

March 28, 2011

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

**Re: File No. S7-40-10  
Conflict Minerals Disclosure**

Dear Ms. Murphy,

The BC Investment Management Corporation (bcIMC)<sup>1</sup> respectfully submits our investor views on the proposed rules for *Conflict Minerals Disclosure*, pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

We support the implementation of the proposed rules as they will shine a brighter light on companies that source so called "conflict minerals" originating in the Democratic Republic of the Congo (DRC) or an adjoining country. Since the late 1990s, militant groups, including local militias, Congolese and Rwandan rebels and the Congolese Army, have used control over the DRC's rich mineral deposits as a source of war financing. Once exported into the global supply chain trade, these minerals are processed into refined metals that are used in a variety of consumer products that include mobile phones and computers, medical devices, vehicles, jet engines and jewelry, among others. Today, many global companies have traces of these conflict minerals in their products thus contributing indirectly and perhaps unknowingly to the continuation of the war and human rights atrocities in the DRC (the *United Nations Security Council* recently issued a grave report about the innocent people that have lost their lives or been subjected to violence and human rights violations, women and children especially, as a result of the mining, processing and trade in DRC conflict minerals)<sup>2</sup>.

Apart from the moral issue, as investors, bcIMC believes that public disclosure from companies on their due diligence practices over the traceability of conflict minerals represents a unique opportunity to strengthen overall corporate transparency and reputational and supply chain risk management practices. These operational benefits should, in turn, contribute to long-term competitive success for companies and financial success for shareholders like bcIMC, while also helping to bring an end to the violence and human rights atrocities in the DRC.

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<sup>1</sup> bcIMC is responsible for investing the assets of public sector clients in the province of British Columbia. Public sector pension plans constitute our largest client group. At December 31, 2010, bcIMC's assets under management were approximately \$85 billion, with approximately \$10 billion invested in the shares of U.S. public companies.

<sup>2</sup> See [http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2010/596](http://www.un.org/ga/search/view_doc.asp?symbol=S/2010/596)

## **Our overall perspective:**

bcIMC commends the SEC for proposing legislation to address the issue of conflict minerals by requiring public disclosure on the part of companies dealing with these materials.

We understand that the SEC will require companies whose products contain tin, tantalum, tungsten ores or gold, to disclose to the SEC whether they are sourcing these minerals from the DRC or adjoining countries. If companies determine that they source such minerals from the DRC or an adjoining country, they must disclose information about the products, minerals, mining process and mine location with the greatest possible specificity in a special annual report.

As investors, we believe that the due diligence process outlined in the SEC draft rules will help make companies more transparent and risk-aware in their supply chain management processes. We also believe that the due diligence will make companies more conscious of the corrupt and violent nature of the conflict minerals trading practices that exist today in the DCR and adjoining countries. This process will hopefully trigger enhancements to purchasing practices in an effort to avoid reputational risks and indirect contribution to financing the conflict in the region.

## **Specific comments:**

### (1) Consistent disclosure

We specifically recommend that the SEC apply its rules to all companies, including foreign companies, that fall under SEC jurisdiction. This will stimulate policymakers in other jurisdictions to address conflict minerals supply chain transparency. You may be interested to know that, here in Canada, Bill C-571 received its first reading in September 2010. Under this proposed legislation, which bcIMC supports, Canadian companies would be required to exercise due diligence on minerals sourcing from the DRC region, and refuse to purchase any minerals that have contributed to the financing of armed groups.

We also recommend that the rules be applied to all reporting companies regardless of their size as this will improve the reporting system as a whole.

### (2) Material disclosure

There is the risk that, when faced with the new conflict minerals disclosure rules, companies will respond by eliminating all DRC minerals from their supply chain – including those that are legally mined and traded. Care is needed to ensure that the SEC conflict minerals provisions do not create unintended economic harm. The emphasis of the required disclosure should be on rendering the minerals supply chain conflict-free, not DRC-free. In this context, we recommend that the rules clearly focus company efforts on reporting about manufactured products that are not DRC conflict-free.

(3) Comprehensive disclosure

To help us make informed investment decisions, bcIMC has a number of in-house research analysts that cover the major industry groups. Based on their current knowledge and understanding of the global Mining and Metals Industry, our research team reports that armed groups in the DRC and adjoining regions also profit from mining and trade in diamonds, copper and cobalt. We recommend expanding the SEC definition of “conflict minerals” to include these minerals/gems.

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In closing, we thank the SEC for its policy leadership on conflict minerals transparency. We see this as an important initiative that will help mitigate corporate and investor risk and contribute to positive change in the humanitarian situation in the DRC. Should you have any questions with respect to bcIMC’s views, please contact me.

Sincerely,



Doug Pearce  
Chief Executive Officer and Chief Investment Officer