

11-Mar-2018

Subject: Conflict Minerals

Dear Supplier,

The intent of this letter is to inform you of recent U.S. legislation impacting the electronics, medical, lighting and other industries to which you may supply products and materials, and to kindly request your full cooperation in addressing this important matter.

In July 2010, President Obama signed into law the Dodd Frank Act¹. Section 1502 imposes requirements on manufacturers if their products contain „Conflict Minerals“, which include tin, tantalum, tungsten, and gold. The new legislation will require all manufacturing companies publicly traded in the U.S. to report annually to the Securities and Exchange Commission (SEC) whether they use tin, tantalum, tungsten and gold that originated from the Democratic Republic of Congo (DRC) or an adjoining country. Companies are required to conduct due diligence inquiries in their supply chains. This will necessitate supplier cooperation to determine whether products contain conflict minerals from the DRC or an adjoining country. Silicom has established a due diligence process for identifying and managing the sourcing of tin, tantalum, tungsten, and gold based on the [OECD guidance](#). We recommend our suppliers to follow these guidelines as well.

You are receiving this letter because we require our suppliers to share information regardless of whether those suppliers are subject to the SEC requirements. It is our intention to do what we can to ensure that the products and components in our supply chain do not contain metals which have contributed to the conflict in the DRC.

We ask you to undertake the following actions:

- Determine which of your products / components contain tin, tungsten, tantalum and/or gold.
- Identify all the smelters in your supply chain that supply the tin, tantalum, tungsten and/or gold. If you don't source directly from smelters, please pass on this request to your suppliers (and they may have to pass it on to their suppliers) and ask them to inform you of the smelters in your supply chain.
- Download, complete and return the [EICC-GeSI Reporting Template](#)² (registration required).
- **Pay Attention: Only CMRT 5.01 or later should be used for 2017 data / 2018 SEC filings.**

The EICC-GeSI Reporting Template was created by the [EICC](#)³ and [GeSI](#)⁴ as a shared industry tool specifically designed to collect sourcing information related to conflict minerals.

We recognize that it may be difficult for your company to identify the country or mine of origin for the metals that you use. Nevertheless we request you to begin investigations now and to report back to Silicom on your progress using the EICC-GeSI Reporting Template.

In order to learn more about the subject of conflict minerals and our request, please review the background information attached to the email. More information can also be found on the EICC-GeSI Extractives website.

Feel free to contact if you have any further questions (davidk@silicom.co.il).

We count on your full cooperation in this important matter.

Sincerely,

David Kashper,
Silicom QA & EMS Director

¹ About the **Dodd-Frank Act**

In 2010, a U.S. federal law was passed concerning “Conflict Minerals” (tin, tantalum, tungsten and gold) originating from the Democratic Republic of the Congo (DRC) or an adjoining country. By mid 2012, the SEC is expected to publish final rules associated with the disclosure of the source of conflict minerals by U.S. publicly traded companies (see the proposed rules at <http://www.sec.gov/news/press/2010/2010-245.htm>).

The proposed rules reference the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, (<http://www.oecd.org/dataoecd/62/30/46740847.pdf>) which guides suppliers to establish policies, due diligence frameworks, and management systems.

² About the [EICC-GeSI Due Diligence Request Template](#)

One of the important questions in this template requires you to identify the smelters from which you are sourcing the four metals of concern. If you do not directly source from a smelter and do not know the smelters in your supply chain, you can forward a copy of the tool to your suppliers, until the supply chain reaches the smelter of the metal being investigated. After receiving their feedback, you combine all information collected from your suppliers and fill out one Template for your company. Once you have provided your company’s Due Diligence Request Template, your customers will be able to create their disclosure to the U.S. government on an annual basis. This Template is consistent with EICC and GeSI’s related activities including the Conflict Free Smelter program.

See for more info the worksheet „instructions“ and „definitions“ in the Template, and the EICC-GeSI Extractives Information website <http://www.eicc.info/extractives.htm>.

³ About the **Electronic Industry Citizenship Coalition (EICC)**



The EICC was established in 2004 to improve social, economic, and environmental conditions in the global electronic supply chain through use of a standardized code of conduct. The EICC was incorporated in 2007 as an association to ensure greater awareness of the Code, and to expand its adoption across the industry. The EICC includes over 60 global electronics companies. For more information or to view the EICC Code of Conduct, see www.eicc.info.

⁴ About the **Global e-Sustainability Initiative (GeSI)**

The Global e-Sustainability Initiative (GeSI) is uniquely dedicated to information and communication technologies (ICT) sustainability through innovation. GeSI brings together leading ICT companies – including telecommunications service providers and manufacturers as well as industry associations – and non-governmental organizations committed to achieving sustainability objectives through innovative technology. In June 2008, GeSI became a legal independent entity, an international non-profit association (AISBL) with an office near the EU institutions in Brussels, Belgium. For more information, see www.gesi.org.