Conflict Minerals Supplier Training
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Overview of Conflict Minerals
The eastern portion of the Democratic Republic of the Congo (DRC) has long been the site of one of the world’s worst humanitarian crises, and the conflict there continues. The revenue from the illegal mining and trading of the DRC's natural resources have been exploited to fund armed conflict, and serious human rights abuses are linked to that conflict and to mines for certain ores, now known as conflict minerals.
The DRC is a complex region, and many factors contribute to the ongoing violence which has claimed more than 5.4 million lives since the late 1990s. One of those factors is the exploitation and trade of minerals originating from the DRC. Some mines are controlled by militant groups causing serious social and environmental problems in the region. Some of the key issues are:

- Serious human rights abuses, theft, and extortion
- Violence over control of the mines and taxation of mineral resources
- Forced child labor
- Limited options for economic development
- Conservation impact, deforestation, and other environmental problems
Dodd-Frank Act Section 1502

Under Section 1502 of the Dodd-Frank Wall Street Reform Act, know as the US Conflict Minerals Law which was finalized in August 2012, publicly traded companies whose products contain metals derived from minerals defined as conflict minerals, which include tantalum, tin, tungsten, and gold, are required to disclose on supply chain traceability and report annually to the Securities and Exchange Commission (SEC).
Overview of Conflict Minerals Implementation Timeline

July 21, 2010
- The Act signed into law
- Mandated that the SEC implement the rules by April 15, 2011

August 10, 2011
- The SEC extends date for issuing final rules
- The SEC to hold a Roundtable: October 18, 2011
- The SEC defers final rules until 2012

August 22, 2012
- SEC approved final rules requiring public companies to report on their use of "Conflict Minerals"

Present
- US Public Companies report the origin and due diligence process on Conflict Minerals
### Overview of Conflict Minerals

<table>
<thead>
<tr>
<th>Conflict Mineral</th>
<th>Industries</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tantalum</td>
<td>Electronics</td>
<td>Capacitors</td>
</tr>
<tr>
<td></td>
<td>Medical equipment</td>
<td>Hearing aids &amp; pacemakers</td>
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<tr>
<td></td>
<td>Industrial tool</td>
<td>Carbide tools</td>
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<tr>
<td></td>
<td>Aerospace</td>
<td>Jet engine components</td>
</tr>
<tr>
<td>Tungsten</td>
<td>Electronics</td>
<td>Semiconductors, wire bond die</td>
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<tr>
<td></td>
<td>Lighting</td>
<td>Metal wire, electrodes, electrical contacts</td>
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<td></td>
<td>Industrial machinery</td>
<td>Heating &amp; welding</td>
</tr>
<tr>
<td>Tin</td>
<td>Electronics</td>
<td>Solders and Solder Paste for joining components and pipes</td>
</tr>
<tr>
<td></td>
<td>Automotive</td>
<td>Automotive parts</td>
</tr>
<tr>
<td></td>
<td>Industrial Equipment</td>
<td>Tin Plating of steel</td>
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<td>Construction</td>
<td>Alloys (bronze, brass, pewter)</td>
</tr>
<tr>
<td>Gold</td>
<td>Electronics</td>
<td>Plating, wire, electrical contacts</td>
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<tr>
<td></td>
<td>Jewelry</td>
<td>Jewelry</td>
</tr>
<tr>
<td></td>
<td>Aerospace</td>
<td>Jet engine components</td>
</tr>
</tbody>
</table>

A map showing the regions of conflict points is also included.
Overview of Conflict Minerals

**Columbite-tantalite (coltan)** → refined into **Tantalum (Ta)**:
- First conflict mineral – spiked by growth in cell phone industry
- **Used in**: Electronic components, including mobile telephones, computers, videogame consoles, digital cameras, as alloy for making carbide tools and jet engine components.

**Cassiterite** → refined into **Tin (Sn)**:
- Primary funding source of rebel groups
- **Used in**: Alloys, tin plating and solders for joining pipes and electronic circuits.

**Wolframite** → refined into **Tungsten (W)**:
- DRC is world's 5th largest producer for this mineral
- **Used in**: Metal wires, electrodes, and contacts in lighting, electronic, electrical, heating and welding applications.

**Gold (Au)**:
- **Used in**: Making jewelry, due to its superior electric conductivity and corrosion resistance, is also used in electronic, communications and aerospace equipment.
Overview of Conflict Minerals

Why Does this New Law Affect Trimble Suppliers?

- Because Trimble is a publicly traded company every supplier that sells a product to Trimble is also affected. The supplier is required to report whether or not their product contains Conflict Minerals and if so the origin of the Mineral.
Complexity of Minerals Supply Chain
The number of sources for metals used in a given product can vary over the life of a product. This is a simplistic view of a supply chain where material flows downstream to the retailer. More entities typically exist from mine to retailer.

Upstream² - Mineral supply chain from Mine to Smelter

Downstream² - Mineral supply chain from Smelter to Retailer

Downstream entities mitigate risk through controls to verify ‘upstream’ supplier DRC Conflict Free policies and processes.
Complexity of Minerals Supply Chain

Conflict Minerals Due diligence mechanisms approach

MINE
In-Region Sourcing

SMELTER/REFINERY
Conflict Free Smelter Program

OEMS
Due Diligence

Upstream Due Diligence
Multi-Stakeholder collaboration to verify DRC conflict-free smelters
Engage with Conflict Free Programs for compliance
ICGLR’s mineral tracking & certification
BGR’s certification & mineral fingerprinting

Downstream Due Diligence
Push suppliers to source from smelters conformant or progressing towards conformance with conflict free programs
Company Due Diligence:
• Establish Management System
• Conduct supply chain risk assessment
• Report results

Choke Point
The smelter conflict free program 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.
OECD Due Diligence Framework
The image shows SEC Conflict Minerals Flowchart as a guide to identify suppliers in scope for Conflict Minerals.

Trimble encourages the use of the OECD Due Diligence Process as a framework for due diligence.
The OECD was formed 50 years ago and provides a forum in which governments can work together to share experiences and seek solutions to common problems. They work with governments to understand what drives economic, social and environmental change. The OECD has developed the Industry Standard 5 Step Approach to Conflict Minerals.
OECD Due Diligence Framework

OECD Due Diligence Guidance for Responsible Supply Chains
Guidance: 5-Step Framework for Implementation

1. Establish Strong Management Systems
   - Adopt a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas.
   - Structure internal management to support supply chain due diligence.
   - Establish a system of controls and transparency over the mineral supply chain.
   - Strengthen company engagement with suppliers.

2. Identify & Assess Risks
   - Identify and assess supply chain risks:
     - Identify risks in supply chain through supplier analysis to determine source of 3TG metals, down to smelter and mining region.
     - It is expected that companies engage with industry-led efforts leveraging relationships in order to identify smelters/refiners in supply chain and assess due diligence practices or identify through industry validation schemes.
     - Assess risk of adverse impacts in light of supply chain policy.

3. Design & Implement
   - Design and implement strategy to respond to risks:
     - Report findings of supply chain risk assessment.
     - Adopt risk management plan, including risk mitigation efforts such as suspending trade with certain suppliers.
     - Monitor track performance of risk mitigation efforts.

4. Conduct Independent Third-Party Audit
   - Conduct audit:
     - Conduct audit of due diligence practices.

5. Monitor & Report
   - Monitor and Report Findings:
     - Publish results of supplier due diligence in annual report and on corporate website (end of first fiscal year after date of SEC final ruling).
     - Consider also expanding scope of sustainability or corporate social responsibility report.
Trimble’s Conflict Minerals Policy
Trimble’s Conflict Minerals Policy

- Trimble’s Conflict Minerals Policy is part of our commitment to corporate responsibility and respect of human rights.

- Show our support to responsible sourcing to ensure that the 3TG in our products does not directly or indirectly finance conflict in regions.

http://www.trimble.com/Corporate/Compliance/compliance_resources.aspx
Trimble’s Conflict Minerals Program
Trimble’s Conflict Minerals Program

- Trimble requests CMRT from 3TG suppliers which must be provided before the end of the year.
- Trimble uses the OECD Due Diligence Framework as a guide to verify CMRT responses.
- Trimble validates the different audit status of smelters through RMI’s membership.
- Suppliers with smelters not part of the conformance program or actively progressing towards conformance are subject to further due diligence.

Trimble’s goal and expectations to its suppliers will be to adhere to the following:

- To provide a list of smelters used in their products and know its country of origin.
- To source materials only from environmentally & social responsible sources.
- To comply with the Dodd-Frank regulation and provide all necessary declarations.
- Must pass this requirement down into their supply chain and determine the source of specified minerals.
Trimble’s Due Diligence Process

REQUEST SENT TO SUPPLIER

SUPPLIER COLLECTS INFO FROM THEIR LOWER TIER SUPPLIERS TO THE SMELTER LEVEL

SUPPLIER FINALIZES THE REPORT AND FORWARDS IT BACK TO TRIMBLE

REPORT IS SCRUBBED AND VALIDATED

REPORT IS STORED IN “Data Base”

Outcome of Report:
- Undefined
- Conflict Free or From Scrap or Recycled
- Not Conflict Free OR Reason to Believe They Are Not Conflict Free
Trimble’s Due Diligence Process

What Trimble is Looking for From You

1. Company’s Conflict Minerals Policy or Program in place
   - CM policy available on public website.
   - Proof of initiating or plan to initiate a Conflict Minerals Program

2. We want the CMRT form that shows your current progress
   - Completely filled out Smelter information
   - RCOI information

3. CMRT response improvement
   - We are looking to track your progress through the year.
   - CMRT free of errors, duplicate smelters, or inconsistencies
Conflict Minerals Reporting Template ("CMRT")
Conflict Minerals Reporting Template

- Standard template for Conflict Minerals
- The Conflict Minerals Reporting Template ("CMRT") was developed to facilitate disclosure and the communication of information regarding smelters and refiners that provide material to a company’s supply chain.
- The CMRT assist companies in their due diligence processes by supporting the request for, and receipt of, conflict minerals information from their supply chains.

Source: http://www.conflictfreesmelter.org/documents/PRExtractsCMRTDashboardFINAL.pdf
- Trimble Suppliers must use the latest CMRT version that is released.

- It is available and can be downloaded at the link below.

http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/
Conflict Minerals Reporting Template

Please use the link below on instructions to complete the CMRT.

http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/training/
Additional References

https://www.sec.gov/about/laws/wallstreetreform-cpa.pdf
http://www.oecd.org/corporate/mne/mining.htm
http://www.responsiblemineralsinitiative.org/
http://www.responsiblebusiness.org/
Please visit Trimble’s Conflict Minerals page for more information on our program and expectations.
http://www.trimble.com/Corporate/Compliance/compliance_resources.aspx

Please use the email address below for any questions with regards to our program, expectations, requirements, etc. related to Conflict Minerals.

Conflict_minerals@trimble.com
Acronyms & Definitions

- **CFS**: Conflict-Free Smelter Program
- **DRC**: The Democratic Republic of the Congo
- **Dodd-Frank**: 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (“Dodd-Frank”)
- **RBA**: Electronic Industry Citizenship Coalition (www.RBA.info)
- **iTSCi**: ITRI Tin Supply Chain Initiative
- **OECD**: Organization for Economic Co-operation and Development
  - [OECD Guidance Document](#)
- **OEM**: Original Equipment Manufacturer(s)
- **PPA**: Public-Private-Alliance for Responsible Minerals Trade
- **USAID**: US Agency for International Development
- **SEC**: The US Securities and Exchange Commission
Thank You
Additional Information