

# Leading Life Sciences and Clinical Diagnostics Company Automates Conflict Minerals Compliance

*Sensitel VeriSupply helped a major Life Sciences and Clinical Diagnostics company meet Conflict Minerals compliance requirements by fully automating the process, resulting in huge cost savings and improvements in data accuracy*

## EXECUTIVE SUMMARY

### CUSTOMER

Leading Life Sciences and Clinical Diagnostics company headquartered in California

### BUSINESS CHALLENGE

- Meeting U. S. SEC's Conflict Minerals Requirements (CMR)
- Ensuring the compliance requirement reporting process does not affect day-to-day operations of the company

### BUSINESS SOLUTION

- Sensitel VeriSupply
- Implementation in 60 days

### BUSINESS RESULTS

- Streamline supplier tracking and compliance process by fully automating it
- Reduce errors and time taken to generate compliance reports

### Business Challenges

A major California-based Life Sciences and Clinical Diagnostics vendor ("company") in the Life Sciences sector develops, manufactures and provides laboratory instruments, apparatus, consumables, and reagents used for research in genomics, proteomics, drug discovery/manufacture, cell biology, food safety, and science education. Its Clinical Diagnostics division develops, manufactures, sells, and supports products for medical screening and diagnostics including detection, evaluation, and monitoring and treatment of diseases and other medical conditions.

The company has thousands of suppliers worldwide and currently tracks compliance status of all its suppliers worldwide using Excel spreadsheets and some internal tools. Like other SEC filers, company has to meet the requirements of the U. S. Securities and Exchange Commission Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the use of conflict minerals—Tantalum, Tin, Tungsten, and Gold (3TG) in its products. The Rule requires manufacturers to disclose annually whether any products manufactured by them contain conflict minerals that originated in the Democratic Republic of the Congo (DRC) or any of the adjoining nine countries, together labeled "Covered Countries." Manufacturers are required to file annual reports by May 31 of every year, with penalties including sanctions of up to US\$250,000 for each violation of U. S. trade laws.

The five critical requirements of the conflict minerals reporting process are:

1. Determine Applicability: Do products and parts contain 3TG minerals?
2. Perform reasonable country of origin (RCOI): Determine if the country of origin of the 3TG minerals is in the DRC region.
3. Conduct Due Diligence: For 3TG minerals sourced from the DRC region, conduct due diligence over the chain of custody
4. Determine Status: Assess supplier, part, and product level conflict mineral status.
5. Report: Fulfill SEC and customer reporting requirements.

### Sensitel Solution: VeriSupply Methodology

Sensitel implemented a comprehensive step-by step (Figure 1) solution using VeriSupply:

- List ALL components that constitute the company's products
- Identify their supplier and country of origin
- Auto-identify relevant suppliers
- Contact relevant suppliers and ask them to identify the presence of 3TG in parts, products, and supply chain by filling out a simple and functional template
- Automate the collection and validation of RCOI inquiries
- Match supplier and smelter
- Detect any errors in real time
- Systematically perform due diligence and determine the source of 3TG from the Covered Countries
- Red-flag those components that originated in the Covered Countries
- Assess and report on conflict minerals status of parts, products, and suppliers
- Provide evidence of due diligence and a data-rich audit trail
- Complete and submit the CMR report

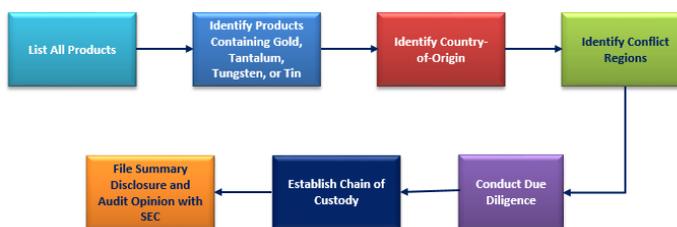


Figure 1. VeriSupply Methodology

All the communications to the thousands of suppliers were fully automated with simple templates for them to fill out and respond. This resulted in a huge reduction in human interaction and errors.

## Results

Out of the box, VeriSupply provided visibility into supply base compliance status and sources and locations of smelters. Summary results, shown below, were captured in both graphical and tabular formats, identifying suppliers, suppliers using 3TG, and identifying smelters and their geographical location.

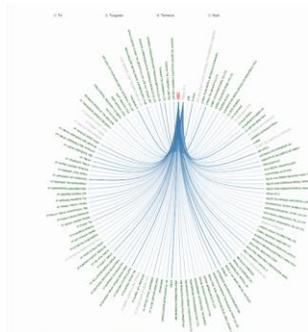


Figure 2. Supplier Graph

Supplier	Label	Supplier	Type
Gold_Abused_Intentionally	ABC	INFO	INFO
TiN_Abused_Intentionally	ABC	INFO	INFO
Tantalum_Abused_Intentionally	ABC	INFO	INFO
Gold_Necessary_For_Production	ABC	INFO	INFO
TiN_Necessary_For_Production	TERRA SYS	INFO	INFO
Tantalum_Necessary_For_Production	TERRA SYS	INFO	INFO
Tantalum_Necessary_For_Production	ABC	INFO	INFO
Tantalum_Necessary_For_Production	TERRA SYS	INFO	INFO
Gold_Originates_From_Covered_Countries	ABC	RESFLAG	RESFLAG
Gold_Originates_From_Covered_Countries	TERRA SYS	RESFLAG	RESFLAG
TiN_Originates_From_Covered_Countries	ABC	RESFLAG	RESFLAG
TiN_Originates_From_Covered_Countries	TERRA SYS	RESFLAG	RESFLAG
Tantalum_Originates_From_Covered_Countries	ABC	RESFLAG	RESFLAG
Tantalum_Originates_From_Covered_Countries	TERRA SYS	RESFLAG	RESFLAG
Tantalum_Originates_From_Covered_Countries	ABC	RESFLAG	RESFLAG
Tantalum_Originates_From_Covered_Countries	TERRA SYS	RESFLAG	RESFLAG
Supplier_Uses_Conflict_Minerals_Sourcing_Policy	ABC	INFO	INFO
No_Supplier_Conflict_Minerals_Sourcing_Policy	TERRA SYS	RESFLAG	RESFLAG

Figure 3. Suppliers Using 3TG

Smelter ID	Smelter Name	Country	Certification Status	Message	Operation
CO000018	Beau-Jourdain Tungsten Industry Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000045	Shao-Hsueh Tungsten Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000088	Sanctus Non-Ferrous Metals Smelting Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000219	Hunan Chuangde Metallum Tungsten Co. Ltd. Wuyi	CHINA	Certified	Tungsten	✓
CO000219	Hunan Chuangde Metallum Tungsten Co. Ltd. Yunglin	CHINA	Certified	Tungsten	✓
CO000251	Jiangsu H.C. Steels Tungsten Products Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000219	Jiangsu Tengpo Non-Ferrous Metallurgy Ltd & Chemical Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000217	Jiangsu Ansheng Tungsten Industry Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000218	Jiangsu Huanfeng Tungsten Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000088	Kanshanbaoli Factory	UNITED STATES	Certified	Tungsten	✓
CO000007	Philippine Changan Industrial Co., Inc.	PHILIPPINES	Certified	Tungsten	✓
CO000032	Priskov, LLC	RUSSIAN FEDERATION	Certified	Tungsten	✓
CO000010	South-East Nonferrous Metal Company Limited of Hangzhou City	CHINA	Certified	Tungsten	✓
CO000043	Wolkeo Korea Co. Ltd.	KOREA REPUBLIC OF	Certified	Tungsten	✓
CO000030	Jiangxi Xinyuan Tungsten & Molybdenum New Material Co. Ltd.	CHINA	Certified	Tungsten	✓
CO000004	ALCOA TUNGSTEN CO. INC.	USA	Certified	Tungsten	✓
CO000005	Kanshanbaoli Metallurgy	UNITED STATES	Certified	Tungsten	✓

Figure 4. Reference Smelters



Figure 4. Identification of Smelters by Country

## Customer Benefits

The company derived many tangible benefits by implementing the VeriSupply solution:

- Fully automated the supply chain tracking process
- Completely eliminated human errors and provided real-time feedback to suppliers
- Improved supplier experience
- Drastic reduction in labor costs from 4 FTE to less than 1 FTE required for compliance
- Timely reporting of CMRs data
- Simplify annual filing of CMRs
- Auditable process

## For More Information

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