Conflict Minerals:
A Program in the Making
[for IPIECA and CONCAWE]

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Intel Corp / EICC Extractives Co-Lead

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Agenda

- How the conflict minerals issue was raised up to the electronics industry

- Effective collaboration with multiple stakeholders – what to expect, what not to expect

- Balancing supply chain complexity, regulations, reputation (company and industry perspectives)

- Developing and executing an industry-wide program – a timing perspective

- Success of the Conflict-Free Smelter Program, and conflict minerals due diligence tools and methods

EICC® Members

GeSI Members

Extractives WG Partners

Partner Industry Associations

Non-Member Partner Companies

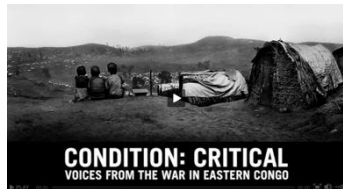# The Rise of the Conflict, from the DRC to Electronics Supply

Coltan, the 'blood mineral' of Congo
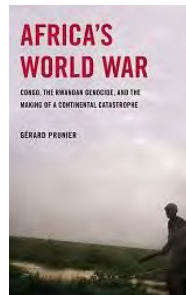
A bloody connection to the Congo in every pocket . . .

global witness

Congo's riches fuel its war

Smartphones: The New Blood Diamonds?

enough

Mineral wealth funds bloodshed in the Congo

CONDITION: CRITICAL
VOICES FROM THE WAR IN EASTERN CONGO

MAKE IT FAIR

AFRICA'S WORLD WAR
CONGO, THE RWANDAN GENOCIDE, AND THE MAKING OF A CONTINENTAL CATASTROPHE
GÉRARD PRUNIER

- United Nations reports (2001, 2008 and 2009) that minerals trade directly contributes to funding the war in the Congo.

- "Conflict minerals" issues have become the focus of numerous non-governmental organizations (NGO), as well as the media. Engagement with EICC & GeSI in 2007.

- US legislation signed in 2010 requires US companies to disclose sources of tin, tungsten, tantalum and gold; and to conduct due diligence in their supply chain (Dodd-Frank Wall Street Reform and Consumer Protection Act)

EICC
ELECTRONIC INDUSTRY CITIZENSHIP COALITION

GeSI
GLOBAL e-SUSTAINABILITY INITIATIVE

Multi-stakeholder Collaboration

- Who and why
  - Industry, Civil Society (Non-Government Organizations, NGOs), Government, and Investors
  - Stakeholders balance each others' interests
- What to expect
  - Each stakeholder plays a role, yet each stakeholder does not have to be engaged on each topic
  - NGOs come in all different flavors – advocates, implementers, opinionated, fair/unfair
  - NGOs and Government can bring credibility to Industry's work, which leads to investment
- What not to expect
  - Nobody will be coming to you with open wallets
  - Government needs to be educated, but still may not agree with you
  - Don't expect NGOs to change their position, even though they may be friendly when working with you

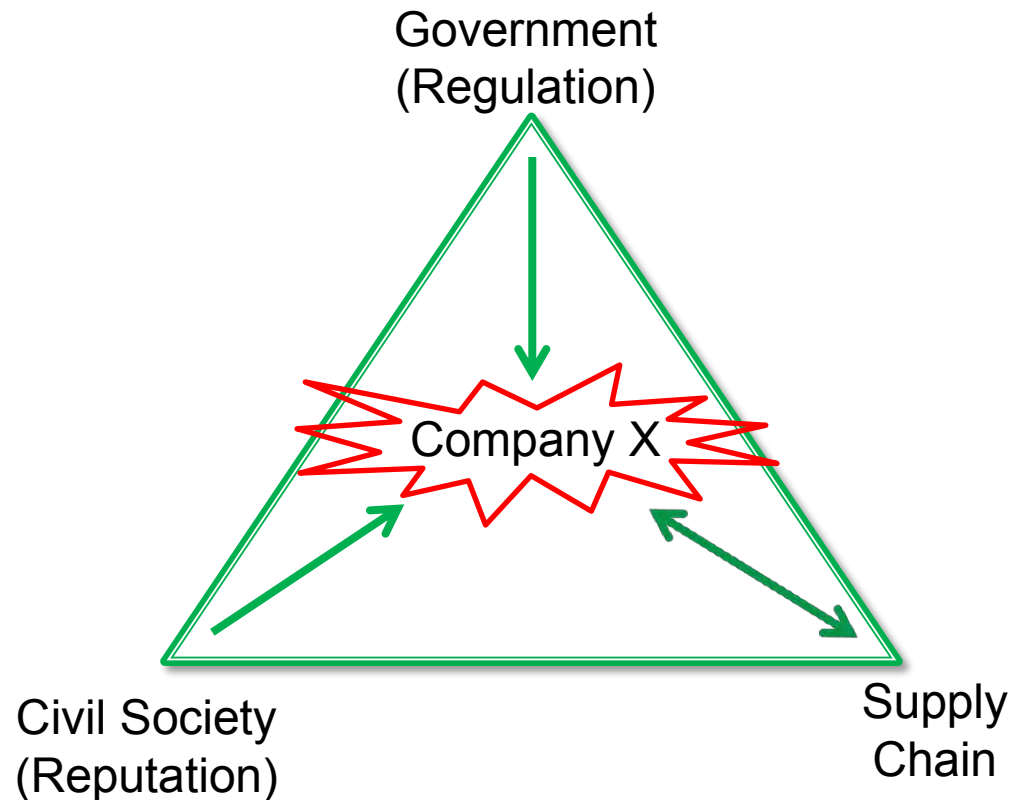# Collaboration Towards a Process Standard
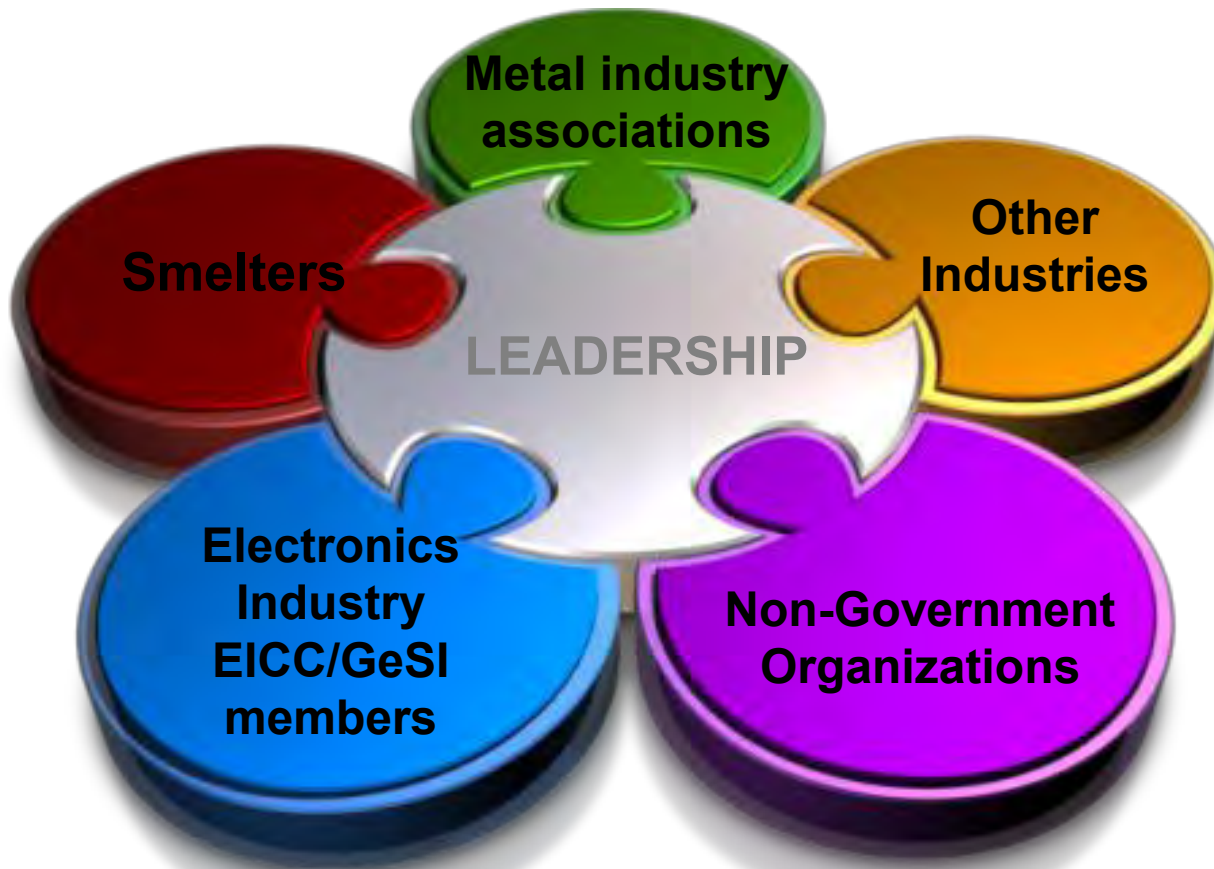
Conflict Minerals efforts have been successful by multiple supply chain and external entities working together to achieve agreeable processes and tools

Metal industry associations

Other Industries

Smelters

LEADERSHIP

Electronics Industry EICC/GeSI members

Non-Government Organizations

Source: Intel

Balancing Supply Chain Complexity, Regulations, and Reputation
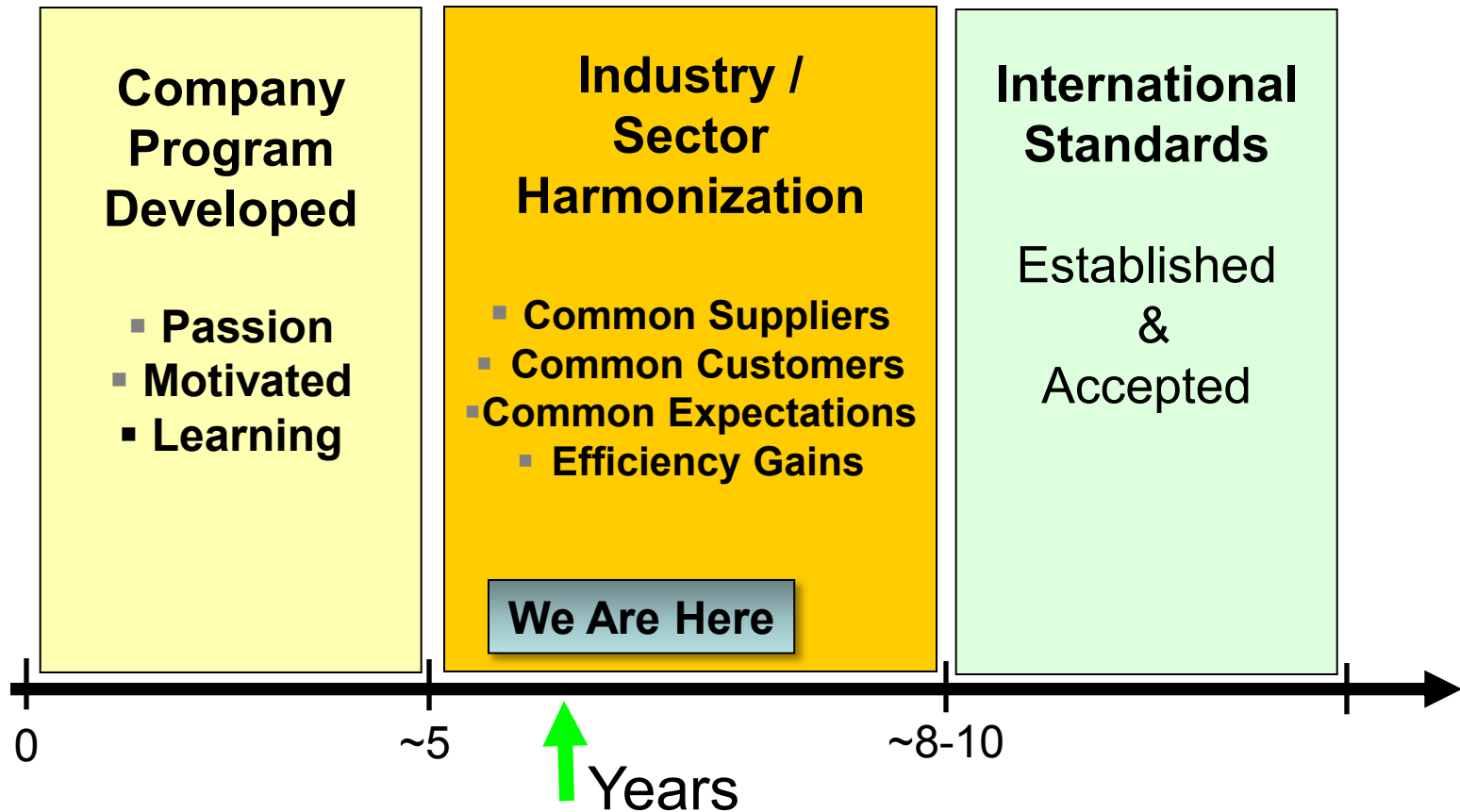
- <u>Fixed</u>: Regulation and preservation of Reputation are requirements

- <u>Variable</u>: Companies must be creative in how they engage their suppliers

- Collaborate with the Supply Chain, don't treat them as a commodity

- Peers can work together with the supply chain and not be in an anti-trust situation

Government
(Regulation)

Company X

Civil Society
(Reputation)

Supply
Chain

Philosophy on Program Direction

Quality and CSR initiatives started on these types of trajectories

Company Program Developed	Industry / Sector Harmonization	International Standards
Passion **Motivated** **Learning**	**Common Suppliers** **Common Customers** **Common Expectations** **Efficiency Gains**	Established & Accepted

We Are Here

0 ~5 ~8-10

Years

Conflict Free Smelter Program Progression:

- http://www.conflictfreesmelter.org
- The compliant smelter/refiner lists are publically available in order to maintain credibility and transparency of the Program.
- 21 refiners/smelters compliant to date

2007-2009

Inception

Researched the issue.

Held first supply chain workshop & developed idea of working together on conflict minerals.

2010

Development

Created Conflict-Free Smelter Program protocols. First Ta smelter compliant.

2011

Launch

Published first compliant Ta smelter list. Published Sn, W, and Au CFS Program protocols. CFS Program recognized by OECD.

2012

Grow

Completed first Sn and Au audits. Engaged W industry. Added 2 industry assoc. and companies from other sectors.

2013

Grow & Maintain

Continue to engage additional smelters, refiners, & industries

Source: EICC-GeSI

Concerted Efforts Lead To Key Results

Effort	Result
EICC-GeSI Conflict Minerals Reporting Template	Considered Industry Standard for identification of smelters/refiners sources
EICC-GeSI Conflict-Free Smelter Program	• Majority of Ta industry compliant • Collaboration agreement with Au industry • Heavy discussion with some progress in Sn • little progress in W
EICC-GeSI Outreach	• Strong attendance at bi-annual workshops • Addition of partners outside the electronics industry
Smelter Incentive Program	Launched by RESOLVE in Q2'12 – Intel, HP, GE Foundation are founding partners
In Region Sourcing Initiatives	• ITSCI Bag and Tag • Solutions for Hope • Public Private Alliance for Responsible Mineral Sourcing
International Framework	Drove industry participation in the development of the OECD Guidance

Source: Intel

EICC — ELECTRONIC INDUSTRY CITIZENSHIP COALITION

GeSI — GLOBAL e-SUSTAINABILITY INITIATIVE

What We've Learned

Be "On the Ground"

Collaborate toward common goal

Drive standards for global implementation

Encourage and enlist fellow travelers

Help Others

Source: Intel