

The Latest in Conflict Mineral Reporting

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Our memo on the court's decision upholding its ruling on the SEC's conflict minerals disclosure is [here](#).

[EY's recent analysis](#) of the second year of conflict minerals reporting concludes that companies are reluctant to conduct additional due diligence amidst an uncertain regulatory environment, so that disclosure did not change much from the prior year.

In 2015, over 1,200 companies filed a Form SD, a slight decline from the year before, with 88% of the companies based in North America. The average Form SD remained at 3.4 pages while the CMR exhibits lengthened from 4.8 to 6.4 pages due to additional disclosure about the due diligence process. Only six companies obtained an independent audit.

In comparing the CMR exhibits against 2014 filings, EY found that most companies were unable to fully trace sourcing. 90% of the 193 CMR exhibits of S&P 500 companies disclosed which products contain 3TG, and slightly more than half identified that at least some portion of sourcing actually does, or may, originate from the covered countries. However, many issuers indicated that more due diligence was needed.

70% of the companies that filed CMRs were able to list specific smelters or provide more general disclosures, a significant increase from 2014. Most were able to include data on the portion designated as conflict-free. Those companies that did not provide this information usually stated that they were not able to confirm the connection of the smelters to their supply chain.

The rate of supplier responses increased from 2014, as 36% of companies disclosed a response rate of 75% or more, compared to 28% in the prior year. In fact, more than a quarter of issuers had a supplier response rate of over 90%.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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