



November 12, 2010

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

**Re: SEC Initiatives under the Dodd-Frank Act
Special Disclosures Section 1502 (Conflict Minerals)**

Dear Chairman Schapiro:

As a responsible investor with holdings across a variety of sectors (automotive, electronics, food producers, medical device companies, and tool manufacturers) with potential exposure to conflict minerals sourced from the Democratic Republic of Congo (DRC), Church of the Brethren Benefit Trust supports the passing of the Special Disclosures Section 1502 (Conflict Minerals) of the Dodd-Frank Wall Street Reform and Consumer Protection Act or “Dodd-Frank Act”. We are a member of ICCR (Interfaith Center on Corporate Responsibility), a membership organization of 275 faith-based institutional investors representing 100 billion in assets under management that advocates for ethical business practices across a wide variety of social justice issues, including successfully engaging companies over the past fifteen years on global supply chain risks.

Our support of the Special Disclosures Section 1502 is predicated on the SEC’s ability to promulgate rules that:

Protect investors – by requiring a high level of disclosure within a company’s supply chain that will allow investors to evaluate supply chain policies and practices, make company to company comparisons, and calculate the level of risk associated with conflict mineral sourcing, and

Have an effect on a significant public interest which impacts shareholder value – by establishing and enforcing comprehensive rules that reduce the risk of the proliferation of damaging and destabilizing sourcing practices in the DRC and neighboring countries.

A. Protecting investors through improved disclosure and reporting on environmental, social and governance (ESG) factors.

We are actively advocating for improved corporate reporting on ESG factors because they pose material risks that affect investors but are generally not disclosed. Of the three categories of factors that we are concerned about, investors have pressed companies for improved measurement and accounting on the “S”, or social risk factors, which include labor practices, working conditions, slave labor and human rights, identifying them as social risk factors that require improved measurement and accounting. As fiduciaries with a long-term view of capital appreciation that must meet the interests of multiple generations of beneficiaries, we have

concluded that seeking, interpreting, and integrating such ESG information into our investment decision-making process is necessary and prudent.

Under this banner, we believe responsible supply chain risk management is an essential measure of sound governance. Therefore, we believe that sourcing of conflict minerals, which exposes companies and its shareholders to supply and reputational risks, from within or outside the DRC must be disclosed. The Dodd-Frank Act mandates annual reporting by a ‘regulated person’ who sources conflict minerals. For the regulated person to be able to say that they do not source from the DRC, that regulated person should perform a reasonable inquiry into the origin of minerals and a stated basis (with auditable business records) for any determination that the origin is not the DRC or an adjoining country. If the regulated person uses conflict minerals that originated from the DRC, then they must provide a “description of the measures taken to exercise due diligence.” (See [Section 1502 p A (i)])

As investors, we believe it is critical to develop mechanisms to enforce supply chain transparency by companies that use conflict minerals for the functionality of their products. Our specific recommendations to the provision are detailed below.

B. Having an effect on a significant issue of public interest

As an issue of public concern, the on-going humanitarian crisis in the DRC presents potential reputational and financial risk to companies unknowingly sourcing conflict minerals from war zones in the DRC and neighboring countries. As a result, investors would like to have a better understanding of how companies manage the impacts of conflict minerals throughout their supply chain.

Numerous reports have highlighted the consumer and public demand for companies to address the conflict minerals issue over the last few years:

- “Faced with a Gun, What can you do?” (<http://www.globalwitness.org/fwag/>)
- “From Mine to Mobile Phone” (<http://www.enoughproject.org/files/publications/minetomobile.pdf>)
- “Driven by Corporate Social Responsibility? Top Ten Car Manufacturers: A CSR Analysis” (http://somo.nl/publications-en/Publication_3433/view)
- Congo’s Gold episode on 60 Minutes (<http://www.cbsnews.com/video/watch/?id=5825990n&tag=mncol;lst;5>)

A recent report “*The State of Play of Human Rights Due Diligence: Anticipating the Next Five Years*” published by the Institute for Human Rights and Business (June 2010) highlights the need for companies to implement human rights due diligence policies and procedures. According to the report, investors, consumers, and other concerned stakeholders are requiring more transparency and traceability mechanisms in supply chains to mitigate a company’s human rights risk exposure. Conflict minerals sourced from the DRC is just one recent example of human rights risk found in company supply chains, since groups on the ground have documented the flow of mineral revenues to armed groups committing egregious human rights violations.

How investors will use Conflict Minerals Special Disclosures Act- Section1502

The SEC's proposed rules will be used by investors to assess a company's risk exposure to sourcing from conflict zones and the company's approach to managing those risks. Comprehensive rule making that holds companies to a high due diligence standard, and robust third party audits, will allow investors to assess a company's ability to reduce its contribution to an externality (sourcing from conflict zones in the DRC), and gauge the company's ability to internalize the associated costs of responsibly managing its supply chain. In addition, it will give investors a better understanding of what companies are doing to address the challenge of mineral revenues funding armed groups in eastern DRC.

By incorporating the recommendations listed below, the SEC can give investors important assurances that the Conflict Minerals Special Disclosures Act-Section 1502 will adequately protect investors and effectively address a significant public concern.

Reporting

Clearly any link in a company's supply chain which has the potential to facilitate the breach of fundamental human rights is not only unacceptable as a matter of policy and principle, but is also damaging to a company's reputation and the value of our investments. There also exists a moral imperative for both investors and companies alike to ensure they are not inadvertently complicit in the systemic rape, torture and killing of innocent civilians in the DRC. We support the level of disclosure being required under the Act for companies regarding due diligence measures to identify conflict minerals in products manufactured by them. This disclosure will provide investors with essential information to evaluate the social, environmental, governance and moral impacts associated with a company and inform investors' decision-making practices.

As investors, we recommend the public reporting rules for the Conflict Minerals Special Disclosures Act- Section 1502 include:

1. Whether through an independent or industry-wide process, for a due diligence procedure to be reliable, it should contain the following elements and demonstrate a reasonable standard of care when implementing the following elements:
 - a. Conflict minerals policy.
 - b. Supply chain risk assessment due diligence, which includes a description of efforts made and result of efforts to obtain information below.
 - c. A description of policies and procedures to remediate instances of non-conformance with the policy, and the subsequent outcomes of the remediation procedures.
 - d. Independent third party audit of the due diligence report, which includes a review of the management systems and business records.
 - e. Smelter auditing mechanism by an independent third party.
 - f. When it is determined that incoming minerals originate from DRC or neighboring countries, the third party audit, made available via a publicly available website, should additionally include:
 - i. On the ground assessment (including site visits)

- ii. all taxes, fees or royalties paid to government for the purposes of extraction, trade, transport and export of minerals;
 - iii. any other payments made to governmental officials for the purposes of extraction, trade, transport and export of minerals;
 - iv. all taxes and other payments made to military or other armed groups;
 - v. the ownership (including beneficial ownership) and corporate structure of the exporter, including the names of corporate officers and directors; the business, government, political or military affiliations of the company and officers;
 - vi. the mine of mineral origin;
 - vii. quantity, dates and method of extraction (artisanal and small-scale or large-scale mining);
 - viii. locations where minerals are consolidated, traded, processed or upgraded;
 - ix. the identification of all upstream intermediaries, consolidators or other actors in the upstream supply chain, including; and
 - x. transportation routes.
- g. Issuance of a publicly available report which includes or references all of the above.
 - h. Due diligence procedures that are consistent with internationally recognized policies and procedures such as the Organization for Economic Cooperation and Development (OECD) Draft Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, the ITRI Tin Supply Chain Initiative, and others.

Prior to the financial reform bill being enacted into law as the Dodd-Frank Act, many investors actively engaged individual companies in these sectors to establish due diligence processes in their supply chains in order to assess their exposure to conflict minerals sourced from the DRC. Over the past 12 months, there have been several initiatives where investors have played a vital role in addressing the issue of conflict minerals:

- In 2009 a core group of investors worked closely with a few electronics companies to address this issue through the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative's (GeSI's) metals supply chain mapping project with RESOLVE.
- Over the past nine months, there has been ongoing engagement with a core group of U.S., European and Japanese electronics companies through the UN Principles for Responsible Investment's (UN PRI) outreach efforts.
- In April, a group of over 60 investors representing \$200 billion, signed onto an Investor Statement which was sent to over 110 global companies to broaden the response by companies outside the electronics sector on this issue. Engagement with these companies is on-going.
- In May, investors participated in the "Multi-stakeholder Conflict Minerals Forum" in Washington, DC which aimed to bring together leading companies, investors and civil society organizations to share information on current efforts and determine next steps companies can take to address the challenges of sourcing minerals from the DRC. The Forum was jointly convened by the Responsible Sourcing Network, a project of As You Sow, and BSR, Business for Social Responsibility.

The group that met in May 2010 convened a multi-stakeholder Policy and Diplomacy Committee co-chaired by industry and NGO representatives. There are several investor representatives on this Committee and we support the way the Committee has been working to include the perspectives of investors, companies and civil society organizations in determining consensus recommendations to submit to the SEC. While the Committee is submitting its own recommendations, as investors, we are submitting this document because we want to highlight key recommendations that are of particular importance to us, that we would like to see incorporated into the SEC's rules pertaining to provision 1502.

To address the challenges in the DRC, investors support a three-pronged approach, which includes supply chain responsibility, government engagement and diplomacy, and economic development and capacity building.

Supply Chain Responsibility

To ensure companies are being responsible and addressing potential hidden risks in their supply chains, investors support meaningful reporting and transparency by companies on their due diligence procedures by implementing the following:

1. Policies and procedures effective in identifying the origin of raw metals in their products and ensuring conflict minerals from conflict zones in the DRC are not entering into their supply chain, this should include supply chain risk mapping.
2. Documentation related to how the company is working with suppliers throughout their entire supply chain to ensure internal policies on sourcing conflict minerals are being adhered to including non-conformance and remediation results.
3. Public reporting of policies and procedures and their implementation including public reporting of smelter audits and a third party independent audit of their report (including a review of management systems and business records).

Government Engagement and Diplomacy

1. Joint action by the DRC government, regional governments, key mineral end-user governments such as the United States, private sector industries, and international and Congolese civil society is needed to end conflict-related abuses, slavery and other human rights violations.
2. The US Department of State and the US administration should play a key role in hosting peace talks to promote a peaceful solution between the warring parties and a demilitarization of the DRC.

Economic Development and Capacity Building

1. All stakeholders should do their individual part and work together to engage in capacity building and supporting ethical and environmentally sustainable mining from the DRC and adjoining countries. These efforts should contribute to the economic empowerment of local communities rather than a loss of jobs by directly or indirectly banning minerals from the DRC.
2. The US State Department and USAID should work with the UN, its agencies, and other global and local entities to address the general needs of improved health, education, infrastructure and governance in the DRC.

We appreciate the opportunity to submit comments in advance of a proposed Commission regulation. As investors, we believe the SEC has a historic opportunity to promulgate rules that will improve the functioning of our financial system and address a significant public concern.

Should you or any of your staff have additional questions, you can contact me at 847-622-3369.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Mason", with a long horizontal flourish extending to the right.

Steve Mason
Coordinator of Socially
Responsible Investing Activities