

December 11, 2008

Dear President-Elect Obama,

Congratulations on your election. We are writing to respond to your invitation for input on the kinds of changes needed in your new administration.

As investors, investment managers and advisors, we appreciate the range of urgent challenges that your administration will face as it takes office, first and foremost to stabilize the financial markets and get the economy back on track. We believe that greater disclosure in the financial markets and strengthened shareholder rights are among the elements that can contribute to the development of a sustainable economy. All investors need better tools to assess corporate risks and more effectively participate in corporate governance, and we look to your administration and the Securities and Exchange Commission to facilitate such reforms. We are writing to urge you to work to restore one element of investor disclosure within the first hundred days of your administration, specifically the right of investors to propose and vote upon resolutions asking a company to evaluate how specific risks may affect the company's business.

From the creation of the SEC in 1934, it has been recognized that investors stand in a unique position to monitor the companies in their portfolios, and to guard against certain risks to stock price, and to society, by encouraging responsible decision-making by management. We strongly encourage you to strengthen the ability of investors to play this important role, by both increasing the obligations of public companies to disclose data on their social and environmental performance, and by strengthening the role of shareholder resolutions in addressing these issues.

In particular, we believe that restoring the ability of institutional investors to use the shareholder resolution process to probe companies on certain areas of investment risk is an important initial step. These include the kind of credit risks associated with the mortgage crisis, as well as an array of environmental and social issues which we believe may have large financial implications, e.g., climate change and product toxicity.

On October 23rd, Alan Greenspan testified before Congress on the subject of the current economic turmoil. The *Wall Street Journal* highlighted a quote from his testimony that struck many commentators as critical to understanding the situation we find ourselves in today. Mr. Greenspan stated that it had been his assumption that companies' "ability to assess risk and their self interest would protect them from excesses." This assumption has been shown to be false. As your administration addresses these challenges, it is our belief that shareholders are in a very good position to help companies evaluate risk. Unfortunately, for the last five years, the SEC has gradually been closing the door to important shareholder concerns. Shareholder proxy requests that had been allowed in previous years asking for better disclosure of financial risks to companies have been stymied.

We strongly encourage actions by your administration to reverse a pattern of recent SEC staff decisions that have been closing the door to important dialogues between shareholders and management.

The SEC has disallowed many shareholder resolutions that ask companies to disclose the financial implications of an array of environmental, community, public health, and human rights concerns and issues. The staff has categorized such issues as “***evaluation of risk***.” See SEC Staff Legal Bulletin 14C. While that bulletin expressly targeted resolutions on environmental issues, the new prohibition on risk evaluation resolutions has been applied to a wide array of issues. *Within the past year the agency even struck down a proposed resolution at Washington Mutual asking the company to discuss its potential financial exposure as a result of the mortgage securities crisis.*

The adoption of this new bar on resolutions requesting “risk evaluation” represented a significant departure -- disregarding the reasonable and principled approach that had governed at the SEC for decades, and replacing it with a radical interpretation of the rules. The result has been to limit shareholder resolutions to questions about the impact that companies are having on society in general, excluding vital questions about the impact that any of these issues may have on the company’s future finances.

Institutional investors, especially those that hold long-term stakes in the marketplace, have expressed interest in being able to monitor the financial impacts that various issues pose on their portfolio holdings. This necessitates various public policy responses, including the adoption of standards for reporting of environmental, social and governance issues in corporate reports. It also merits a re-examination of the manner that the SEC has applied the ordinary business exclusion, to better secure shareholders' fundamental right to submit proposals that focus on significant issues confronting their portfolio companies. To that end, we look forward to working with your administration to develop a larger policy framework to address these needs.

We recognize that in the early days of your administration you will be focused on shoring up the economy and helping to restore consumer confidence. As part of your strategy we urge that you help us to correct decisions that have undermined our ability to use the shareholder resolution process to probe these issues on a company by company basis. The existing Securities and Exchange Commission decisions block shareholders from filing certain shareholder resolutions in fulfillment of our fiduciary obligations. For instance, it has become apparent that many companies knew about the potential financial risks posed to their companies by toxic chemicals in their product lines. However the disclosure of these issues is seldom made in existing corporate financial reports. Resolutions that would have addressed this type of risk through the proxy process are the same resolutions that the Securities and Exchange Commission staff chose, arbitrarily and without justification in law, to exclude. We believe that effective disclosure of these issues through the proxy process can lead to better anticipatory action by corporations such as the control of greenhouse gases and the development of safer alternative materials.

Strong leadership from the White House as well as Congress can aid in encouraging the SEC to retract the staff-created prohibition on resolutions that ask companies to evaluate the financial impacts of identified issues. This can help to strengthen the ability of investors to play an important role in monitoring our portfolio companies and encouraging effective, socially responsible, corporate management. We urge you to ask the Securities and Exchange Commission and relevant Congressional oversight bodies to reexamine these issues within the first hundred days of your new administration.

Sincerely,

Signatory list enclosed

Cc:

Rep. Barney Frank

Sen. Christopher Dodd

Damon Silvers

Richard H. Neiman

Elizabeth Warren

Securities and Exchange Commission

SEC Division of Corporation Finance

Letter to President-Elect Obama on
Shareholder Rights to Risk Evaluation Resolutions

Signatory List

Christina M. Adams
Vice President – Finance and Administration
John E. Fetzer Institute, Inc.

Harriet Barlow
Director
HKH Foundation

Laura Berry
Executive Director
Interfaith Center on Corporate Responsibility

Connie Brookes
Executive Director
Friends Fiduciary Corporation

Charles Clements
President and CEO
Unitarian Universalist Service Committee

Kathleen Coll, SSJ
Administrator, Shareholder Advocacy
Catholic Health East

Lauren Compere
Director of Shareholder Advocacy
Boston Common Asset Management

Kristina Curtis
Senior Vice President
Green Century Capital Management, Inc.

Florence Deacon, OSF
Director, Sisters of St. Francis of Assisi

Ron DiLuigi
St. Joseph Health System

Patrick Doherty, Esq.
Director, Corporate Responsibility
Office of the Comptroller
City of New York

Amy L. Domini & Lindsey W. Parker, Trustees
The Sustainability Group at Loring, Wolcott & Coolidge

Joanne Dowdell
Senior Vice President
Director Corporate Responsibility
Sentinel Financial Services Company

Bennett Freeman
Senior Vice President
Social Research and Policy
Calvert Group, Ltd.

Rian Fried
President
Clean Yield Asset Management

Marie Gaillac
Corporate Responsibility Coordinator
JOLT

Julie Goodridge
CEO
NorthStar Asset Management, Inc.

Julie Fox Gorte, Ph.D
Senior Vice President for Sustainable Investing
PaxWorld

John C. Harrington
President/CEO
Harrington Investments, Inc.

Linda Hayes, OP
Director, Corporate Social Responsibility
Dominican Sisters of Springfield, IL

Valerie Heinonen, o.s.u.
Consultant, Corporate Social Responsibility
Dominican Sisters of Hope
Mercy Investment Program

Sisters of Mercy Regional Community of Detroit Charitable Trust
Ursuline Sisters of Tildonk, U.S. Province

Bruce T. Herbert, AIF
Chief Executive
Newground Social Investment

Sister Linda Jansen, SSND
Treasurer, School Sisters of Notre Dame, St. Louis
and
Corporate Responsibility Committee
School Sisters of Notre Dame, St. Louis

Adam M. Kanzer, Esq.
Managing Director & General Counsel
Domini Social Investments LLC

Robert D. Kellogg
Managing Principal
Highlands Strategic Advisors, LLC

Peter D. Kinder, Esq.
President
KLD Research & Analytics, Inc.

Michael Kramer, AIF
Managing Partner and Director of Social Research
Natural Investments LLC

Rev. Joseph P. La Mar, M.M.
Assistant CFO
Maryknoll Fathers and Brothers

Leslie Leslie
Grant Director
Fred Gellert Family Foundation

Sanford Lewis
Attorney

Richard Liroff
Executive Director
Investor Environmental Health Network

Tim Little
Rose Foundation for Communities and the Environment

Mindy S. Lubber
President, Ceres
and
Director, Investor Network on Climate Risk

Elizabeth E. McGeveran
Senior Vice President, Governance & Sustainable Investment
F&C Management Ltd.

James McRitchie
Publisher
Corporate Governance

Robert A.G. Monks
LENS Governance Advisors

Renee Morgan
President, Better World Investments, Inc.
Registered Representative, NPC

Roberta Mulcahy, ssj
Socially Responsible Investment Coordinator
Congregation of the Sisters of St. Joseph
Springfield, MA

Nora Nash, OSF
Director, Corporate Social Responsibility
Sisters of St. Francis of Philadelphia

My-Linh Ngo
Associate Director, SRI Research
Henderson Global Investors – the Sustainable & Responsible Investment (SRI) team

Michael Passoff
As You Sow Foundation

Sister M. Cecile Paulik
SSM International Finance, Inc.

Frank Rauscher
Senior Principal
Aquinas Associates

Sr. Claire Regan

Corporate Responsibility Coordinator
Sisters of Charity of New York

Mark A. Regier
Stewardship Investing Services Manager
MMA Praxis Mutual Funds

John Richardson
CEO
JMR Portfolio Intelligence, Inc.

Steve Schueth
President
First Affirmative Financial Network, LLC

Judith L. Seid, CFP
Founder & President
Blue Summit Financial Group, Inc.

Morgan Simon
Director
Responsible Endowments Coalition

Annette Sinagra OP
Corporate Responsibility Analyst
Portfolio Advisory Board
Adrian Dominican Sisters

Cheryl Smith
Co-Chief Executive Officer
Jonas Kron, Attorney
Senior Social Research Analyst
Trillium Asset Management Corporation

Timothy Smith
Senior Vice President
Environment, Social and Governance Group
Walden Asset Management

James Spengler
Business Manager
American Friends Service Committee

Luan Steinhilber
Miller/Howard Investments

David Todd
Magnolia Charitable Trust

Richard W. Torgerson
President
Progressive Asset Management, Inc.

Susan Vickers, RSM
VP Community Health
Catholic Healthcare West

Stephen Viederman
Finance Committee
Christopher Reynolds Foundation

Margaret Weber
Corporate Responsibility Director
Basilian Fathers of Toronto

Allen L. White
Senior Fellow
Tellus Institute

Richard Woo
CEO
The Russell Family Foundation

Additional Endorsement
after the letter was transmitted

Chris Jochnick
Director, Private Sector Department
Oxfam America