

THE CONFLICT MINERAL COMPLIANCE

Conflict minerals are minerals sourced from conflict-affected locations, and which directly contribute to ongoing violence and forced labor in these regions. Currently, there are four types of minerals classified as conflict minerals: columbite-tantalite (the ore from which tantalum is extracted), cassiterite (the ore from which tin is extracted), wolframite (the ore from which tungsten is extracted) and gold. These are commonly known as the 3TGs. Although 3TGs and other minerals are mined in many conflict-affected regions around the world, regulations today primarily focus on the Democratic Republic of the Congo (DRC) and its adjoining countries.

Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act requires public companies in the U.S. to disclose their use of tin, tungsten, tantalum and gold (3TGs) in their products and determine if they are sourced in an ethical manner.

It was passed by the Obama administration in 2010 to prevent armed groups in the Democratic Republic of the Congo (DRC) and surrounding regions from benefiting from the sale of these minerals.

SECTION 1502 REQUIREMENTS

In scope companies must perform due diligence to determine if 3TGs were sourced from the DRC and adjoining countries. Companies must identify whether conflict minerals are present within their products and submit a report to the U.S. Securities and Exchange Commission. These reports are public disclosures and must be made available on the websites of U.S. publicly-traded companies.

The regulation has a flow-down effect to suppliers, who are responsible for upholding the indirect requirements to comply with Section 1502 of the Dodd-Frank Act.