



# GeSI and EICC Program on Conflict Minerals

Luis Neves, GeSI Chair

October 20, 2011





# GeSI and EICC position on conflict minerals

The GeSI and EICC are committed to improving conditions in the electronics supply chain and believe that mining activities that fuel conflict are unacceptable.



# **Extractives Workgroup**

## **GeSI and EICC® bundled efforts**

October 20, 2011



# GeSI Membership and Partnerships

## Members



## Partners





# Extractives Workgroup 2011 Goals

The working group aims to enable companies to source conflict-free minerals through the following actions :

1. Institutionalize the Conflict-Free Mineral Smelter Program
2. Develop a common industry approach to support the requirements of the SEC on disclosure and due diligence
3. Support the implementation of a verifiable sourcing scheme for the Democratic Republic of Congo and neighboring countries for conflict-free minerals
4. Communicate with stakeholders on our positions and initiatives related to metals derived from conflict minerals



# Focus on Conflict Minerals and the Congo

Coltan, the 'blood mineral' of Congo

[A bloody connection to the Congo in every pocket . . .](#)

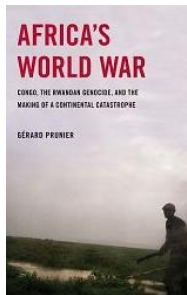
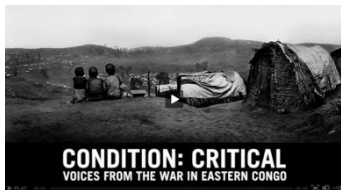


Congo's riches fuel its war

## Smartphones: The New Blood Diamonds?



*Mineral wealth funds bloodshed in the Congo*



- 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.
- 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)



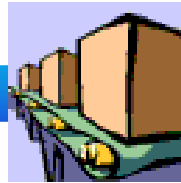
# GeSI and EICC Approach to “Conflict-Free” Sourcing



MINE



SMELTER/REFINERY



OEMS



Finished Product

In-Region Sourcing

Conflict Free Smelter Program

Inquiry & Due Diligence



# In-Region Sourcing Activities

- OECD recognition in the CFS allows for validated in-region sourcing
- Still in support of in-region bag-tag scheme (iTSCi) being driven by ITRI/Pact
- ‘Solutions for Hope’ project recently announced
- Worked with US State Dept and USAID to develop the Public-Private Alliance MOU





# Public Private Alliance for Responsible Minerals Trade

Members

USAID

US State  
Dept

Implementing  
and Other  
Orgs

Downstream  
Companies

Industry  
Associations

Mission

“The development of traceability, validation, and due diligence schemes for minerals sourced in from the DRC and adjoining countries reflects an increased recognition by and engagement of local, regional, and international actors of the importance of ensuring that the region’s minerals trade does not support conflict.”

Means

**State/USAID Role :**

**Provide \$3.2 million or more in support**

**Identify and oversee implementing partners in close coordination with Embassies and USAID Missions in the Great Lakes Region.**

**Provide updates to alliance partners on the current situation in eastern DRC.**

**Company & Industry Association Role:**

**Provide >\$2 million in funding through the end of 2012, with an initial contribution of \$500k. (\$25k-\$75/co., \$125k-\$175k/assoc.)**

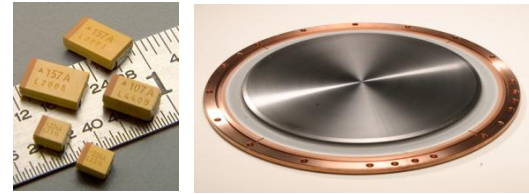
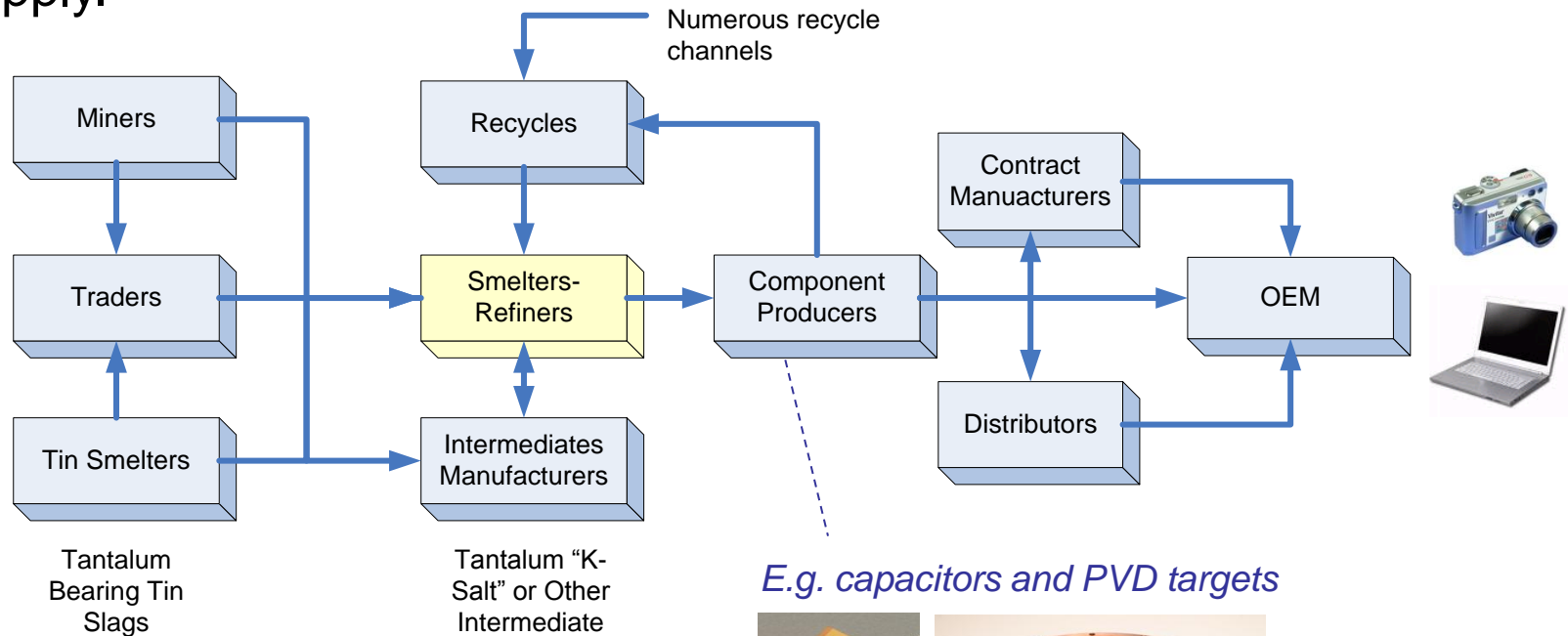
**Facilitate communication among stakeholders**

**Commit to support systems that have traced and validated through the conflict-free smelter program or any similar systems that enable purchases by downstream companies.**



# Why focussing on Smelters?

Example: The tantalum supply chain is very complex. Numerous recycle streams make up more than 20% of global raw material supply.

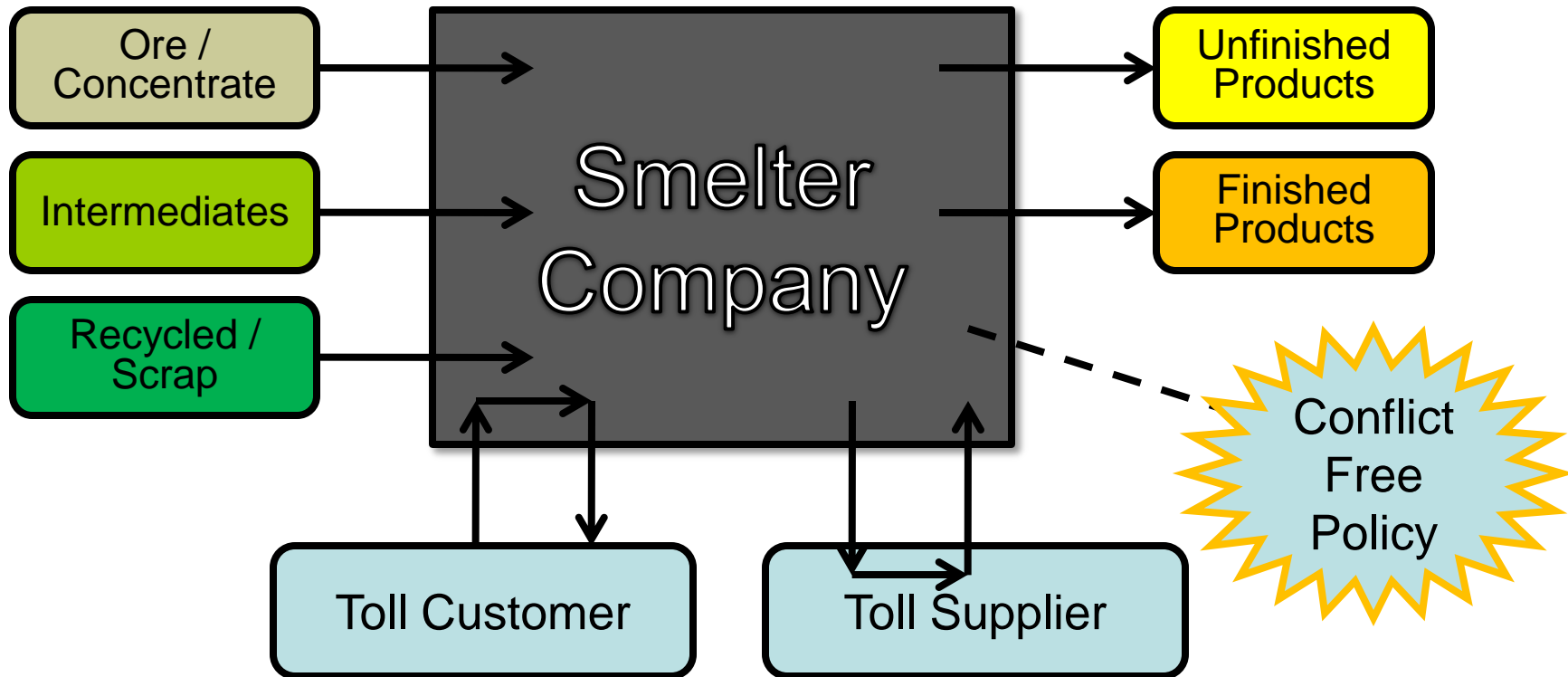




# CFS Audit Scope

## 100% Company Mass Balance

- Includes all warehouses/inventory
- Includes all facilities





# CFS Process Flow

1. EICC and GeSI members (or partners) provide names of smelters to the CFS program
2. Pre-audit activities with smelter
3. Independent 3<sup>rd</sup> party audits smelter/refiner
4. Audit Review Committee review audit results
5. Outcome:
  - Smelter compliant = publish on-line, or
  - Smelter has corrective action to close within 90 days of audit before being compliant, or
  - Smelter non-compliant
6. Re-audit annually



# CFS Program Status

- Tantalum, Gold, Tungsten and Tin protocols have all been released (as of 15 Sep 2011)
- Audit Program:
  - Ta audits in full swing (6 compliant smelters)
  - W & Au are in pre-audit activities and scheduling
  - Sn is just beginning (ITRI still contemplating protocol)
- Longer-term self-sustaining vision for the program being developed



# Audit Process

- Audit Review Committee (ARC)
  - All members must have attended at least one smelter visit, and have experience in other types of audit (e.g. quality)
  - Membership currently only open to OEMs that are full members of EICC or GeSI (additions in the future)
  - Team limited to 7 members (currently at 4 members)
  - Confidentiality obligations – data stays within the committee
- Audit Firms
  - Currently limited to 3 companies – to maintain consistency, flexibility and cost competitiveness
  - Auditors attend Pilot Audits

# Conflict-Free Smelter Program Web Site



**GeSI**  
GLOBAL e-SUSTAINABILITY  
INITIATIVE

## Conflict Free Smelter Tools & Resources

Thank you for your interest in the Conflict-Free Smelter Program. To gain access to the list of compliant smelters and the Conflict Minerals Reporting Template and Dashboard, complete the two questions below and review and agree to the terms and conditions.

For general information and frequently asked questions on the CFS program, click [here](#).

1. What type of industry or organization do you represent:

### INDUSTRY

- Aerospace
- Automotive
- Electronics
- 

<http://www.conflictreesmelter.org/>

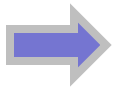


# CFS Online Resources

## CFS and Due Diligence Program Status Update

Summary as of September 30, 2011						
Metal	Total number of smelter companies identified to participate in CFS <sup>[1]</sup>	Assessed Smelter Companies			Number of smelters companies currently in process for 1st assessment	Number of smelters companies not yet started
		Number of companies assessed	Number of compliant companies - # (%)	Number of companies in continuous improvement <sup>[2]</sup> - # (%)		
Tantalum	19	12	6 (50%)	6 (50%)	1	6
Tin	45	0	0	0	2	43
Tungsten	13	0	0	0	2	11
Gold	61 <sup>[3]</sup>	0	0	0	21	40

<http://www.conflictreesmelter.org/>







# Due Diligence and Company Assurance

*A common downstream industry reporting template supporting the Due Diligence requirements of the SEC*

- **Preserve customer-supplier relationship**
- **Reduce burden on suppliers and customers**
- **Preserve confidentiality, enable sharing**
  
- **Excel Reporting Tool available online (free)**
  - Available in 4 language (English, Mandarin, Japan, Korean)
  - Dashboard smelter roll-up tool provided free
  - Training (static) available online
  - Webinar and on-demand training in progress



# Continuous Improvement Planning

- Assurance Improvement
  - Independent review of audit program
  - Independent oversight
  - Publicly available audit protocols for each metal
  - Audit program indicators
  - Whistleblower process
- Expansion to other Industries
  - MOU in place with Automotive (AIAG)
  - Continue to work with Jewelry
  - Continuing to reach out to other sectors
- Governance
  - Examining other initiatives: Diamonds, Forestry, Fair-Trade



# Mining Mineral Exploration in the DRC





# Many thanks for your attention!

Luis Neves, GeSI Chair  
October 20, 2011



# Backup



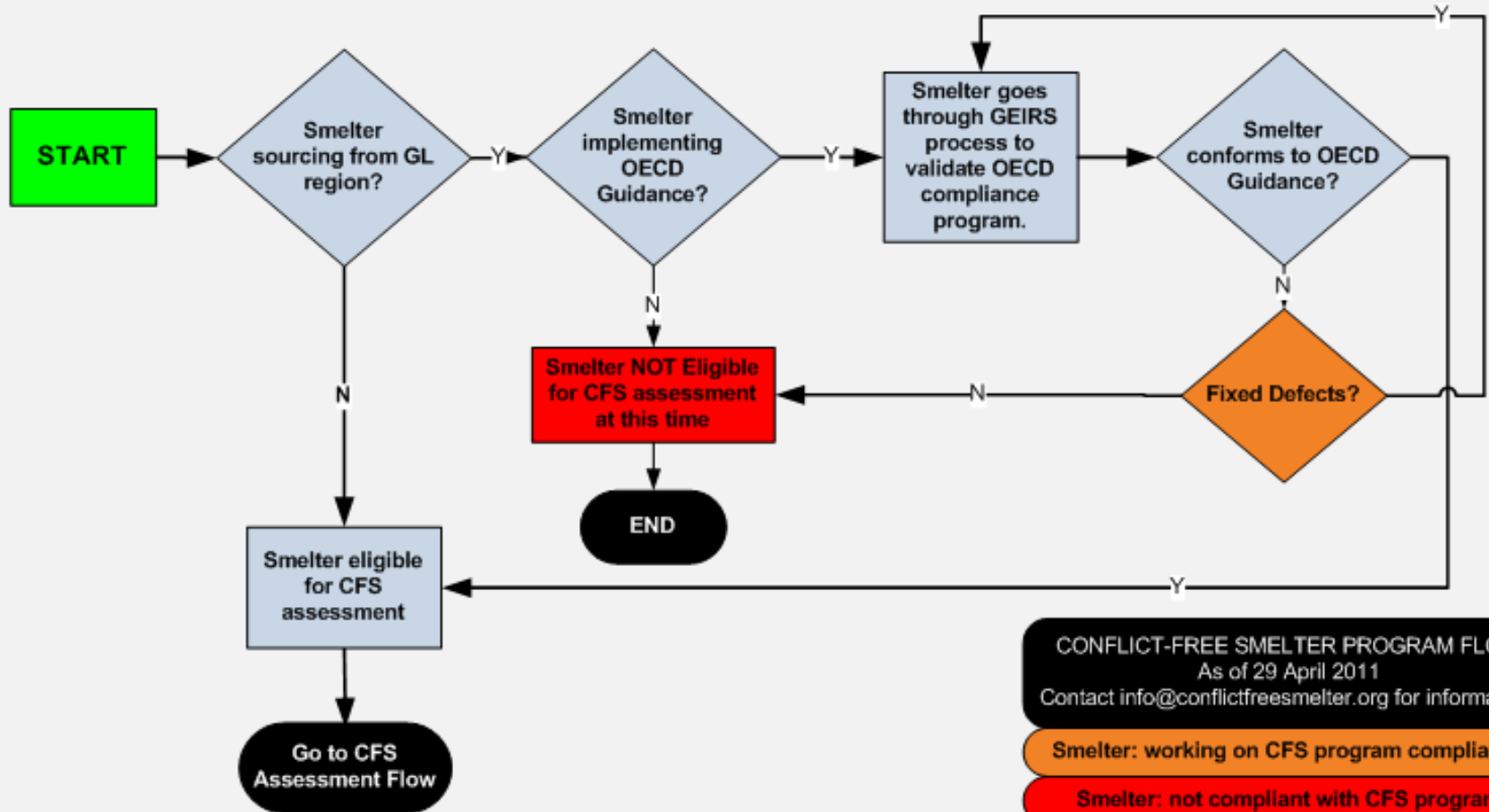


# What's New?

- Tantalum, Tungsten, Tin and Gold protocols have all been released and are available on the CFS website
- Tungsten and Gold companies have started to go through the pre-audit process
- Beginning work to get Tin smelters in pre-audit process and identify pilot facilities
- In process of adding a neutral 3<sup>rd</sup> party from Academia to Audit Review Committee



# CONFLICT-FREE SMELTER PROGRAM FLOW – In-Region OECD Validation



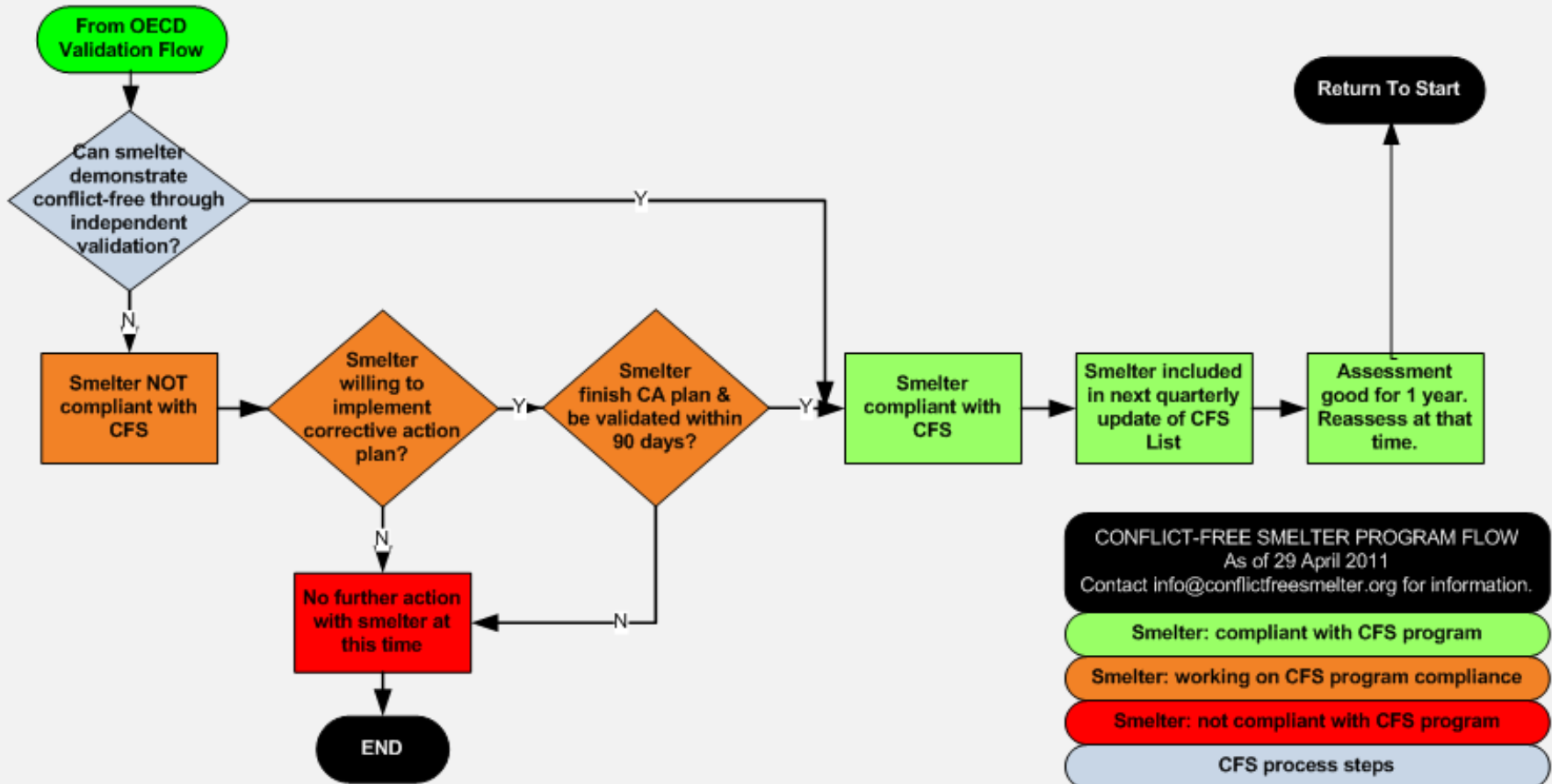
CONFLICT-FREE SMELTER PROGRAM FLOW  
As of 29 April 2011  
Contact [info@conflictreesmelter.org](mailto:info@conflictreesmelter.org) for information.

Smelter: working on CFS program compliance

Smelter: not compliant with CFS program

CFS process steps

## CONFLICT-FREE SMELTER PROGRAM FLOW – CFS Assessment Flow







# Definitions and Abbreviations

- ASM - Artisanal and Small-scale Mining
- CFS – Conflict-Free Smelter program
- iTSCi - ITRI Tin Chain Supply Initiative
- Pact - Implementing partner for iTSCi
- PPA –US Government Public Private Alliance for Responsible Minerals Trade
- OECD - Organisation for Economic Co-operation and Development *Due Diligence Guidance for Responsible Supply Chain Management of Minerals from Conflict-Affected and High-Risk Areas*



# Protocol Scrutiny Levels

Proximity/Relationship to Conflict = Added Scrutiny

Proximity/Relationship	Level	Scrutiny
Not near conflict	1	Normal
Countries of + Concern	2A	Higher
OECD Red Flag Countries	2B	Higher
Conflict/DRC	3	Highest