



Board of Pensions
Evangelical Lutheran Church in America

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October 1, 2007

Mr. Christopher Cox, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Commissioner Cox:

I am writing as President of the Board of Pensions of the Evangelical Lutheran Church in America (ELCA), a major Protestant denomination. The ELCA Board of Pensions is an institutional investor of pension and other benefits with \$7.5 billion in assets under management. The ELCA Board of Pensions has a rich history of filing shareholder resolutions with the corporations we own on environmental, social and governance issues where we believe that shareholder rights and value have been eroded or compromised by certain action or inaction of the board and/or management.

We are deeply concerned about proposals discussed at the recent Security and Exchange Commission (SEC) roundtable meetings regarding shareholder resolutions and the SEC's Proposed Rules 34-56161 *Shareholder Proposals Relating to the Election of Directors* and 34-56160 *Shareholder Proposals*. These proposals by the SEC appear to weaken and restrict shareholders rights to sponsor advisory shareholder resolutions.

Our experience of the last twenty years (and longer if we include the work of our predecessor church bodies' retirement plans) affirms that the advisory shareholder resolution process is integral to socially responsible investing and can actually benefit corporations. During this period the ELCA Board of Pensions has been involved in the process of shareholder advocacy through letters and dialogues with companies and the occasional sponsorship of a shareholder resolution. We have consistently been voting proxies for decades. We have engaged companies in private dialogues and public persuasion with regard to literally hundreds of governance, social and environmental issues. The majority of these shareholder resolutions have been 'advisory', yet they have had a profound impact on business practices. Through this process we have seen corporations address such complex issues as greenhouse gas emissions, the effects of HIV in Sub-Saharan Africa workforces, and predatory lending practices in the sub-prime market. In many cases it was a small investor's voice raising an issue that began a movement toward positive changes in a particular industry.

A few of the ideas contained in the proposed rules deserve individual comment. We oppose any effort by the Commission to allow companies to opt-out of the shareholder process

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through a by-law amendment. The current uniform system treats all shareholders at all companies equally. To have each company devise its own system would likely result in confusion and the loss of one standard across companies and states.

Secondly we oppose increasing the votes required for resubmitting resolutions. Resolutions often take several years to garner major support. Some advisory resolutions which started receiving 3 and 4% are now regularly receiving votes of 40-50% and corporations are addressing these issues. An increase in these thresholds would make it more difficult for investors to engage in constructive dialogues with companies in the future.

Lastly we oppose the concept of an electronic chat room replacing the shareholder resolution process. Although this concept may be a way to enhance communications, chat rooms are not a substitute for each and every shareholder having the opportunity to address environmental, social and governance issues via a proxy ballot and cast a vote. This is a valuable fiduciary duty allowed by the current proxy process.

We appreciate the opportunity to provide comment and are willing to contribute to constructive discussions on how to improve communications between investors and management. However, we stand strongly opposed to any move to diminish or take away shareholder rights and our prerogative to file advisory resolutions.

We thank you for your earnest consideration of these important matters.

Sincerely,

A handwritten signature in black ink, appearing to read "John G. Kapanke". The signature is fluid and cursive, with a prominent initial "J" and "K".

John G. Kapanke
President

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