

CONFLICT RISK NETWORK

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February 7, 2012

VIA Email

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

Re: Regulations for Sections 1502 and 1504 to the Dodd-Frank Wall Street Reform and Consumer Protection Act Implementation

Dear Chairman Schapiro,

Thank you for the work you and your staff are doing to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Act”).

On behalf of the Conflict Risk Network (“CRN”), I am writing to express concern that the Securities and Exchange Commission (“SEC”) has not yet issued final rules to implement sections 1502 and 1504 of the Act. These sections require companies registered with the SEC to report whether their products contain minerals from the Democratic Republic of the Congo (“DRC”) or neighboring countries and to report how much they pay the U.S. and foreign governments for access to their oil, gas, and minerals.

CRN is a network of institutional investors, financial service providers and related stakeholders calling upon corporate actors to fulfill their responsibility to respect human rights and to take steps that support peace and stability in areas affected by genocide and mass atrocities. To this end, CRN leverages established principles and standards, and works with leading business, human rights and country

experts, companies, and organizations on the ground to develop specific corporate recommendations in areas of concern.

Our approach is founded on the premise that companies have a responsibility to respect human rights, which includes acting with due diligence to avoid infringing on the rights of others, and addressing any adverse impacts that might occur. In addition, we call upon companies to take steps that, while beyond their basic responsibility to respect human rights, can contribute to a peaceful and stable environment that poses fewer risks to civilians and the companies themselves.

CRN highly values corporate disclosures as a result of due diligence processes concerning the environmental, social, political, and governance factors that pose risks to peace and stability in the areas where companies conduct business or operate. These factors expose companies to significant operational, financial, legal and reputational risks – financial support for armed conflict, actual or perceived association with corrupt foreign officials, human rights violations, or disruption to operations due to social unrest – that similarly affect investors and stakeholders.

Accordingly, CRN supports strong disclosure requirements for Sections 1502 and 1504 of the Act, to hold companies to a high human rights due diligence standard and to a greater level of transparency. We urge the SEC to resist pressure to release a weak rule that does not follow the clear statutory language and legislative intent of Sections 1502 and 1504.

We further urge the SEC to issue rules to these sections as soon as possible so that their implementation processes may begin. CRN believes that the delayed release of strong final rules creates a climate of uncertainty for companies and investors, and endangers civilians living in resource-rich but conflict-affected areas such as the DRC. Companies currently lack formal guidance to develop due diligence processes and systems necessary for full disclosures under the Act, and this uncertainty causes significant risks to investors. CRN's members are especially concerned that the absence of strong rules exposes civilians living in conflict-affected areas to heightened violence and instability as funds derived from the oil, gas and minerals sectors are used to finance armed groups.

For these reasons, CRN urgently welcomes strong regulations to Sections 1502 and 1504 of the Act that allow for a better understanding of the steps corporate actors can take to fulfill their responsibility to respect human rights and to support peace and stability when operating in areas affected by genocide and mass atrocities. We thank the SEC for its time and attention to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Mulvey". The signature is fluid and cursive, with a large loop at the end.

Kathy Mulvey
Director
Conflict Risk Network

Cc: - Chief of Staff Jim Burns
The Hon. Elisse B. Walter, Commissioner

The Hon. Luis A. Aguilar, Commissioner
The Hon. Troy A. Paredes, Commissioner
The Hon. Daniel M. Gallagher, Commissioner