

Sent via electronic mail
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March 24, 2011

Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-1090

Re: Comments on Section 953(b) of the Dodd-Frank
Wall Street Reform and Consumer Protection Act

Dear Ms. Murphy:

We are writing to urge the Securities and Exchange Commission to issue regulations pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require disclosure of median employee compensation of both U.S. and global employees. The undersigned signatories represent international investors that invest in U.S. equities and collectively manage close to \$150 billion USD. For the reasons set forth below, the worldwide employee compensation practices of U.S. companies are particularly material to international investors who invest in U.S. equity markets.

The inclusion of global employee compensation in Section 953(b) disclosures will provide a more accurate picture of worldwide compensation practices. For many large American companies, a substantial percentage of their total workforce is employed internationally. For example, Caterpillar employs 54 percent of its 93,813 employees outside the U.S., PepsiCo employs 68 percent of its 203,000 employees outside the U.S., Tyco International employs 62 percent of its 108,000 employees outside of the U.S., Wal-Mart Stores employs 33 percent of its 2.1 million employees outside the U.S., and Intel employs 45 percent of its 79,800 employees outside the U.S. Excluding their non-U.S. employees will distort these and similar companies' Section 953(b) disclosures.

Disclosure of domestic and global median employee compensation levels will encourage a moderation of American CEO pay. It is widely known that U.S. companies' CEOs are paid relatively more than their international counterparts in other developed markets compared to median compensation for all employees. For example, a study by Towers Perrin found that a typical CEO of a U.S. company with approximately \$500 million in revenue received 39 times the total compensation of manufacturing employees, versus 32 times in the United Kingdom, 20 times in Germany, 16 times in Australia, and 11 times

in Japan.¹ This ratio is even more extreme for S&P 500 companies where the CEO, on average, makes 263 times the average compensation of American workers.²

Section 953(b) disclosures of U.S. and global employees are also material to investors as an indicator of responsible employment practices. These concerns include decent working conditions, fair wages, and the disparity between the compensation of top executives and rank-and-file workers. Responsible employment practices are one factor in environmental, social and corporate governance (ESG) investing. International investors are increasingly incorporating ESG issues into their investment decisions. For example, the United Nations' Principles for Responsible Investment have been endorsed by 872 institutional investors, asset managers, and other service partners.

As globalization leads to ever greater levels of transnational employment, it is nonsensical to ignore the compensation of international employees when calculating Section 953(b) compensation ratios. Accordingly, we believe that investors will be best served if U.S. companies are required to disclose the median employee compensation of their domestic and global workforces as two separate data points.

Thank you for your consideration of our viewpoints. Please contact Priya Bala-Miller, Project Manager, Global Unions Committee for Workers' Capital at pbalamiller@share.ca or call 604-695-2026 if we can provide you with any further information.

Sincerely,

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General Co-ordinator
Bâtirente



Peter Chapman
Executive Director
Shareholder Association for Research and Education



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Chairman
Local Authority Pension Fund Forum



Tim Macready
Chief Investment Officer
Christian Super



¹ Towers Perrin "Managing Global Pay and Benefits," 2005-2006.

² Executive Excess 2010: CEO Pay and the Great Recession, Institute of Policy Studies.

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