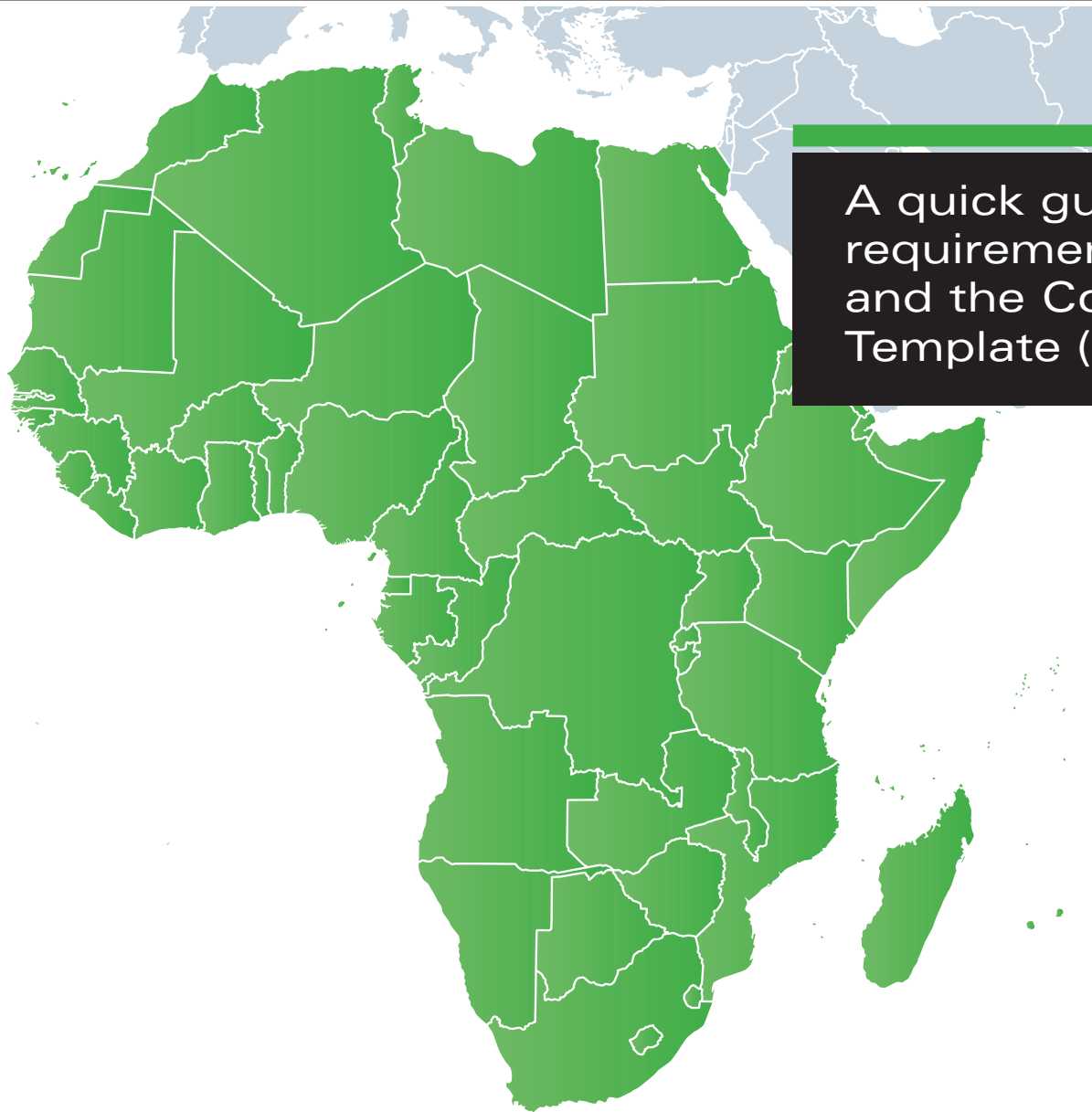




# CONFLICT MINERALS (CMRT) Compliance



A quick guide to navigating reporting requirements for Conflict Minerals and the Conflict Minerals Reporting Template (CMRT)

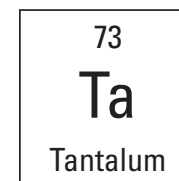
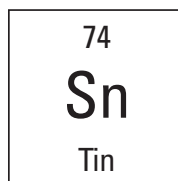
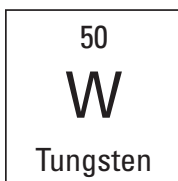
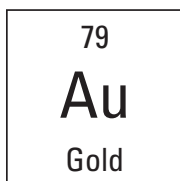




# CONFLICT MINERALS (CMRT) Compliance

## Who:

Federal law requires publicly traded companies and their subsidiaries to annually report the presence and source of Conflict Minerals in their products.



**3TG** is the acronym for these minerals.

For complete transparency vendors to publicly traded companies and suppliers to these vendors must also report on the source of their 3TG Conflict Minerals.

The manufacture of products **through assembly** are subject to the Conflict Minerals rules. This includes companies who assemble products from components manufactured by third parties.



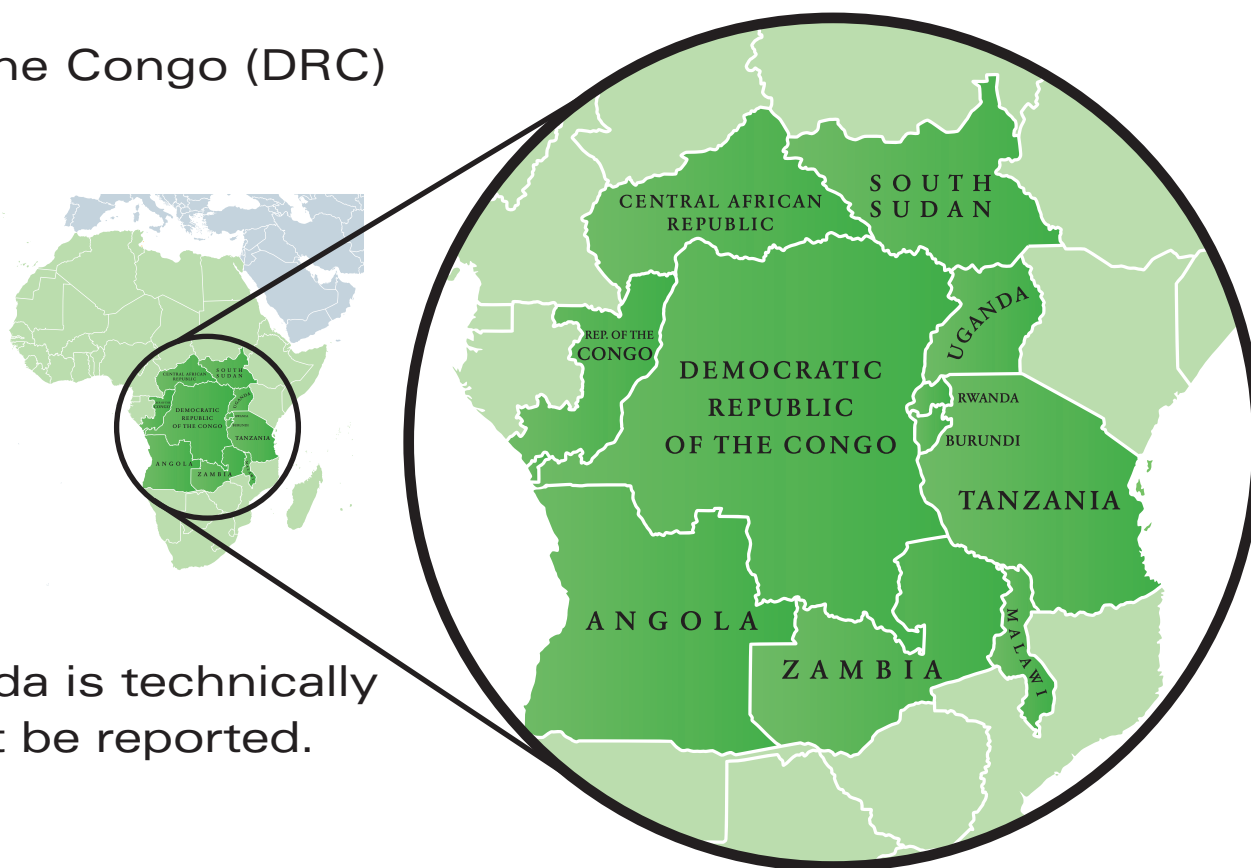


# CONFLICT MINERALS (CMRT) Compliance

## Where

These raw materials are mined in the Democratic Republic of the Congo (DRC) and nine adjoining African countries. Areas of ongoing violent conflict.

- Democratic Republic of the Congo (DRC)
- Angola
- Burundi
- Central African Republic
- Republic of the Congo
- Rwanda
- South Sudan
- Tanzania
- Uganda
- Zambia



**NOTE:** Gold mined in Canada is technically a Conflict Mineral and must be reported.

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# CONFLICT MINERALS (CMRT) Compliance

## WHERE: What is a “reasonable country of origin inquiry”?

Conflict Mineral rules provide general standards, but do not specify the steps necessary to satisfy the RCOI requirement. Good faith inquiries must be performed to determine whether the Conflict Minerals either:

- Originated in the covered countries
- Came from recycled or scrap sources

**Good Faith Inquiry =** Reasonable skepticism and judgement were applied when assessing statements from suppliers.

Red flags such as pricing, location of suppliers, purity/quality of materials suggesting the products originated the DRC.







# CONFLICT MINERALS (CMRT) Compliance

## Why?



When congress passed the Dodd-Frank Act in 2010 they included a provision to further the humanitarian goal ending violent conflict in these nine central African countries.

By making the source of these materials more transparent, companies will, hopefully, be persuaded to procure Conflict Minerals from sources that do not finance or benefit armed groups in the covered countries.

- Section 1502 directed SEC to establish rules to track sources of “Conflict Minerals” in the products they assemble, manufacture and/or sell.
- For public companies to make accurate disclosures they need information from suppliers of materials and/or components.
- This rule creates transparency to stakeholders regarding whether their purchases will support armed conflict in the DRC region.
- It is still not illegal to procure Conflict Minerals from the DRC region.

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# CONFLICT MINERALS (CMRT) Compliance

## How

The Conflict Minerals Reporting Template (CMRT) was developed to standardize reporting.

 **Conflict Minerals Reporting Template (CMRT)**

Select Language Preference Here:  
日本語版の選択:  
日本語版を選択してください  
Select language preference here:  
Select language preference here:  
Wählen sie hier die Sprache:  
Selezionare la lingua di preferenza qui:  
Selezionare la lingua di preferenza qui:  
Parabola del Terzo Mondo

English

[Click here to check required fields completion](#)

One (1) or more required fields need to be populated

Revision 4.10  
April 29, 2016  
[Link to Terms & Conditions](#)

The purpose of this document is to collect sourcing information on tin, tantalum, tungsten and gold used in products

Mandatory fields are noted with an asterisk (\*).

7) Has all applicable smelter information received by your company been reported in this declaration? (\*)

	Answer	Comments
Tantalum (*)	Yes	Please note that names of 15 additional entities identified by our suppliers which are not on the CFSI list of Standard Smelter Names are not included in the Philips smelter list. This list can be provided on request.
Tin (*)	Yes	Please see the comment above.
Gold (*)	Yes	Please see the comment above.
Tungsten (*)	Yes	Please see the comment above.

Answer the Following Questions at a Company Level

Question	Answer	Comments
A. Do you have a policy in place that addresses conflict minerals sourcing? (*)	Yes	
B. Is your conflict minerals sourcing policy publicly available on your website? (Note - If yes, the user shall specify the URL in the comment field) (*)	Yes	<a href="http://www.philips.com/secure/about/company/suppliers/supplier_sustainability/our_programs/conflict_minerals.html">http://www.philips.com/secure/about/company/suppliers/supplier_sustainability/our_programs/conflict_minerals.html</a>
C. Do you require your direct suppliers to be DRC conflict-free? (*)	Yes	
D. Do you require your direct suppliers to source the 3TG from smelters whose due diligence practices have been validated by an independent third party audit program? (*)	Yes	
E. Have you implemented due diligence measures for conflict-free sourcing? (*)	Yes	
F. Do you collect conflict minerals due diligence information from your suppliers which is in conformance with the ITC-3755 Conflict Minerals Data Exchange standard [e.g., the CFSI Conflict Minerals Reporting Template]? (*)	Yes	
G. Do you request smelter names from your suppliers? (*)	Yes	
H. Do you review due diligence information received from your suppliers against your company's expectations? (*)	Yes	
I. Does your review process include corrective action management? (*)	Yes	
J. Are you subject to the SEC Conflict Minerals rule? (*)	Yes	

[Click here to check required fields completion](#)

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# CONFLICT MINERALS (CMRT) Compliance

## What is considered acceptable due diligence?



BETTER POLICIES FOR BETTER LIVES

The Organization for Economic Cooperation and Development (OECD) has issued guidelines\* companies may choose to follow:

- Establish strong company management systems
- Identify and assess risk in the supplier chain
- Design and implement a strategy to respond to identified risk
- Carry out an independent third party audit of the supply chain
- Report internally to management on supply chain due diligence

\*For a copy of OECD guidelines, see RESOURCES at the end of this presentation.







# CONFLICT MINERALS (CMRT) Compliance

## Minerals vs. Metals

Tin, Tantalum and Tungsten are actually metals that have been processed from mineral ores. The name changes once they have been smelted. The minerals that make up Conflict Metals are:

### Mineral Ore

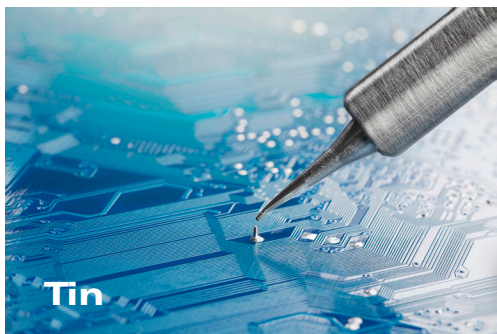
Cassiterite  
Coltan or Columbite-Tantalite  
Wolframite

### Makes This Metal

Tin  
Tantalum  
Tungsten



**Tungsten**



**Tin**



**Tantalum**



**Gold**







# CONFLICT MINERALS (CMRT) Compliance

## **Additional Resources:**

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<http://www.sec.gov/rules/final/2012/34-67716.pdf>

<http://www.sec.gov/News/Article/Detail/Article/1365171562058>

<http://www.responsiblemineralsinitiative.org>

<https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>

Supply Chain Management Solutions for Sustainability-Assent

<https://www.assent.com/>





# CONFLICT MINERALS (CMRT) Compliance

## Reporting Calendar:

