

May 22, 2012

Manufacturers support the underlying goal of Section 1502 of the Dodd-Frank financial reform legislation to address the atrocities occurring in the Democratic Republic of Congo (DRC) and adjoining countries. Manufacturers continue to work with stakeholder groups to help address the problem.

The members of the National Association of Manufacturers (NAM) are participating in numerous industry-led initiatives to drive change abroad and stop the trade in conflict minerals from the DRC and adjoining countries, including industry-wide smelter certification programs, and working to create the needed infrastructure on the ground and around the world to facilitate compliance with the proposed rule.

The NAM is also working very closely with our member companies to increase supply chain transparency. The NAM has participated in many forums sponsored by various groups and international organizations to raise awareness of the issue, as well as to support efforts designed to influence a positive outcome for the region.

We have submitted our recommendations to the Securities and Exchange Commission (SEC) and hope that they will create a final rule to implement Section 1502 in a manner consistent with the realities of global supply chains, and that acknowledges the practical limitations on issuers in monitoring and influencing the behavior of other parties in the supply chain.

Any implemented regulations should be consistent with the goals of the legislation without unduly burdening industry and harming American competitiveness.

Currently, the necessary infrastructure is not in place around the world to trace the origin of the minerals or to determine with certainty that they are not conflict minerals.

Without this vital information, it is nearly impossible for companies to know if their products contain conflict minerals from the DRC or adjoining countries.

The SEC needs to issue a rational rule that recognizes the current limitations that result from insufficient infrastructure and that would phase in reporting requirements based on what is feasible and realistic for manufacturers in the United States while also creating supply chain transparency.

The SEC should create a flexible due diligence standard that recognizes that no two supply chains are identical and provides guidance to companies on what would constitute reliable due diligence on a reasonable care standard. Companies should be permitted to implement due diligence plans that are consistent with their supply chains and information from recognized government sources.

The NAM believes the regulation should be phased in, an interim “indeterminate origin” category should be created, a de minimis standard should be adopted and clearer guidelines for recycled and scrap metal should be implemented. The SEC rule should recognize the diversity of products that contain the minerals and the uses for the minerals without diminishing the impact of the legislation.

We are pleased with the care with which the SEC has been proceeding, and we hope for rules that are consistent with the reality we face.