

**Chris Netram**

*Managing Vice President,  
Policy*

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U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative:

On behalf of the National Association of Manufacturers and the 13 million people who make things in America, I write in strong support of H.R. 4790 and H.R. 5339, which would protect Americans' retirement savings from efforts to politicize public company governance.

When manufacturers offer their shares to the public, it allows everyday Americans to participate in the industry's success, largely through passive investments like mutual funds, pension plans and 401(k) accounts. As publicly traded businesses, manufacturers have a fiduciary duty to these Main Street investors. The decisions made by management teams and boards of directors must be guided by shareholders' long-term financial best interests. Manufacturers take this responsibility seriously, as well as their obligation to provide appropriate disclosures so shareholders can evaluate how well management and the board are performing on their behalf. Shareholders, meanwhile, have an important say in how the business is run by electing and holding accountable a company's board of directors.

Unfortunately, in recent years manufacturers have experienced an influx of third parties seeking to upset this delicate and critical balance.

Manufacturers now receive shareholder proposals on a regular basis from activists that have little-to-no investment in their company or interest in its success. These proposals almost invariably seek to advance environmental, social and governance agendas unrelated to the business's long-term prospects. Furthering these distracting and costly proposals are so-called "proxy advisory firms," which influence or control large swaths of the shareholder vote yet operate with minimal transparency and significant conflicts of interest.

Rather than tamp down on the deluge of politically motivated proposals, the Securities and Exchange Commission has in recent years granted special access to the proxy ballot for ESG activists. Instead of providing appropriate oversight of proxy firms, the SEC has rolled back commonsense guardrails that were designed to inform and protect investors. And instead of allowing the time-tested materiality standard to govern companies' disclosure obligations, the SEC has proposed prescriptive, inflexible ESG mandates that will dramatically increase costs for manufacturers while providing minimal benefit for investors.

The NAM appreciates that the House will be voting on a series of bills designed to limit the influence that activists, proxy firms and ESG mandates have on public company governance. Manufacturers support the following legislation, which would depoliticize the business decisions that impact the lives and life savings of millions of Americans.

- **H.R. 4790**, which focuses on the impacts that ESG activism has on publicly traded companies, the outsized influence of proxy firms and the importance of materiality in guiding SEC disclosure requirements. The NAM strongly supports H.R. 4790, which incorporates:

- The ***Protecting Americans' Retirement Savings from Politics Act***, sponsored by Rep. Bryan Steil (R-WI), which would institute a new regulatory framework for proxy firms, rescind the SEC's attempts to mandate the inclusion of immaterial ESG shareholder proposals on company proxy ballots, block the SEC's proposed changes to Rule 14a-8, increase the resubmission thresholds for failed shareholder proposals, prevent robo-voting and underscore asset managers' fiduciary duty to act in investors' financial best interests;
  - The ***GUARDRAIL Act***, sponsored by Rep. Bill Huizenga (R-MI), which would prevent the SEC from adopting immaterial disclosure requirements, establish a new Public Company Advisory Committee at the SEC and require the SEC to study the detrimental impacts of the EU's ESG disclosure requirements; and
  - The ***Businesses Over Activists Act***, sponsored by Rep. Ralph Norman (R-SC), which would clarify that the SEC lacks the authority to mandate the inclusion of activist shareholder proposals on corporate proxy ballots.
- **H.R. 5339**, which focuses on the fiduciary responsibilities that ERISA fiduciaries owe to workers and their families who are depending on a pension plan for a secure retirement. The NAM strongly supports H.R. 5339, which would codify critical protections from the Department of Labor's 2020 rule requiring that pension plan managers act in the pecuniary best interests of plan participants. It also would underscore ERISA's duties of prudence and loyalty with respect to plan managers' exercise of shareholder voting rights, reliance on proxy firms and choices of investment options for the plan.

Manufacturers encourage the House of Representatives to approve these important bills, which will allow the industry to create jobs, drive economic growth and innovate for the future—rather than being forced to divert resources to responding to activists or proxy firms with minimal interest in their success.

Sincerely,



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Managing Vice President, Policy