Palmer / Wahl
BEYOND THE SCALE

Dear Supplier,

The intent of this letter is to inform you of U.S. federal legislation affecting the electronics industry and other industries your products may support. It is our intention to fully comply with the requirements of the legislation. Your cooperation in helping the industry achieve compliance with the new requirements is critical, and you need to get started now.

In July 2010, President Obama signed into law the Wall Street Reform and Consumer Protection Act, also known as the Dodd-Frank Act. Although the focus of the Act is financial market regulatory reforms, it also imposes requirements relating to "Conflict Minerals". Specifically, section 1502 of the Act imposes Security and Exchange Commission (SEC) reporting requirements upon publicly traded companies whose products contain metals derived from minerals defined as "Conflict Minerals", which include tantalum, tin, tungsten, and gold.

The new reporting requirements reflect Congressional concern that revenues obtained from mining and transport of "Conflict Minerals" finance the ongoing conflict in the Democratic Republic of Congo (DRC) and surrounding countries and the resulting humanitarian crisis.

The legislation requires SEC-registered companies to report annually to the SEC on (1) their worldwide use of "Conflict Minerals" in products the manufacture or contract to manufacture, and (b) the cooperation of their supply chains in identifying the use of "Conflict Minerals"; identifying the country of origin for any tantalum, tin, tungsten, and gold; and determining whether "Conflict Minerals" from the DRC region are "conflict free" (that is, they do not directly or indirectly finance armed groups through mining or mineral trading in the DRC Region). The SEC is currently finalizing a regulation that will detail how publicly-traded companies must comply with section 1502. Supplier cooperation will be needed to get information from smelters/refiners (the choke points in identifying the source of the minerals) in their supply chain as to whether products contain "Conflict Minerals" that originate in the DRC or adjacent countries. Note that these requirements will apply equally to U.S. and non-U.S. suppliers. SEC-registered companies will likely require information from at least the first tier of their suppliers (and possibly further tiers of suppliers). In addition, information reporting may be required by customers from companies that are not SEC-registrants if they are supplying, through the supply chain, manufacturing companies that are themselves SEC registrants.

SEC-registered companies are required to report on "Conflict Minerals" in their products that originate in the DRC or adjoining countries for the first fiscal year following the year in which the SEC regulation is issued. Annual submissions to the SEC will under certain circumstances require an independent, third-party audit, and therefore proper documentation of information related to your supply chain is critical.

In order to comply with the SEC regulation, supplier activities may include some or all of the following:
• Determine parts/assemblies that incorporate one or more of the identified "Conflict Minerals".
• Communicate the new SEC requirements to suppliers of those parts/assemblies so that they in turn can forward to their suppliers and on down the supply chain.
• Develop your company policy on "Conflict Minerals" and management systems with respect to "Conflict Minerals" and require your suppliers to adopt similar policies and systems. Guidelines for due diligence from the Organization for Economic Cooperation and Development can be found on www.oecd.org/daf/inv/mne/mining.htm along with other relevant resources.

Implementation of the SEC's final rule may be challenging; working together is the only approach what will enable everyone subject to these requirements to accomplish this task.

To learn more about the U.S. Legislation and "Conflict Minerals", please consult the SEC website:
http://www.sec.gov/rules/final/2012/34-67716.pdf

Sincerely,
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