

By E-mail

Chairman Mary L. Schapiro
Commissioner Luis Aguilar
Commissioner Elisse Walter
Commissioner Troy Paredes
Commissioner Daniel Gallagher

February 1, 2012

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C.
20549-1090

Dear Chairman and Commissioners,

We are writing on behalf of various communities of investors including members of the US SIF: The Forum for Sustainable and Responsible Investment, the U.S. membership association of investors and professionals engaged in the practice of socially responsible and sustainable investing or “SRI”, and the Interfaith Center on Corporate Responsibility (ICCR), a membership association of 275 faith-based institutional investors, including national denominations, religious communities, pension funds, foundations, hospital corporations, asset management companies, colleges, and unions.

As sustainable and responsible investors, we carefully assess the prudent management of risk in companies’ global supply chains and we have been particularly concerned in recent years by the use of certain minerals, namely tin, tantalum, tungsten and gold, to fund the continuing bloody conflict in the Democratic Republic of the Congo (DRC). For this reason, we have supported Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and subsequently submitted as a group with additional investor colleagues recommendations to the SEC in November 2010¹ and March 2011². We have also joined together with major affected companies and human rights groups in a multi-stakeholder group united around common objectives in the rule-making process.

We have brought to this process not only our expertise in evaluating human rights-related risk in global supply chains, but also our objective of making conflict mineral-related disclosures consistent and accessible to all investors. We are encouraged by recent indications that the rule may be finalized in the coming weeks, especially given the urgent legislative intent to address the situation in the DRC. Yet at the same time we understand the tough issues at stake in the rulemaking process and the painstaking

¹ <http://www.sec.gov/comments/df-title-xv/specialized-disclosures/specializeddisclosures-54.htm>

² <http://www.sec.gov/comments/s7-40-10/s74010-158.pdf>

work undertaken by the Commission in order to reconcile that legislative intent with the interests of investors and issuers alike.

We write now to convey our views on five specific issues that are critical to us as investors as the final form of the rule is resolved. At stake in each of these issues is the extent of useful disclosures for investors that will allow us to assess the degree of risk posed by conflict minerals in the supply chains of hundreds of issuers.

1. Equal Requirements for all Minerals

Reporting standards should be consistent with the statutory language of Section 1502 and should therefore apply disclosure rules equally to all stipulated conflict minerals—namely tin, tantalum, tungsten and gold. For example, gold has been a key contributor to conflict financing in the DRC. In our view, the provision of special conditions or exemptions for gold or any other mineral would weaken the intent of the disclosure rules. Greater transparency in the gold supply chain is critical to an investor's ability to evaluate company supply chain sourcing practices in the DRC. We also note that the Organisation for Economic Co-operation and Development (OECD) Guidance specifically applied to gold, and that a final gold supplement is expected to be completed in early 2012.

2. Filed Versus Furnished Reporting

Given the materiality of the data in evaluating a company's risk, we urge the Commission to require all information outlined in the proposed rule to be filed in the body of the annual report rather than furnished as an exhibit. This will allow investors greater assurance that conflict minerals disclosure is as comprehensive, transparent and accurate as possible.

3. Adopt OECD Due Diligence and Robust Third Party Audits of Due Diligence

Comprehensive rule-making that holds companies to a high due diligence standard together with robust third party audits will allow investors to assess a company's willingness and ability to avoid sourcing conflict minerals funding armed groups in the eastern DRC. Accordingly, we recommend that the rule not only refers to the OECD Due Diligence Guidance and Supplements, but that issuers should also disclose the steps that they took to complete the OECD due diligence required. Further, we recommend an independent third party audit of the due diligence report to include a review of management systems and processes, and of conclusions reached.

3. Reasonable Country of Origin Inquiry

The primary objective of the legislation is to determine whether issuers are using conflict minerals from the DRC and surrounding countries. The reasonable country of origin inquiry standard should be one that requires a covered issuer to take sufficient steps to accurately determine and disclose whether its conflict minerals originate from the DRC.

We believe that issuers should disclose the steps that they have taken to complete this inquiry.

4. Indeterminate Origin

Allowing issuers to declare indeterminate origin of their Conflict minerals without describing the steps they have taken to make their determination leaves investors with insufficient material information to evaluate a company's supply chain risk. We urge the Commission to require reporting to be sufficiently detailed to inform investors of the steps an issuer has taken to determine whether the minerals the issuer purchases come from the DRC or an adjoining country.

5. Delays in Issuance of a Final Rule

Investors must be able to distinguish companies that are working on responsibly sourcing their minerals soon after the rule is finalized. Therefore, we request that companies be required to disclose swiftly the steps they are taking to develop and implement systems to comply with the rule as soon as possible.

We note that the statutory language of Section 1502 states that disclosures begin "with the person's first full fiscal year that begins after the date of promulgation of such regulations..." Therefore, if, for example, an issuer starts their fiscal year on January 1, 2012 and the rules are not released until mid-February, the issuer will not face a reporting burden until the 2013 reporting period which in turn creates a significant delay in the reporting requirements of the legislation. Given that the law itself was passed in July, 2010, issuers will have had more than two and half years before having to start collecting information to report, hence creating a de-facto phase-in period and delaying the date at which investors will be able to assess issuers' supply chain risk related to conflict minerals. We therefore urge the Commission to take this significant time factor into consideration in defining a reasonable, achievable, but quick timeline for issuers to disclose and report on conflict minerals in their supply chain.

We commend the Commission for its comprehensive and conscientious rulemaking process for Section 1502, and its willingness to address the full range of complex and sensitive issues raised by issuers, investors and stakeholders in the human rights community alike and appreciate the consideration of our views over the last year.

Sincerely yours,

Boston Common Asset Management, LLC



Calvert Asset Management Co., Inc.



Interfaith Center on Corporate Responsibility



Jesuit Conference of the United States



Marianist Province of the US



Mercy Investment Services, Inc.



Missionary Oblates of Mary Immaculate



Responsible Sourcing Network, a project of As You Sow



Sustainalytics



Trillium Asset Management



Tri-State Coalition for Responsible Investment

