



JOINT STATEMENT OF THE 25th MEETING OF THE WORLD SEMICONDUCTOR COUNCIL (WSC)

June 2nd, 2021

Virtual

The world's leading semiconductor industry associations – consisting of the Semiconductor Industry Associations in China, Chinese Taipei, Europe, Japan, Korea, and the United States – held the 25th meeting of the World Semiconductor Council (WSC) today through a video conference.

The meeting was chaired by Mr. Bruggeworth of Qorvo and chair of the host delegation, the Semiconductor Industry Association in the United States. The other delegations attending the 25th WSC meeting – Semiconductor Industry Associations in China, Chinese Taipei, Europe, Japan, and Korea – were chaired, respectively, by Mr. Zhao Haijun of Semiconductor Manufacturing International Corporation (SMIC), Mr. Mark Liu of Taiwan Semiconductor Manufacturing Company (TSMC), Mr. Jean-Marc Chéry of STMicroelectronics, Mr. Masaki Momodomi of KIOXIA Corporation, and Mr. Wan Young Jung of Samsung Electronics.

The WSC meets annually to bring together industry leaders to address issues of global concern to the semiconductor industry. The WSC's mandate is to encourage cooperation to promote fair competition, open trade, protection of intellectual property, technological advancement, investment liberalization, market development, and sound environmental, health and safety practices. The WSC also supports expanding the global market for information technology products and services.

Established under the "Agreement Establishing a New World Semiconductor Council" signed on June 10, 1999, and amended on May 19, 2005, the WSC has the goal of promoting cooperative global semiconductor industry activities in order to facilitate the healthy growth of the industry from a long-term global perspective.

This Agreement states, “the increasing globalisation of the semiconductor industry raises important issues that must be addressed effectively through international cooperation within the world semiconductor industry”, and that “the WSC activities . . . shall be guided by principle of fairness, respect for market principles, and consistency with WTO rules and with the laws of the respective countries or regions of each Member. The WSC recognizes that it is important to ensure that markets will be open without discrimination. The competitiveness of companies and their products should be the principal determinant of industrial success and international trade.”

The WSC seeks policies and regulatory frameworks that fuel innovation, propel business, and drive international competition and avoid any actions that distort markets and disrupt trade. Antitrust counsel was present throughout the meeting. During the meeting, the below reports were given and discussed, and related actions were approved.

I. Semiconductor Market Data

The WSC reviewed the semiconductor market report covering global market size, market growth, and other key industry trends. According to WSTS data, in 2020, the global semiconductor market totaled US\$440.4B in revenue and up year-over-year by 6.8 percent. Logic was the largest semiconductor category by sales with \$118.4 billion. Memory (\$117.5 billion) and micro-ICs (\$69.7 billion) - a category that includes microprocessors - rounded out the top three product categories in terms of total sales. Positive-growing product categories in 2020 included logic (11.1%), sensors (10.7%), memory (10.4%), micro-ICs (4.9%), and analog (3.2%).

Annual country/regional sales increased into the Americas (21.3%), China (4.8%), Japan (1.3%), and Asia Pacific/all other (5.4%), while sales decreased into the EU (-5.8%). Sales by end use were led by computer (32.3%) and communication (31.2%) followed by industrial (12.0%), consumer (12.0%) and automotive (11.4%).

While long-term growth drivers exist (AI, 5G/6G, High Performance Computing, IoT, etc.), uncertainty in the global environment may affect growth in

the semiconductor market. Maintaining free and open markets globally for semiconductor products is therefore more important than ever.

II. Semiconductors are essential in the fight against Covid-19

The WSC recognizes the tremendous efforts from governments, authorities, and other organizations from around the world to fight the COVID-19 pandemic. Great progress has been made to slow the spread of the Coronavirus although some regions are still being hit hard and all regions must remain vigilant against the spread of variants.

The semiconductor industry appreciates GAMS' efforts amid these unprecedented challenges to support essential semiconductor business operations during this pandemic, facilitating the continuity in operations of an industry that powers the global digital infrastructure and underpins vital sectors of the economy. Semiconductors are essential components of the technologies that enable critical infrastructure and life-saving equipment, such as health care and medical devices, water systems and the energy grid, transportation and communication networks, and the financial system. Semiconductors also underpin the computer models that helped scientists speed up vaccine development and the IT systems that enabled remote work and access to services across every domain of society. Semiconductor and the continued operation of related supply chains will be necessary to support the greater range of services that will be digitized in the coming months in order to keep the global economy productive and to accelerate the recovery.

The WSC urges the GAMS to continue supporting the industry's calls by prioritizing semiconductor supply chain operations as "essential business" and allowing the business travel of essential semiconductor workers during the ongoing COVID-19 global pandemic.

III. Cooperative Approaches in Protecting the Global Environment

The WSC is firmly committed to sound and positive environmental policies and practices. The members of the WSC are proactively working together to make further progress in this area.

(1) PFC (Perfluorocompound) Emissions

The global semiconductor industry is a very minor contributor to overall emissions of greenhouse gases, and the industry is continuously working to further reduce our contribution to emissions of GHGs. One important part of our GHG emission reduction efforts is our voluntary reduction of PFC gas emissions. In 1999, the WSC (consisting at that time of each of the original regional semiconductor associations in the U.S., the European Union, Japan, Korea, and Chinese Taipei) agreed to reduce PFC emissions by at least 10% below individual baselines for each regional semiconductor association by the end of 2010. The WSC has previously announced that, the industry had far surpassed this goal. Over the 10-year period, the WSC has achieved a 32% reduction. In 2011, the WSC (consisting of the five regional semiconductor associations in the 1999 agreement, with the addition of SIA in China) also announced a new voluntary PFC agreement for the next 10 years. The elements of the 2020 goal include the following:

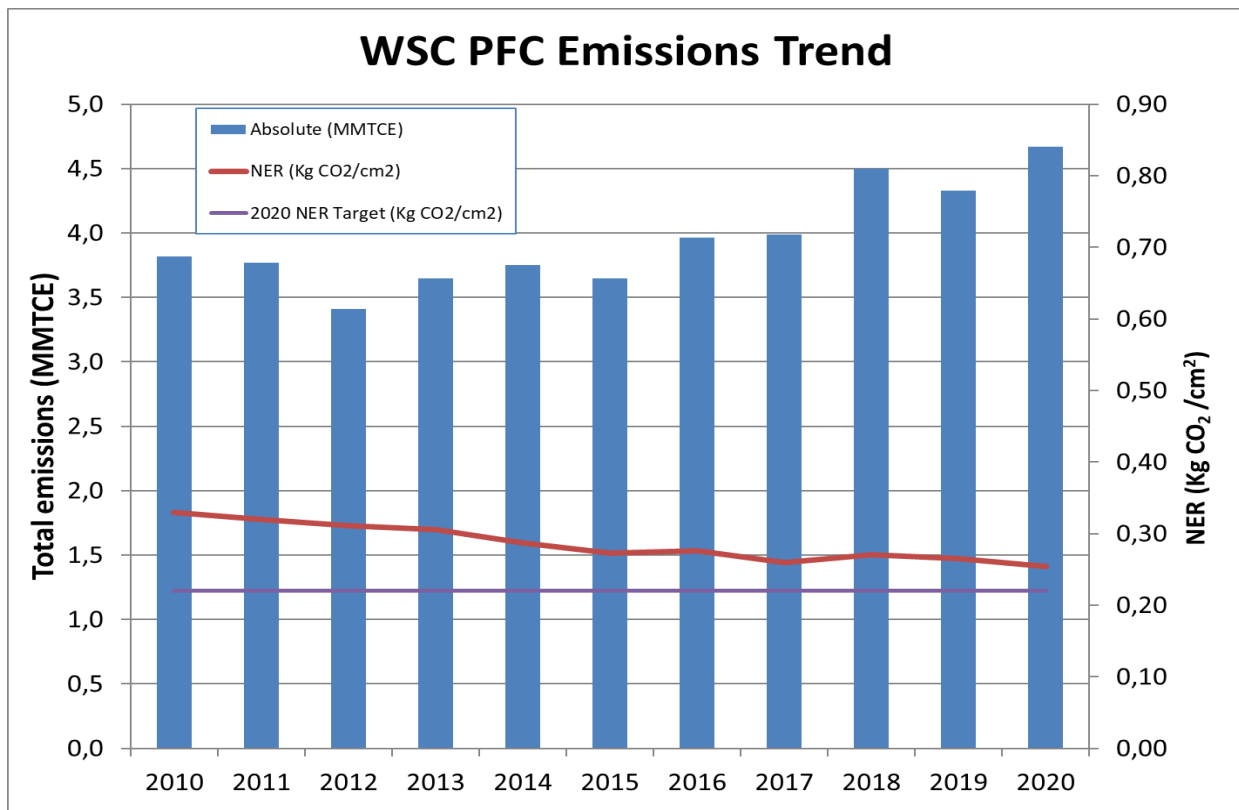
- The implementation of best practices for new semiconductor fabs. The industry expects that the implementation of best practices will result in a Normalized Emission Rate (NER) in 2020 of 0.22 KgCO₂e/cm² equivalent to a 30% NER reduction from 2010 aggregated baseline. Best practices will be continuously reviewed and updated by the WSC.
- The addition of “Rest of World” fabs (fabs located outside the WSC regions that are operated by a company from a WSC association) in reporting of emissions and the implementation of best practices for new fabs.
- A NER based measurement in kilograms of carbon equivalents per area of silicon wafers processed (KgCO₂e/cm²) that will be a single WSC goal at the global level.

The WSC agreed to report its progress on this new voluntary agreement on an annual basis. This external reporting will provide aggregated results of the absolute PFC consumption and emissions alongside each other and NER trends. These figures represent combined emissions for the six WSC regional associations, in their own regions and in the “Rest of World” fabs described above. In addition,

to improve transparency, the WSC has made its Best Practices for PFC Reduction document available previously on the WSC website. In 2017 the WSC has also revised its best practices document and published this update on the WSC website. The 2016 reporting also includes the reporting of newly used gases CH₂F₂, C₄F₆, C₅F₈ and C₄F₈O. In addition, the WSC reports the individual gas breakdowns.

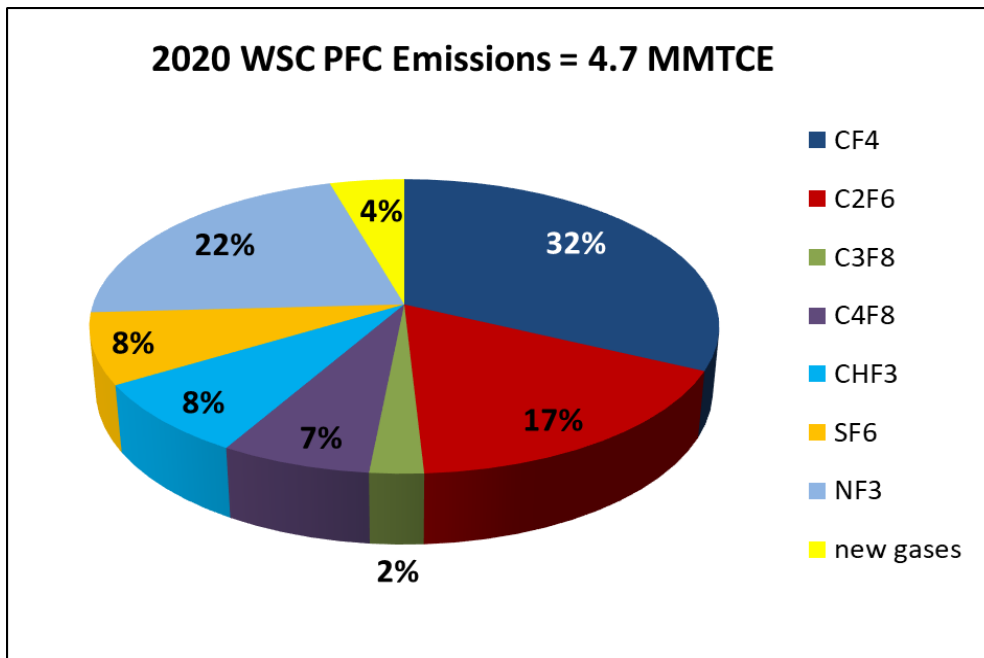
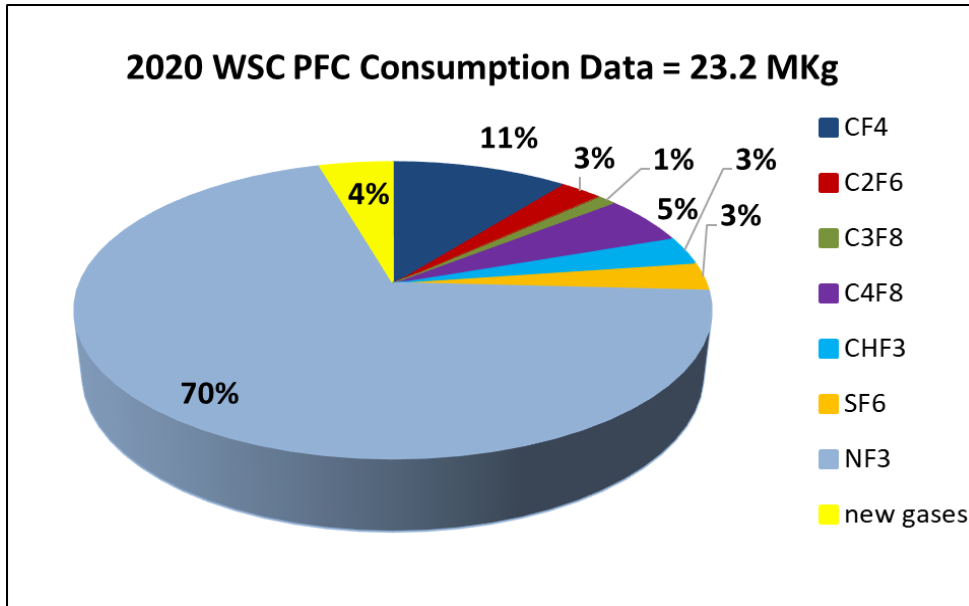
The 2020 results are as follows: The normalized emission rate decreased by 22.9% compared to 2010 and decreased 4.2% below 2019. The combined WSC absolute emissions of PFCs increased by 22.3% above 2010 to 4.7 MMTCE¹ in 2020 which is a 7.8% increase above 2019 levels. Please see the graph below, which compares these results to 0.22KgCO₂/cm² equivalent to a 30% NER reduction expectation by 2020.

Results of WSC PFC Emission Trend



¹ MMTCE – Million Metric Tonnes of Carbon Equivalent

2020 WSC PFC Consumption and Emissions Data



The WSC observes the overall trends in managing and reducing normalized PFC emissions in the semiconductor industry. We note, however, that achieving these reductions is becoming increasingly challenging due to a number of factors. These

factors include increased manufacturing process complexity, which sometimes requires the use of additional and different gases; the addition of new gases (e.g., CH₂F₂, C₄F₆, C₅F₈ and C₄F₈O), which represents in 2020 about 4% of WSC emissions; and different measurement and reporting methods, such as the updated reporting regulations in the U.S.

The WSC is now working on establishing a new PFC reduction goal to be announced by the end of 2021. The new WSC goal will be a 10-year emission reduction goal estimating emissions using the latest 2019 methodologies for our sector from the United Nations Intergovernmental Panel on Climate Change (IPCC).

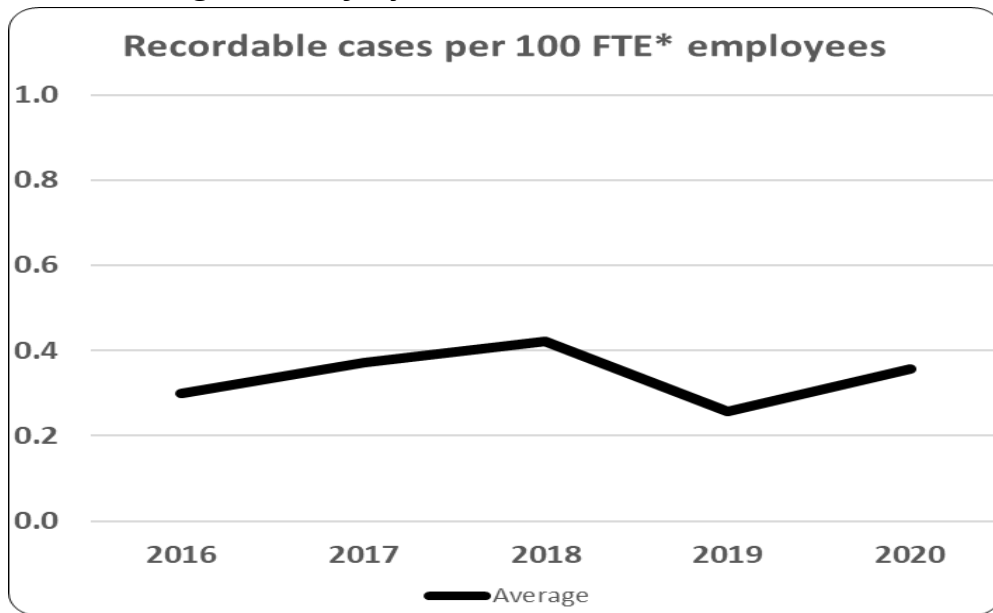
(2) Safety and Health

The WSC is focussed on a sound proactive approach to safety and health (S&H) policies and practices, including the provision of a workplace environment that is safe and healthy for all employees.

Collecting S&H data is a typical tool which semiconductor companies use to review and manage their activities and in order to identify learnings for continuous improvement of safety and health practices. Additionally, the WSC is sharing S&H semiconductor best practices in expert settings, to advance industry practices as a whole.

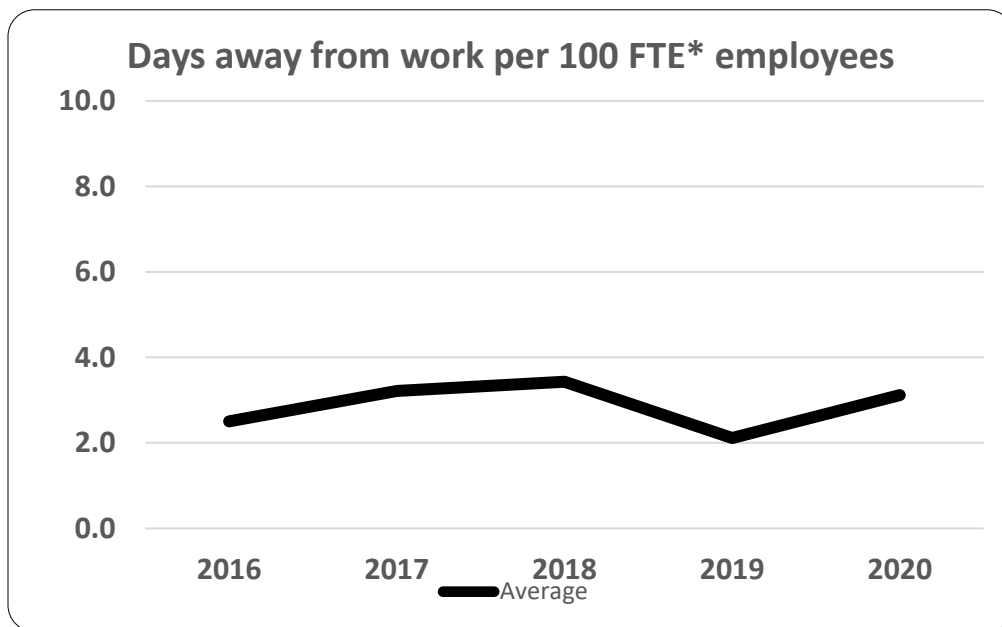
At the WSC level, five associations have contributed to S&H aggregated data. The aggregated work-related injury rate during the last five years 2016-2020 has typically been in the range of less than 0.5 injuries per 100 full time employees (FTE) annually (*figure 1 below*). The days away from work rate has typically been in the range of 2-4 days per 100 full time employees (FTE) annually in this 5-year period (*figure 2 below*). The Semiconductor Industry Association in Japan has not contributed to this data. The data remains stable over the period of collection.

Figure 1. Safety & Health: Recordable Cases



Recordable case rate = total recordable cases / FTE * 100
*Total full-time employee (FTE) = total working hours/2000

Figure 2. Safety & Health: Days Away from Work



Severity Rate = days away from work case / FTE * 100
*Total full-time employee (FTE) = total working hours/2000

(3) Chemical Management

The WSC remains concerned about potential chemical regulatory approaches that may have a disproportionate impact on semiconductor manufacturing. **The WSC recommends that Governments/Authorities proceed carefully in regulating chemicals that are essential to the semiconductor industry. The WSC notes that Governments/Authorities continue to prepare new legislation for per- and polyfluoroalkyl substances (PFAS). The use of PFAS compounds remains critical for semiconductor manufacturing. The WSC recommends that Governments/Authorities take into account the limited potential risk of exposure from uses in the semiconductor industry and the chemical management practices in the semiconductor industry. The WSC recommends that any regulations provide the semiconductor industry with sufficient time to evaluate our uses of chemicals and the uses within our supply chain. If restrictions on chemicals used in our industry are deemed to be necessary and appropriate for the protection of human health and the environment, the WSC recommends that Governments/Authorities provide sufficient time for the industry to identify, qualify, and transition to alternative chemicals that satisfy our functional and performance requirements, and be provided with exemptions to allow continuation of critical uses of these chemicals in processes and articles.**

(4) Resource Conservation

Semiconductor devices contribute to improved resource conservation in our world. Energy efficiency enabling semiconductors play a key role in the more efficient transmission, distribution and consumption of energy which also largely contributes to world's carbon emission reduction, contributing to humankind's achieving the United Nation's carbon reduction goal under the global climate change risk mitigation.

Traditional forms of energy and renewable energy sources will not be sufficient alone to meet the world's future energy needs. Consuming energy more efficiently is therefore of paramount importance, and semiconductor devices help achieve this goal. Semiconductor devices enable a more efficient use of energy in all aspects

of our daily lives: in the home, office or on the road; in industrial manufacturing; in public infrastructure; and in public transport. The semiconductor sector itself is not a large natural resource consumer amongst global industries. However, the WSC's members continue to focus activity on reducing the use of resources involved in the device manufacturing processes to reduce the direct impacts to the local and global environment. The semiconductor sector will continue to pursue environmental conservation programs in its fabs in the areas of energy, water and waste and the industry will continue to share examples of improvement practices.

IV. Effective Protection of Intellectual Property

A. Abusive Patent Litigation (NPEs/PAEs)

The WSC recognizes that abusive patent litigation seriously undermines innovation by redirecting resources to unnecessary litigation expenses and makes it more difficult for companies to bring legitimate products to market. Additionally, the WSC notes that not all regions have fully implemented the WSC Best Practices to Combat Abusive Patent Litigation, as set forth in Annex 2 to the 2017 WSC Joint Statement. The WSC encourages GAMS to support the WSC best practices to combat abusive patent litigation.

B. Trade Secrets

Trade secret theft impedes continued semiconductor research and development where companies must make substantial investments to build ever more advanced generations of semiconductors. Given the rapid speed of innovation in the semiconductor industry, trade secret theft can cause companies to quickly lose their competitive advantages and market shares unfairly. Trade secret theft can be extremely difficult to protect against. The rapid growth of the Internet has resulted in companies facing greater threats of trade secret theft. Such threats are magnified due to the critical role of semiconductors in emerging technologies, such as artificial intelligence and the Internet of Things.

The WSC therefore continues to monitor and study this problem and potential remedies. The WSC strongly supports national legislative initiatives to improve the protection of trade secrets, and urges GAMS to adopt strong trade secret protections in trade agreements and domestic laws. The WSC recently conducted a survey among its members (see Annex 1) to evaluate the implementation of the WSC Core Elements for Trade Secret Protection Legislation. The WSC notes that not all regions have fully implemented these Best Practices and **reiterates its call on GAMS to support the WSC “Core Elements for Trade Secret Protection Legislation.”**

V. Encryption Certification & Licensing Regulations

The use of encryption has become widespread in commercial ICT applications. Most ICT products contain semiconductors with cryptographic capabilities to prevent data loss, ensure security, trust and integrity of data in valuable commercial applications such as mobile payments, e-health, e-passports. As such semiconductors with encryption capabilities have become ubiquitous.

The WSC reiterates the WSC Encryption Principles, endorsed by GAMS. The WSC Encryption Principles state that encryption regulations should not be used for the purposes of limiting market access for foreign products. Commercial encryption products should not be regulated except in narrow and justifiable circumstances. The WSC Encryption Principles make it clear that generally there should be no regulation of cryptographic capabilities in widely available products used in the domestic commercial market because mandating or favoring specific encryption technologies will reduce, not increase, security.

The WSC Encryption Principles emphasize market access, transparency, adoption of international standards, non-discriminatory and open procedures and rules for commercial encryption. In addition, the WSC Encryption Principles encourage the use of global or international standards, including normative algorithms, as essential to avoid fracturing the global digital infrastructure and creating unnecessary obstacles to trade. Compliance with the WSC Encryption Principles will help keep markets open and free from unnecessary regulation and

discrimination, promote innovation, enable the dissemination of leading-edge security solutions, and thus allow the digital economy to flourish.

The WSC congratulates the EU GAMS for the successful 2020 GAMS Encryption workshop. The WSC further supports the GAMS' commitment to enhanced dialogue towards full implementation of the WSC Encryption Principles.

The WSC commends the decision by GAMS to organise an Encryption workshop in 2021. As requested by GAMS in its Chair's Summary 2020, the WSC performed a 2021 Self-Assessment Survey of existing and draft regulatory practices in relation to the WSC Encryption Principles.

The WSC encourages GAMS to continue the dialogue, making use of the results of the 2021 WSC Self-Assessment Survey to complete the review, analysis and assessment of existing and draft policies and measures by the 2021 GAMS Encryption workshop and GAMS meeting with a view to the full implementation of the WSC Encryption Principles– as per GAMS Chair's summary 2020. To support this process the WSC presents a proposal for draft agenda of the 2021 workshop. (See Annex 3)

The WSC welcomes the agreement by GAMS in its Chair's Summary 2020 that non-discriminatory access to relevant standardization bodies, also in practice, is of utmost importance. We support the decision by GAMS to continue discussing such related issues with a bearing on encryption.

VI. Customs and Tariffs

Information Technology Agreement (ITA)

The ITA and its expansion in 2016 have greatly accelerated trade in semiconductors and semiconductor-enabled technologies. The ITA has generated a very significant increase in the value of global semiconductor-related trade, making semiconductors one of the most globally traded products today.

The increased deployment of semiconductor-enabled technologies has had a profound impact on society and the economy. It has spurred productivity and

made significant contributions toward solving global societal challenges like climate change, health care, food supply, connectivity, education, and more.

According to the World Economic Forum, semiconductor-enabled technologies can reduce greenhouse gas emissions by 15%. Semiconductor technologies have also been fundamental to pandemic response as indispensable components to life-saving medical devices, and systems for public tracing and testing. They will continue to play a crucial role in post-pandemic recovery as IT infrastructure for remote healthcare, remote working and interacting will become ever more important in our societies.

The ITA is one of the most successful trade agreements in the World Trade Organisation. However, its benefits cannot be taken for granted. Fast technological innovation has continued in the semiconductor industry after the signature of the 2015 ITA-Expansion Agreement. As a result, there currently are semiconductor products, manufacturing equipment, and materials which fall outside the scope of the ITA and its expansion. Some of these products were not on the market and were not identified in international customs classifications at the time ITA Expansion Agreement was signed. These include indispensable components of myriads devices which are critical, for example, to our telecommunication, connectivity and transport infrastructure.

The WSC applauds the decision by the WTO Information Technology Agreement (ITA) Committee to organise a workshop on 16 September 2021 to discuss developments in information and communications technology (ICT) as the ITA marks its 25th anniversary. Further, the WSC strongly supports the intention to discuss during the workshop the prospects and challenges for further expansion of trade in ICT products and participation in the Agreement.

Given the unique role semiconductors and semiconductor-enabled technologies play in advancing solutions to global challenges, the WSC calls on GAMS to consider whether it is timely to support launch a new round of negotiations to further expand the ITA to include semiconductor-related products not previously covered. The WSC is working on providing a list of proposed products for future expansion of ITA product coverage. The WSC also encourages GAMS to continue to promote expansion of geographic membership in the existing ITA and ITA Expansion Agreements.

Trusted Traders

The rapid and efficient international movement of goods is vital for the global semiconductor manufacturing system and for the semiconductor industry as a whole. A typical semiconductor industry product crosses international borders many times during production: without smooth, fast and efficient import and export processes globally, manufacturing would become significantly burdensome, and in many cases, extremely difficult to realise. As such, semiconductor industry has been investing substantially to comply with trusted trader policies such as the Authorised Economic Operators (AEO) programs. AEO programs aim to facilitate swift import export operations while enhancing compliance and supply chain security. Most semiconductor companies have achieved AEO status, many of them in multiple jurisdictions worldwide.

The WSC is grateful to GAMS for its support for enhanced cooperation with customs authorities to strengthen trusted traders' programmes and enhance tangible trade facilitation for trusted traders. The WSC further welcomes the GAMS acknowledgment of the importance of global alignment and further mutual recognition of trusted trader programmes.

In response to the GAMS request, in 2018 the WSC articulated best practices on AEO/Trusted Traders programs. In addition, per GAMS' recommendation, the WSC intends to organise a separate meeting in spring 2022 in Brussels, with all Customs agencies from the GAMS regions. The meeting aims to initiate a dialogue on AEO/Trusted Traders between the WSC and Customs administrations on how to work toward the goal of furthering the WSC Best Practices and fostering trade facilitation for AEOs while ensuring an international level playing field. **The WSC calls on GAMS to work with their Customs agencies to ensure Customs officials from all GAMS regions actively and constructively participate in the meeting.**

Semiconductor-based transducers

Following the approval by the World Customs Organisation of the amendments to the Harmonised System covering semiconductor-based transducers, the WSC applauds the ongoing work by World Customs Organisation (WCO) to ensure that the corresponding HS Explanatory Notes are approved. **The**

WSC calls on GAMS to work with their respective Customs agencies to ensure the 2022 version of the Harmonised System is rapidly and smoothly implemented.

HS Classification for semiconductors

The WSC recalls that the HS plays a fundamental role in ensuring a globally harmonised and consistent customs classification for all traded goods including semiconductors. It also creates the basis for a level playing field in international business. In case of diverging classifications in different jurisdictions, the WSC recommends that Customs agencies pursue clarifications at international level.

Further, a consistent classification of all semiconductor products and technologies within defined headings / subheadings will facilitate the definition of a clear and unambiguous scope in trade agreements, such as the ITA.

The WSC is currently reviewing cases of diverging custom classifications for identical semiconductor products in different countries, as well as the classification of new semiconductor products and technologies, and discussing ways to address these. The WSC endeavors to provide more information to GAMS when available.

VII. Regional Support Programs

Given the vital role of the semiconductor industry to all regions' economic growth and innovation, combined with the immense technological challenges and rising costs facing our industry, the WSC encourages market-based government support which fosters semiconductor industry progress and is fully consistent with the GAMS Regional Support Guidelines and Best Practices and WTO rules.

The WSC welcomes GAMS' support for full implementation of the Regional Support Guidelines and Best Practices, developed by the WSC and adopted by the GAMS in 2017. These Guidelines reflect the shared view that government support in the semiconductor sector should be transparent, non-discriminatory, and non-trade distorting; that government actions should be guided by market-based principles; and that the competitiveness of companies and their products, not the intervention of governments and authorities, should be the principal driver of innovation, industrial success and international trade.

With the shared objective to maximize opportunities for collaboration, and minimize the risks of creating harmful trade distortions, the WSC welcomes the GAMS' ongoing commitment to increasing transparency through the regular sharing of information and analysis and assessment of subsidies and other forms of government support. Such transparency and assessment are vital to promoting consistency with the principles of the Guidelines and WTO rules, and avoiding non-market-based support that can lead to excess capacity that is not commercially justified, create unfair competitive conditions, hinder innovation, and undermine the efficiency of global value chains. The WSC notes the responses to date on the analysis and assessment of the 30 programs originally identified in the Phase 1 Information Exchange and recognizes the important progress to date in improving transparency and mutual understanding, as well as on the initial responses by all regions to the Phase 2 Information Exchange covering an additional 2 programs per region. **The WSC welcomes the initial responses to Phase 2 and requests the JSTC to continue the process of information exchange to ensure comprehensive responses on both the Phase 1 and 2 programs in order to fully achieve the goals set out in the Regional Support Guidelines and Best Practices.** And, the WSC notes the willingness of the associations to continue the exercise of the information exchange, upon the completion of the current phase 1 and 2, with a third-phase information exchange.

Upon GAMS invitation, the WSC initiated the exercise of collecting information on best practices for equity funds. As the Task Force Chair, SIA in US proposed a discussion paper on "Best Practice for Equity Funds" to encourage sharing of best practices on the subject of equity fund.

The WSC requests GAMS to complete the analysis and assessment of these regional support programs with respect to consistency with the Regional Support Guidelines and Best Practices at a 6th Workshop on Regional Support at the 2021 GAMS Meeting. The WSC presents to GAMS a proposal for the workshop agenda, including the study and discussion of different forms of assistance, in order to promote common understanding among associations, and requests that GAMS members work to finalize an agenda and invite appropriate officials in their regions to participate in this workshop (See Annex 2). The WSC also requests GAMS to continue and review the process of regular exchanges in support of full implementation of the Regional Support Guidelines and Best Practices.

The WSC welcomes the October 2020 GAMS agreement to work together to maintain the effectiveness of existing WTO disciplines, as well as to reform the WTO to help it meet new challenges.

VIII. Fighting the Proliferation of Semiconductor Counterfeiting

Counterfeit semiconductor products create serious risks to the safety and health of the public and to critical national infrastructure and can have a significant economic impact for semiconductor rights holders. The WSC has an anti-counterfeiting task force working to promote anti-counterfeiting activities, including training and relevant information sharing with enforcement authorities, raising awareness, and encouraging purchases from authorized sources. As part of further awareness raising activities the WSC has produced a paper in 2021 on *Counterfeit Semiconductors and the Online Environment* (See Annex 4 to Joint Statement)

Counterfeiting threatens the innovation-driven economy which underpin prosperous societies and industry sectors like semiconductor manufacturing. The combination of the online economy and globalization has allowed criminal networks to expand the scope of their operations, free-riding on intellectual property and allowing them to sell counterfeit goods directly worldwide with virtually no barriers to entry, low cost of set up and fewer risks of being caught. The WSC supports pro-active industry and enforcement activities to prevent trademark infringing and counterfeit semiconductors from being offered for sale on online platforms.

WSC members remain committed to increasing awareness of the infrastructure, public health and safety risks caused by counterfeits. As part of WSC awareness-raising, the WSC will support the Global Anti-Counterfeiting Group's (GACG) World Anti-Counterfeiting Day on June 8, 2021 which highlights the problems and risks caused by counterfeits. (See Annex 5 to Joint Statement)

Semiconductors are the "brains" inside critically-important electronic systems, including healthcare and medical equipment, electric power grids, communications systems, automotive braking and airbag systems, and aviation

systems. The WSC has shared examples of anti-counterfeiting capacity building measures and practices that could be employed across the semiconductor industry and has circulated widely the WSC’s updated White Paper “Winning the Battle against Counterfeit Semiconductor Products”, available under “public documents” on the WSC website: <https://www.semiconductorcouncil.org/public-documents/public-documents-and-white-papers/>.

The WSC appreciates the GAMS’ commitment to fighting semiconductor counterfeiting. The WSC looks forward to continued coordination in stopping counterfeits and will continue to cooperate with GAMS customs and enforcement authorities across all regions of the WSC in these efforts.

The WSC recommends that GAMS members continue to implement appropriate domestic, bilateral, and multilateral IP enforcement countermeasures to deal with counterfeit semiconductors. The WSC supports GAMS coordination with their customs and law enforcement authorities to facilitate a further strengthening of IP enforcement activities at regional and national levels in cooperation with the industry.

IX. Responsible Minerals Sourcing

The global semiconductor industry through the WSC is committed to using ‘responsibly sourced’ minerals in their semiconductor products. In 2018, the WSC broadened its original Conflict-Free Supply Chain Policy of 2013 to a responsible sourcing of minerals policy and referenced the deep concerns about the sources of minerals from ‘conflict-affected and high-risk areas’ (CAHRA). This update emphasized the importance of supply chains acting responsibly to source minerals and agreed that the WSC will promote the ‘OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas’² among its members. The OECD guidance serves as a common reference for all stakeholders in the mineral supply chain in order to clarify expectations concerning the nature of responsible supply chain management of minerals from conflict-

² Conflict-Affected and High-Risk Areas’ as outlined in the OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition.

affected and high-risk areas.

The WSC has undertaken another industry survey for year 2020 with its members to ascertain the state of progress of implementation of this responsible minerals sourcing policy across the industry. The 2020 survey indicates that the industry's activities have now clearly broadened with significant due diligence efforts beyond the original 3TG and the DRC. The survey also identifies that many customers are now asking questions regarding non-3TG minerals (eg; cobalt). The survey confirms that the industry continues to see that reaching out to smelters/refiners to become compliant (certified) and phasing out non-compliant smelters/refiners in the supply chain as amongst the biggest current challenges.

The global semiconductor industry is a recognized leader in addressing the issues related to the sourcing of minerals. The semiconductor industry has been involved in the development of compliance tools such as the OECD due diligence guidance framework that have been readily adopted by other key industry sectors and has implemented state of the art programs to track progress.

The WSC recommends that if GAMS members are considering new responsible minerals sourcing type of legislation, that the legislation should be globally aligned to ensure that such legislations promote the harmonization of global efforts for creating responsible supply chain management of minerals from conflict-affected and high-risk areas and should utilize existing compliance tools such as the OECD due diligence guidance framework and initiatives such as the Responsible Minerals Initiative and be based on voluntary principles.

X. Approval of Joint Statement and Approval of Recommendations to GAMS

The results of today's meeting will be submitted by representatives of WSC members to their respective governments/authorities for consideration at the annual meeting of WSC representatives with the Governments/Authorities Meeting on Semiconductors (GAMS) to be held in November 2021 in Busan, South Korea.

XI. Next Meeting

The next meeting of the WSC will be hosted by the Semiconductor Industry Association in Chinese Taipei and will take place in Taipei City on May 19, 2022.

XII. Key Documents and WSC Website:

All key documents related to the WSC can be found on the WSC website, located at: <http://www.semiconductorcouncil.org>

Information on WSC member associations can be found on the following websites:

Semiconductor Industry Association in China:

<http://www.csia.net.cn>

Semiconductor Industry Association in Chinese Taipei:

<http://www.tsia.org.tw>

Semiconductor Industry Association in Europe:

<http://www.eusemiconductors.eu>

Semiconductor Industry Association in Japan:

<http://semicon.jeita.or.jp/en/>

Semiconductor Industry Association in Korea:

<http://www.ksia.or.kr>

Semiconductor Industry Association in the US:

<http://www.semiconductors.org>

Annexes:

- 1. Results of Survey on Implementation of WSC Core Elements for Trade Secret Protection Legislation February 2021**
- 2. Proposed Agenda for 6th GAMS Workshop on Regional Support**

- 3. Proposed Agenda for 6th Workshop on Encryption**
- 4. WSC Paper on Counterfeit Semiconductors and the Online Environment**
- 5. WSC Press Release WACD**