



**INVESTOR ALLIANCE
FOR HUMAN RIGHTS**

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FOR IMMEDIATE RELEASE

**IN STATEMENT, INVESTORS CAUTION COMPANIES AGAINST FAILING TO FILE
CONFLICT MINERAL REPORTS WITH SEC**

Mixed messaging from SEC chair prompts investors representing \$1.2 trillion to remind electronics companies of legal responsibility to disclose sourcing of tin, tungsten, tantalum and gold in accordance with Dodd-Frank 1502.

NEW YORK, NY, MONDAY, JUNE, 11TH, 2018 - A group of 47 institutional investors representing \$1.2 trillion in assets issued a [statement](#) today cautioning companies to continue to comply with the conflict minerals reporting requirements legislated in section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protections Act.

The statement is in direct response to comments made last year by SEC Commissioner Michael Piwowar which appeared to indicate that this federally mandated reporting may not be enforced by the agency. As a result of these comments, investors say corporate reporting under 1502 has declined and/or become inconsistent, significantly increasing the risk of human rights violations for companies with supply chains sourcing from the region.

Conflict minerals are tantalum, tungsten, tin (3Ts) or gold mined from ore, and extracted in Congo or nine surrounding countries, including Angola, Rwanda and Sudan. Trade in 3Ts and gold from these countries has been used to fund ongoing armed conflict and extreme violence resulting in millions of deaths.

Conflict minerals appear in a variety of consumer products including smart phones made by electronics companies such as Google, Apple and IBM. Investors argue that a lack of consistent compliance among covered companies deprives investors of valuable information about potential human rights risks in global supply chains.

Dodd-Frank 1502 which was passed in 2010 and implemented by the SEC in 2012, created a reporting requirement for all U.S. publicly traded companies with products containing any of the four conflict

minerals. Companies must publicly disclose annually whether any of the gold or 3Ts in their supply chains originated in Congo or one of its nine neighboring countries and, if so, describe the due diligence measures taken to determine the source of the minerals.

Before 1502 there was no way to distinguish between mines controlled by armed groups (or the Congolese army) from conflict-free mines - a lack of data that created risks for investors holding companies that sourced minerals from the region.

Current audits show a significant reduction in conflict mines: nearly 80% are now considered conflict-free when, in 2010, nearly every mine was thought to be controlled by a military group¹. Investors see this as extremely compelling evidence of the effectiveness of this regulation and the disclosures that it mandates.

Said Lauren Compere of Boston Common Asset Management, ***“Commissioner Piwowar’s comments do not give companies permission to neglect the due diligence reporting requirements outlined under Dodd-Frank. Regardless of whether the SEC chooses to fulfill its obligations to enforce the Rule, we want to stress that these disclosures continue to be a strong investor expectation.”***

In the statement, investors argue that conflict minerals disclosure is material to investors and has informed and improved investors’ ability to:

- Assess social (i.e., human rights) and reputational risks in a company’s supply chain;
- Assess a company’s systems and governance structures to mitigate long-term risks related to the supply of minerals, including in relation to liability and other material risks;
- Compare company performance and management systems to mitigate risks of sourcing from or contributing to conflict;
- Provide regulatory certainty to enable companies to contribute to and prioritize the importance of developing community-based and durable systems to identify and mitigate risks, and;
- Make more informed investment decisions and inform engagement priorities.

“Investors rely on high quality conflict minerals reporting to assess human right risks in the Democratic Republic of Congo. Such reporting helps companies to focus on reducing human right risks and where appropriate, contributing to positive social impact. Abandoning such human rights reporting will increase risks in this area and as a result increase companies’ reputational risks,” said Christine Chow, Director of Hermes EOS, Hermes Investment Management.

Examples of companies that failed to file a conflict minerals report last year directly citing Commissioner Piwowar’s remarks are [Invuity, Inc.](#), (IVTY) [Shire plc](#) (SHPG), [Wireless Telecom Group, Inc.](#) (WTT), [General Dynamics Corporation](#) (GD).

Investors say they will be reaching out directly to these companies to underscore the importance of these disclosures in investment decision-making and, if necessary, will consider all public and legal options available to ensure that relevant companies remain compliant.

¹ U.N. Security Council, “Interim report of the Group of Experts on the DRC,” S/2010/252, para. 77, p.17, May 24, 2010, available at http://www.un.org/ga/search/view_doc.asp?symbol=S/2010/252.

About the Investor Alliance for Human Rights

The Investor Alliance for Human Rights provides investors with a platform to engage companies, states and standard-setting bodies to ensure they create policies and standards to prevent negative corporate human rights impacts, and hold companies accountable when they fail to do so. Alliance members comprise a cross section of institutional investors representing over \$2 trillion in assets under management including public and union pension funds, faith-based investors, asset managers and others. Visit our website at: <https://investorsforhumanrights.org/>