



Sisters of Mercy of the Americas

Hermanas de la Misericordia de las Americas

WEST MIDWEST COMMUNITY

August 25, 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proxy Disclosure and Solicitation Enhancements (File No. S7-13-09)

On behalf of the Sisters of Mercy Regional Community of Detroit Charitable Trust, I write to support the Securities and Exchange Commission's proposed rule, *Proxy Disclosure and Solicitation Enhancements*.

The Sisters of Mercy Trust believes enhanced disclosure of director nominees is important for restoring investor confidence in boards of directors and for improved corporate governance. It is our expectation the increased diversity disclosures will help investors make more informed voting decisions and better assessments of the entire board. The Charitable Trust thanks the SEC for the opportunity to comment on these provisions. The Trust wishes to address (1) disclosure of whether diversity is considered in the director nomination process and (2) disclosure of the gender and racial breakdown of directors and director nominees.

The Sisters of Mercy Trust believes the quality corporations demonstrate superior corporate governance principles and report thoughtful attention to their company's societal impacts. The well-governed sustainable company meets high standards of corporate ethics and operates in the best interests investors, employees, customers, suppliers, communities and the global environment. In our opinion, these are the companies that avoid unnecessary financial risk and are better positioned for long-term success.

The Sisters of Mercy Trust has been an active investor for more than 25 years, first as a member of the Michigan-Indiana Coalition for Responsible Investment and in recent years, holding membership in the Interfaith Center on Corporate Responsibility. The Trust files shareholder resolutions, dialogues with management, attends annual shareholder meetings and votes proxies. Because the Sisters of Mercy work in ministries across the U.S. and Latin America, advocacy encompasses a variety of social, environmental and governance issues. Corporate governance became one of our priorities recently.

Over the past several years, we have seen a series of corporate governance failures that can be attributed to boards of directors whose obligation to represent shareholder interests appears to have been ignored. Many directors failed to manage these duties, and from Enron and WorldCom through AIG, Fannie Mae and Citigroup, millions of shareholders have been harmed, some irretrievably. The financial services industry debacle caused all sectors of the world economy to suffer.

29000 Eleven Mile Road • Farmington Hills, MI 48336-1405
Phone: (248) 476-8000 • Fax (248) 476-4222 • www.mercywestmidwest.org

Thus, we join our investor colleagues in suggesting this is the time for the SEC to examine rules governing nominee and director background disclosures. Current practices that guide the director, nominee and nomination process have little or no meaningful disclosure. As proxy voting investors we read hundreds of proxy statements and annual reports each year. We rarely receive proxy disclosures adequate for assessment of a director's background—and frequently, we are unable to ascertain racial and gender diversity e.g. no photos, initials instead of first names.

The Mercy Trust believes diversity is critical to a well-functioning board and a sign of good governance. We've stated in shareholder proposals that our global marketplace demands a wide range of viewpoints, backgrounds, experience and expertise which may contribute to management's ability to make correct decisions. Director and nominee diversity ought to include a balance among race, gender, culture, age, thought and geography so that differing perspectives are brought to discussions about the societies in which companies operate.

- **Disclosure of whether diversity is considered in the director nomination process**

We believe companies should include diversity in race and gender in director selection criteria and ensure that in practice, each slate includes qualified women and minority candidates. We encourage the SEC to require companies to disclose whether they consider diversity in the nominations of directors. Disclosure would give investors assurance that nominating committees have contacts and processes for looking beyond traditional sources for independent nominees.

- **Disclosure of gender and racial breakdown of directors and nominees**

Companies also must give investors director and nominee race/ethnic and gender representation data. There are some companies which have no photos and which use initials rather than names so that gender representation cannot be determined. However, even when one can figure out who the females are, there is no way to accurately determine the level of minority representation on corporate boards. Data has been long sought after by investors to improve voting decisions.

We believe current proxy disclosures limit investors' ability to properly assess director nominees and board composition. We believe additional disclosure of director diversity, both in qualifications of candidates and in representation data, is critical to restore investor confidence and make possible a more informed vote. The Sisters of Mercy Trust urges you to include these director diversity provisions in SEC proxy disclosure requirements.

Yours truly,

Handwritten signature of Valerie Heinonen in cursive script, with the initials 'V.H.' written below the name.

Valerie Heinonen, o.s.u.
Consultant, Corporate Social Responsibility