

## **Dodd-Frank Conflict Minerals: 2014 Begins Now!**

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Dodd-Frank Conflict Minerals (DFCM) (section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) applies to publicly-traded companies, beginning with calendar year 2013. The first SEC filing (Form SD) is due May 31, 2014. In preparing for “Year One,” companies have been performing activities for the first time – and may not have been thinking of how these activities will be done consistently in the years ahead.

Few companies care to repeat the level of effort that was required for Year One. How should companies proceed with Year Two?

- How often should product lists be reviewed?
- Should companies contact all their suppliers again? If so, how often?
- Who follows the change in conflict status in the portions of the Democratic Republic of Congo and surrounding countries?
- What if the Risk Management Plan for Year One becomes irrelevant?

Consider an example that might sound familiar from your experience at home. Suppose you can deduct contributions to qualifying non-profit organizations on your Federal tax return (disclaimer: the author is not a CPA). You only need the correct total once per year – the date you file your taxes. If you wait until January, it is too late to make the contribution for the prior year. April 14 is a lousy time to begin looking for those receipts. It is better to have a system throughout the year. Your system could be sophisticated, or you could collect receipts in a shoebox.

The author offers suggestions on DFCM compliance programs beginning Year Two.

- **Identify an owner.** Establish one person with primary responsibility for DFCM compliance and related programs on an ongoing basis. Include this responsibility in his/ her job description. If this is a part-time responsibility, offload enough other duties for the person to be successful.
- **Implement and document processes.** Activities in 2013 were a major project. In 2014, companies must implement a process. The precise elements of the system don't matter as much as having a system, using it consistently, and documenting it.
- **Learn from others.** Review filings of peer companies and compare your programs, reports, and commitments. Review filings of your customers, to see what they expect. Review filings of your suppliers to see if they match the information they provided to you. Follow influential Non-Governmental Organizations to identify expectations and risks.
- **Modify, if necessary.** If your initial system does not adequately demonstrate compliance, reflect the company's changing products or circumstances, or meet your risk tolerance, change it.

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