



The Forum for Sustainable and Responsible Investment

March 7, 2017

Michael S. Piwowar
Acting Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Via email to rule-comments@sec.gov

RE: COMMENTS ON RECONSIDERATION OF CONFLICT MINERALS RULE IMPLEMENTATION

Dear Chairman Piwowar:

US SIF: The Forum for Sustainable and Responsible Investment is submitting this comment letter in response to the January 31, 2017, *Statement on the Commission's Conflict Minerals Rule* and associated request for comment. US SIF strongly affirms its support for Section 1502 of the Dodd-Frank Act.

US SIF: The Forum for Sustainable and Responsible Investment is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Our mission is to rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. **Our 300+ members collectively represent more than \$3 trillion in assets under management or advisement.** The demand for sustainable, responsible and impact investing is growing in the United States: investors now consider environmental, social and governance (ESG) factors across \$8.72 trillion of professionally managed assets, a 33 percent increase since 2014. These assets now account for more than one out of every five dollars under professional management in the United States. Additional information about US SIF and sustainable investment can be found at www.ussif.org and in our US SIF Foundation [2016 Report on US Sustainable, Responsible and Impact Investing Trends](#).

Since 2010, US SIF and its members have participated in multi-stakeholder engagement with the Securities and Exchange Commission, submitted comment letters to the SEC, met with SEC Chairs and Commissioners and released statements in support of the conflict minerals rule. Sustainable investors value companies' responsible management of global supply chain risks and have been particularly concerned in recent years by the use of four minerals, referred to as "conflict minerals" to fund the continuing violence in the Democratic Republic of Congo (DRC).

US SIF has long called for greater ESG disclosure, including conflict minerals disclosure. Outlined below are our most recent letters and statements specific to conflict mineral disclosure:

- [February 2017 – Investor Statement](#)
- [September 2015 – Investor Statement](#)
- [May 2015 – Investor Statement](#)
- [April 2014 - Investor Statement](#)
- [June 2013 – Multi-stakeholder letter to the European Commission](#)
- [November 2012 – Investor Letter](#)

- [November 2012 - Multi-stakeholder Statement](#)
- [August 2012 - Multi-stakeholder Letter](#)
- [November 2011](#)
- [March 2011](#)

We support 1502 because:

- Conflict minerals disclosures are material to investors. Materiality, or financial relevance, emerges from all the reported facts. Disclosure on conflict minerals has informed and improved investors' ability to assess operational, social (i.e., human rights) and reputational risks in issuers' supply chains, as well as companies' long-term mitigation of risks related to the supply of minerals. Investing in companies with operations or supply chains in areas of conflict is higher risk not only because violence may disrupt business activities, but also because conflict disrupts national and local governments and makes the policy and regulatory environment less predictable. It is important therefore for investors to understand the exposure of individual company supply chains to conflict zones.
- Investors benefit from consistent disclosures and continued engagement. The Conflict Minerals rule makes conflict mineral related disclosures consistent and accessible to all investors, thereby improving efficiency in US markets in allocating capital to issuers with the best overall prospects for long-term shareholder value. Company disclosures on sourcing practices, combined with analysis provided by groups like Responsible Sourcing Network on the quality of such disclosures, has provided investors with important transparency into relevant and material human rights risks. According to the Responsible Sourcing Network's report [Mining the Disclosures 2016: An Investor Guide to Conflict Minerals Reporting in Year Three](#), a majority of the world's production of conflict minerals is now audited to ensure traceability. There has been significant progress in a short amount of time towards building effective systems to manage supply chain exposure to conflict. Such supply chain due diligence is becoming a global norm for responsible sourcing. Companies worldwide will continue to face investor and consumer scrutiny and regulation on conflict minerals from the DRC and the broader Great Lakes Region. The EU's Conflict Minerals Due Diligence is mandatory for importers of conflict minerals, and Section 1502 is critical to ensuring consistent information across all asset classes and corporate actors. Section 1502 is lifting US companies to a position of global leadership on this critical issue.
- Section 1502 has helped to address the conflict on the ground, undermining the illegal activity and corruption that have fueled the violence. No single law can solve all the underlying problems that are causing conflict in the DRC and surrounding region. However, since its promulgation in 2010 and implementation in 2012, Section 1502 has helped to make a difference. It is an important part of a broader international response, including efforts by African Nations through the International Conference on the Great Lakes, guidelines from the OECD, regulation in the European Union, and work by industry trade associations to help their members comply, understand and manage their exposure to conflict minerals. According to a report by the OECD and International Peace Information Service,¹ these efforts have

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<http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf>

demonstrated success in diminishing revenue flows to militia groups and have been catalysts for positive change in the region's mining sector. Significantly, 1502 has contributed to a more stable business and investment climate in the DRC and surrounding region. While revenue from natural resources continues to fund conflict and human rights abuses in the region, the answer is not to withdraw and undermine transparency, since this would invite more corruption. Instead, continued engagement and reporting on corporate activities related to conflict minerals under Section 1502 are vital for improvement on the ground.

Investors believe the existing conflict minerals rule is very much appropriate and should be maintained as is. We encourage the Commission to use US SIF and our members as a resource on sustainable, responsible and impact investing and sustainability disclosure.

If you have any questions regarding the contents of this letter, please contact me directly at lwooll@ussif.org or 202-872-5358.

Sincerely,

A handwritten signature in black ink that reads "Lisa N. Woll". The signature is written in a cursive, flowing style.

Lisa N. Woll
CEO
US SIF and US SIF Foundation

cc: Commissioner Kara Stein, SEC