

## **Conflict Minerals Collaboration and Reporting**

### **The \$4 Billion Question: Is your company ready for the SEC disclosure mandate?**



#### **THE SITUATION**

The clock is ticking. By May 31, 2014, many companies publicly traded in the U.S. must file a Conflict Minerals Special Disclosure form (“SD Form”), covering the 2013 calendar year, with the Securities and Exchange Commission (SEC). The term “conflict minerals” refers to four raw materials (gold, tin, tungsten and tantalum) mined in areas where armed conflict and human rights abuses are widespread, especially in the Democratic Republic of the Congo and adjoining countries. In the report, mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Section 1502), companies must disclose their initial findings as to whether or not their products contain conflict minerals.

Achieving conflict minerals compliance poses an enormous challenge for the 6,000 businesses<sup>1</sup> affected. Privately held and international companies are also being impacted as audit requirements push through the supply chain to an estimated 278,000 companies<sup>1</sup> worldwide. Tracing the source of materials to confirm a conflict-free status involves the collaboration of literally hundreds, if not thousands, of suppliers. As but one example, a top Fortune 500 consumer and business electronics corporation has determined that as many as 1,000 of its suppliers could be providing a product that contains a conflict mineral. The magnitude and complexity of the compliance process could easily overwhelm manual techniques and conventional technology (emails, phone calls, phone tag follow-up, spreadsheets), which are inherently costly, time-consuming and error-prone. No wonder the SEC estimates that the initial costs for compliance will total \$3–4 billion.<sup>2</sup> Other estimates are less optimistic, ranging as high as \$16 billion.<sup>3</sup>

Companies not in compliance are subject to liability and penalties by the SEC, including cease-and-desist orders. Given the impending deadline, quick and decisive action is imperative.

#### **Key Questions**

***How do we know with certainty that our products do not contain conflict minerals?***

***How do we marshal the extensive resources required to trace the source of materials across the entire supply chain?***

***Are we prepared to fulfill the SEC reporting requirements by May 31, 2014?***



## THE SOLUTION

ClearTrack is a worldwide provider of supply chain management software and interactive services that enhance supplier performance, regulatory compliance and corporate sustainability. Over the past year, our cloud-based platform has supported the flow of more than \$13 billion in goods across a collaborative global network of more than 25,000 businesses that include retailers, manufacturers, sourcing agents, compliance companies and logistics partners.

Applying that depth of Conflict Minerals collaboration and reporting as part of the Corporate Compliance and Sustainability suite of services, Cleartrack provides a powerful interactive service to collect, manage, aggregate and report conflict minerals information with both speed and efficiency. Our powerful tools systematically distribute and track country-of-origin and conflict-minerals inquiries across your supplier community to meet the demanding compliance requirements of your customers, the SEC and other regulatory authorities.

## THE VALUE

- >> Increase Business Efficiencies:** Your company no longer has to invest the enormous amount of time, money and personnel that are often necessary to file a Conflict Minerals SD Form. Instead of shifting or adding significant resources to collect and reconcile information, your organization stays focused on its mission and essential business operations.
- >> Configurable to Meet Your Objectives:** ClearTrack's Conflict Minerals collaboration and reporting tools can be readily configured to meet your company's requirements. Select exactly who in your supplier community you need to contact, which SKUs you're inquiring about and what information needs to be collected. In addition, all results can be easily 'rolled up' to provide an accurate, concise listing to accompany the SD Form submission.
- >> Improve Accuracy and Completeness:** The Conflict Minerals SD Form is usually signed by a company executive officer. Filing a report that is based on accurate and complete information is absolutely essential to protect your company and its leadership. ClearTrack automation dramatically reduces the human error that inevitably occurs using manual techniques and inadequate technology.
- >> Position Your Company as Socially Responsible:** By filing on time, your company avoids the unwanted pressure and negative publicity generated by human rights activists, consumer watchdog groups and other market forces that are closely monitoring which businesses do not achieve compliance.

<sup>1</sup> SEC Conflict Minerals Rule – [Information on Responsible Sourcing and Companies Affected](#), July 2013, United States Government Accountability Office, Report to Congressional Committees GAO-13-689

<sup>2</sup> Business Roundtable, [Background Paper on Conflict Minerals Disclosure Rules](#). Retrieved January 24, 2014 from [businessroundtable.org](#)

<sup>3</sup> Ernst & Young, [Conflict Minerals](#). Retrieved January 24, 2014 from [ey.com](#)