TRILLIUM ASSET MANAGEMENT® www.trilliuminvest.com 25 Years of Investing for a Better World®

September 13, 2007

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

Re: Comment on Release Nos. 34-56160 (File No. S7-16-07) and 34-56161 (File No. S7-17-07).

Dear Secretary Morris:

Trillium Asset Management Corporation is a Boston-based investment firm specializing exclusively in socially responsible asset management. We currently manage about $1 billion for institutional and individual clients.

Since our founding in 1982, Trillium has been deeply involved in the process of shareholder advocacy through letters and dialogue with companies, sponsorship of shareholder resolutions and by voting proxies. It is integral to our mission as a company -- and is a critical piece of the value we provide to our investment clients -- to use our influence as shareholders to encourage corporations to act in an environmentally, socially and fiscally responsible manner. We view this as an essential part of our fiduciary duty.

We write today to express our views on Release Nos. 34-56160 and 34-56161.

The Commission has stated its desire to have rules adopted in time for the 2008 proxy season. However, it would be highly inappropriate for the Commission to hold a vote on these proposed rules until Commissioner Campos's replacement is sworn in due to the radical and far-reaching nature of the proposals.

Director nominations

We wish to go on record in opposition to the restrictions that have been posed in both proposals on the rights of investors to nominate board directors (save reasonable ownership thresholds, which we comment upon below). Recent proxy access proposals have received majority and near-majority votes, demonstrating strong investor demand for this right.

Investors should have the right to nominate their own directors, whose alleged purpose is to represent our interests. That the right to merely nominate directors is regarded as threatening starkly highlights the lock on corporate governance enjoyed by entrenched boards and managements; shareholders, after all, would still face the uphill battle of getting their nominees elected.

The 5% ownership requirement that has been floated begs credibility as a serious alternative, given the practical obstacles in amassing a group of shareholders of that size.

As another commentator has noted, the competing proposals to either eliminate proxy access or limit it to 5%-plus investors amount to a “heads I win, tails you lose” proposition. Neither alternative is acceptable. Commissioner Ann Nazareth has rightly dubbed the 5% alternative as the “non-access” proposal because of the practical obstacles preventing the organization of a coalition representing that great a percentage of owners to file a shareholder resolution.

Nonbinding resolutions

For decades, the relatively low thresholds embodied in Rule 14a(8) have, on balance, greatly benefited corporations and large and small shareholders. Without the catalyst of shareholder resolutions, corporations might well have ignored a wealth of shareholder-instigated reforms such as expanded requirements for executive pay disclosoure; enhanced environmental management and reporting systems; codes of conduct to guard against foreign labor abuses and human rights risks; enhanced equal employment programs and policies; and increased attention to the business impact of climate change. By driving voluntary corporate reform, this dynamic process has educated both managers and investors; enhanced companies’ corporate governance, risk management, and operational excellence; and surely forestalled much legislation in these issue areas.

According to the Investor Responsibility Research Center, non-binding resolutions constitute 95% of all resolutions filed. Of the 1,400 resolutions filed each year, one-quarter to one-third are withdrawn, mostly due to successful agreements between investors. In these discussions, both sides learn a great deal. In our twenty-plusodd years of shareholder advocacy, the staff at Trillium Asset Management can personally testify to dozens of positive relationships with companies that were jumpstarted by shareholder resolutions. Shareholder resolutions are responsible for the Ceres memberships of General Electric, Sunoco, Baxter, and Bank of America, to name just a few. They have enhanced nondiscrimination policies at over fifty companies. These are commitments that corporations routinely boast about in their public relations material. Yet it remains a sad reflection of some corporations’ insularity that it too often requires the exercise of the right to file to get in the door. If the resolution process is gutted, many corporations may turn a deaf ear to all but their biggest shareholders, which could drive smaller investors to resort to more adversarial actions and reduce opportunities for mutually beneficial collaboration.

Three possibilities that have been suggested stand out to us as particularly problematic.

The opt-out option. This would create two universes of companies for investors with perverse consequences. Those companies that provided a formalized means of shareholder input would bear an associated administrative burden not borne by the others. These would likely be companies with superior stakeholder management and governance skills; those who opt out, ironically, would likely be the very companies in greatest need of shareholder input.

The electronic petition model. This scenario would effectively keep shareholder resolutions out of sight and out of mind. Companies would not have to respond to the proposal, so voting shareholders would have no idea of where a company stood on the issue raised.

Except for the requirement that such web-based resolutions contain no “false or misleading” material, any subject could be addressed. Removing the gatekeeper function could result in the submission of many more than are now currently filed, which would encourage the submission of proposals irrelevant to corporations' well-being. This "chat room" model is a non-starter unless it is used as an addition to the current mechanism, not as a substitute.

Resubmission thresholds. The Commission has proposed raising resolution resubmission thresholds from 3% in the first year, 6% in the second year, and 10% every succeeding year to 10, 15 and 20% respectively. These higher thresholds would have squelched numerous resolutions that took time to gain support because shareholders needed time to study them. The 3-6-10% thresholds already provide requirements that proponents demonstrate sufficient investor interest to maintain the opportunity to bring forward proposals.

Acceptable reforms

In order to meet its objectives of facilitating annual board elections, encouraging new uses of technology in management-shareholder communication, and easing the burden upon staff, we encourage:

- Affirming the right to nominate directors. In place of a 5% threshold, an acceptable compromise would involve setting forth, for example, a staggered threshold based on market cap, wherein large companies require a lower threshold.
- Reduce the burden on staff by eliminating the "ordinary business" exclusion. The level of support a resolution receives is the best and most objective indicator of what shareholders consider the ordinary business of corporations.
- Retain the 3-6-10% resubmissions thresholds for reasons stated above.

We thank you for considering our input.

Sincerely,

Joan Bavaria

Joan Bavaria
President & Chief Executive Officer