on rule 14a-8(i)(12)?

No. Calendar year 2000, the last time the company included a proposal dealing with substantially the same subject matter, is still within the prescribed three calendar years. However, 2000 was the only time within the preceding five calendar years that the company included a proposal dealing with substantially the same subject matter, and it received more than 3% of the vote at the 2000 meeting. Therefore, the company would not be entitled to exclude the proposal under rule 14a-8(i)(12)(i).

4. How do we count votes under rule 14a-8(i)(12)?

Only votes for and against a proposal are included in the calculation of the shareholder vote of that proposal. Abstentions and broker non-votes are not included in this calculation.

Example

A proposal received the following votes at the company's last annual meeting:

- **5,000 votes for the proposal;**
- **3,000 votes against the proposal;**
- **1,000 broker non-votes; and**
- **1,000 abstentions.**

How is the shareholder vote of this proposal calculated for purposes of rule 14a-8(i)(12)?

This percentage is calculated as follows:

$$\frac{\text{Votes For the Proposal}}{\text{(Votes Against the Proposal + Votes For the Proposal)}} = \text{Voting Percentage}$$

Applying this formula to the facts above, the proposal received 62.5% of the vote.

$$\frac{5{,}000}{3{,}000 + 5{,}000} = .625$$

G. How can companies and shareholders facilitate our processing of no-action requests or take steps to avoid the submission of no-action requests?

Eligibility and Procedural Issues

1. Before submitting a proposal to a company, a shareholder should look in the company's most recent proxy statement to find the deadline for submitting rule 14a-8 proposals. To avoid exclusion on the basis of untimeliness, a shareholder should submit his or her proposal well in advance of the deadline and by a means that allows the shareholder to demonstrate the date the proposal was received at the company's principal executive offices.

2. A shareholder who intends to submit a written statement from the record holder of the shareholder's securities to verify continuous ownership of the securities should contact the record holder before submitting a proposal to ensure that the record holder will provide the written statement and knows how to provide a written statement that will satisfy the requirements of rule 14a-8(b).

3. Companies should consider the following guidelines when drafting a letter to notify a shareholder of perceived eligibility or procedural defects:

   - provide adequate detail about what the shareholder must do to remedy all eligibility or procedural defects;

   - although not required, consider including a copy of rule 14a-8 with the notice of defect(s);

   - explicitly state that the shareholder must respond to the company's notice within 14 calendar days of receiving the notice of defect(s); and

   - send the notification by a means that allows the company to determine when the shareholder received the letter.

4. Rule 14a-8(f) provides that a shareholder's response to a company's notice of defect(s) must be postmarked, or transmitted electronically, no later than 14 days from the date the shareholder received the notice of defect(s). Therefore, a shareholder should respond to the company's notice of defect(s) by a means that allows the shareholder to demonstrate when he or she responded to the notice.

5. Rather than waiting until the deadline for submitting a no-action request, a company should submit a no-action request as soon as possible after it receives a proposal and determines that it will seek a no-action response.

6. Companies that will be submitting multiple no-action requests should submit their requests individually or in small groups rather than waiting and

sending them all at once. We receive the heaviest volume of no-action requests between December and February of each year. Therefore, we are not able to process no-action requests as quickly during this period. Our experience shows that we often receive 70 to 80 no-action requests a week during our peak period and, at most, we can respond to 30 to 40 requests in any given week. Therefore, companies that wait until December through February to submit all of their requests will have to wait longer for a response.

7. Companies should provide us with all relevant correspondence when submitting the no-action request, including the shareholder proposal, any cover letter that the shareholder provided with the proposal, the shareholder's address and any other correspondence the company has exchanged with the shareholder relating to the proposal. If the company provided the shareholder with notice of a perceived eligibility or procedural defect, the company should include a copy of the notice, documentation demonstrating when the company notified the shareholder, documentation demonstrating when the shareholder received the notice and any shareholder response to the notice.

8. If a shareholder intends to reply to the company's no-action request, he or she should try to send the reply as soon as possible after the company submits its no-action request.

9. Both companies and shareholders should promptly forward to each other copies of all correspondence that is provided to us in connection with no-action requests.

10. Due to the significant volume of no-action requests and phone calls we receive during the proxy season, companies should limit their calls to us regarding the status of their no-action request.

11. Shareholders who write to us to object to a company's statement in opposition to the shareholder's proposal also should provide us with copies of the proposal as it will be printed in the company's proxy statement and the company's proposed statement in opposition.

Substantive Issues

1. When drafting a proposal, shareholders should consider whether the proposal, if approved by shareholders, would be binding on the company. In our experience, we have found that proposals that are binding on the company face a much greater likelihood of being improper under state law and, therefore, excludable under rule 14a-8(i)(1).

2. When drafting a proposal, shareholders should consider what actions are within a company's power or authority. Proposals often request or require action by the company that would violate law or would not be within the power or authority of the company to implement.

3. When drafting a proposal, shareholders should consider whether the proposal would require the company to breach existing contracts. In our experience, we have found that proposals that would result in the company breaching existing contractual obligations face a much greater likelihood of being excludable under rule 14a-8(i)(2), rule 14a-8(i)(6), or both. This is because implementing the proposals may require the company to violate law or may not be within the power or authority of the company to implement.

4. In drafting a proposal and supporting statement, shareholders should avoid making unsupported assertions of fact. To this end, shareholders should provide factual support for statements in the proposal and supporting statement or phrase statements as their opinion where appropriate.

5. Companies should provide a supporting opinion of counsel when the reasons for exclusion are based on matters of state or foreign law. In determining how much weight to afford these opinions, one factor we consider is whether counsel is licensed to practice law in the jurisdiction where the law is at issue. Shareholders who wish to contest a company's reliance on a legal opinion as to matters of state or foreign law should, but are not required to, submit an opinion of counsel supporting their position.

H. Conclusion

Whether or not you are familiar with rule 14a-8, we hope that this bulletin helps you gain a better understanding of the rule, the no-action request process and our views on some issues and questions that commonly arise during our review of no-action requests. While not exhaustive, we believe that the bulletin contains information that will assist both companies and shareholders in ensuring that the rule operates more effectively. Please contact us with any questions that you may have regarding information contained in the bulletin.

Phillips.Curt

From: Kathryn McCloskey <katie.mccloskey@ucfunds.org>
Sent: Tuesday, November 13, 2018 10:11 AM
To: Chase.Melissa.M
Cc: Willis.Shelli; Phillips.Curt
Subject: RE: UCF Letter - Shareholder Proposal for 2019 Annual Meeting
Attachments: SunTrust custodian letter - UCF 2019.pdf

Dear Ms. Chase, Ms. Willis and Mr. Phillips,

Attached is an attestation of United Church Funds' ownership of SunTrust shares by our custodial bank, BNY Mellon. We believe this remedies the deficiency by providing proof of ownership.

Looking forward to our next steps together.

My very best,
Katie

Katie McCloskey
Director, Social Responsibility
United Church Funds
475 Riverside Drive, Suite 1020
New York NY 10115
212.729.2608

From: Chase.Melissa.M <Melissa.M.Chase@SunTrust.com>
Sent: Thursday, November 8, 2018 4:27 PMLooking forward to
To: Kathryn McCloskey <katie.mccloskey@ucfunds.org>
Cc: Willis.Shelli <Shelli.Willis@SunTrust.com>; Phillips.Curt <Curt.Phillips@SunTrust.com>
Subject: RE: UCF Letter - Shareholder Proposal for 2019 Annual Meeting

Ms. McCloskey:

Attached are the items which are also being sent to you under separate cover via FedEx.

Please do not hesitate to contact Shelli Willis if you have any questions. Thank you kindly.

Melissa Morgan Chase, Administrative Assistant, Corporate and Wholesale Legal Teams
SunTrust Bank | Take a step toward financial confidence. Join the movement at onUp.com.
303 Peachtree St., Ste. 900, Mail Code GA-ATL-0643, Atlanta GA 30308
|Bus 404.230.1910 | FAX 404.813.5513 | Melissa.M.Chase@suntrust.com

BNY MELLON

Asset Servicing
BNY Mellon Center
500 Grant Street, Suite 0625
Pittsburgh, PA 15258-0001

November 13, 2018

Ms. Kathryn McCloskey
Director, Social Responsibility
United Church Funds
475 Riverside Drive, Suite 1020
New York, NY 10115-1097

Dear Ms. McCloskey,

This letter is to confirm that BNY Mellon as custodian for United Church Funds held 3,800 shares in account *** of SunTrust Banks, Inc., Cusip 867914103, as of November 9, 2018.

The beneficial owner of these shares, as per BNY Mellon records, is United Church Funds, who held at least $2,000.00 of market value of SunTrust Banks, Inc. and has held this position for at least twelve months prior to the date of this letter.

Sincerely,

Laura Podurgiel

Laura Podurgiel
Vice President

Securities and Exchange Commission
December 18, 2018

Exhibit B

Company Nominating and Governance Committee, Risk Committee and Compensation Committee Charters

STI-BGNC-CH-01 Board Governance and Nominating Committee Charter

Committee Name	Version	Effective Date
Board Governance and Nominating Committee	7	04/17/2007
Issued By	**Type**	**Last Review**
Legal Department	Charter	11/14/2018
Approvals		**Next Review**
Board Governance and Nominating Committee / Board of Directors		11/30/2019

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

1. Purpose

The purpose of this charter is to define the membership, roles and responsibilities, authority and meeting administration of the Governance and Nominating Committee ("Committee") of the Board of Directors of SunTrust Banks, Inc. ("Board").

The Committee is appointed by the Board (1) to assist the Board by identifying individuals qualified to become Board members and to recommend to the Board the director nominees for the next annual meeting of shareholders; (2) to oversee the governance and corporate responsibility efforts of the Corporation including recommending to the Board Corporate Governance Guidelines for the Corporation; (3) to oversee the Board in its annual review of performance of the Board and its committees; and (4) to recommend to the Board director nominees for each committee.

The Committee's objectives shall include serving as an independent and objective party to identify and nominate qualified candidates for director and board committee placement; nominating members for each of the Board's committees; taking a leadership role in shaping the Corporation's corporate governance; and overseeing the evaluation of the Board.

2. Membership

The Committee will consist of at least three members of the Board. The members of the Committee shall satisfy the independence requirements of the New York Stock Exchange as then in effect.

The members of the Committee shall be appointed by the Board and may be removed by the Board at any time. The Board will appoint one member of the Committee to be the Chair of the Committee.

The Board may appoint a Vice Chair of the Committee to preside over Committee meetings in the event the Chair is not available and to carry out other tasks specifically delegated by the Chair.

At the Committee Chair's discretion, members of management and other subject matter experts may attend Committee meetings to facilitate execution of the Committee's responsibilities.

3. Committee Responsibilities

The Committee is authorized to carry out the responsibilities that follow:

1. Review the composition of the Board, taking into account the Bylaws and the Corporate Governance Guidelines;
2. Review and make recommendations to the Board annually with respect to the compensation of all directors;
3. Actively seek, identify, and recommend to the Board individuals qualified to become board members, and in doing so the Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms, whose fees shall be paid by the Corporation;

4. Recommend to the Board nominees for each of the Board's committees and the Chairpersons of such committees;
5. Make recommendations to the Board regarding tenure and classifications of directors;
6. Receive comments from all directors and report annually to the Board with an assessment of the Board's and each committee's performance, to be discussed with the full Board following the end of each fiscal year; consider, discuss, and recommend ways to improve the Board's effectiveness;
7. Annually review and reassess the adequacy of the Corporate Governance Guidelines of the Corporation and recommend any proposed changes to the Board for approval; consider other corporate governance and related issues;
8. Make regular reports to the Board;
9. Review and reassess the adequacy of this Charter and other Board committee charters annually and recommend any proposed changes to the Board for approval;
10. Annually review its own performance;
11. Oversee the evaluation of the Board and the Board's committees;
12. Make recommendations to the Board concerning the acceptance or rejection of resignations pursuant to the Company's Policy on Majority Voting;
13. Review and approve "related party transactions" in accordance with the guidelines set forth in the Company's Policy with Respect to Related Party Transactions if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; and
14. Receive reports from the Head of Corporate Responsibility and others on Corporate Responsibility efforts at SunTrust;
15. Have the authority, in its discretion, to form and delegate authority to subcommittees and to appropriate officers;
16. Perform such other functions as the Board may request.

The duties and responsibilities of Committee members contained herein shall be in addition to those duties otherwise required for members of the Board. In performing its responsibilities, the Committee shall be permitted to obtain advice and assistance from internal or external legal, accounting or other advisors. The Corporation will pay the fees and expenses of such advisors.

4. Authority

The Committee operates under the authority of the Board and reports to the same and is granted the authority to perform the responsibilities enumerated in this Charter.

5. Meeting Administration

5.1 Schedule

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment and that of the Board. The Chairman or a majority of the members of the Committee may call meetings of the Committee upon reasonable notice to all members of the Committee.

5.2 Pre-Meeting Distribution

Not applicable

5.3 Meeting Presentations

Not applicable

5.4 Voting Requirements/Quorum

A majority of the members of the Committee constitutes a quorum for the transaction of business, and when a quorum exists, the act of a majority of those present shall be the act of the Committee.

5.5 Interactions

The Governance and Nominating Committee does not formally interact with any other committees or sub-committees.

STI-BRC-CH-01 Board Risk Committee Charter

Committee Name Board Risk Committee	**Version** 10	**Effective Date** 11/12/2012
Issued By Enterprise Risk	**Type** Charter	**Last Review** 11/14/2018
Approvals Board Risk Committee / Board of Directors		**Next Review** 11/30/2019

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

1. Purpose

The purpose of this charter is to define the membership, roles, responsibilities and authority of, and establish administration guidelines for, the Risk Committee of the Board of Directors ("Committee" or "BRC").

The Committee reports to and assists the Board of Directors ("Board") in overseeing and reviewing information regarding, but not limited to, enterprise risk management, i.e., credit, operational, compliance, market, liquidity, strategic, legal, technology, and reputational risk; enterprise capital adequacy; liquidity adequacy; and material regulatory matters. Oversight and review may include, among other things, significant policies and practices employed to manage and assess credit risk, liquidity risk, market risk, operational risk, compliance risk, legal risk, strategic risk and reputational risk. The BRC also oversees management of the Company's fiduciary and select capital and liquidity management activities.

2. Membership

The Committee will consist of at least three members of the Board, one of which will serve as the Committee Chair. All members will be independent directors. The Board will appoint Committee members and the Committee Chair based on the recommendation of the Board Governance and Nominating Committee. The Board may replace committee members at any time.

The Board may appoint a Vice Chair of the Committee to preside over Committee meetings in the event the Chair is not available and to carry out other tasks specifically delegated by the Chair.

At the Committee Chair's discretion, members of management and other subject matter experts may attend Committee meetings to facilitate the execution of the Committee's responsibilities.

3. Committee Responsibilities

3.1 Key Responsibilities

The Board has delegated to the Committee the responsibility and authority to receive information pertaining to, and act on its behalf regarding, oversight, review, challenge and, where appropriate, approval and/or recommend approval of:

- The charters of the Asset/Liability Management Committee ("ALCO"), Enterprise Risk Committee ("ERC"), Corporate Portfolio Management Committee ("PMC"), Capital Committee ("CC"), Enterprise Business Practices Committee ("EBPC"), Technology Management Committee (TMC), Strategic Initiative Review Committee (SIRC), and other executive committees, if any, each calendar year, or more frequently if conditions warrant.
- Enterprise risk management appetite framework, tolerances, limits and/or standards; risk management frameworks; and Level 1 policies that reflect the Board's risk management philosophies and principles, or for which management oversight is mandated by law or regulation. The Committee maintains the right to authorize

management to develop and implement additional frameworks and policies relating to risk, fiduciary, liquidity and/or capital management, as appropriate.

- Enterprise Credit risk management activities, e.g., asset quality and credit management process;
- Enterprise Operational[1] risk management activities;
- Enterprise Compliance[2] risk management activities;
- Enterprise Market risk management activities;
- Liquidity risk management activities, including the structure and adequacy of liquidity in light of current and planned business activities, and management, Board and statutory/regulatory requirements or expectations;
- Capital management activities, including periodic (at least quarterly) review of the structure and adequacy of capital in light of current or planned business activities; annual approval of the Capital Plan and planned capital actions in conjunction with review of capital planning activities; and other management, Board and statutory/regulatory requirements or expectations;
- The structure and adequacy of capital in light of current or planned business activities, and management, Board and statutory/regulatory requirements or expectations;
- Enterprise Regulatory risk management/relations activities;
- Enterprise Legal risk management activities;
- Enterprise Strategic risk management activities;
- Enterprise Business Practices activities;
- Business Segment (Wholesale and Consumer) and Functional Unit risk management activities;
- Fiduciary activities;
- Risk Assurance activities (i.e., Credit Review; SunTrust Audit Services is under the purview of the Audit Committee of the Board of Directors);
- Critical enterprise and risk management project/program activities;
- Executive Committee activities, e.g., Enterprise Risk Committee, Asset-Liability Management Committee, Portfolio Management Committee, Capital Committee, Enterprise Business Practices Committee, Strategic Initiative Review Committee, and Technology Risk Management Committee
- Enterprise Data Governance program and activities;

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[1] In this context, Enterprise Operational Risk management includes, but is not limited to, the activities of Risk Program leaders, e.g., Financial Reporting Risk, Model Risk, Fraud Risk, and Third-Party Risk Management Risk

[2] In this context, Enterprise Regulatory and Compliance Risk management provides program design and policy standards for, but is not limited to, Fair and Responsible Banking, Community Reinvestment Act, "Letter" Regulation Compliance, Privacy, AML/BSA, and Complaints Management. In addition, Segment Compliance risk teams provide oversight of business execution and compliance activities.

- Stress testing/scenario analysis programs and activities;
- Regulatory submissions including, but not limited to, current and stressed capital/liquidity adequacy and resolution planning;
- Material regulatory letters, matters, actions and/or orders and related responses and submissions, as appropriate;
- Other activities related to this Charter; requested by management; requested by the Board of Directors; or directed by regulators or by law.

3.2 Other Responsibilities

The Committee shall also:

- Receive periodic reports from the Chief Risk Officer, Enterprise Credit Risk Executive, Enterprise Information Services Risk Executive, Enterprise Market and Liquidity Risk Executive, Chief Compliance Officer, Regulatory Relations Executive, Enterprise Credit Review Officer, Enterprise Risk Services Executive, Enterprise Model Risk Executive, International Risk Executive, Ethics Officer, Segment Risk Executives, Chief Financial Officer, Enterprise Data Officer, Treasurer and other senior managers, such as Business Segment (Wholesale and Consumer) and Functional Unit management, as appropriate.
- Undertake appropriate inquiry, engage in effective challenge and/or intervene in matters of risk management and issue remediation, as appropriate.
- Review and assess the adequacy of the Committee Charter, request Board approval and ensure appropriate disclosure as may be required by law or regulation at least once each calendar year, or more frequently, as appropriate.
- Annually review the Committee's own performance.

3.3 Chief Risk Officer

SunTrust's Chief Risk Officer shall report directly to the Chief Executive Officer and the BRC. The Chief Risk Officer shall have direct and unrestricted access to the Committee and/or members thereof. Similarly, the Committee and/or members thereof shall have direct and unrestricted access to the Chief Risk Officer. In addition, the Committee will:

- Review and concur in the appointment, replacement, or dismissal of the Chief Risk Officer.
- Review the performance of the Chief Risk Officer at least once annually.
- Approve the remuneration of the Chief Risk Officer.
- On a regular basis, meet separately with the Chief Risk Officer to discuss any matters that the Committee or the Chief Risk Officer believes should be discussed privately.

3.4 Enterprise Credit Review Officer

The Enterprise Credit Review Officer shall report directly to the BRC, and administratively to the Chief Risk Officer.

Credit Review is an independent assurance function responsible for evaluating and reporting upon

- The quality of SunTrust's loan portfolios;
- The timeliness, accuracy and documentation of loan/portfolio risk ratings; and
- The effectiveness of credit risk management processes, controls and execution.

With regards to Enterprise Credit Review, the Committee shall:

- Review and approve, at least each calendar year, the Credit Review Charter and Annual Credit Review Plan. Changes to the Annual Credit Review Plan must be reviewed with the Committee, and changes to the Annual Review Plan that result in guideline exceptions must be approved by the Committee.
- Review, at least each calendar year, Credit Review staffing (including qualifications), organizational structure and any recommended changes thereto.
- Review summaries of Credit Review findings regarding Asset Quality and Credit Risk Management Processes and other risk issues, as appropriate, and review the status of issue remediation efforts at least quarterly.
- Ensure that there are no unjustified restrictions or limitations on Credit Review's scope of activities or access to information.
- Review and concur in the appointment, replacement, or dismissal of the Enterprise Credit Review Officer.
- Review the performance of the Enterprise Credit Review Officer at least once annually.
- Approve the remuneration of the Enterprise Credit Review Officer.
- Meet separately with the Enterprise Credit Review Officer to discuss any matters that the Committee or the Enterprise Credit Review Officer believes should be privately discussed.

Reference: ER-CR-CH-01 SunTrust Credit Review Charter

ER-CRP-1000 Credit Review Policy

4. Authority

The Committee operates under the authority of the Board and reports to the same and is granted the authority to perform the responsibilities enumerated in this Charter.

5. Meeting Administration

5.1 Schedule

The Committee will meet as often as it determines is appropriate, but not less frequently than quarterly. All Committee members are expected to attend each meeting, in person or via telephone or videoconference.

As necessary or desirable, the Committee Chair may request that certain members of management or others be present at BRC meetings.

5.2 Pre-Meeting Distribution

BRC agendas and meeting materials will generally be provided to Committee members at least seven days before scheduled meetings. In specific cases, materials may be provided to Committee members within seven days of a scheduled meeting to accommodate delivery of critical or updated information.

5.3 Meeting Presentations

The Committee Chair, in consultation with the Chief Risk Officer and the BRC Secretary, establishes meeting agendas and content.

The BRC Secretary coordinates the compilation of meeting materials and schedules presenters. Presenters are required to conform to reporting, documentation and presentation protocols, as periodically established and communicated by the Committee Secretary. This includes, but is not limited to, summaries of the topic(s) being presented, along with the actions, if any, required of the BRC members; additional detail is routinely supplied to ERC members in appendices. Exceptions require approval of the BRC Secretary.

The BRC Secretary will document the proceedings of each meeting in Committee minutes, including actions taken, decisions made and/or follow-up actions required, as appropriate.

5.4 Voting Requirements/Quorum

A majority of the members of the Committee constitutes a quorum for the transaction of business, and when a quorum exists, the act of a majority of those present shall be the act of the Committee.

5.5 Interactions

The Committee Chair shall periodically update the Board regarding matters of interest and the Committee's activities, observations, actions and/or approvals, as appropriate.

With regard to risk assessment and risk management activities, the Board acknowledges that information reviewed by either the Board Risk Committee or the Board Audit Committee may be of interest to the other and should be shared, as appropriate.

STI-BCC-CH-01 Board Compensation Committee Charter

Committee Name	Version	Effective Date
Board Compensation Committee	8	04/19/2013
Issued By	**Type**	**Last Review**
Total Rewards COE – Executive Compensation	Charter	06/18/2018
Approvals		**Next Review**
Board Compensation Committee / Board of Directors		06/30/2019

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

1. Purpose

The Board of Directors has delegated to the Board Compensation Committee the overall responsibility of compensation strategy for the Company and approval of the compensation and benefits programs for the Company's Chief Executive Officer (CEO) and other executive officers. As used in this charter, "executive officer" means an executive holding the title of Corporate Executive Vice President or higher.

2. Membership

The Board of Directors of SunTrust Banks, Inc. ("Board") shall annually appoint a Board Compensation Committee (the "Committee") comprised of three or more Directors. Each such director shall (1) meet the independence requirements of the New York Stock Exchange; (2) be a "disinterested person" within the meaning of Rule 16b-3 under the Securities and Exchange Act of 1934; and (3) be an "outside director" for purposes of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended. One of the members shall be elected Chair by the Board. The Board may replace members of the Committee at any time.

The Board may appoint a Vice Chair of the Committee to preside over Committee meetings in the event the Chair is not available and to carry out other tasks specifically delegated by the Chair.

At the Committee Chair's discretion, members of management and other subject matter experts may attend Committee meetings to facilitate the execution of the Committee's responsibilities.

3. Committee Responsibilities

The Committee shall:

1) Review and approve total compensation for the CEO and executive officers, including base salary, annual and long-term incentive opportunities and awards, benefits, perquisites, and any other opportunities or awards. The Committee shall also review and approve employment agreements, severance arrangements, change in control provisions and special or supplemental benefits for the CEO and executive officers.

2) Review and approve the structure, performance goals, award opportunities and guidelines for the Company's annual incentive and long-term incentive plans. Review and approve funding of, and any material exceptions or adjustments to, annual incentives awarded under the plan. Approve the calculation of actual performance under such plans after the completion of the performance period.

3) Periodically review and discuss the Company's existing retirement plans and welfare benefit plans. Provide input to the Benefits Finance Committee and the Benefits Plan Committee on the items presented by the committee chairman for the improvement of said plans. Perform "settlor function" in the adoption of new plans or termination of existing plans. This function is not subject to ERISA's fiduciary duty rules. The

Company's separate Benefits Finance Committee and the Benefits Plan Committee members, and not the Committee serve as the sole ERISA fiduciaries for the Company's retirement and welfare benefit plans.

4) Oversee the Company's incentive compensation practices and related control processes that ensure they are operated in a manner that appropriately balance risk and financial results. The Committee shall annually review and discuss an assessment by the Company's Chief Risk Officer on the effectiveness of the design and operation of the organization's incentive compensation programs and the governance and risk management controls surrounding these plans. The Committee shall periodically review and discuss updates from the Company's Significant Event and Incentive Review Committee.

5) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

6) Review and approve the Company's Incentive Compensation Policy and Performance Management Policy on an annual basis.

7) Review and approve the Company's Share Ownership and Retention Policy and review compliance under such policy for executives on an annual basis.

8) Review and discuss the Compensation Discussion and Analysis (CD&A) with management, and approve and recommend to the Board that the CD&A be included in the Company's annual proxy filing. The Committee shall also review and approve the annual report of the Committee for inclusion in the Company's annual proxy statement. The Committee shall also review and evaluate any compensation-related matters to be considered by shareholders at the annual meeting including the advisory votes on executive compensation, and recommend any actions to be taken by the Board with respect to those proposals.

9) Review and evaluate the CEO's performance relative to goals, in consultation with the Board, and determine the compensation of the CEO in light of those goals and objectives. The Committee reviews its determinations with respect to the CEO's compensation level with the Board.

10) Review key Human Resources initiatives and activities including various Human Capital Management updates and talent moves of executives in critical roles.

11) Conduct an annual evaluation of the Committee's performance.

12) Report regularly to the Board or as required by the nature of its activities and shall make recommendations to the Board as the Committee decides is appropriate. The Committee shall prepare minutes for each meeting. The Committee Chair shall review and approve the Committee minutes which are filed with the Corporate Secretary for retention with the records of the Company.

13) Have the authority, in its discretion, to form and delegate authority to subcommittees and to appropriate officers.

14) Have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation and shall have sole authority to approve the consultant's fees and other retention terms, for which the Company will provide funding. Prior to engaging such advisors, and on an ongoing annual basis, the Committee shall consider the independence of such advisor, including:

    a. the provision of other services to the Company by the firm that employs the advisor, the amount of fees received from the Company by the advisor's firm as a percentage of the firm's total revenues,
    b. the policies and procedures of the advisor's firm that are designed to prevent conflicts of interest,
    c. any business or personal relationship of the advisor with a member of the Committee,
    d. any stock of the Company owned by the advisor, and
    e. any business or personal relationship of the advisor or of the advisor's firm with an executive officer of the Company.

15) Upon the direction and approval of the Board, investigate any human resources or compensation activity of the Company.

4. Authority

The Committee operates under the authority of the Board and reports to the same and is granted the authority to perform the responsibilities enumerated in this Charter.

5. Meeting Administration

5.1 Schedule

The Committee shall generally meet quarterly and at other times as the Committee Chair shall designate in accordance with the bylaws.

5.2 Pre-Meeting Distribution

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials, whenever possible.

5.3 Meeting Presentations

As necessary or desirable, the Committee Chair may request that certain members of management be present at meetings of the Committee. The Committee may meet with or without management present and with or without its independent consultant.

5.4 Voting Requirements/Quorum

A majority of the members of the Committee constitutes a quorum for the transaction of business, and when a quorum exists, the act of a majority of those present shall be the act of the Committee.

5.5 Interactions

See "Committee Responsibilities" above, bullet number 13.