

# Conflict Minerals

Robust Compliance Solutions from IEWC





*What if you could use internal resources for revenue producing activities rather than chasing compliance documentation?*

*Do you have the right systems in place to effectively manage your conflict minerals compliance?*

### **What are Conflict Minerals?**

Conflict minerals are defined as any mineral determined by the Secretary of State to be financing conflict in the Democratic Republic of Congo (DRC) or adjoining countries. The four minerals that are categorized as conflict minerals include Tantalum, Tin, Tungsten and Gold. These four minerals are also commonly referred as "3TG".

Mining activity in the DRC and its surrounding countries is often controlled by militant groups and has resulted in extreme levels of violence. Some estimates put the total number of lives lost in the last two decades at more than 4 million. It has also caused serious social issues such as human rights abuses, forced child labor and extortion along with environmental issues, primarily deforestation.

In order to promote peace and security, the United States introduced conflict minerals legislation as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. The focus of the conflict minerals legislation is to restrict the flow of minerals from the DRC and its eight surrounding countries to make mining unattractive for militant groups.

The Dodd-Frank bill requires the Securities and Exchange Commission (SEC) to provide guidelines to all publicly traded US companies in how to meet the conflict minerals law. In August 2012, the SEC provided final guidelines on this requirement and companies immediately began taking steps to become compliant.

Europe, China and Canada are also working on their own version of the conflict mineral laws. The European commission is expected to have a vote in 2015 with scheduled implementation in 2016. Canada presented their version of the conflict minerals bill to Parliament, but it was voted down with expectations to reintroduce the bill next year. China is also working on their own version of the law, however, there is currently no indication on when it will be ready. Finally, Mexico is not planning any conflict minerals laws, but American based companies with operations in Mexico are required to ensure conflict minerals compliance.

Unless there is a US court ruling nullifying the law (there are petitions in US Appellate court at present challenging the law), conflict minerals compliance is here to stay. Companies should make sure they are taking the necessary steps to become both familiar and compliant with these new laws.



## How Does it Impact You?

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Even if your organization isn't publicly traded, you may be required to provide conflict minerals information for your current customers who are publicly traded. Additionally, compliance information may be needed for potential future customers who are publicly traded. A proactive approach can position you favorably against your competition.

The official due date for companies to file Conflict Materials compliance with the SEC is May 31st. For 2014, IEWC received requests from 127 customers requiring evidence that IEWC's supply chain is conflict minerals compliant, ensuring that all products shipped are free from conflict minerals. For 2014, SEC estimated 6,000 publicly traded companies would file conflict minerals reports, but only 1,315 (22%) companies ended up doing so. So far in 2015, IEWC has received 101 conflict minerals requests from customers.

## How Can You Get Compliant?

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### What can you do?

- Review and refresh a conflict minerals policy if needed
- Update systems to better collect data
- Prepare to move away from company level declaration to product level declaration
- Move from a reactive project to a proactive process to influence the supply chain
- Incorporate conflict mineral compliance into onboarding procedures for new suppliers
- Introduce supplier outreach programs and hold training for suppliers
- Update contract and purchase order language

### How can IEWC help?

- We have validated the conflict minerals status of 90% of the materials that we buy from our suppliers
- You can access these records simply by contacting IEWC
- Learn more about conflict minerals by contacting IEWC at [conflictminerals@iewc.com](mailto:conflictminerals@iewc.com) or through your local sales representative

