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Navigating Next Steps After the Year 1 Form SD and Conflict Minerals Reporting Cycle

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Overview

With legal action against the SEC regarding the constitutionality of certain disclosures under its final rule on conflict minerals still partially unresolved, more than 1,300 registrants submitted their first conflict minerals filing in early June. The SEC estimated that approximately 6,000 registrants would be affected by the rule; however, a significantly lower number filed a Specialized Disclosure Form (Form SD) indicating whether conflict minerals (tin, tantalum, tungsten, or gold — commonly referred to as 3TG) necessary to the functionality or production of their products manufactured or contracted to be manufactured may have originated in the Democratic Republic of Congo (DRC) or an adjoining country.

More than 1,300 registrants submitted their first conflict minerals filing in early June; however, the SEC estimated that approximately 6,000 registrants would be affected by the rule.

Editor's Note: In August 2012, the SEC approved its final rule on conflict minerals, as required under Section 1502 of the Dodd-Frank Act.[1] The rule requires certain registrants to follow a three-step process for evaluating conflict minerals contained in their products and to file a Form SD by May 31, 2014, for the 2013 calendar year, and annually by May 31 thereafter, describing their process for conducting a reasonable country of origin inquiry (RCOI). In certain circumstances, the registrant is required to include a Conflict Minerals Report (CMR) describing its due diligence measures and, for certain of those situations, to have an independent private sector audit (IPSA) performed in accordance with generally accepted government auditing standards (GAGAS).

A legal action regarding the final rule was brought against the SEC in October 2012 and has been working its way through the courts since that time. In April 2014, the U.S. Court of Appeals for the District of Columbia Circuit held that parts of the rule and of Section 1502 of the Dodd-Frank Act violate the First Amendment to the extent that they require "regulated entities to report to the Commission and to state on their website that any of their products have 'not been found to be "DRC conflict free."'" The SEC issued guidance indicating that registrants were still expected to file Form SD and, if applicable, a CMR required by the rule on or before the due date. However, registrants would not be required to identify any products as "not been found to be 'DRC conflict free'" or "DRC conflict undeterminable." Registrants could still elect to identify products as "DRC conflict free" but they would be required to obtain an IPSA. On June 2, 2014, the SEC petitioned the U.S. Court of Appeals for the D.C. Circuit for another judicial hearing to settle the lingering question of whether certain conflict minerals disclosures are constitutional.

[1] Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act directs the SEC to issue rules requiring certain registrants to disclose their use of conflict minerals if those minerals are "necessary to the functionality or production of a product" manufactured by those registrants. Section 1502 amends the Securities and Exchange Act of 1934 to add subsection 13(p).

A few trends emerged from our analysis of Year 1 filings:

- The majority of filings (approximately 54 percent) were from registrants in the C&IP industry[2] (e.g., aerospace, automotive, retail, and consumer products) followed by the TMT industry (approximately 30 percent).
- Of the 1,300+ filings, nearly 80 percent of Form SD filings included a CMR.
- The executive signatory of the Form SD was most commonly a financial executive (e.g., CFO), followed by a legal executive (e.g., general counsel).
- Although product labels were not required because of the constitutional challenge, many registrants indicated "undeterminable" with respect to their products manufactured or contracted to be manufactured — either by explicitly stating "DRC conflict undeterminable" or by stating that they were not certain of the source of the minerals.
- Approximately 25 percent of registrants disclosed a smelter or refiner list.
- Approximately 55 percent listed additional due diligence measures they plan to take in the future to improve the visibility of their sourcing practices.
- Four registrants obtained an IPSA — two were attestation engagements (performed by CPA firms) and two were performance audits (performed by non-CPA firms).
- Approximately nine registrants amended their filings to include additional details or to make other administrative updates (e.g., date changes).

Product labels were not required because of the constitutional challenge; however, many registrants indicated "undeterminable" with respect to their products manufactured or contracted to be manufactured — either by explicitly stating "DRC conflict undeterminable" or by stating that they were not certain of the source of the minerals.

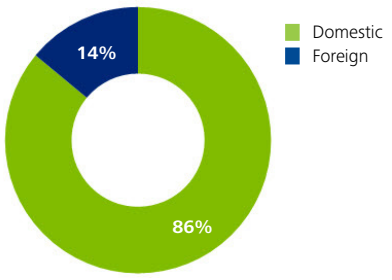
Observations

In light of the legal developments in April and May 2014 leading up to the first filing deadline, we have undertaken to provide observations and insights for registrants to consider related to Year 1 reporting trends as well as recommendations for registrants as they seek to enhance their conflict minerals due diligence processes and reporting practices for Year 2. Our observations are informed by our experience working with clients on compliance with their reporting requirements and take into account the future IPSA requirement.

By the Statistics — Year 1 Reporting

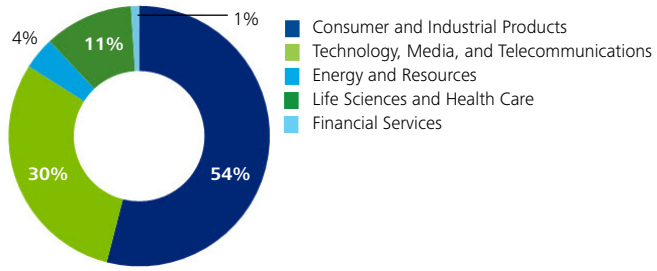
We observed the following:

- *Filers* — Although, as expected, the majority of filers were domestic registrants, some were foreign private issuers. While there was much debate about whether foreign private issuers should be exempt from the final rule, the SEC was clear that the rule "applies to any [registrant] that files reports with the Commission under Section 13(a) or Section 15(d) of the Exchange Act, including domestic companies, foreign private issuers, and smaller reporting companies." In light of the existing legal action and additional transparency requirements related to the sourcing of conflict minerals around the globe, competitive considerations for foreign filers are likely to continue to accelerate.



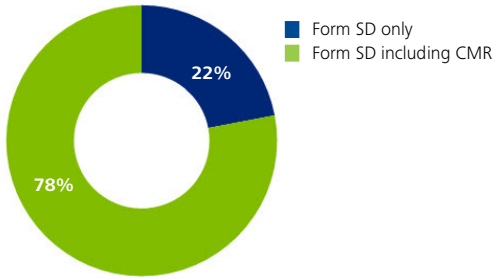
[2] Industry designations are based on Deloitte's industry categorizations as follows: consumer and industrial products (C&IP); technology, media, and telecommunications (TMT); energy and resources (E&R); life sciences and health care (LS&HC); and financial services (FS). For registrants that are conglomerates operating in many industries, we used the industry of the business unit/segment that resulted in the registrant's inclusion in the scope of the final rule.

- *Filings by industry* — Most filings were from registrants in the C&IP industry. TMT followed in terms of number and concentration of filings, which is not surprising given the scrutiny the industry has been under for some time regarding conflict minerals sourcing as well as alleged poor labor practices and manufacturing working conditions. Perhaps somewhat unexpected was the number of submissions of filings by FS industry registrants. For further analysis of conflict minerals filings by industry, see Deloitte's Conflict Minerals site.

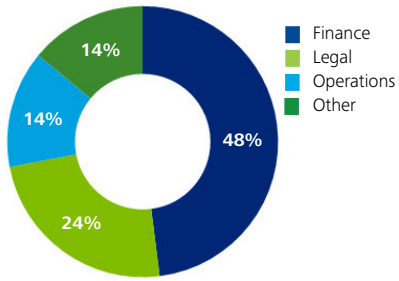


- *Filings* — The majority of registrants (approximately 78 percent) included a CMR as an exhibit to their Form SD. Many registrants were unable to determine the country of origin after performing their RCOI and, as a result, went on to perform due diligence procedures, which in most cases resulted in the requirement to prepare a CMR and include it as an exhibit to the Form SD.

Most filings with a CMR were from registrants in the consumer and industrial products industry.

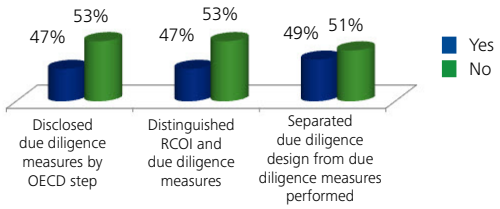


- *Executive signatory* — The executive signatory of the Form SD was most commonly a finance executive. Many filings were also signed by a legal executive, including the general counsel or chief legal officer. Executive officer titles comprising the "Other" category vary by industry but generally included the following: corporate secretary, chief administrative officer, vice president, senior vice president, or executive vice president, and consisted of just under 100 CEO signatories.



- *Approach to CMR* — The final rule describes steps two and three of the three-step disclosure process as discrete steps related to RCOI and due diligence measures, respectively; however, in practice separating the two steps was challenging for many registrants. Most registrants (approximately 53 percent) did not distinguish the two steps in their CMR. In addition, in approximately 49 percent of the CMRs filed, registrants intentionally separated the description of their due diligence design (generally by making an assertion about their design) from the description of due diligence measures performed (generally by using

headings for each section). Further, approximately 47 percent of registrants used the steps in the Organisation for Economic Co-operation and Development's *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (the "OECD Framework") to organize their description of due diligence measures performed.[3] We explore some potential implications of these practices below.



- *IPSAs* — As expected, few registrants obtained IPSAs (only four were identified in the Form SDs filed with the SEC) since, as described in the SEC's FAQs on conflict minerals issued on April 7, 2014, and the SEC staff's subsequent statement on April 29, 2014, the requirement to obtain an IPSA rested only with those registrants that sourced from the region and voluntarily elected to describe any of their products as "DRC conflict free" in their CMR. However, we noted that one of the CMRs filed that included an IPSA report did not contain an explicit "DRC conflict free" declaration. Two of the IPSAs were attestation engagements performed by CPA firms, while the other two audits were performance audits performed by non-CPA firms. Only CPA firms can perform an attestation engagement; consequently, registrants engaging non-CPA firms must obtain a performance audit.
- *Amended filings* — As of the date of this publication, approximately nine registrants have amended their initial filings. The most common amendments included the addition of disclosures, such as identifying smelters and other details about the due diligence process. Other amendments were more administrative and included correcting dates in the filing or adding a signature.

Year 1 Approaches to the Form SD and the CMR

Our March 27, 2014, *Heads Up*, "Navigating Reporting Requirements for Form SD and Conflict Minerals Reports," explored the disclosures that a registrant with conflict minerals that are necessary to the functionality or production of its products is required to include in its Form SD to be filed with the SEC — and the accompanying CMR — on the basis of possible scenarios that the registrant might encounter. The majority of registrants' filings fell into the "DRC conflict undeterminable" category, whether registrants explicitly used this designation in their filings or not. The discussion below focuses on the requirements for these registrants.

Form SD

The Form SD instructions explain when RCOI disclosures are required in the body of a registrant's Form SD. For registrants whose sourcing of minerals is undeterminable — whether their filings explicitly state that or not — the required disclosures in the Form SD include only the following:

- That the registrant has filed a CMR.
- A link to the registrant's Web site where the CMR is publicly available.

Most registrants that filed a Form SD with a CMR (approximately 63 percent) applied this guidance and submitted a "basic" Form SD containing only the two required disclosures, which avoided repetitiveness in certain disclosures in both the Form SD and the CMR.

To conduct an examination attestation or a performance audit under GAGAS, the independent private sector auditor must:

- Establish and maintain a system of quality control designed to provide reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements.
- Have an external peer review performed by independent reviewers at least once every three years.

Under GAGAS, practitioners are also required to maintain their professional competence through continuing professional education (CPE), including a set number of CPE hours in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

[3] The final rule requires registrants with necessary conflict minerals exercising due diligence "to conform the due diligence to a nationally or internationally recognized due diligence framework."

However, others disclosed their RCOI procedures in both the Form SD and the CMR, thus creating the potential for inconsistencies to occur between their Form SD and CMR disclosures. As registrants consider potential approaches to disclosures in Year 2, we expect to see more conformity of content organization, specifically the approach to and location of RCOI disclosures.

CMR

While the final rule did not specify a standard form of report for the CMR, the SEC's FAQs aimed to clarify the rule's requirements related to filings. However, even with the additional SEC guidance, many companies still appeared to struggle to balance the organization of their disclosure content with a faithful representation of the process they undertook in Year 1. As a result, we saw tremendous diversity in registrants' approaches to structuring their CMR. Certain approaches taken to organize the CMR content have potential implications for a future IPSA.

Alignment of Disclosures With the OECD Framework

The final rule notes that the OECD Framework is currently "the only nationally or internationally recognized due diligence framework available." Most registrants used the OECD Framework to design and perform their conflict minerals compliance activities and referred to it in the reporting process. The rule also indicates that the OECD Framework covers both the RCOI and due diligence. It states that the RCOI "is consistent with the supplier engagement approach in the OECD [Framework] where [registrants] use a range of tools and methods to engage with their suppliers. [Footnote omitted] The results of the inquiry may or may not trigger due diligence. This is the first step [registrants] take under the OECD [Framework] to determine if the further work outlined in the OECD [Framework] — due diligence — is necessary." Accordingly, certain of our recommendations are related to the application of the OECD Framework to a registrant's conflict minerals compliance process and reporting.

We saw tremendous diversity in registrants' approaches to structuring their CMR.

Distinguishing RCOI and Due Diligence Measures Performed

Approximately 47 percent of registrants disclosed that they used all five steps of the OECD Framework in performing their due diligence measures. We observed that approximately 53 percent of registrants that used all five steps of the OECD Framework did not distinguish between activities related to the RCOI and those related to due diligence.

SEC FAQ 18 clarified that "the independent private sector auditor need only opine on whether the design of the [registrant's] due diligence framework is in accordance with the portion of the nationally or internationally recognized due diligence framework beginning after the country of origin determination." We believe it is important for registrants to consider more clearly defining in their conflict minerals compliance program the RCOI and due diligence measures they performed, and the corresponding OECD steps they used as guidance for each measure. A CMR that clearly distinguishes between RCOI and the due diligence measures is likely to better enable the independent private sector auditor to accomplish the two IPSA objectives.

Editor's Note: The IPSA is to be performed in accordance with GAGAS. The auditor is to express an opinion or conclusion about whether:

- The design of the registrant's "due diligence framework set forth in the [CMR], with respect to the period covered by the report, is in conformity with, in all material respects, the criteria set forth in the nationally or internationally recognized due diligence framework used by the [registrant]."
- The registrant's "description of the due diligence measures it performed as set forth in the [CMR], with respect to the period covered by the report, is consistent with the due diligence process that the [registrant] undertook."

We believe that in many cases, the lack of clear distinction between RCOI and due diligence measures performed in Year 1 filings reflects the nature of the Year 1 conflict minerals compliance activities undertaken and the complexity of determining where RCOI ends and due diligence begins. When registrants did distinguish between their RCOI and due diligence measures performed, we observed diversity in the approaches they took in making the distinctions. For example:

- Several registrants disclosed that their RCOI ended immediately after the initial supplier survey responses were received, and that they considered any additional measures (e.g., follow-up measures to increase supplier responses, data accuracy) to be due diligence measures performed.
- Other registrants' disclosures indicated that their due diligence began only when a smelter or a refiner was identified through a supplier survey response.

The final rule does not clearly define when RCOI ends and due diligence begins; rather, it emphasizes that registrants are responsible for making this determination after considering their facts and circumstances. As a result, registrants are uniquely positioned to define the CMR content that would be subject to a future IPSA, including, in particular, defining and disclosing measures that are considered to be due diligence.

Some activities were considered both RCOI and due diligence measures, as reflected in the disclosure of certain activities in both RCOI and due diligence sections when the registrant's CMR contained separate sections for these disclosures.

On the basis of our analysis and experience, we believe that registrants were less focused on the IPSA considerations in Year 1. As a result, the scope of the IPSA and the registrant's identification of the content in the CMR to be subjected to the IPSA were, in many cases, not a central focus for the Year 1 filing. Commonly cited reasons for "comingling" RCOI and due diligence measures in Year 1 conflict minerals compliance activities and reporting included the following:

- The registrant was unable to clearly distinguish between RCOI and due diligence measures.
- Some activities were considered both RCOI and due diligence measures, as reflected in the disclosure of certain activities in both RCOI and due diligence sections when the registrant's CMR contained separate sections for these disclosures.
- The registrant was confident that its process and description, no matter how broadly defined, were well positioned for a successful IPSA.

We also believe that a focus on steps taken, both RCOI and due diligence measures, and disclosed in anticipation of an IPSA will ultimately improve consistency in the organization of the CMR in future years.

Descriptions of the Design and Due Diligence Measures Performed

SEC FAQ 21 reinforced that the final rule "does not require [a registrant] to include a full description of the design of its due diligence in the [CMR]." However, the registrant is required under the rule to include "the description [of the due diligence measures undertaken] in sufficient detail for the auditor to be able to form an opinion or conclusion about whether the description in the [CMR] is consistent with the process the [registrant] actually performed." Due diligence as defined in the rule relates to measures "beginning after the country of origin determination," which further reinforces the importance of distinguishing RCOI from due diligence measures performed in the CMR.

Separately from their description of due diligence measures performed, approximately 49 percent of registrants included an assertion in their CMR that the design of their due diligence conforms to or is consistent with a nationally or internationally recognized due diligence framework. To separate the two descriptions, many registrants used defined headings to distinguish the design assertion from the description of the due diligence measures performed. These headings, while not required, can help clarify the organization of the CMR content and are likely to assist the independent private sector auditor in satisfying the two IPSA objectives.

We observed that when registrants did not clearly distinguish between RCOI and due diligence (and the related OECD steps aligned with each), their disclosures were often internally inconsistent and included elements of both RCOI and due diligence.

We observed that when registrants did not clearly distinguish between RCOI and due diligence (and the related OECD steps aligned with each), their disclosures were often internally inconsistent and included elements of both RCOI and due diligence. For example:

- Several registrants specifically referred to the OECD Framework in its entirety in their due diligence design assertion but included a description of due diligence measures performed related only to certain steps of the OECD Framework. Their CMR contained the following assertion: "Our conflict minerals due diligence has been designed to conform to the [OECD Framework]." However, in describing the due diligence measures performed, they only noted measures beginning after their RCOI (e.g., measures taken once smelter or refiner information was received from Tier 1 suppliers).
- Conversely, some registrants specifically referred to certain OECD Framework steps in their due diligence design assertion, but disclosed activities in their due diligence measures related to all steps of the OECD Framework. They specifically indicated that OECD Framework steps 3 and 4 represented the portion of the OECD Framework to which their due diligence design conformed. However, the description of due diligence measures performed included certain activities that corresponded to the first and second steps of the OECD Framework (e.g., the creation of a conflict minerals policy).

Leading Practices

See the appendix of this *Heads Up* for sample CMRs that illustrate a balanced approach to the disclosures discussed above.

Due Diligence Measures Disclosed and IPSA Readiness

As registrants consider improvements to their conflict minerals compliance and reporting process, we expect that more will begin to focus on the nature of the language and sufficiency of disclosures in the CMR, especially the description of the due diligence measures performed, in preparation for an IPSA. Year 1 filings included various approaches to describing conflict minerals compliance performance, many from quantitative descriptions (e.g., number of suppliers surveyed, supplier survey response rate) to more general ones (e.g., certain requirements established for all suppliers). Registrants should consider the attributes of suitable and available criteria[4] that are required for an independent private sector auditor to perform an IPSA. To be suitable, such criteria would need to be objective, measurable, complete, and relevant. For example, we recommend refraining from using such terms as "best practice" or "to the best of our knowledge" when describing the due diligence measures performed since those terms are not objective or measurable and, therefore, not auditable.

Risk Mitigation/Future Due Diligence Measures

Many registrants (approximately 55 percent) included disclosures about steps to be taken and commitments to improve their conflict minerals due diligence, even though they are currently only required to include such disclosures in Year 2 reports (and subsequent years for smaller reporting companies). Several of these registrants elected to provide these additional disclosures in the spirit of providing full transparency into the breadth of their conflict minerals compliance program and to anticipate potential marketplace expectations for disclosure that could serve as a basis against which market participants may evaluate continuous improvement performance.

[4] See paragraph .05 of the AICPA's *Conflict Minerals Reports*, which contains FAQs on the suitability of criteria for examination attestation purposes.

There was little consistency in the approach registrants took to organizing this content in the CMR, including whether to use a defined section header to separate the risk mitigation/future due diligence measures from the due diligence measures performed. Clearly separating due diligence measures performed from those expected to be performed in the future is likely to help the registrant and the independent private sector auditor distinguish whether CMR content is within or outside the final rule's scope for IPSA purposes.

We also noted that cautionary language regarding forward-looking statements was included in approximately 23 percent of the CMRs. In many cases, the language was directly related to the disclosure of risk mitigation/future due diligence measures.

Product Descriptions

On May 2, 2014, the SEC issued a stay of the effective date of the portions of the final rule that the U.S. Court of Appeals for the District of Columbia Circuit deemed unconstitutional and indicated that the SEC still expected registrants to file Form SD and, if applicable, a CMR as required by the rule on or before the due date. However, registrants were not required to identify any products as "not been found to be 'DRC conflict free'" or "DRC conflict undeterminable." Registrants could still elect to identify products as "DRC conflict free"; however, they were required to obtain an IPSA. Even with the SEC's partial stay, approximately 40 percent of registrants filing CMRs included the "DRC conflict undeterminable" label. While most of the remaining registrants did not explicitly include the "DRC conflict undeterminable" product label, they used other means to indicate that they were not able to determine the origin of the 3TG in their products.

Certain unintended consequences resulted from disclosing smelter/refiner information.

The SEC's statement issued on April 29, 2014, also confirmed that "if the [registrant] has products that fall within the scope . . . it would not have to identify the products as 'DRC conflict undeterminable' or 'not found to be "DRC conflict free,"' but should disclose, for those products, **the facilities used to produce the conflict minerals, the country of origin of the minerals and the efforts to determine the mine or location of origin**" (emphasis added). However, only approximately 25 percent of filings included a smelter/refiner list. On the basis of their disclosures, we noted that many registrants appeared to struggle with gathering reliable and complete information and conducting the necessary measures to validate the reliability of the information gathered. As a result, most registrants chose not to disclose smelters/refiners since that incomplete and unreliable information might not fairly represent the registrants' sourcing practices.

In addition, certain unintended consequences resulted from disclosing smelter/refiner information; certain registrants exposed themselves to heightened scrutiny related to sourcing practices not specifically prohibited by the final rule. For example, certain registrants included the Central Bank of the Democratic People's Republic of Korea in their publicly reported smelter list and were cited for illegal sourcing from North Korea because the United States has sanctions against North Korea. Further, certain registrants disclosed information about smelters or refiners in Uzbekistan, thereby associating the registrant with a country known for poor labor practices.

The Road Ahead

The Year 1 conflict minerals disclosure deadline has passed, and registrants are well into the second calendar year of demonstrating compliance with the final rule. Lessons learned from the Year 1 filings and continued marketplace scrutiny are likely to drive registrants to continue to "up their game" related to conflict minerals compliance and reporting. In addition, registrants' efforts are likely to continue to shift towards IPSA readiness.

Many registrants are also asking how to translate the Year 1 filing results and lessons learned into next steps they can take to improve their conflict minerals compliance activities and reporting process going forward. As expected, Year 1 filings revealed tremendous diversity in registrants' approaches to preparing Form SD and the CMR, from the organization of content, to the depth of data analysis and disclosure, to commitments regarding continuous improvement, to name a few. Although the Form SD instructions provided a skeletal framework for preparing Form SD and a CMR, the final rule intentionally did not prescribe a standard form of reporting. A registrant's

interpretation of the reporting requirements as well as its understanding of the audience for the report, its appetite for organizational risk, and its anticipation of future IPSA implications largely informed the content and landscape of its Form SD and CMR. On the basis of our experience, we believe that many registrants are now turning their attention to process improvements and documentation, which is central to anticipated expectations of auditors who will be performing an IPSA.

We expect that due diligence practices and reporting about conflict minerals will become more standardized in Year 2. Industry organizations, nongovernmental organizations (NGOs), and other interested parties are likely to continue developing common reporting tools and practices, while market forces in the form of commercial requirements and reputational considerations will dictate perceived compliance thresholds. And of course, many are anxiously awaiting resolution of the legal challenge to elements of the SEC's final rule, which is likely to be followed by additional SEC guidance to further define the reporting requirements and on implementing the legislatively mandated IPSA requirement, among other clarifications.

While much uncertainty still remains pending resolution of the legal action against the SEC, we encourage registrants to:

- Consider the potential implications related to the organization of the RCOI and due diligence disclosed in the CMR, with an eye toward the requirements of the IPSA.
- Evaluate the clarity and sufficiency of their disclosures in the CMR of due diligence measures performed and the need to demonstrate suitable criteria in anticipation of an IPSA.
- Take demonstrated and focused efforts to increase the level of confidence in the data gathered and performance measurements related to supplier engagement, and focus on sufficiency of documentation to support activities undertaken and related disclosures.

We believe that many registrants are now turning their attention to process improvements and documentation, which is central to anticipated expectations of auditors who will be performing an IPSA.

Registrants should also stay alert for the following:

- Expectations published by leading NGOs on this topic, which they may wish to consider in developing their organization's conflict minerals compliance program and reporting process, as well as published expectations in the context of their industry and its position in the supply chain, and other considerations.
- Greater market scrutiny in the coming months in the form of additional Year 1 filing analyses and market impact analyses, with a focus on impact to registrants as well as impact on the region of focus.
- Announcements and reports from the Government Accountability Office and potential analyses from departments of the U.S. government (e.g., U.S. Department of Commerce, U.S. Department of State) that might provide useful information to assist registrants in conflict minerals compliance activities.
- Changes that may occur as a result of the resolution of the legal action against the SEC and additional guidance from the SEC that may be issued in light of any final court ruling.

As the focus on conflict minerals evolves, so will expectations related to the transparency of and disclosures about registrants' supply-chain risk management practices. Registrants will be well served by developing more comprehensive and integrated approaches to supply-chain compliance activities and disclosure practices in a manner that permits flexibility in adapting to the changing and evolving regulations and requirements.

Appendix — Leading Examples of CMRs

During our analysis of Year 1 filings, we observed certain leading practices in balancing the disclosure considerations for CMRs, as illustrated in the sample CMRs below. Example 1 is an illustration that reflects an example CMR organization format and is not intended to be comprehensive of all OECD Framework steps.

Example 1

Exhibit 1.01

Conflict Minerals Report (excerpt)

I. Introduction

[*The registrant included an introductory section, although not required.*]

II. Reasonable Country of Origin Inquiry

OECD Step 1: Establish Strong Company Management Systems

A. Adopt and commit to a supply-chain policy
Activities performed:
[*Disclosed RCOI activities here*]

III. Due Diligence

Due Diligence Design: [*The registrant included an assertion in the CMR that its due diligence conforms to/is consistent with specific steps of the nationally or internationally recognized due diligence framework that it used.*]

Due Diligence Measures Performed: [*The registrant used the following format to disclose the description of the measures it has taken to exercise due diligence on the source and chain of custody of the conflict minerals.*]

OECD Step 3: Design and implement a strategy to respond to identified risks.

A. Report finding to designated senior management	
Due Diligence Design	Due Diligence Measures Performed
[*Disclosed design of due diligence*]	[*Disclosed due diligence measures performed for calendar 2013*]

Example 2

Exhibit 1.01

Conflict Minerals Report (excerpt)

I. Introduction

[*The registrant included an introduction section, although not required.*]

II. Reasonable Country of Origin Inquiry

OECD Step 1: Establish Strong Company Management Systems

[*The registrant included a description of the RCOI measures taken in accordance with OECD Step 1.*]

OECD Step 2: Identify and Assess Risk in the Supply Chain

[*The registrant included a description of the RCOI measures taken in accordance with OECD Step 2.*]

III. Due Diligence Design and Performance

1. **Due Diligence Design:** [*The registrant included an assertion in the CMR that its due diligence conforms to/is consistent with specific steps of the nationally or internationally recognized due diligence framework that it used.*]
2. **Due Diligence Measures Performed:** [*The registrant used the following format to disclose the description of the measures it has taken to exercise due diligence on the source and chain of custody of the conflict minerals.*]

OECD Step 3: Design and implement a strategy to respond to identified risks

[*The registrant included a description of the due diligence measures taken in accordance with OECD Step 3.*]

OECD Step 4: Carry out independent third party audit of supply-chain due diligence

[*The registrant included a description of the due diligence measures taken in accordance with OECD Step 4.*]

OECD Step 5: Report on supply-chain due diligence

[*The registrant included a description of the due diligence measures taken in accordance with OECD Step 5.*]

IV. Due Diligence Results

[*The registrant included the list of smelters/refiners used to process minerals necessary to the registrant's products, the country of origin and mines of origin.*]

V. Future Measures

[*The registrant included a description of future measures to improve due diligence processes*]

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