

Law or No Law

How a Conflict Mineral Reporting Program
Affects Your Company
and
Customer Requirements
August 2017

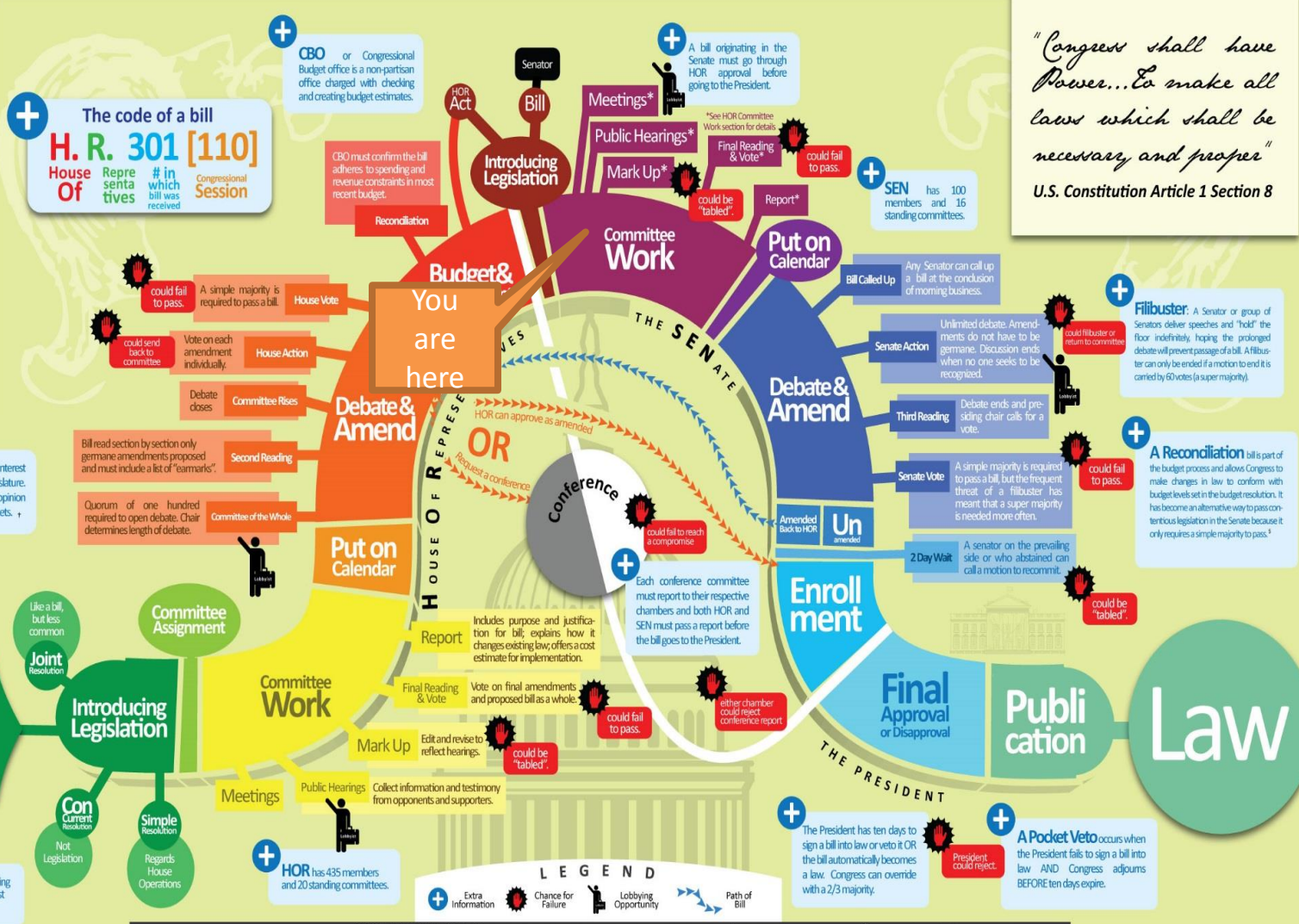


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Legislation in Uncertain Times

"Congress shall have Power... To make all laws which shall be necessary and proper"
 U.S. Constitution Article 1 Section 8

HOW OUR LAWS ARE MADE



Lobbyist
 A Lobbyist is an activist paid by an interest group to promote their position in the legislature. He/She can also work to change public opinion through advertising and other media outlets.

Representative

A State Legislature

The People

Executive Branch

LEGEND

- +** Extra Information
- ☠** Chance for Failure
- 🗨** Lobbying Opportunity
- Path of Bill

A collaboration of Mike Wirth & Dr. Susanne Cooper. Guesco Ph.D. 2010. Data from "How Laws are Made" by John V. Sullivan. Rev. 4/24/07 thomas.loc.gov

- More DF Chatter
 - SEC states they will not recommend enforcement action if a company does not file Conflict Minerals Report, but Specialized Disclosure Form (SD) still required
 - Is the SEC the only one who views the Smelter List?
 - NGO's, Customers, Stakeholders

- EU
 - What is the legislation?
 - Covers same minerals (Tin, Tungsten, Tantalum and Gold) as US Dodd-Frank
 - Require 3TG importers to report due diligence
 - Global scope, not focused solely in DRC and surrounding countries
 - Plan to have specific list of smelters/refiners located in EU
 - Does it affect US companies?
 - Possible ripple effect through supply chain
 - Large manufacturers asked to volunteer to report
 - No current plan/program – due to begin January 1, 2021

- China
 - What is the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains?
 - Developed by China Chamber of Commerce of Metals, Minerals and Chemical Importers & Exporters (CCCMC) working with Organisation for Economic Co-Operation Development (OECD) and select industries/stakeholders
 - Applies to all Chinese companies which are extracting and/or using mineral resources and related products and are engaged at any point of supply chain of minerals
 - Does it affect US companies?
 - Affects (exporters → trading, smelting/refining → manufacturers) in China
 - Likely to see guidance by end of this year

- US States
 - What rules are on file?
 - Massachusetts
 - Maryland
 - California
 - How does their rule work with current DF legislation?
 - California and Maryland directly tied to DF legislation
 - If in violation with CM rule, may affect state contract bids
 - State cannot knowingly purchase from company in violation of CM Rule
 - Massachusetts report due this year
 - Report will review current procurement policies and examine best practices
 - Focus on electronics and information communication suppliers
 - Does look at implications of non-compliant SEC conflict mineral filing

- Customer requirement
 - Not a filer, but meet the requirements of customer
 - Publically traded companies complete the activity due to SEC filing regulation of DF-1502
 - Non-filing companies complete the activity due to requirements of customers who are publically traded
- *If it weren't a regulation, would I still be required to complete CMRT?*
 - Customer wants to understand supply chain/responsibly source 3TG
 - CMRT may still be best way to identify risks in supply chain



- Dodd-Frank 1502 requirement has not gone away
- Other regulations may require understanding of CM sourcing
 - EU, China, some states maintain separate legislation
- Responsible Sourcing
 - Customer requirement to meet regulation
 - It's more than just about a law
 - Mitigating Risk
 - Transparency
 - Humane/Socially Responsible