November 10, 2017

RE: Amnesty International USA Opposes H.R. 4248

Dear Representative:

On behalf of Amnesty International USA ("AIUSA") and our more than one million members and supporters nationwide, we write to express our serious concerns with resolution "To amend the Securities Exchange Act of 1934 to repeal certain disclosure requirements related to conflict minerals, and for other purposes" (H.R. 4248) and to urge you to oppose the amendment.

AIUSA strongly supports section 1502 of the Dodd-Frank Act and the accompanying Securities Exchange Act's Conflict Minerals Rule. We consider both to be vital pieces of legislation which not only help ensure that companies do their part to avoid fueling conflict or human rights abuses through their supply chain practices in places like the Democratic Republic of the Congo (DRC) but also help minimize companies' own exposure to legal and reputational risks.

Specifically

I. <u>H.R. 4248 would aggravate the possibility that actors in the supply chain (including companies) are directly or indirectly supporting, and thereby fueling, armed conflict in DRC.</u>

Section 1502 of Dodd-Frank requires public companies to disclose whether they source "conflict minerals" – tin, tungsten, tantalum, and gold – from the DRC and its nine neighboring countries. These minerals are used in countless products, from cell phones to engagement rings and automotive parts.

One of the justifications made by the sponsors of H.R. 4248 is that section 1502 is harming the people it was intended to help. AIUSA disagree with this assessment and we believe that the rule is still very much needed**.**

According to Congolese civil society leaders, transparency linked to section 1502 has led to decreased conflict mineral revenues for armed groups and a decreased level of conflict in mining towns. Additionally, improvements have been made in tin mines in and around Walikale, which had been regularly targeted by militias; Bisei, the largest tin mine now

produces conflict-free tin. In an April 2015 report, titled Digging for Transparency, Amnesty International and Global Witness found that companies were able to conduct due diligence with the law and volunteered ways to improve their reporting. The Enough Project found that after implementation of section 1502, some mining areas saw increased security, improved safety and health standards, and organized local advocacy.

AIUSA is also concerned that, by repealing section 1502 and a rule that is designed to track whether minerals come from conflict areas in the DRC, H.R. 4248 would only be a gift to predatory armed groups and corrupt business interests seeking to profit from Congo's minerals and conflicts.

II. H.R. 4248 dismisses rising expectations for responsible corporate behavior from companies, customers, investors and employees and ignores global expectations of companies and the risk-mitigating benefits for companies of due diligence f.

AIUSA believes that strengthening transparency and accountability in the operations of corporations are critical to efforts to protect human rights -- a perspective shared by the number of corporations that acted to comply with section 1502 and that have spoken up in favor of retaining the law.[1] Furthermore, in a study of twenty global companies, corporate executives said that compliance with section 1502 brought a number of benefits: greater transparency was seen to bring lower risk, and more effective management of supply chains.[2]

Furthermore, implementing H.R. 4248 ignores the global consensus around supply chain due diligence, and could actually increase legal and reputational risks for companies sourcing minerals – directly or indirectly – from the Great Lakes Region.

Currently, the Conflict Minerals Rule requires certain U.S.-listed companies to undertake careful analysis on the minerals used in their products in accordance with the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). The OECD Guidance is the globally-recognized and endorsed standard on conducting reviews and examinations of mineral supply chains. It was negotiated and is still supported by a global, multi-stakeholder group that includes the U.S. government. It reflects a clear, ongoing consensus that companies have a responsibility to exercise due diligence when sourcing minerals from conflict-affected and high-risk areas, given the well-known links between the

[1] On February 9, 2017, Tiffany & Co issued a statement in support of Section 1502, noting that "when managed responsibly mining can be a source of social and economic development. In addressing the 'challenge and promise of mining," Tiffany underscored the importance of "supporting rigorous, standards-setting efforts and by advocating for more effective oversight, we can help improve global mining conditions over the long-term." (http://press.tiffany.com/News/NewsItem.aspx?id=302).

[2] Green Research, "The Costs and Benefits of Dodd-Frank Section 1502: A Company-Level Perspective", January 2012, https://business-humanrights.org/sites/default/files/media/gw-dodd-frank-jan-2012.pdf.

minerals trade, conflict, and human rights abuses. The OECD Guidance was specifically designed to help companies fulfil that responsibility.

Since section 1502 of Dodd-Frank was passed in July 2010, due diligence laws and other measures based on the OECD Guidance have been endorsed by the European Union, China, and the 12 African countries that constitute the Great Lakes Region. The OECD Guidance also aligns with the UN Guiding Principles on Business and Human Rights, unanimously endorsed by the UN Human Rights Council in 2011, which hold companies responsible for respecting human rights in their global operations and supply chains.

In fact, the concept of supply chain due diligence was originally developed to help companies mitigate the risk that they were directly or indirectly supporting armed groups in the eastern Democratic Republic of the Congo (DRC) – and thereby to help them avoid violating UN sanctions or being put on the UN Sanctions List. That sanctions regime is still in place.

Despite this, our research has shown that many companies are only exercising due diligence because they are legally required to do so under section 1502 and the Conflict Minerals Rule. It is therefore vital that companies are still legally required to undertake due diligence under this legislation. This has the added benefit of ensuring fair competition and a level playing-field for all U.S. listed companies whose products contain minerals from the Great Lakes Region.

Finally, implementing H.R. 4248 would prevent customers from holding companies accountable for their products. The positive actions taken by some of the corporations sourcing minerals covered by section 1502 and the Conflict Minerals Rule are based in part on demands from U.S. consumers who did not want products they purchase and use to contribute to conflict and human rights violations, be they in the DRC or in any other part of the world.

It is imperative that Congress continues its efforts to ensure that companies do their part to avoid fueling conflict and human rights abuses by upholding section 1502 and the Conflict Mineral Rule and by voting NO on H.R. 4248.

For the foregoing reasons AIUSA opposes H.R. 4248 and we respectfully urge you to reconsider your efforts to pass this bill. Please do not hesitate to contact me at aakwei@aiusa.org or 202/509-8176. Thank you for your time.

Sincerely,

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