# The role of private industry in creating effective compliance procedures

By Sascha Matuszak

The evolution of the Conflict Minerals Reporting Template (CMRT) is an instructive lesson on the role private industry plays in creating protocols for compliance. The template came about as a response to new requirements for disclosure enshrined in Section 1502 of the <u>Dodd-Frank Wall Street Reform and Consumer Protection Act</u>,[1] known as the Dodd-Frank Act. The act became law in 2010, and the United States Securities and Exchange Commission (SEC) issued <u>the final rule</u> on the reporting requirement for publicly traded companies that deal with tungsten, tantalum, tin and gold in 2012.[2]

But there was a problem—no one knew exactly how to report. The U.S. Department of Commerce was tasked with providing resources and lists for private enterprise, but the department failed to provide usable resources. A <u>U.S. Government Accountability Office report</u>[3] released in 2014 chastised the department for failing private enterprise and called for a complete and effective list of resources. Private enterprise couldn't wait for that list to come out and instead did the work on their own. It was industry, ultimately, that would have to comply with the regulations and face the consequences for failing to do so.

According to Bill Olson, who worked for Motorola, Inc. as director of international and environmental technology when Section 1502 became law, "[Section 1502] was a law with no definition on the basic terms, and early on neither the Commerce Department nor the SEC wanted to support it." He added, "Commerce missed major deadlines the first year; they were in arrears. For example, they were required to come up with a smelter list but didn't have one ... there was this law in place that impacted SEC reporting of thousands of U.S. companies, but there was no infrastructure to support it."

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