



BOSTON COMMON  
ASSET MANAGEMENT, LLC

October 2, 2007

*Via Email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)*  
Via U.S. Postal Service

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

Re: File Numbers S7-16-07 and S7-17-07

Dear Secretary Morris:

I am writing on behalf of Boston Common Asset Management in response to the Securities and Exchange Commission's request for comments on Release No. 34-56160 and Release No. 34-56161 regarding shareholder resolutions related to the election of directors. We are also providing comments on the open-ended questions posed by the SEC regarding the filing of non-binding resolutions under Rule 14a-8. We appreciate the opportunity to submit comments. This letter supplements our comments submitted on June 6, 2007 opposing any significant changes to Rule 14a-8.

Boston Common Asset Management is a global socially responsible investment firm and manages just over \$900 million in assets (including subadvised assets) for individuals and institutions. Boston Common serves investors concerned about the social impacts and business practices, as well as the financial return, of their investments. Protection of long-term shareholder value through accountability to investors and society are key issues for our clients. As a result, we integrate environmental, social and governance issues into our investment decisions.

Boston Common has filed numerous shareholder proposals over the years on social, environmental and corporate governance issues. This includes resolutions climate change (Apache), global vendor standards (Pier One Imports), cosmetic safety (CVS) executive compensation "say on pay" (AFLAC), political contribution disclosure (Colgate Palmolive), human rights and the internet (Cisco Systems), the social impacts of a merger (Bank of America), sustainability reporting (Baker Hughes) and indigenous rights (ConocoPhillips) which highlighted potential core business risks to companies. In many cases, this resulted in the company making changes to their existing policies and procedures to mitigate such business risks.

Some of these proposals received record votes from shareholders at the time they were filed. This includes the resolution we filed on climate change at Apache in 2003 that received a vote of 37% in favor – the highest such vote on a climate change resolution as of 2004.

Last year, the federal courts made it clear that, under the SEC's current rules, investors have the right to raise through the shareholder resolution process the issue of shareholder-nominated board candidates being included on the company's proxy solicitation.

As a result, this year, the proxy access issue came to a vote at Hewlett-Packard and UnitedHealth. At both companies, these resolutions received extraordinarily high levels of support. These developments constitute an improvement in our corporate governance system. There is no evidence that the return of the proxy access issue to the shareholder resolution system has harmed investors, companies or the markets.

Nonetheless, the first SEC proposal would flatly roll back investor rights in this area. The second proposal would place restrictions on shareholders' exercise of those rights that would effectively make those rights a dead letter. Moreover, the second proposal does further injury to investors by raising the possibility of various dramatic rollbacks of shareholder rights to bring resolutions in general.

With the recent corporate scandals, including backdating of management stock options and unjustified executive pay awards, there clearly remain serious deficiencies in the board oversight of corporate management. By proposing to limit the right of shareholders to hold boards accountable through director elections with its proposed rules, the SEC will erode investor confidence in "fair, orderly, and efficient markets" in direct contradiction to its stated mission.

In our opinion, the SEC should withdraw both of its proposed rules and instead allow shareholders to continue to road test the new opportunities available as a result of the AIG decision. Moreover, we see no need for the SEC to make any changes in Rule 14a-8 and would oppose any changes in the rules regarding non-binding resolutions.

With the departure of Commissioner Campos and the imminent departure of Commissioner Nazareth, the SEC does not have the organizational capacity to be able to make fair and prudent decisions and to enact broad-sweeping changes to these rules. We support Barney Frank's (Chair of the House Financial Service Committee) public opinion that the SEC needs to "start over."

Frankly, we feel that the SEC should be called to the carpet for the timing and motivation behind these proposed rule-makings given that the SEC clearly does not have the organizational capacity to fully address the impact such proposed changes would have on the SEC, investors and companies. This entire process from the end of May until today, October 2<sup>nd</sup>, has wasted untold man-hours and American taxpayer dollars.

Sincerely,



Lauren Compere  
Director of Shareholder Advocacy