

January 21, 2014

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Attention: [File No. 4-637]: Petition to require public companies to disclose to shareholders the use of corporate resources for political activities

Dear Chair White,

We are writing to urge the Securities and Exchange Commission to move forward expeditiously on a rulemaking to require corporations to disclose their political spending to shareholders. We are concerned to see this rulemaking removed from the SEC's 2014 agenda.

This rulemaking petition has received a historic level of interest, with more than 650,000 comment letters submitted, the vast majority in support. These comments, from individuals and institutions, including pension funds, State Treasurers, and other major investors, represent a diverse collection of voices united in their support for transparent markets and elections. In addition, 2013 saw 134 shareholder resolutions pertaining to political spending filed, with an average support level of 32 percent for proposals that asked for reports on corporate political spending and policies. Two of the resolutions garnered a majority vote, and 29 were withdrawn after negotiations led to companies expanding their disclosure policies. This demonstrates strong investor concern about political spending.

Increasingly, company executives are also recognizing the benefits of disclosure. More than 115 major companies already have disclosure policies on political spending. While this number is encouraging, it should not be used as a substitute for the benefits of uniform disclosure to investors by all publicly traded companies. Instead we should look to these companies as confirming the feasibility and legitimacy of this rulemaking.

Furthermore, we respectfully submit that investors should not be forced to go door-to-door with individual companies to find basic information on how corporate dollars are spent in the political arena. Corporate political spending is risky business and opacity in corporate political spending only heightens these risks. Political spending disclosure is simply good risk management, as demonstrated by the Fortune 500 companies that now publish their political contributions.

The SEC should hold all publicly traded companies to the same standard of disclosure. Investors have no other means to achieve timely, uniform disclosures. Only an SEC rule can provide investors with the information needed to assess the issuer-level and system-level risks and opportunities of corporate political spending.

This year will mark the fourth anniversary of the Supreme Court's *Citizens United v. Federal Election Commission* ruling. Writing for an 8-1 majority, Justice Kennedy said:

"...prompt disclosure of expenditures can provide shareholders and citizens with the information needed to hold corporations and elected officials accountable for their positions and supporters. Shareholders can determine whether their corporation's political

speech advances the corporation's interest in making profits, and citizens can see whether elected officials are 'in the pocket' of so-called moneyed interests."

Today, shareholders still lack this basic information. We believe this rulemaking would be immensely valuable to shareholders. It will help us to evaluate which companies are prospering based on superior products and services, and which companies are prospering due to superior political access. Enron was only the most notorious example of the latter.

This lack of accountability also opens the door for executives to use company resources to further their own personal agendas or political ambitions regardless of the benefit to the company and its shareholders. Transparency would serve as an important check on management.

While the request for a disclosure rule found new urgency in the wake of *Citizens United*, it is important to recognize disclosure of corporate political spending as a long-standing goal of investors. The potential for abuse and corruption existed long before the *Citizens United* ruling in 2010; the ruling has only served to reinforce the urgency of the need.

Given the demonstrated concerns of the investor community, we call upon the SEC to reinstate this rulemaking to its regulatory agenda. As election costs continue to skyrocket the potential dangers for companies and shareholders continue to increase along with the potential for corruption of the political system and our capital markets.

Sincerely,

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Walden Asset Management

Lauren Compere, Managing Director
Boston Common Asset Management

Nell Minow, founder
GMI Ratings

Ken Jacobs, CFP, AIF, CLU
Colorado Sustainable Financial Planning (CSFP)

US SIF: The Forum for Sustainable and Responsible Investment

Brandon Rees, Acting Director, Office of Investment
The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

G. Benjamin Bingham, Founder and CEO
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Michael Kramer, Managing Partner
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Patricia Dwyer, CFO
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Laura Berry
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Sonia Kowal
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Jenny Russell
On behalf of Merck Family Fund

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