UAW RETIREE
Medical Benefits Trust

November 21, 2013

Via Email

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

Re: *Pay Ratio Disclosure* (S7-07-13)

Dear Ms. Murphy,

We write to express our support for the Securities and Exchange Commission's Proposed Rule, *Pay Ratio Disclosure* (the "Proposed Rule"). The Proposed Rule would implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), which directed the Commission to propose a rule mandating disclosure of the ratio between the total annual compensation of the CEO and the median of the annual total compensation of all employees other than the CEO (hereinafter referred to as the "CEO pay ratio"). In our view, the Proposed Rule would provide investors with important data to use in making proxy voting and investment decisions.

The $58.8 billion UAW Retiree Medical Benefits Trust (the "Trust") was established through a provision in the 2007 collective bargaining agreements between the UAW and General Motors, Ford and Chrysler, under which all of the companies' retiree health care liabilities were transferred to a new independent Voluntary Employee Beneficiary Association. The largest non-governmental purchaser of retiree health care in the United States, the Trust administers health care plans that cover over 860,000 UAW retirees and dependents and to fulfill its obligations, depends on the creation of long-term sustainable value by the companies in which we invest.

Over the past several years, the Trust has played a leading role in advocating for compensation structures that mitigate risk. In 2011, we convened a working group of six pharmaceutical firms and investors to discuss clawback arrangements that would allow recovery of incentive compensation upon a finding of misconduct resulting in significant financial harm to the company. In 2013, that group negotiated "Principles of a Leading Recoupment Policy," which led to the adoption of policies patterned on the principles by three companies in the working group, and a board commitment to adopt such a policy by two others. (The remaining company already had a strong clawback policy.) Subsequently, we filed shareholder proposals asking companies to adopt a policy based on the principles, and achieved settlements at eight additional health care companies. A

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proposal we co-filed in 2011 at Goldman Sachs was settled in exchange for changes strengthening an existing policy.

The Trust would use the CEO pay ratio, together with other compensation disclosures in the proxy statement, to evaluate companies' compensation policies and practices for purposes of proxy voting—including the management advisory vote on executive compensation or say on pay proposal—and identifying companies for engagement. For this reason, we strongly prefer that the CEO pay ratio appear in the proxy statement, along with other compensation disclosures investors are accustomed to reviewing there. That proxy statement should include the CEO pay ratio for the previous fiscal year.

As well, the CEO pay ratio would give investors insight into a company's approach to developing its human capital, an increasingly important asset in an increasingly knowledge-based, service-oriented economy. The Trust has convened a multi-investor Human Capital Coalition to discuss a variety of issues related to companies' development and management of their workforces. These issues include as several aspects of human capital management such as human rights risk assessment, employment discrimination and compensation. In our view, compensation structures are indicative of a company's view of human capital. Thus, data on internal pay dispersion would provide investors that value human capital management with valuable information.

We commend the Commission for carrying out Dodd-Frank's legislative directive while at the same time recognizing that companies may not all be able to use the same methodology to identify the median employee. The Trust supports allowing companies to use any reasonable methodology, so long as the Commission's final rule requires disclosure regarding the methodology, assumptions, adjustments and estimates used by companies.

We are pleased to have this opportunity to make the Trust's views known to the Commission. If you have any questions, please don't hesitate to contact me on 734-887-4964.

Sincerely,

Meredith Miller

Meredith Miller
Chief Corporate Governance Officer