

# Dodd-Frank Quick Hits:

## U.S. State Department on Conflict Minerals: “...begin now...”

On July 15, 2011, the U.S. State Department issued a statement clarifying its position on due diligence requirements with respect to Section 1502 of the Dodd-Frank Act concerning “conflict minerals.” Section 1502 instructs the Securities and Exchange Commission (SEC), in consultation with the Department of State, to promulgate regulations requiring, in part, certain companies to submit annually a description of the measures taken to exercise due diligence on the source and chain of custody of the four “conflict minerals” (tin, tungsten, tantalum, and gold). In parallel, the Department is “to provide guidance to commercial entities seeking to exercise due diligence on and formalize the origin and chain of custody of conflict minerals used in their products and on their suppliers to ensure that conflict minerals used in the products of such suppliers do not directly or indirectly finance armed conflict or result in labor or human rights violations.” The Department will consider whether to revise this guidance after the final regulations are issued by the SEC.

While final rules are due to be issued by the SEC between August and December this year, the State Department says “... it is critical that companies begin now to perform meaningful due diligence with respect to conflict minerals. To this end, companies should begin immediately to structure their supply chain in a productive manner to encourage legitimate, conflict-free trade, including conflict-free minerals sourced from the DRC and the Great Lakes region.”

Additionally, the State Department stated that it “...specifically endorses the guidance issued by the Organization for Economic Cooperation and Development (OECD) and encourages companies to draw upon this guidance as they establish their due diligence practices. We encourage companies, whether or not they are subject to the Section 1502 disclosure requirement, that are within the supply chain of these minerals to exercise due diligence based on the OECD guidance and framework as a means of responding to requests from subject suppliers and customers. We recognize implementation of this framework will take time, and will present challenges as many of the mechanisms needed to facilitate transparency for in-region sourcing are developed.”

To read the full statement, [click here](#).

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