

Boston Common Asset Management – Dominican Sisters of Hope – Mercy Investment Program  
– Sisters of Mercy, Region of Detroit, Ursuline Sisters of Tildonk, U.S., General Board of  
Pension and Health Benefits, The United Methodist Church – Christian Brothers Investment  
Services – Trillium Asset Management - Progressive Asset Management – MMA Praxis Fund –  
Tri-State Coalition for Responsible Investment – KLD Research & Analytics, Inc. – Missionary  
Oblates of Mary Immaculate – Evangelical Lutheran Church in America

November 23, 2005

Ms. Rachel Kyte  
Director, Environment and Social Development Department  
International Finance Corporation  
2121 Pennsylvania Avenue NW  
Washington, DC 20433

**Re: Final Comments on the Disclosure Policy and Performance Standards from Social Investors**

Dear Ms. Kyte:

We appreciate the opportunity to provide our final comments on the IFC's Performance Standards and Disclosure Policy before the public comment period closes. We have provided extensive recommendations in two letters submitted on August 17, 2004 and on April 29, 2005 from socially responsible investors representing over \$117 billion in assets. Previous correspondence is enclosed for your reference. We are writing to express our ongoing concern that while the public comment period was extended, we do not see many substantive changes to the Performance Standards or Disclosure Policy from the recommendations provided by companies that are IFC clients, civil society organizations, and investors over the last year.

We also do not perceive willingness from the IFC to make meaningful changes at this stage in the process and believe this is much need for improvements.

While we believe that the IFC has the potential to be the premier lender in the developing world it must ensure that its Performance Standards and Disclosure Policy reflect best current policies and practices addressing human rights, community participation and engagement and monitoring and reporting. The current draft of the Performance Standards and Disclosure Policy do not reflect best practices and in some cases private financial institutions have higher standards, which we encouraged the IFC to review and incorporate during our November 2, 2004 meeting.

In addition to the specific recommendations previously submitted, the following are key concerns we continue to have related to the proposed IFC Performance Standards and Disclosure Policy:

1. **Strengthening IFC Accountability** - The proposed new system provides IFC with increased flexibility and discretion in making lending decisions but does not call for a parallel strengthening of the IFC's own accountability or improved system of monitoring and oversight that ensures that IFC clients are adhering to IFC's policies.
2. **Corporate Screening and Minimum Standards** - We continue to recommend that the IFC implement corporate screening and establish minimum standards related to compliance with international and local labor laws, egregious human rights violations, connections to repressive regimes and patterns of environmental problems. Despite the EIR recommendations adopted by the World Bank and the IFC's Ombudsman's recommendation, the IFC policy does not address corporate screening or the human rights record of clients.
3. **Dilution of Existing Performance Standards** – There are key areas where existing standards have been weakened. Third-party, independent assessments (PS 1) are no longer required, contradicting the IFC's own Ombudsman's observation that the IFC needs to improve the quality and oversight of its assessments. Additional standards that have been diluted include requiring broad community support for only large projects with significant impacts while the World Bank's current Indigenous Peoples Policy calls for broad community support for any project affecting indigenous peoples' traditional lands, territories and resources. Through our work with extractive industry companies in the public sector, not having the consent of the community in projects exposes the IFC and its clients to financial and reputational risks as demonstrated by what occurred at Tambogrande and Yanachoca mines in Peru in past years. In 2004, Newmont Mining walked away from 3.7 million ounces of gold reserves because of lack of community consent.
4. **Integrating World Bank EIR Recommendations** - Several policies that were adopted by the World Bank Board from the final EIR recommendations are not mentioned in the IFC policies. Designation of no-go zones such as World Heritage Sites or IUCN Protected Areas I-IV, consideration of performance bonds or insurance for re-settlement and the use of security forces to protect project sites in line with the US/UK Voluntary Principles on Security and Human Rights are missing elements.
5. **Pollution Related Health Impacts** – The Performance Standards do not address the health impacts of pollution under PS 4 - Community Health and Safety or PS 3 – Pollution. This could expose the IFC and its clients to significant reputational and financial risk as demonstrated by the civil and criminal cases brought against Newmont Mining in Indonesia related to the use of submarine tailing disposal and the alleged health impacts to the local communities. The IFC should require clients to assess and anticipate pollution-related health impacts on communities including establishing baseline data and include provisions for ongoing monitoring, assessment and response to health impacts directly caused by projects.

6. **Climate Change** – The IFC should have a comprehensive climate strategy that applies both to new projects under consideration and to the IFC portfolio as a whole. The climate change strategy should address the direct and indirect greenhouse gas emissions of all IFC-financed projects, including industrial and manufacturing, new construction, and projects financed through financial intermediaries.

Thank you for your consideration of these suggestions. We urge you to consider including these recommendations and others that have been proposed in this final comment period to maintain the IFC's credibility as a proponent of sustainable development in the developing world. We look forward to your response so that we might better understand the rationale for not including these important elements.

Please contact Lauren Compere, Chief Administrative Officer at Boston Common Asset Management with any questions related to this letter and our recommendations. She can be reached at (617) 720-5557 or lcompere@bostoncommonasset.com.

Sincerely,

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