



For Tomorrow®

April 12, 2013

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. 4-637, Petition to Require Public Companies to Disclose to Shareholders the Use of Corporate Resources for Political Activities

Dear Ms. Murphy:

On behalf of Pax World Management LLC ("Pax World"), investment adviser to Pax World Funds, I am writing to urge the Securities and Exchange Commission (SEC) to issue rules requiring public corporations to publicly disclose their political spending.

The Supreme Court's 2010 landmark ruling in *Citizens United v. Federal Election Commission*¹ granted corporations the right to spend an unlimited amount of general treasury funds on independent expenditures and electioneering communications without having to disclose to shareholders how such political expenditures are made.

Pax World's mutual funds seek to invest in companies that display transparency in their governance practices and in their relationships with shareholders. We also aim to protect our shareholders from negative reputational risk stemming from controversial public policy positions taken by the companies held in our funds. *Citizens United* has made it more challenging for companies such as Pax World to determine if a company's political activities are in the best interests of shareholders. As a result, we are now exposed to risks based on the political actions of the companies that we invest in, which we often have no way of assessing, unless such connections are made public in the media, after the fact.

We have conducted shareholder advocacy for several years urging corporations to report on their political spending and to establish board oversight of such spending. While some corporations do this, and some have policies stating that they will not spend money on political campaigns, we have found that the majority of companies do not have policies or board level oversight regarding political spending, and do not report on what they spend.

In issuing its decision in *Citizens United*, the Supreme Court noted that, "With the advent of the internet, prompt disclosure of expenditures can provide shareholders and citizens with the information needed to hold corporations and elected officials accountable for their positions."² Unfortunately, without rules requiring corporations to publicly disclose expenditures, we believe

¹ *Citizens United v. Federal Election Commission*, 130 S. Ct. 876 (2010)

² *Citizens United*, 130 S. Ct. at 916.

that such disclosure will remain woefully inadequate. We therefore ask the SEC to use its authority to require public corporations to disclose their political spending so that companies like Pax World can make decisions that we believe to be in the best interests of our shareholders.

Sincerely,

Laura Huober
Sustainability Research Analyst
Pax World Management, LLC