

## **Organizations Opposed to H.R.**

**4015**

Council of Institutional Investors	Interfaith Center on Corporate Responsibility
National Conference on Public Employee Retirement Systems (NCPERS)	Mercy Health
AFSCME Employees Pension Plans	Mercy Investment Services
AFL-CIO	As You Sow
International Brotherhood of Teamsters	Bailard, Inc.
National Education Association (NEA)	Cartica Management
International Union of Bricklayers and Allied Craftworkers	Clean Yield Management
UAW Retiree Medical Benefits Trust	CtW Investment Group
SEIU	Dignity Health
Americans for Financial Reform	First Affirmative Financial Network
Principles for Responsible Investment	Jantz Management
Minnesota State Board of Investment	Lawndale Capital Management
Illinois State Treasurer	Legal & General Investment Management
Colorado Public Employees' Retirement Association	Loring, Wolcott and Coolidge
Connecticut Retirement Plans and Trust Funds	Miller/ Howard Investments, Inc.
Florida State Board of Administration	Natural Investments
Seattle City Employees' Retirement System	Segal Marco Advisors
State of Oregon	Shareholder Rights Group
Adrian Dominican Sisters	NorthStar Asset Management
Northwest Coalition for Responsible Investment	Nuveen, a TIAA Company
Washington State Investment Board Sisters of the Presentation, Aberdeen SD	RBC Global Asset Management
Congregation of St. Joseph	Reynolds, McVeigh Capital Management
	Walden Asset Management

Consumer Federation of  
America

Ceres Investor Network on Climate Risk  
&  
Sustainability

California State Teachers' Retirement  
System

California Public Employees' Retirement  
System

Los Angeles County Employees  
Retirement Association

New York State Comptroller

New York City Comptroller

Ohio Public Employees Retirement  
System

School Employees Retirement System of  
Ohio

STRS Ohio

Conference for Corporate Responsibility,  
Indiana and Michigan

## **Excerpts from Opposition Letters**

**Council of Institutional Investors (CII)** - "...system of corporate governance in the United States relies on the accountability of CEOs and boards of directors alike to shareowners, and ensuring unencumbered shareholder access to independent research is a crucial underpinning of effective corporate governance. H.R. 4015 threatens to upend this very independence....While the stated goal of the proposed legislation is the "protection of investors," we believe the legislation would bias proxy advisory firms in favor of corporate management. We also believe that the new requirements it would impose are unnecessary, overly burdensome and counterproductive." (letter signed by CII members and Jeff Mahoney, General Counsel, CII; February 27, 2018)

**National Conference on Public Employee Retirement Systems (NCPERS)** - "...the legislation is riddled with worrisome provisions, premised on false assumptions, that undercut the ability of pension plans to receive independent, unbiased corporate governance research, introducing new costs and burdens to pension plans and undermining their ability to effectively exercise their fiduciary responsibilities. We are alarmed by the precedent this legislation would set...The regulatory regime proposed under H.R.4015 is part-inappropriate and part- unnecessary, and would needlessly drive up costs for public pension plans while reducing market choice..." (letter signed by Hank Kim, Executive Director; February 16, 2018)

**AFL-CIO** – "H.R. 4015 will create a costly and untested regulatory regime for proxy advisory firms that provide research and voting recommendations to shareholders. The bill claims to foster "accountability, transparency, responsiveness, and competition in the proxy advisory firm industry," while in reality it will interfere with shareholders' access to impartial analysis and undermine shareholders' ability to hold corporate management accountable." (letter signed by William Samuel, Director of Government Affairs; December 14, 2017)

**Consumer Federation of America** - "...these provisions would empower companies to bully proxy advisory firms into watering down their recommendations....We...urge you to vote no on this misguided and misdirected legislation..." (letter signed by Barbara Roper, Director of Investor Protection, and Micah Hauptman, Financial Services Counsel; November 13, 2017)

**Americans for Financial Reform** - "...HR 4015 is a transparent attempt to weaken if not eliminate the independence of proxy advisory firms by subjecting them to a poorly designed and unnecessary regulatory regime. This regime would give the public corporations that are the subject of proxy advisory research privileged access to draft voting recommendations and require proxy advisory firms to employ an ombudsman to address any complaints regarding such recommendations..." (organizational letter; November 13, 2017)

**The Forum for Sustainable and Responsible Investment** – "[H.R.4015] would weaken corporate governance in the United States...Proxy voting advisory firms help investors meet their fiduciary responsibilities by providing efficient and cost-effective research services to them

to inform their proxy voting decisions....Proxy advisory firms neither control nor dictate how clients should or do vote....We believe that language [H.R.4015] that attempts to constrain the important work of proxy advisory firms also weakens the ability of investors to fulfill their fiduciary duties.” (letter signed by Lisa Woll, CEO; December 12, 2017)

**United Nations Principles for Responsible Investment (PRI)** – “...serious concerns that H.R.4015 would significantly weaken the role institutional investors play in the corporate governance of U.S. companies.... If a proxy advisory firm must share its recommendation to management before sharing it with investors, the recommendations have the potential to be biased towards the management. As a result, this legislation threatens to undermine equity owners’ ability to receive independent information...an essential component of the corporate governance structure. If this change is enacted, we also have concerns that it could compromise the proxy advisory firms’ fiduciary duty to the investors...” (letter signed by Fiona Reynolds, Managing Director, PRI; November 13, 2017)

**Tom DiNapoli, NY State Comptroller** - "...proxy advisory firms provide cost-efficient, informed and independent research, analysis and advice for institutional shareholders, which often hold thousands of companies in their investment portfolios. The independence of that advice is absolutely essential, and if proxy advisors are required to obtain corporate review and rebuttals before releasing their research to investors, that independence would be compromised, depriving public pension funds and other institutional investors of a vital resource. Such a requirement would also delay investors’ access to research in the already constricted time frame available to consider ballot issues and develop independent voting decisions in an informed fashion..." (letter signed by Tom DiNapoli; November 10, 2017)

**CalSTRS** – “While the stated goal of the proposed legislation is the “protection of investors”, we believe H.R. 4015 is unnecessary, overly burdensome and counter-productive.... the proposed legislation is likely to limit competition by reducing the current number of proxy advisors and imposing additional barriers to entry for potential new firms— again raising costs for investors.” (letter signed by Anne Sheehan, Director of Corporate Governance; December 19, 2017)

**CalPERS** – “H.R. 4015 would create such a [unduly burdensome] regulatory regime by establishing conflict of interest management requirements that are duplicative of existing SEC authority...this provision of H.R.4015 appears designed to fix a problem that does not exist among contractual parties....The bill would also significantly increase proxy voting costs for investors and create additional barriers to entry...” (letter signed by Marcie Frost, CEO; December 18, 2017)

**State Teachers Retirement System (STRS) of Ohio** – “STRS Ohio values the services provided by the proxy advisory firm with which we are contracted. Their services are absolutely necessary as it is impossible for our staff to fully research every proxy... It is our considered belief that the provisions of HR 4015 would dilute and hinder the process currently in place.... It would seem that this new bureaucracy being created via HR 4015 would also be adding to the costs STRS Ohio has as institutional investors.” (letter to Senate Banking Committee Chairman Mike Crapo (R-ID); signed by Michael Nehf, Executive Director; January 10, 2018)

**The International Brotherhood of Teamsters wrote on H.R.5311, an earlier iteration of H.R.4015 and a substantially similar bill** - "...we believe the legislation...would weaken corporate governance in the United States; undercut proxy advisory firms' ability to uphold their fiduciary obligation to their investor clients; re-orient any surviving proxy advisory firms to serve companies rather than investors; and, fundamentally undermine large institutional shareholders' (and our members') ability to particulate fully in the governance of publicly held corporations..." (letter to Senator Dean Heller (R-NV); signed by James Hoffa, General President; August 3, 2017)

**Ohio Public Employees' Retirement System wrote against H.R. 5311** – "...we are concerned that the bill could ultimately weaken the reporting of corporate governance best practices at public companies...impact the contractual obligations that already exist between proxy advisory firms and their investor clients, and harm investors..." (letter signed by Karen Carraher, Executive Director, and Carol Drake, Chief External Affairs Officer; June 14, 2016)

**Florida State Board of Administration (SBA) written testimony regarding H.R.5311** – "proxy advisory firms play a useful role for institutional investors and...the bill proposes new requirements without sufficient understanding of how proxy voting works in practice today and without analysis of costs and benefits...SBA does not support the disclosure of clientele information without the express written consent and authorization from the client before distribution to any third parties." (Written testimony from Michael McCauley, Sr. Officer of Investment Programs and Governance, Florida SBA; submitted to House Financial Services Capital Markets Subcommittee as part of the May 17, 2016 hearing on "Examining Legislative Proposals Proposals to Enhance Capital Formation, Transparency, and Regulatory Accountability")

**The National Association of State Treasurers also wrote against H.R. 5311** - "...The National Association of State Treasurers does not support HR 5311 in its current form and recommends that public retirement funds oppose passage of HR 5311, so as to maintain the integrity and efficacy of the relationship between institutional investors and proxy advisory firms..." (resolution signed by James McIntire, President; September 12, 2016)