

# The Japanese Electronics Industry's Efforts on Conflict Minerals

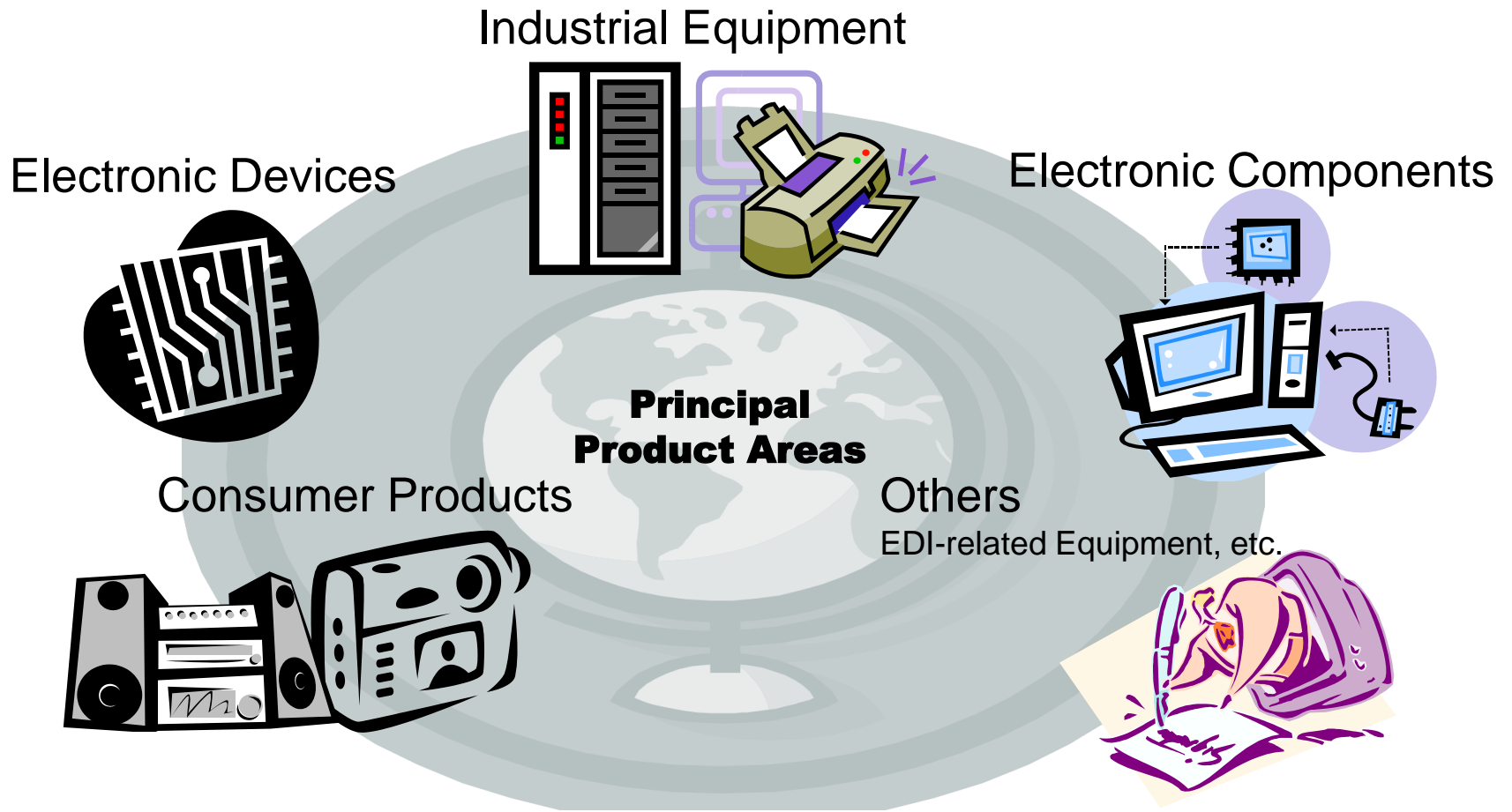
**May 16, 2013**

International Affairs Department

Japan Electronics and Information Technology Industries Association (JEITA)

# What is JEITA?

**JEITA's mission is to foster a digital network society for the 21<sup>st</sup> century, in which IT advancement brings fulfillment and a higher quality of life to everyone.**



# US Dodd-Frank Act: Sec.1502 Conflict Minerals

- Background

In the conflict zone in the eastern Democratic Republic of the Congo (DRC), armed groups engage in inhumane acts against local residents, including gender-based violence, plundering, and use of child labor. This has become an issue of international concern. The armed groups derive their funding primarily from the exploitation and trade of conflict minerals by controlling local mines by force and arms.

- Section 1502 (the conflict minerals provision) of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (enacted July 2010)
  - Aims at cutting off funding of armed groups in order to protect the human rights of residents of DRC and adjoining countries (Covered Countries).
  - Mandates the Securities and Exchange Commission (SEC) to draw up information disclosure rules.

# SEC Rule



- SEC disclosure rule (adopted Aug. 2012)
  - (1) Disclosure requirement: Report annually to the SEC, disclose on company website.
  - (2) Companies covered: Companies required to file reports with the SEC (e.g., publicly listed companies) that manufacture products containing conflict minerals or their derivatives.
    - \*Metals currently covered: tantalum, tin, gold, tungsten (3TG)
  - (3) Inquiry and disclosure: Must conduct a reasonable country of origin inquiry (RCOI) and disclose the results. If determined that the minerals originate in the Covered Countries, must undertake “due diligence” on the supply chain and file a Conflict Minerals Report.
  - (4) Timing: File report by May 31 for previous calendar year.
    - \*First filing (for Jan. 1-Dec. 31, 2013) to be made by May 31, 2014.

# Columbite – tantalite ( Coltan )

- Tantalum from coltan is used to manufacture tantalum capacitors, used in electronic products such as PC, Mobile Phone and TV etc.

(tons)

NIOBIUM (COLUMBIUM)	Mine production			Reserves	
	2008	2009e	(%)	(%)	
Brazil	58,000	57,000	(91.9%)	2,900,000	(100.0%)
Canada	4,380	4,300	(6.9%)	46,000	(1.6%)
Other	483	400	(0.6%)	NA	-
World total (rounded)	62,900	62,000	(100.0%)	2,900,000	(100.0%)

Reserve base estimates were discontinued in 2009

Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010

(tons)

TANTALUM	Mine production			Reserves	
	2008	2009e	(%)	(%)	
Australia	557	560	(48.3%)	40,000	(36.4%)
Brazil	180	180	(15.5%)	65,000	(59.1%)
Congo	100	100	(8.6%)	NA	-
Rwanda	100	100	(8.6%)	NA	-
Canada	40	40	(3.4%)	NA	-
Other	188	180	(15.5%)	NA	-
World total (rounded)	1,170	1,160	(100.0%)	110,000	(100.0%)

Excludes production of tantalum contained in tin slags

Reserve base estimates were discontinued in 2009

Other includes Burundi, Ethiopia, Mozambique, Uganda, and Zimbabwe.

Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010

# Cassiterite

- Lead-free solder is mainly made of tin. As a result, solder is used on most products that use electricity.
- Solder, tin can, coating, kitchen wares, etc.

TIN	Mine production			Reserves	
	2008	2009e	(%)	(%)	
China	110,000	115,000	(37.5%)	1,700,000	(30.4%)
Indonesia	96,000	100,000	(32.6%)	800,000	(14.3%)
Peru	39,000	38,000	(12.4%)	710,000	(12.7%)
Bolivia	17,000	16,000	(5.2%)	450,000	(8.0%)
Brazil	12,000	12,000	(3.9%)	540,000	(9.6%)
Congo	12,000	12,000	(3.9%)	NA	–
Vietnam	3,500	3,500	(1.1%)	NA	–
Australia	1,800	2,000	(0.7%)	150,000	(2.7%)
Malaysia	2,200	2,000	(0.7%)	500,000	(8.9%)
Russia	1,500	2,000	(0.7%)	300,000	(5.4%)
Portugal	100	100	(0.0%)	70,000	(1.3%)
Thailand	100	100	(0.0%)	170,000	(3.0%)
Other	4,000	4,000	(1.3%)	180,000	(3.2%)
World total (rounded)	299,000	307,000	(100.0%)	5,600,000	(100.0%)

Reserve base estimates were discontinued in 2009

Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010

# Gold

- Gold is low in electrical resistance and high in ductibility, and thus, it is used for wire bonding of circuits and components of computers(CPU), etc.
- Parts with gold coating are used as an electrical conductor and connector.
- Jewellery, clothing and crown, etc

GOLD	(tons)			
	Mine production			Reserves
	2008	2009e	(%)	(%)
China	285	300	(12.8%)	1,900 (4.0%)
Australia	215	220	(9.4%)	5,800 (12.3%)
United States	233	210	(8.9%)	3,000 (6.4%)
South Africa	213	210	(8.9%)	6,000 (12.8%)
Russia	176	185	(7.9%)	5,000 (10.6%)
Peru	180	180	(7.7%)	1,400 (3.0%)
Canada	95	100	(4.3%)	1,000 (2.1%)
Indonesia	60	100	(4.3%)	3,000 (6.4%)
Ghana	75	85	(3.6%)	1,600 (3.4%)
Uzbekistan	85	85	(3.6%)	1,700 (3.6%)
Papua New Guinea	62	65	(2.8%)	1,200 (2.6%)
Mexico	50	55	(2.3%)	1,400 (3.0%)
Brazil	50	50	(2.1%)	2,000 (4.3%)
Chile	39	40	(1.7%)	2,000 (4.3%)
Other	446	460	(19.6%)	10,000 (21.3%)
World total (rounded)	2,260	2,350	(100.0%)	47,000 (100.0%)

Reserve base estimates were discontinued in 2009

Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010

# Wolframite

- Tungsten, which is a derivative of Wolframite, is used for carbide tool(60%) and special steel(20%). It is also used as a part of mobile phone vibrator, etc.
- Other applications include cutting tool, mold, LCD backlight, welding rod, electric discharge lamp, semiconductor inspection equipment, electrical contact and heatsink.

TUNGSTEN	Mine production			Reserves	
	2008	2009e	(%)	(tons)	
China	43,500	47,000	(81.0%)	1,800,000	(64.3%)
Russia	3,000	2,400	(4.1%)	250,000	(8.9%)
Canada	2,300	2,000	(3.4%)	110,000	(3.9%)
Austria	1,100	1,000	(1.7%)	10,000	(0.4%)
Bolivia	1,100	900	(1.6%)	53,000	(1.9%)
Portugal	850	850	(1.5%)	4,200	(0.2%)
United States	W	W	-	140,000	(5.0%)
Other	4,100	3,700	(6.4%)	400,000	(14.3%)
World total (rounded)	55,900	58,000	(100.0%)	2,800,000	(100.0%)

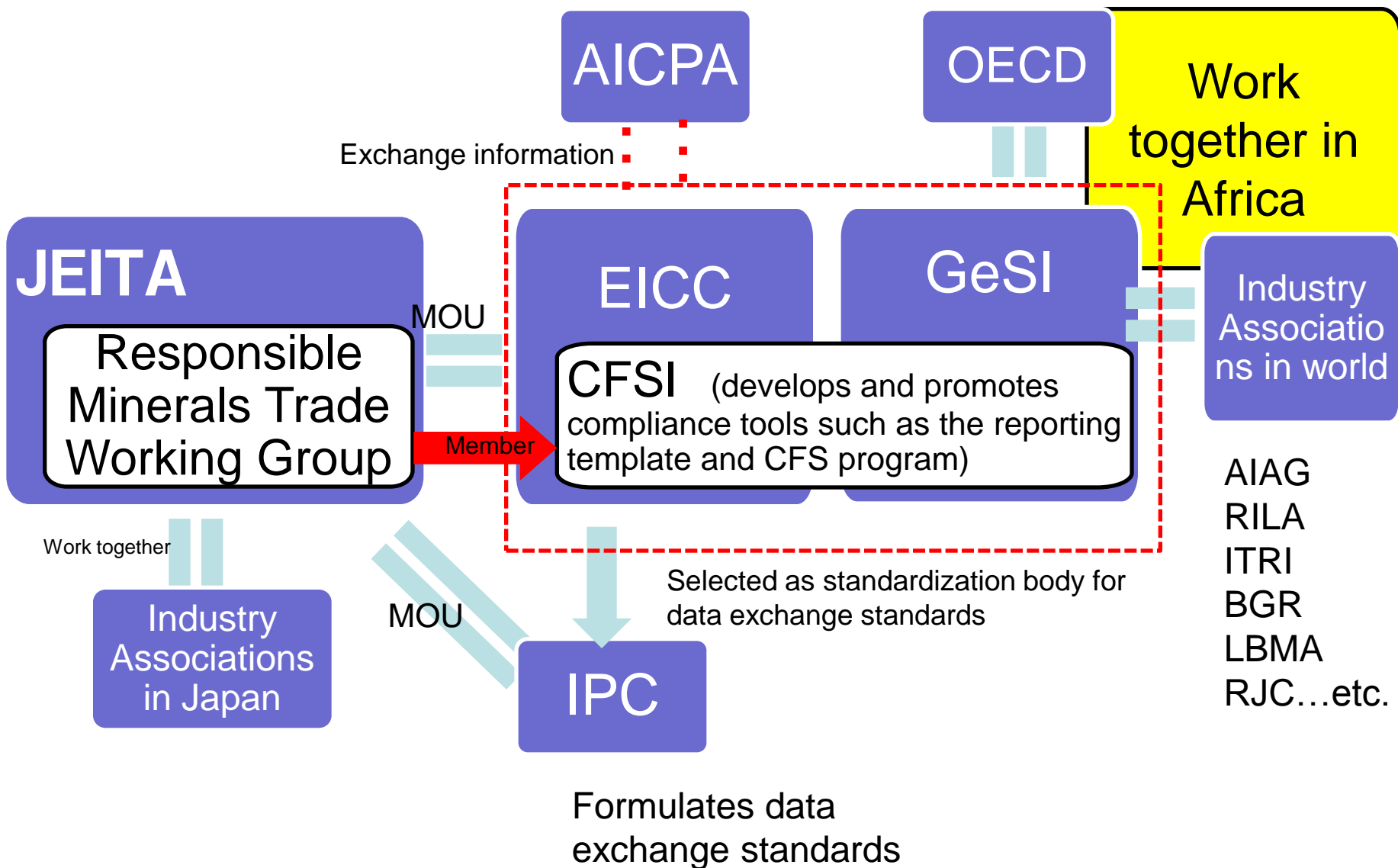
Mine production excludes U.S. production.

Reserve base estimates were discontinued in 2009

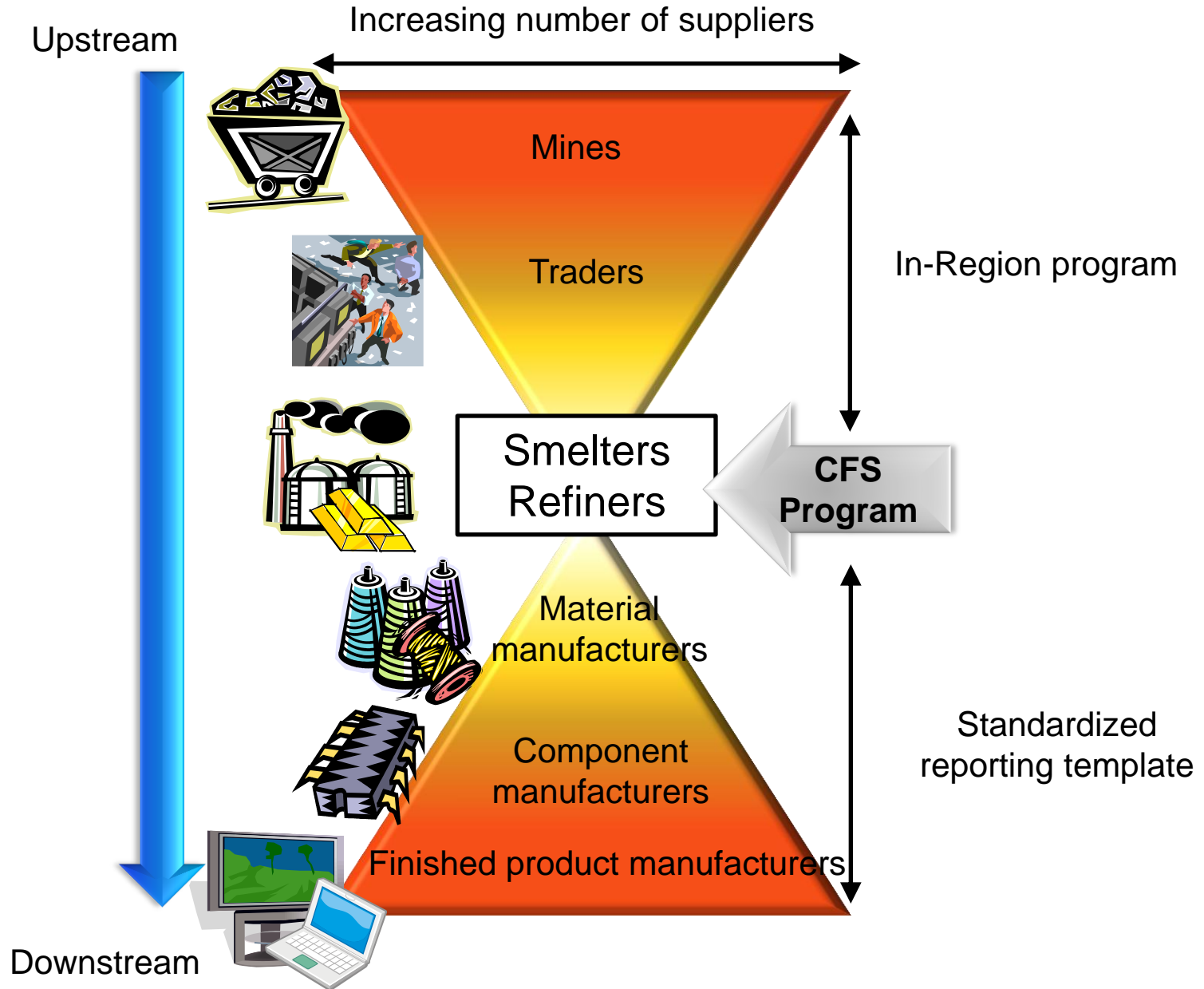
Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010



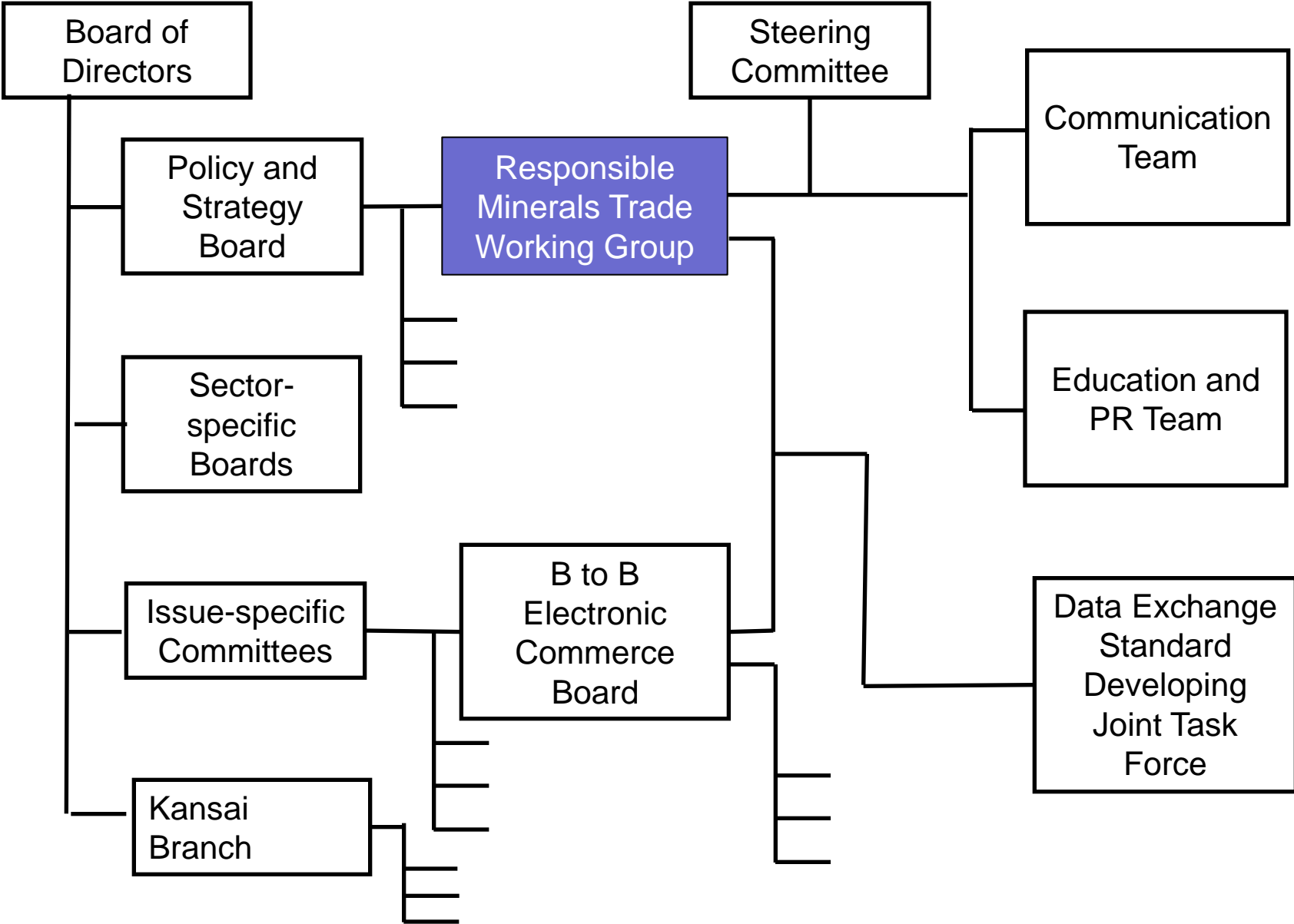
# JEITA's Network for Achieving Compliance with the SEC Rule



# The EICC/GeSI Approach: The CFS Program



# Structure of JEITA / Responsible Minerals Trade WG



## **Communication Team**

- Checks practical interpretation of the SEC rule
  - Comments on practices under development by the EICC and GeSI
- Handles tasks related to gathering of data
  - Makes improvements to the EICC/GeSI template
  - Improves data collection tools
- Studies methods of identifying smelters
  - Assists with improving accuracy of the smelter list
  - Urges smelters to undergo a CFS audit
- Engages in consultations with the EU

## **Education and PR Team**

- Takes countermeasures against imposition of disadvantageous transaction terms and unreasonable survey demands
- Promotes awareness and understanding of the system
  - Educates second-, third-, and higher-tier suppliers
  - Standardizes educational tools
  - Works with other industries

## **Data Exchange Standard Developing Joint Task Force**

- Handles IPC standardization.
- Considers type of organization best suited to conducting data exchange.

**October 2011.** Special seminar on US legislation on trade in conflict minerals.

**December 2011.** JEITA Responsible Minerals Trade Working Group launched (with 34 member companies — now 38).

**January 2012.** Concludes a memorandum of understanding (MOU) with the EICC and GeSI on cooperation with Work Group activities in the field of conflict minerals.

**August 2012.** JEITA issues a press release after enactment of the SEC rule.

**October 2012.** Organizes a symposium on responsible minerals trade,

**December 2012.** Concludes an MOU with the IPC on development of data exchange standards.

**January 2013.** Hosts a briefing on the CFS program, reaching out to smelters and traders to join the program.

- Scheduled future activities

- Working with stakeholders in Japan and abroad on standards for performing due diligence and conducting reasonable country of origin inquiries
- Continuing to promote the CFS program (seminars on completing the template, improving accuracy of information on smelters, etc.)
- Studying countermeasures against unreasonable demands from clients
- Submitting views in response to public consultation by the EU, which is considering similar legislation to the US

**Recommends using the EICC/GeSI template**

The use of this internationally recognized template is recommended as a means of efficiently tracing supply chain that extends across the globe.

**Backs the CFS Program and insofar as possible supports identifying smelters**

Given that the SEC rule requires companies to determine country of origin, firmly establishing the CFS program is the precondition for conducting reasonable inquiries using the EICC/GeSI template. Improving quality of information on smelters is the key.



Opposes demands for certificates of non-use of minerals from the DRC and adjoining countries

If clients demand that suppliers present a certificate of non-use, a complete cessation in trade of minerals from the DRC and adjoining countries (3TG) could result, with even minerals that do not serve as a source of funding to armed groups being branded as unacceptable. Further, efforts to promote the CFS program and encourage use of the conflict minerals reporting template could be undermined if suppliers submit non-use certificates without grounds.

# JEITA/JAPIA Briefings of conflict minerals survey

<b>1</b>	<b>Hamamatsu City / Shizuoka Pref.</b>	<b>May 30 (Thu)</b>	①13:00-14:30 ②15:30-17:00
<b>2</b>	<b>Sendai City / Miyagi Pref.</b>	<b>Jun 4 (Tue)</b>	15:00-16:30
<b>3</b>	<b>Tokyo</b>	<b>Jun 5 (Wed)</b>	①13:00-14:30 ②15:30-17:00
<b>4</b>	<b>Tokyo</b>	<b>Jun 6 (Thu)</b>	①13:00-14:30 ②15:30-17:00
<b>5</b>	<b>Toyota City / Aichi Pref.</b>	<b>Jun 7 (Fri)</b>	10:00-11:30
<b>6</b>	<b>Kariya City / Aichi Pref.</b>	<b>Jun 7 (Fri)</b>	15:00-16:30
<b>7</b>	<b>Yokohama City / Kanagawa Pref.</b>	<b>Jun 10 (Mon)</b>	①13:00-14:30 ②15:30-17:00
<b>8</b>	<b>Osaka City / Osaka Pref.</b>	<b>Jun 11 (Tue)</b>	①13:00-14:30 ②15:30-17:00
<b>9</b>	<b>Fukuoka City / Fukuoka Pref.</b>	<b>Jun 12 (Wed)</b>	10:00-11:30
<b>10</b>	<b>Kitakyushu City / Fukuoka Pref.</b>	<b>Jun 12 (Wed)</b>	15:00-16:30
<b>11</b>	<b>Utsunomiya City / Tochigi Pref.</b>	<b>Jun 14 (Fri)</b>	14:00-15:30

# Responsible Minerals Trade Working Group members

Advantest Corporation, Alpine Electronics, Inc., Alps Electric Co., Ltd., Canon Inc., Elpida Memory, Inc., Fujifilm Corporation, Fujikura Ltd., Fujitsu Limited, Fuji Xerox Co., Ltd., Funai Electric Co., Ltd. Furukawa Electric Co., Ltd., Hitachi, Ltd., Japan Radio Co., Ltd., JVC KENWOOD Corporation, KOA Corporation, KONAMI Corporation, Konica Minolta Holdings, Inc., Kyocera Corporation, Makita Corporation, Mitsubishi Electric Corporation, Murata Manufacturing, Co., Ltd., NEC Corporation, Nikon Corporation, Nippon Chemi-Con Corporation Nitto Denko Corporation, Olympus Corporation, OMRON Corporation, Panasonic Corporation, Pioneer Corporation, Renesas Electronics Corporation, Ricoh Company, Ltd., ROHM Co., Ltd.. Sharp Corporation, Sony Corporation, TAIYO YUDEN CO., LTD., TDK Corporation, Toshiba Corporation, Yokogawa Electric Corporation

38 Companies As of April 1<sup>st</sup> ,2013.

Thank you for your kind attention.

**JEITA**

Japan Electronics & Information Technology Industries Association