



The **Catalyst** for Peak Performance

Board of Directors  
Representing:

March 14, 2013



RE: Compliance with "Conflict Minerals" Requirements - Update



Dear Colleagues:

The Automotive Industry Action Group (AIAG) is a not-for-profit organization that supports industry efforts to establish a seamless, efficient and responsible supply chain. For 30 years, AIAG has provided unique insights into business issues, candid collaborative expertise, and delivery of practical solutions for our members.



CHRYSLER

The AIAG Workgroup on Conflict Minerals has collaborated to provide resources that will enable public companies to comply with upcoming legislative requirements.



### Background

There are great concerns that the minerals trade in the Democratic Republic of Congo (DRC) is furthering human rights violations in that country. The U.S. Congress adopted new conflict minerals disclosure requirements as part of the Dodd-Frank Act, which President Obama signed into law in July 2010. Under the conflict minerals provisions of the act, manufacturers whose products contain columbite-tantalite (tantalum), cassiterite (tin), gold, and wolframite (tungsten), their derivatives, or other minerals designated by the secretary of state as conflict minerals will be required to conduct due diligence and provide additional disclosures to the U.S. Securities and Exchange Commission (SEC) regarding the origin of these conflict minerals.



Although the due diligence and reporting requirements apply only to publicly-traded companies registered with the SEC, we fully expect that the requirements will rapidly flow through the entire supply chain in a manner similar to many other material and chemical requirements applicable to our industry.



Under the Dodd-Frank Act, unless a company can reasonably determine that the conflict minerals in their products or processes were mined outside the DRC or adjacent countries, reporting companies will be required to undertake additional exhaustive inquiries and



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provide detailed reports on the origins of the conflict minerals.

Companies not required by law to file reports will likely be required to provide similar information to their customers to assist in these reporting efforts.

### **New Development: Conflict-Free Smelter (CFS) Assessment Programs**

On behalf of the AIAG and its thousand member companies, we are writing to you about a Conflict-Free Smelter (CFS) assessment program. The CFS is a voluntary program developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI). The CFS provides the EICC/GeSI Conflict-Free Smelter ("CFS") Program, an audit and certification program that will identify and publish a list of certified conflict-free smelters of tin as well as tantalum, tungsten, and gold. A certification program such as the EICC/GeSI CFS can save automakers and automotive suppliers a significant amount of time and confusion as we begin due diligence. Our working group is formally collaborating with the EICC and GeSI in the CFS program to ensure robust application across both electronics and other manufacturing applications.

Freudenberg-NOK



### **How does this impact tungsten smelters?**

Conflict minerals are a major issue that will affect our businesses and impact the entire tungsten supply chain globally. Automotive suppliers buying and/or using tungsten in their products will soon begin asking sub-tier suppliers for due diligence reporting, if they are not already doing so. Requirements for automotive supply chain reporting have been or will soon be issued.

HONDA

### **If you are a tungsten smelter, your support is essential for the automotive industry to meet the reporting requirements under the Dodd-Frank Act.**

In this regard, we urge each of you to actively engage with the Conflict-Free Smelter Program as soon as possible. We appreciate that this is not a simple decision for the smelting community and that this issue will impact your business. The AIAG member companies are working as closely and collaboratively as possible with their supply chains and other industry verticals on this important issue. We urge you and your company to immediately become involved with the Con-





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Conflict-Free Smelter Program or another similar process.



Best regards,

J. Scot Sharland,

Executive Director Automotive Industry Action Group (AIAG)

For additional information, please go to [www.AIAG.org](http://www.AIAG.org), or email us at [CR@AIAG.org](mailto:CR@AIAG.org).



For view Conflict-Free Smelter Tools and Resources produced by the Electronic Industry Citizenship Coalition, Incorporated (EICC) and the Global e-Sustainability Initiative (GeSI) go to: <http://www.conflictreesmelter.org>



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