

Conflict Minerals Snapshot



Photo Source: PBS.org

Challenge:

“Conflict Minerals” is the term used to describe certain minerals such as gold, wolframite, cassiterite, columbite-tantalite and their derivative metals, which include tin, tungsten

and tantalum that are sourced from mines under the control of violent forces in the Democratic Republic of Congo (DRC) or the surrounding countries. Tin, tungsten, Tantalum and gold are used in many aerospace components with various applications.

Section 1502 of the Dodd-Frank Act requires all publicly-traded companies to report annually to the Securities and Exchange Commission (SEC) whether they use conflict minerals that are “necessary to the functionality or production” of a product that they either manufacture, or contract to be manufactured. The intention is to cut the funding to armed groups that commit violent human rights violations in eastern DRC.

The AIA Conflict Minerals Philosophy:

The Aerospace Industries Association (AIA) is fully dedicated to support the intent of Section 1502 of the Dodd-Frank Act Legislation that controls Conflict Minerals and the subsequent release of the SEC Final Rule set up to help regulate this law. One of the primary methods of supporting Conflict Minerals control is through responsible sourcing of the products that may contain Conflict Minerals. Responsible sourcing is an important principle of the AIA Supplier Management Council (SMC). The AIA SMC is now actively educating AIA member companies about the release of the SEC Final Rule and the pending disclosure requirements, working with other shareholders and industries involved with this challenge to synergize activities, and providing member companies useful guidance, in the form of best practices, which all member companies can choose to follow. The Conflict Minerals challenge has the full attention of the AIA.

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Due Diligence, SEC Final Ruling and FAQ’s:

The Organization for Economic Cooperation and Development (OECD) has created a recognized Conflict Minerals Due Diligence Guidance that companies can use to help define part of their due diligence plan. The Due Diligence Guidance can be found as follows:

www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf

The SEC has published the Final Rule for Dodd-Frank Act Section 1502 compliance requirements. The Final Rule document can be found as follows:

www.sec.gov/rules/final/finalarchive/finalarchive2012.shtml

The SEC has published the first series of Frequently Asked Questions (FAQ’s) to help provide some clarification to the Final Rule. You can find the SEC FAQ’s as follows:

<http://www.sec.gov/divisions/corpfm/guidance/conflictminerals-faq.htm>

AIA Member Collaboration:

- EICC/GeSI
- OECD Pilot Project
- Conflict Free Smelter Program

Get Active ASAP:

Benefits with getting involved now:

- Remaining time is decreasing to set up all compliance requirements prior to the first special disclosure and reporting due to the SEC.
- Clear requirements developed for your company and your supply chain.
- Collaboration opportunities with other businesses.

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