

CHARLES RIVER LABORATORIES INTERNATIONAL INC
Form SD
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SD

Specialized Disclosure Report

Charles River Laboratories International, Inc.

(Exact name of registrant as specified in its charter)

State of Delaware **001-15943** **06-1397316**
(State or other jurisdiction **(Commission** **(IRS Employer**
of incorporation or organization) **File Number)** **Identification No.)**

251 Ballardvale Street

01887

Wilmington, Massachusetts
(Address of principal executive offices) **(Zip Code)**
David P. Johst, telephone: (781) 222-6000

(Name and telephone number, including area code, of the person to contact in connection with this report.)

Check the appropriate box to indicate the rule pursuant to which this form is being filed, and provide the period to which the information in this form applies:

Rule 13p-1 under the Securities Exchange Act (17 CFR 240.13p-1) for the reporting period from January 1 to
 December 31, 2016.

Introduction

Charles River Laboratories International, Inc. (Charles River) is a full service, early-stage contract research organization. We have built upon our core competency of laboratory animal medicine and science to develop a diverse portfolio of discovery and safety assessment services, both Good Laboratory Practice (GLP) and non-GLP, which is able to support our clients from target identification through non-clinical development. We also provide a suite of products and services to support our client's manufacturing activities. Utilizing our broad portfolio of products and services enables our clients to create a more flexible drug development model, which reduces their costs, enhances their productivity and effectiveness, and increases speed to market.

Charles River is aware of the grave concerns and global issues that stem from the commercialization of *Conflict Minerals* in the Democratic Republic of the Congo and its adjoining countries. Thus, Charles River has been actively working with its business partners and others to promote responsible sourcing of *Conflict Minerals* within its supply chain.

In accordance with Rule 13p-1 (17 CFR 240.13p-1) under the Securities Exchange Act of 1934, as amended, and Form SD (collectively, the Rule), Charles River has conducted a Reasonable Country or Origin Inquiry (RCOI) and related due diligence consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas*, and the *OECD Supplement on Tin, Tantalum, and Tungsten (Second Edition, 2013)* for its Endosafe Products (described below).

For purposes, hereof, all *capitalized and italicized* terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Rule.

Forward – Looking Statements

This disclosure may contain forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some forward-looking statements using forward-looking words, such as “intend” or the use of the future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Examples of forward-looking statements include, but are not limited to, statements concerning the steps we intend to take to mitigate the risk that our necessary *Conflict Minerals* may benefit armed groups.

Forward-looking statements are subject to risks and uncertainties that could cause actual actions or performance to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but

are not limited to: (i) the implementation of satisfactory traceability and other compliance measures by our direct and indirect suppliers, on a timely basis or at all; (ii) whether smelters and refiners and other market participants responsibly source *Conflict Minerals*, and (iii) political and regulatory developments, whether in the *Covered Countries*, the United States or elsewhere. You are cautioned not to place undue reliance on such forward-looking statements, which (if any) apply only as of the date of the filing of this disclosure. We do not intend, and undertake no obligation, to publish revised forward-looking statements to reflect events or circumstances after the date of filing this disclosure or to reflect the occurrence of unanticipated events.

Product Overview

Charles River does not procure or otherwise source *Conflict Minerals* for any of its products that it manufactures or contracts to manufacture, except with regards to its Endosafe Products.

Charles River's Microbial Solutions division provides clients with *in vitro* methods for conventional and rapid quality control testing of sterile and non-sterile biopharmaceutical and consumer products. In connection

therewith, the Microbial Solutions division contracts to manufacture for sale to third parties three (3) products (the Endosafe®-PTS™ Portable Test System; Endosafe®-nexgen PTS™ Portable Test System; and Endosafe®-MCS™ Multi-Cartridge System; collectively the Endosafe Products) that contain electronic components, some of which include certain *Conflict Minerals* (tantalum and tin) that are necessary for their functionality and/or production.

The Endosafe Products form a rapid, point-of-use test system comprised of test cartridges and use of a spectrophotometer where certain assays can be executed (*e.g.* Gram ID, Inhibition/Enhancement LAL, Glucan) and can determine if certain injectable therapeutics during the drug manufacturing and production processes are safe for human use (*i.e.* whether such therapeutics are endotoxin-free). Tantalum is used in certain capacitors within the power circuitry, as it dramatically reduces the size of the capacitor and eliminates chemical disposal issues; and tin is used to solder electronics components on printed circuit boards consistent with industry practice due to its reliable performance.

SECTION 1 – CONFLICT MINERALS DISCLOSURE

Item 1.01 Conflict Minerals Disclosure

Reasonable Country of Origin Inquiry Efforts

Charles River conducted, in good faith, a RCOI in accordance with the Rule, followed by related due diligence, in regards to its Endosafe Products and the *Conflict Minerals* utilized therein, which are necessary for their functionality and/or production. Our supply chain with respect to Endosafe Products is complex, as we purchase parts and materials directly, or contract with others to manufacture parts, from many suppliers; however, we do not purchase any *Conflict Minerals* directly from any smelters, mines or refiners. In most cases, there are multiple layers of third parties between Charles River and the ultimate upstream source of the *Conflict Minerals*.

We engaged 3E Company (a Verisk Analytics (Nasdaq: VRSK) business) (3E) to help us obtain information, representations and certifications concerning the presence of *Conflict Minerals* in our Endosafe Products, and the sourcing thereof (if any). Specifically, we identified 93 suppliers who provide Endosafe Product components which have the potential to contain *Conflict Minerals*. With the help of 3E, we developed and executed a communication and inquiry program whereby each identified supplier was contacted a minimum of four (4) times *via* phone-calls and email communications, and asked to complete an Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative Conflict Minerals Reporting Template (CMRT). The CMRTs and material correspondence from our suppliers were documented and aggregated into 3E's proprietary *3E Supply Chain Platform*, which can (among other functions) validate whether smelter and refineries used by suppliers are recognized as compliant with the Conflict-Free Sourcing Initiative (CFSI) and provide a risk assessment of our suppliers used. The following outputs were reported:

Response Rate: 90.7%, which represents the percentage of identified suppliers who responded to our inquiries regarding the presence of *Conflict Minerals* in our Endosafe Products, and the sourcing thereof.

- The responding suppliers account for 91.9% of the components used in the Endosafe Products.

Of responding suppliers:

- o 1 supplier reported no *Conflict Minerals* are present in their components sold to Charles River;

32 suppliers reported *Conflict Minerals* are present in their components sold to Charles River, and such *Conflict Minerals* are not sourced from any *Covered Country*;

5 suppliers reported *Conflict Minerals* are present in their components sold to Charles River, and such *Conflict Minerals* are sourced from a *Covered Country*, but such suppliers could otherwise represent they are not supporting armed groups since they buy *Conflict Minerals* exclusively from smelters and refiners that are CFSI compliant;

10 suppliers reported *Conflict Minerals* are present in their components sold to Charles River, and such *Conflict Minerals* are sourced from a *Covered Country*, but sourced from smelters or refiners not compliant with CFSI; and

35 suppliers could not provide sufficient detail as to whether they sourced from a *Covered Country* and/or whether smelters or refiners in their supply chain were CFSI compliant.

Note: Suppliers sourcing more than one Conflict Mineral for components sold to Charles River may have responded differently with regards to each Conflict Mineral sourced, and therefore any such supplier may have been allocated to more than one output above.

We are encouraged that the above represents improved engagement with our suppliers versus our previous disclosures (e.g. increase in suppliers representing responsible sourcing of *Conflict Minerals* (35, up from 20)). We credit the improvement to the maintenance of our internal and cross-functional Conflict Minerals Team (with members from Compliance, Legal, Procurement and Operations), which, with the help of 3E, actively engages with our suppliers and employees to explore solutions in sourcing *Conflict Minerals* responsibly, and raise awareness in our supply chain and among our employees of the issues and concerns surrounding *Conflict Minerals*.

We have maintained our Statement on Conflict Minerals Law Compliance (available at <http://ir.criver.com/phoenix.zhtml?c=121668&p=irol-Compliance>) which outlines our commitment to sourcing *Conflict Minerals* responsibly, and our Compliance & Ethics Hotline (available at 1-866-294-3699, or <http://helpline.criver.com>); and we've provided our suppliers and employees with access to 3E's Conflict Mineral Resource Centers where tutorials, further education, and other resources can be found regarding *Conflict Minerals* and compliance related laws and regulations.

Conclusion based on Reasonable Country of Origin Inquiry

Despite our efforts to date, including our RCOI and related diligence, and in consideration of the complexity of our supply chain and the Endosafe Products themselves, we could not determine that our supply chain was not sourcing *Conflict Minerals* from one or more of the *Covered Countries*. While we believe a 90.7% response rate from our suppliers and increase in representations therefrom that *Conflict Minerals* are sourced responsibly are significant, we understand further improvements to our evaluation efforts and diligence practices are needed to achieve 100% engagement with our suppliers and ultimately a supply chain that is *DRC Conflict Mineral Free*; and therefore, we will continue to work with our partners, suppliers and supplier candidates to further develop our evaluation efforts and diligence practices.

Conflicts Mineral Disclosure

This information is publicly available at www.criver.com at the SEC filings link on the investor relations page.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the duly authorized undersigned.

**CHARLES RIVER LABORATORIES
INTERNATIONAL, INC.**

By: /s/ James C. Foster

Name: James C. Foster

Title: Chief Executive Officer and Chairman of the Board

Date: May 30th, 2017

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