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Sent: Monday, October 31, 2011 1:31 PM
To: policy@issgovernance.com
Cc: Smith, Timothy
Subject: Comments on ISS guidelines for 2012

Below you will find the Boston Trust/Walden Asset Management comments on ISS's proposed proxy voting policy changes for 2012.

Board Response to Management Say-on-Pay Vote (U.S.)

-Boston Trust/Walden affirms that <70% support on SOP should elicit a response from management in the following year and that failure to do so should be a consideration in ISS recommendations regarding directors on compensation committees. That threshold can be revisited after another year of experience with MSOP.

Board Response to Management Say-on-Pay Frequency Vote (U.S.)

-We agree that failure to heed majority shareholder input on SOP frequency should result in a vote Against incumbent managers, absent some extraordinary explanation.

Proxy Access Proposals (U.S)

-Boston Trust/Walden generally supports proxy access proposals but we look at each case carefully and consider the factors identified by ISS. We would be less inclined to support a binding by-law resolution on the topic which may be overly prescriptive. However, we would likely Abstain in such circumstances to register general support for proxy access.

Evaluation of Executive Pay (Management Say-on-Pay) (US*)

-The changes recommended by ISS are an improvement, especially the longer-term focus of pay-for-performance. Still, in 2011 there were common themes when Boston Trust/Walden went against the ISS recommendation:

- Inappropriate peer group benchmarking: Our analysts, with perhaps a deeper understanding of the business models of our portfolio companies, identified problems in peer groups despite attempts to match according to size and industry (e.g. different exposures to foreign markets or major customers). Sometimes we analyzed just the 3-4 most similar companies to get a better picture.
- More importantly, we disagree with ISS's lack of emphasis on financial metrics from operations (profitability and sales growth, cash flow leverage, etc.) relative to TSR. Failure to understand changes in underlying operational metrics could result in ISS missing how a company is positioning itself appropriately for future growth. We see that ISS lists operational performance among the qualitative considerations, but we didn't see evidence of this in reviews of several of our portfolio companies.

-Additionally, we wonder how ISS can better assess absolute compensation levels (the laugh-out-loud test?) given the current focus on peer group benchmarking and alignment with TSR performance which are both relative measures of compensation. Should ISS be examining closely the most highly paid CEOs, also by industry and size, to comment on absolute pay levels?

Hydraulic Fracturing Proposals (U.S.)

-We support ISS's new policy to generally recommend voting For greater disclosure of fracking policies and practices. Obvious components of such disclosure would include: chemicals used (by well, amount), water conservation and recycling practices, water testing downstream, community engagement activity, mitigation etc.

Political Contribution Proposals (U.S.)

-We support ISS's change from its previous case-by-case position to generally recommending a vote For proposals on political spending disclosure (including your additional emphasis on oversight mechanisms and indirect spending through trade associations.) In addition to disclosure of policies and oversight, we think disclosure of actual contributions (preferably on websites) is necessary to achieve real corporate accountability. De minimis contributions to trade organizations of <\$25,000 need not be individually disclosed.

-Looking ahead, we hope ISS will follow this rationale for lobbying disclosure proposals that we anticipate in the 2012 season.

Thank you,

Heidi

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