



California Retirement Systems/ISS United On Corporate Political Spending

By Keith Paul Bishop on November 18, 2011

On Tuesday, I [wrote](#) about [CalPERS](#)' adoption of updated governance principles, including this new Principle 6.5:

Robust board oversight and disclosure of corporate charitable and political activity is needed to ensure alignment with business strategy and to protect assets on behalf of shareowners. We recommend the following:

- a. Policy: The board should develop and disclose a policy that outlines the board's role in overseeing corporate charitable and political contributions, the terms and conditions under which charitable and political contributions are permissible, and the process for disclosing charitable and political contributions annually.
- b. Board Monitoring, Assessment and Approval: The board of directors should monitor charitable and political contributions (including trade association contributions made by the company). The board should ensure that only contributions consistent with and aligned to the interests of the company and its shareowners are approved.
- c. Disclosure: The board should disclose on an annual basis the amounts and recipients of monetary and non-monetary contributions made by the company during the prior fiscal year. If any expenditures earmarked or used for political or charitable activities were provided to or through a third-party to influence elections of candidates or ballot measures or governmental action, then those expenditures should be included in the report.

CalSTRS actually beat CalPERS to the punch by [announcing](#) the adoption of its own policy on corporate political disclosure. Both funds took action in response to a letter sent earlier this year by California Treasurer Bill Lockyer.

The U.S. Chamber of Commerce sent two strongly worded letters to CalPERS opposing the change and asking that action be deferred.

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Now, ISS has changed its proxy voting [policy](#) from CASE-BY-CASE to generally vote FOR corporate political spending disclosure proposals. I had joined Professor [Stephen Bainbridge \(UCLA Law School\)](#) and [James Copland](#) (Director, [Center for Legal Policy at the Manhattan Institute](#)) in submitting this [comment letter](#) opposing the change. I found it interesting that in supporting the change, ISS cited negative press attention related to corporate support for California's Proposition 23. That 2010 proposition would have suspended California's greenhouse gas emission laws and was voted down by the voters.

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