

**Calvert Group Ltd., Citizens Funds, Domini Social Investments,
Green Century Capital Management, Parnassus Investments,
Trillium Asset Management, Walden Asset Management**

Contact: c/o Rose Foundation, 6008 College Ave., Ste. 10, Oakland, CA 94618, (510) 658-0702

August 21, 2002

Mr. Harvey L. Pitt, Chairman
Securities and Exchange Commission
450 Fifth Street, NW, Room 6012
Washington, DC 20549

Dear Chairman Pitt:

We write on behalf of the undersigned investment firms, with over \$13 billion in assets under management, to support calls for much-needed reform of securities disclosure requirements in light of the recent bankruptcies of Enron, WorldCom and other major U.S. companies. Improved financial disclosure and strict guidelines regarding auditor independence are critically needed to ensure the health of our financial markets and to restore investor confidence.

In particular, we draw your attention to a critical area of disclosure, the disclosure of financially significant environmental risk. Accurate and consistent disclosure of environmental risk is needed to protect investors from the adverse impact of undisclosed liabilities, obligations and impairments. Moreover, such disclosure is consistent with the direction President George W. Bush urged in his speech on March 7, at the Malcolm Baldrige National Quality Award, when he stated: "A firm should be loyal to the community, mindful of the environment." Furthermore, a novel and aggressive approach to enforcement of environmental disclosure laws so that all liabilities are accounted for, is consistent with the remarks made by President Bush made during an early August speech delivered in Charleston, SC: "If you're a CEO and you think you can fudge the books in order to make yourself look better, we're going to find you, we're going to arrest you and we're going to hold you to account."

We note the Commission's press release of February 13, 2002, in which the commission stated its intention to propose rules:

-[to] expand the list of significant events requiring current disclosure on existing Form 8-K. Such events could include ... obligations that are not currently disclosed.

In the release, the Commission stated that such disclosure might include:

- Defaults and other events that could trigger acceleration of direct or contingent obligations.
- Transactions that result in material direct or contingent obligations not included in a prospectus filed by the company with the Commission.
- Any loss or gain of a material customer or contract.
- Any material write-offs, restructuring or impairments.

In the release, the Commission further stated that it intends to propose amendments to expand the disclosure required under its rules for Management's Discussion and Analysis of Financial Condition and Results of Operations [MD&A] that provide:

information on events or uncertainties known to management that would have a material impact on reported financial information. Such disclosure would assist investors in understanding a company's financial condition, changes in financial condition, and results of operations.

To this end we urge the Commission to address the disclosure of financially material environmental liabilities. Information collected by other federal agencies underscores the urgent need for SEC attention to the matter. For example, in 1998, the Environmental Protection Agency's Office of Enforcement and Compliance Assurance completed a study that found that 74 percent of companies failed to report in their 10-Ks cases in which environmentally related legal proceedings could result in monetary sanctions over \$100,000. The failure to report these events is a violation of SEC regulation S-K, and leaves investors at a distinct disadvantage, because they cannot fully assess a corporation's assets and liabilities.

Complete and accurate disclosure of financially significant environmental liabilities is important to help investors understand portfolio risk. We expect that the Commission would concur that such disclosure provides investors with information critical to their ability to anticipate and quantify contingent obligations or impairments of assets due to major environmental obligations, regulations, or litigation.

In order to clarify the intent of the SEC's material disclosure requirements with respect to financially significant environmental liabilities and help ensure compliance with existing material financial disclosure requirements, we urge the Commission to adopt the standards for estimation and disclosure of environmental liabilities developed by the American Society for Testing and Materials International (ASTM), the Standard Guide for Disclosure of Environmental Liabilities [E 2173-01] and the Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters [E 2137-01]. These standard guides, which were developed by a consensus process conducted by one of our nation's leading engineering organizations, provide guidance to companies for the accurate estimation of environmental liabilities and explicitly require reporting companies to aggregate environmental liabilities to determine whether they exceed the SEC's materiality threshold. The ASTM's development of these standards has been backed by the insurance industry, in response to the current paucity of information about the financial significance of environmental liabilities. Disclosure consistent with the ASTM standards would provide investors with standardized information critical to their evaluation of the financial risk associated with a company's environmental liabilities. Complete and accurate disclosure of financially material environmental risk furthers the Commission's mission of protecting investors and the public, and protecting and restoring public confidence in our markets and in publicly traded companies.

We would be pleased to discuss this matter further, and look forward to the Commission's response.

Sincerely,

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