

October 18, 2011

The Honourable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Industry Initiatives Related to File Number S7-40-10 on Conflict Minerals

Dear Chairman Schapiro,

For over a year I have been coordinating the multi-stakeholder group (MSG) of investors, corporations and NGOs to draft agreed-upon recommendations, which we submitted to the SEC on three occasions.

In addition to coordinating SEC interaction, I am an advisory board member to several of the initiatives established by the Electronics Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) Extractives Working Group such as the Conflict Free Smelter Program, and GeSI and EICC In Region Sourcing Panel (GEIRS). My organization, the Responsible Sourcing Network, recently joined the Public-Private Alliance for Responsible Minerals Trade (PPA) coordinated by the US State Department, USAID, and industry representatives. Since I coordinate monthly multi-stakeholder calls on this issue, I am also aware of additional in-region certification efforts.

It has been amazing to see in the last few months the rapid expansion of these programs which are all designed to assist in the sourcing of conflict-free minerals from the Democratic Republic of the Congo (DRC) and its neighbors.

I want to ensure the SEC is aware of and able to acknowledge all of the efforts that are in the process of being developed and piloted. Therefore, I collated several documents from the various initiatives underway that have not yet been posted to the SEC website and am submitting them as attachments.

The three attachments include:

- Attachment 1
 - Overview of the PPA
 - EICC-GeSI Conflict-Free Smelter (CFS) Program
 - EICC-GeSI Reporting Template and Dashboard
- Attachment 2
 - International Conference on the Great Lakes Region (ICGLR) Certification Mechanism
- Attachment 3
 - BGR (agency of the German government) Certified Trading Chains (CTC) Pilot Project in Rwanda

All of the attached documents are available on public web sites.

Each project taken individually will not produce a transparent and accountable supply chain. However, when they are all coordinated and have information flowing smoothly from one into another, there is hope that this combination of industry, government and multi-stakeholder efforts will halt revenue flows to the armed groups and give consumers assurance that their products with electronic components are not fueling the conflict in the Congo.

In fact, Motorola Solutions, AVX and HP are currently implementing a new project called “Solutions for Hope” which sources responsibly-mined minerals in a “closed loop” system from mine to product. This project (details found here: <http://mediacenter.motorolasolutions.com/Press-Releases/Motorola-Solutions-Announces-Project-to-Source-Conflict-Free-Tantalum-from-Democratic-Republic-of-Congo-36a1.aspx>) is designed to work out the kinks between the various initiatives and mechanisms.

Although all of these efforts are in nascent stages, the seeds have been planted to build the needed transparency mechanisms for reporting, to minimize human rights abuses, and to promote jobs with responsible mining practices in the DRC.

I appreciate the opportunity to submit these documents, and look forward to providing any additional information you may need for the rule-making process. If you need to contact me for any reason, you can reach me at patricia@sourcingnetwork.org and 415.692.0724.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia Jurewicz', with a stylized flourish at the end.

Patricia Jurewicz
Director
Responsible Sourcing Network

Multi-stakeholder, Industry and Government Initiatives to Achieve Responsible Mineral Sourcing from the Democratic Republic of the Congo
October 17, 2011

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Page 3	Screen shot of ‘CFS Program Compliant Tantalum Smelter List’ (Last Update: May 31, 2011)
Page 4	Screen shot of ‘CFS and Due Diligence Program Status Update’ (Last Update: September 30, 2011)
Page 5	‘CFS Assessment Program – Frequently Asked Questions’ (Revision: 25 May 2011)
Page 18	‘CFS Audit Standard and Instruction Documents - Tin Standard and Instruction Documents’ (Revision: 15 September 2011) (This is an example, audit standards also exist for Tantalum, Tungsten and Gold.)
Page 38	Screen shot of ‘Conflict Minerals Reporting Templates & Dashboard’ home page
Page 39	Screen shot of ‘Conflict Minerals Reporting Template’
Page 40	Presentation – ‘Downstream Conflict Minerals Reporting Template Orientation’ (Revision 1.1 - 29 July, 2011)
Page 59	Process Steps for EICC-GeSI Conflict Minerals Reporting Template Dashboard (29 September 2011)

Public-Private Alliance for Responsible Minerals Trade (PPA)¹

Leaders worldwide are calling for action to address conflict minerals concerns while delivering solutions that benefit those involved in responsible minerals trade in Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa. The PPA is being launched as a joint effort of the U.S. State Department, the U.S. Agency for International Development, non-governmental organizations and companies/industry organizations to take on this challenge.

The PPA will be a **hub for those seeking information and ways to take action** on responsible minerals trade and sourcing, **maximizing the efficiency and impact** of participants' time and resources, and generating additional resources to fill key gaps for a verifiable, conflict-free supply chain.

What will the PPA accomplish?

Conflict-free Sourcing. The PPA will demonstrate that it is possible to secure **legitimate, conflict-free minerals** from the DRC and the GLR. While initiatives have shown progress, none has yet produced a fully validated supply chain to meet the needs of companies facing new legislation and international due diligence guidance. The PPA will support pilot programs—with the ultimate goal of producing **scalable, self-sustaining systems**—to demonstrate a fully traced and validated supply chain in a way that is **credible to companies, civil society, and government.**

Credible Information Resources. The PPA website will be a **resource for companies with reporting requirements** mandated by section 1502 of the July 2010 Dodd-Frank legislation and other **organizations seeking current, balanced information on conflict minerals.**

Improved Coordination and Communication. Through a range of tools, including a website and a multi-stakeholder governance group, the PPA will provide a **platform for coordinated, productive dialogue** among government, industry, and civil society in a non-regulatory setting.

Why an alliance?

A public-private alliance is a vehicle allowing government, companies, civil society, and others to **harmonize technical and financial resources for a common purpose.** Participants commit funds, technical capacity, and in-kind contributions to support shared goals.

The U.S. Government plans to invest approximately \$3.2 million in the work of the PPA. It is hoped that companies and industry associations will invest \$2 million or more in funding through 2012.

How will PPA align with other conflict minerals activities?

The PPA will help **coalesce and strengthen existing sourcing mechanisms** rather than create new initiatives, marshaling technical and financial resources to support systems showing early progress (OECD and UN Group of Experts due diligence guidance and implementation, ICGLR certification system, ITRI Supply Chain Initiative, BGR Certified Trading Chains). The PPA will provide **opportunities to interface and coordinate** with governments, supply chain initiatives, and other stakeholders, serving as a focal point for dialogue and problem-solving.

Who should join? We seek broad participation!

Companies, industry associations, governments, and bi-lateral and multi-lateral development agencies seeking solutions to address the conflict minerals issues, and looking to work with suppliers, government, and civil society may join the PPA and are asked to contribute funding.

Civil society and other interested organizations interested in supporting on-the-ground solutions to conflict minerals sourcing and related issues and able to offer time and expertise to the PPA are also encouraged to join.

PPA Goals

Support development of supply chain systems that enable downstream businesses to source minerals that are validated, certified, and traced to mines that are 'conflict-free,' and monitored and audited using agreed-upon standards and mechanisms, and that lead to scalable, responsible, self-sustaining minerals trade in the GLR.

Provide a mechanism for appropriate communication and collaboration in developing common positions vis-à-vis supply chain initiatives (mine to point of sale), to help ensure that systems are harmonized in scope and activity and can be relied on by all Participants.

Consider additional activities supporting the vision of conflict-free minerals extraction and trade in the GLR.

For More Information

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Conflict-Free Smelter (CFS) Tools & Resources,
<http://www.conflictreesmelter.org/cfshome.htm>, accessed 18 October 2011.

CFS Program Compliant Tantalum Smelter List,
http://www.conflictreesmelter.org/ListofConflictFreeSmelterProgramCompliantTantalumSmelters05_16_11.htm, accessed 18 October 2011.

CFS and Due Diligence Program Status Update,
<http://www.conflictreesmelter.org/CFSandDueDiligenceProgramStatusUpdate.Htm>., accessed 18 October 2011.

EICC®-GeSI Conflict-Free Smelter (CFS) Assessment Program, Frequently asked questions,
<http://eicc.info/documents/Conflict-FreeSmelterFAQ.pdf>, accessed 18 October 2011.

CFS Audit Standard and Instruction Documents - Tin Standard and Instruction Documents,
http://www.conflictreesmelter.org/documents/EICC_GeSIAuditStandardandInstructions_Sn_000.pdf, accessed 18 October 2011.

Conflict Minerals Reporting Templates & Dashboard' home Page,
<http://www.conflictreesmelter.org/ConflictMineralsReportingTemplateDashboard.htm>, accessed 18 October 2011.

Conflict Minerals Reporting Template, Excel spreadsheet available for download at
<http://www.conflictreesmelter.org/ConflictMineralsReportingTemplateDashboard.htm>, accessed 18 October 2011.

Presentation – 'Downstream Conflict Minerals Reporting Template Orientation',
http://www.conflictreesmelter.org/documents/EICC-GeSI_ReportingTemplate_Orientation.pdf, accessed 18 October 2011.

Process Steps for EICC-GeSI Conflict Minerals Reporting Template Dashboard,
http://www.conflictreesmelter.org/documents/Reporting_Template_Dashboard_How_To.pdf,

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Attachment 2 – ICGLR Certification

Page 1 ICGLR Standards and Procedures for Third Party Audits (First Draft – March 2011)

https://icglr.org/IMG/pdf/Standards_and_Procedures_for_Third_party_Audits.pdf

Page 23 PAC’s Taming the Resource Curse: Implementing the ICGLR Certification Mechanism for Conflict-prone Minerals (March 2001)

http://www.pacweb.org/Documents/icglr/PAC_Report_on_ICGLR_RCM-03-2011-eng.pdf

Standards and Procedures for Third Party Audits

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I. Definitions

1. Throughout this document, the phrase “armed groups” shall be taken to mean “armed groups engaged in illegal activity and/or serious human rights abuse”
2. Producer countries means Member States which produce or mine the Designated Minerals that are the subject of audit.
3. Processor countries means Member States countries that do not produce the Designated Minerals under audit, but rather import the minerals from other Member States and process, refine or aggregate these minerals prior to re-export.
4. The terms Producer countries and Processor countries are not mutually exclusive. Some Member States may be a mixture of both.

II. Principles

1. Scope of Audits

Audits focus on exporters.

For producer countries, audits shall examine the mineral chain from the exporter being audited, back up the mineral chain to the minerals’ point of origin in a mine site or sites, and include all those actors who buy, sell, transport or handle the minerals on their journey from mine to export, including but not limited to producers (formal and/or artisanal), traders, processors, smelters and exporters.

For processor countries, audits shall examine the mineral chain from the processor/exporter being audited back up the mineral chain to the foreign exporter who supplied the minerals to the processor/exporter. The audit shall include all those actors who buy, sell, transport or handle the minerals on their journey from foreign suppliers to the processor/exporter.

In cases where the exporter being audited obtains minerals both from domestic production and via purchases from foreign suppliers, the audits shall examine both the domestic mineral chain, as it would for a producer country, and the chain back to the foreign supplier(s), as it would for a processor country.

2. Onus on Exporter

An audit focuses on an exporter. As noted above in Scope of Audits, the audit examines the operation of the exporter, as well as a representative sample of those actors upstream in the mineral chain who handle, produce, process or supply Designated Minerals to the exporter. In most cases, these upstream actors will be separate corporate entities or individuals. **However, the onus for their compliance falls on the exporter.** That is, the exporter is responsible for his own compliance with the requirements of the system, and for that of his suppliers. Non-compliance (Major or Regular) by any of the upstream actors is considered to be a corresponding non-compliance by the exporter.

III. Overall Audit Methodology

1. Literature Review

- i. Auditors shall review relevant publications, particularly publications treating on the conflict situation in the region under audit. Relevant publications include but are not limited to local and international media, UN reports, NGO reports, academic publications and corporate publications (notably corporate risk review documents required by the OECD)
- ii. The findings of the literature review shall form part of the audit report

2. Interviews

- i. Auditors shall conduct extensive interviews as part of the audit process. Interviews shall be geared towards evaluating the exporters' compliance with all requirements of the certification system, and in particular with eliciting information regarding the presence conflict affected minerals in the mineral chain, or the contribution in any way of exported minerals to the funding of conflict in the region.

Interviews shall be conducted with the relevant management and staff of the exporter. Interviews shall also be conducted with relevant local government officials (i.e. in Mines, Customs, Police or other branches), knowledgeable local NGOs, UN Experts or Political Officers, or other relevant national or international experts. Further up the chain, interviews shall be conducted with mineral traders and their employees, with formal producers, artisanal producers (including artisanal diggers), porters and other transporters, and with government officials charged with supervising artisanal dig sites, or safeguarding or otherwise regulating the transport of minerals.

At all times, auditors shall strive to protect the physical safety and well being of interview subjects. Where advisable, either for the physical safety of interview subjects or in the interests of full and frank disclosure, interviews should be conducted in a safe location, away from the interview subjects place of employment.

- ii. Interviews shall form part of the Audit report. The report shall include a list of interview subjects, the date and place of the interview, and the main findings of the interview. (Names can be omitted where this would place the interview subject in jeopardy)

3. Records review

- i. Auditors shall review the financial, chain of custody and other records of exporters, processors, traders, miners, transporters and other actors in the mineral chain, in order to verify that the various actors are fulfilling the system requirements regarding chain of custody tracking and conflict financing. The reviews shall take place in the actor's normal place of business.

4. Sample Sizes

i. In examining the records of exporters, traders, miners or other actors in the mineral chain, auditors shall inspect a large enough percentage of the records in order to justify general conclusions about the totality of the record set. If this percentage is less than 100%, the auditor shall justify the chosen sample size (the percentage of records examined) in writing, demonstrating that the chosen sample size gives accurate results concerning the remaining, unexamined records.

ii. The ICGLR Audit Committee may, at its own discretion, set a sample size (percentage of each record set to be examined) to be utilized by all auditors.

iii. In tracking back up the mineral chain to the traders and mine sites that supply minerals to a particular exporter, auditors shall inspect a large enough percentage of suppliers and mine sites to justify conclusions about the totality of suppliers and mine sites. As a rule of thumb, the suppliers and mine sites selected for inspection should collectively have supplied a majority of the minerals obtained by the exporter for the period under audit. Where the percentage of suppliers and mine sites selected for inspection is less than 100%, the auditor shall justify the chosen sample size (the percentage of suppliers and mine sites examined) in writing, demonstrating that the chosen sample size gives accurate results concerning the remaining, unexamined suppliers and mine sites.

iv. The ICGLR Audit Committee may, at its own discretion, set a sample size (percentage or number of suppliers and mine sites to be examined) to be utilized by all auditors.

4. Field Visits

i. Auditors shall examine the operations of exporters, traders/suppliers and miners in their normal place of business in the field. This will of necessity require field visits of at least several days duration to trading centres and mine sites.

ii. The list of field visits undertaken (where, when) shall form part of the audit report

5. Transport Route Verification

i. Illegal taxation and the levying of illegal transport tariffs by armed groups on minerals being transported to mine site to exporter is a documented form of conflict financing. Auditors shall examine transportation routes carefully, searching for evidence of this phenomenon. The examination of transportation routes should include: physical inspection of the routes, with a regard for barriers where illegal tariffs are exacted; interviews with porters and traders involved in the transport of material; interviews with managers and pilots of airplanes involved in the transportation of minerals; examination of the financial and other records of airlines involved in the transport of minerals; interviews with managers and drivers of trucks or trucking firms involved in the transport of minerals; examination of the

financial and other records of trucking firms involved in the transport of minerals;

ii. Details of the transport route examination, including investigations undertaken and results (positive or negative) shall form part of the audit report.

6. Capacity reviews

i. The auditor shall examine the operation and records of the exporter and its upstream suppliers including the mine site, and in each case analyse whether the production or volume of minerals produced, traded or exported is consistent with the supporting documentation, with the physical capacity of the mine site, trader, supplier, or exporter, and with the information obtained from site inspections and interviews.

(As an example, auditors should examine whether the volume of material a trader claims to have sourced from a particular Approved mine site is consistent with the productive capacity of that Approved mine site; in addition, auditors should check that the trader known to the producers at that site; that his purchases, as recalled by miners or attested to by miner documentation match his claimed sales of material from that mine site.)

ii. The capacity review analysis shall form part of the audit report

7. Reporting

i. The Auditor may structure the Audit report as it may deem logical and appropriate. Whatever structure is chosen, the elements listed above in Section III (Overall Audit Methodology) shall be present in the Audit report, along with the elements listed below in Section IV and Section V.

ii. The ICGLR Audit Committee may, at its discretion, create a common template for Audit reports to be utilized by all auditors.

IV. General Provisions for all Actors in the Mineral Chain

The auditor shall verify that the all actors in the mineral chain, including but not limited to exporters, traders, artisanal producers, formal miners, and mineral processors:

1. Keep records for at least five years
2. Pay all taxes, fees or royalties paid to government for the purpose of extraction, trade, transport, processing and export of minerals.
3. Disclose publicly and to the ICLGR all taxes, fees or royalties paid to government for the purpose of extraction, trade, transport, processing and export of minerals, along with any other payments made to governmental officials for the purpose of extraction, trade, transport, processing and export of minerals.
4. Avoid cash purchases whenever possible, and ensures that all unavoidable cash purchases of minerals are supported by verifiable documentation and preferably routed through official banking channels
5. Actively oppose bribery and fraudulent payments
6. Transmits data and records to the ICGLR Secretariat on a monthly basis, or as required by the ICGLR Secretariat

Compliance Scale:

All provisions regularly and completely fulfilled:	Compliance
Significant gaps or non-fulfilment of some provisions:	Regular non-Compliance

V. Provisions for Specific Actors in the Mineral Chain

For each of the actors in the mineral chain listed below, the Auditor shall verify whether the actor is in compliance with the requirement of the ICGLR scheme, as delineated in the relevant sections of the Certification Manual and the Certification Manual Appendices.

1. Auditing Exporters

A. Intake Procedures – Before Purchase

For incoming lots of Designated Minerals, the Auditor shall

1. Verify that the Exporter checks the chain of custody documents prior to purchase to ensure that the lot originated from an Approved mine site.
2. Verify that the Exporter refuses to purchase lots with unclear documentation or lots that originate in non-approved mine sites.

Compliance Scale:

100% of lots traceable to Approved mine sites:	Compliance
some lots not traceable:	Regular non-Compliance
some lots traceable to non Approved mine sites:	Major non-Compliance

B. Intake Procedures – Purchase

For purchased lots of Designated Minerals, the Auditor shall

1. Verify that for each purchased lot, the exporter records the information describing the lot, as specified in Appendix 4: Standards for Chain of Custody Tracking Within Member States (i.e. as described in Appendix 4, paragraphs 27 or 42 or 44)
2. Verify that the exporter has retained the original documents that accompany each incoming lot
3. For a representative sample of incoming lots, cross check the information from the original documents with the information as recorded in the exporters record keeping system.

Compliance Scale:

Information 95%-100% complete and accurate:	Compliance
Information 75%-95% complete and accurate:	Regular non-Compliance
Information less than 75% complete and accurate:	Major non-Compliance

C. Processing/Internal Mineral Tracking

1. During internal processing of mineral lots, verify that the exporter does not mix material from Approved mine sites with material from any other site.

Compliance Scale:

No mixture of Approved and other lots:	Compliance
Mixture of any lots from Approved sites with material from any other site:	Major non-Compliance

2. Verify that the exporter has an internal mineral tracking system that can and does track incoming mineral lots as they are processed through the facility and incorporated into export shipments.
3. Verify, where material is mixed or concentrated, that the exporter's internal mineral tracking system can demonstrate, for each lot of minerals that is sold, exported or stockpiled:
 - A. The comptoir purchase order number of every incoming lot of approved mineral ore that was used to produce the outgoing lot
 - B. The weight of mineral ore from each incoming lot (identified via purchase order number) used to produce the outgoing lot
4. Verify, where material is mixed or concentrated, that the exporter's internal tracking and metallurgical accounting procedures can accurately demonstrate that the purchases of approved mineral ore matches at all times the exports and sales of mineral ore and metals, together with the stockpiles of ore and discards of ore.

Compliance Scale:

Tracking system in place, all mineral lots effectively tracked:

Compliance

Tracking system in place, some mineral lots not effectively tracked: minor non-compliance

Tracking system not in place or most mineral lots not effectively tracked: Major non-Compliance

D. Domestic Sales

For domestic outgoing lots of Designated material,

1. verify that the exporter records the information describing the lot, as specified in Appendix 4: Standards for Chain of Custody Tracking Within Member States (i.e. as described in paragraphs 34)
2. Verify that the exporter ensures that all the original documents describing the lot are included in the shipment of the lot
3. For a representative sample of outgoing lots, cross check the information in the original documents with the information as recorded in the exporters record keeping system.

Compliance Scale:

Information 95%-100% complete and accurate: Compliance

Information 75%-95% complete and accurate: Regular non-Compliance

Information less than 75% complete and accurate: Major non-Compliance

E. Export Processing

For exports of lots of Designated material

1. verify that the exporter records the information describing the lot, as specified in Appendix 5: Standards for Exports of Approved Minerals and Issuing ICGLR Certificates (i.e. as described in paragraph 7)

2. verify that the exporter ensures that all the original documents describing the lot accompany each lot

3. For a representative sample of exported lots, cross check the information in the original documents with the information as recorded in the exporters record keeping system.

Compliance Scale:

Information 95%-100% complete and accurate: Compliance
Information 75%-95% complete and accurate: Regular non-Compliance
Information less than 75% complete and accurate: Major non-Compliance

4. Verify, using chain of custody documents and records from the exporters internal mineral accounting system, that exported lots were sourced only from Approved mine sites.

Compliance Scale:

All exported lots sourced from Approved mine sites: Compliance
Some exported lots (or a portion of those lots) sourced from non Approved mine sites, or exporter lacks documentary proof of sourcing for some exported lots (or portions of some lots): Major non-Compliance

5. Verify that an exporter's exports of approved mineral or metal are at all times matched by its purchases of Approved mineral ore or metal.

Compliance Scale:

All exported lots sourced from Approved mine sites: Compliance
Some exported lots (or a portion of those lots) sourced from non Approved mine sites, or exporter lacks documentary proof of sourcing for some exported lots (or portions of some lots): Major non-Compliance

F. Reporting

The auditor shall verify that the exporter

1. Transmits his records of purchases, processing, and sales, as described in Appendix 5 paragraphs 6 and 13, to the ICGLR Secretariat on a monthly basis, or as required by the ICGLR Secretariat.

Compliance Scale:

Records transmitted to ICGLR on regular basis, as required by the ICGLR: compliance
Records sometimes transmitted to the ICGLR, but not with the frequency or regularity required by the ICGLR: Regular non-compliance
Records never transmitted to the ICGLR: Major non-Compliance

F. Government Oversight

The auditor shall verify that for outgoing lots leaving an Exporter, the Member State government representative(s)

1. follows the full procedures as outlined in paragraphs 14-28 of Appendix 5

Compliance Scale:

Member state government representative(s) (follows procedures as outlined for all exported lots: Compliance

Member state government representative(s) has not followed all procedures for all exports: major non-compliance

F. Eliminating Support for Conflict

The purpose of the measures in this section is to ensure that the exporter does not support or tolerate any direct or indirect support to armed groups through the extraction, transport, trade, handling or export of minerals. Auditors shall verify the exporter's compliance with the specific provisions given below. In addition, should an Auditor uncover evidence of direct or indirect support to armed groups through some mechanism not specifically delineated below, the Auditor must disclose this evidence in the Audit report.

The Auditor shall:

1. Verify that the Exporter pays all legal taxes, fees and royalties to the government for each export shipment of minerals

Compliance Scale:

All legal taxes paid: Compliance

Some legal taxes not paid: Major non-Compliance

2. Verify that the Exporter does not pay an illegal taxes, fees or royalties or other illegal payments (including payments routed through subcontractor or business partners, purchase orders or consulting agreements) to any government officials, whether for purposes of extraction, trade, transport and export of Designated Minerals, or for any other purpose

Compliance Scale:

No illegal taxes or other payments made: Compliance

Some illegal taxes or other payments made: Major non-Compliance

3. Verify that the beneficial owners of the Exporter are known, and are not materially linked to armed groups engaged in illegal activity and/or serious human rights abuses, or individuals pertaining to such groups

Compliance Scale:

Ownership clear, with no links to armed groups: Compliance

Ownership not clear or information not available: Regular non-Compliance

Ownership by individuals linked to armed groups: Major non-Compliance

4. Verify that the Exporter does not make any payments to any individuals, companies, charities or NGOs that are materially linked to armed groups engaged in illegal activity and/or serious human rights abuses. This includes payments routed through the Exporter's principles, subcontractors or business partners, via purchase orders or consulting agreements or any other mechanism.

Compliance Scale:

No payments to individuals or other entities materially linked to armed groups: Compliance
Some payments to individuals or other entities materially linked to armed groups: Major non-Compliance

4. Verify that no payments are made to armed groups during the process of transporting minerals from the mine site to the exporter.

Compliance Scale:

No payments made to armed groups during the process of transporting minerals: Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are less than 1.0% of the value of the minerals being transported: regular non-Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are greater than 1.0% of the value of the minerals being transported: Major non-Compliance

2. Auditing of Field Traders Supplying the Exporter

A. Intake Procedures for Traders– Before Purchase

For incoming lots of Designated Minerals, the Auditor shall

3. Verify that the trader checks the chain of custody documents prior to purchase to ensure that the mine site lot originated from an Approved mine site, and that the information in the documentation matches the lot.
4. Verify that the trader refuses to purchase lots with incomplete or unclear documentation or lots that originate in non-approved mine sites, or lots where the number or sacks is greater or less than as described in the accompanying information.

Compliance Scale:

100% of lots traceable to Approved mine sites: Compliance
some lots not traceable: Regular non-Compliance
some lots traceable to non Approved mine sites: Major non-Compliance

B. Intake Procedures for Traders – Purchase

For purchased lots of Designated Minerals, the Auditor shall

5. Verify that for each purchased lot, the trader records the information describing the lot, as specified in Appendix 4: Standards for Chain of Custody Tracking Within Member States (i.e. as described in paragraphs 22)
6. For a representative sample of incoming lots, cross check the information from the original documents with the information as recorded in the trader's record keeping system.

Compliance Scale:

Information 95%-100% complete and accurate: Compliance

Information 75%-95% complete and accurate: Regular non-Compliance
Information less than 75% complete and accurate: Major non-Compliance

C. Field Processing/Mineral Tracking

1. The auditor shall verify that during field non-mechanized processing of mineral lots, the trader does not mix material from Approved mine sites with material from other sites, or mix material from two different Approved sites.

Compliance Scale:

No mixture of material from Approved and non-Approved sites:

Compliance

Mixture of material from two different Approved mine sites: Minor non-compliance

Mixture of any material from Approved sites with material from any other site: Major non-Compliance

2. Verify, where field processing results in discard of some material from the lot, that the trader's tracking system records the following information, on the appropriate form (i.e. the form described in Paragraph 22 of Appendix 4) and elsewhere as required: the nature of the discarded material, the weight of the discarded material and the number of sacks and weight of material remaining in the lot at the completion of field processing.

Compliance Scale:

Trader tracks records all discards: Compliance

Trader tracks and records most discards, some discards not effectively recorded or accounted for: minor non-compliance

Trader does not track or record discards: major non-compliance

3. Verify, where material is concentrated, that the trader's tracking and accounting procedures can accurately demonstrate that the purchases of approved mineral ore matches at all times the sales of mineral ore, together with the stockpiles of ore and discards of ore.

Compliance Scale:

Tracking system in place, all mineral lots effectively tracked:

Compliance

Tracking system in place, some mineral lots not effectively tracked: minor non-compliance

Tracking system not in place or most mineral lots not effectively tracked: Major non-Compliance

D. Domestic Sales

The auditor shall verify that for domestic outgoing lots of Designated material,

1. the trader records the information describing the lot, as specified in Appendix 4: Standards for Chain of Custody Tracking Within Member States (i.e. as described in paragraphs 26-28)

2. the trader ensures that all the original documents describing the lot are included in the shipment of the lot
3. For a representative sample of outgoing lots, cross check the information in the original documents with the information as recorded in the exporters record keeping system.

Compliance Scale:

Information 95%-100% complete and accurate:	Compliance
Information 75%-95% complete and accurate:	Regular non-Compliance
Information less than 75% complete and accurate:	Major non-Compliance

E. Reporting

The auditor shall verify that the trader

1. Transmits his records of purchases, processing, and sales, as described in Appendix 4 paragraphs 22 (purchases), 25 (processing) and 26-28 (sales) to the ICGLR Secretariat on a monthly basis, or as required by the ICGLR Secretariat.

Compliance Scale:

Records transmitted to ICGLR on regular basis, as required by the ICGLR:	compliance
Records sometimes transmitted to the ICGLR, but not with the frequency or regularity required by the ICGLR:	Regular non-compliance
Records never transmitted to the ICGLR:	Major non-Compliance

F. Government Oversight

The auditor shall verify that for outgoing lots leaving a Trading Centre or a Field Trader's place of business, the Member State government representative

2. verifies the documentation describing the lot (as delineated in Appendix 4b, paragraph 26-28), and ensures that the outgoing lot is in compliance with the documentation
3. records their own name, position, identification number and the date the outgoing lot was verified, and affixes their signature to the accompanying documentation
4. otherwise follows the procedures as outlined in paragraphs 30-36 of Appendix 4b

Compliance Scale:

Member state government representative verifies all lot documentation, their own details and the other procedures outlined in paragraph 30-36 of Appendix 4b:	Compliance
Member state government representative verifies only some lot documentation, or only some of their own details and the other procedures outlined in paragraph 30-36 of Appendix 4b:	regular non-Compliance
Member state government representative does not verify lot documentation, or does not include their own details, or does not	

follow the other procedures outlined in paragraph 30-36 of Appendix 4b: major non-Compliance

G. Eliminating Support for Conflict

The purpose of the measures in this section is to ensure that the trader does not support or tolerate any direct or indirect support to armed groups through the extraction, transport, trade, handling or export of minerals. Auditors shall verify the trader's compliance with the specific provisions given below. In addition, should an Auditor uncover evidence of direct or indirect support to armed groups through some mechanism not specifically delineated below, the Auditor must disclose this evidence in the Audit report.

The Auditor shall:

1. Verify that the trader pays all legal taxes, fees and royalties to the government for each export shipment of minerals

Compliance Scale:

All legal taxes paid:	Compliance
Some legal taxes not paid:	Major non-Compliance

2. Verify that the trader does not pay an illegal taxes, fees or royalties or other illegal payments (including payments routed through subcontractor or business partners, purchase orders or consulting agreements) to any government officials, whether for purposes of extraction, trade, transport and export of Designated Minerals, or for any other purpose

Compliance Scale:

No illegal taxes or other payments made:	Compliance
Some illegal taxes or other payments made:	Major non-Compliance

3. Verify that the beneficial owners of the trader are known, and are not materially linked to armed groups engaged in illegal activity and/or serious human rights abuses, or individuals pertaining to such groups

Compliance Scale:

Ownership clear, with no links to armed groups:	Compliance
Ownership not clear or information not available:	Regular non-Compliance
Ownership by individuals linked to armed groups:	Major non-Compliance

4. Verify that the trader does make any payments to any individuals, companies, charities or NGOs that are materially linked to armed groups engaged in illegal activity and/or serious human rights abuses. This includes payments routed through the trader's principles, subcontractors or business partners, via purchase orders or consulting agreements or any other mechanism.

Compliance Scale:

No payments to individuals or other enteritis materially linked to armed groups:	Compliance
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Some payments to individuals or other enteritis materially linked to armed groups: Major non-Compliance

4. Verify that no payments are made to armed groups during the process of transporting minerals from the mine site to the trader, or from the trader to the exporter.

Compliance Scale:

No payments made to armed groups during the process of transporting minerals: Compliance

Some payments made to armed groups during the process of transporting minerals; these payments in total are less than 1.0% of the value of the minerals being transported: regular non-Compliance

Some payments made to armed groups during the process of transporting minerals; these payments in total are greater than 1.0% of the value of the minerals being transported: Major non-Compliance

3.Auditing Artisanal Production

A. Auditing of Artisanal Sourcing

The Auditor shall verify that

1. designated minerals are sourced only from an Approved mine site

Compliance Scale:

Designated minerals sourced from Approved mine site: compliance

Designated minerals sourced from non-Approved mine site: major non-compliance

B. Record Keeping

The Auditor shall verify that

2. the miners or mine site bosses record, for all lots transported from the Approved mine site, complete information describing the lot, as delineated in Appendix 4b paragraph 9

Compliance Scale:

Miners or mine site bosses record all the lot information from Appendix 4 paragraph 9 for every outgoing lot: compliance

Miners or mine site bosses record only most or all the lot information from Appendix 4 paragraph 9 for most or all outgoing lots: Regular non-compliance

Miners or mine site bosses do not record the lot information from Appendix 4 paragraph 9 for outgoing lots: Major non-compliance

C. Government Oversight

3. that Member State government representative(s) verify the documentation accompanying each outgoing lot from the mine site
4. that the Member State government representative affixes their own name, position and identification number on each outgoing lot that he has verified.

Compliance Scale:

Member state representative verifies the documentation of and affixes his identifying information on all outgoing lots: compliance

Member state representative verifies the documentation of some outgoing lots, or affixes his identifying information on only some outgoing lots: regular non-compliance

Member state representative does not verify the documentation of or does not affix his identifying information on outgoing lots: major non-compliance

D. Eliminating Support for Conflict

The purpose of the measures in this section is to ensure that the artisanal miners or mine site does not support or tolerate any direct or indirect support to armed groups through the extraction, transport, trade, handling or export of minerals. Auditors shall verify the miners and mine site's compliance with the specific provisions given below. In addition, should an Auditor uncover evidence of direct or indirect support to armed groups through some mechanism not specifically delineated below, the Auditor must disclose this evidence in the Audit report.

The Auditor shall:

1. Verify that the miners or mine site bosses pay all legal taxes, fees and royalties to the government for each export shipment of minerals

Compliance Scale:

All legal taxes paid:	Compliance
Some legal taxes not paid:	Major non-Compliance

2. Verify that the miners or mine site bosses do not pay any illegal taxes, fees or royalties or other illegal payments (including payments routed through subcontractor or business partners, purchase orders or consulting agreements) to any government officials, whether for purposes of extraction, trade, transport and export of Designated Minerals, or for any other purpose

Compliance Scale:

No illegal taxes or other payments made:	Compliance
Some illegal taxes or other payments made:	Major non-Compliance

3. Verify that the miners, mine site bosses, artisanal mining organisations or cooperatives, claim holders, license holders, or other beneficial owners of the mine site are not materially linked to armed groups engaged in illegal activity and/or serious human rights abuses, or individuals pertaining to such groups

Compliance Scale:

no links to armed groups: Compliance
information not clear or not available: Regular non-Compliance
individuals or other entities linked to armed groups: Major non-Compliance

4. Verify that the miners, mine site bosses, artisanal mining organisations or cooperatives, claim holders, license holders, or other beneficial owners of the mine site do not make any payments to any individuals, companies, charities or NGOs that are materially linked to armed groups engaged in illegal activity and/or serious human rights abuses.

Compliance Scale:

No payments to individuals or other entities materially linked to armed groups: Compliance
Some payments to individuals or other entities materially linked to armed groups: Major non-Compliance

4. Verify that no payments are made to armed groups during the process of transporting minerals from the mine site to the trader or trading centre or exporter.

Compliance Scale:

No payments made to armed groups during the process of transporting minerals: Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are less than 1.0% of the value of the minerals being transported: regular non-Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are greater than 1.0% of the value of the minerals being transported: Major non-Compliance

4. Auditing of Artisanal Mine Sites

The Auditor shall verify that the mine site sourcing the material does indeed qualify as Approved, but evaluating the mine site with respect to the criteria found in Appendix 3b-1: Inspection Criteria for Artisanal Mines.

A. MAJOR NON-COMPLIANCE CRITERIA

For each of the sample artisanal mine sites examined, the auditor shall verify that the following conditions obtain. Any violation shall be considered a Major non-compliance

1.1. Absence of Conflict

- 1.1.1. armed groups do not exert direct control of the mine site
- 1.1.2. armed groups are not directly involved in the exploitation of minerals at the mine site, nor does such a group direct the exploitation of minerals at the mine site
- 1.1.3. armed groups do not control access to a mine site, nor do such groups charge either for ingress or egress from the site

- 1.1.4. armed groups do not tax or profit from the mine site, by demanding payments from miners or others working at the mine site, or by receiving payments from the owner or operator of the mine site

1.2. Formality and Transparency

- 1.2.1. No payments are made by the mine site owner or mine site operator to illegal or criminal organizations
- 1.2.2. No payments are made by the mine site owner or mine site operator to political parties or political organizations, in contravention of the laws of that Member State

B. REGULAR NON-COMPLIANCE CRITERIA

For each of the sample artisanal mine sites examined, the auditor shall verify that the following conditions obtain. Any violation shall be considered a regular non-compliance

1.3. Absence of Conflict

- 1.3.1. armed groups are not stationed in or operating in close proximity to a mine site

1.4. Formality and Transparency

- 1.4.1. Mineral shipments do not exit the mine site without having been registered or recorded by a chain of custody system that can track the minerals to their next destination beyond the mine site
- 1.4.2. government officials (mines officials, secret service, municipal or provincial governments, etc) do not extract taxation or other payments from the workers or production of a Mine Site, in a manner not authorized by the Member State's mineral code or mineral regulations

5. Auditing of Formal Mining

A. Auditing of Formal Sourcing

The Auditor shall verify that

1. the mine operator sources designated minerals only from an Approved mine site

Compliance Scale:

Designated minerals sourced from Approved mine site: compliance
Designated minerals sourced from non-Approved mine site: major non-compliance

B. Record Keeping

The Auditor shall verify that

1. the mine operator records, for all lots transported from the Approved mine site, complete information describing the lot, as delineated in Appendix 4a paragraph 9

Compliance Scale:

Mine site operator records all the lot information from paragraph 9 for every outgoing lot: compliance

Mine site operator records only partial information, or records full information but not for all outgoing lots: Regular non-compliance

Mine site operator does not record the lot information from paragraph 9 for outgoing lots: Major non-compliance

2. the mine operator ensures that the information from paragraph 9 accompanies each outgoing lot from the mine site

Compliance Scale:

mine operator ensures that the information from paragraph 9 accompanies each outgoing lot: compliance

mine operator ensures that the information from paragraph 9 accompanies most but not all outgoing lots: regular non-compliance

The information from paragraph 9 does not accompany many or all outgoing lots: major non-compliance

C. Material from External Sites

Where a mine operator purchases or otherwise obtains Designated Minerals from artisanal producers or other Mine Operators, or otherwise incorporates materials from another mine site into a lot, the Auditor shall verify that the mine operator has fully complied with all of the requirements in Appendix 4a, paragraphs 13-15

Compliance Scale:

mine operator in full compliance with all requirements for all external purchases: compliance

mine operator in full compliance for most but not all external purchases: regular non-compliance

mine operator not in full compliance for many external purchases: major non-compliance

D. Mixing Lots

Where a mine operator purchases or otherwise obtains Designated Minerals from artisanal producers or other Mine Operators, or otherwise incorporates materials from another mine site into a lot, the Auditor shall verify that the mine operator has fully complied with all of the requirements in Appendix 4a, paragraphs 16-20

Compliance Scale:

mine operator in full compliance with all requirements for all mixing lots: compliance

mine operator in full compliance for most but not all not all mixed lots:
regular non-compliance

mine operator not in full compliance for many mixed lots: major non-
compliance

E. Eliminating Support for Conflict

The purpose of the measures in this section is to ensure that the formal mining operation does not support or tolerate any direct or indirect support to armed groups through the extraction, transport, trade, handling or export of minerals. Auditors shall verify that the formal mining operation is in compliance with the specific provisions given below. In addition, should an Auditor uncover evidence of direct or indirect support to armed groups through some mechanism not specifically delineated below, the Auditor must disclose this evidence in the Audit report.

The Auditor shall:

1. Verify that the formal mining operation pays all legal taxes, fees and royalties to the government for each export shipment of minerals

Compliance Scale:

All legal taxes paid:	Compliance
Some legal taxes not paid:	Major non-Compliance

2. Verify that the formal mining operation does not pay any illegal taxes, fees or royalties or other illegal payments (including payments routed through subcontractor or business partners, purchase orders or consulting agreements) to any government officials, whether for purposes of extraction, trade, transport and export of Designated Minerals, or for any other purpose

Compliance Scale:

No illegal taxes or other payments made:	Compliance
Some illegal taxes or other payments made:	Major non-Compliance

3. Verify that the formal mining operation or other beneficial owners of the mine site or operation are not materially linked to armed groups engaged in illegal activity and/or serious human rights abuses, or individuals pertaining to such groups

Compliance Scale:

no links to armed groups:	Compliance
information not clear or not available:	Regular non-Compliance
individuals or other entities linked to armed groups:	Major non-Compliance

4. Verify that the formal mining operation or other beneficial owners of the mine site or operation does not make any payments to any individuals, companies, charities or NGOs that are materially linked to armed groups engaged in illegal activity and/or serious human rights abuses.

Compliance Scale:

No payments to individuals or other enteritis materially linked to armed groups: Compliance
Some payments to individuals or other enteritis materially linked to armed groups: Major non-Compliance

4. Verify that no payments are made to armed groups during the process of transporting minerals from the mine site to the trader or trading centre or exporter.

Compliance Scale:

No payments made to armed groups during the process of transporting minerals: Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are less than 1.0% of the value of the minerals being transported: regular non-Compliance
Some payments made to armed groups during the process of transporting minerals; these payments in total are greater than 1.0% of the value of the minerals being transported: Major non-Compliance

6. Auditing of Formal Mine Sites

The Auditor shall verify that the mine site sourcing the material does indeed qualify as Approved, by evaluating the mine site with respect to the criteria found in Appendix 3b-2: Inspection Criteria for Formal Mines.

A. MAJOR NON-COMPLIANCE CRITERIA

For each of the formal mine sites examined, the auditor shall verify that the following conditions obtain. Any violation shall be considered a Major non-compliance

1.1. Absence of Conflict

- 1.1.1. armed groups do not exert direct control of the mine site
- 1.1.2. armed groups are not directly involved in the exploitation of minerals at the mine site, nor does such a group direct the exploitation of minerals at the mine site
- 1.1.3. armed groups do not control access to a mine site, nor do such groups charge either for ingress or egress from the site
- 1.1.4. armed groups do not tax or profit from the mine site, by demanding payments from miners or others working at the mine site, or by receiving payments from the owner or operator of the mine site

1.2. Working Conditions

- 1.2.1. Forced labour is not practiced on the mine site; workers are not required to work for no compensation; workers are not required on certain days of the week to surrender the fruits of their labour to the mine site boss (i.e. liwanza)

1.3. Formality and Transparency

- 1.3.1. No payments are made by the mine site owner or mine site operator to illegal or criminal organizations

- 1.3.2. No payments are made by the mine site owner or mine site operator to political parties or political organizations, in contravention of the laws of that Member State
- 1.3.3. Mineral shipments do not exit the mine site without having been registered or recorded by a chain of custody system that can track the minerals to their next destination beyond the mine site
- 1.3.4. The mine site is registered with Member State mining authorities and is in conformity with all Member State laws and regulations regarding mineral title

B. REGULAR NON-COMPLIANCE CRITERIA

For each of the sample artisanal mine sites examined, the auditor shall verify that the following conditions obtain. Any violation shall be considered a regular non-compliance

1.1. Absence of Conflict

- 1.1.1. armed groups are not stationed in or operating in close proximity to a mine site

1.2. Working Conditions

- 1.2.1. Children below the minimum working age as defined in that Member State are not employed in exploitation in the mine site

1.3. Formality and Transparency

- 1.3.1. government officials (mines officials, secret service, municipal or provincial governments, etc) do not extract taxation or other payments from the workers or production of a Mine Site, in a manner not authorized by the Member State's mineral code or mineral regulations
- 1.3.2. The mine site pays all legally due taxes, registration and mineral licensing costs, and other legal government levies

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Page 82 BGR Presentation – CTC Pilot Project Rwanda (March 17, 2011)

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