August 30, 2007

File Number: S7-16-07

Christopher Cox, Chair, and Commissioners
Securities and Exchange Commission
100 F Street, NE
Washington D.C. 20549-1090

Dear Commissioner Cox:

I urge that there be no changes in the rules and regulations governing the precatory proxy resolutions process. I fully support the fundamental right of security holders guaranteed them under state corporate law, i.e., “to appear at the [annual] meeting; to make a proposal; to speak on that proposal at appropriate length; and to have [his] proposal voted on.” (p. 7, SEC, 17 CFR Part 240, Release No. 34-56160; IC-27913; File No. S7-16-07)

My experience includes almost 20 years as program staff at the Interfaith Center on Corporate Responsibility, a coalition of faith-based institutional investors and socially responsible investors and investment managers and more than 30 years as consultant to Roman Catholic women’s religious orders. The resolutions filed by ICCR members and the dialogues and forums that we have participated in during this considerable number of years demonstrates quite well that the nonbinding shareholder proposal process under Rule 14 a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 functions relatively smoothly.

Over the years, for the most part in response to the success of the resolutions, political pressure caused SEC commissioners to tighten the regulations. Shareholders, nevertheless, retain the prerogative to raise questions and concerns about the social, environmental, governance and economic impacts of corporations. The number of socially responsible investors and the value of SRI investments continues to grow.

**SUPPORT FOR PRECATORY RESOLUTIONS**

More than 95% of the shareowner resolutions filed in the last 35 years have been “advisory.” When a corporation challenges subject matter or right of the investor to file the proposal, the SEC Division of Corporation Finance has attorneys and processes in place to examine and rule
on the logic. Investors and managements argue their cases and often, although not always, investors were able to prove that an issue had become a major public concern e.g. exorbitant executive compensation, majority vote, weapons sales, equal employment opportunity, corporate political contributions. The system works and was set up so as to allow for development as the global market changes.

The four religious institutions, for whom I am consultant, own shares of U.S. and foreign large, mid and small cap companies. Each strives to invest responsibly and to hold management accountable for creating a just and environmentally strong society e.g. AIG to institute sound performance goals for executive management and Aetna, WellPoint and General Dynamics on transparency on political contributions. Managements and Boards of Directors have listened, talked with investors and voluntarily changed policies and practices. In Fall 2006, investors met with Lockheed Martin’s executive management, a Board representative and the staff responsible for EEO and diversity throughout the company. The subject matter was difficult—violence in the workplace. From Spring 2006 through Spring 2007, investors enabled South Bronx community groups to meet with Synagro to examine and lessen impacts of NYC’s solid waste facility on its neighbors. These are two examples of advisory resolutions addressing serious business issues and major societal concerns that could not have been addressed electronically and which could not be ignored by investors.

SUPPORT FOR CURRENT $2,000 WORTH OF SHARES FOR ONE YEAR
I support the current regulation that an investor must have owned $2,000 worth of shares for a year. Both share value and length of time for filing is reasonable. The length of time reinforces the expectation that it is serious investors who are putting issues on the shareholder ballot.

SUPPORT FOR CURRENT VOTING THRESHOLD
The current voting threshold for resubmitting resolutions should remain. A significant number of independent investors must vote in favor of a resolution to attain the present 3% for the first year, 6% for the second and 10% for the third. There is no balance between the numbers of shares held by faith-based institutions, SRI individuals and funds, individuals and other independent investors versus shares—typically voting management’s recommendations—held by insurance companies, banks and other financial/corporate shareholders. Additionally, it may take two or three years for managements and Boards to acknowledge the business impact of issues that we raise e.g. transparency on corporate political contributions; the cost of HIV/AIDS on the workforce and company operations; or labeling foods containing genetically altered ingredients.

REPORTING THE VOTE
The votes are disclosed as a percentage of votes cast. A preliminary vote is often reported at the annual meeting with the final vote appearing in the 10Q. This is satisfactory. The votes should follow common voting practice: be based only on votes cast. The total number of outstanding securities, some of which may be sitting in reserve, has nothing to do with vote results.

ELECTRONIC FORUM DOES NOT MEET INVESTOR OR MANAGEMENT NEEDS
An electronic forum as an alternative to the current precatory proposal system will exclude many investors. It is an awkward, limited vehicle for investor communication. The current system is useful and efficient. Moreover, ICCR members and SRI networks make every effort to coordinate so that a corporation may address all proponents in one setting. Many corporations
and investors over the years mutually have agreed to follow coordinating procedures e.g. ExxonMobil, Monsanto, Bristol-Myers Squibb. Furthermore, NGOs have joined with investors to bring concerns to the table e.g. Dow, Synagro, Freddie Mac.

The electronic forum is not a proven technology for corporations and their investors. Despite all of the strides in technology, it is not easy to find policies or reports referred to in letters or during dialogues. It does not make sense to urge an electronic forum as a substitute for the current proxy process when the technology in this realm has not been tried. Additionally, the SEC guidelines suggested in the release are not easy to follow, are likely to be challenged and in light of Congressional attempts to control the Internet, may not comport with future legislation.

**PRECATORY PROPOSALS DETERMINED BY STATE AND/OR CORPORATION**
The current regulations established by the SEC should remain in force. The federal government has established oversight of corporations. The system works. To dismantle the regulatory system would serve neither corporations nor investors. The corporations operate in many states. It is not inconceivable that a state or city legislature would develop its own guidelines e.g anti-predatory lending rules, emissions standards, universal healthcare objectives, restricting information about waste processing facilities.

Corporate management, furthermore, should not have the option of accepting resolutions. SRI investors believe corporations exist for the common good and expect positive societal, economic, governance and environmental returns. Investors are taking a financial risk. We have the right and obligation to raise questions and bring issues to management and other shareholders. The SEC should not eliminate this right.

**SOUND BUSINESS CASE FOR PRECATORY PROPOSALS**
A growing number of investors engages companies in dialogue and filing shareholder resolutions on many governance reforms and social and environmental issues. We believe it is our fiduciary duty to raise questions when a company’s governance or social record puts shareholder value in jeopardy. Clearly sponsoring an advisory resolution is a sound, respectful way to address issues.

The 14a-8 system for advisory resolutions established by the SEC is important and central to the U.S. system of corporate governance. To abolish the precatory resolution process to allow corporations or states to determine individual rather than universal mechanisms will disenfranchise investors. Managements and Boards of Directors are operating in a global environment. These individuals cannot possibly know all issues and all impacts of Board and management decisions or company operations. Knowledgeable and vocal investors serve an important and sound business function.

Thank you for your attention.

Yours truly,

Valerie Heinonen, o.s.u.