

May 10, 2011

The Hon. President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear Mr. President:

We are writing to you as a group of institutional investors deeply concerned about the risks presented by corporate political spending, to support you in signing the proposed executive order that would require full disclosure of campaign spending and contributions by business entities that seek federal government contracts. We strongly support this effort to ensure that the government contracting process is free of “pay to play” relationships.

As fiduciaries, we have been working for more than five years to engage corporations in which we hold stock on their direct and indirect political spending. We have urged hundreds of companies to adopt board oversight and commit to full disclosure of all political contributions made from the corporate treasury, including payments to trade associations and other tax exempt entities that are used for political purposes. Shareholder proposals seeking this level of disclosure and accountability averaged 30% support in the 2010 proxy season, a very strong endorsement from the investor community. In 2011, shareholder resolutions seeking such disclosure and oversight are being voted at over 50 company stockholder meetings. We believe such transparency helps protect investor interests and also is the responsible path to take.

In the wake of the Supreme Court’s *Citizens United* decision, investors have increasingly engaged companies on their policies and practices regarding independent expenditures. We have found that in light of the significant risks involved, a growing number of companies have stated they are not interested in engaging in such spending, and several, including IBM, Wells Fargo, Colgate-Palmolive, UNUM and Microsoft, have adopted formal policies to prohibit or restrict it.

These efforts seeking disclosure have been successful with many leading companies. Currently, 85 large public companies, including more than half in the S&P 100, have committed to disclosure of their political spending policies, the details of the spending, and oversight. These companies are, presumably, already in compliance with the major parts of the proposed executive order, demonstrating that this is feasible.

We note that the U.S. Chamber of Commerce has stated it will use a range of options to stop this executive order. Ironically, many major companies that are Chamber members or sit on the Chamber Board already implement political spending disclosure and oversight, and a number of these also disclose payments made to trade associations. At least a third of the S&P 100 publicly disclose such payments.

As investors, we work to address the social and environmental implications of our investment decisions, and of corporate behavior. Corporate political activity presents significant risks to shareholder value, in the form of legal, reputational and operational risks. We have also addressed the risk that companies are



financing issues or candidates that are at odds with their formal policies and values, such as company policies favoring a strong legislative approach to climate change, or those providing equal opportunities or establishing a commitment to diversity for their workforce.

Corporate political transparency allows investors to put together a more complete picture of the various risks to our investments. As broadly diversified investors, we must also keep an eye on the risks to our economy, our electoral process, and our political system that are presented by undisclosed and unaccountable corporate political spending.

Louis Brandeis said it best: "Sunlight is the best of disinfectants." Time has proven Brandeis right, again and again.

We strongly support your proposed executive order and urge you to sign it as soon as possible.

Sincerely,


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