October 17, 2013

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

Re: Pay Ratio Disclosure, File No. S7-07-13

Dear Ms. Murphy,

I am writing to express strong support for the U.S. Securities and Exchange Commission’s proposal requiring disclosure of the CEO-to-worker pay ratio as mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As an investor in publicly traded corporations, I support the law requiring CEO-to-worker pay ratio disclosure because this data benefits investors. We are writing on behalf of the Interfaith Center on Corporate Responsibility (ICCR). ICCR is a forty-three-year-old international coalition of over 300 faith-based institutional investors including denominations, religious communities, pension funds, healthcare corporations, foundations and dioceses with combined portfolios worth in excess of $100 billion. As responsible stewards, our membership has been actively involved in integrating environmental, social and governance issues into our investment decisions.

Our members frequently participate in SEC roundtable meetings and Sunshine Act hearings. We view the role of engaged shareholders as an important aspect of the civic infrastructure, making significant contributions to the ongoing dialogue regarding the role of corporations in global wealth creation. Throughout our history, our members have introduced pay ratio disclosure as a shareholder proposal on the proxy statement of dozens of corporations in which we invest. We believe this is an appropriate complement to the “say-on-pay” process and through our membership organizations have participated in over 500 actions since 1993.

The ratio of CEO-to-worker pay at individual companies is material information for investors. High pay disparities inside a company can hurt employee morale and productivity, and have a negative impact on a company’s overall performance. Moreover, disclosure of the median employee pay will help investors better understand companies’ overall compensation approach to developing their human capital.

Investors will also be able to use CEO-to-worker pay ratios as an additional metric for evaluating say-on-pay votes and other executive compensation issues. Pay ratio disclosure helps investors evaluate CEO pay levels in the context of companies’ internal compensation structures. Investors will be able to see how the ratio changes over time at individual companies and compare companies within industries.
As required by Dodd-Frank Section 953(b), the proposed rule appropriately requires companies to disclose the median pay of all of their employees. Given recent labor market trends, many publicly traded companies employ a majority of international employees or part-time employees. Investors will receive an incomplete picture of their company’s pay practices if these employees are excluded from the disclosure.

I commend the Commission for proposing to reduce compliance costs as much as possible without reducing the benefits to investors. The proposed rule gives companies considerable flexibility through sampling or using payroll data to calculate the median. I also support the Commission’s proposal to permit companies to provide supplemental disclosure on their overall workforce compensation practices.

Please act swiftly to adopt the final rule implementing Section 953(b) of the Dodd Frank Act. Investors will benefit from this disclosure in proxy voting on executive compensation and in making investment decisions based on workforce considerations. Thank you for taking my views into consideration for your final rulemaking.

Sincerely,

Laura Berry  
Executive Director

LB/kcc