



NEW CONFLICT MINERALS REPORTING REQUIREMENTS SEC FINAL RULE

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NEW CONFLICT MINERALS REPORTING REQUIREMENTS

OVERVIEW

Conflict Minerals in the DRC

- Since the late 1990s, 5.4 million people have died in DRC conflicts.¹
- In 2009, armed groups controlled over 50% of the mines in the DRC's Kivus region.²
- Mines generate an estimated US\$140 million to 225 million annually.³
- Armed groups illegally tax mine owners in their territory.⁴
- The DRC provides 15 to 20% of the global supply of tantalum.⁵

Introduction

In one of the final sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), the US Congress sought to address the role that the trade of certain minerals (conflict minerals) originating in the Democratic Republic of the Congo (DRC) play in funding ongoing violence in the region. To accomplish this goal, Section 1502 of Dodd-Frank directs the Securities and Exchange Commission (SEC) to promulgate rules requiring public companies to disclose their use of conflict minerals in products that they manufacture or contract to manufacture.

On 22 August 2012, the SEC adopted its final rules implementing Section 1502 of Dodd-Frank (final rule). The final rule requires companies that file reports pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) to report on their use of conflict minerals in products that they manufacture or contract to be manufactured for each calendar year starting with year 2013, with the initial report due no later than 31 May 2014.

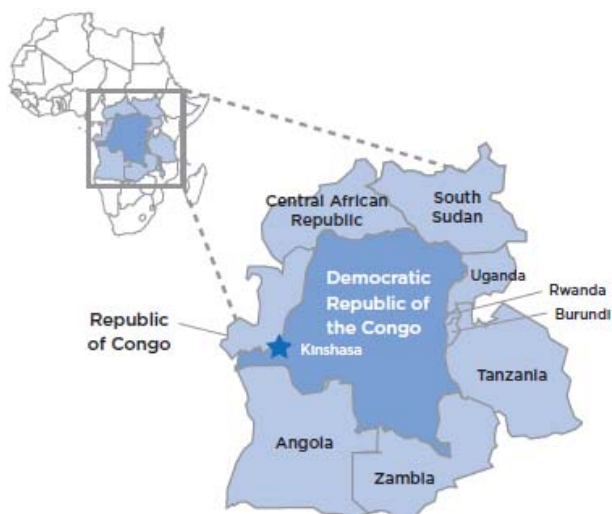
¹ BSR, "Conflict Minerals and the Democratic Republic of Congo," May 2012, http://www.bsr.org/reports/BSR_Conflict_Minerals_and_the_DRC.pdf.

² International Peace Information Service, "Militarised Mining Areas in the Kivus," August 2009, available at <http://www.ipisresearch.be/mining-sites-kivus.php>.

³ Enough Project, "Armed Groups' Estimated Profits from Trade in Tin, Tantalum, Tungsten, and Gold," 2008, available at <http://www.enoughproject.org/files/publications/Armed%20Groups%20Profits%20-%202013Ts%20and%20Gold%202008.xls>.

⁴ UN Security Council. "Final Report of the Group of Experts on the Democratic Republic of the Congo," 5/2009/603, New York, November 23, 2009, paras. 20-43; Global Witness, "Faced with a Gun, What Can You Do?" 13 July 2009, pp. 43-47, available at http://www.globalwitness.org/sites/default/files/pdfs/report_en_final_0.pdf.

⁵ The Enough Project Team and the Grassroots Reconciliation Group, "A Comprehensive Approach to Congo's Conflict Minerals—Strategy Paper," Enough Project, 24 April 2009, available at <http://www.enoughproject.org/publications/comprehensive-approach-conflict-minerals-strategy-paper>.



OVERVIEW (CONTINUED)

First Filings

Issuers must comply with the final rule for products manufactured or contract manufactured starting 1 January 2013. Though issuers will not be required to report on products with conflict minerals that are smelted (in the case of columbite-tantalite, cassiterite, or wolframite), fully refined (in the case of gold), or located outside the covered countries prior to 31 January 2013.

The first Form SD filings, if required, must be submitted by 31 May 2014 and each subsequent 31 May.

Scope and Applicability

The final rule applies to companies that:

1. File reports pursuant to Sections 13(a) or 15(d) of the Exchange Act, including domestic companies, foreign private issuers, and smaller reporting companies (collectively, issuers); and
2. Manufacture or contract to manufacture products that contain any conflict mineral necessary to the functionality or production of the products.

Conflict minerals are defined as columbite-tantalite (tantalum ore), cassiterite (tin ore), gold, wolframite (tungsten ore) or their derivatives (which, in the cases of columbite-tantalite, cassiterite, and wolframite, are limited to tantalum, tin, and tungsten), or any other mineral or its derivatives determined by the US Secretary of State to be financing conflict in the DRC and adjoining countries (together with the DRC, the covered countries).

Current List of Conflict Minerals and Their Derivatives: The Three Ts and Gold

Conflict Minerals	Sample Products
Columbite-Tantalite ↓ Tantalum	Capacitors, ignition systems, hearing aids, GPS, pacemakers, airbags, drill bits, end mills, antilock braking systems, laptops, mobile phones, video game consoles, video cameras, digital cameras, jet engines, and turbine blades.
Cassiterite ↓ Tin	Tin cans, circuit boards, biocides, fungicides, PVC, and high-performance paint.
Wolframite ↓ Tungsten	Fishing weights, dart tips, cell phones, golf club heads, metalworking tools, drill bits, metal wires, electrodes, contacts in lighting fixtures, electronics, electrical equipment, heating, and welding equipment.
Gold	Jewelry, electronics, dental products, and semiconductors.

The final rule does not define what it means for a conflict mineral to be necessary for the functionality or production of a product; however, the adopting release to the final rule and the frequently asked questions issued by the SEC on May 30, 2013 (FAQs), provide some guidance, which is discussed below.



OVERVIEW (CONTINUED)

If a company does not manufacture or contract to manufacture its products, it need not report under the final rule.

If after the reasonable country of origin inquiry, the issuer has no reason to believe that its conflict minerals may have originated in any covered country, it only needs to report this determination and the inquiry process and results on Form SD and is not required to conduct due diligence on its conflict minerals.

Process Overview

The final rule will require each issuer to do some or all of the following:

- Determine if conflict minerals are contained in any of the products that the issuer “manufactures” or “contracts to be manufactured,” and if so, whether those conflict minerals are necessary to the production or functionality of such products.
- Conduct a reasonable country of origin inquiry, in good faith, to determine if the “necessary” conflict minerals in each product originate in any of the covered countries or come from recycled or scrap sources, and disclose the results on the newly created Form SD.
- Conduct due diligence to determine the source and chain of custody of the necessary conflict minerals that originate in or may have originated in covered countries and are not or may not be from recycled or scrap sources.
- Prepare and disclose a Conflict Minerals Report (as required) and obtain an independent third-party audit of the report for conflict minerals that originate in or may have originated in covered countries and are not or may not be from recycled or scrap sources.

The above requirements will also affect certain non-issuers who supply raw material or components containing conflict minerals within each issuer’s supply chain as issuers look to such suppliers for conflict minerals information.

OVERVIEW (CONTINUED)

Potential Impact of the Final Rule

- Approximately 6,000 companies affected (1,700 large companies⁶ and 4,300 small companies)
- Approximately 55,600 of the companies' suppliers will be required to conduct due diligence (or 20% of the approximately 278,000 total suppliers)

Timing

All issuers must report on a calendar-year basis starting with year 2013.

- The first report, on the new Form SD for products manufactured or contract manufactured between 1 January 2013 and 31 December 2013, is due for all issuers no later than 31 May 2014; Form SD is due annually thereafter by 31 May.
- Note that issuers will not be required to report on conflict minerals that are smelted (in the case of columbite-tantalite, cassiterite, or wolframite), fully refined (in the case of gold), or located outside the covered countries prior to 31 January 2013.

Costs

The SEC estimates an initial compliance cost for issuers and their suppliers of approximately US\$3 billion to 4 billion, with ongoing annual compliance costs of US\$207 million to 609 million. The SEC identifies three categories as the most significant to costs:

- IT systems modification (estimates of US\$205,000 per small issuer and US\$410,000 per large issuer);
- Conflict Minerals Report audits (estimate of US\$100,000 annually per large issuer); and
- Due diligence-related activities (varying estimates).

⁶ Large companies defined as those with over US\$100 million in revenue.

OVERVIEW (CONTINUED)

Lawsuit Challenging the Final Rule

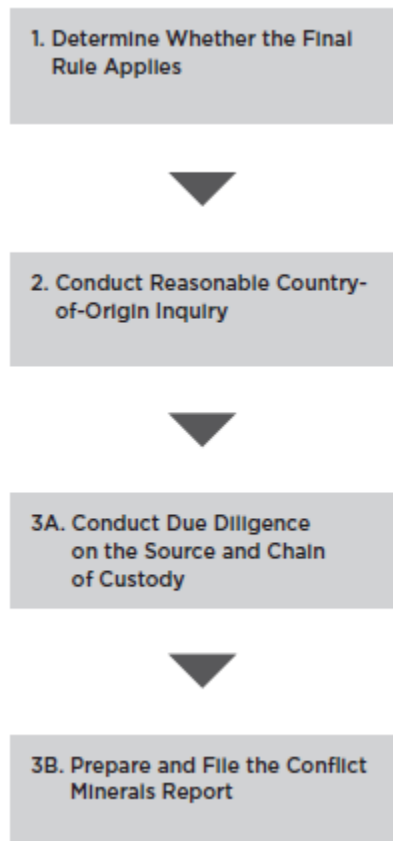
The National Association of Manufacturers and other industry associations filed in October 2012 a lawsuit in federal court in the District of Columbia challenging the final rule. The U.S. District Court for the District of Columbia ruled in favor of the SEC in July 2013, rejecting all the plaintiffs' claims. NAM et al. have indicated their intention to appeal the decision with the U.S. Court of Appeals for the District of Columbia Circuit. A decision is expected sometime in 2014 and companies should not await this decision to begin their compliance efforts as there may not be sufficient time to complete such efforts between when the decision is rendered and the deadline for filing the first Form SD report which is 31 May 2014.

Next Steps

Each issuer and non-issuer affected by the final rule should consider taking the following steps, as required:

- Create a multidisciplinary task force that is chaired by a senior executive and includes personnel from Legal, Procurement, Manufacturing, Engineering, and Corporate Communications, among other functions.
- Develop a conflict minerals policy along with a compliance management framework and implementation plan.
- Develop business processes and information systems to manage information requests and data sharing with customers and suppliers and to support SEC reporting requirements.
- Participate in industry group initiatives to help define industry standards and share resources and knowledge.
- Engage with customers and suppliers, as required, to understand and agree on the parties' responsibilities.

PROCESS TO GUIDE COMPLIANCE



The SEC adopted the final rule on 22 August 2012, almost two years after releasing its proposed rules. It received significant public input over this period through hundreds of comment letters and a number of meetings with various stakeholders. In response to the input received, the SEC made some significant changes to the final rule, including:

- The change of disclosure location (now on new Form SD) and timing (now calendar year for all issuers, commencing with year 2013);
- The addition of the temporary DRC conflict undeterminable designation for years 2013 and 2014 for all issuers (and 2015 and 2016 for smaller reporting companies⁷);
- The exemption of any conflict minerals smelted, fully refined, or located outside of the covered countries prior to 31 January 2013; and
- A revised process for addressing conflict minerals derived from recycled or scrap sources.

Despite the changes, the basic construct of the proposed rules remain; a three-step process directing companies to:

1. Assess whether they are subject to the rule;
2. If subject to the rule, assess and report whether they use conflict minerals that originate in covered countries or are derived from recycled or scrap sources; and
3. If subject to the rule and use conflict minerals that originate in covered countries that are not derived from recycled or scrap sources, assess whether such conflict minerals directly or indirectly fund armed groups⁸ in the covered countries.

⁷ Smaller reporting companies are defined in Rule 12b-2 under the Exchange Act.

⁸ An armed group is defined as an armed group that is identified as a perpetrator of serious human rights abuses in annual Country Reports on Human Rights Practices under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 relating to the covered countries.

Flow Chart Summary of the Final Rule

Please see the appendix for a slightly edited version of the SEC's summary flow chart of the final rule.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



STEP 1: DETERMINE WHETHER THE FINAL RULE APPLIES

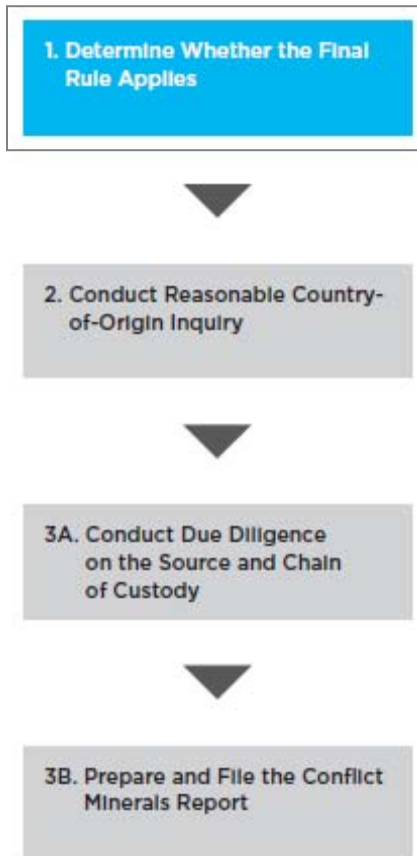
Companies will first need to determine whether they are subject to the requirements of the final rule. If a company does not meet the three requirements set forth by the final rule (and set out below), it is not subject to the final rule's reporting requirements. The SEC estimates that 59% of 10-K filers, 60% of 20-F filers, and 68% of 40-F filers (a total of 8,698 issuers) will *not* be subject to reporting under the final rule. The requirements are as follows:

1. The company must be an issuer of securities that files reports pursuant to Sections 13(a) or 15(d) of the Exchange Act, which includes domestic companies, foreign private issuers, and smaller reporting companies as defined in Rule 12b-2 under the Exchange Act.
2. The company must manufacture or contract to manufacture products.
3. These products that are manufactured or contract manufactured must contain conflict minerals that are necessary to the functionality or production of such products.

"Manufacture"

The final rule does not define the term "manufacture." The SEC believes that the term is generally understood; however, the SEC also states in the adopting release that it does not consider an issuer that only services, maintains, or repairs a product containing conflict minerals to be manufacturing the product.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



“Contract to Manufacture”

The final rule also does not define “contract to manufacture.” However, the adopting release provides guidance that, in general, the question of whether an issuer contracts to manufacture a product depends on the degree of influence exercised by the issuer on the manufacturing of the product (including its materials, parts, ingredients, or components). This determination should be based on the individual facts and circumstances surrounding the issuer’s business and industry.

The adopting release also provides further guidance on situations where the SEC would and would not consider the issuer to be contracting to manufacture a product.

Likely Not Considered Contract to Manufacture by the SEC

1. The issuer has no actual influence over the manufacturing of the product.
2. The issuer does no more than specify or negotiate contractual terms with a manufacturer that do not directly relate to the manufacturing of the product, such as training or technical support, price, insurance, indemnity, intellectual property rights, dispute resolution, or other like terms or conditions concerning the product.
3. The issuer does no more than affix its brand, marks, logo, or label to a generic product (where, for example, the manufacturer uses the issuer as a sales channel for its products, rather than the issuer outsourcing its manufacturing to the manufacturer)⁹.
4. The issuer does no more than service, maintain, or repair a product manufactured by a third party.

⁹ According to the FAQs, the etching or otherwise marking of a generic product that is manufactured by a third party, with a logo, serial number, or other identifier is not considered to be “contract to manufacture.”

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



Likely to Be Considered Contract to Manufacture by the SEC

1. The issuer specifies that the manufacturer includes a particular conflict mineral in the product.
2. The issuer exercises substantial influence over the manufacturing of the product.
3. The issuer specifies or negotiates contractual terms with a manufacturer regarding the manufacturing process of a product.

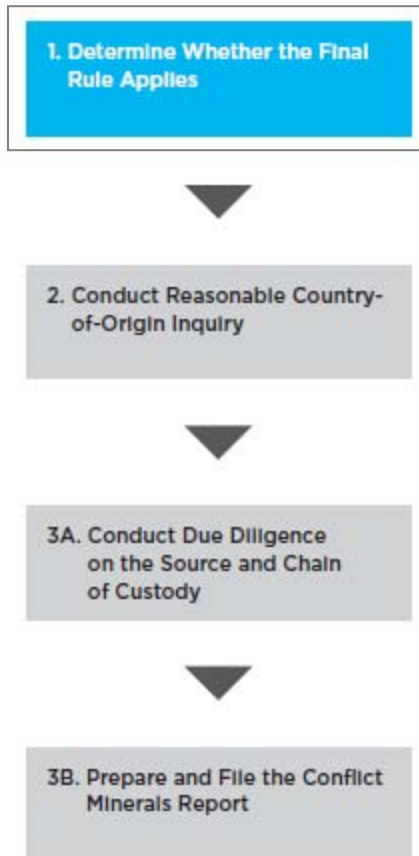
It is important to note that for each calendar year, the issuer need only be concerned with assessing the products for which the manufacture of such products are completed during that calendar year. However, this means that the issuer will need to take into account any products that it contracted to manufacture and for which the manufacturing is complete, even though the products may still be in the possession of the contract manufacturer. Also note that an issuer that mines conflict minerals would not be considered to be manufacturing those minerals. This is a change from the proposed rules.

“Necessary to the Functionality or Production”

The final rule does not define when a conflict mineral is necessary to the functionality or production of a product, but here again, the adopting release provides guidance:

- “Necessary to the Functionality”: In determining whether a conflict mineral is necessary to the functionality of a product manufactured or contracted to be manufactured by an issuer, the issuer should consider whether the:

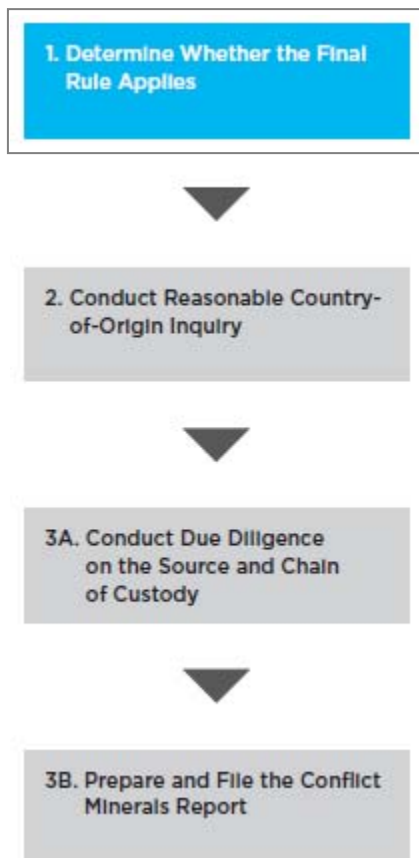
PROCESS TO GUIDE COMPLIANCE (CONTINUED)



- a. Conflict mineral is contained in and intentionally added to the product or any component of the product;
 - b. Conflict mineral is necessary to the product’s generally expected function, use, or purpose; or
 - c. Primary purpose of the product is ornamentation or decoration and if the conflict mineral is incorporated for purposes of ornamentation, decoration, or embellishment.
- “Necessary to the Production”: In determining whether a conflict mineral is necessary to the production of a product manufactured or contracted to be manufactured by an issuer, the issuer should consider whether:
 - a. A conflict mineral is contained in the product and intentionally added in the product’s production process (including the production process of any component of the product); and
 - b. The conflict mineral is necessary to produce the product.

Note that only a conflict mineral contained in the final product should be considered necessary to the functionality or production of that product. For example, any conflict mineral used in the production of the product but not contained in the product is exempt from the final rule. Also note that according to the FAQs, the packaging or container sold with a product is not considered to be part of the product, and thus any conflict mineral that is necessary to the functionality or production of such packaging or container would not be considered to be necessary to the functionality or production of the product.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



Outside the Supply Chain

The final rule defines conflict minerals smelted (in the case of columbite-tantalite, cassiterite, or wolframite), fully refined (in the case of gold), or located outside the covered countries, as outside the supply chain, and issuers need not report on any conflict mineral that is “outside the supply chain” prior to 31 January 2013.

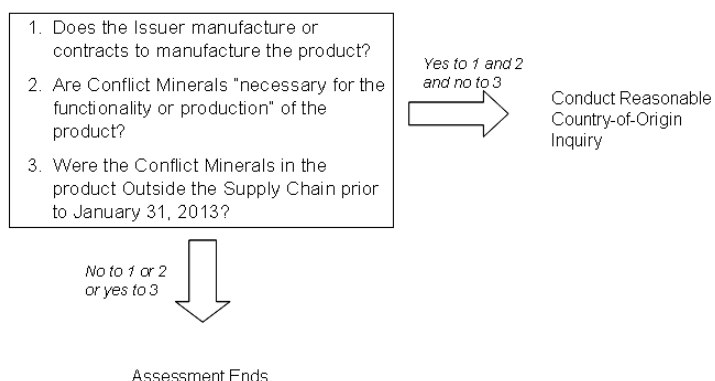
For any product that:

- The issuer manufactures or contracts to manufacture,
- For which the issuer determines that conflict minerals are necessary for the functionality or production of such product, and
- Where the conflict minerals were not outside the supply chain prior to 31 January 2013,

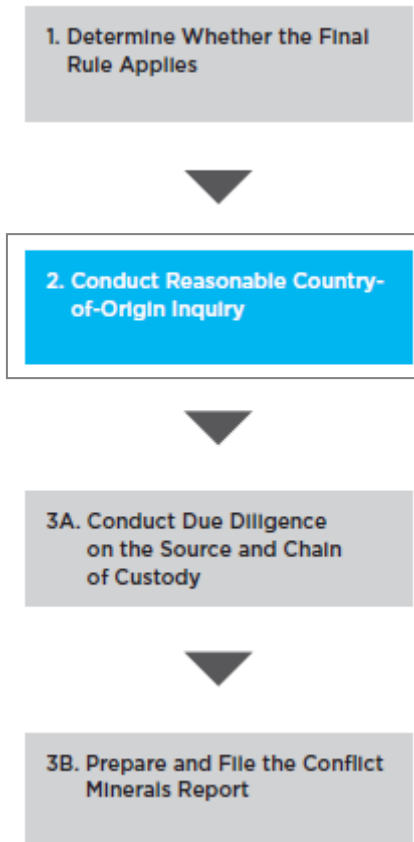
the issuer will be required to perform Step 2 (below)—a reasonable country of origin inquiry as to the source of the “necessary” conflict minerals. Otherwise, the process ends and the issuer has no further assessment obligations for the product.

To determine whether their products contain conflict minerals, many companies will need to survey their suppliers to solicit information and secure representations about the content of products supplied by such suppliers.

Assessment Required for Each Product



PROCESS TO GUIDE COMPLIANCE (CONTINUED)



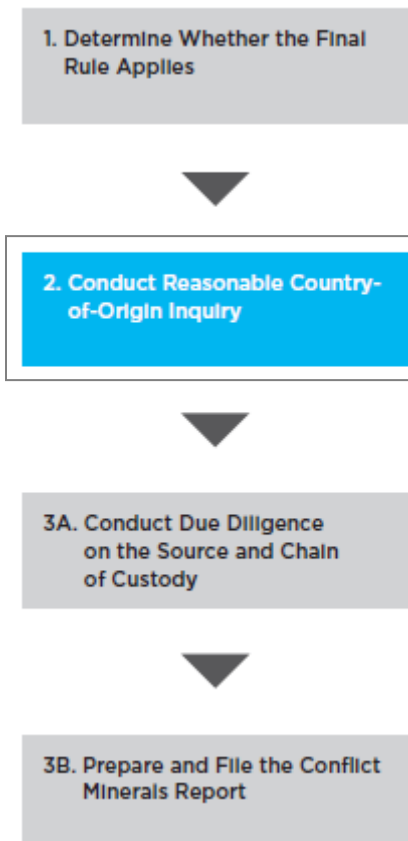
STEP 2: CONDUCT REASONABLE COUNTRY-OF-ORIGIN INQUIRY

Issuers that manufacture or contract to manufacture products with necessary conflict minerals must conduct a reasonable country of origin inquiry (RCOI) to determine if the “necessary” conflict minerals in such products originate in any of the covered countries or are derived from recycled or scrap sources. The final rule does not specify the steps necessary to satisfy an RCOI; however, it does include general standards governing the inquiry. The inquiry must be performed in good faith and be reasonably designed to determine whether the issuer’s conflict minerals originate in the covered countries or come from recycled or scrap sources.

According to the adopting release, the RCOI can differ among issuers based on the issuer’s size, products, relationships with suppliers, or other factors. The SEC views an issuer as satisfying the RCOI standard if it obtains reasonably reliable representations indicating the smelter or refinery that processed its conflict minerals and demonstrating that those conflict minerals either 1) did not originate in the covered countries or 2) come from recycled or scrap sources.

- These representations may be obtained directly from the smelters or refineries or indirectly from the issuer’s immediate suppliers, who also may require indirect representations from their suppliers.
- It is possible that such indirect representations may traverse through several layers of the supply chain in the case of certain issuers.
- The adopting release also provides guidance that an issuer would have reason to believe that such representations are true if a smelter or refinery received a conflict-free designation by a recognized industry group.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



- The SEC also notes that an issuer is not required to receive representations from all of its suppliers to determine that the conflict minerals did not originate in the covered countries, as long as the issuer reasonably designs its inquiry, performs the inquiry in good faith, and does not ignore warning signs to the contrary.

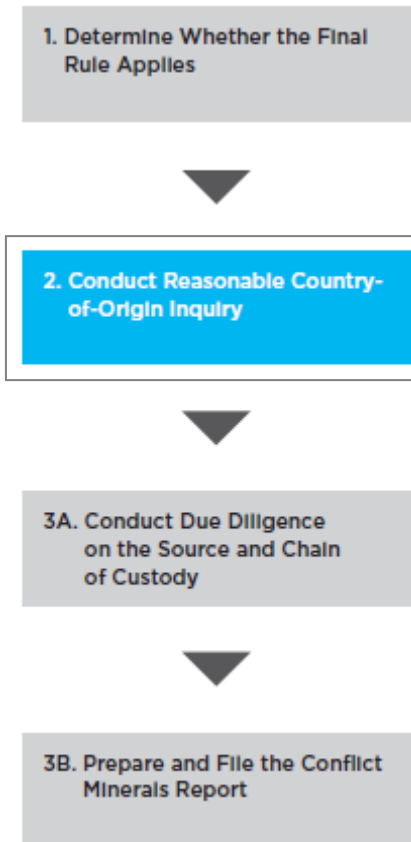
Based on the results of the RCOI, if the issuer:

- Determines that the necessary conflict minerals in a product either 1) did *not* originate in any covered country or 2) did come from recycled or scrap sources;
- Has no reason to believe that such conflict minerals may have originated in any covered country; or
- Reasonably believes that such conflict minerals did come from recycled or scrap sources,

the assessment process ends with the product deemed to be DRC conflict free.¹⁰ In any of these cases, the issuer must report its determination, its inquiry process, and its results in the body of its specialized disclosure report, Form SD, under a separate heading entitled Conflict Minerals Disclosure. Also, the issuer must disclose this information on its publicly available website and provide a link to that website in its Form SD report.

¹⁰ The final rule defines “DRC conflict free” to mean that a product does not contain conflict minerals necessary to the functionality or production of that product that directly or indirectly finance or benefit “armed groups” in the covered countries. Conflict minerals that an issuer obtains from recycled or scrap sources are considered DRC conflict free.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)

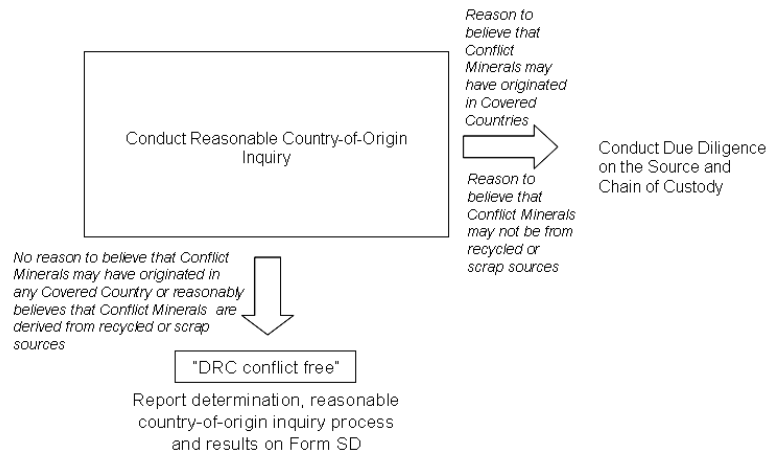


However, if based on the results of the RCOI, the issuer either:

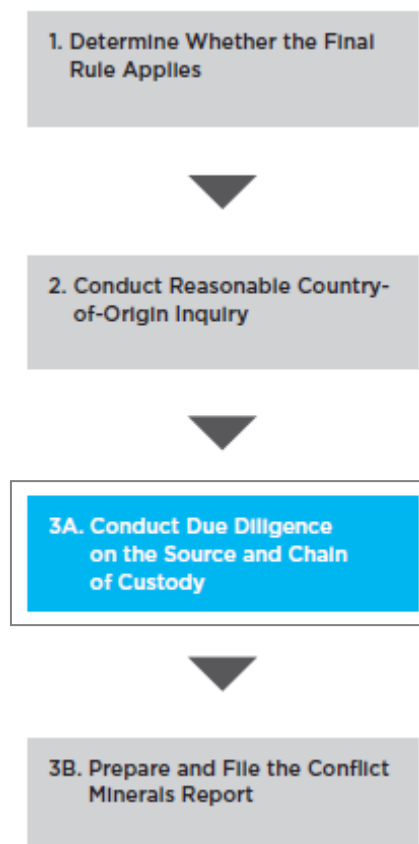
- Knows that any of the necessary conflict minerals in a product originated in any covered country and are *not* from recycled or scrap sources; or
- Has reason to believe that such conflict minerals may have originated in any covered country and may *not* be from recycled or scrap sources,

the issuer must then perform Step 3A (below) and conduct due diligence to determine the source and chain of custody of the conflict minerals.

Assessment Required for Each Product



PROCESS TO GUIDE COMPLIANCE (CONTINUED)



STEP 3A: CONDUCT DUE DILIGENCE ON THE SOURCE AND CHAIN OF CUSTODY

If, after the RCOI, an issuer knows or has reason to believe that its conflict minerals may originate in covered countries and may not be from recycled or scrap sources, the issuer must perform due diligence of its supply chain to determine the source and chain of custody of the conflict minerals. The issuer's due diligence must follow a national or internationally recognized framework. However, only the Organization for Economic Cooperation and Development (OECD) has developed such a framework.¹¹

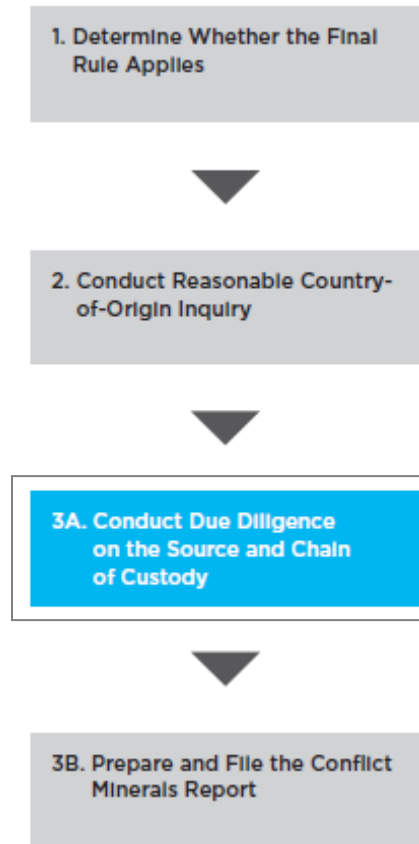
Based on the results of the due diligence, if the issuer determines that the necessary conflict minerals in a product:

- Did *not* originate in any of the covered countries, or
- Came from recycled or scrap sources,

the assessment process ends, with the product deemed to be DRC conflict free. In such cases, the issuer must report this determination, its RCOI, and its due diligence process and results on Form SD under a separate heading entitled Conflict Minerals Disclosure. The issuer must also disclose this information on its publicly available Internet website and provide a link to that website in its Form SD report.

¹¹ See OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2011), available at <http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises/46740847.pdf>.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)

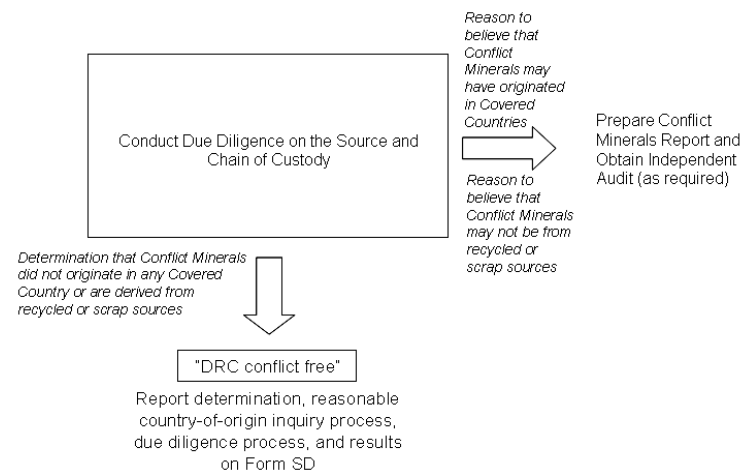


However, if based on the results of the due diligence, the issuer:

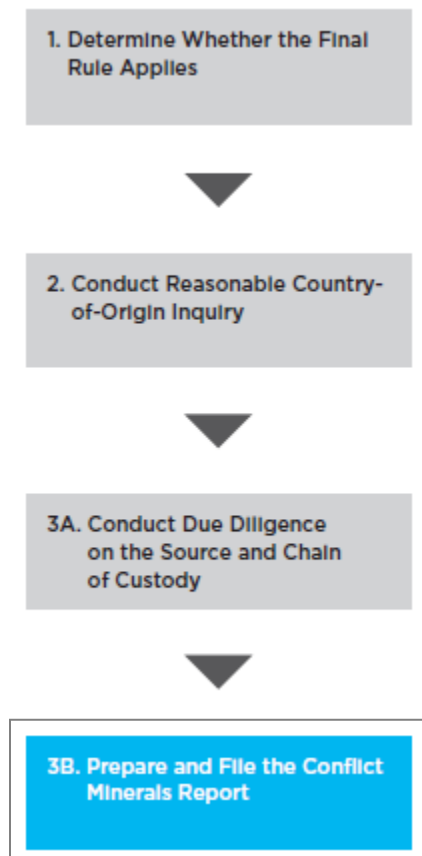
- Knows that the conflict minerals originate in any of the covered countries and are not from recycled or scrap sources, or
- Has reason to believe that the conflict minerals may have originated in any of the covered countries and may not be from recycled or scrap sources,

then the company must file a Conflict Minerals Report described under Step 3B below.

Assessment Required for Each Product



PROCESS TO GUIDE COMPLIANCE (CONTINUED)



STEP 3B: PREPARE AND FILE THE CONFLICT MINERALS REPORT

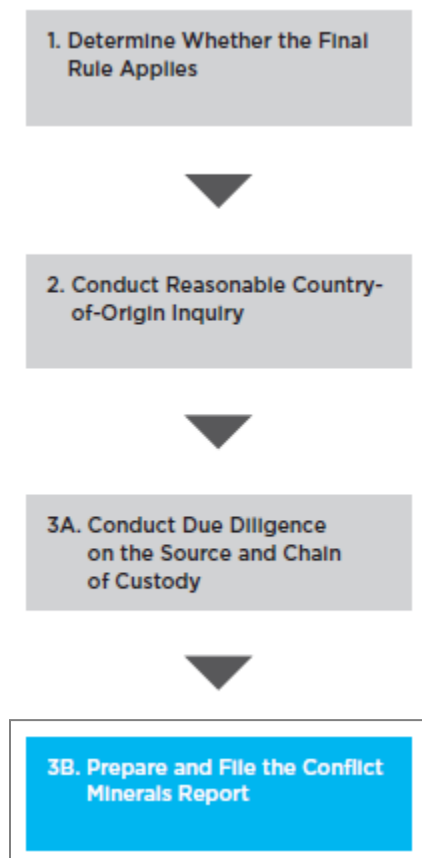
For each of its products containing necessary conflict minerals that 1) originate in or may have originated in covered countries and 2) are not or may not be from recycled or scrap sources, the issuer must file a Conflict Minerals Report as an exhibit to Form SD. The issuer must also disclose the Conflict Minerals Report on its publicly available website. For those products that have not been found to be DRC conflict free, the issuer must provide a description of the products¹², the smelters and/or refineries used to process the necessary conflict minerals in the products, the country of origin of the necessary conflict minerals in the products, and the efforts to determine the mine or location of origin of the necessary conflict minerals in such products with the greatest possible specificity.

Products are not found to be DRC conflict free if they contain conflict minerals necessary to their functionality or production (that are not from recycled or scrap sources) that the issuer either:

- Determines directly or indirectly finance or benefit armed groups in the covered countries; or
- Knows or has reason to believe originate in the covered countries and is unable to determine whether they directly or indirectly finance or benefit armed groups in the covered countries (note that issuers may define these products as DRC conflict undeterminable for a temporary period – see below).

¹² According to the FAQs, such description should be based on the issuer’s own facts and circumstances because the issuer is in the best position to know its products and to describe them in terms commonly understood by the industry.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



The Conflict Minerals Report must be audited by an independent third-party auditor, except for the sections pertaining to the due diligence on recycled or scrap conflict minerals for which no nationally or internationally recognized due diligence framework is available,¹³ and as noted below for products found to be DRC conflict undeterminable. The audit report must be disclosed with the Conflict Minerals Report.

DRC Conflict Undeterminable

For a temporary period of calendar years 2013 and 2014 (and 2015 and 2016 for smaller reporting companies), issuers may describe their products with necessary conflict minerals as DRC conflict undeterminable if they are unable to determine whether the conflict minerals in such products meet the statutory definition of DRC conflict free and such conflict minerals have not been found to directly or indirectly finance or benefit any armed group in the covered countries. Issuers must report on their DRC conflict undeterminable products in a Conflict Minerals Report. The report must include a description of the products¹⁴, the facilities used to process the necessary conflict minerals in the products (if known), the country of origin of the necessary conflict minerals in the products (if known), and the efforts to determine the mine or location of origin of the necessary conflict minerals in such products with the greatest possible specificity. Each issuer will also be required to disclose the steps it has taken or that will be taken, if any, since the end of the period covered in its most recent prior Conflict Minerals Report to mitigate the risk that its necessary conflict minerals benefit armed groups, including any steps to improve its due diligence.

¹³ No national or international due diligence framework is currently available for recycled or scrap tantalite-columbite, cassiterite, and wolframite.

¹⁴ See footnote 12 above.

PROCESS TO GUIDE COMPLIANCE (CONTINUED)



No independent third-party audit of the due diligence conducted for such conflict minerals described in the report is required. After this temporary period, issuers will not be allowed to use the DRC conflict undeterminable designation and will be required to designate such products as not having been found to be DRC conflict free.

Independent Third-Party Audit

Each issuer’s Conflict Minerals Report (the exhibit to Form SD required by Step 3B) must be subject to an independent private sector audit, except for products found to be DRC conflict undeterminable and the due diligence on recycled or scrap conflict minerals for which no nationally or internationally recognized due diligence framework is available. The auditor must use standards established by the Comptroller General of the United States¹⁵ to express a conclusion as to whether:

- The design of the issuer’s due diligence measures as set forth in the Conflict Minerals Report, is in conformity with, in all material respects, the criteria set forth in a nationally or internationally recognized due diligence framework used by the issuer; and
- The issuer’s description of the due diligence measures it performed as set forth in the Conflict Minerals Report is consistent with the due diligence process that the issuer undertook.

The audit report or the Conflict Minerals Report must identify the auditor, and the audit report must be provided with the Conflict Minerals Report. The auditor must also comply with any independence standards established by the GAO.

¹⁵ According to the adopting release, the US Government Accountability Office (GAO) has indicated to the SEC that the Government Auditing Standards Performance Standards could be used by the auditor.



PROCESS TO GUIDE COMPLIANCE (CONTINUED)

Acquisition of a Nonpublic Company by an Issuer and Initial Public Offering

An issuer that acquires or otherwise obtains control of a nonpublic company that would otherwise be subject to the final rule will be permitted to delay reporting on the products manufactured by the acquired company until the end of the first reporting calendar year that begins no sooner than eight months after the effective date of the acquisition. According to the FAQs, an issuer that conducts an initial public offering is similarly permitted to delay its reporting until the end of the first reporting calendar year that begins no sooner than eight months after the effective date of its initial public offering registration statement.

SAMPLE APPROACHES TAKEN TO ADDRESS CONFLICT MINERALS



A number of large companies such as General Electric Company, Hewlett-Packard Company, Intel Corporation, Ford Motor Company, BlackBerry, and others have publicly announced their activities to address conflict minerals in their supply chains. Some of the activities include:

- Establishing conflict minerals policies and publishing position papers;
- Engaging with suppliers and other participants in their supply chains;
- Forming and participating in industry groups to take industry-wide action; and
- Participating in multi-stakeholder initiatives to increase awareness and develop tools and processes.

Companies	Policies, Statements of Intention, and Other Activities
Fairchild Semiconductor	http://www.fairchildsemi.com/collateral/policies/Policy_Conflict-Minerals.pdf
Ford	http://corporate.ford.com/microsites/sustainability-report-2011-12/supply-raw-materials-conflict
GE	http://gecitizenship.com/reports/policies-positions/product-statements/
Hewlett-Packard	http://www8.hp.com/us/en/hp-information/global-citizenship/society/supplychain.html?jumpid=reg_r1002_us_en_c-001_title_r0004
Intel	http://www.sec.gov/Archives/edgar/data/50863/000119312513065416/d424446d10k.htm
Philips	http://www.philips.com/shared/global/assets/Sustainability/philips_position_on_conflict_minerals.pdf
BlackBerry	http://www.rim.com/company/corporate-responsibility/supplyChain.shtml
SanDisk	http://www.sandisk.com/about-sandisk/corporate-responsibility/social/



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The Curtis Public Company and Corporate Governance practice is dedicated to advising our public company clients on securities regulatory and stock exchange compliance matters, as well as all aspects of corporate governance.

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OTHER DILIGENCE RESOURCES

- EICC-GeSI Conflict Free Smelter Program (<http://www.conflictreesmelter.org/>)
- EICC-GeSI Reporting Template (Reporting Template Dashboard) (<http://www.conflictreesmelter.org/ConflictMineralsReportingTemplateDashboard.htm>)
- US Department of State Map of Mineral Exploitation by Armed Groups & Other Entities in the DRC (<https://hiu.state.gov/Pages/Africa.aspx>)
- ITRI Tin Supply Chain Initiative (<http://www.itri.co.uk>)
- Responsible Jewelry Council System (<http://www.responsiblejewellery.com>)
- Public-Private Alliance for Responsible Minerals Trade (<http://www.resolv.org>)