



Embargoed until: *April 22, 2015 at 12:01 a.m. ET (05:01 London time)*

More than three quarters of surveyed U.S. companies fail to meet requirements of landmark conflict minerals law

Nearly 80 per cent of U.S. public companies analyzed by human rights groups are failing to adequately check and disclose whether their products contain conflict minerals from Central Africa, a new report by Global Witness and Amnesty International reveals today.

The report, *Digging for Transparency*, analyzes 100 conflict minerals reports filed by companies including Apple, Boeing and Tiffany & Co under the 2010 Dodd Frank Act (Section 1502), known as the conflict minerals law. The findings point to alarming gaps in U.S. corporate transparency.

Under the law, more than one thousand U.S.-listed companies that believe they may source minerals from Central Africa submitted reports to the U.S. Securities and Exchange Commission in 2014, the first year they were required to do so. The law is designed to reduce the risk that the purchase of minerals from Central Africa contributes to conflict or human rights abuses.

“The conflict minerals law is an opportunity to clean up global mineral supply chains. But our analysis shows that most companies seem to prefer business-as-usual to genuinely addressing the risk that their mineral purchases bankroll armed groups overseas,” said Carly Oboth from Global Witness.

“This is alarming. Well-funded industry groups have fought the conflict minerals law at every step. If companies had instead spent these resources on properly investigating and reporting on their supply chains, their customers would be more confident their goods were conflict free.”

The Democratic Republic of Congo (Congo) is an important source of minerals - including gold, tin, tungsten and tantalum - for global businesses. These minerals are essential for electronic devices, such as smartphones and laptops. For over fifteen years armed groups in eastern Congo have preyed on the mining sector to finance their operations with devastating impact, committing gross human rights abuses in the process.

The report’s key findings include:

- 79 of the 100 companies analyzed failed to meet the minimum requirements of the U.S. conflict minerals law.

- Most companies in the sample are not doing enough to map out the supply chain of the minerals they purchase. Only 16 per cent go beyond their direct suppliers to contact, or attempt to contact, the smelters or refiners that process the minerals.
- More than half of companies sampled do not even report to senior management when they identify a risk in their supply chain.

Global Witness and Amnesty International's analysis also shows that one in five surveyed companies did comply with the law's requirements. This dismantles the argument put forward that implementation is too difficult and too expensive - there is no excuse for companies failing to properly investigate their supply chains.

"Consumers want to know what lies behind the logo. Companies are under pressure to show they leave no stone unturned in their efforts to make sure products on the shelf don't hide a terrible story of conflict and human rights abuse. A box-ticking exercise just won't cut it," said James Lynch from Amnesty International.

"Companies that shed light on their supply chains help prevent a harmful mineral trade that contributes to a conflict devastating Central Africa."

Dr. Denis Mukwege, the acclaimed Congolese surgeon and humanitarian, said: "Companies must do more to find out how the minerals they are buying have been produced and traded... In June, when companies file their second conflict minerals reports, they must show that they have put this right."

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Notes to editors:

1. Section 1502 requires all U.S.-listed companies under the scope of the law to determine whether products containing certain minerals – tin, tungsten, tantalum and gold – contribute to conflict or human rights abuses in the Democratic Republic of Congo and neighboring countries and to report on their findings. In total, 1321 companies filed Conflict Minerals Reports with the SEC. The second set of conflict minerals reports are due to be submitted in early June 2015.
2. Next month the European Parliament will vote on an EU-wide law on conflict minerals. Global Witness and Amnesty International are calling for the final text to include mandatory due diligence and reporting for all companies that place tin, tungsten, tantalum and gold or products that contain these minerals on the European market.
3. The U.S. Court of Appeals in the District of Columbia is reviewing its April 2014 decision that found unconstitutional the requirement for companies to describe their products as "not been found to be DRC conflict free". It is critical that the District Court take action to ensure that free speech is not misused to thwart conflict mineral reporting and transparency of other corporate information that matters to consumers, investors and human rights advocates.
4. Where *Digging for Transparency* makes judgments on whether company Conflict Minerals Reports have met the minimum requirements of the U.S. Conflict Minerals legislation, this assessment is based on our view as expert organizations - which have carried out research into supply chains, conflict and human rights abuses over several years and helped create the OECD Guidance for Responsible Supply Chains

of Minerals from Conflict-Affected and High-Risk Areas, along with industry - following detailed analysis of these reports against 12 criteria based on the final rule of Section 1502 and the OECD Guidance. The analysis in this report is based on the selected companies' Conflict Minerals Reports submitted to the SEC and not material published elsewhere.

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