



The Forum for Sustainable and Responsible Investment

March 7, 2017

Michael S. Piwowar
Acting Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Via email to rule-comments@sec.gov

RE: COMMENTS ON RECONSIDERATION OF PAY RATIO RULE IMPLEMENTATION

Dear Chairman Piwowar:

US SIF: The Forum for Sustainable and Responsible Investment is submitting this comment letter in response to the February 6, 2017, *Statement on the Commission's Pay Ratio Rule Implementation* and associated request for comment. US SIF strongly affirms its support for Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and urged the SEC to enact this rule once the Dodd-Frank Act became law. (Please see our [letter](#) from 2013).

US SIF is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Our mission is to rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. Our 300+ members collectively represent more than \$3 trillion in assets under management or advisement. The demand for sustainable, responsible and impact investing is growing in the United States: investors now consider environmental, social and governance (ESG) factors across \$8.72 trillion of professionally managed assets, a 33 percent increase since 2014. These assets now account for more than one out of every five dollars under professional management in the United States. Additional information about US SIF and sustainable investment can be found at www.ussif.org and in our US SIF Foundation [2016 Report on US Sustainable, Responsible and Impact Investing Trends](#).

Requiring public companies to disclose the ratio of the median of the annual total compensation of all employees to the annual total compensation of the chief executive officer provides important information to investors seeking to make informed investment decisions and vote their proxies with the benefit of full transparency into a company's approach to CEO compensation.

We believe disclosure of the CEO-to-worker pay ratio is material to investors. High pay disparities inside a company can hurt employee morale and productivity, and have a negative impact on a company's overall performance. For example, pay disparity problems can send a negative message to the workforce that the contributions of all employees are not important to the company. Disclosure of the median employee pay will help investors better understand companies' overall compensation approach. Pay ratio disclosure provides a valuable additional metric for evaluating and voting on executive compensation practices and Say-on-Pay proxy proposals.

Disclosure of the CEO-to-worker pay ratio is also a key measure to ensure sound corporate governance and protection of long-term shareowner value. There is general affirmation among investors that good governance is important for protecting long-term shareowner value. Conversely, companies with governance or compensation problems set off warning lights for investors. Responsible investors and many members of the general public have expressed deep concern over escalating executive pay during the last several years as ordinary employees' incomes have stagnated. High pay disparities within companies can damage employee morale and productivity and threaten companies' long-term performance.

The pay ratio rule strikes an appropriate balance between providing useful information to investors and providing issuers with flexibility in its implementation. In a global economy with increased outsourcing, comprehensive information about a company's pay and employment practices is material to investors.

The pay ratio rule became effective on January 1, 2017. Therefore, it seems short sighted to potentially revisit this rule before it has had a chance to provide the data it was created to do. We do not believe that the pay ratio rule requires additional guidance or relief at this time.

Please do not hesitate to contact me directly at lwoll@ussif.org or 202-872-5358.

Sincerely,

A handwritten signature in black ink that reads "Lisa N. Woll". The signature is written in a cursive, flowing style.

Lisa N. Woll
CEO
US SIF and US SIF Foundation

cc: Commissioner Kara Stein, SEC