

Module 1: Conflict Minerals Reporting Overview

September 2015



LMI
aerospace

a higher level of performance

Conflict Minerals Training Modules

Module 1

- Intended for suppliers unfamiliar with conflict minerals reporting requirements
- Content:
 - Background on Conflict Minerals legislation
 - Overview of reporting expectations
 - Timeline and actions required

Module 2

- Intended for supplier focal responsible for annual conflict minerals reporting to LMI Aerospace
- Content:
 - Instructions for completing Conflict Minerals Reporting Template (CMRT)
 - Methods for CMRT submission

Module 1 Purpose and Agenda

Desired Outcome:

- Understand LMI expectations of suppliers for Conflict Minerals reporting, including LMI timeline and required actions

Topic	Slide(s)
Conflict Minerals Legislation Background	4
Who Must Submit a Report to LMI?	5
Conflict Minerals Reporting Process Flow	6
Who Are Your Relevant Suppliers?	7
Conflict Minerals Reporting Template (CMRT)	8-9
LMI Aerospace Annual Reporting Timeline	10
Next Steps	11-14

Conflict Minerals Legislation Background

- **U.S. conflict minerals legislation** is designed to reduce funding to armed groups benefitting from mineral trade in the Democratic Republic of Congo (DRC) and adjoining countries (also called Covered Countries)
- **As a public company, LMI is required to investigate** the origin of the tin, tantalum, tungsten and gold (3TG) in its products to determine if these minerals contribute funding to the conflict in the DRC
- **Suppliers are expected to support this effort by complying** with LMI's annual conflict minerals reporting requirements

Conflict Minerals include all tin, tantalum, tungsten and gold **sourced from anywhere in the world**



Who Must Submit a Report to LMI?

- **You must submit a Conflict Minerals Reporting Template (CMRT)** if your company supplies LMI products (excluding indirect purchases) containing tin, tungsten, tantalum or gold (3TG)
- **Parent-level (Corporate) CMRT requested**
 - If you must submit CMRTs at site level, identify one CM contact for each site
 - Parent supplier reporting requirement is not complete until all sites have submitted a CMRT



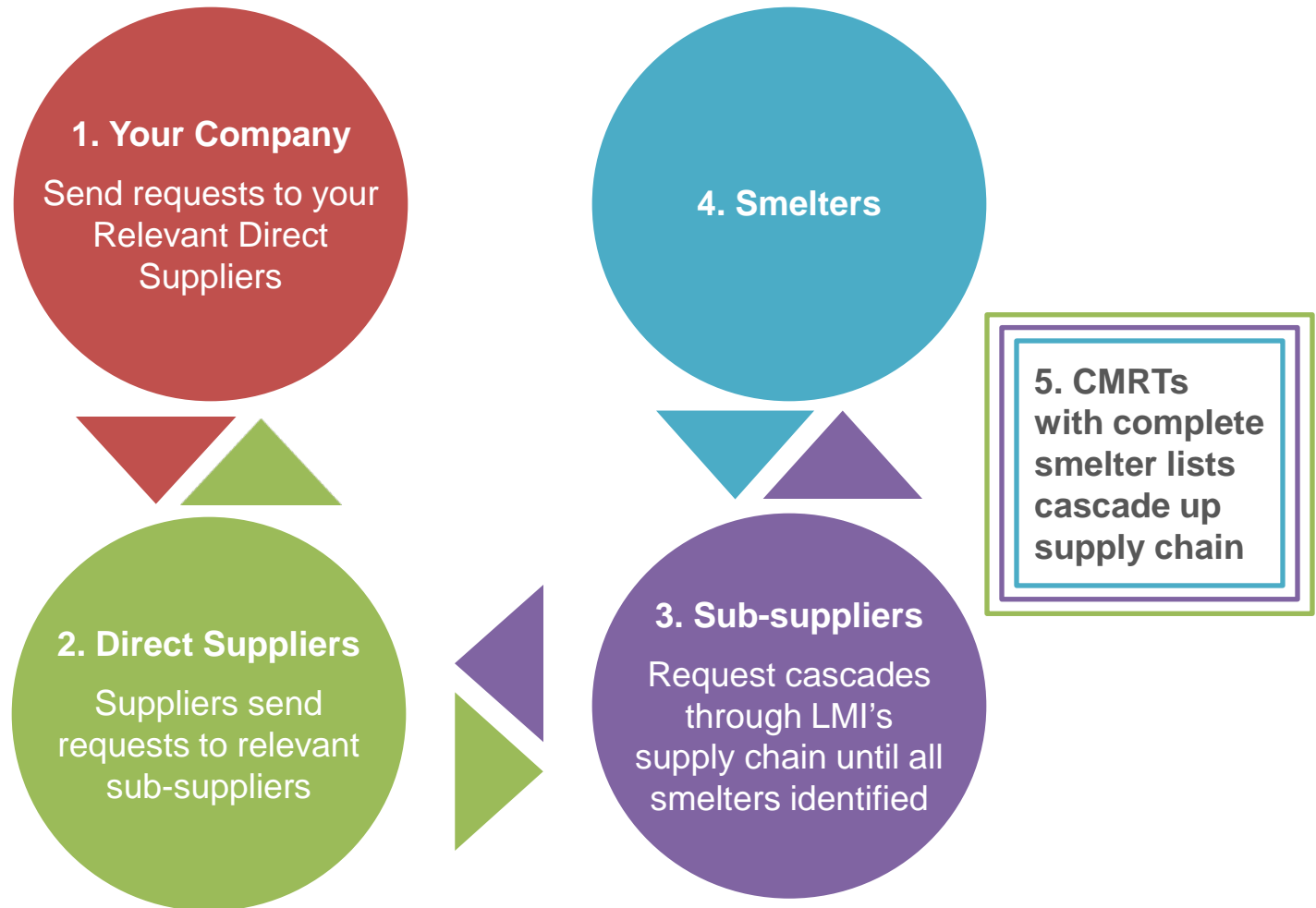
Material Specification
Standards, UNS, AMS, MS,
BAC, AND, NAS, etc.
3TG = Yes?



Material Specification Standards, Unified Numbering System, and other specifications/ standards provide information if minerals are intentionally added to products

Conflict Minerals Reporting Process Flow

LMI files specialized disclosure with U.S. Securities & Exchange Commission for all products sold globally



LMI expects its suppliers to survey all relevant direct suppliers and provide complete list of smelters in your supply chain

Who Are Your Relevant Suppliers?

- Relevant direct suppliers provide your company with products containing tin, tungsten, tantalum or gold (3TG) used in LMI products
- Your company must survey all of its relevant direct suppliers in order to answer the questions on the CMRT and identify all of the 3TG smelters and refiners in your supply chain
- LMI uses the following method to determine relevant supplier list




Material Specification
Standards, UNS, AMS, MS,
BAC, AND, NAS, etc.
3TG = Yes?



Each supplier must determine its relevant suppliers for LMI Products

Conflict Minerals Reporting Template

Conflict Minerals Reporting Template (CMRT)		
 <p>Conflict Minerals Reporting Template (CMRT)</p> <p>Version 4.0 (2014)</p> <p>The purpose of this document is to define the information to be reported on the CMRT.</p>		
<p>Company Information</p> <p>Company Name (Y) _____</p> <p>Headquarters (Y) _____</p> <p>Address (Y) _____</p> <p>City (Y) _____</p> <p>State (Y) _____</p> <p>Country (Y) _____</p> <p>Phone (Y) _____</p> <p>Fax (Y) _____</p> <p>Website (Y) _____</p> <p>Year of Incorporation (Y) _____</p> <p>Number of Employees (Y) _____</p> <p>Year of Reporting (Y) _____</p>		
<p>Product Information</p> <p>1) Is the PFI materially added to your product? (Y) _____</p> <p>2) Is the PFI necessary to the production of your company's products and included in the finished product that your company manufactures or distributes to customers? (Y) _____</p> <p>3) Do any of the minerals in your supply chain occur in the PFI (on the current conflict list)? (Y) _____</p> <p>4) Does 100 percent of the PFI (necessary to the functionality or production of your product) originate from the DRC or the CAR? (Y) _____</p> <p>5) Have you received data/information for each PFI from all relevant suppliers? (Y) _____</p> <p>6) Have you identified all of the suppliers supplying the PFI to your supply chain? (Y) _____</p> <p>7) Has all applicable supplier information received by your company been reported in this disclosure? (Y) _____</p>		
<p>Supplier Information</p> <p>8) Do you have a policy in place that addresses conflict minerals sourcing? (Y) _____</p> <p>9) Is your conflict minerals sourcing policy publicly available on your website? (Yes - If yes, the URL should specify the URL in the answer box.) (Y) _____</p> <p>10) Do you require your direct suppliers to be ISO certified? (Y) _____</p> <p>11) Do you require your direct suppliers to source the PFI from countries where the diligence practices have been validated by an independent third party audit program? (Y) _____</p> <p>12) Have you implemented due diligence measures for conflict free sourcing? (Y) _____</p> <p>13) Do you collect conflict minerals due diligence information from your suppliers which is in accordance with the 3R 3Ys Conflict Minerals due diligence standard (e.g. the OECD Conflict Minerals Reporting Template)? (Y) _____</p> <p>14) Do you request supplier names from your suppliers? (Y) _____</p> <p>15) Do you receive due diligence information received from your suppliers against your company's project/site? (Y) _____</p> <p>16) Does your vendor process include anti-DDI risk management? (Y) _____</p> <p>17) Are you subject to the SEC conflict mineral rule? (Y) _____</p>		

- Emerging cross-industry standard for conflict minerals reporting
- Developed through cross-industry collaboration
- Excel-based survey tool
- Updated periodically
- Available for download at: www.ConflictFreeSourcing.org

Conflict Minerals Reporting Template

Chinese
English
Japanese
Korean
French
Portuguese
German
Spanish
Italian

The image shows a screenshot of the Conflict Minerals Reporting Template (CMRT) form. The form is titled "Conflict Minerals Reporting Template (CMRT)" and includes the CFSI logo. It is divided into several sections, each highlighted with a colored arrow:

- 1. Language Options:** A red arrow points to the top right corner of the form, where the language selection options are located.
- 2. Company Information:** A green arrow points to the "Company Information" section, which includes fields for Company Name, Address, Contact Person, Email, and Telephone.
- 3. 3TG Questions:** A purple arrow points to the "3TG Questions" section, which contains a series of questions (1-7) regarding the use of 3TG materials in the company's products and supply chain.
- 4. Company Sourcing Policy Information:** A blue arrow points to the "Company Sourcing Policy Information" section, which includes questions (8-13) about the company's sourcing practices and policies.
- 5. Smelter List:** An orange arrow points to the "Smelter List" section, which is used to identify the smelters used in the supply chain.

1. Language Options

2. Company Information

- Company Name
- Address
- Contact Person
- Email and Telephone

3. 3TG Questions

- Tin
- Tungsten
- Tantalum
- Gold

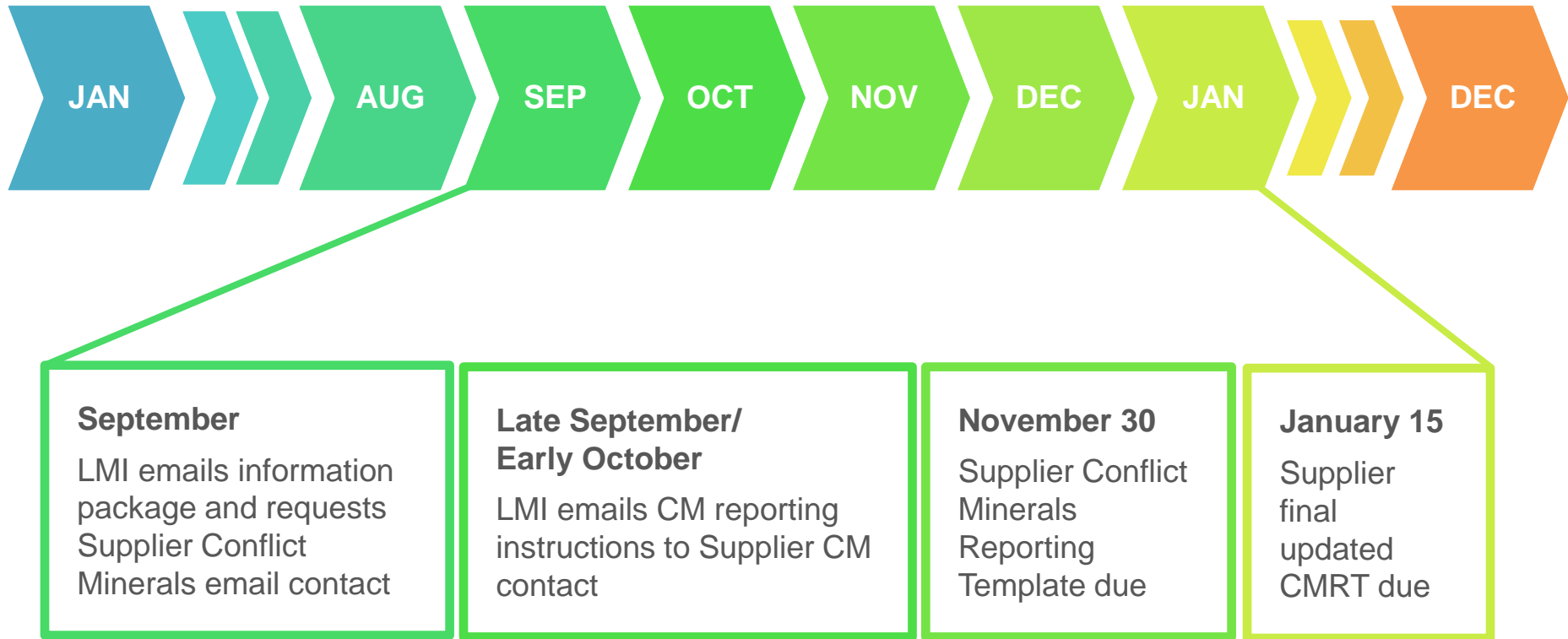
4. Company Sourcing Policy Information

5. Smelter List

All 3TG smelters must be identified

Declaration Smelter List Checker Product List

LMI Aerospace Annual Reporting Timeline



Supplier Actions



1. Identify lead person responsible for annual Conflict Minerals reporting to LMI Aerospace

▶ **ACTION REQUIRED:**

Send email to ConflictMineralResponse@lmiaerospace.com

- **Subject Line:** Include your supplier Duns, Vat, LMI vendor code
- **Body of email:** Provide name, email address and phone number of your Conflict Minerals contact for reporting to LMI

Supplier Actions



2. Develop and implement plan to determine smelters and/or refiners in LMI's supply chain

- ▶ Determine your company's relevant suppliers
- ▶ Establish process and timeline for surveying suppliers to gather smelter and/or refiner information
- ▶ Use the CMRT or the iPoint Conflict Minerals Platform to conduct your supplier survey

Supplier Actions



3. Review LMI Conflict Mineral information available at www.lmiaerospace.com/supplier-management/conflict-minerals-policy

▶ **ACTION REQUIRED:**

Person responsible for Conflict Minerals reporting must review **Module 2** available at the address noted above

Supplier Actions



4. Submit Conflict Minerals Reporting Template (CMRT) to LMI

▶ ACTION REQUIRED:

- **By November 30** submit CMRT to LMI
 - Preferred method: iPoint Conflict Minerals Platform (iPCMP)
 - Alternative method: Email to ConflictMineralResponse@lmiaerospace.com
- LMI will provide feedback and further instruction if resubmission is required
- **By January 15** submit final updated CMRT to LMI

Thank you for reviewing the
LMI Aerospace Conflict Minerals Module 1

Please direct any questions to:

ConflictMineralResponse@lmiaerospace.com