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Comment On: EBSA-2020-0008-0001
Fiduciary Duties Regarding Proxy Voting and Shareholder Rights

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Comment 0269 Lily Bowles 10052020

Submitter Information

Name: Lily Bowles

General Comment

Office of Regulations and Interpretations
US Department of Labor
Room N-5655
200 Constitution Avenue NW
Washington, DC 20210

RE: Proposed rule on Fiduciary Duties Regarding Proxy Voting and Shareholder Rights (RIN 1210-AB91)

To whom it may concern:

I write to provide comments in response to the Department of Labor's proposed rule, "Fiduciary Duties Regarding Proxy Voting and Shareholder Rights" (RIN 1210-AB91) (the "Proposal"). The Proposal does not describe a problem that needs to be "fixed" and therefore should be withdrawn.

As the ESG product manager of funds amounting to approximately \$13 billion in AUM, I can confirm this Proposal's obligation on fiduciaries to document the calculations behind each vote is onerous and unworkable. The Proposal will require fiduciaries to calculate the economic impact of every vote on the proxy ballot, including directors, independent auditors, say on pay and shareholder Proposals. While the intention to calculate and prove economic impact is laudable and a goal to strive for, in practice this would be a costly and imprudent use of plan

assets, and quite frankly unfeasible.

DOL states the rule is needed because of “the recent increase in the number of environmental and social shareholder proposals introduced. It is likely that many of these Proposals have little bearing on share value or other relation to plan interests...” Yet, no data is provided to support this. In reality, on average, only 13 percent of Russell 3000 companies received a shareholder Proposal in any one year between 2004 and 2017. In other words, the average Russell 3000 company can expect to receive a Proposal once every 7.7 years.

As a shareholder myself who has submitted proposals to companies regarding financially material sustainability reporting, I have received remarkably positive comments from companies about the value of the shareholder engagement process, and that without, they may not have become privy to decision-useful information in such a timely way.

The opinion that environmental and social proposals are a problem is ill-informed and misguided. It also does not align with the direction of the financial markets where the practice of sustainable investment has grown exponentially, and the value derived the shareholder engagement process and voting proxies has been increasingly recognized as an effective mechanism for shareholders to communicate their preferences to company management. Without these processes, the investor’s voice is greatly diminished, and companies are at an informational and strategic disadvantage.

I urge you to withdraw this Proposal as it is clearly not in the best interest of the shareholder nor the corporation.

Thank you for your consideration of these comments, and feel free to contact me with any questions.

Sincerely,
Lily Bowles