

Landsberger Strasse 94-98 80339 Munich, Germany Tel. 49-89-500942-0 Fax. 49-89-500942-499

July 27, 2011

Ms. Mary L. Schapiro Chairwoman Securities and Exchange Commission 100 F Street, NE Washington, D.C. 20549 U.S.A.

Re: Proposed Rules to Implement Section 1502 (Conflict Minerals) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (S7-40-10).

Dear Chairwoman Shapiro:

I write regarding the SEC's pending rule addressing Section 1502 of the Dodd-Frank Act, with respect to conflict minerals. I am a senior vice-president at H.C. Starck, a company that processes rare metals, including tantalum and tungsten. I appreciate your staff having recently taken time to meet with H.C. Starck regarding conflict minerals, and I want to provide further information on points raised during the meeting.

Before the Dodd-Frank Act passed, our company had already developed a Responsible Supply Chain Management System to ensure that no minerals tainted by conflict enter our supply chain. This system relies on several mechanisms to evaluate suppliers, including an independent audit, and Bureau Veritas has certified that our process is a quality management system (see the attached article describing our management system). As a result of our efforts to address the issue of conflict minerals, we are one of three smelters that the Electronic Industry Citizenship Coalition ("EICC") has certified to be conflict-free (see the attached certification). Our experience demonstrates that it is possible to eliminate conflict materials from the supply chain through thorough and effective due diligence.

We urge the SEC to issue the final regulation for Section 1502 as soon as possible so that industry has certainty regarding the implementation process, and so that companies that currently source conflict minerals do not enjoy a competitive advantage. We also encourage the SEC to take any feasible steps to ensure that companies covered by the regulation are made aware of it. We have found that many companies are unaware of the regulation or do not realize that their products include potential conflict minerals. Therefore, companies are not preparing to implement the new rules, undermining the goal of the legislation.

H.C. Starck would like to address one technical aspect of the regulation. We agree with the approach of the draft regulation, which considers scrap materials to be

conflict free. To ensure this does not create problematic loopholes, the term "scrap" needs to be defined. To that end, we have provided the EICC definition of scrap for tantalum. It is attached.

On behalf of H.C. Starck, I would like to commend the Commission on its efforts to draft an effective and timely regulation to address conflict minerals. The issue is challenging, but as H.C. Starck's experience indicates, it is possible to exclude conflict-tainted minerals from the supply chain through due diligence. If you have any questions, please feel free to contact me at (email or phone number).

Best wishes,

John van Put Senior Vice President H.C. Starck GmbH

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independent audits were cited by Globe Metals & Mining Ltd., West Perth, Western Australia, in warning Monday that the new law is likely to raise tantalum oxide prices.

"The 'conflict minerals' provisions have major implications for the tantalum industry and are likely to further constrain the already tight supply of raw material throughout the entire supply chain," the company said in a six-page market update, noting that the law would require American companies to submit annual reports to the SEC on use of tantalum, tin, tungsten and gold sourcing.

The restriction is aimed mainly at identifying metals sourced from conflict areas in the Democratic Republic of Congo and adjoining countries. The company said that it was likely that the safest and easiest course for major onsumer electronics brands like Apple, Intel, Sony, Nokia and Research in Motion would be to not source tantalum from the Congo area.

Executives noted that in recent years the DRC has supplied about 15% of the world's tantalum while approximately another 40% of the world's raw material production has been closed by the world's financial crisis in recent years. Wars in the eastern Congo over the past decade have been financed in part by the region's easilymined, rich artisanal deposits of coltan used for tantalum and niobium production, casserite producing tin, wolframite producing tungsten and gold.

Globe is currently developing a niobium, uranium, tantalum and zircon project outside the region with restrictions under the act. That project, in central Malawi,

scheduled to begin production in 2013 at a rate of 3,000 tonnes per year of niobium metal with output of tantalum as a by-product.

Executives noted that other emerging tantalum projects with primary or co-production of the metal outside of the Congo region include a Commerce Resources Corp. project in Blue River, British Columbia; a Crevier Minerals/MDN Inc. project in Anita, Quebec; and a Gippsland Ltd. project in Abu Dabbab, Egypt. Resource Investor.

"This bill offers a ray of hope to people in the DRC and around the world who suffer violence and human rights abuse at the hands of armed groups," said Jennifer Krill, executive director of Washington-based Earthworks, a member of the Publish What You Pay campaign that promotes extractive industry transparency.

"This is a law that is going to affect virtually the entire U.S. manufacturing sector," said Rick Goss, vice president of environment at the Information Technology Industry Council.

Ron Gilerman, managing director at A&R Merchants, which trades tantalum and other exotic metals, said the prices out of Brazil were at \$80 per pound (on July 19th). He said another 50% increase in prices across the board in 2011 is in the offing.

Editor's Note: One common theme throughout is that rare earth materials and metals are becoming more volatile in terms of price and availability.

Responsible Supply Chain Management – the Key for Secure Procurement in a Challenging

Environment

Andreas Kaps, URS Deutschland GmbH Franz Knecht, Connexis AG,

Dr. Astrid Görge, Christian Cymorek, Dr. Melanie Stenzel, H.C. Starck GmbH

The topic of 'blood diamonds' or 'blood gold' has occupied several extraction- and mining-related industries for at least the last decades. Today, the electronics industry also faces pressure from non-governmental organisations (NGOs) and regulators, due to the use of raw materials from weak government zones. Mainly Africa and above all the Central African Region are known for inter alia human rights violations when mining precious and other metals, gems and minerals. Continuing social and political instability, criminal violence and open civil war - often based on ethnic tensions as well as a general lack of governance and law and order - are seen as the main drivers. In the Democratic Republic of Congo (DRC) in particular, but also in some other countries of the region, civilians and sometimes whole village populations are forced to work 'at gun point' by war lords who have been engaged in regional power struggles for years.

The simple avoidance of DRC material is not sufficient to ensure complete supply chain transparency and "clean" material. To point out the relevance of due diligence in procurement processes, two major trends in the tantalum raw material market have to be addressed.

1 Increasing ore deliveries out of Central Africa

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2 Mining methods shifting to that and small scale not act in artisanal mining

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Regarding the development of deliveries out of Africa and looking at the import statistics of China, which is by far the country with the biggest imports of Ta ores, the portion originating from Africa increased significantly in recent years. This is in contrast to the geological distribution of Tantalum, which is available in sufficient amounts in other areas.

The shifting from industrial mining to small-scale or artisanal mining (ASM) is triggered by the pressure on costs from the main Tantalum customer, the electronic industry. Thus in 2009, the majority of Tantalum ores originated from ASM rather than industrial mining.

Back in 2002, the United Nations accused several companies of sourcing raw materials from central Africa and of knowingly supporting these conflicts indirectly by continuing the procurement minerals of from unrestricted sources, including H.C. Starck. The claim was resolved, and the accusations against H.C. Starck were soon dropped. H.C. Starck was eventually removed from the respective list of accused companies. However, this experience raised the company's awareness of corporate responsibility, not only concerning the raw material origin, but also regarding corporate procurement policies.

regulatory In addition, recent developments and customers requests motivated H.C. Starck to further develop the existing corporate procurement system. Besides ensuring efficient and competitive purchasing, the aim was to manage the challenge of avoiding sourcing from conflict regions, in particular, or from suppliers

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Figure 4.1 gives an estimation about the regional distribution of resources based on available figures. Generally the resource situation for Tantalum is well explored and documented - except in areas of weak governance and artisanal scale mining.



Figure 4.2 shows the Chinese imports of ores mainly containing Tantalum. The largest amounts came from Central and East Africa regions, but a certain portion stems from countries without Tantalum resources.

- whether mines, traders, slag and Supply Chain Management System scrap metal providers such as smelters (RSCM), in August 2009. The system or manufacturers.

anticipated expectations stakeholders, i.e. customers, media, credibility in the market and in the NGOs etc., the Executive Board of wider stakeholder community, the H.C. Starck decided to develop and RSCM must fulfil all of the

environmental and social sustainability looking solution, the Responsible was developed together with URS and Connexis and implemented in the As a response to the actual and overall Quality Management System. of In order to achieve maximum implement a practicable and forward- requirements of a management system

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standard, as required by the ISO. It 5 aims to be the first example for best practice in respect to procurement of mineral raw materials as well as other goods and services. Therefore, an external management system certifier, the Bureau Veritas, was asked to perform a management system evaluation.

The Route to Responsible Procurement

The RSCM encompasses the entire purchasing system of H.C. Starck proup in the mid-term (2-3 years),

- starting with minerals potentially originating from conflict regions (i.e. Tantalum) in the form of primary or secondary raw materials (ore, concentrates, slags, and scrap),
- 2 also including all raw materials and
- 3 covering all supplies, such as production machines, other goods and all types of services purchased.

The current demand by different stakeholders for conflict-free and sustainable sourcing of minerals required a focus on the supply of untalum, which led to the implementation of the RSCM in early 2010.

The management system now in place defines the respective tasks and responsibilities of all affected business entities at H.C. Starck as well as different suppliers:

4 In terms of the key production supply items, mineral raw materials, all suppliers are subject to a comprehensive audit scheme, comprising regular reviews of their ESG performance and sourcing procedures. With respect to all other equipment, production and other goods, and services the processes and required standards follow the same principles, but the standards will be defined according to the particularities (e.g. environmental



Chart 4.3: RSCM in Brief: Supplier Selection Process

and social concerns, laws and enforcement as well as governance quality) of the respective region or country.

Supplier Selection – the Strategic Key Element of the RSCM

The strategic key element of the RSCM consists of the evaluation steps performed and decisions taken by procurement during the selection of a supplier (Figure 3). This enables HC Starck to document and monitor each supplier and provides the basis for both efficient single purchasing and the ability to assure credibly clients and other stakeholders that the system in place fulfils their requirements and expectations.

The main steps of the supplier selection are:

- 1 The checking of the so-called Black List shows whether or not the company is included in any of the international or internal embargo lists regarding countries or corporations or individuals.
- 2 The evaluation of the selfdeclaration questionnaire allows a first triage about the fulfilling of the HC Starck minimum requirements and whether or not the specific procedures for raw material suppliers will be applied.
- 3 The huge database from many years of experience in this field provides relevant information for the **plausibility check** and questionnaire evaluation.
- 4 The supplier audit happens at the site or sites (HQ, facility, mine) of the supplier, which is or are relevant for H.C. Starck. The audit is performed according to the H.C. Starck Auditor Checklist, я standardised document developed for the specific purpose of the RSCM to gather and document information on quality, EHS and social behaviour as well as human rights issues.

The Purchasing Process – Operative Key Element of the RSCM

The RSCM is designed to ensure that H.C. Starck's products are manufactured by using raw materials, goods and services that respect the high standards of its sector regarding human rights, environmental protection and

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social responsibility. Therefore every single purchase of such supplies must fulfil the standards required by the RSCM as well (Figure 4).

The main steps to guarantee the requested quality in every respect, e.g. origin, physical substance and mining/production condition, are:

- 5 With the request for an offer, the supplier is also asked to confirm his earlier RSCM status.
- 6 When the shipment arrives, the documents are controlled and checked e.g. in regard to the origin of the raw material.

The RSCM has been validated by an independent third party evaluation, the Bureau Veritas, Hamburg office, according to the requirements of quality management system 2010, certification. In January Bureau Veritas visited the relevant sites of H.C. Starck and confirmed RSCM that the has been implemented, focuses on avoidance of raw material deliveries from conflict regions and incorporates the defined standards for health, safety, environment and ethics to be followed by raw material suppliers:



Chart 4.4: RSCM in Brief: Material Purchase

The only solution for a stable and reliable Tantalum and specially a Prices for solid aluminum Tantalum capacitor industry is to secure clean and legally sourced raw materials to the electronic industry supply chain and the end-users. H.C. Digitimes July 27, 2010 Starck was the first in the industry to implement this transparent and Prices for solid capacitors will rise certified sourcing policy.

Euripides Council From Ipdia

Since its creation in 2009, IPDiA has stood out as a leader in the launch of major R&D programs. Real technological innovations centre, the

French Company has thus naturally joined the Euripides council last month.Euripides is a EUREKA Cluster Project promoting Smart Systems and their relevant technologies in application fields such as Automotive, Aeronautics, Medtec and Global Security.

Euripides Forum is an event that joins industry and research to share the advances in Smart Systems Integration. This event will take place in Paris on 30th September and 1st October 2010.

To get more details about Euripides, www.euripides2010.eu

To get more details about IPDiA, www.ipdia.com

electrolytic capacitors To Increase

as supply continues to lag demand, according to industry sources. To IPDiA New Member of the cope with rising demand, suppliers including Apaq Technology and Teapo Electronic have revealed plans to boost their capacities for solid capacitors by the end of 2010.



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Coni ct-Free Smelter (CFS) Program Compliant Tantalum Smelter List

Last Updated May 31, 2011

The EICC and GeSI are making available a list, with name and locao n, of all smelters that are compliant with the Coni ct-Free Smelter assessment protocol. Access and use of any information n contained in this list is subject to the Terms and Condio ns to which the user has agreed.

Compliant Smelters

Company	Compliant Smelter Locao n (Ee cv e Date) ¹	Link to Coni ct Sourcing Policy
1. Cabot Supermetals	a. Boyertown, Pennsylvania, USA (September 8th, 2010) b. Aizu, Japan (October 13, 2010)	Coni ct Free Policy
2. Exotech Inc.	a. Pompano Beach, Florida, USA (December 2, 2010)	Coni ct Free Policy
3. H.C. Starck GmbH	a. Newton, Massachuses , USA (October 14, 2010) b. Goslar, Germany (October 19, 2010) c. Laufenburg, Germany (October 22, 2010) d. Mito, Japan (October 26, 2010) e. Ma Ta Phut, Thailand (October 29, 2010)	Coni ct Free Policy

Note:

(1) The CFS assessment is valid for one year.

Aggregated Data

- *Country of Origin:* Australia Brazil Canada Estonia
 - * Kazakhstan was inia Ily added inadvertently to the country of origin data and has been removed; operao ns in Kazakhstan represent processing rather than mining acv ity.



- Purpose of this definition is to define what is out of scope for the tantalum smelter audits
 - Recycled metal is exempt in the current draft legislation therefore, the smelters will be exempt from tracking the mine of origin for recycled metals
 - Any input stream not on the "out of scope" list is by definition in the scope of the audit.
 - Additions to "out of scope" list can be made through the EICC/GeSI Extractives WG.
- Out of scope for auditing are generally sources reclaimed from end-user products, or post-consumer, such as:
 - capacitors and sputter targets
 - furnaces, light bulbs, vacuum and electron tubes, heat exchanging coils and heating elements, electrodes
 - carbide tools, wires, metal sheets, foils, drilling chips, coating overspray
 - watches, camera lenses, orthopedic implants
 - chemical equipment, nuclear reactors, missile parts
 - superalloys in jet engine components
 - and excess from part/product manufacturing (such as capacitors, carbide, and wire).
- In scope for auditing are the following sources (pre-consumer):
 - Selling or transfer of excess or by-products from smelting and processing that are reused
 - Raw ore from mining production, K-salt and tin slags
 - Stockpiles or reserves within the defined time limit



