



March 16, 2017

Brent Fields  
Secretary  
SEC  
100 F St, NE  
Washington, DC 20549

**RE: Comments on Acting Chairman Piwowar's January 31, 2017, statement on the Commission's Conflict Minerals Rule**

Dear Secretary Fields:

On behalf of the member companies of the American Apparel & Footwear Association (AAFA), we appreciate this opportunity to comment on whether the Securities and Exchange Commission (SEC) should reconsider the appropriateness of its 2014 guidance on the Conflict Minerals Regulation and whether any additional relief is appropriate. While the goals of the regulation, and underlying statute, are laudable, the regulation has had little impact on ground, while imposing a huge expense on the apparel and footwear industry.

AAFA is the national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands drawn from throughout the supply chain, AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its four million U.S. workers, and its contribution of \$361 billion in annual U.S. retail sales.

AAFA applauds the goals of the Conflict Minerals Regulation. However, our organization believes that it is not working effectively as currently drafted. This regulation is very costly for our industry, especially when one considers that the minerals in question only appear, at most, in trace amounts in apparel and footwear products. In fact, our members, regardless of size, cite annual costs of compliance with Conflict Minerals Regulation in the range of \$50,000-\$100,000. More importantly, the expense and resources the apparel and footwear industry spends to comply with this regulation has had very little benefit on the ground in the Democratic Republic of Congo (DRC) or surrounding countries.

Thanks in part to this regulation, the industry now recognizes even more fully the importance of supply chain traceability and transparency in areas where our industry can have a real impact. As a result, our industry is now investing additional resources to implement transparency and traceability throughout the supply chain. As part of this effort, our industry strongly supports voluntary supply chain traceability initiatives, such as the Conflict Free Smelter Initiative (CFSI), which have had success on the ground.

740 6th Street, NW  
3rd & 4th Floors  
Washington, D.C. 20001

(202) 853-9080  
(800) 520-2262  
[www.aafaglobal.org](http://www.aafaglobal.org)

The history of this regulation, however, has also demonstrated that spending a lot of resources and time to implement a poorly designed regulation, instead of focusing on voluntary initiatives that work, has created questionable results. This is particularly true for the apparel and footwear industry, where the physical nexus to the issue of conflict minerals is tenuous at best.

In developing its version of conflict minerals regulation, the European Commission and the European Parliament recognized that this type of regulation can only have a chance of working when focused on the direct importers of the minerals in question. That is because direct importers, not downstream users, are the only companies that have a direct connection to what is happening on the ground in the conflict zones. In revisiting the regulation, the European example might be something for the SEC to keep in mind.

Because of the immense time and resources involved with complying with this regulation, time and resources that can be better utilized elsewhere, and the minimal impact of this regulation, we urge you to reconsider not only the 2014 guidance, but the regulation itself.

Thank you for your time and consideration in this matter. Please contact Nate Herman of my staff at [REDACTED] or [REDACTED] if you have any questions or would like additional information.

Sincerely,

A handwritten signature in black ink that reads "Rick Helfenbein". The signature is written in a cursive, slightly slanted style.

Rick Helfenbein  
President & CEO