

Why GAO Did This Study

In eastern DRC, armed groups continue to commit severe human rights abuses and profit from exploitation of minerals and other trades. In 2010, Congress included a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act to address the trade of conflict minerals—tin, tantalum, tungsten, and gold. Section 1502(b) of the act requires SEC to issue a disclosure rule for companies using these minerals in their products. The act also requires GAO to assess the rule's effectiveness and the rate of sexual violence in war-torn areas of DRC and neighboring countries.

Since a rule has not been issued, this report examines (1) steps SEC has taken toward issuing a conflict minerals disclosure rule; and (2) stakeholder-developed initiatives that may help covered companies comply with the anticipated rule. This report also examines (3) any additional information available on the rate of sexual violence in eastern DRC and neighboring countries since GAO's 2011 report on that subject.

GAO reviewed and analyzed reports and documents from SEC, other U.S. agencies, industry associations and other nongovernmental stakeholders; and interviewed representatives from those organizations.

What GAO Recommends

GAO recommends that the Chairman of SEC identify remaining steps and associated time frames to issue a final rule. SEC neither agreed nor disagreed with the recommendation, but noted that it will expedite the completion of its rule making to provide certainty.

View [GAO-12-763](#). For more information, contact Michael J. Courts at (202) 512-8980 or courtsm@gao.gov.

CONFLICT MINERALS DISCLOSURE RULE

SEC's Actions and Stakeholder-Developed Initiatives

What GAO Found

The Securities and Exchange Commission (SEC) has taken some steps toward developing a conflict minerals disclosure rule, but it has not issued a final rule. For example, SEC published a proposed rule in December 2010 and has gathered and reviewed extensive input from external stakeholders through comment letters and meetings. SEC has also announced, on several occasions, new target dates for the publication of a final rule, as shown in the table below. In July 2012, SEC announced that the Commission will hold an open meeting in August 2012 to consider whether to adopt a final rule. According to SEC officials, various factors have caused delays in finalizing the rule beyond the April 2011 deadline stipulated in the act, including the intensity of input from stakeholders and the public; the amount of time required to review this input; and the need to conduct a thorough economic analysis for rule making.

SEC Announcements of Target Publication Dates for Final Conflict Minerals Disclosure Rule

Date of announcement	New target date for publication of final rule
April 2011	August 2011-December 2011
November 2011	November 2011-December 2011
Mid-December 2011	December 2011
End of December 2011	January 2012-June 2012

Source: SEC.

Various stakeholders have developed initiatives that may help covered companies comply with the anticipated rule, but some initiatives have been hindered by SEC's delay in issuing a final rule. Industry associations, multilateral organizations, and other stakeholders have developed global and in-region sourcing initiatives, which include the development of guidance documents, audit protocols, and in-region sourcing systems. These initiatives may support companies' efforts to conduct due diligence and to identify and responsibly source conflict minerals. In the absence of SEC's final rule, however, stakeholders note that uncertainty regarding SEC's reporting and due diligence requirements has complicated their efforts to expand and harmonize their initiatives. For example, in the absence of a final rule, one initiative is facing difficulty engaging additional participants, while stakeholders' efforts to harmonize two initiatives have been hindered.

Little additional information on the rate of sexual violence in eastern Democratic Republic of the Congo (DRC) and neighboring countries has become available since GAO's 2011 report on that subject. For example, only one population-based survey has been published on sexual violence in Rwanda, and it reports that 22 percent of women ages 15-49 have experienced sexual violence there in their lifetimes. No additional surveys have been conducted in eastern DRC; however, one organization is currently conducting a survey and another is planning to conduct a survey there in 2012.