



Walden Asset Management

Investing for social change since 1975

June 15, 2007

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

Dear Commissioner Cox:

Walden Asset Management, a division of Boston Trust & Investment Management Company, integrates environmental, social and governance (ESG) research, along with financial analysis, in our investment process. We write today because we are alarmed by the trial balloon being raised at SEC hearings regarding shareholder resolutions and, specifically, the suggestion that the right of shareowners to sponsor advisory resolutions be eliminated. If the trial balloon were to become a formal SEC proposal, we expect there would be vigorous opposition from both individual and institutional investors. We urge the SEC to drop this concept before it gets to the proposal stage.

For decades, as deemed appropriate for our clients, Walden has participated in and led shareholder advocacy initiatives – writing letters and engaging in dialogue with companies, attentively voting proxies and sponsoring shareholder resolutions. For Walden and others like us, the proxy process has been a central means for formalizing communication between concerned investors and management on key ESG issues.

One aspect of the SEC discussion is the suggestion that advisory resolutions be disallowed while binding resolutions, like bylaw amendments, be permitted. More than 95 percent of shareowner resolutions filed in the last 35 years have been advisory. While not binding, these resolutions have had a profound impact on business thinking and decision making in corporate board rooms. New, creative methods to improve investor-management communications would be welcome, but not at the expense of eliminating our right as investors to petition directors and management and to solicit the views of other shareowners through shareholder resolutions.

Since the early 1970s a growing member of investors have engaged companies in private dialogue and public persuasion, including filing shareholder resolutions on literally hundreds of governance reforms and social and environmental issues. These investors include major institutional investors such as TIAA-CREF, CalPERS, New York State and State of Connecticut pension funds, along with religious investors, foundations, union pension funds, mutual funds, investment managers and individuals. Importantly, many resolutions filed by individuals with a relatively small number of shares have requested corporate governance reforms resulting in votes of 50-85% this past year. Apparently, the size of one's investment does not relate to the quality of one's ideas or the support given by shareowners in a company.

There are thousands of articles and many books describing the impact of the shareholder engagement process. In addition, we can point to many company managers who view this process as part of a civil discourse with shareowners, resulting in positive changes in company policies and practices.

Looking back there are countless examples of occasions when a precatory proposal:

- Prompted management attention to a new concept.
- Encouraged meaningful additional information being shared with investors.
- Stimulated a rethinking of a policy or practice.
- Fostered a meaningful discussion between management or the Board and its investors.
- Resulted in a long-term Board study of a topic.

These changes occurred whether resolutions received 5 percent or 50 percent of votes cast. Moreover, resolutions are regularly withdrawn when an agreement is reached between management and its shareowners, further testimony of the importance of the process.

When the SEC required Mutual Funds to disclose their proxy voting records annually, the understanding was that the proxy is an asset and that voting proxies conscientiously is therefore a fiduciary duty. We would argue that it is our fiduciary duty as an investor to proactively intervene if a company's governance, environmental or social record could have a negative impact on long-term shareholder value. Clearly the sponsorship of an advisory resolution is one meaningful way to bring such an issue to the forefront.

We are happy to contribute to a constructive discussion of how to improve communications between investors and management. We would welcome commitments by companies to seriously engage their owners in discussions about ESG performance, progress and goals. We believe improved communications would decrease the number of shareholder resolutions. Such efforts, however, should not replace the shareholder resolution process as it currently exists.

We strongly oppose any move to take away shareholder rights to move advisory resolutions.

Sincerely,

Timothy Smith
Senior Vice President