



November 15, 2018

Mr. Brent Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090  
via email at rule-comments@sec.gov

**RE: File Number 4-725 (Roundtable on the Proxy Process)**

Dear Mr. Fields,

Wespath Benefits and Investments (Wespath) manages over \$23 billion in assets on behalf of over 100,000 pension and retirement plan participants of The United Methodist Church and more than 100 United Methodist-affiliated institutional clients. Wespath maintains the largest reporting faith-based pension fund in the world and is among the 100 largest U.S. pension funds. As a prudent fiduciary, we seek investments that position our funds for long-term, sustainable growth. Regarding the upcoming Roundtable on the Proxy Process, we wish to provide perspective on several topics outlined in the announcement<sup>1</sup> that pertain to Wespath's proxy voting activities.

**Importance of the proxy process to long-term value creation**

Wespath actively integrates environmental, social and governance (ESG) factors into our investment decisions as we believe it is fundamental to long-term value creation. Proxy voting is an integral element of our investment strategy and is a responsibility we take very seriously as long-term stewards of our participants' and clients' capital. Proxy voting and corporate engagement enable Wespath to enter into constructive dialogue with companies as a way to express concerns, offer suggestions and encourage sustainable policies and practices that safeguard and enhance long-term corporate performance. Absent of more direct engagement, we urge the Securities and Exchange Commission (SEC) to recognize that proxy voting represents one of the most important tools investors have to influence a company's sustainable business practices and corporate governance.

**Essential role of proxy advisors**

Wespath's Proxy Voting Guidelines<sup>2</sup> (which we update annually) inform our voting decisions for more than 4,500 global companies. Wespath retains two external proxy research advisors to deliver independent and timely data that supports our decision-making, in line with our Proxy Voting

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<sup>1</sup> Securities and Exchange Commission, Statement Announcing SEC Staff Roundtable on the Proxy Process, July 30, 2018, available at <https://www.sec.gov/news/public-statement/statement-announcing-sec-staff-roundtable-proxy-process>.

<sup>2</sup> [https://www.wespath.org/assets/1/7/proxy\\_guide.pdf](https://www.wespath.org/assets/1/7/proxy_guide.pdf)

Guidelines. While Wespath makes its own voting decisions, we encourage the SEC to acknowledge the important role that proxy advisors play in the successful execution of proxy votes.

**Concerns about recent legislation affecting proxy advisors and rulings on shareholder rights**

As Wespath has already communicated to members of the House Committee on Financial Services,<sup>3</sup> we are concerned that recent legislative proposals<sup>4</sup> could negatively impact the effectiveness of proxy advisory firms and undermine shareholder rights. Specifically, we believe that new regulatory requirements could weaken the independent proxy research that we rely on from proxy advisors and challenge our ability as prudent fiduciaries to make informed voting decisions in a timely manner. Furthermore, we have concern for actions that substantially increase the current resubmission thresholds for shareholder proposals under Rule 14a-8 of the Securities Exchange Act of 1934. Such actions could preclude investors from formally addressing new and emerging risks with companies when direct corporate engagement efforts have been unsuccessful. We encourage the SEC to ensure that institutional investor perspectives on these legislative proposals and rules regarding shareholder rights are taken into account, in light of the long-term interests of the participants, beneficiaries, and charitable purposes we serve.

Wespath supports the SEC's efforts to review and continually improve the U.S. proxy voting process to ensure it *"operates with the accuracy, reliability, transparency, accountability, and integrity"* that the marketplace expects.<sup>5</sup> Specifically, Wespath believes the U.S. proxy process could benefit from greater utilization of technology to facilitate end-to-end vote confirmation and the use of universal proxy ballots<sup>6</sup> during contested elections.

As a member of the Council of Institutional Investors (CII), Wespath also supports the comments that CII has prepared in advance of the upcoming Roundtable. We encourage the SEC to continue to support an efficient U.S. proxy voting process and protect shareholder rights.

Thank you for welcoming public comments on the integrity, effectiveness, and accuracy of the proxy process in the United States. We appreciate the opportunity to provide our perspective.

Sincerely,



David H. Zellner  
Chief Investment Officer

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<sup>3</sup> Letter to the Honorable Brad Schneider (May 2017), available at: <https://www.wespath.org/assets/1/7/CHOICE-letter-5-1-17.pdf>; Letter to the Honorable Jeb Hensarling (June 2016), available at: <https://www.wespath.org/assets/1/7/FINAL-Letter-Proxy-Advisory-Firm-Bill-06-13-16.pdf>

<sup>4</sup> U.S. House of Representatives H.R. 5311, Financial CHOICE Act of 2017, and U.S. House of Representatives H.R. 4015

<sup>5</sup> Securities and Exchange Commission, Statement Announcing SEC Staff Roundtable on the Proxy Process, July 30, 2018, available at <https://www.sec.gov/news/public-statement/statement-announcing-sec-staff-roundtable-proxy-process>

<sup>6</sup> Securities and Exchange Commission, Release No. 34-79164 (File No. S7-24-16) Regarding Universal Proxy Proposed Rule, October 26, 2016, available at: <https://www.sec.gov/rules/proposed/2016/34-79164.pdf>