Conflict Minerals Compliance Reporting Process: A Collaborative Case Study
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ABOUT AIAG

Purpose Statement
Founded in 1982, AIAG is a globally recognized organization where OEMs and suppliers unite to address and resolve issues affecting the worldwide automotive supply chain. AIAG’s goals are to reduce cost and complexity through collaboration; improve product quality, health, safety, and the environment; and optimize speed to market throughout the supply chain.

AIAG Organization
AIAG is made up of a board of directors, an executive director, executives on loan from member companies, associate directors, a full-time staff, and volunteers serving on project teams. Directors, department managers, and program managers plan, direct and coordinate the association’s activities under the direction of the executive director.

DISCLAIMER
This is a case study that is not to be considered legal advice. AIAG expressly disclaims liability for any errors or omissions in this case study. The information contained in this case study does not reflect any position of AIAG. You should review the applicable laws and regulations relating to conflict minerals reporting requirements with your own legal counsel.

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Automotive Industry Action Group
26200 Lahser Road, Suite 200
Southfield, Michigan 48033
Phone: (248) 358-3570 • Fax: (248) 358-3253
DISCLAIMER

This case study was drafted by members of the AIAG Conflict Minerals Work Group and is intended to provide general information about the conflict minerals compliance process and to provide possible interpretations where there is an absence of specific guidance in the rule. No part of this case study constitutes legal advice, and your choice to use any part of this case study is voluntary and made at your/your company’s sole discretion. Prior to using this case study, you should thoroughly review the SEC final rules for section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act at http://www.sec.gov/rules/final/2012/34-67716.pdf and the SEC FAQ documents at http://www.sec.gov/divisions/corpfin/guidance/conflictminerals-faq.htm and also seek the advice of legal counsel.
INTRODUCTION

The conflict minerals rule contains many key provisions whose application is not clearly defined for automotive manufacturers. In the absence of specific guidance, the AIAG Conflict Minerals Work Group has worked to identify and explore possible interpretations as to the proper application of the rule. These interpretations are based on the text of the rule or logical conclusions from the text of the rule. As further guidance and enforcement clarification is provided by the SEC, this case study may be updated to reflect that information. This case study was developed by OEM, tier-one, legal, technical and consulting professionals to benefit from a broad cross-section of interested parties. If you have any comments on this case study, please submit them to AIAG at ConflictMinerals@aiag.org.

If you are an SEC filing company this case study may be useful in understanding the rule’s applicability to the automotive industry where the rule does not offer specific guidance. If you are not an SEC filing company this case study may assist you in understanding how to better support your customers who have SEC filing obligations under this law. For all SEC filing and non-filing companies, reporting obligations to customers will depend on the unique circumstances between you and your customer. The possible interpretations contained in this case study do not supersede any request for information from your customer.
1 SIX STEPS TO DETERMINE POSSIBLE SEC FILING OBLIGATION

Companies may use these six steps to determine which products may trigger an SEC filing obligation on Form SD. A “no” answer to any of the below questions may deem your product to be out of scope for an SD Form filing obligation under the conflict minerals rules:

- **First:** Is there a tangible product at issue? This step eliminates services and non-tangible purchases, e.g., electricity, gas, custodial services.
- **Second:** Did the issuer manufacture or contract to manufacture the product? This step is used to exclude products such as generic products bought for resale.
- **Third:** Is the product entering the stream of commerce? Reportable products must enter the stream of commerce.¹
- **Fourth:** Does the product contain conflict minerals? If the product does not contain conflict minerals (3TG) then no Form SD is required.
- **Fifth:** Is the 3TG necessary to the production or functionality? As a general statement this answer will be yes most of the time; however, issuers can determine exceptions on a case-by-case basis.
- **Six:** If the product does contain 3TG, are the conflict minerals sourced from scrap or recycled material? Issuers must perform due diligence to verify the materials origins.

¹ See SEC Rule p. 91
2 TERMS USED IN CONFLICT MINERAL COMPLIANCE

2.1 What is 3TG
The term “conflict mineral” in the final rule is defined to include cassiterite, columbite-tantalite, gold, wolframite, and their derivatives which are limited to the 3Ts. The acronym 3TG refers to the derivatives tin, tantalum, tungsten, and also gold.

2.2 What is Due Diligence?

2.3 The Difference Between Filing and Reporting Companies
Filing Companies: Companies who file reports with the SEC under sections 13(a) or 15(d) of the Exchange Act.

Reporting Companies: Companies who have commercial or contractual reporting obligations to customers with regard to conflict minerals data as outlined in the final rules.

2.4 Acceptable Reporting Formats
Most automotive companies have endorsed two acceptable formats for communicating all information related to conflict minerals up and down the supply chain:

1) The iPoint Conflict Minerals Platform (iPCMP) which can be found at www.conflict-mineral.com

2) The EICC/GeSI Conflict Minerals Reporting Template www.conflictfreesmelter.org

These two formats are designed to communicate the information needed to demonstrate reasonable due diligence steps which may support audit requirements for SEC filing companies. Standard letter responses from suppliers do not adequately communicate the due diligence necessary for filing companies to comply with the SEC rules.

2.5 Definition of a Product
An automotive product is defined as a physical good entering into the stream of commerce, or “goods for sale”. Generally, prototypes and demonstration goods would not be considered products unless your company’s core business is to produce prototypes or demonstration goods (example: a rapid-prototype shop). If your primary business is to produce physical goods for mass production, then prototypes and demonstration items are currently out of scope for filing.

Additionally, products that a company uses that do not remain on products entering into the stream of commerce are not currently in scope for reporting. Generally, tooling and equipment are not currently in

2 SEC rule pp. 90-91 footnotes 239 and 240
scope for reporting, unless your company is a tooling and equipment manufacturer with an SEC filing obligation.

2.6 Definition of a Manufacturer

“The final rule does not define the term ‘manufacture’ because…the term is generally understood” (p. 60). One can state in general terms that an automotive manufacturer is an assembler of physical products or “goods for sale”.

2.7 Definition of Contract to Manufacture

Under the rule, 3TG contained in final manufactured products are generally in scope for filing under the rules. Additional analysis of generic vs. non-generic products can be used for after-market products. This analysis may assist your company in assessing whether it is acting exclusively as a sales-channel or exclusively a distributor of aftermarket products.

2.7.1 Directed Buys

Consistent with SEC FAQs, companies are responsible for reporting the 3TG content in their products including all components. In the absence of specific guidance from the rule, one might assume that companies are responsible for reporting all 3TG content in their products, even if the components/materials which contain 3TG are directed to buy by your customer. Issues surrounding supplier compliance to reporting requests may be addressed jointly based on the unique circumstances of each situation.

2.7.2 After-Market Generic vs. Non-Generic Products

A generic or “off the shelf” product is not defined in the rule. However, a generic product is generally understood as a non-specialty product produced for multiple consumers (e.g. spark plugs). Under the rule, if a part or component is not manufactured or contracted to manufacture by an issuer, then it is generic. An issuer is not obligated to file after-market generic products if they are acting exclusively as resellers or distributors. However, if an issuer exerts sufficient influence over the product’s specifications, then that product is considered contracted to manufacture and is subject to the rule. Each company must make their own determinations to what is considered sufficient influence to be contracting to manufacture. For example, rebranding a product or requiring a logo be affixed to it is not sufficient influence, but providing other unique fit, form, or function specifications may be sufficient influence.

Additionally, a company that only negotiates the contractual terms of a generic products that do not impact fit, form, function, or only cover warranty are not considered contract to manufacture and currently would not be in scope. In any case, if the generic or non-generic product is used in a higher level product by the purchasing company, then the distributing company may have a customer reporting obligation on that product.

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3 SEC Rule pp. 90-91, footnotes 239 and 240
4 SEC Rule pp. 60-61
5 See SEC Rule pp. 61-67
2.7.3 Joint Ventures

The SEC rules currently do not provide specific guidance on the issue of joint ventures. This decision is a company’s sole discretion and is dependent on the individualized circumstances of the companies involved. Generally, if you are a majority stakeholder in a JV then you may be subject to filing obligations under the rules. Additionally, if your company provides input to your JV on the fit, form, or function of a product then you may be subject to filing obligations under the rules.

Alternatively, if you are a minority stakeholder with no influence over the manufacturing of products, then you may not be subject to filing obligations under the rules.

Regarding consolidated subsidiaries, the SEC has confirmed in their FAQs that a company must report on products in their consolidated subsidiaries.

2.7.4 Licensing

In the absence of specific guidance from the rule, one might assume that licensing the use of a company’s brand does not make the licensor subject to the rules because the licensor is not putting the product into the stream of commerce. (See ref. p. 91)

2.7.5 Use of Full Service Suppliers

An SEC filing company who sources a product to a full service supplier is likely subject to the rule because that company is providing performance requirements to its supplier (e.g. product and heat tolerances, weight requirements, etc.). However, if a company is sourcing a full-service supplier for an aftermarket product, then it may not have a filing obligation based on the circumstances surrounding the influence it has over the product (ref. generic vs. non-generic products).

2.7.6 Contract Impacts

Reference SEC rules p. 65

2.7.7 Distributors

While a distributor may not be subject to filing obligations under the SEC rules, companies who purchase or use products from a distributor in higher level products may have filing obligations. Hence, the distributor who purchases mass-volume of products from various manufacturers and sells them in smaller batches may be subject to reporting obligations to its customers.

2.7.8 Catalog Part Numbers

Catalog parts that are widely available to any customer are considered generic as a stand-alone item, but may have reporting obligations once used in a customer’s higher level assembly. If a supplier changes the specification for its part with no influence from a customer it is considered generic, but if an issuer exerts sufficient influence over the product’s specifications, then that product is considered contracted to manufacture and is subject to the rule. Each company must make their own determinations to what is considered sufficient influence to be contract to manufacture. (SEC rules p. 6)
2.7.9 Influence over Manufacturing

If a supplier changes the specification for its part with no influence from a customer it is considered generic, but if the customer exerts a sufficient degree of influence the part may then be considered contract to manufacture and subject to the rule. Each customer must make their own judgments to what is sufficient influence.  

2.7.10 Dictation of Performance Specification

The SEC does not provide a clear rule to the amount of influence sufficient to make a product subject to the filing requirements of the rules. In the absence of specific guidance from the rule, one might assume that products intended for production would be subject to filing requirements under the rules. Therefore, the amount of influence over a product in the form of performance requirements should be assessed on a case by case basis and judgments made between the involved companies as to the reporting and/or filing obligations.

2.8 Distribution Channels

A company leasing its distribution channels to a non-filing company would not have filing obligations under this situation. A company simply leasing the use of its distribution channels to another company would not be considered a manufacturer or to be putting products into the stream of commerce.

2.9 Catalysts

If a catalyst containing 3TG (for example organotin compounds in polymers) is used in making a product, and if any amount of 3TG (including trace amounts) is left on the product, then it must be reported to a customer and filed with an SEC disclosure. Even in a situation where a catalyst is intended to remove 3TG from the product, if any amount (including trace amounts) is left on the product, then it must be reported. It is important to note that automotive industry’s International Material Data System (IMDS) does not generally contain information at the trace level and typically does not include catalysts, therefore further analysis of products suspected to contain 3TG is required.

2.10 Necessary to the Functionality

If 3TG is included in your product, then it is likely necessary to the functionality of your products unless information is provided otherwise.

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6 See Cell phone example SEC Rule p. 65
7 SEC Rule p. 65
8 SEC Rule pp. 85, 90
9 SEC Rule pp. 81-91
2.11 Alternatives to 3TG

If 3TG is present and intentionally added to a product then it is deemed to be in scope. Even if a suitable alternative exists for 3TG, the fact that a manufacturer chose to use 3TG in their product classifies it as intentionally added for the purposes of reporting.

2.12 Machinery / Tooling

The SEC rule clearly indicate that tooling and equipment used to manufacture products is considered out of scope for reporting obligations for companies who manufacture items other than tools as their core products. Nevertheless, a company with a filing obligation to the SEC who does manufacture tools would have a filing obligation for their product to the SEC, but may not have a reporting obligation to their customer. In the case where tooling is exchanged between two automotive companies, that is most likely considered out of scope as long as neither company manufactured the tooling or equipment.

2.13 De minimis

If 3TG is present in the product, it is assumed to be necessary to the functionality or intentionally added. An example of a 3TG mineral present in a product, but neither necessary to the functionality nor intentionally added, would be a product made by a tool which leaves a 3TG residue on the product. In this case, the residue left on the product would not be in scope for reporting. However, if your product’s unique circumstances provide a clear technical reason why the 3TG minerals are neither necessary to the functionality nor intentionally added, it is recommended that you work with your customer to determine next steps.

2.14 Scrap and Recycled Materials

The SEC rules and OECD guidance clearly define scrap and recycled sources as it applies to the purchasers of scrap. “…conflict minerals are considered to be from recycled or scrap sources if they are from recycled metals, which are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. …recycled metal includes excess, obsolete, defective, and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten, and/or gold. …minerals that are partially processed, unprocessed, or a byproduct from another ore will not be included in the definition of recycled metal.”

2.15 Resale of Capital Goods as Scrap Materials

The rule provides no guidance to the sellers of scrap but in the absence of guidance one might assume that items sold for scrap are not subject to the rule because if a product did not originate within your business, then it is unlikely that the same item would become a product at the end of life. According to the SEC FAQs, if a company purchases capital equipment for the purposes of producing its products, then it is not in scope for reporting when the equipment reaches the end of life, regardless of whether it is scrapped or sold for scrap. Some examples of these types of goods are tooling, computers, equipment, and prototypes.

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10 SEC Rule p. 90
11 SEC Rule pp. 91-94
3 AIAG CONFLICT MINERALS FREQUENTLY ASKED QUESTIONS

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3.1 What laws and rules govern conflict minerals?

- On July 16, 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which was primarily designed to address financial reform and regulation for U.S. corporations. Section 1502 of this new law directed the U.S. Securities and Exchange Commission (the “SEC”) to establish rules requiring companies that file certain reports with the SEC to provide an annual disclosure as to the source of certain materials designated as “conflict minerals” in their products.

- The SEC adopted new rules, as required by this law, on August 22, 2012.
- The new rules provide that companies who file certain reports with the SEC must file SEC-mandated conflict minerals disclosures by May 31, 2014, covering products manufactured starting January 1, 2013, which incorporate conflict minerals that were not in the supply chain prior to January 31, 2013. Disclosures will be required every May 31st thereafter, and will cover products manufactured in the prior calendar year.

3.2 What is the purpose of this new legislation and these SEC rules?

- Congress included this provision in the Dodd-Frank Act in an effort to further the humanitarian goal of ending violent conflict in the Democratic Republic of the Congo (the “DRC”) and the adjoining region. This conflict has been partially financed by the trade of certain minerals, known as “conflict minerals,” in the DRC and in adjoining countries, which include Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia (the “Covered Countries”).
- Congress chose to use the U.S. securities laws disclosure requirements to promote the exercise of due diligence on the source of conflict minerals in supply chains, and to persuade companies to procure conflict minerals from sources that do not finance or benefit armed groups in the Covered Countries.

3.3 What minerals are “conflict minerals”?

- “Conflict Minerals” currently include gold, as well as tin, tantalum and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, respectively. These conflict minerals are referred to as “3TG.”
- The Dodd-Frank Act authorizes the U.S. Secretary of State to designate additional minerals if it is determined that trade related to those minerals is being used to finance conflict in the Covered Countries.
- The term “conflict minerals” applies to all 3TG minerals, whether or not they originated in the Covered Countries.

3.4 What products typically contain the 3TG conflict minerals?

- Conflict Minerals are used in a wide range of products, including but not limited to mobile phones, computers, digital cameras, video game consoles, jewelry, light bulbs,
3.5 Do the Dodd-Frank Act or the SEC rules make it illegal for us to use conflict minerals if they originate in the DRC or from the other Covered Countries?

- No. The Dodd-Frank Act and the new SEC rules relate to disclosure only, and they do not prohibit the use of conflict minerals in your products, even if those conflict minerals originated in the DRC or other Covered Countries.
- The SEC has provided specific guidance that it does not intend for companies to cease all procurement of conflict minerals in the DRC and other Covered Countries, which could ultimately cause economic collapse in the DRC region. Rather, it is the SEC’s goal to target the procurement of conflict minerals from sources that can verify its funds are not used to fund armed conflict in the region.
- You, your direct customers, or your indirect customers may be obligated to make disclosures regarding the source of conflict minerals in your products, and companies may therefore establish company standards or policies requiring that conflict minerals be procured only from sources that can demonstrate that they do not fund or benefit armed conflict in the DRC and the other Covered Countries.
- You should be vigilant as to your customers’ expectations related to conflict minerals, as embodied in company policies, standards or terms and conditions, as these may be changing in response to these new disclosure requirements.

3.6 We do not file reports with the SEC. Is my company affected by the conflict minerals rules?

- Probably, yes. The disclosure requirements are aimed at companies who file certain public reports with the SEC, but in order for those SEC filers to make those disclosures, they will need information from the companies who supply them with materials and/or components. Therefore, even if your company is private and/or does not file reports with the SEC, as long as you are a direct or indirect supplier to a company that files certain reports with the SEC, you may be asked to provide information regarding the uses and sources of conflict minerals in your products.
- Products that are manufactured beginning January 1, 2013, are subject to disclosure, and therefore may be the subject of inquiry, but products that incorporate conflict minerals already in the supply chain prior to January 31, 2013, are excluded from disclosure.
- Depending on your customer base and the type of products you manufacture or distribute, you may be asked to cascade an inquiry to your own suppliers as a means to investigate the source of your materials and components, and to complete a questionnaire based upon the results of your inquiry. If you do not manufacture or assemble any products but are merely a service provider, you may not be asked to make any disclosures. If, however, you are a distributor or reseller of products, you may be asked by your customer to assist them in seeking information from your suppliers regarding the use of conflict minerals in the products you procure on their behalf.
3.7 What tools or forms are available to help our company comply with the conflict minerals rules?

- The automotive industry, through the Automotive Industry Action Group (“AIAG”), is currently working to design a common set of tools to perform the supply chain inquiries necessary to fulfill the obligations of automotive manufacturers who must file conflict minerals disclosures with the SEC. AIAG has co-developed the iP CMP software tool with iPoint, a software solution provider. The iP CMP tool will deliver a pre-formulated questionnaire to suppliers and to manage supplier responses.

- The automotive industry has modeled the pre-formulated questionnaire after the Electronic Industry Citizenship Coalition (“EICC”) and the Global e-Sustainability Initiative (“GeSI”) Conflict Minerals Reporting Template, the leading template for conflict minerals data collection.

- While it is optional for suppliers, iP CMP is widely recommended by industry leaders. Ultimately, the more suppliers that use the tool, the easier compliance will be for all automotive manufacturers. More information on the iP CMP tool is available at http://www.conflict-minerals.com/en/start-page/. If you opt not to use the iP CMP tool, you can manually complete the questionnaire. This is not a recommended approach, since it will not help to support the goal of the automotive industry to responsibly source minerals and to facilitate and standardize compliance with the disclosure requirements.

3.8 What are companies that report to the SEC required to do?

- If your company is an “SEC filer” that files periodic reports with the SEC such as Forms 10-K and 10-Q (including foreign private issuers who file Form 20-F, smaller reporting companies and emerging growth companies), you will be required to disclose information regarding conflict minerals in products you manufacture or contract to manufacture by filing a new Form SD by May 31, 2014, covering products manufactured in the entire 2013 calendar year.

- Compliance with these disclosure obligations is complicated, and SEC filers are urged to seek legal guidance in obtaining information from suppliers and preparing disclosures for the SEC. It should, in particular, be noted that the Form SD and its exhibits are “filed” and not “furnished” to the SEC. As a result, heightened liability under Section 18 of the Securities Exchange Act of 1934 applies for any fraud or misstatements.

- Your Form SD will have to be filed by every May 31 thereafter, and will be based on manufacturing activity that occurred in the prior calendar year, even if your fiscal year is different.
• The information contained in the Form SD that is filed with the SEC must also appear on your company’s publicly available website for one year, and the Form SD itself must contain a link to that website.

• The content of the disclosures you make in the Form SD, as well as your company’s potential obligation to file an audited Conflict Minerals Report, will depend upon your suppliers’ responses as to the source(s) of conflict minerals they use in manufacturing products for your company.

• The rules do not define the term “contract to manufacture,” but the SEC has indicated in its guidance that the determination of whether a company contracts to manufacture a product depends upon the extent to which the company influences the selection of the materials contained in the product. For example, generic, off-the-shelf products to which you affix your company logo are likely outside the scope of the rule.

• Additional guidance for SEC filers is available at:
  – http://www.pwc.com/us/conflictminerals

3.9 Do the results of our inquiry to our suppliers have to be audited?

• Only SEC filers who make a definitive disclosure with the SEC that their products are “DRC Conflict Free” (or not) are required to obtain a third-party audit of the inquiry made to suppliers. Even with such a definitive disclosure, the required third-party audit only evaluates whether the SEC filer has adequately performed due diligence by designing and disseminating an appropriate inquiry process and following that process. The required audit is not designed to verify the content of the disclosure, and need not necessarily be conducted by a certified public accountant.

• The standard for the adequacy of due diligence in a third-party audit must be measured in the context of an accepted due diligence framework. Currently, the only accepted such framework was designed by the Organisation for Economic Cooperation (“OECD”). More information about the OECD framework may be obtained at:

3.10 Do we need to develop a company policy regarding conflict minerals?

• The decision as to the appropriate content for a conflict minerals policy will inevitably vary widely from company to company, and will take into account a myriad of factors, such as the company’s industry, products, competitive position, customer base, supply chain complexity, size and location.

• If you are an SEC filer, any policy you have in place or that you choose to adopt may factor into your SEC disclosures, and you are therefore strongly urged to seek legal
guidance to assist you in deciding the appropriate policy decision(s) for your company.

3.11 Will every use of conflict minerals be covered by these rules?

- Conflict minerals are covered by these rules only if they are “necessary to the functionality or production” of a product. Therefore, whether you are an SEC filer who must make disclosures, or you are merely responding to a customer inquiry, you must make a determination as to whether the 3TG in the products that you manufacture or that you contract to manufacture are necessary to the functionality or production of that product.
  - While there is no definition of “necessary to the functionality or production” of a product, the SEC provides certain guidance, and more information may be forthcoming.
  - Current guidance provides that conflict minerals are “necessary to the functionality of a product” as long as they are: a) intentionally added to the product and not a naturally occurring by-product of the manufacturing process; b) necessary to the product’s generally expected function, use, or purpose; and c) not incorporated primarily for the purpose of ornamentation or decoration.
  - Current guidance provides that conflict minerals are “necessary to the production of a product” as long as they are: a) intentionally included in the product’s production process, but not in the form of a tool, machine or production equipment; b) contained in the final product; and c) necessary to produce the product. Conflict minerals contained in a catalyst would not be subject to the rules, unless those minerals were incorporated into the final product.

- You will be expected to provide information to your customers (or, if you are an SEC filer, in your disclosure to the SEC) as to the inquiry you made to determine whether the 3TG in your product(s) were or were not “necessary to the functionality or to the production” of your products. Make sure to document all steps you take in this inquiry, and to preserve that documentation. If you are unsure as to the standard for this inquiry, you should seek further guidance from your customer(s).

- Assuming you determine that conflict minerals are “necessary to the functionality or production” of your products, you will be expected provide information to your customers (or, if you are an SEC filer, in your disclosure to the SEC) as to whether the conflict minerals used in your products originated from the Covered Countries, came from scrap or recycled sources, or were outside the supply chain prior to January 31, 2013. Again, you should be sure to document all the steps you take in this inquiry and preserve that documentation. If you are unsure as to the standard for this inquiry, you should seek further guidance from your customer(s).

- It is important to note that the rules do not exclude de minimis use of conflict minerals. Even trace uses of conflict minerals are governed by the rules and are subject to disclosure.

- More guidance regarding the uses of conflict minerals that are and are not covered by these rules can be found at:
  - http://www.pwc.com/us/conflictminerals
  - http://www.dykema.com/resources-alerts-sec-adopts-final-rules-for-conflict-
3.12 A customer has asked us to indicate whether the conflict minerals obtained in our product(s) were sourced from conflict-free smelters. What is a conflict-free smelter?

- The Conflict-Free Smelter (“CFS”) Program is a certification program for smelters or refiners. The program was initiated by EICC and GeSI to assist the electronics industry in ensuring that conflict minerals used in their products do not originate from sources that fund armed conflict in the Covered Countries. The automotive industry plans to support this program, which was also recognized by the SEC in its guidance on the conflict minerals rule. The program requires that smelters or refiners represent the sources of the minerals they process as conflict-free, and those representations are then independently audited prior to certification.

- If you are able to determine that your conflict minerals originated solely from a certified conflict-free smelter, your products may be “DRC Conflict Free” under the conflict minerals rules.

- Unfortunately, only a limited number of smelters are certified at this time. Details regarding the certification process, as well as a list of certified smelters are available at [http://www.conflictfreesmelter.org](http://www.conflictfreesmelter.org).

3.13 What should companies do now to prepare for compliance with the rules?

- Ensure that you have valid, updated contact information for all your suppliers.

- Review your product portfolio to determine which of your products may contain conflict minerals. The IMDS database may be one resource for product content information, but that database will not likely contain all the information you need since the purpose of that database is to report on the Global Automotive Declarable Substance List and is not (and will not be) tailored to report conflict minerals.

- Begin communicating with your suppliers regarding your expectations of them in helping you meet your obligations under these rules.

- Identify resources within your company who will engage with suppliers to obtain responses to inquiries.

- Explore the conflict minerals compliance tools AIAG has developed, and determine if those tools would be useful to your company. Information regarding these tools and training can be found at [http://www.conflict-minerals.com/en/start-page/](http://www.conflict-minerals.com/en/start-page/).

- Identify other resources outside your company as necessary to provide advice on policy, compliance, and disclosure issues.

- Direct any additional questions for AIAG, or volunteer to assist us with our efforts to coordinate an industry response to these rules, by contacting Tanya Bolden at conflict ConflictMinerals@aiag.org
Click [here](#) to access a PDF version of the AIAG Conflict Minerals Reporting Checklist.