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## **5 Customer Requests You Should Not Fulfill For Conflict Minerals - and How to Handle Them**

By Douglas Hileman, President  
Douglas Hileman Consulting LLC (DHC)

**Q1 2006 DFCM Updates:** Clients I work with that are affected by the Dodd-Frank Conflict Minerals (DFCM) rule are currently reviewing data from their suppliers. They are also suppliers to other companies; their customers are doing their own reviews. Like you, my clients have questions on how to navigate a broad array of customer requests – when they know the customer is not always right. Here are five customer requests, which DHC advises need not be fulfilled.

1. **“Please certify the smelters in your supply chain.”** SORs are placed on the Conflict Free Smelter (CFS) List (see [www.conflictreesourcing.org](http://www.conflictreesourcing.org)) if they are found to be compliant with CFS Program assessment protocols. No “certificates” are issued – so no smelter is “certified.” Smelters are “validated” as conforming with audit protocols, or are “listed” on the CFS List.
2. **“Please confirm that your company sells us only conflict-free parts.”** The SEC Rule for DFCM requires companies to review products, investigate sourcing, and when applicable perform additional due diligence. The SEC Rule requires processes and reports. Supply chains are complex, as is the data that goes along with them. Few companies – perhaps a few with vertical integration – could support the statement this customer wants. As the SOR participation in the CFS Program approaches 100%, your company may compile data to support the customer’s desired response.
3. **“Please send us CMRTs from your suppliers.”** The Conflict Minerals Reporting Template (CMRT) is the standard mechanism to collect conflict minerals data from suppliers. Companies issue CMRTs that cover the entire company, a division, or product group. CMRTs are based on credible information available at a given time. These factors can change. Your suppliers have provided CRMTs to you for your business use. Unless they have expressly provided permission for further distribution of this business document, you should not do so.
4. **“Please remove Smelter X from your CMRT, and resend it.”** Some customers identify a smelter they wish to remove from their supply chain. The customer may be trying to create their own CMRT that includes only smelters on the CFS List, or they may wish to avoid sourcing in certain countries. Question 7 on the CMRT is “Has all applicable smelter information received by our company been reported in this declaration?” This question assures suppliers that you are not withholding valid information. If Smelter X is a problem for your company, find other ways to engage with your suppliers – or with the smelter itself.
5. **“What is the dollar value of sales of conflict-free products to our company?”** DHC believes that this customer’s request falls outside the norm of conflict minerals data collection and management. There are robust business processes and controls to compile, review, approve, and report company sales. Product-specific sales are typically business confidential and very sensitive information.





## WHAT'S A CONFLICT MINERALS TEAM TO DO?

Besides the urgent emails from customers (or their data management vendors), Conflict Minerals team members are probably receiving urgent emails from Sales or Operations offices – worldwide. The expectation is that the Conflict Minerals team will fulfill the customers' requests – and quickly. But if you can't, what can you do?

1. **Respond and engage – even if you can't fulfill.** Each request indicates a need for information. Even if you can't fulfill the question exactly as it was asked, provide some response. Provide information the customer can use, and some insights on why you think your approach is better.
2. **Treat these questions as learning experiences.** Your responses can create learning experiences for your customers. Create and leverage learning experiences of your own. These questions signal your customer's topics of concern. Aggregate them, to support future communications.
3. **Use these questions to your advantage.** Few Conflict Minerals teams complain of having too many resources. By engaging with these customers, you are helping the company maintain good relationships – and you are spending your precious time. Capture and convey the value of your team's activities to company management. The value you provide can help you obtain the resources to (continue to!) do your job well.



Douglas Hileman Consulting LLC (DHC) has supported the design, creation, assessment, and ongoing management of conflict minerals programs. This has included efforts on supply chain, customer fulfillment, and enterprise risk management, and audit readiness. Additionally, DHC has also conducted two of the 10 Independent Private Sector Audits (IPSAs) on file with the SEC for the first two reporting years. For current and in-depth information on this topic, visit [www.DFCMAudit.com](http://www.DFCMAudit.com) . For a complimentary 30 minute consult on your DFCM issues, contact me.