

# Conflict Minerals White Paper

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## **Executive Summary:**

The device you are using to read or print this white paper likely contains tin, tantalum, tungsten or gold, which are included by the U.S. government in the definition of "conflict minerals," the trade of which has contributed to conflict in the Democratic Republic of Congo (DRC). The U.S. Government had legislation enacted July 21, 2010, part of the Dodd-Frank Wall Street Reform and Consumer Protection Act that requires certain companies to be transparent about the source of these minerals in their products. To provide our customers and other stakeholders with information on this topic, we have consolidated many years of work into a short white paper. Additional questions can be directed to Deborah Albers, Principal Social Strategist at Dell.  
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The electronics industry is very engaged in finding a solution that allows sourcing of minerals globally, including from the Democratic Republic of Congo (DRC) in Central Africa. Dell has publically stated the importance of responsible sourcing and is committed to industry collaboration, supply chain accountability and a solution that brings confidence of responsible sourcing to our customers. It's Dell's policy to refrain from purchasing from any known conflict

sources and to require suppliers to adhere to the same high standard. Recently we have notified our suppliers of our policy on conflict minerals and have asked each supplier to provide us with a confirmation of their conflict-free status. We also provided them with training on the new U.S. legislation and regulation. Dell will continue to participate in a multi-stakeholder conversation, proactively seek multi-industry solutions and encourage everyone who has a final product that contains these minerals to join us in these efforts.

## **Background**

Tin, tantalum, tungsten and gold were defined by the U.S. Government in 2010 as "conflict minerals." The electronics industry refers to them as 3T+G. For many people, the term "conflict minerals" only recently surfaced. The reality is that this phrase has been used since 1998 to refer to minerals mined in the violent conditions of the DRC. More people are familiar with the phrase "blood diamonds" made familiar by the 2006 movie starring Leonardo DiCaprio, which depicted the human rights violations surrounding the diamond mines during the Sierra Leone civil war. The film depicts some of the same dynamics that may exist in extracting and sourcing of the 3T+G.

One of the conflict minerals, gold, was subject to a campaign that started in 2004 called "No Dirty Gold" ([www.nodirtygold.org](http://www.nodirtygold.org)), an attempt to change the way gold is mined, bought and sold. Although primarily targeting the jewelry industry, the campaign also asked electronics companies to take steps to address the potential for corruption in the gold supply chain. This, in part, resulted in the jewelry industry creating the



Responsible Jewelry Council in 2005  
[www.responsiblejewellery.com](http://www.responsiblejewellery.com)

More recently, non-governmental organizations (NGOs) and civil society organizations began to align their efforts on the DRC and the mineral trade industry there. Organizations such as The Enough Project ([www.enoughproject.org](http://www.enoughproject.org)) and Global Witness ([www.globalwitness.org](http://www.globalwitness.org)) led the effort with campaigns targeted at the electronics industry, while U.S. government officials started drafting legislation to increase diligence and transparency on the part of certain companies with respect to extracting and sourcing of the 3T+G, which usually occurs many layers removed from their final products.

Organizations such as the Electronic Industry Citizenship Coalition® (EICC®) ([www.eicc.info](http://www.eicc.info)) and Global e-Sustainability Initiative (GeSI) ([www.gesi.org](http://www.gesi.org)) are working together to address this issue. The EICC and GeSI are Information and Communications Technology industry associations focused on developing common tools and processes for a sustainable electronics industry. In 2007, they commissioned a joint study on mineral extraction associated with conflict as it relates to the electronics supply chain. This report, by independent Canadian researchers GHGm titled *Social and Environmental Responsibility in the Metals Supply to the Electronic Industry*, (<http://www.eicc.info/initiatives02.shtml>) was published in 2008. The report focused on understanding how certain metals are mined, recycled and used in the electronics industry. In addition to calling out the difficulty in tracking the source of metals, it outlines the lack of stewardship schemes, the complexity of intermingling virgin and recycled sourced-materials, and the diverse geographic sources of metals globally.

In 2008 the EICC and GeSI formed a joint working group on extractives, to address the challenges with minerals in the ICT industry, focusing their initial efforts on understanding the issue and defining a 3-year action plan. Their first step in 2010 was to commission another report titled *Tracing a Path Forward: A Study of the Challenges of the Supply Chain for Target Metals Used in Electronics* (<http://www.eicc.info/documents/resolvereport4.10.10.pdf>). This report, mainly focused on sourcing from the DRC, documents a project that traced the supply of metals beginning with a list of suppliers provided by EICC/GeSI. The outcome of this research was a partial map of the ICT supply chain as well as some learnings from the discontinuity. From this information, recommendations were established, including a multi-industry, multi-stakeholder approach.

In 2010, President Obama signed The Dodd-Frank Wall Street Reform and Consumer Protection Act into law (<http://beta.congress.gov/bill/111th-congress/house-bill/4173?q=HR%204173>). In an attempt to stop funding for the illegal trade of conflict minerals, the law included (in Section 1502) specialized disclosure obligations that apply to companies – including electronics manufacturers – whose products include tin, tungsten, tantalum or gold. The "conflict minerals" rule requires companies to disclose use of minerals that originated in the DRC or an adjoining country (<http://www.sec.gov/spotlight/dodd-frank/speccorpdisclosure.shtml>). Around this time EICC and GeSI expanded the extractives working group to allow other industries to participate and encourage the creation of a single joint solution for all industries.



In August 2012 the final rule related to Dodd-Frank Section 1502 was released by the SEC and companies began the work of creating internal processes to comply with Dodd-Frank

<http://www.sec.gov/news/press/2012/2012-163.htm>

## **Accountability and Transparency**

In the words of Congress:

...the exploitation and trade of conflict minerals originating in the Democratic Republic of the Congo is helping to finance conflict characterized by extreme levels of violence in the eastern Democratic Republic of the Congo, particularly sexual- and gender-based violence, and contributing to an emergency humanitarian situation...

<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf> page 838

For an understanding of why this is important to companies, regardless of legislation, we must consider responsible sourcing and the consequences of an untraceable supply chain.

The sourcing of these minerals is many layers deep in any electronic product. Traceability is extremely difficult due to lack of contractual relationships, cross-country transportation and smelting of metals. Despite these challenges, knowing the source of the minerals is critical to supply chain responsibility and continuity. Part of being responsible to our customers is the ability to ensure that natural disasters, political instability and parts shortages do not affect orders. Tracing our supply chain allows us to mitigate these risks, with the added benefit of being compliant with Dodd-Frank. This business critical

traceability can only be accomplished with supplier accountability and transparency, which is why you will find a list of our suppliers with links to their sustainability reports (where available) on our website (<http://content.dell.com/us/en/corp/d/corp-comm/cr-ca-list-suppliers.aspx>). All suppliers are required to have a publically available sustainability report. In the absence of a public, GRI-based report, suppliers are penalized in their quarterly Dell business review score. This added measure of transparency is one way we hold our suppliers accountable for responsible sourcing. For those suppliers who have not published a sustainability report, we offer training and templates to assist them in meeting this requirement.

In the 2012 release of the EICC Code of Conduct, a section related to conflict minerals was added. To support the Code and provide a means to actively engage and motivate suppliers, supporting questions were added to the validated audit process against which Dell suppliers are audited.

In the spirit of transparency, a summary of our actions on this matter, along with a timeline and updates on our conflict free status can be found at [www.dell.com/extractives](http://www.dell.com/extractives).



## **The need for a multi-industry approach:**

Most companies do not have direct purchasing relationships with mining companies. Minerals are procured from multiple sources including recycled material, metal inventories and virgin ore, and a final product may contain a number of these metals. Unlike diamonds, which are not melted together to make bigger diamonds, minerals are often mixed with recycled metals from other geographic locations and smelted together. This makes identifying the country of origin of the combined material difficult, if not impossible.

These smelted materials are then used in many different products from many different industries including many non-electronic products such as sun glasses, food containers, shoes and bicycles.

When all publically traded companies in the U.S. became accountable for publishing the source of these materials, a common process across industries was critical to avoid duplication of efforts, reporting fatigue and substantial cost.

Through the EICC/GeSI working group, it was clear that the common pinch-point for all of these minerals, for any product, is at the smelter. These materials are not used in their raw form because they must be refined first; therefore the smelter is the right point at which to focus a common solution. Creating a process that can be used by any company in any industry is a win for the smelters, the reporting companies and the governments that are requiring additional disclosures.

Another common idea across industries is that finding a solution that allows for responsible sourcing of minerals and avoids human rights abuses will require international collaboration, government participation, funding and accountability.

## **Long-Term Solution:**

Buying through channels that source outside the DRC is possible now, and some companies are taking advantage of that possibility to avoid the time consuming and costly reporting requirements. However, this can negatively affect legitimate mines in the region, and a total ban on DRC minerals would cause unintended consequences for an economy already struggling.

To create a long-term responsible sourcing strategy that does not exclude any viable region of the world, collaboration throughout the supply chain is required. The most effective means of influencing responsible mineral sourcing is to engage the members of the supply chain, with whom companies work directly and where contractual relationships exist. It requires those companies with influence to set expectations with their supply chain, encourage voluntary smelter participation and support that with accountability measure and transparency.

This is where industry associations such as the EICC and GeSI play a critical role in the long term approach. This is the most effective way to create harmonized and documented processes to minerals responsibly sourced from the conflict regions of the Congo.

Together with other industries, members of the EICC and GeSI are driving new behaviors



with their Conflict Free Smelter (CFS) Program ([www.conflictreesmelter.org](http://www.conflictreesmelter.org)).

The CFS Program provides information about smelters and refiners in the metals supply chain to enable ICT companies to source responsibly and reduce the risk of “conflict minerals” that support armed groups ending up in their products. Smelters and refiners found to be compliant with the CFS Program audit protocol are listed on a “conflict-free” list, by metal (tin, tantalum, tungsten and gold) on [www.conflictreesmelter.org](http://www.conflictreesmelter.org).

Complementary to the program was the development of a [Conflict Minerals Reporting Template](#) and associated summary dashboard. These tools enable more efficient transfer of information through the supply chain regarding country of origin, as well as smelters and refiners being utilized by ICT companies and their suppliers. This has allowed companies to identify smelters to include in the CFS Program and in their supply chain. EICC and GeSI also developed a consolidation process for the smelter and refiner names to aid in unique identification of these companies.

Work continues in this area with a broad range of stakeholders, including non-government organizations, government agencies and industry sectors such as electronics, mining, mineral processing and others. For example, in the development of the Conflict-Free Smelter Program, GeSI and the EICC held five workshops with members of the tantalum and tin supply chains. The ICT industry also participated in the development of the [OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).

## **Dell Solution:**

Dell has been a leader in this space for many years. In 2008 we began participating in the EICC/GeSI working group. In mid-2009, a year before Dodd-Frank passed, we realized that this issue could not be solved by one company or even one industry, so we invited our peers to join us in a multi-industry “Call to Action” (<http://en.community.dell.com/dell-blogs/direct2dell/b/direct2dell/archive/2009/08/25/dell-hp-intel-amp-motorola-aim-to-ensure-mineral-supply-chains-are-conflict-free.aspx>)

The following year, we convened the first international workshop on conflict minerals in Paris, in conjunction with the CRO Conference, where Dell and our colleagues at Information Technology Industry Council (ITI), a technology trade organizational in Washington, D.C., spoke to CEOs and leaders of major international brands on the challenge and complexities that lie ahead in this area.

Dell is a founding member of EICC and is represented on the Board of Directors. From 2009-2012 Dell was the director of Special Projects, including oversight to the EICC’s work on conflict minerals. Dell continues to be on the EICC Board of Directors in 2013. We speak at conferences around the world about the value of collaboration versus competition in areas of common challenges. We are committed to providing our customers with conflict-free products.

Dell is a member of the PPA, the Public-Private Alliance for Responsible Mineral Trade <http://www.resolv.org/site-ppa/>. This joint effort between companies like Dell, governments and civil society is aimed at supporting supply chain solutions in the DRC and adjoining countries. The goal is to show it is possible to source legitimate



conflict-free minerals from that region of the world.

Dell has worked with 100 percent of our tier one suppliers on conflict minerals, Dodd-Frank transparency and due diligence requirements. We have a policy restricting the purchase of minerals that support conflict. And we have sent a letter to the top executives of all tier one suppliers requiring them to personally commit to uphold our requirements on this topic and provide sourcing due diligence data that will be made public.

We are actively working with our supply chain to trace these minerals to the point of extraction. We have told all suppliers they must provide the documentation on the country of origin of their materials, describe their due diligence process and the provide list of smelters they use. We have provided our suppliers with the tools for traceability and tracking of material sources, jointly created by the EICC and GeSI, including a template for all suppliers to track their smelters, an automated roll-up process and a website listing conflict free sources ([www.conflictreesmelter.org](http://www.conflictreesmelter.org)). We are building internal processes to track and report on the data and will publically report our progress at [www.dell.com/extractives](http://www.dell.com/extractives).

With this in mind, our customers can be confident in our goal to responsibly source for our products in all areas including minerals, hazardous materials and labor. We are committed to putting technology to work where it can do the most good for people and the planet. We encourage all industries and all levels of the supply chain to join Dell and our customers in this commitment.

