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February 1, 2016

Mary Jo White
Chair, Securities and Exchange Commission
c/o Brent Fields, Secretary
100 F Street, NE
Washington, DC 20549-0609

Dear Chair White:

On behalf of Pax Ellevate Management LLC, investment adviser to the Pax Ellevate Global Women's Index Fund (PXWEX), we are writing to ask the SEC to require public companies to disclose gender pay ratios on an annual basis, or in the alternative, to provide guidance to companies regarding voluntary reporting on pay equity to their investors. We believe that pay equity is a useful and material indicator of well-managed, well-governed companies, and conversely, that companies exhibiting significant gender pay disparities may bear disproportionate risk, and that investors therefore may benefit from having such information.

The United States has required that employees performing substantially equal work be paid equally since 1963, when the Equal Pay Act of 1963 was signed into law. This was followed by the passage of the Lilly Ledbetter Fair Pay Act of 2009. However, despite having pay equity statutes in place for more than half a century, the US still has the widest male-female pay gap among all 38 countries surveyed in the International Labor Organization's 2014-2015 wage report.[i] (Globally, the World Economic Forum[ii] reports that at current rates of change, it will take more than a century for men and women to be paid equally.)

We regard gender pay inequality as a material risk to investors. We believe that companies that are best able to take advantage of the talents of the entire workforce—not just the male half—are better positioned to add value to investment portfolios, while those that discriminate are vulnerable to litigation, regulatory and reputational risk. Pay equity can also be a key driver of greater gender diversity in corporate leadership, and numerous research studies show that gender diversity has been correlated with superior financial performance over the long term.[iii]

For investors, pay discrimination can have significant impacts. In the United States, the EEOC lists 1,880 wage enforcement/litigation actions related to gender.[iv] Gender discrimination lawsuits are usually settled out of court, but many of them, particularly class actions, can be quite costly, and the time and expense involved in defending such lawsuits can be substantial. More generally, companies that do a poor job of retaining and motivating their workforces can be at a distinct competitive disadvantage.

Careful investors often look for signs of trouble before significant problems are manifest. By the time a class action is certified, for instance, it may be too late for investors to salvage value by selling securities; the damage to the share price from a report of major litigation can be nearly instantaneous. In order for investors to see signs of trouble, however, the data must be publicly available. Pay inequities may also be a sign of other, deeper problems; yet pay ratios by gender are not required to be reported by companies in financial filings, and very few companies report on this issue. We believe that wage disparities by gender continue to exist, in part, because of the secrecy that surrounds compensation at many public companies.

As investor interest in gender diversity has grown, companies are increasingly reporting on executive and board diversity. The SEC has accordingly issued guidance to companies in its amendments to item 407(c) of Regulation S-K, requiring disclosure of whether, and if so how, a nominating committee considers diversity in identifying nominees for director.

Just as concern over board and management diversity has grown, so has concern over the disparity between executive pay and median pay at corporations, which was addressed in the Dodd-Frank Wall Street Reform and Consumer Protection Act, and has now also been implemented in an SEC rule. We note in this regard the discussion of compensation policies and their relation to risk management in Regulation S-K Section 229.402. While neither the new pay ratio rule nor Reg S-K specifically addresses gender pay disparity, the logic behind the disclosure of both is the same: companies that discriminate against any class of employees, or allow large pay disparities to exist among classes of employees, bear increased regulatory, litigation and reputational risk.

We believe that the materiality of gender pay ratios clearly falls within the definition of materiality as set forth in the SEC's Staff Accounting Bulletin No. 99: "A matter is 'material' if there is a substantial likelihood that a reasonable person would consider it important." In a competitive global economy, we consider pay equity to be an increasingly important indicator of a company's ability to attract, retain, motivate and develop a first-class workforce, which is critical to business success. Reasonable investors would consider such information important, and therefore it should be disclosed.

Accordingly, we request that the SEC require that companies disclose gender pay ratios on an annual basis, or in the alternative, provide guidance to companies regarding voluntary reporting of pay equity ratios to their investors. The new SEC rule on pay ratio disclosure already obliges companies to collect the data that would be needed to report on gender pay ratios, thus alleviating any burden associated with additional data collection. We believe that reporting pay ratios by gender is a natural next step in providing investors with a more complete picture of how companies are managing compensation issues. Moreover, such disclosure is a critical step if we are to advance pay equity and fairness among men and women, which will be good for businesses and good for the overall economy.

Thank you for your consideration. We welcome the opportunity to discuss this issue with you in greater detail. Please feel free to contact us directly, or contact Julie Fox Gorte, Senior Vice President for Sustainable Investing, Pax World Management LLC (jgorte@paxworld.com, 603-501-7353).

Sincerely,

Sallie Krawcheck

Sallie Krawcheck
Chair

Joseph F. Keefe
Chief Executive Officer

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[i] International Labour Organization, "Global Wage Report 2014/2015: Wages and income inequality," 2015. http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_324678.pdf

[ii] World Economic Forum, "The Global Gender Gap Report 2015," http://reports.weforum.org/global-gender-gap-report-2015/.

[iii] See Pax Ellevate website for a list of studies that illuminate the relationship between women's empowerment and financial performance. http://www.paxellevate.com/resources/gender-research

[iv] U.S. Equal Employment Opportunity Commission, "Bases by Issue, FY 2010 - FY 2014," http://www.eeoc.gov/eeoc/statistics/enforcement/bases_by_issue.cfm.