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February 16, 2016

By E-Mail:

Chair Mary Jo White
Commissioner Michael Piwowar
Commissioner Kara Stein

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Release No. 34-76620; File No. S7-25-15 Disclosure of Payments by Resource Extraction Issuers

Dear Chairman White and Commissioners:

I am writing to share the comments of Calvert Investment Management, Inc. regarding the proposed Rule 13(q)-1 to implement Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Calvert appreciates the opportunity to comment on the rules implementing this important reform and applauds the U.S. Securities and Exchange Commission (the Commission) for a proposal that protects investors and promotes efficient capital markets by making public valuable factual information useful in investment analysis.

Calvert Investment Management, Inc. provides investment advisory and sustainability research services for the Calvert mutual funds and Calvert institutional clients. Calvert is based in Bethesda, Maryland, and has more than \$11 billion in assets under management, as of January 20, 2016. Alongside many of our colleagues in the financial services sector, Calvert submitted numerous comments to the Commission as well as initiated multiple meetings with commissioners, their staff and the professional staff of the Commission throughout the rulemaking process for Section 13(q).

The rulemaking process for Section 13(q) has been comprehensive and demonstrated the talent and dedication of the Commission's staff, in particular, that of the Division of Corporate Finance and the Division of Economic and Risk Analysis as well as the offices of the commissioners and Chair. Calvert thanks and commends the Commission for its vigorous defense of this important reform and the leadership it has demonstrated through the rule's carefully considered development.

The following comments seek to point out some of the areas of the proposed rule where Calvert believes investor input may be most useful. Further, it is our intention to point out and rectify our primary area of concern in the proposing release. This is that the proposing release does not acknowledge investor benefits sufficiently, especially in light of the great number of submissions that point out these benefits and that the Commission has received from investors over the course of the rulemaking process.

Project-Level Reporting

Comments regarding questions 24 to 30

Calvert commends the Commission's decision to align the proposed rule's project definition with the European Union (EU) Directives and the draft Canadian definitions, as operational activities that are governed by a single contract, license, lease, concession, or similar legal agreement that forms the basis for payment liabilities with a government. The usefulness of this level of disaggregation is pointed out throughout the investor comments referenced in this letter. A contract-based project definition also reflects existing reporting by companies, which is the basis for investors' general understanding of an extractive resource project. Further, the Commission's effort to achieve consistency in this definition between the EU Directives and the draft Canadian definitions not only benefits investors seeking consistent disclosure, but also companies attempting to provide these disclosures efficiently and to achieve equivalency between disclosures required in different jurisdictions and through the EITI processes in which they may be engaged.

Exemptions

Comments regarding questions 41 to 43 and 45

Calvert believes that the comments submitted to the Commission to date do not provide sufficient evidence that exemptions to reporting pursuant to Section 13(q) are necessary. However, we understand the Commission's decision to consider using its existing authority under the Exchange Act to provide exemptive relief at the request of a resource extraction issuer. Calvert supports the Commission's decision to consider using its existing authority under the Exchange Act to provide exemptive relief at the request of a resource extraction issuer. Of course, the consideration of providing exemptive relief should go through the Commission's full processes and, as noted in the proposing release, including the provision of public notice of the exemptive request and a sufficient opportunity for public comment. We believe that it would be appropriate to codify in the rule that the Commission will use public notice and comment for any exemptive request.

As Calvert and other investors have noted, the comment record for Section 13(q)-1 includes no compelling evidence that substantiates the potential for competitive harm of the rule that would be the basis for exemptive relief.¹ Alternately, investors have a clear and undeniable interest in disclosure that is as consistent and comparable as possible. It is our hope that this consideration guides any decisions regarding exemptive relief alongside the factors referenced in the proposed rule.

Alternative Reporting and Equivalency

Comments regarding questions 49 to 51

As investors representing more than \$6.4 trillion in assets under management made clear in a comment sent to the Commission on April 28, 2014, the consistent application of Section 13(q), the EU Directives and the Canadian law enables investors to derive the greatest value from a global standard for extractives payments transparency and resulting public disclosures.²

As such, Calvert supports the proposed rule's provision that resource extraction issuers could use a report prepared for foreign regulatory purposes or for USEITI (for reporting of U.S. payments) to comply with the proposed rules if the Commission deems the foreign jurisdiction's

¹ Comment submitted by Calvert Investments (November 25, 2013), p. 5. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-17.pdf>.

² Comment submitted by Allianz Global Investors, et al. (April 28, 2014), p. 4. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-35.pdf>.

applicable requirements or the USEITI reporting regime to be substantially similar to the statute and implementing rule. In applying the "substantially similar" standard Calvert believes that the Commission should ensure that the alternative reporting is at least as stringent as the reporting required pursuant to Section 13(q). Further, the Commission should make determinations of equivalence for purposes of substitute compliance in accordance with the process laid out in Exchange Act Rule 0-13.

Additional Benefits of the Proposed Rule
Comments regarding question 82

The following list references comments regarding the benefits of Section 13(q) from investors collectively representing nearly \$10 trillion in assets under management and supporting comments, which are not adequately reflected in the proposing release, by current and former SEC Commissioners, members of Congress and academics. Further, this comment seeks to demonstrate that the SEC's mission "to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation" cannot be achieved in the case of Section 13(q) if the Commission fails in its rationale for the proposed rule to reflect the overwhelming and unambiguous voices of investors.

October 30, 2015

Columbia Center on Sustainable Investment

The comment submitted by the Columbia Center on Sustainable Investment (CCSI) and its advisory board chair Jeffrey Sachs provides several very specific examples of how data disclosed through Section 13(q) may be used in routine investment analysis. For example, the comment details how payment data may be used to demonstrate the contribution of any one project to a company's overall returns or show the variation in benefits created by contract structure. Further, the letter details how data may be used to make material adjustments to major costs arising from taxes and other payments, assess the exposure of projects to commodity price declines, improve credit analysis of fixed income securities, demonstrate capital efficiency, reveal effective tax rates and address principal and agent issues.³

October 25, 2015

Alliance Trust PLC

"The introduction of a robust rule to implement Section 1504 would help deter corruption in the extractive sectors, reduce business risk, and enhance companies' social license to operate. In turn, this would foster a more stable investment climate and help to improve the long-term commercial prospects of the extractive companies we invest in.

[. . .]

³ Comment submitted by Columbia Center of Sustainable Investment (October 30, 2015), pp. 4, 9. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-93.pdf>.

[Investors] can use project-level information to better understand the impact of effective tax and royalty rates on individual projects and apply this information to make stronger investment decisions."⁴

April 28, 2014

Allianz Global Investors
Aviva Investors
British Columbia Investment Management Corporation (bcIMC)
Amundi Asset Management
The First Swedish National Pension Fund
The Second Swedish National Pension Fund
The Third Swedish National Pension Fund
The Fourth Swedish National Pension Fund
The Seventh Swedish National Pension Fund
APG Algemene Pensioen Groep NV
Bâtirente
BNP Investment Partners
State of Connecticut
Element Investment Managers
ERAFP
Ethos Foundation
F&C Management Ltd.
Henderson Global Investors
Hermes Equity Ownership Services Ltd.
Governance for Owners
ING IM International
Local Authority Pension Fund Forum (LAPFF)
Legal & General Investment Management Ltd.
MN Services
Natixis Asset Management and Mirova
Nordea Asset Management
NEI Investments
OPSEU Pension Trust
PGGM
Royal London Asset Management
Robeco
RPMI Railpen Investments
SNS Asset Management
USS Investment Management

"We regard the United States' decision as instrumental in establishing the de facto global standard for transparency in the extractives sector, and see the steady progress being made as a critical factor in helping to reduce volatility in the oil and other vital hard commodity markets, with beneficial impacts on global financial markets and the real economy.

[. . .]

⁴ Comment submitted by Alliance Trust PLC (October 25, 2015), p. 1. Available at: <http://www.sec.gov/comments/dl-title-xv/resource-extraction-issuers/resourceextractionissuers-90.pdf>.

Finally, we highlight that our portfolios have substantial exposure to the global extractives sector, through both equity and fixed income instruments, and that many of the undersigned also invest actively in the sovereign debt of resource-dependent emerging nations whose fiscal governance has a direct bearing on the quality of the credits they hold. It is therefore specifically with a view to safeguarding and enhancing our clients' portfolio returns that we contribute the following comments.

[. . .]

Section 1504, in line with the broader purpose of the Dodd Frank Act, i.e. mitigating systemic financial market risk, plays an essential role in containing behaviours related to extractive sector activity that contribute to damaging levels of financial and economic instability.

[. . .]

The purpose of such disclosure is to: a) defuse suspicions by civil society; b) curb the incidence of corruption and fiscal mismanagement; c) and thereby reduce the social and political risk factors that drive high levels of operating risk in resource-dependent emerging nations. The latter notably exacerbates the volatility and risk in the commodities markets. It is precisely because of its role in helping to counteract these damaging pressures that we regard Section 1504 as very much in the interests of investors, and consistent with the basic mission of the SEC.⁵

April 28, 2014

*Third Swedish National Pension Fund
The Seventh Swedish National Pension Fund
Aviva Investors
BNP Paribas Investment Partners
California State Teachers' Retirement System
Calvert Investment Management, Inc.
Ethos Foundation, Switzerland
F&C Asset Management Ltd.
Governance for Owners
ING IM International
Legal & General Investment Management Ltd.
New York State, Office of the State Comptroller
Nordea Asset Management
State of Connecticut*

"The rules the SEC adopted for the implementation of Section 13(q) on August 22, 2012 would protect investors and promote efficient capital markets by providing investors with valuable factual information on risk profiles and company performance. Delay in implementation of these rules or their significant revision would continue to deny investors this valuable information."⁶

November 25, 2013

⁵ Comment submitted by Allianz Global Investors, et al. (April 28, 2014), pp. 2- 3. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-35.pdf>.

⁶ Comment submitted by Third Swedish National Pension Fund, et al. (April 28, 2014), p. 1. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-36.pdf>.

Calvert Investment Management, Inc.

The comment details how royalty and tax payment disclosure give indications of an extractives project's and company's exposure to risk relative to particular operation and within a particular country. It also indicates how this data may be used to improve important investment analysis considerations such as a project's net present value (NPV) and a resource's cut-off grade. Further, the Calvert letter indicates how material considerations may also go unreported using current reporting and counting guidance.⁷

December 20, 2012

Calvert Investment Management, Inc.

"Calvert was among the investors representing more than a \$1 trillion in assets under management that submitted comments in support of Section 13(q) during the SEC's rulemaking process. These comments indicated that the information disclosed pursuant to Section 13(q) is material to investors and needed as soon as possible to address gaps in disclosures made by the covered issuers."⁸

November 1, 2012

Calvert Investment Management, Inc.

"Calvert views the payment information such as is disclosed through this statute as a material consideration for investors in various situations and believes investors do not have access to the sufficiently detailed, reliable, consistent, and comparable data regarding host government payments of individual companies, such as taxes, royalties and bonuses to account for the distinct material social, political and regulatory risks confronted by resource extraction issuers."⁹

March 2, 2011

British Columbia Investment Management Corporation

"As an investor, our interest in enhanced transparency of corporate payments made to foreign governments lies principally in the financial benefits it can bring to our pension and trust fund beneficiaries.

[. . .]

If enacted, the rules will:

- help combat weak governance and corruption which breed social and political instability which, in turn, damage the global investment climate (diversification is a cornerstone of bclMC's investment process and we invest in dozens of markets around the world).

⁷ Comment submitted by Calvert Investments (November 25, 2013), pp. 7, 8. Available at: .

⁸ Comment submitted by Calvert Investments (December 20, 2012), p. 2. Available at: <http://www.sec.gov/comments/s7-42-10/34-67717-comments-stay-motion/34-67717-comments-stay-motion-7.pdf>.

⁹ Comment submitted by Calvert Investments (November 1, 2012), p. 2. Available at: <http://www.sec.gov/comments/s7-42-10/34-67717-comments-stay-motion/34-67717-comments-stay-motion-3.pdf>.

- (reduce business risk for the oil and mining companies in which we invest because companies are increasingly subject to accusations of complicity in corrupt behaviour, impairing their local and global 'license to operate', rendering them vulnerable to local conflict and insecurity, and possibly compromising their long-term commercial prospects in those markets."¹⁰

March 2, 2011

Hermes Equity Ownership Services Limited

"[We] anticipate such disclosure enhancements may also result in additional broad-based benefits in the extractives industry such as lower capital costs and risks premiums as a result of the improved stability and lessened degree of uncertainty promoted by greater transparency.

[...]

We are broadly supportive of the work already done by the Extractives Industry Transparency Initiative (EITI) and feel that the mandatory disclosure requirements of Section 1504 are fully supportive of and complimentary to the aims of the EITI. Specifically we believe that the disclosure standardization imposed through the implementation of Section 1504 would be of particular benefit to long-term investors by providing a model for data disclosure as well as help to address some of the key challenges faced by EITI implementation.

[...]

We feel that the implementation of Section 1504 in a manner consistent with Congress's intent to establish a new international transparency standard will create a model for foreign authorities to look to when crafting their own legislation and will serve to advance a more level global playing field for investors and companies alike".¹¹

March 2, 2011

Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF)

"TIAA-CREF believes that policies, applied to the broadest possible range of companies, supporting rigorous and consistent disclosures of payments to governments can help to protect investors against company-specific and well as market-wide risk. These risks include expropriation, disruption of operations related to social unrest, pressure from corrupt foreign officials, more routine tax and regulatory risks, or harm to companies' local or global reputation."¹²

March 1, 2011

¹⁰ Comment submitted by British Columbia Investment Management Corporation (March 2, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-62.pdf>.

¹¹ Comment submitted by Hermes Equity Ownership Services Limited (March 2, 2011), pp. 1-2. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-47.pdf>.

¹² Comment submitted by TIAA-CREF (March 2, 2011), pp. 1-2. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-54.pdf>.

California State Teachers' Retirement System (CalSTRS) Investments

"CalSTRS appreciates the thoroughness of the preparation and presentation of the Commissions proposed rules for the implementation of Section 1504 and we support the Commission in this effort to provide greater transparency to shareholders so that more informed investment decisions can be made."¹³

March 1, 2011

Calvert Investment Management, Inc.

"Calvert's responses are guided by our well-documented position that investors do not have access to the sufficiently detailed, reliable, consistent, and comparable data regarding host government payments, such as taxes, royalties and bonuses to account for the distinct material social, political and regulatory risks confronted by resource extraction issuers.

[. . .]

Section 13(q) disclosures are necessary to provide risk-adjusted estimates of production that reflect the new realities of natural resource development that often takes place in environments where political, regulatory and tax risks are material.

[. . .]

[The] specific data provided by Section 1504 would also be very useful in the accurate calculation of cost curves that determine whether and for how long a project may remain economic.

[. . .]

The disclosure of the data required pursuant to Section 1504 should enable investors to have enhanced confidence in management's guidance regarding future production and should attract assets from long-term equity investors to compliant issuers, which should provide greater stability to an issuer's asset base and enable management to make forward-thinking decisions in the interest of investors with the confidence that the outcomes of those decisions will be judged over long-term investment horizons.

[. . .]

The disclosures required by the ESTTA could be used by investors to account for material country-specific, tax/regulatory, and reputational risks and would substantially improve investment decision making regarding the extractive industries sector.

[. . .]

Further information regarding the size and timing of payments, such as signature bonuses, provides insight into whether and how these payments will influence development costs or operating cash flow.

¹³ Comment submitted by California State Teachers' Retirement System (CalSTRS) Investments (March 2, 2011), p. 1. Available at <http://www.sec.gov/comments/s7-42-10/s74210-59.pdf>.

[. . .]

For example, in 2006 the government of Venezuela abruptly raised royalty rates in the country's Orinoco fields from 1 percent to 16.67 percent. With the royalty data provided by the ESTTA, an investment analyst would be able to adjust his or her models to reflect these royalty changes and also may have been able to anticipate that the government of Venezuela would at some point raise its royalty rates from levels that were far below international averages.

[. . .]

The disclosure of payments required by ESTTA would provide a new stream of reliable information in many countries lacking in freedom of information and with weak governments. As a result, this information could help to improve governance structures and stability within extractive industries operating countries. This would help capital providers make better long-term assumptions about the evolution and implementation of regulatory policies within a given country.¹⁴

March 1, 2011

Newground Social Investment

"These disclosures will provide investors and investment managers important insights into the political risks facing the companies they research, and in which they may invest."¹⁵

March 1, 2011

PGGM Investments

"We believe that improved transparency regarding company payments of royalties, taxes and production entitlements on a country level not only provide us with the necessary information to assess a company's relative exposure to country-specific risks including political risks, but also are an important contributor to good governance by host governments.

[. . .]

Section 1504 disclosure would not only provide investors with the information necessary to model material social, political and regulatory risks, but also provide the government payment information necessary for in-country activists to hold their governments accountable for the responsible management of resource windfall."¹⁶

February 28, 2011

Bâtirente

¹⁴ Comment submitted by Calvert Investments (March 1, 2011), pp. 1-2, 8, 11, 14, 17-18, 20. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-40.pdf>.

¹⁵ Comment submitted by Newground Social Investment (March 1, 2011), p. 1. Available at <http://www.sec.gov/comments/s7-42-10/s74210-39.htm>.

¹⁶ Comment submitted by PGGM Investments (March 1, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-43.pdf>.

"We believe the Dodd-Frank Act will allow for disclosure of new and extremely useful data which will help us and our asset managers assess the extrafinancial risks related to our investments."¹⁷

February 28, 2011

California Public Employees' Retirement System (CalPERS)

"CalPERS believes the disclosure objective of Section 1504 is especially vital for companies operating in countries where governance is weak resulting in corruption, bribery and conflict that could negatively impact the sustainability of a company's operations and our ability to more effectively make investment decisions."¹⁸

February 25, 2011

***Railpen Investments
(Endorsed by SNS Asset Management – February 28, 2011)***

"We believe that investors have a strong direct interest in the disclosure of country by country disclosure of material payments to governments, particularly in the case of specific investment decisions in relation to exposure to smaller companies that have concentrated assets in a small number of countries or to sovereign debtors that rely heavily on extractive revenues. However, investors generally also have a strong indirect interest in the general availability of such information to other stakeholders. Such transparency helps to provide reassurance that the business climate in which extractive industries operate in a given country is not overly unattractive, and reduces political and other related risks."¹⁹

February 17, 2011

Syena Capital Management LLC

"[By implementing Section 1504,] the Commission would [promote] the interests of investors in the long-term through reduction of investment risk and disclosure of more accurate, consistent, and detailed information material to risk assessment.

[. . .]

We see the rulemaking process under Section 1504 as a means of enhancing the quality of such information for extractive industry corporate and sovereign investors. Such an improvement would enable corporate and sovereign investors to better assess the myriad risks associated with the extractives industry, including tax and regulatory risks, country-specific production obstacles, reputational risk, and political risk. As a result, investors can develop more accurate predictive models. This would ultimately improve long-term investment performance.

¹⁷ Comment submitted by Bâtirente (February 28, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-66.pdf>.

¹⁸ Comment submitted by CalPERS (February 28, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-32.pdf>.

¹⁹ Comment submitted by Railpen Investments (February 25, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-28.pdf>. Letter endorsed by SNS Asset Management (February 28, 2011), p. 1. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-30.pdf>.

[. .]

Such transparency would have a positive impact on governance in countries heavily invested in extractive industries and would ultimately result in lowered investment risk.

[. .]

The advantageous effects of this rule will be compounded by its impact on accounting standards internationally, and would set a precedent for the improvement of the existing international effort, the Extractive Industries Transparency Initiative (EITI).²⁰

Commissioner Acknowledgement of Investor Benefits

In addition to investors themselves, SEC commissioners have made clear, public comments regarding the investor benefits of disclosures resulting from Section 13(q). During the open meeting on August 22, 2012, where the final rules for Section 13(q) were announced, Commissioner Luis Aguilar stated plainly, "The rule under consideration today is in the interest of investors."²¹ Then Commissioner Elisse Walter took this observation a step further by both pointing out how investors may use the information disclosed pursuant to Section 13(q) and also by noting that the stability fostered by disclosures such as these contributes to more predictable investment conditions:

"As numerous commentators noted, the information disclosed pursuant to Section 13(q) will also benefit investors, by among other things, helping investors model project cash flows and assess political risk, acquisition costs, and management effectiveness. Moreover, investors and other market participants, as well as civil society in countries that are resource-rich, may benefit from any increased economic and political and improved investment climate that transparency promotes."²²

Congressional Acknowledgement of Investor Benefits

Finally, as noted in the October 30, 2015, submission to the Commission from the Columbia Center for Sustainable Investment, members of congress have confirmed the rule's benefit to investors:

"[Many] members of Congress including Section 1504 authors Senator Benjamin Cardin and Senator Richard Lugar have spoken on the Senate floor or submitted comments to the Commission stating that the legislative intent of the law is to provide necessary information to investors and its rulemaking mandate is consistent with the Commission's obligation to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation."²³

²⁰ Comment submitted by Syena Capital Management LLC (February 17, 2011), pp. 1-2. Available at: <http://www.sec.gov/comments/s7-42-10/s74210-22.pdf>.

²¹ U.S. Securities and Exchange Commission. Aguilar, Commissioner Luis A. "Facilitating Transparency of Resource Revenue Payments to Protect Investors." SEC Open Meeting. Washington, D.C., August 22, 2012. Available at: <http://www.sec.gov/News/PublicStmnt/Detail/PublicStmnt/1365171490980>.

²² U.S. Securities and Exchange Commission. Walter, Commissioner Elisse B. "Statement at SEC Open Meeting." Washington, D.C., August 22, 2012. Available at: <http://www.sec.gov/News/PublicStmnt/Detail/PublicStmnt/1370542577444>.

²³ Comment submitted by Columbia Center of Sustainable Investment (October 30, 2015), pp. 2 -3 (see footnote 7 in the CCSI comment). Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-93.pdf>.

The record is clear: investors believe the disclosure that will be required by Rule 13(q)-1 will yield material information. Information is material if a reasonable investor believes that, considered in the total mix of information, it will inform an investment or voting decision. Investors owning or managing holding trillions of dollars in assets have conveyed to the Commission the perspective that this disclosure will yield material information.

We reiterate our appreciation for the opportunity to provide input in this critical rulemaking process and look forward to the announcement of the Commission's final rule. Please do not hesitate to contact us should you have questions or would like to discuss these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Stu Dalheim", with a stylized, flowing script.

**Stu Dalheim
Vice President, Shareholder Advocacy
Calvert Investment Management, Inc.**