



CONFLICT MINERALS COMPLIANCE

ComplianceXL enables
Conflict Minerals compliance
for a semiconductor process
equipment manufacturer

About the Client

The Client is a truly global Company and a leading Supplier of Semiconductor Process Equipment for wafer assembly, packaging and surface mount technology. The Client is the fore runner of established wafer-processing technologies that include lithography, deposition, ion implant and single-wafer epitaxy. Innovation in technology is the Client's competitive advantage wherein the Company has brought Atomic Layer Deposition (ALD) and Plasma-Enhanced Atomic Layer Deposition (PEALD) from R&D to mainstream production at advanced manufacturer's sites. The Client's varied portfolio of process equipment supports diverse wafer processing technologies and is widely used by most of the advanced Semiconductor Fabrication Plants around the world.



The Client uses the following advanced technologies to create world class equipment:

- Atomic Layer Deposition
- LPCVD, diffusion and oxidation
- Epitaxy
- Plasma-Enhanced Chemical Vapor Deposition
- Plasma-Enhanced Atomic Layer Deposition
- Chip making process

Business Need

The Dodd-Frank Wall Street Reform and Consumer Protection Act regarding Conflict Minerals was signed into law on July 21, 2010 by President Barack Obama. On December 15, 2010 Section 1502 of Dodd-Frank Wall Street Reform and Consumer Protection Act was released which requires SEC listed Companies to determine if they are utilizing minerals sourced from the DRC (Democratic Republic of the Congo) Region. Under the final rule, a Company that uses any of the designated minerals is required to conduct a Reasonable Country of Origin Inquiry (RCOI) to determine whether any of its minerals originated in the covered countries or are from scrap or recycled resources. In certain circumstances, Conflict Minerals Report (CMR) is required to describe its due diligence measures and also an Independent Private Sector Audit (IPSA) in accordance with Generally Accepted Government Auditing Standards (GAGAS). Companies are required to provide a disclosure on a new form (Form SD) which is to be filed no later than May 31 after the end of the issuer's most recent calendar year.

The Client's target was to comply with Conflict Minerals Law and file its annual report before the due date. The Client established due diligence measures which includes RCOI (Reasonable Country of Origin Inquiry) process by sending requests to relevant Suppliers to provide CMRT (Conflict Minerals Reporting Template) for further due diligence. Despite having a dedicated internal team, the Client had to set up a totally new process for collecting the CMRT. The internal team besides sending requests had to regularly follow up with the Suppliers for up-to-date information. The response received was not sufficient for the Compliance process.

The following Challenges were faced by the Client during the process:

Widespread supplier network was difficult to be contacted

- Inadequate information was received from the suppliers
- Discrepancies were found in the data shared by the suppliers
- Client's priorities of equipment design and development was negatively impacted due to the slow data collection process
- The process of executing the program without a robust tracking and follow-up mechanism made the data collection inefficient and slow



Based on the overall evaluation of RCOI process, the Client assessed that it would be difficult to achieve the objective of becoming Conflict Minerals compliant before the expected due date. The overall activity being resource intensive, time consuming and error-prone led to the need for specialists to take over the Compliance task and complete the data collection process within the stipulated time and costs.

Why ComplianceXL?

The Client conducted a meticulous exercise of shortlisting industry's best Environmental Compliance Companies, reviewing their track record, project completion rate and team expertise . Finally the Client chose ComplianceXL's Compliance services for the following reasons:

- Talent pool of compliance engineers
 - Experienced engineers to analyze CMRTs
 - Efficient in trouble shooting
 - Ability to customize data collection based on Client's requirements
- Core competence in RoHS, REACH and Conflict minerals compliance
- Efficient supplier contact center operating since 2003
- ISO certified compliance data collection methodology
- Ability to deliver up-to-date information
- Lower cost of compliance
- Ability to maintain data integrity

Solution

After multiple levels of evaluation and understanding the Compliance Management Process adopted by ComplianceXL, the Client decided to sign up with ComplianceXL's Compliance support services offering. ComplianceXL and the Client's internal team collaboratively decided to use standard industry Conflict Minerals cloud platform for real time data collection, management and reporting.

Suppliers were sent initial requests to complete the CMRT. Certain Suppliers were unaware of the Conflict Minerals Law and reporting process and for them, ComplianceXL conducted special Supplier training sessions and webinars which were delivered in different Supplier regions including North America and Asia. The webinar also helped the Suppliers understand the Tool and provide data on time. Following which the Suppliers completed the CMRTs and uploaded into the tool. ComplianceXL also provided telephonic support for Suppliers to create their CMRTs. In some cases Suppliers sent CMRTs via e-mail and ComplianceXL team uploaded the same onto the tool for the Client.



The Suppliers who failed to respond to the requests were tracked and periodic follow-ups were done by the Compliance team at ComplianceXL. ComplianceXL's contact center engaged all Suppliers on phone providing necessary support and follow-up to ensure responses. The tracking report was maintained and shared with the Client on a weekly basis. The CMRTs were consolidated and the final report was rolled up using the standard industry software and sent to the Client. The entire project was supervised and coordinated by ComplianceXL's Project Manager. The Project Manager was also assigned the responsibility to maintain continuous and transparent communication between ComplianceXL team and the Client.

The Benefits

On time Project Completion: In spite of a challenging deadline, the Project was completed well in advance thus ensuring competitive advantage for the Client.

Return on Investment (ROI): The overall cost of data collection process associated with Conflict Minerals Compliance was much less than the Client's initial internal estimates.

Customer Needs Met: The Client was able to provide the Conflict Minerals Reporting Template (CMRT) to its customers as demanded. Due diligence process was completed to ensure legal Compliance and reporting obligations. This strengthened the Client's position in Conflict Minerals Compliance and Sustainability Management.

Audit Trail: The Conflict Mineral information provided by ComplianceXL was loaded into the Client's database and relevant documents were prepared. This enabled the Client to build an audit trail that would lead for further due diligence as per the OECD guidelines.

Conclusion

ComplianceXL played a pivotal role in implementing Conflict Minerals Compliance Program for the Client. The support provided by ComplianceXL was holistic such that it not just ensured completion of data collection process but also trained the Suppliers about the law thus enabling a reliable and efficient Compliance process. The association between the Client and ComplianceXL was collaborative with smooth flow of communication and minimal bottlenecks in the process.



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