Conflict Minerals Due Diligence Guide (CMRT / CRT / SEC)

1. Understanding Conflict Minerals

Conflict minerals typically refer to **tantalum, tin, tungsten, and gold (3TG)** — and, increasingly, cobalt. These are widely used in electronics, automotive, aerospace, and industrial applications. However, when sourced from conflict-affected regions, they may finance armed groups or contribute to human rights abuses.

Key Regulations:

- **Dodd-Frank Act, Section 1502 (U.S.)** – Requires SEC-listed companies to disclose conflict mineral use.

- **EU Conflict Minerals Regulation** – Applies to EU importers of 3TG.

- **OEM & Customer-Specific Requirements** – Many automakers and electronics brands require **CMRT/CRT submissions** regardless of regulatory scope.

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2. The Due Diligence Process

Following the **OECD Due Diligence Guidance for Responsible Supply Chains**, companies should:

1. **Establish Strong Company Management Systems**

   o Conflict minerals policy and supplier code of conduct.

   o Clear roles, responsibilities, and escalation process.

2. **Identify and Assess Risks in the Supply Chain**

   o Send **CMRT/CRT requests** to suppliers.

   o Validate completeness and accuracy of supplier responses.

   o Cross-check smelter/refiner information with the **RMI (Responsible Minerals Initiative) database**.

3. **Design and Implement a Risk Management Strategy**

   o Flag high-risk suppliers or smelters.

   o Require corrective actions or alternative sourcing.

   o Escalate unresolved risks to management.

4. **Carry Out Independent Third-Party Audits**

   o Review smelters/refiners against RMAP (Responsible Minerals Assurance Process).

5. **Report Annually on Supply Chain Due Diligence**

   o Submit **Form SD and Conflict Minerals Report** to the SEC (if applicable).

   o Provide CMRT/CRT reports to customers.

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3. Supplier Data Collection (CMRT / CRT)

The **Conflict Minerals Reporting Template (CMRT)** is the industry standard Excel tool developed by the **RMI**.

- Collects smelter/refiner information from suppliers.

- Identifies whether 3TG are intentionally added or necessary to product functionality.

- Classifies supplier response quality (complete, incomplete, not applicable).

The **Cobalt Reporting Template (CRT)** extends similar principles to cobalt.

Challenges:

- Low supplier response rates.

- Incomplete or inconsistent data.

- High administrative effort for validation.

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4. Risk Assessment

Once data is collected:

- **Check smelter/refiner IDs** against the RMI conformant list.

- Identify **high-risk smelters** not participating in RMAP audits.

- Flag suppliers using "Unknown" or "Undeclared" responses.

Key Risk Categories:

- *Geographic Risk*: Smelters located in or sourcing from conflict regions.

- *Supplier Risk*: Suppliers refusing to disclose or provide incomplete responses.

- *Data Risk*: Inconsistent declarations or incorrect smelter IDs.

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5. Reporting Requirements

For SEC Filers:

- **Form SD**: Annual disclosure of conflict minerals use.

- **Conflict Minerals Report (if applicable)**: Detailed due diligence findings, smelter lists, and risk mitigation.

For OEM & Non-SEC Clients:

- Provide **CMRT / CRT reports** in required formats.

- Align with customer-specific portals or data submission systems.

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6. Why Outsource to TrueNorth Global Compliance?

While companies can attempt to manage this process in-house, it is **labor-intensive and high-risk**. Outsourcing to TrueNorth ensures:

✅ **Efficient Supplier Engagement** – We run supplier outreach campaigns that achieve higher response rates.

✅ **Expert Data Validation** – Our compliance engineers ensure CMRT/CRT data is accurate, validated, and RMI-aligned.

✅ **Executive-Ready Reports** – No more spreadsheets; we provide clear, actionable dashboards and summaries.

✅ **Proactive Risk Management** – We flag red flags early, giving clients time to mitigate.

✅ **Audit & Regulatory Readiness** – Outputs are aligned with SEC, EU, and OEM-specific requirements.

✅ **Future-Proofing** – As cobalt, lithium, and other minerals face scrutiny, TrueNorth evolves your compliance strategy.

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7. Quick Compliance Checklist

☑️ Establish Conflict Minerals Policy

☑️ Request & Validate CMRT/CRT from All Suppliers

☑️ Verify Smelters Against RMI Database

☑️ Flag & Manage High-Risk Suppliers

☑️ Prepare SEC or Customer Reports

☑️ Engage Third-Party Expertise (TrueNorth)

Final Word

Conflict Minerals compliance is not just about **checking a box** — it's about **protecting your supply chain, reputation, and market access**. By partnering with **TrueNorth Global Compliance**, you gain a **dedicated compliance execution team** that handles the heavy lifting, allowing your company to focus on growth and customer success.