



Conflict Minerals

SEMI Equipment Supplier Concerns

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SEMI CCM Working Group Activity

- **Discussions on Concerns, Attempts to understand requirements**
- **Submit Comments to SEC for consideration in Regulatory Promulgation**

- **Concerns outlined by Lauren Crane, AMAT**
 - **Ability to Gather Information on Source of Metals**
 - **Ability to Discern Finance or Benefit to Armed Groups**
 - **Vague Scope of Minerals**
 - **Vague Meaning of “derivatives”**
 - **Vague Meaning of “necessary to...production”**
 - **Status of derivatives already in the supply chain**
 - **Flawed Scope in Responsibility**

National Association of Manufacturers (NAM) Comments

■ WG reviewed NAM DRAFT comments - NAM Concerns included:

- **Due Diligence, Reliable Due Diligence, and Standard of Care**
 - **Allow Flexibility**
 - **Presumption of Reliable Due Diligence for program that:**
 - **Uses information gained through an industry wide process**
 - **Creates contractual obligations based on the government produced maps**
 - **Puts obligations on suppliers to push the new policies upstream and transmit information downstream through contract provisions**
 - **Includes a description of policies and procedures to remediate instances of non-conformance with the policy**
 - **Makes use of independent third party audits of the due diligence report if sourcing from the Congo or adjoining countries**
 - **Publishes annual reports on the corporate website**

NAM Comments (continued)

- **Reasonable Care Standard (examples)**
 - **Contractual obligations on direct suppliers to exclude conflict minerals from goods supplied to the company subject to the SEC; or**
 - **Implementation of a risk-based program that uses company control processes to verify that suppliers are providing credible information and pushing contractual obligations upstream; or**
 - **Participation in or reliance on information gained from an industry wide or smelter validation process.**

- **Create A Safe Harbor/Presumption of Due Diligence for based on Reliance of the Maps from the State and Commerce Departments on the Mines and Smelters.**

NAM Comments (continued)

■ **Definitions**

- **Necessary:** In cases where a filer does specify the use of a conflict mineral, or directly incorporates the conflict mineral into a finished product, the conflict mineral is necessary to functionality or production when:
 - The conflict mineral is intentionally added to the product; and
 - The conflict mineral is essential to the product's use or purpose.

■ **Transitional Rules**

- **For Inventory Already at Smelter**
- **For Products Made from Existing Inventories**
- **Identification of Conflict Mines in the DRC and Adjoining Countries**

■ **Exemption for Recycled Materials**

■ **Consideration of Economic Impacts**

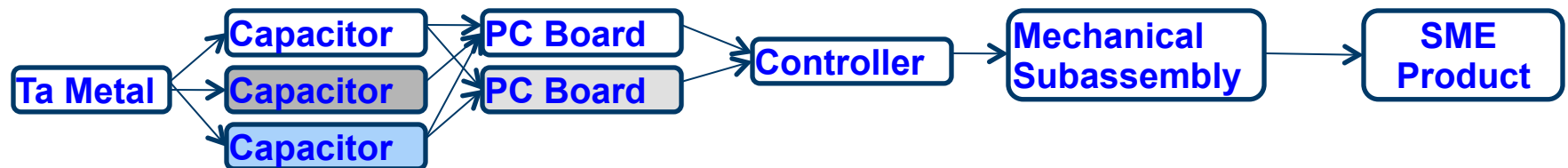


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SEMI WG Actions

- SEMI “signed on” to NAM Comments
- SEMI submitted Specific Additional Comments
 - Supporting NAM comments,
 - Adding Specificity to Supply Chain Concerns



Smelters?

Distributors?

- Definition of “necessary”, and
- Definition of regulated Metals – SEMI recommends Regulations be limited to:
 - Tin. Tantalum. Tungsten, and Gold