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ABC Group Conflict Mineral Reporting Frequently Asked Questions

If my company has no filing requirements with the U.S. SEC, do I still need to provide conflict mineral and smelting data to ABC Group?

The new law requires all companies with filing obligations to the SEC to conduct an investigation of their supply chain(s) to verify whether any of the minerals used in production were sourced in the DRC or neighbouring countries. Companies reporting to the SEC must conduct due diligence of their supply chains, and provide to the SEC information on the results of their due diligence analyses. ABC Group is reliant on the support of companies in its supply chain to comply with the requirements of the new law, and to furnish minerals and smelter data at customers' requests.

If my company does not purchase any of the conflict minerals from a smelter or gold refinery, is it acceptable to simply provide the name and location of my direct supplier?

No. The new law requires that companies: (i) verify through reasonable inquiries the source country from which the minerals originated; (ii) confirm that such inquiries were conducted in good faith and that the source/origin of the minerals is not the DRC or its surrounding neighbours. If your company uses a direct supplier that also functions as the mineral smelter or gold refinery, then providing your direct supplier's country of origin meets the new law's requirements. The standard of transparency along the supply chain requires that your suppliers will also have to conduct due diligence on the source of minerals used in production until information on the source smelter is accessed.

Why must I deploy the OECD Guidance steps to conduct conflict minerals due diligence in my company?

The SEC rules refer specifically to use of a due diligence protocol that is nationally or internationally recognized. The OECD Guidance meets this criterion. If, after a reasonable country of origin inquiry (RCOI), your company finds that there are minerals in production use which may have originated from the DRC (or its surrounding neighbours), and which did not come from recycled or scrap sources, due diligence steps are required. In addition, the OECD Guidance is a comprehensive protocol that will allow you to achieve transparency throughout your supply chain.

I am a product distributor with less focus on manufacturing. Do I need to provide any data to ABC?

Yes. If you are an official supplier to ABC, you must provide the required data to your manufacturers. They, in turn, must inform their supply chains of the requirements. We are then relying on you to provide the acquired data back to ABC for all of your manufacturers.

What if I discover that my supply chain uses conflict minerals? Do I need to re-source my products?

No. Discovering a supplier in your supply chain who does business with the DRC or its surrounding neighbours is not indicative that the supplier is supporting armed conflict in the area. However, a more comprehensively detailed due diligence must be conducted on that supplier to ensure that they are not supporting armed conflicts. The new law's intention is to ensure that armed groups in the area are not benefitting from our products.

How do I determine the nature of my company's product for purposes of disclosure under the new Conflict Minerals rules?

Your company is only required to provide disclosure under the rules if conflict minerals are contained in the final product sold to ABC or consumer third parties. For example, a wrench containing conflict minerals that is used to create an automobile part is not the product. Rather, the automobile part is the product. Thus, the relevant inquiry is whether the automobile part itself contains conflict minerals.

Why must we use a new tool to send you data, rather than the extant IMDS system?

The IMDS system does not have the capacity to manage information on country of origin. IMDS manages chemical composition of supply-chain products. The IMDS Steering Committee has decided that the Conflict Minerals protocol is beyond the scope of the IMDS system.

If smelters are the main concern, why can't we simply purchase from those smelters that are certified as "conflict-free"?

As of late 2012, estimates indicate that only five percent of global smelters are participants in the Conflict Free Smelter Program. Therefore, it is not currently possible to buy raw material only from certified smelters.

What will ABC do with the data that I provide?

ABC currently intends to use the data to respond to information requests from our customers. As the process evolves over time, more strategic protocols may be developed to ensure ABC's goal of a conflict-free supply chain.