



June 29, 2012

World Gold Council
10 Old Bailey
London EC4M 7NG
UK

Via email: conflictfreestandard@gold.org

Re: World Gold Council Conflict-Free Gold Standard Exposure Draft

Dear Sir or Madam:

We are writing in response to the World Gold Council (WGC) request for comments on the revised exposure draft for its Conflict-Free Gold Standard¹. We welcome the WGC's initiative to develop a standard, and to proactively seek input on the draft from a wide range of stakeholders. This letter follows up on our comments² on the previous exposure draft.

With approximately C\$5 billion in assets under management, NEI Investments' approach to investing incorporates the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategy and operations will build long-term sustainable value for all stakeholders, and provide higher risk-adjusted returns to shareholders. Through our company evaluations, our active engagement with the companies in our funds, and our issues research, we have developed considerable insight into good practices and weaknesses in corporate practice with respect to the mining industry, which we endeavour to share in the context of consultations on public policy and standards. Gold miners are strongly represented on Canadian exchanges, and within its funds, NEI Investments has holdings in a number of large gold mining companies. We have well-established ongoing dialogues on ESG issues with several members of WGC.

Overall, we feel that the current revisions have significantly improved and strengthened the standard draft, as well as substantially addressing the queries raised in our earlier letter. We offer the following additional comments.

Clarifying expectations of WGC members

We recommended previously that it should be clarified whether or not application of the standard is voluntary or mandatory for WGC members. Our understanding of the revised draft is that application of the standard is indeed mandatory for WGC members; if the assessment process reveals that some operations are not in conformance with the standard, the company must then begin work to remediate the situation (page 6). If this understanding is not correct, the draft should be clarified.

¹ World Gold Council. Conflict Free Gold Standard. [Online 2012]. http://www.gold.org/about_gold/sustainability/conflict_free_standard/

² NEI Investments. World Gold Council Conflict-Free Gold and Chain of Custody Standards. [Online 2011].

<https://www.neinvestments.com/neifiles/PDFs/5.5%20Public%20Policy%20and%20Standards/WGC%20Conflict%20Free%20Gold%20Standard.pdf>

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We believe that mandating adherence to a conflict-free standard for WGC members would have reputational benefits for the industry.

Completing the assessment even if non-conformance is identified / public disclosure of assessment results

We had suggested that there was value in companies completing and disclosing the assessment even if some elements of non-conformance are identified at company level, or in relation to a specific mine. We are pleased to note that the revised draft includes an expectation that companies will make a public statement of conformance (or non-conformance) with the standard (page 5). This could facilitate identification of industry-wide patterns of non-conformance on specific issues or in different regions, as well as highlighting leadership companies that have found solutions to issues that challenge peers. It would also assist investors to have access to disclosure of comparable information on conflict risks relating to specific companies or operations. To this end, the standard could include a suggested format for disclosure: this would make it easier for users to compare information provided by different companies.

Complaints regarding inaccuracies

We note the WGC's reluctance to handle complaints regarding inaccuracies in Statements of Conformance because of the potential conflict of interest that this could create (page 6). However, the current draft does not provide clear guidance on handling of such complaints, a gap which could impact the credibility of the standard. As a minimum, the standard could include requirements for companies to provide details on how to report a complaint about an inaccuracy; to disclose on complaints; and to rectify inaccuracies if any justified complaints are identified.

In conclusion, we once again commend the WGC for undertaking the conflict-free gold standards initiative, and for opening the standard draft to public comment. We see significant value in the revised standard as a means to address the issue of linkages between minerals production and armed conflict and to increase transparency in the gold supply chain.

If you have any questions regarding this letter, please do not hesitate to contact me.

Sincerely,

NEI Investments

A handwritten signature in black ink that reads "Michelle de Cordova". The signature is fluid and cursive, with a long horizontal flourish at the end.

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CC:

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Board of Directors, NEI Investments