

December 5, 2013

**Via electronic delivery: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)**

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

Re: File No. S7-07-13

Dear Ms. Murphy:

We are writing on behalf of Calvert Investments, Ltd. (Calvert)<sup>1</sup> to provide comments on the Securities and Exchange Commission (Commission) Rule Proposal on “Pay Ratio Disclosure.” The rule amendments seek to implement provisions relating to disclosure of CEO-to-worker pay ratio data as mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Calvert supports the intent of Section 953(b) that issuers disclose the median of the annual compensation of all employees and the ratio of Chief Executive Officer’s pay to median employee compensation. Calvert’s long-held position, set forth in its proxy guidelines, is that CEO-to-worker pay ratio disclosure is valuable information for the investing public. Calvert’s view is that executive risks and rewards should be aligned with those of employees, shareholders and the long-term performance of the issuer. In order to promote this view, Calvert votes its proxies in support of compensation packages that align pay with performance and engages in dialogue with issuers we hold in our portfolio on compensation issues.

Calvert believes that disclosure of CEO-to-worker pay ratio is material to investors and that issuers that provide excessive compensation to executives at the expense of other employees and shareowners are creating risks that may be expressed in employee morale, productivity and turnover. Disclosure of the median employee pay will help investors better understand companies’ overall compensation approach and pay ratio disclosure provides a valuable additional metric for evaluating and voting on executive compensation practices and Say-on-Pay proxy proposals. CEO-worker pay ratio data will also allow investors to evaluate CEO pay levels in the context of companies’ internal compensation structures, enhancing the ability to incorporate compensation practices into financial analysis.

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<sup>1</sup> Calvert is a financial services firm that offers mutual funds and separate accounts to institutional investors, retirement plans, financial intermediaries and their clients. We offer 42 equity, bond, cash, and asset allocation investment strategies, many of which feature integrated corporate sustainability and responsibility research. Founded in 1976 and based in Bethesda, Maryland, Calvert has approximately \$12.8 billion in assets under management.

Calvert appreciates the Commission's efforts to reduce compliance costs as much as possible without reducing the benefits to investors. Given the flexibility that the Commission has provided to companies to comply with the proposed rule, including considerable flexibility through sampling or using payroll data to calculate the median, Calvert believes that the costs of compliance are reasonable and that the benefits to investors are significant.

In particular, we would appreciate the Commission's consideration of the following:

- Identification of the median for all employees.
- Timing of disclosure with annual proxy statements.
- Registrants subject to the proposed disclosure requirements.
- Disclosure of methodology, assumptions and estimates.

As always, we're happy to answer follow-up questions from the Commissioners and staff on our comments.

#### *Identification of the Median for All Employees*

We agree with the Commission that the proposed pay ratio requires the median as the point of comparison, which is consistent with Section 953(b). We also agree with commenters who have suggested that companies should be permitted to identify the median through statistical sampling techniques or other statically reasonable methods.

We also agree with the Commission expressly requiring disclosure of the median of the annual total compensation of "*all employees*", including non-U.S. employees, full-time, part-time, or temporary workers employed by the registrant or any of its subsidiaries. Investors analyze companies on an enterprise-wide basis, including subsidiaries, to properly determine risks and opportunities. In a global economy with increased outsourcing, comprehensive information about a company's pay and employment practices are material to investors. The exclusion of non-U.S. and non-full-time employees would provide an incomplete picture of a registrant's practices and diminish the validity of the pay ratio disclosure to investors.

#### *Timing of Disclosure with Annual Proxy Statements*

We agree with the Commission that, as proposed, the "pay ratio disclosure be updated no earlier than the filing of a registrant's annual report on Form 10-K or, if later, the filing of a proxy or information statement for the registrant's annual meeting of shareholders (or written consents in lieu of such a meeting), and in any event not later than 120 days after the end of its fiscal year." We recommend that the pay disclosure be limited to annual proxy statements.

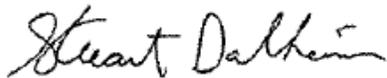
#### *Registrants Subject to the Proposed Disclosure Requirements*

We agree with the Commission that the pay ratio disclosure requirements apply broadly enough to serve investor needs and need not apply to registrants that are not required to provide summary compensation table disclosure pursuant to Item 402 (c).

*Disclosure of Methodology, Assumptions and Estimates*

We agree with the proposed requirement that registrants disclose information about the methodology and material assumptions, adjustments or estimates used in identifying the median or calculating annual total compensation for employees. We believe that supplemental information about a registrant's overall workforce compensation practices, such as the composition of its workforce, seasonal workers, part-time workers, outsourcing etc. is a critical piece of information and must be disclosed. A clear narrative discussion of the methodology of the ratio and its components, along with supplemental information is needed for investors to: ensure that calculations were done correctly, compare both among companies and within a company, and have the context to evaluate a company's investment outlook.

Sincerely,



/s/ Stuu Dalheim

Stuu Dalheim  
Director, Shareholder Advocacy



/s/ Erica Lasdon

Erica Lasdon  
Senior Sustainability Analyst