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November 18, 2010

Via electronic delivery: *rule-comments@sec.gov*
Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

A UNIFI Company

Re: File No. S7-31-10

Dear Ms. Murphy:

We are writing on behalf of Calvert Group, Ltd. ("Calvert")[1] to provide comments on the Securities and Exchange Commission ("Commission") Rule Proposal on "Shareholder Approval of Executive Compensation and Golden Parachute Compensation Release." The proposed rule amendments seek to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") relating to shareholder approval of executive compensation (commonly referred to as "say-on-pay") and compensation arrangements between named executive officers and companies involved in certain significant transactions (commonly referred to as "golden parachute" compensation).

Calvert supports these efforts to enhance investor oversight and involvement in corporate governance through this mechanism to provide feedback on executive compensation. In response to the SEC Rule Proposal last year regarding "Shareholder Approval of Executive Compensation of TARP Recipients", we strongly urged the Commission to require the adoption of an advisory vote on executive compensation for all publicly-held companies.[2] An advisory vote requirement for all reporting

[1] 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 more than 50 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 $14.6 billion in assets under management.

[2] Calvert has a strong history of advocating the Commission for the continued improvement and enhancement of the proxy voting process, including the use of the advisory vote. See Calvert letter dated September 8, 2009 regarding File No. S7-12-09 ("Shareholder Approval of Executive Compensation of TARP Recipients"). See also Calvert letter dated November 23, 2009 regarding File No. S7-22-09 ("Amendments to Rules Requiring Internet Availability of Proxy Materials"); Calvert letter dated August 17, 2009 regarding File No. S7-10-09 ("Facilitating Shareholder Director Nominations"); Calvert letter dated October 1, 2007 regarding File Nos. S7-16-07 and S7-17-07 ("Shareholder Proposals" and "Shareholder Proposals Relating to the Election of Directors"); and

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companies will create greater broad-reaching corporate transparency and corporate accountability, further strengthening long-term shareholder interests and supporting fundamental corporate governance by rewarding appropriate risk incentives.[3] Accordingly, Calvert was pleased to see the provision for an advisory vote on say-on-pay included in the Dodd-Frank Act, and to now witness the Commission codifying this requirement in proposed Rule 14a-21 of the Securities Exchange Act of 1934.

The Dodd-Frank Act requires companies to conduct a separate shareholder advisory vote to approve the compensation of executives, as well as requires companies to conduct a separate shareholder advisory vote to determine how often an issuer will conduct a shareholder advisory vote on executive compensation.[4] The Act then directs the Commission to incorporate these requirements into the federal securities regulations. In turn, the Commission has proposed rule amendments to provide a separate shareholder vote to approve executive compensation at least once every three (3) years, and to approve the frequency of such votes on executive compensation (with the vote on the frequency to occur at least once every six (6) years). It is also proposed that reporting companies provide disclosure regarding the effect of the say-on-pay shareholder votes, including disclosure of the non-binding nature of the votes. The rule amendments also address the issuer's response to the shareholder vote on executive compensation in the Compensation Discussion and Analysis ("CD&A"), as well as require the reporting company to disclose whether and how it will implement the results of the shareholder advisory vote on the frequency of shareholder votes on executive compensation.

As stated in our 2009 letter, by providing a direct voice on compensation packages, we believe that an advisory vote on executive pay will enhance shareholder dialogue with management and provide insights to board compensation committees as they craft compensation plans. This said, we offer the following comments on the Rule Proposal, with the goal of further solidifying the power that shareholders now can exercise concerning the governance of their own companies through the advisory vote on say-on-pay.

Calvert letter dated June 12, 2003 regarding File No. S7-10-03 ("Notice of Solicitation of Public Views Regarding Possible Changes to the Proxy Rules").

3 In fact, Calvert has been very active in filing shareholder proposals of behalf of the Calvert Funds it manages, asking issuers for annual say-on-pay votes.

4 In addition, the Dodd-Frank Act, and the Commission in this Rule Proposal also address the requirement that companies soliciting votes to approve merger or acquisition transactions to provide disclosure of certain "golden parachute" compensation arrangements and, in certain circumstances, to conduct a separate shareholder advisory vote to approve the golden parachute compensation arrangements. Calvert supports this aspect of the Rule Proposal as well, but is not directly commenting upon these related rule amendments in this letter.

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Non-Mandated Disclosure for Shareholder Proposals

We agree with the Commission that the shareholder proposal on say-on-pay does not need to follow specific language or form of resolution, recognizing that the Commission is establishing strong, minimum guidelines requiring an advisory vote as it relates to executive compensation disclosure. Companies that have already implemented say-on-pay votes under pressure from shareholders provide good examples of the usefulness of allowing flexibility in this area. For instance, some companies have split votes into several sections to address a broader subset of issues. Flexibility, we believe, will encourage substantive, more meaningful disclosure, while also providing shareholders a chance to evaluate the thoroughness of an issuer's proposals in comparison to other's offerings. At the same time, we know many companies would welcome guidance as they craft language for their say-on-pay votes. Accordingly we feel that providing model language for companies to consider would be beneficial. The language the Commission required for Troubled Asset Relief Program (TARP) recipients serves as a good model.

Further, we commend the Commission's proposal to require the issuer to disclose the non-binding nature of the vote, so that information about the advisory nature of the vote is available to shareholders before they vote. It is also paramount to the completeness of the disclosure that larger issuers be required to address in a CD&A whether and, if so, how their compensation policies and decisions have taken into account the results of shareholder advisory votes on executive compensation. Such additional disclosure should be included as a mandatory principles-based topic rather than as a non-exclusive example of information that should be addressed "depending upon materiality under the individual facts and circumstances", where there is concern that such a conditioned requirement becomes so subjective as to be easily and readily dismissed, possibly resulting in no disclosure at all. It is also relevant that this disclosure speak to all previous shareholder advisory votes (or in the alternative, pertaining only to those votes over the past five (5) years) and not just to the most recent shareholder advisory votes.

The Frequency of Say-on-Pay Votes

The continuing financial crisis is teaching us that circumstances can change quickly in the financial markets. We firmly believe that shareholders need the flexibility to respond quickly to these changing conditions and, when necessary, to hold companies accountable. This flexibility is thwarted by the Commission's proposal that the frequency of the say-on-pay votes be measured by periods of six (6) years. For example, we can envision numerous cases whereby an issuer: (1) hires a new CEO with a compensation package that is radically different from the predecessor's pay the year following a say-on-pay vote; (2) decides to award a CEO a bonus or performance perquisites that are either not tied to financial performance or are done

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despite underperformance during year three following a say-on-pay vote or (3) does not tie executive pay adequately to performance, raising the possibility that even if the executive compensation is not disproportionately large at the moment, there is no way to otherwise prevent outsized pay based on mediocre or poor financial performance for future years.

In each of these circumstances, if investors are not able to file a resolution proposing a change in the frequency of say-on-pay votes for the next shareholder vote, they will be left with the same limited options (e.g. voting against members of the issuer's compensation committee) that are available now. Therefore, we believe that shareholders should be able to call for an "intervening" advisory say-on-pay vote when there has been a change in the executive compensation arrangement or similar related change in the issuer's circumstances since the last say-on-pay vote. In the alternative, we recommend that a vote on the frequency of say-on-pay votes be reduced to the lesser time span of at least every three (3) years to mitigate the number of intervening years between votes.

Of similar concern to Calvert, is the fact that the Commission also proposes to allow the exclusion of a shareholder resolution if a company has adopted a policy on the frequency of future say-on-pay votes consistent with the plurality of votes cast in its most recent vote on the frequency of future say-on-pay voting, under Rule 14a-8(10) on the basis of substantial implementation. Most importantly, the Rule 14a-8 exemption should not be available if there has been a change in the executive compensation arrangement or similar related change in the issuer's circumstances, in the time period since the most recent say-on-pay vote or the most recent frequency vote.

Ballot Choices for Frequency Votes

Calvert endorses the voting options on the frequency of the say-on-pay vote offered by the Commission (each year, every two years, every three years and abstain), recognizing though that this vote will not be binding on the issuer or the board of directors of the issuer.

Broker Discretionary Voting/Prohibition on Broker Non-Votes

Calvert also supports the notion that the say-on-pay votes themselves, as well as the votes on their frequency, are critical decisions that brokers should not be able to vote on without having received voting instructions from the beneficial owner. Therefore, Calvert supports the provision outlined in Section 957 of the Dodd-Frank Act that seeks to prohibit broker discretionary voting of uninstructed shares for, amongst other matters, shareholder votes on executive compensation.

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Application of the Rule Amendments to Smaller Reporting Companies

We acknowledge the limits inherent in the existing regulations as they relate to the disclosure of executive compensation arrangements by smaller reporting companies[5]; however, we wish to stress that problems with executive pay, including the lack of pay for performance or poorly framed incentives, are not simply issues for larger companies. Furthermore, we do not believe that an advisory vote on pay is any more burdensome for smaller companies than other routine votes, such as those for director elections or to ratify auditors, and therefore argue that it is not appropriate to exempt small reporting companies from a say-on-pay vote requirement. Accordingly, smaller reporting companies, though statutorily required to provide separate scaled executive compensation disclosure to account for their exemption from providing a CD&A, should be required to have shareholders vote to approve the compensation of those named executive officers notwithstanding.

* * *

Calvert supports the requirement of an advisory vote on say-on-pay as an important tool for investors to hold companies accountable on executive compensation as investors deserve better tools to hold executives and directors accountable. Enacting the provisions of the Dodd-Frank Act through the Commission's Rule Proposal represents a significant step to increase investor confidence in, and regulatory attention to, a core corporate governance issue, while serving to enhance the quality of the proxy voting process at the same time.

Should you like to further discuss the points raised in this letter, please feel free to contact William M. Tartikoff or Ivy Wafford Duke at 301-951-4881.

Sincerely,

/s/ William M. Tartikoff	/s/ Ivy Wafford Duke
William M. Tartikoff, Esq. Senior Vice President and General Counsel	Ivy Wafford Duke, Esq. Assistant Vice President and Deputy General Counsel

[5] Smaller reporting companies are defined as those companies with a public float of less than $75 million as of the last day of their most recently completed second fiscal quarter.

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