



February 22, 2017

The Honorable Michael S. Piwowar
 Acting Chairman
 U.S. Securities and Exchange Commission
 100 F Street, NE
 Washington, DC 20549-0609

Dear Acting Chairman Piwowar,

We, the undersigned organizations, write to you to express our support for the conflict minerals rule promulgated by the Securities and Exchange Commission (SEC) pursuant to Section 1502 of the Dodd-Frank Act. This rule protects investors by requiring the disclosure of material risks in U.S. companies' supply chains that may result from sourcing minerals from the Democratic Republic of the Congo (DRC) and its surrounding countries. We urge the SEC to fulfill its mandate and enforce the federal securities laws including through the full implementation of the conflict minerals rule.

Passed by Congress with bipartisan support in 2010, Section 1502 requires U.S.-listed companies to disclose whether any of the minerals (namely tungsten, tantalum, tin, and gold) used in their products were mined in the DRC and adjoining countries. The conflict minerals rule was prompted by the concern “that the exploitation and trade of conflict minerals originating in the [DRC] is helping to finance conflict characterized by extreme levels of violence in the eastern [DRC], particularly sexual- and gender-based violence, and contributing to an emergency humanitarian situation therein.”¹

Contrary to reports that the rule has not helped to alleviate human suffering in the DRC, the conflict minerals rule has led to positive progress on the ground. Since promulgation, there has been a major reduction in the number of conflict mines for the subject minerals in eastern DRC. More than 76 percent of the world’s smelters and refiners for these minerals have now passed conflict-free audits.² Trade in these minerals is now significantly less lucrative for armed groups.

There is also evidence that disclosure and reporting results in clear benefits to companies and investors. Research conducted by Deloitte and Ernst & Young demonstrates that conflict minerals disclosure provides material information for investors to assess the reputational risks in a company’s supply chain that may arise from human rights violations.³ As Judge Srinivasan observed in his dissenting opinion, “Such a requirement provides investors and consumers with useful information about the geographic origins of a product’s source materials.”⁴ For this reason, conflict minerals disclosure is fully consistent with the mission of the SEC to protect investors, maintain efficient markets, and facilitate capital formation. Furthermore, complying with the conflict minerals rule is not overly burdensome for U.S. companies. According to Elm Sustainability Partners, an independent advisory firm, compliance costs are 74-85% less than the initial SEC estimate.⁵

It is the duty and responsibility of the SEC to enforce *all* of our federal securities laws. Section 1502 of the Dodd-Frank Act provides material information to investors who are concerned about conflict minerals and we call on the SEC to comply with this law by maintaining its existing conflict minerals disclosure rule and regulatory guidance.

Yours sincerely,

Act4Accountability

¹ H.R. REP. NO.111-517, at 851 (2010).

² Conflict-Free Smelter Program Indicators, CONFLICT-FREE SOURCING INITIATIVE, <http://www.conflictreesourcing.org/members/active-and-compliant-smelter-count/> (last visited February 10, 2017).

³ See *Value of Sustainability Reporting*, ERNST & YOUNG & BOSTON COLL. CTR. FOR CORPORATE CITIZENSHIP (May 2013), [http://www.ey.com/Publication/vwLUAssets/ACM_BC/\\$FILE/1304-1061668_ACM_BC_Corporate_Center.pdf](http://www.ey.com/Publication/vwLUAssets/ACM_BC/$FILE/1304-1061668_ACM_BC_Corporate_Center.pdf); *Disclosure of Long-Term Business Value: What Matters*, DELOITTE (March 2012), available at http://www.deloitte.com/assets/DcomUnitedStates/Local%20Assets/Documents/us_sec_materialitypov_032812.pdf.

⁴ *National Association of Manufacturers v. Securities and Exchange Commission*, 800 F.3d 518 (D.C. Cir. 2015).

⁵ Elm Sustainability Partners LLC Comments on Reconsideration of Conflict Minerals Rule Implementation to the SEC, <https://www.sec.gov/comments/statement-013117/cll2-1565701-131655.pdf> (February 6, 2017).

AFL-CIO

Africa Action

Al-Haq

Alliance To End Slavery & Trafficking (ATEST)

ALTSEAN-Burma

Amnesty International USA

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Corporate Accountability Lab

Enough Project

FIDH

Free the Slaves

Green America

Greenpeace USA

The International Corporate Accountability Roundtable (ICAR)

International Justice Project

Investors Against Genocide

Massachusetts Coalition to Save Darfur

Maven Women

Office of Social Justice, Christian Reformed Church in North America

Project on Organizing, Development, Education and Research (PODER)

Responsible Sourcing Network

Transparency International-USA