



Via Facsimile

February 24, 2010

The Honorable Michael E. Capuano
1414 Longworth House Office Building
Washington, DC 20515

Dear Congressman Capuano:

I am writing on behalf of the Council of Institutional Investors, a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Council members are major, long-term investors with a duty to protect the retirement assets of millions of American workers.

As you know, the Supreme Court's recent ruling in *Citizens United v. Federal Election Commission* has raised many pressing questions regarding both public and private oversight of corporate political spending. The Council shares the fundamental principles of accountability and transparency underlying your introduction of the *Shareholder Protection Act of 2010* (H.R. 4537). Pursuant to these important principles, the Council in 2006 adopted the following policy regarding corporate charitable and political contributions:

Board Monitoring, Assessment and Approval: The board of directors should monitor, assess and approve all charitable and political contributions (including trade association contributions) made by the company. The board should only approve contributions that are consistent with the interests of the company and its shareowners. The terms and conditions of such contributions should be clearly defined and approved by the board.

Disclosure: The board should develop and disclose publicly its guidelines for approving charitable and political contributions. The board should disclose on an annual basis the amounts and recipients of all monetary and non-monetary contributions made by the company during the prior fiscal year. Any expenditures earmarked for political or charitable activities that were provided to or through a third-party should be included in the report.¹

Robust, clear, and accessible disclosure of corporate political contributions should help investors provide oversight of corporate political spending. Nevertheless, even with disclosure, shareowner oversight will prove weak without the means to hold boards accountable for properly monitoring, assessing, and approving contributions consistent with the interest of corporate owners—investors. Shareowners accordingly need stronger tools to nominate and replace unresponsive directors. Together, majority voting for the election of directors and a measured right for investors to place their nominees on the corporate proxy would go a long way to genuine board accountability.

¹ *CII Corporate Governance Policies*, 2.13 Charitable and Political Contributions, 6, www.cii.org/UserFiles/file/council%20policies/CII%20Full%20Corp%20Gov%20Policies%205-7-09.pdf.

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Thank you for consideration of our views. We look forward to working with you to ensure proper shareowner oversight of corporate political spending. If you have any questions regarding our views, please feel free to contact me at (202) 261-7096, or jonathan@cii.org, or our General Counsel Jeff Mahoney at (202) 261-7081 or jeff@cii.org.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeff Mahoney
General Counsel
Council of Institutional Investors

Cc: The Honorable Barney Frank, Chairman, House Financial Services Committee
The Honorable Spencer Bachus, Ranking Member, House Financial Services Committee
The Honorable Paul E. Kanjorski, Chairman, House Financial Services Committee
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
The Honorable Scott Garrett, Ranking Member, House Financial Services Committee
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises