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Subcommittee  
United States House of Representatives  
**Dodd-Frank Five Years Later: What Have We Learned from Conflict  
Minerals Reporting**  
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**A Silver lining to the Dodd-Frank Act**

Thank you, Chairman Huizenga, Ranking Member Moore, and Members of the subcommittee for holding this hearing on the impact of Dodd-Frank's Conflict Minerals Provision. My name is Per Loof, I am the CEO of KEMET Corporation and Chairman of NEC TOKIN, our joint venture with NEC.

KEMET is a leading global supplier of electronic components. Founded in 1919, we manufacture the broadest selection of capacitor technologies in the industry. Through our Joint venture we also offer electromechanical and electromagnetic devices as well as supercapacitors.

Capacitors store, filter and regulate electrical energy in just about anything that plugs in, has an on-off switch or uses a battery. According to our estimates each of you own more than 15000 capacitors.

We serve the military, automotive, industrial, telecommunication, computer, medical, and consumer markets.

Including our joint venture we employ 17000 people have a total of 28 manufacturing facilities. We are listed on the NYSE.

Tantalum capacitors have been a key product for us since 1958, after Bell labs invented the solid state capacitor in the mid-fifties. Today about 46% of KEMET's revenue originates from Tantalum capacitors. Tantalum ore is one area where the Democratic Republic of Congo (DRC) can be a world leader.

This is due to the fundamental chemical nature of the tantalum molecule, and the form in which it typically exists in the DRC. Simply put, it is easier to get to and the tantalum density is significantly higher.

Tantalum powder is our single largest material cost item. Acquiring tantalum at stable and competitive prices is paramount. This has always been a bit of a struggle but during the global recession in 2008 and 2009 it became a real issue. Powder suppliers kept raising prices seemingly unaware of the world around them. We had to figure something out. The DRC was not, at the time, an option.

Already in the 90ies, as things became difficult in the DRC due to conflicts, customers did not want products with raw materials originating from the DRC— some even said that they did not want “blood tantalum” capacitors.

The industry can procure ore from other locations and we did of course, mainly from China. But we all knew that the DRC enjoys the most cost competitive source.

When the Dodd-Frank Act passed, I sensed a business opportunity. Section 1502 could be the impetus for developing, in the DRC, an innovative and socially sustainable source for conflict-free tantalum ore.

We got going in 2011, after my first visit to the village in February that year. To realize this vision, we formed “The Partnership for Social and Economic Sustainability”. The objective was a vertically integrated, closed-pipe, sustainable sourcing model.

First we helped create an industrial conflict free mine in the DRC. The mine is operated according to a special agreement between KEMET, our mining partner MMR and the people of the mining town of Kisengo.

Second we had to get really serious about logistics. Kisengo in northern Katanga to Kalemie on the shores of Lake Tanganyika is a real trip.

Third we built an ore processing facility in Matamoros, Mexico

Fourth we bought a tantalum powder production Company in Carson City, Nevada.

All of our facilities have been audited and validated as compliant with the Conflict-Free Smelter Program of the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative. The total KEMET investment to date is in excess of \$110 million.

Our closed pipe process ensures that there is no tantalum from non-conflict-free sources. In addition, we believe, our investment has reduced the extreme fluctuation in ore and powder pricing in our former supply model. Being one of the largest tantalum users in the world, I believe our initiative has stabilized the pricing of this material benefitting not just KEMET but the industry at large.

While some argue that miners in the DRC have been negatively impacted by Dodd-Frank, I can say with certainty that this is not the case with our initiative, and in our little village.

Our investments have resulted in:

- An industrial mine, also making it safer for the workers;
- A new hospital for the people of Kisengo - treated over 14,000 cases in the last 16 months;
- A new school - 1,500 students
- Access to clean water and according to the folks in the village, have eradicated cholera;
- Helped start a few local businesses supporting the mine, the school and the hospital;
- Installed solar powered street lights; and
- Refurbished basic infrastructure.

The business value is clear. And the economic benefit to KEMET is multiples of what we have invested in the village to improve the life of the miners and their families. The annual run rate benefit to KEMET is now at \$56 million. We were able to secure 86 jobs in NV and over 200 jobs in SC. We have shown that it is possible to succeed in business while being economically and socially responsible.

As strange as it may sound Section 1502 has been very good for the tantalum industry. There is now little question on provenance and there is a

clear road map how to ethically source DRC tantalum. Section 1502 may not be perfect, but The Dodd-Frank Act has certainly helped companies like KEMET to again, after decades of absence, be able embrace the DRC allowing us to develop a competitive and secure supply chain, improving both our competitiveness and the life of the people in the village.

*I know we at KEMET cannot solve all the problems in the DRC, but I do believe that we have had and will continue to have a positive impact on this little village. A village that you can't even find on a map.*

*Thank you for allowing me to testify. I will be happy to answer any of your questions.*