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The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Cost Estimates for Section 1502 of the Dodd-Frank Act (conflict minerals)

Claigan Environmental Inc. has previously submitted information on 28 October 2011, 1 December 2011, and 16 December 2011.

Claigan Environmental has been asked to clarify details provided by Claigan to the SEC concerning the cost and process of compliance to the SEC rules for Section 1502 of the Dodd-Frank Act. In particular, Claigan has been asked to expand upon differences between costing estimates it submitted and previous costing estimates submitted by the National Association of Manufacturers (NAM) and Tulane University.

The fundamental difference between the Claigan cost estimates and the NAM and Tulane estimates comes from the fact that both the NAM and Tulane estimates provide cost projections that do not reflect current industry practice in compliance programs by the vast majority of affected issuers. It would be inadvisable to use or use the NAM and Tulane costing data as the basis for an accurate cost estimate for implementation of Section 1502.

The NAM estimates were produced before the advent of the EICC-GeSI program for identification and certification of conflict free smelters. The NAM estimate does not reference "EICC," "GeSI," or the conflict free smelter program. Virtually all affected

issuers are using the EICC-GeSI process^{1 2 3 4 5 6 7 8}. The NAM hypothetical process and costs are not reflective of actual processes implemented by companies and should be disregarded.

The Tulane study does not refer to the term ‘reasonable country of origin’ and is not reflective of the SEC’s guidelines nor of current corporate programs. The Tulane costing also heavily references the NAM process which, as discussed above, is not reflective of processes implemented by the vast majority (if any) affected issuers. The Tulane process and costs should be disregarded.

We have provided an illustrative example of details of a typical compliance project for a typical issuer. The process reflects actual current and budgeted compliance projects as undertaken by affected issuers. The process here is generalized, but the variances in the process from company to company does not alter the accurate cost estimate projection.

Typical Conflict Minerals Compliance Process

A typical conflict minerals compliance effort will contain the following seven steps:

1. *Determination of “Necessary to the Functionality and Manufacturing”*
 - Identify which product lines and components 3TGs are necessary to the functionality
2. *Initial Reasonable Country of Origin Inquiry*
 - Perform an initial reasonable country of origin inquiry for affected suppliers using the EICC-GeSI Conflict Free Reporting Template

¹ AVX Corporation, “Statement on Conflict Minerals”, found at: <http://www.avx.com/docs/corporate/AVXConflictMinerals.pdf>

² Philips, “Conflict Minerals,” found at: http://www.philips.com/about/company/businesses/suppliers/conflict_minerals.page

³ Texas Instruments, “Conflict Minerals Due Diligence Tool,” found at: <http://wpl.ext.ti.com/ConflictMinerals/MainPage.htm>

⁴ Samsung, “Sourcing Minerals Responsibly,” found at: <http://www.samsung.com/us/aboutsamsung/sustainability/conflictminerals/conflictminerals.html>

⁵ Cisco, “Supply Chain Sustainability,” found at: http://www.cisco.com/web/about/citizenship/environment/docs/Cisco_Suppliers_Conflict_Minerals_Overview_2011-11-28.pdf

⁶ Lenovo, “Global Supply Chain: Lenovo’s Commitment to Social Responsibility,” found at: http://www.lenovo.com/social_responsibility/us/en/global_supply_chain.html

⁷ Molex, “Conflict Minerals Policy,” found at: http://www.molex.com/images/about/QEHS_699000_009_RevisionA.pdf

⁸ Hewlett-Packard, “Global Citizenship: Conflict Minerals,” found at: http://www.hp.com/hpinfo/globalcitizenship/society/conflict_minerals.html

3. *Interim Customer Declaration*
 - Based on the results of the initial reasonable country of origin inquiry, product or product line level declarations are produced for the issuer's products based on the EICC-GeSI conflict free reporting template
 - These declarations are for distribution, upon request, to customers
 - Initial public and website process / compliance declaration
4. *Follow Up Reasonable Country of Origin Inquiry*
 - Follow up reasonable country of origin inquiry for suppliers with 3TGs of indeterminate origin in initial inquiry using the EICC-GeSI Conflict Free Reporting Template
 - This happens three (3) to six (6) months after the initial inquiry
5. *Conflict Minerals Report*
 - Create conflict minerals report based on EICC-GeSI Conflict Free Reporting Template responses
 - Creation of improvement program for 3TGs of indeterminate origin
 - Inclusion of and reference to conflict free smelter program due diligence and traceability (cornerstone of EICC-GeSI process)
6. *Update Customer Declarations*
 - Update product line declarations based on EICC-GeSI Conflict Free Reporting Template
 - Update public and website declarations
7. *3rd Party Audit of Conflict Minerals Report*
 - 3rd party audit of veracity of statements
 - Verification of improvement program
 - Verification that due diligence described by the issuer is reflective of the due diligence process used (EICC-GeSI conflict free smelter program)

Of the seven steps in this process, Step 7--the 3rd Party Audit of the Conflict Minerals Report-- is the least well-established element and can be affected by the SEC's final rules. In general, the initial conflict minerals report produced by most issuers is expected to include a method of reducing the number of 3TGs of indeterminate origin in the following year, and due diligence as laid out by the Conflict Free Smelter Program and EICC-GeSI process.

The cost differences between the real (above) and hypothetical (NAM and Tulane) processes are billions of dollars and have been well described in previous submissions.

The NAM and Tulane costing has caused concern among industry members. Companies, in particular small businesses, using the NAM and Tulane process models, would have estimated artificially high (and significantly exaggerated) costs for conflict minerals compliance. Section 1502 does create a burden on small businesses, but not as high or disproportionate to revenue as has been reported. In a number of cases, we have quoted small business programs at ~3% of the cost that they have publicly reported as their compliance estimate.