

EICC[®]-GeSI Conflict-Free Smelter (CFS) Assessment Program

Frequently Asked Questions

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What is the Conflict-Free Smelter (CFS) assessment program?

The CFS is a voluntary program in which an independent third party evaluates smelter and refiner procurement activities and determines if the smelter or refiner demonstrated that all the materials they processed originated from conflict-free sources. The program aims to enable companies to source conflict-free minerals.

Why are the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) developing the CFS program?

There is currently no credible system in the global electronics industry that allows a company to determine the source of their material; the development of this system is critical to responsible sourcing. Companies that want to source responsibly will be able to use the results of the smelter assessment in their own purchasing practices.

Operational Information

CFS protocol

1. What are the components of the CFS?

The CFS program consists of two reviews that occur at a smelter's or refiner's site during the assessment process:

Business Process Review

- Evaluate company policies and or codes of conduct relating to conflict minerals

Material Analysis Review

- Conduct a complete material analysis to demonstrate that all sources of materials procured by the smelting company are conflict-free
- Evaluate whether source locations are consistent with known mining locations
- Establish whether material identified as “recycled” meets the definition of recycled material

2. What is the geographical scope of the CFS program?

The CFS is a global program; assessments are conducted for any smelter or refiner that is processing the targeted minerals and wants to be identified as a conflict-free smelter. Many of the key processors are located in Australia, Canada, China, Malaysia, Russia, United States, and Indonesia.

3. Which minerals are in scope of the CFS program?

As defined by the 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (“Dodd-Frank”), conflict minerals include tantalum, tin, tungsten, and gold; these are the minerals that are covered by the CFS program. See Section 1502(e)(4) in the [Dodd-Frank legislation](#).

The assessment protocols for all four metals are complete; assessments of smelters and refiners processing all four metals are underway.

4. Does the CFS program only cover minerals originating from the DRC?

No. The CFS program assesses materials from global sources. When referring to the “DRC and adjoining countries” in this document, the EICC and GeSI include those countries identified in the [Dodd-Frank legislation](#) as sharing “an internationally recognized border with the Democratic Republic of Congo”. See section 1502(e)(1) in Dodd-Frank.

5. How are stockpiled materials handled in the CFS protocol?

The treatment of stockpiled materials will be informed by the SEC rule relating to Dodd-Frank. When the SEC releases the final rule, the EICC and GeSI will evaluate the CFS protocol against the rule to ensure that the CFS protocol handles stockpiled materials no less stringently.

6. What is the cost for a CFS assessment?

CFS assessment costs range due to the number, size, location and complexity of assessed facilities. Therefore, the EICC and GeSI cannot quote a general cost. Smelters or refiners with specific questions on the cost of a CFS assessment can contact info@conflictreesmelter.org.

7. Are the assessment protocols publicly available?

The CFS protocol for each metal is publicly available on the Conflict-Free Smelter site (www.conflictreesmelter.org). After the SEC releases their final rule related to Dodd-Frank, the protocols will be reviewed; this may require additional enhancements to the protocols. Before the CFS protocols were published, the EICC and GeSI shared the draft protocols with critical stakeholders including nongovernmental organizations, the OECD, and governmental entities to obtain external perspectives and to gather feedback.

CFS participants

8. Who are the actors in the CFS program?

Smelters and refiners. Smelter/refiner processing is a critical step in the supply chain where distinguishable minerals and metals are converted to indistinguishable metal or derivatives. Any smelter or refiner that wants to be certified conflict-free and have their name listed on the compliant list can volunteer to participate in a CFS assessment. Assessments of smelters and refiners processing all four metals are currently underway.

Downstream Companies. Material buyers and companies throughout the supply chain can use the information from the CFS program to understand the source of minerals in their supply chain from the smelters/refiners they directly or indirectly procure from. Depending on where a company is at in a given supply chain will depend on who that company works with to enable that level of smelter/refiner visibility.

Other industries. The EICC and GeSI request other downstream companies and industries to work with them collaboratively on a single process for responsible sourcing (e.g. AIAG, JEITA, RILA – see the Conflict-Free Smelter [website](#) for additional Program sponsors). Conflict minerals impact any industry that uses tin, tantalum, tungsten and gold in their products including the automotive, aerospace, jewelry, packaging, defense, toy, and housing industries.

Auditors. Audit firms conduct the actual assessment of the smelters and refiners. The firms and auditors have been trained in the CFS Program protocols and are familiar with the issues related to conflict minerals, have familiarity with the in-region transportation/trade paths, and understand the goals of in-region schemes that account for the minerals' transportation.

9. Will all smelters and refiners have to adhere to the CFS program?

The CFS program is a voluntary process. Companies sourcing minerals directly or their customers that want to source responsibly will be able to use the results of this system and may request a smelter or refiner to participate in the program.

10. How many smelters or refiners have gone, or will go through a CFS assessment?

The EICC and GeSI anticipate that a significant portion of world's smelters of tantalum, tin, and tungsten smelters and gold refiners will choose to undergo a CFS assessment. Current CFS Program status can be found at: <http://www.conflictreesmelter.org>.

If a smelter or refiner is not on the list, it has either not undergone a CFS Program assessment or is not in compliance with the CFS Program protocol. All questions regarding smelters or refiners who are not on the list should be directed to the specific company.

11. How does a smelter or refiner participate in the CFS program?

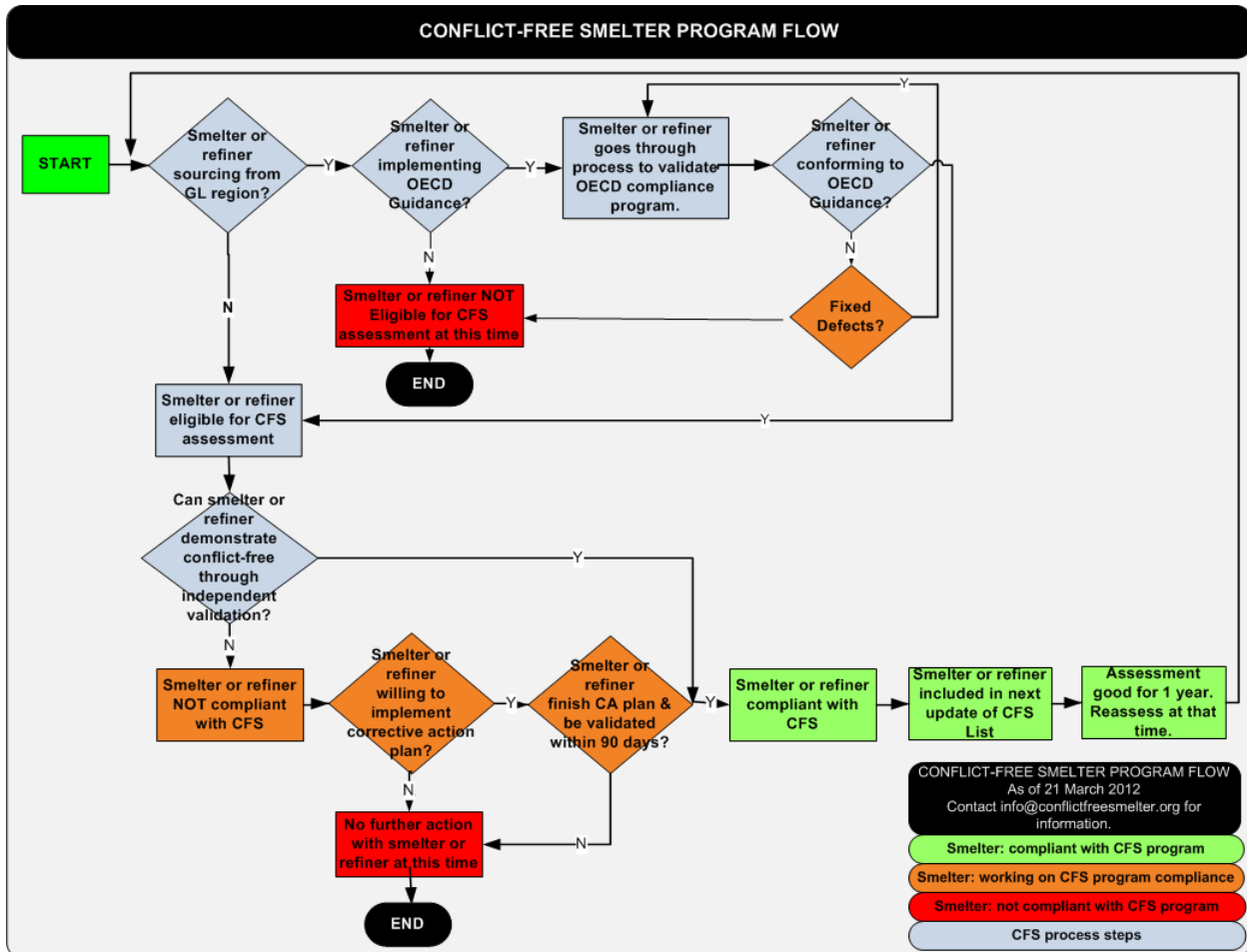
Any smelter or refiner is able to participate in the CFS Program; the CFS is a voluntary program. However, there may be additional steps smelters or refiners must take before undergoing a CFS assessment depending on their source of materials.

In summary, smelters or refiners not sourcing from the DRC or adjoining countries are readily eligible to participate in a CFS assessment. They do not need to complete any additional, preparatory steps before undergoing an assessment.

For smelters and refiners sourcing from the DRC and adjoining countries, to be eligible for the CFS program, they must:

- Demonstrate minerals are from sources that conform to the OECD Due Diligence Guidance, and
- Assure that they and their suppliers provide supporting documentation regarding the mine of origin and subsequent trading partners for 100 percent of minerals sourced from DRC and adjoining countries.

The flow chart below gives an overview of different paths a smelter or refiner may undergo, depending on the source of their materials. The flow is intended to provide a high level visual of the process flow and necessarily does not include every step of the CFS assessment process.



12. Who is required to purchase from CFS compliant smelters and refiners?

Use of the list is voluntary; the EICC and GeSI do not require members or members' supply chains to purchase from the lists of compliant smelters and refiners.. The EICC and GeSI will publish lists of smelters and refiners found to be compliant with the CFS protocol. Determination of whether and/or how to use all or any portion of the list is to be made in a company's sole and absolute discretion.

The EICC and GeSI plan to update the lists periodically with additional names of smelters and refiners who were shown to be compliant since the last posting. If a smelter or refiner is not on the list, it has either not undergone a CFS assessment or is not in compliance with the CFS protocol. All questions regarding companies who are not on the list should be directed to the specific company.

CFS status

13. Will the CFS program be delayed due to the SEC Dodd-Frank rulemaking delay?

No. The EICC and GeSI are aware that the timeline for the release of the SEC rule has moved from April – July 2011 into 2012. *The SEC has not officially delayed the implementation of the rule; they only delayed the publication of the final rule.* For companies, the implementation may still be the first full fiscal year following the promulgation (publication) of the final rule. In order to continue to provide information to enable companies to source responsibly, the EICC and GeSI are moving forward with CFS assessments. After the SEC releases their rule, the EICC and GeSI will review the CFS protocol to ensure it meets, at minimum, the requirements set by the SEC.

14. Has the CFS program been tested on the ground yet?

First year tantalum smelter assessments have been completed for many smelters and second year audits are underway. The EICC and GeSI published the first CFS-compliant smelters list in early 2011 and update it periodically as additional smelter or refiner compliance is validated.

15. When did the work begin on the CFS program?

The EICC and GeSI initiated a tantalum supply chain working group in September 2009. In November 2009, participants of that tantalum supply chain working group reached an agreement to develop a scheme for assessing smelter mineral sourcing

16. Who was involved in the development of the CFS?

EICC and GeSI members are the primary developers of the program. However, they engaged smelters and refiners, representatives from the U.S. government, non-governmental organizations, members of the metals' supply chains, component manufacturers, and on-the-ground stakeholders in the development of the program. These organizations provided input on many aspects of the program.

The [RESOLVE consultancy](#) also conducted initial research on mineral sourcing for the EICC and GeSI, developing the report, [Tracing a Path Forward: A Study of the Challenges of the Supply Chain for Target Metals Used in Electronics](#). The report findings support the development and implementation of the Conflict-Free Smelter program.

CFS assessments

17. When will smelters and refiners begin to be assessed?

The CFS assessments for tantalum began in the fourth quarter, 2010. Tin, tungsten and gold began in late 2011/early 2012.

18. Will the assessment results be made public?

The first list of tantalum smelters that passed the voluntary assessment were posted to the GeSI and EICC websites starting in early 2011. Individual companies can use that information in their sourcing requirements in line with their own processes for supply chain due diligence and purchasing. Tin, tungsten and gold smelters and refiners will be posted in 2012 when initial lists are ready.

19. Who will conduct the assessments?

The assessments are conducted by independent third party assessment firms. They are responsible for conducting on-site due diligence reviews of smelter facilities.

The current CFS audit firms are:

- [Liz Muller, Inc.](#)
- [UL - STR](#)
- [SGS](#)

20. Do the third party firms make the final determination whether the smelter or refiner is in compliance with the CFS assessment protocol?

The third party assessment firms present their findings and make recommendations to the Conflict-Free Smelter Audit Review Committee (ARC). The Committee validates the auditors' determination whether a smelter or refiner is in compliance with the CFS assessment protocol.

21. Who is on the Conflict-Free Smelter Audit Review Committee?

The ARC currently consists of company representatives from the EICC, GeSI, and the Automotive Industry Action Group, as well as a representative from academia. To be eligible to sit on the Committee, an individual must meet the following criteria:

For EICC or GeSI member representatives on the Committee:

- 1) represent an original equipment manufacturer (OEM) that is also either an EICC or GeSI full member company, in good standing,
- 2) have participated in at least one pre-audit visits to a smelter,
- 3) have an in-depth understanding of the CFS processes, procedures, and protocol, and
- 4) have previous experience in auditing programs, e.g. Quality, Environmental Health and Safety, Labor, etc.

For partner industry association or company representatives on the Committee:

- 1) be a paid and active member of the joint EICC - GeSI Extractives Work Group,

- 2) have participated in at least one pre-CFS visits to a smelter,
- 3) have an in-depth understanding of the CFS processes, procedures, and protocol, and
- 4) have previous experience in auditing programs, e.g. Quality, Environmental Health and Safety, Labor, etc.

For academic representatives on the Committee:

- 1) have demonstrable experience with metals, mining, or another relevant topic,
- 2) be willing and able to share expertise with the Committee and the joint EICC - GeSI Extractives Work Group
- 3) be willing and able to attend Committee meetings, and
- 4) have previous experience in auditing programs, e.g. Quality, Environmental Health and Safety, Labor, etc.

22. How long is a smelter/refiner assessment valid?

An assessment will be valid for one year from the date of the assessment.

General Questions

23. What is the OECD Guidance Document?

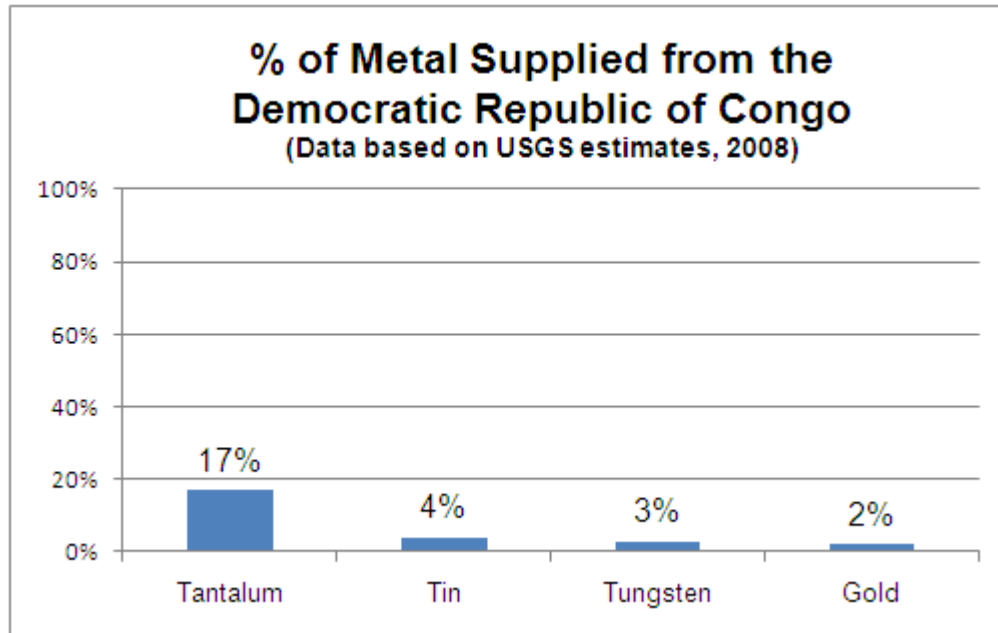
“The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas provides management recommendations for global responsible supply chains of minerals to help companies to respect human rights and avoid contributing to conflict through their mineral or metal purchasing decisions and practices. The Due Diligence Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas.”¹ Click [here](#) to read the document in English; [here](#) in French.

24. Do the minerals from the Democratic Republic of Congo (DRC) make-up a large part of an electronics product?

Minerals are smelted to make metals, i.e. wolframite is smelted into tungsten. The metals in electronics vary by product. Trace amounts of many metals are found in multiple components which are necessary to create a functioning device. For example, tungsten makes an electronic device vibrate, while tantalum is used in capacitors to buffer the power in various electronic devices. Nearly all electrical products contain tin-based solder.

The DRC is only one source of these minerals. Tin, for example, is also found in large amounts in China and Indonesia. Tantalum is also found in Australia, Brazil and China. Regardless of the mine of origin, companies need to understand the source of their materials, and the CFS program enables that visibility.

¹ From the OECD webpage http://www.oecd.org/document/36/0,3746,en_2649_34889_44307940_1_1_1_1,00.html.



25. Could the electronics companies just start sourcing minerals from other global sources?

The EICC and GeSI members do not want a de facto ban of minerals coming out of the DRC and adjoining countries. There are hundreds of thousands of legitimate miners and millions of people that depend on artisanal mining originating from the DRC for their livelihood.

The aim of an in-region sourcing program is to identify and enable the formal trade in “conflict-free” material originating in the DRC and adjoining countries. Smelters and refiners, who are the purchasers of raw minerals, continue to make sourcing decisions based on their individual business models.

26. How does an in-region sourcing program, such as ITRI’s Tin Supply Chain Initiative (iTSCi) project, relate to the EICC’s & GeSI’s work?

The EICC and GeSI have been supporting the tin and tantalum industries in the development of in-region sourcing programs such as iTSCi. The iTSCi project is an example of a mechanism which traces and certifies minerals from the mine of origin to the smelter.

Essentially, minerals are ‘bagged and tagged’ at the conflict-free mine of origin and have accompanying certified documentation throughout each step of the minerals logistical supply chain. Programs such as these will allow the material to make its way through the supply chain without being tampered with and ultimately allowing the end customer to have confidence that the material was sourced responsibly. Once validated by an independent third party, iTSCi minerals, or other in-region sourcing programs, are considered eligible to be assessed to the CFS protocol.

27. What should consumers know about buying conflict-free electronic products?

In the near term, there is currently only a few credible programs for ensuring that minerals are coming from a responsible source. The Solutions for Hope² project is one such early program that is underway and providing conflict-free tantalum from the DRC province of Katanga. Consumers care, and the electronics industry cares. The EICC and GeSI continue to address this issue to make a difference.

28. Will CFS succeed in eliminating conflict minerals from the electronics supply chain?

Ethical sourcing is only one part of the solution to the issues surrounding conflict minerals. Multiple concurrent activities need to be in place to fully address this issue: governmental policy and monitoring, international efforts led by the UN, and the engagement and commitment of other countries, industries, and civil society.

The CFS program is a tool to enable companies to support the aims of a conflict-free supply chain. While the CFS program was started by the electronics industry, other industries are invited to leverage the work and the results of the CFS program.

29. Can other industries join the development and implementation of the CFS program?

Yes. Other industries using tin, tantalum, tungsten and gold are welcome and encouraged to join the respective metal supply chain working groups. Our goal is to create common, cross-sector processes that have a positive and meaningful impact on the complex supply chains of these metals.

Additionally, all companies, not just EICC and GeSI members, will have access to the list of smelters that passed the assessment. The list can be used to support their individual conflict-free procurement policies.

- Click [here](#) for more information about joining the joint EICC and GeSI workgroup as an association;
- Click [here](#) for joining as an individual company.

30. Will OEMs start requiring their suppliers to source from only CFS compliant smelters or refiners?

The first list of smelters that passed the voluntary assessment was posted to the Conflict Free Smelter website (www.conflictreesmelter.org) starting in early 2011. Individual companies will have the opportunity to use that information in their procurement processes according to their own policies, guided by individual business decisions.

² See the following website for more details: <http://solutions-network.org/site-solutionsforhope/>

Acronyms & Definitions

ARC	Audit Review Committee
CFS	Conflict-free Smelter Assessment Program
Dodd-Frank	2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (“Dodd-Frank”)
DRC	Democratic Republic of Congo
EICC	Electronic Industry Citizenship Coalition (www.eicc.info)
GeSI	Global e-Sustainability Initiative (www.gesi.org)
ITRI	Tin association (www.itri.co.uk)
iTSCi	ITRI 's Tin Supply Chain Initiative