

November 10, 2016

Comments submitted by UNITE HERE

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RE: Restrictions on Binding Shareholder Proposals

In an effort to protect shareholders' ability to submit proposals to [amend bylaws](#), ISS is contemplating a vote against or withholding votes from members of the governance committee if the company's charter or articles of incorporation restrict shareholder's right to amend the bylaws.

Specifically, ISS is seeking feedback on the following:

- **Is the vote recommendation to withhold from members of the governance committee on an ongoing basis sufficient?**

Restricting or removing shareholders' right to amend the bylaws increases, in our view, a risk of board entrenchment. Where shareholders do not have the right to amend the bylaws, a company may ignore majority-supported shareholder proposals; changes backed by a voting majority of shareholders may be delayed or ignored completely.

A recommendation to withhold votes from members of the governance committee may be sufficient at the first annual meeting after the company has restricted shareholders' right to amend the bylaws (or the first meeting after ISS has put in place the policy), but an ongoing failure to remedy this defect, in our view, merits a withhold vote recommendation against the entire board.

- **Going forward, how would you consider boards should address this issue? For example, would the introduction by a company of a super-majority vote requirement to approve binding shareholder proposals in place of a previous prohibition be viewed as sufficiently responsive?**

We strongly urge ISS to maintain a majority vote threshold for the approval of shareholder proposals, whether binding or precatory. Requiring the support of a majority of shares outstanding may be appropriate. Opening the door to supermajority voting requirements may give companies license to put in place practically unattainable thresholds for passing shareholder-initiated bylaw amendments.