

RELEASE IN FULL

**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Wednesday, November 23, 2011 7:20 PM  
**To:** H  
**Subject:** FW: DRC Conflict Minerals Question  
**Attachments:** Fact Sheet: Public-Private Alliance for Responsible Minerals Trade (5.58 KB); PPA Overview 091511.pdf

On conflict minerals...

We will follow up as Matt (one of my guys) suggests.

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**From:** Walsh, Matthew P  
**Sent:** Wednesday, November 23, 2011 11:57 AM  
**To:** Sullivan, Jacob J  
**Cc:** Crocker, Bathsheba N; McAuliffe, Marisa S; Valliani, Amira  
**Subject:** DRC Conflict Minerals Question

Jake,

On your DRC conflict mineral certification question, the 2010 Dodd-Frank act included a provision that was intended to prevent U.S. companies from sourcing conflict minerals from the DRC. However, the measure has actually backfired to some degree, in the sense that U.S. companies have largely responded by stopping to source any minerals from the DRC to make life easier for themselves (and because the SEC still has not issued the regulations for U.S. companies to follow, creating a foggy regulatory environment).

The Department has responded by doing quite a bit. EEB has a working level person whose sole purpose in life is to work on this issue (and the KP). Last week, U/Ss Hormats and Otero launched, in a widely attended signing ceremony at USIP, the U.S.-led Public-Private Alliance for Responsible Minerals Trade, aimed at working with the private sector and civil society to find a solution that works. The attached documents include brief background info on the PPA. The below (pulled from G's background paper for last week's launch) provides brief background on Dodd-Frank and the PPA.

Given the petition handed to Cheryl, I suggest tasking AF with a response, and asking that they coordinate it with EEB, DRL, G, and others. On that note, I talked to G about this, and they find the petition very odd given that some of the groups, such as ENOUGH, cited as organizing the petition attended the PPA launch last week and were very supportive of our effort. So, perhaps this petition is just dated, or perhaps they just want more to be done (in typical ENOUGH fashion).

Matt

### Dodd-Frank

The U.S. government is actively engaged in efforts to break the link between the illicit minerals trade in the Great Lakes region and violent armed groups in the eastern DRC. Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides that if a company that reports to the SEC uses a supply of tin, tungsten, tantalum or gold that originates from the DRC or an adjoining country, the company must disclose what due diligence measures it performed on its supply chain. The same is true if the company is unable to confirm the minerals' origin. These companies will begin to disclose this information to the Securities and Exchange Commission after their first full fiscal year following the issuance of the regulations. The legislation is not an embargo and does not prohibit trade. Although Section 1502 called for the SEC to issue the implementing regulations for Section 1502 in April 2011, the Commission

announced an extension through the end of 2011. We now expect that the implementing regulations will be released in December.

**Public Private Alliance (PPA)**

Efforts by the U.S. advocacy groups and the international community to promote due diligence, including the passage of Section 1502 of the Dodd-Frank law, have by all accounts proved to be an important catalyst for traceability and certification initiatives and due diligence implementation in the mineral sector regionally and internationally. At the same time, citing the current lack of systems to facilitate certification and traceability and the concern that Dodd-Frank requires 100% certitude of conflict-free minerals,, some companies have decided to respond to this disclosure requirement and other related initiatives by instructing their suppliers to ensure that none of the four minerals from the affected countries enter their supply chains. One effect of such has been a dramatically reduced demand for minerals sourced from the DRC or neighboring countries that cannot be shown to be "conflict-free." , The U.S has led an effort to establish a Public Private Alliance dedicated to harmonizing efforts across the private sector, regional governments, and civil society to develop credible and efficient systems that can assist companies in sourcing "conflict-free" minerals. The PPA will launch November 2011 in Washington.