

March 17, 2017

The Honorable Michael S. Piwowar
Acting Chairman Securities and Exchange Commission
100 F Street, NE Washington, D.C. 20549-0213

RE: Reconsideration of Conflict Minerals Rule Implementation

Dear Chairman Piwowar,

As Founder and President of the Alliance to Stop Slavery and End Trafficking (ASSET), an advocacy NGO 501(c)3 dedicated to reducing and stopping enslavement and trafficking before it starts, I am writing to express my personal support as well as support on behalf of ASSET for the continued implementation of Dodd Frank and 1502, otherwise known as the Conflict Minerals Rule. At ASSET we believe that while enslavement remains hidden in the shadows it is easy for governments, corporations and the public to stay in denial ignore or be unaware of it despite its global scope. It is for this reason that we work to illuminate the issue through advocacy, understand every stakeholder challenge, and strive to give everyone a role in changing our practices for good, where possible.

In 2007 I asked photographer Sebastiao Salgado, if I could have permission to use his photographs of mining in Brazil to illustrate forced labor. Sebastiao responded that while he wanted to be supportive of our work, I couldn't use this photograph because this was of consensual work.



We often talk of enslavement as being hidden in plain sight. Sebastiao's work is a powerful documentation as to how easily that can be done. The pictures of conflict-free mines that emerged after the passage of Dodd Frank and the inclusion of the Conflict Minerals Legislation, (1502), show remarkable progress. They show that this can be done.



ASSET does not just work on ending slavery and the human rights agenda as a moral imperative; it does so as an economic challenge with economic solutions, and from the imperative and perspective of global security.

Supporting transparency legislation is a foundational tenet of ASSET's approach. We were the source, co-sponsor and organizer of the game-changing and now global legislation, the Transparency in Supply Chains Act (TISC) which passed in 2010 and became law in January 2012 in CA. ASSET also collaborated with UNSEEN UK around the inclusion of TISC in the UK Modern Slavery Act of 2015. CA TISC requires that retailers and manufacturers doing business in California, with annual worldwide gross receipts of \$100 million or more, must explicitly disclose their efforts to protect human rights and eradicate slavery and human trafficking, along their entire global supply chain. Prior to this legislation, the only things companies were required to disclose were their policies on gender and policies on race.

It should come as no surprise then that we have also supported the Conflict Minerals Rule, given the clear links between mineral exploitation and human exploitation in the Democratic Republic of Congo. As documented extensively by [Free the Slaves](#), conflict minerals and slavery go hand in hand. The supply chain transparency generated by the implementation of the Conflict Minerals

Rule is an essential initial step towards ensuring the products we purchase are not funding human suffering, or contributing to conflict in DRC, which has taken 5.4 million lives.

As you are aware around compliance reporting, in the early stages of the case, the lead petitioner, National Association of Manufacturers (NAM) estimated that 22,000 companies would be required to report, with a total cost of \$16 billion to “perform their due diligence.” The SEC estimated that it would cost companies \$3-4 billion in the first year. By contrast, in its analysis of compliance costs, the consulting group Claigan estimated that the total cost would be [\\$390 million](#), and actually found that the first year would cost only \$180 million or less – a fraction of any of the initial estimates. While different companies will bear different costs, Claigan estimated that averaged costs were only \$130k per company.

The implementation on the ground in DRC, as a direct result of illuminating the problem and connecting to the c-suite and the consumer through 1502, reduces forced labor and slavery simultaneously. There are now more than 200 conflict free mines in the DRC as a result of Dodd Frank. Transparency legislation is a critical step that illuminates progress, and creates upward momentum around next steps.

Intel’s CEO Brian Krzanich on the issue of implementation costs in DRC has said "As a shareholder you should care about this, you should want us to address it... It did cost us a lot to set up this program, but now [that] it's running the cost of the actual materials is no more. So this doesn't cost you more from a material standpoint, the cost of your product will not go up."

Resources should urgently be allocated to move the agenda forward; to scale the ability to monitor, evaluate, analyze, rinse and repeat. Resources are needed to facilitate the processing of insights around new profit angles, reap the rewards and gains of best practices across industry sectors and scale impact to an ever-larger population.

The Conflict Minerals Legislation is not just a necessary solution to cutting off funding to DRC conflict, and bringing peace and security to DRC. It cuts off potential funding to terrorists globally that could be opportunistically linked.

On 19th July 2007, as the United Nations Office on Drugs and Crime Goodwill Ambassador against Trafficking and Slavery, ASSET with UNODC convened a UN Arria, (a potential precursor to a UN Security Council Session) on the “Implications of Human Trafficking for International Peace and Security”.

Part of this testimony, available at assetcampaign.org, articulated how terrorists and criminals opportunistically work together, as an understood evolution of transnational organized crime. It is documented that terrorist groups use trafficking and forced labor both functionally and as a source of funding, including mining in Africa.

From an economic and security perspective, any opportunistic and criminal funding sources can clearly be neutralized by engagement and oversight afforded by the creation of conflict-free mines in Africa, and ensuring that information and progress is an expectation for global consumers, investors, as well as and in support of governments.

Ensuring the access to and quality of raw materials can only be enabled through engagement across global supply chains. These minerals are needed for the functionality of micro-chips and enable the use of our cell-phones, computers, cars, microwaves, airplanes, and military hardware. It could be an abdication of national security and economic interests to reverse their responsible, sustainable sourcing, when the real need is to bolster and support the progress that has been made and can continue.

The Conflict Minerals Rule has a demonstrable impact on the calculus of investors and individual consumers. Organizations such as the [Enough Project](#) have shown how the Rule is achieving its intended goals of supporting peace and transparency at home and abroad. I urge the SEC to leave the Rule fully intact and pursue thorough enforcement. Human lives and freedom depend on it.

ASSET is committed to pursuing policy and other changes to end slavery, and we need institutions like the SEC to process how vital and positive a role they can play, and contribute with a similar level of commitment when they are charged by the United States Congress to oversee supply chain transparency issues.

We need to have global oversight, but the burden of responsibility of how to deliver that effectively, cannot just rest on Government alone. There is a role that only business can play, and the information that comes from compliance is needed to inform and participate in that global response. We need global research and analysis. We need a transnational, organized response to transnational, organized crime. We need to neutralize the efficacy of terrorists, and one avenue is surely to cut off their revenue.

Without it our global security is surely threatened.

Sincerely,
Julia Ormond
Founder and President
ASSET
Assetcampaign.org

