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Investors Applaud Federal Court Decision Denying Suspension of Conflict Mineral Reporting Rule

Investors welcome the decision by the U.S. Court of Appeals for the D.C. Circuit to deny trade associations’ request for a temporary stay of the Securities and Exchange Commission (SEC) conflict minerals reporting rule for Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Many companies, including those with complex global supply chains, have demonstrated the willingness and ability to comply with the rule by conducting due diligence and preparing disclosures. The SEC has made clear that it expects companies to file reports by the June 2 deadline, and yesterday’s court decision eliminates any remaining uncertainty about issuers’ obligations under the rule.

As this deadline approaches, investors commend the significant efforts that many companies have already made and look forward to reviewing the first reports. The first set of reports will provide an initial baseline of information from companies as their due diligence efforts become part of their regular business operations. This information will inform investment decisions by taking into account companies’ accurate disclosure and effective mitigation of material risks.

While we applaud yesterday’s decision, we also remain concerned by the decision that the court issued on April 14. That decision preserved the SEC rule’s due diligence and reporting provisions, but invalidated on First Amendment grounds the rule’s requirement that companies designate whether products are “conflict-free.” Broad application of the court’s approach to First Amendment protections against compelled speech could threaten the ability of Congress to require corporate disclosure of information that is material both to investors and to the public interest.

Effective implementation of the rule will not only benefit investors, but also will enable companies to conduct business responsibly in what continues to be a volatile region. Most importantly, it will benefit the people of the Democratic Republic of the Congo and the Great Lakes Region by curtailing the use of the mineral trade to perpetuate a nearly two-decade-long conflict.

Statement signatories:

Boston Common Asset Management

Calvert Investments

Domini Social Investments

Everence

Interfaith Center on Corporate Responsibility

Responsible Sourcing Network

Trillium Asset Management

US SIF: The Forum for Sustainable and Responsible Investment

Walden Asset Management

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CONTACT:

Patricia Jurewicz, Responsible Sourcing Network, 510.735.8145, patricia@sourcingnetwork.org

Responsible Sourcing Network | 1611 Telegraph Ave., Suite 1450 | Oakland, CA 94612 | www.sourcingnetwork.org