

CONFLICT MINERALS LAW: EFFECTIVELY MANAGE COMPLIANCE WITH AGILE PRODUCT GOVERNANCE & COMPLIANCE AND ORACLE CONFLICT MINERALS SOLUTION

According to the U.S. SEC, the first conflict minerals reporting period began January 1, 2013.

Top Reasons Why Business Leaders Adopt Sustainability Initiatives

In a survey conducted by McKinsey & Company, respondents said their companies' top reasons for addressing sustainability include:

1. Improving operational efficiency and lowering costs: 33%
2. Building, maintaining or improving corporate reputation: 32%
3. Alignment with company's business goals: 31%
4. New growth opportunities: 27%

MCKINSEY GLOBAL SURVEY RESULTS: THE BUSINESS OF SUSTAINABILITY, OCTOBER 2011

In response to the escalating conflict and human rights violations in the Democratic Republic of Congo and surrounding countries, the U.S. Securities and Exchange Commission issued rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring companies to file annual public reports relating to the use of commonly used minerals mined from the region. Proceeds of which are used to fund the violence, specifically columbite-tantalite, cassiterite, wolframite, and gold. This sparks a new compliance challenge, and as other countries worldwide are considering enacting similar regulations, the complexity is likely to intensify.

Which Companies Are Affected and What Are the Consequences?

This new regulation, known as the Conflict Minerals Law, has prompted a wide range of companies to search for a solution that efficiently satisfies the SEC's reporting requirements and provides traceability throughout the supply chain. Generally, the SEC Conflict Minerals requirements will apply if one or more of the conflict minerals is required for the functionality of products manufactured by, or on behalf of, a company that already files SEC reports. Refer to legal counsel to determine how the law applies to your organization.

The new compliance procedure could be time consuming and costly if managed inadequately. There could also be negative brand impact or other risks if a company submits an incomplete or incorrect report to the SEC. With filings for the first reporting period due, now is the time to act.

Oracle Conflict Minerals Solution Can Help

Oracle has for years been helping companies systematically manage product compliance quickly and reliably with Agile Product Governance & Compliance. This enterprise-grade solution is part of Oracle's best-in-class Agile product lifecycle management (PLM) portfolio with closed-loop compliance functionality integrated with the enterprise product record. Oracle Consulting offers a Conflict Minerals Solution to extend the out-of-the-box functionality in Agile Product Governance & Compliance to provide you a framework to comply with the Conflict Minerals Law.

Oracle Agile PLM Rapidly Delivers Unique Value

Conflict Minerals reporting is only one of several regulatory requirements impacting a company's products. Manual processes or separate issue-specific systems disconnected from a company's overall product lifecycle management system could consume significant time and resources while eroding the company's bottom line. Your organization needs confidence now in your product data's accuracy and readiness across the product value chain and multiple regulatory requirements to maximize efficiency and reduce cost and cycle time. With centralized data, out-of-the-box workflows and executive dashboards of real-time product information, Agile PLM helps companies realize such results as reducing time to market by 30-50%, increasing revenue by 10-15%, and increasing productivity by 25-50%.

How Oracle Consulting Helps You Comply with the Conflict Minerals Law

Throughout the full product lifecycle, Oracle Conflict Minerals Solution helps your organization address the major challenges associated with tracing Conflict Minerals through multiple products and a complex, multi-tiered supply chain. Information can be captured and centralized

The Solution

Oracle Consulting extended Agile Product Governance & Compliance (PG&C) out-of-the-box functionality to enable the Conflict Minerals processes in Agile PLM. The solution has a unique and comprehensive design for Smelter Management and Smelter Analysis, which sets it apart from other solutions.

Extended functionality includes:

- Import from Standard EICC GeSI Conflict Minerals Reporting Template (Excel) file, including a comprehensive Smelter Analysis into custom Conflict Minerals Declaration
- Publish Conflict Minerals compliance/Smelter data to Manufacturer Parts and Suppliers
- Rollup Conflict Minerals compliance/Smelter data to product level

Key Differentiators

- Solution – Smelter Management and Smelter Analysis
- License – Jointly designed by License and Consulting
- Partner – OCS can implement the solution in conjunction with Oracle Alliance Partners engagements

from numerous content providers and potential issues and gaps can be more easily identified and resolved. The impact analysis can be more easily and quickly understood to ensure visible and accurate status roll-ups. Because Agile Product Governance & Compliance and the Conflict Minerals solution is integrated with the enterprise product record as part of Agile PLM, the compliance engine is driven by best practice, open workflows that are easily configured to your business needs. All aspects of product changes are properly recorded and searchable in history files for audit purposes.

Open Integration and Smart Internal Logic

This configured Conflict Minerals solution for Agile Product Governance & Compliance helps you import and analyze the data from the standard form for declaring conflict minerals developed by the Electronic Industry Citizenship Coalition (EICC) into a Conflict Minerals Declaration and used broadly across the electronics industry. The solution imports the EICC declaration data about conflict minerals and smelter origin and populates the smelter data to associated manufacturer parts and supplier upon releasing the declaration. Scheduled Smelter Rollup to the product level completes the Conflict Minerals solution.

The Conflict Minerals solution includes Smelter Management to handle smelter information from the smelter lists in EICC's Conflict Free Smelter Program. The Oracle Consulting solution automatically determines compliance by helping component manufacturers validate parts based upon which smelters refined their materials, providing real-time roll up and compliance impact analysis.

Complete Closed Loop Conflict Minerals Compliance Management

Agile Product Governance & Compliance within the Agile PLM framework is a superior solution for managing conflict minerals compliance because of its robust, closed loop compliance process that makes it simple to trace and identify non-compliant parts for further review and action. Although there are a limited number of conflict free certified smelters currently, that list is growing, in part due to the efforts of the EICC certification program. In the future, When there are a sufficient number of conflict free certified smelters to support industry demand, if a part is flagged non-compliant, the Agile solution will be able to open a change order to facilitate replacement of the non-compliant part with a similar compliant one, consistent with how other regulatory requirements are managed for products. You can run an information gap analysis for parts with no conflict minerals data to determine next steps and facilitate reporting with a single repository of part and declaration data.

Design for Compliance and Build Corporate Social Responsibility

A closed loop solution, Agile Product Governance & Compliance as part of the PLM portfolio of applications helps companies design for compliance through optimized component selection. About 80% of product costs are locked in during the design phase, so designing non-compliance out of products earlier dramatically reduces cost while simultaneously helping to develop a socially responsible corporate strategy. Is your organization poised to demonstrate supply chain transparency? We can help. Contact us today to learn more.

CONTACT US

For more information about how your organization can comply with conflict minerals regulations using the Agile Product Governance & Compliance solution, please visit www.oracle.com/plm or call +1.800.ORACLE1 to speak to an Oracle representative.