

Is Now the Best Year for a Conflict Minerals IPSA?

The SEC conflict minerals rule is open for comment, and there are media reports of an Executive Order. Suppose that some government action waives public reporting requirements for two years. Can companies stop paying attention to conflict minerals, and forget about IPSAs? Not so fast – it may be a better time for an IPSA than you think.

1. **Meet customer requirements with confidence.** Customers will continue to request conflict minerals information, and will expect progress towards conflict free. Conflict minerals is included in many supply chain audits, and is unlikely to go away. An IPSA provides confidence in the company's design of due diligence, and in statements on their progress.
2. **Make conclusions on your timeframe.** Suppose your company is *almost* convinced that you have the basis to conclude "DRC Conflict Free" – whether for specific products, or company-wide. You achieve full confidence shortly after the May 2017 filing. If SEC filings are no longer an option, how do you announce your accomplishment? How can key stakeholders trust it? The IPSA does not provide assurance on the filer's conclusion. If there has been assurance on your *due diligence process*, this can provide a more solid basis for making DRC Conflict Free announcements on your own schedule – including before the next filing (whenever that might be).
3. **Support other disclosures.** The Sustainability Accounting Standards Board (SASB) includes conflict minerals as a material topic, warranting disclosure in company 10-K filings for several sectors. SASB has unveiled a new tool that makes analysis of these disclosures more widely available to investors. The Global Reporting Initiative's new reporting guidelines clarify that the method for identifying significant issues originates with stakeholder concerns, and not with the company's internal decisions. If there are no regulatory disclosures, NGOs, customers, investors and other stakeholders will look for assurance in the support for these other disclosures.
4. **Align with other business information.** Some companies are generating Conflict Minerals Reporting Templates (CMRTs) that include smelters that are all on the CFSI's Conflict Free Smelter list. Although this is intended as only a B2B mechanism, information has a way of becoming public. Align public reporting with what is being provided to customers.
5. **Create and maintain company differentiation.** An IPSA can help your company leverage the considerable investment you have already made in your program. An IPSA helps differentiate your commitment to a strong program.

It is not a requirement to conclude "DRC Conflict Free" to procure an IPSA. Philips – one of the first cohort of four to submit one – did not make this conclusion. An IPSA for the 2016 reporting period can offer advantages in the years to come.