



Evangelical Lutheran Church in America

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Office of the
Presiding Bishop

October 1, 2007

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

Dear Commissioner Cox:

I am writing as Presiding Bishop of the Evangelical Lutheran Church in America (ELCA), a major Protestant denomination with over 4.8 million members. The ELCA has a rich history of looking not only for financial returns as we make investment decisions, but also their impact on society, the environment and corporate governance practices. Our Constitution calls for the ELCA Church Council to have responsibility for the corporate social responsibility of this church and the Council has the authority to file shareholder resolutions and cast proxy ballots thereon on stocks held by the churchwide units that are not separately incorporated. In addition, the ELCA Church Council may make recommendations to the churchwide units that are separately incorporated concerning the filing of shareholder resolutions and the casting of ballots on stocks held by those units.

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) affirms that the advisory shareholder resolution process is integral to socially responsible investing and can actually benefit corporations. During this period the ELCA and our separately incorporated units have 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

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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 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.

In God's grace,



Mark S. Hanson
Presiding Bishop

MSH/df