The Forum for Sustainable and Responsible Investment

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Letter to the Editor
Wall Street Journal
Via email to Timothy Lemmer at wsj.ltrs@wsj.com

"Shutting Up Business" (Review & Outlook, Wall Street Journal, Dec. 28) claims that investors pressing for corporate political transparency are working to “intimidate companies via the shareholder proxy process” and that the proxy movement is abusing corporate governance.

The editorial fails to mention that corporate political transparency is widely supported by investors, including top mutual fund managers, foundations, pension funds and religious investors who place significant priority on shareholder value. In the United States, investors have a right to engage with companies through proxy process on environmental, social and governance issues where shareholder value is at stake.

And given that shareholders still do not have the ability to nominate candidates to the boards of directors of companies, the ability of shareholders to communicate through the proxy process is more important than ever. Transparency of corporate political contributions is necessary for the smooth and efficient functioning of our capital markets and can serve as a critically needed risk management tool for shareholders, corporate management, and directors. Absent disclosure, there is no way for shareholders to ensure that these political expenditures are in the best interests of the corporation and its investors. Investors have a right to be able to scrutinize decisions about how shareholder monies are spent to influence elections and assess the risks. It is in the best interests of investors, companies and the general public to have full disclosure of funds that go directly or indirectly into our political process.

Lisa Woll
CEO
US SIF: The Forum for Sustainable and Responsible Investment
Washington, DC