



February 26, 2017

The Honorable Michael S. Piwowar
Acting Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-0213

RE: Reconsideration of Conflict Minerals Rule Implementation

Dear Chairman Piwowar,

On behalf of KEMET Electronics Corporation (KEMET), I submit this statement in strong support of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We believe that the rule has not caused a “*de facto* boycott of minerals,” and that it has in fact led to the development of a more stable supply chain with many social and economic benefits for the people of the Democratic Republic of Congo (DRC) and adjoining countries.

KEMET is a leading global manufacturer of a wide variety of capacitors and one of the world’s largest users of tantalum. We are an international corporation based in the United States and traded on the New York Stock Exchange. Globally, we have almost 10,000 employees, 612 of which are in the United States and work in manufacturing, research, development and other professional fields.

Soon after Dodd-Frank’s passage, we decided that Section 1502 gave us a blueprint to enable our company to stabilize the tantalum supply chain, to keep our products affordable, and to make a difference on the ground in the DRC where a large and critical source of tantalum exists.

In 2011 we formed the KEMET Partnership for Social and Economic Sustainability. This project developed the electronics industry’s first vertically integrated, closed-pipe, sustainable sourcing models. We obtain tantalum ore directly from a conflict-free mine in the DRC that is operated according to a special agreement between KEMET, our mining partner, and the people of the mining town of Kisengo. The closed-pipe (it is processed and smelted by KEMET) allows us to be sure no tantalum from non-conflict-free sources enters our supply chain.

Without Section 1502, this would not have been possible. Our solution helps stabilize the supply chain of tantalum for many of the largest electronics companies in the world.

Our solution also proves that the mining sector and lives of miners in the DRC have been positively impacted by Section 1502. Prior to KEMET’s involvement in Kisengo, their mining process was old-fashioned and the community did not have access to stable health and educational resources. Our investments modernized the mine and made it more efficient and safer for the workers. We built a new hospital for the mineworkers and the people of Kisengo that has served almost 10,000 cases this past year. We built a new school that now has 1,492 students in the current session and outfitted it with resources to continue operating. We established access to clean water, installed solar powered street lights and refurbished basic infrastructure (roads and bridges). We have not stopped there and continually strive to make our investments in Kisengo more impactful.

The business value is clear: through this initiative we now better control our costs and supply a wide range of tantalum powders to support market demand. The economic benefit to KEMET alone is multiples of what we have invested in the village to improve the life of the miners and their families. In 2016 our Ta supply chain vertical integration work has saved us in excess of \$40,000,000. And, the cost of compliance is less than 0.1% of our annual revenue, or approximately \$650,000.

KEMET now has a unique position in the supply chain as both an upstream and downstream supplier. Currently, our vertically integrated supply chain meets the majority of our tantalum needs – and as a result, the needs of our customers. Critically, many of our customers rely on our capacitors for military and defense applications. Having stable long-term pricing and availability of tantalum is of utmost importance to these customers, and we believe that 1502 allows us to ensure this.

We hope our business model can serve as a roadmap for other manufacturers to follow – and we would not have been able to do this without Section 1502.

In addition, the below material that is publicly available also helps tell KEMET's story:

1. KEMET conflict minerals landing page and our e-book (<http://www.kemet.com/conflictfree>)
2. Material relative to KEMET's tantalum supply chain and social sustainability work on our YouTube channel
 - a. KEMET's Commitment to Conflict Free (<https://www.youtube.com/watch?v=wZxQE6TAVmo>)
 - b. KEMET's Tantalum Vertical Supply Chain Integration (<https://www.youtube.com/watch?v=xyy8Htxm4ak>)
 - c. Per Loof Congressional Testimony before the House Financial Services Committee (testimony is attached to this comment letter) (<https://www.youtube.com/watch?v=OxeVWgJ2hqs>)
 - d. Per Loof Dodd-Frank Congressional Questioning before the House Financial Services Committee (<https://www.youtube.com/watch?v=n0tNzCemfXc>)
 - e. KEMET's Kisengo Story (<https://www.youtube.com/watch?v=6eURaFdyoV8>)
3. Kisengo Foundation web site (www.kinsengofoundation.org)
4. My various LinkedIn blogs on the topic (<https://www.linkedin.com/in/perolofloof/>)

The DRC has vital natural resources that drive the creation of economic value. These resources and their local communities must be valued and protected.

Section 1502 has helped companies like KEMET to embrace this need and envision better solutions for our stakeholders, and we urge you to not reconsider the rule.

Sincerely,

The Hon. Per-Olof Loof
Chief Executive Officer
KEMET Electronics Corporation