

“Conflict Minerals: Help Us Understand Your Challenges” Initial Supplier Survey Analysis



April, 2015



| Insight. Expertise. Results.

- AIAG's Conflict Minerals Work Group commissioned development of a supplier survey to achieve the following goal:
 - **Understand** challenges of conflict minerals reporting for sub-tier suppliers
- Result: “Conflict Minerals - Help Us Understand Your Challenges”
 - 29-question survey distributed in July-August, 2014, targeting **automotive suppliers**
- Received responses from **466 suppliers**

Example survey questions included:

- Which **industries** does your company supply?
- Is your company **requesting** conflict mineral data from its suppliers?
- What data **collection method** do you use to survey your suppliers?
 - In 2013, how challenging were the issues below in **collecting conflict minerals data** from your supply chain?
 - In 2013, how challenging were the issues below in **managing conflict minerals customer requests**?
 - What level of **training** does your company need related to conflict minerals?
 - Which **department** leads conflict minerals activities at your company?
 - What level of support do you get from your company's **executive leadership** for conflict minerals activities?
 - **How many suppliers** are you surveying for conflict minerals information?

Open-ended supplier comments:

- Approximately **25%** of respondents took the time to comment in the survey
- Represented variety of supplier perspectives
- Top Comment Themes
 - We need help
 - Supplier engagement is a challenge
 - Customer policies are challenging, inconsistent

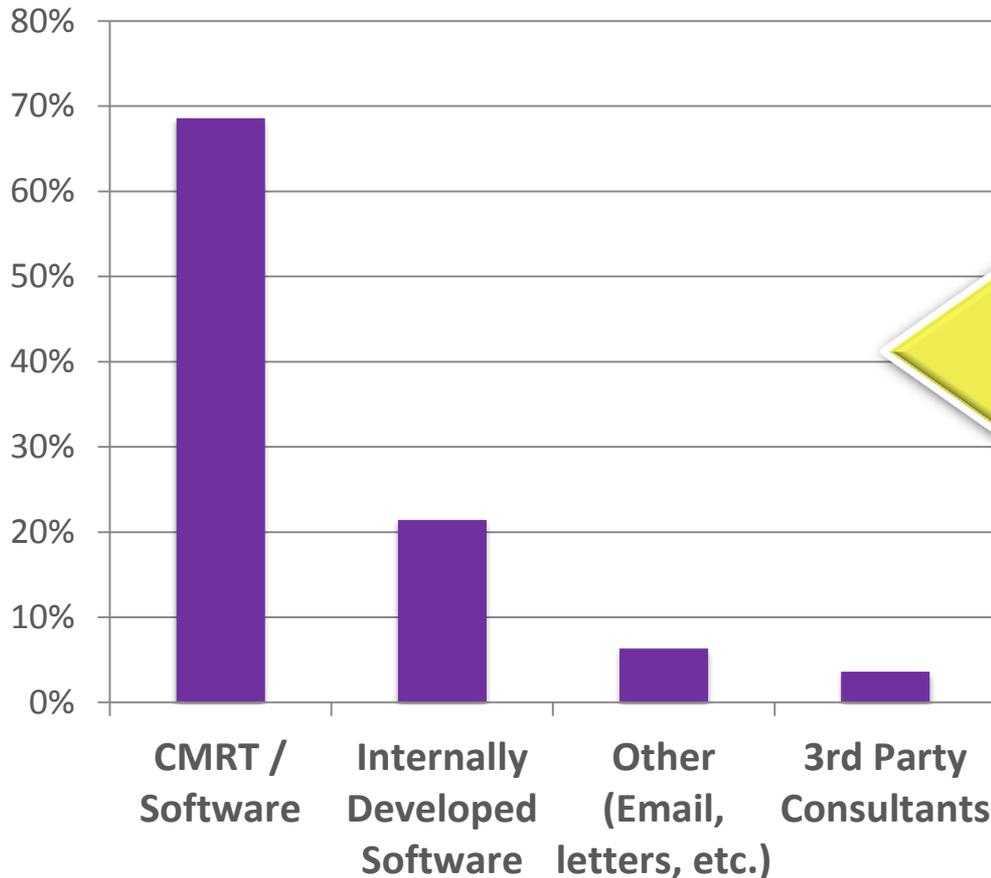
CMWG commissioned professional data analysis

- Rationale
 - Diversity of supplier demographics
 - Complexity of responses
 - Credibility of data for internal and public reference
 - Usability of data for public presentation
- Conducted in partnership with:
 - Statistical Consulting Center (SCC)**
 - Grand Valley State University

Limitations of the Data:

- The data collected is the result of a convenience sample and by cascading the survey link down the supply chain
- We cannot generalize the results beyond the survey participants, as they may not be representative of the population
- The total size of the population was unknown, limiting association opportunities within the data
- The size of the sample was limited in relation to the population size of all companies that are reporting for conflict minerals in the automotive industry supply chain

What collection methodologies are most frequently utilized?



Nearly **70%** of respondents collecting data with:

Conflict Minerals Reporting Template (CMRT) or third-party software equivalent

Finding: Level of **managerial support** is associated with the level of challenge reported in collecting supplier data

Managerial Support vs. Collecting Difficulties



Interesting Finding:
“Poor Support”
from management
experienced **higher**
challenge than
“No Feedback”

- Nearly **70% of respondents** collecting data with CFSI CMRT or equivalent
- Top 3 Challenges: **Providing Data** to Customers
 1. Reporting at Different Levels of Detail
 2. Meeting Due Dates
 3. Managing Reporting Formats
- Top 3 Challenges: **Collecting Data** from Suppliers
 1. Did Not Respond
 2. Did Not Respond by Due Date
 3. Did Not Think Rule Applied

- **Purchasing & Quality** are departments reported **most likely to lead** CM activities
- **Materials Engineering & Engineering** are departments experiencing the **greatest ease** in collecting data
- A higher level of **managerial support** is associated with **greater ease** in collecting data
- Focusing on **Tier N challenges** may increase data quality for the whole supply chain
- Conducting supplier training in **local language and time zones** has potential to increase supplier responsiveness

- AIAG – Automotive Industry Action Group
- CFSI – Conflict Free Sourcing Initiative
- CM – Conflict Minerals
- CMRT – Conflict Minerals Reporting Template
- CMWG – Conflict Minerals Work Group (within AIAG)
- Tier N – Suppliers below the tier one and two levels of the supply chain