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Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC. 20549-1090

Re: Proxy Disclosure and Solicitation Enhancements
Releases 33-9052, 34-60280, IC 28817
File No. S7-13-09 (July 13, 2009)

Via e-mail to rule-comments@sec.gov

Dear Ms. Murphy:

I am submitting these comments on behalf of the Interfaith Center on Corporate Responsibility ("ICCR"), which is an association of faith-based institutional investors, including national denominations, religious communities, pension funds, foundations, hospital corporations, economic development funds, asset management companies and colleges. These members, along with associates and affiliates of ICCR, number some 275 and have portfolios approximating $100 billion. For more than thirty-seven years ICCR has been a leader of the corporate social responsibility movement, and each year its religious institutional investors sponsor numerous shareholder resolutions and engage in dialogue with their portfolio companies both on major social and environmental issues and on corporate governance issues. We are pleased to have the opportunity to submit our views and comments on the proposals set forth in File S7-13-09 (Release 34-60280) (the "Release").

In general we are extremely supportive of the proposals in the Release and believe that they will greatly enhance the operation of our capital markets and economic system. We will not comment on each and every proposal set forth in the Release, but rather we will comment on those aspects of the Release that we feel are most crucial or where we believe that we can provide significant insight.

I. Executive Compensation

A.

Although the amendments to the rules concerning disclosure of executive compensation that were adopted in Release 33-8732A (Aug 29, 2006) constituted a great step forward, we believe that they can be improved upon. One of the key improvements would be the adoption of the proposal to alter the way stock awards and stock option awards are valued for purposes of the Summary Compensation Table and Director Compensation Table. We believe that it was a mistake for the Commission to have departed from its original decision to value these awards based on the dollar value as of the grant date and instead to require calculation as required for financial reporting purposes under FAS 123R. (See the Interim Final Rules set forth in Release 33-8765 (Dec. 22, 2006)). We believe that calculating the dollar value of these awards using the value as of the grant date is far superior and provides shareholders with a much clearer understanding of the compensation paid during the fiscal year. The reason is quite simple. Shareholders wish to know the total value of the compensation actually given during the year to the executives. For example, the fact that options granted in prior years have declined in value does NOT alter the amount of compensation that the executive has received THIS year. It is misleading to inform investors that executives received little or no compensation (or "negative compensation": see text of the Release at footnotes 47-48). In addition, the value on the date of grant presumably reflects the amount of compensation that the Compensation Committee intended to grant to the executive. Finally, failure to use the grant date value could, in some instances, alter the composition of the five highest paid executive officers by substituting in a lesser paid officer due to a decline in the value of previously granted options that had been received by the higher paid executive in prior years. In summary, the data most relevant to executive compensation can be calculated only by reference to the fair value of stock options and stock awards as of the date that these awards are actually granted. Subsequent events and fluctuations in value are simply not relevant to the question of what was the value of the compensation at the time that it was actually granted. Although that more accurate figure can be calculated from the additional figures set forth in the Grants of Plan-Based Awards Table, requiring shareholders to consult data outside the Summary Compensation Table defeats the very purpose of that table, which is to permit shareholders to find, in one place, the total amount of compensation granted without having to wade through 20-40 (unindexed) pages of almost impenetrable detail in order to come up with the actual value of the compensation that the CEO (and others) received. (See footnote 46 of the Release reporting that Moody's Investment Service in its analysis automatically substitutes the more useful figure for the figures actually given in the current Summary Compensation Table.)

Furthermore, the objectives of compensation disclosure differ materially from the objectives of financial balance sheet/income statement disclosure. Therefore, the fact that FAS 123R requires accounting in a certain way for financial statement purposes is not determinative as to the appropriateness of that method for purposes of calculating how well an executive was rewarded. We therefore strongly endorse the Commission's proposal to revert to using date of grant valuation (which is also calculable under FAS 123R) in calculating the value of awards in the Summary Compensation Table.

In addition, we believe, contrary to the Release, that the Summary Compensation Table should include all compensation that relates to the specific year, even if the formal grant of a portion of that compensation occurs after the close of the fiscal year. Only by including such compensation can a shareholder know how much was actually paid for the year's performance.

B.

We believe that the recent financial crisis has well documented the proposition that methods of compensating persons other than the chief executive officers of a corporation can have a very major impact on the risk profile of a registrant. For example, if mortgage brokers are compensated by volume only, without regard to quality, many loans will be granted that will eventually default, with potentially disastrous consequences to the shareholders. Or if compensation depends on the number of securitizations of (such) mortgages, without regard to whether the securities may subsequently blow up, there will be potentially disastrous consequences to the shareholders. Incentive compensation policies for the general workforce, or portions thereof, can be very important for shareholders because they may encourage excessive risk taking. In this connection, we note that *The Wall Street Journal*, in its lead article on page one of its edition of September 18, 2009, reported that the Federal Reserve was expected to propose that the Fed:

> could reject any compensation policies it believes encourages bank employees – from chief executives, to traders, to loan officers – to take too much risk. [The Fed] wouldn't set the pay of individuals, but would review and, if necessary, amend each bank's salary and bonus policies to make sure that they don't create harmful incentives.

In a like manner, *The Wall Street Journal* columnist David Wessel, in his column for the September 19-20 edition of that paper, described the reason for the Fed's proposals as follows:

> There can be no doubt that the way bankers and traders were paid contributed to the crisis. Even bankers acknowledge that now. And it wasn't just the chief executives' bonuses, it was the way people throughout the financial institutions were paid. Many made big bets, reaped the winnings in good times but stuck taxpayers with losses in bad. Getting big bonuses for failure isn't the way textbook capitalism is supposed to work.

In his column Mr. Wessel also notes that the Financial Stability Board (an international institution consisting of the financial regulators of the top 24 industrial nations plus certain international organizations) has called for:

> global standards. . . to ensure compensation practices are aligned with long-term value creation and financial stability

Although these actions and admonitions have taken place in the context of financial institutions, we believe that whenever the compensation structure of a registrant is not aligned with long-term value creation that disclosure of that fact should be required by the registrant.

We therefore believe that compensation policies that apply to the general workforce should be disclosed if they would materially affect the risk profile of the registrant. If those policies are effectively heads I (the employees) win, tails you (the shareholders) lose, the shareholders should be informed of that fact. We therefore strongly endorse the proposal to include a new section in the CD&A to provide information respecting incentive compensation for the general workforce, or portions thereof.

C.

In Part H. of the Release, the Commission has requested comment on the desirability of a number of possible reforms in compensation disclosure. We believe that it would be highly desirable for the Commission to adopt a disclosure requirement along the lines suggested by the sixth of the bullet paragraphs, namely whether the Compensation Committee takes into account “pay equity”. We believe that such disclosure should be made, together with ratios (and justifications for the ratios) of the CEO’s compensation to that of both (i) the general (United States based) workforce and (ii) the next highest (or average of the two or three highest) paid executive. We understand that some registrants, such as DuPont, have policies limiting the ratio of the CEO’s compensation to that of the other high executives.

We believe that such comparisons will assist shareholders in assessing the overall compensation structure of the registrant.

D.

Briefly, as to other compensation matters discussed in Part H. of the Release, we endorse the notion set forth in bullet paragraph five that there should be enhanced disclosure about any “claw back” provisions for bonus compensation, or the absence of any such provisions. Although some registrants have instituted policies relating to claw backs when an officer has been involved in deliberately misstating the financial statements, others have not even gone this far. And when there are such policies, they are usually subject to board discretion as to their enforcement. We are unable to understand why registrants are so restrictive in their approach to claw backs, even in these egregious situations. Indeed, we are equally unable to understand why claw backs are not automatic whenever a bonus has been granted under a mistake of fact (involving no fraudulent activity by the grantee). Failure to claw back would seem to constitute "waste" under corporate law or else to be additional compensation in the year the registrant declined to claw back the erroneously granted bonus (sort of analogous to repricing options).

In connection with the second bullet paragraph, we also believe that there should be much better disclosure of the metrics actually used to determine bonuses, as opposed to a laundry list of factors that may or may not be taken into account. For example, the periodic approval by shareholders of compensation plans are totally meaningless since, in general, they permit the registrant to use whatever metrics it desires since all metrics are included. As far as shareholders are concerned, the method of determining eligibility for bonus grants resembles nothing so much as whispering "abracadabra" over a black box.

In addition, we also do not believe that there is adequate disclosure if the bonus requirements are altered after they have been established at the outset of the year.

E.

We endorse the notion that there should be enhanced disclosure with respect to compensation consultants. We believe that the appropriate analogy is to the required disclosure with respect to the fees for non-audit or audit-related work by the registrant's certified public accountants. It is our observation that as a result of that disclosure the amounts paid by the registrant for non-audit work has sharply decreased in the past few years. This has reduced the potential conflict of interest not only because the absolute number of dollars has tended to be much less, but also that the amounts paid with respect to tax advice (where the CPA would audit its own advice), has markedly decreased. We believe that similar conflicts of interest currently exist with respect to compensation advisors, who may wish to recommend excessive management compensation in order to enhance the likelihood that they will receive lucrative contracts for performing other services for the registrant. We therefore endorse the proposed amendments to Item 407 of Regulation S-K.

II. Director Disclosure

A.

We endorse the Commission's proposal for additional disclosures with respect to director nominees. Information about the specific skills, experience and qualifications are crucial to casting a vote for or against (withhold) a board nominee. Equally relevant is expanding the information about past service on other public-company boards (within the last five years) and legal proceedings within the past ten years (or more for more serious proceedings, such as fraud convictions). In addition, we believe that the additional legal proceedings enumerated in bullet paragraph 10 of the Request for Comments on Section B. of the Release should be required disclosure. We believe that these additional data will prove beneficial when shareholders decide how to cast their ballot. Furthermore, we do not believe that the additional information proposed in the Release, even if augmented as suggested in the previous sentences, will so clutter up the required director disclosure so as to obscure other pertinent information.

In addition, we believe that the proposals should be revised to provide that Instruction 2. to Item 401(f) would require that if the registrant omits information on the ground that the information is not material, the registrant must (not may) provide the Commission with the requisite data.

In response to bullet paragraph six in the Request for Comments on Section B. of the Release, we also believe that it would be desirable for there to be enhanced disclosure of other board committees and, especially, whether there is any process in place for evaluation of board members, committees etc.

B.

We cannot state strongly enough our firm belief that diversity in the boardroom is a significant issue. Although the vast majority of larger corporations have at least some diversity (gender, race or both) on their board, this is often not true of mid-cap companies. The experience of the Episcopal Church is instructive in this regard. For more than a dozen years past the Episcopal Church has submitted shareholder proposals, averaging three or more per year, to registrants with all white male boards. Almost without exception these have been withdrawn after negotiations with the Company. Sometimes the registrant makes a commitment to diversity by the next annual meeting; more frequently, the registrant agrees to amend its nominating committee's charter to include a commitment to diversity, in which case its actions are monitored for the next couple of years to assure that the amendment is being implemented. In the years that the Episcopal Church has been presenting such shareholder proposals, amounting to close to fifty in all, only twice has there been no negotiated settlement with the registrant, thereby requiring that the resolution be presented and voted upon at the annual meeting. The most recent of these votes took place this past year at Mueller Industries, Inc. where the proposal received approximately 39% of the votes cast for and against. We believe that that vote (incredibly high for a social issue proposal) indicates that shareholders believe that diversity on the board is an important matter about which they are concerned. In addition, the open reception with which most registrants have greeted the proposal indicates that registrants themselves believe that board diversity is an important component of good corporate governance. Since both shareholders and most nominating committees believe that the matter is quite significant, we urge the Commission to adopt rules that would require disclosure of the registrant's commitment (if any) to board diversity.

We are pleased to note that the possibility of board diversity disclosure has garnered considerable support among comment letters in this rule-making proceeding, including support from non-social responsibility respondents, such as Ernst & Young (see their letter dated September, 15, 2009). We particularly call attention to the research cited in the Ernst & Young letter and the letter dated September 15, 2009 submitted by Catalyst. This research shows that board diversity positively correlates with shareholder value. Consequently, disclosure relating to board diversity is in the best interests of the shareholders (as well as the registrant).

C.

We believe that effective corporate governance requires that the roles of presiding officer of the board and chief executive officer be separated. The board cannot effectively monitor the performance of, and require accountability from, the person who both sets the agenda for, and presides over, the board's own meeting. This problem has been solved in some systems (notably Germany) by instituting a two-board system, consisting of a management board and a supervisory board on which no managers sit. We believe that the accountability advantages of such a system may be obtained without the drawbacks of preventing the CEO from sitting on the board by clearly separating the function of the board chair from that of the CEO. Although it is better than nothing, we do not believe that the institution of a lead director sufficiently fulfills the need for separation since the CEO/Board Chair would still control the agenda of the board meetings. Consequently, we endorse the proposed amendments to Item 407 of Regulation S-K which would require registrants to disclose how the registrant handles the issue of separation of the functions and why they have chosen their method of handling it.

D.

A registrant's management of risk is so pervasive as to encompass virtually every aspect of its business. We therefore believe that disclosure about the manner in which risk is managed is an appropriate topic for the MD&A discussion and our primary suggestion is that the discussion of risk be enhanced in that document. Such disclosure should cover not only matters such as derivatives and "value at risk", but also such topics as risks arising from climate change.

We believe that it would be useful to investors to have the registrant specify whether any committee of the board has an oversight function with respect to risk management or whether some other process is utilized by the Board to assess risk.

III. Reporting Shareholder Votes

We can see no possible reason why shareholder votes should not be reported as soon as they are compiled. (We take no position on whether four days is adequate for this purpose.) Although most companies announce preliminary vote counts at the meeting and soon thereafter make the actual votes available to anyone who inquires about the vote (and a few registrants post the results on their web sites), others refuse to disclose the vote totals, even to the proponents of a proposal voted upon at the meeting, requiring them to await the filing of the 10-Q, perhaps months later. This in fact happened this past proxy season to a member of ICCR who had submitted a shareholder proposal to a registrant. Although in most states in theory the information is available via a lawsuit under the "books and records" provision of state corporate law, the costs of such a proceeding would be prohibitive.

In short, we fail to see any policy justification for delaying the release to shareholders of the actual results of the voting at the shareholder's own meeting. Management's function in compiling the vote (or having it compiled) is purely ministerial and wholly lacking in discretion. In those circumstances there can be no justification for not disclosing the outcome of the vote as soon as that outcome is known. The shareholders and the markets want the information and should have it promptly.

IV. Proxy Solicitation Process

For the most part we are supportive of these proposed amendments and view them as desirable technical clarifications. In particular, we agree that, consistent with the underlying rationale for Rule 14a-2(b)(1), requesting the return of a (not previously marked) proxy card directly to management, even when the solicited shareholder has previously voted, should not be deemed a disqualified revocation since there is no solicitation of proxy authority, at least so long as the proxy card is returned directly to management. Similarly, we fully support the proposed clarification of Rule 14a-2(b)(1)(ix) since whether the solicitor has an ulterior motive is important information that the shareholder should have prior to voting. Consequently, it is irrelevant whether that motive arises from ownership of the same class of voting securities or whether it arises from some other source that precludes disinterest, such as being a bondholder, creditor etc. In addition, we support the clarification of Rules 14a-4(e) and 14a-12(a)(1)(ii) since those clarifications are wholly consistent with the intent of those rules.

On the other hand, we are concerned that the proposed amendment to Rule 14a-4(d)(4) might be open to abuse. It will be impossible to know the degree, if any, that two slates are acting together without a full evidentiary hearing. Bald affirmations that they are not so acting do not seem to be sufficient. Consequently, we do not believe that the proposal should be adopted since its dangers outweigh its benefits. More fundamentally, we fail to see the distinction (set forth in the Release text paragraph at footnotes 111 through 116) between situations where the short slate proponent includes the names of the insurgents with its short slate and when it "actively recommends" support for those insurgents. It seems to us that this is a distinction without a difference. If adopted, we believe that the new rule would lead to attempts to wrest majority control of the board via actions that could be considered to be "conscious parallelism". At the very least, the short slate should not be rounded out by including non-management nominees if by so doing they, together with the short slate, would constitute a majority of the board (and for this purpose persons nominated via proposed Rule 14a-11 should be considered non-management nominees).

We appreciate the opportunity to convey to you the views of ICCR on the Release. If you have any questions, please do not hesitate to get in touch with the undersigned at the above listed numbers and addresses, or with Laura Berry, the Executive Director of ICCR, at 212-870-2294 or lberry@iccr.org.

Very truly yours,

Paul M. Neuhauser

cc: Laura Berry