

Compliance Trends

with Dodd-Frank Section 1502



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Compliance Analyst

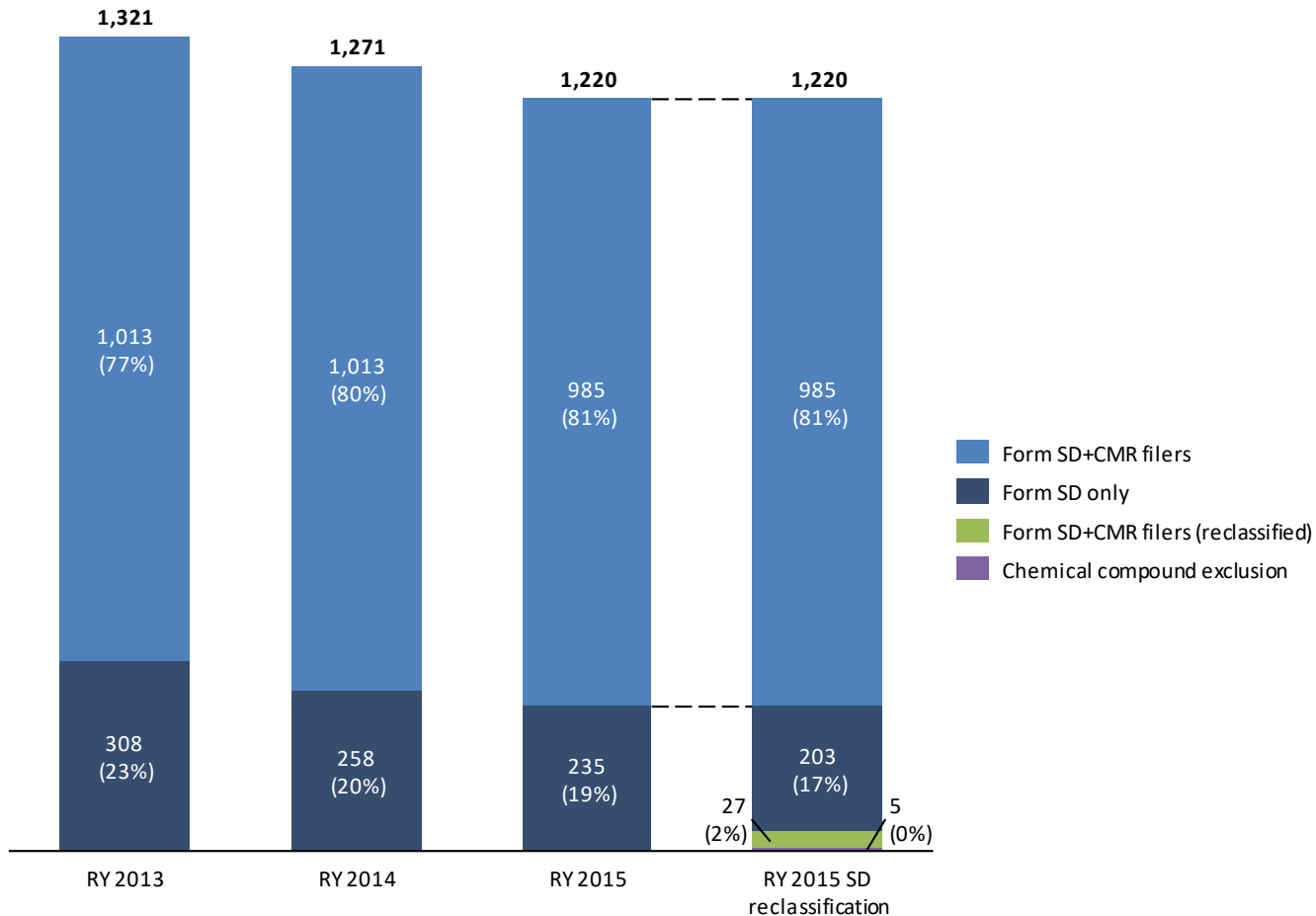
[Development International](#)

CFSI Annual Meeting
November 10, 2016
Santa Clara, California

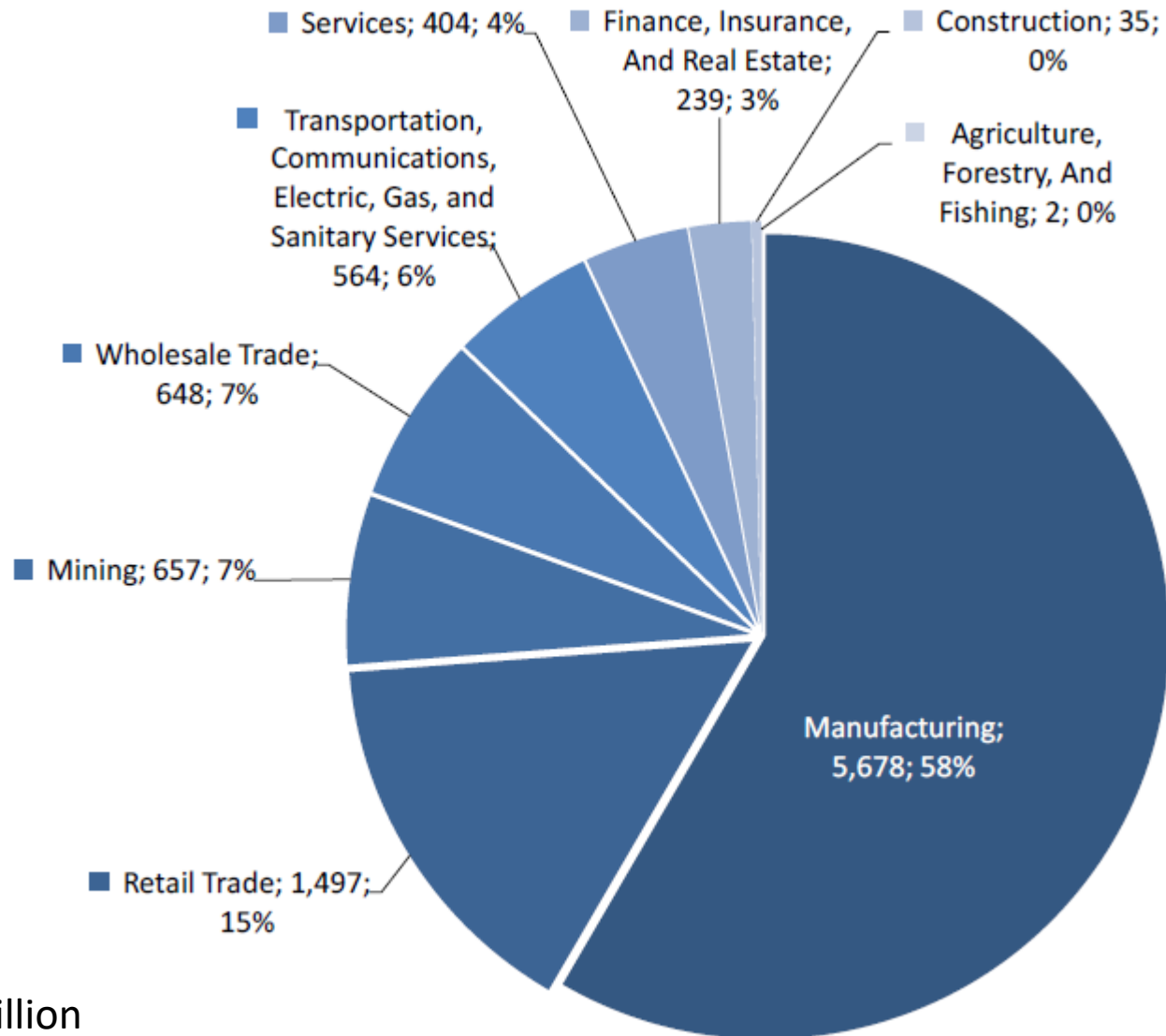
Topics:

1. SEC compliance (RY 2014 & 2015)
2. OECD conformance (RY 2015)
3. Due diligence red flags
4. Trade law compliance
5. Updated report / scorecards
6. CA-TISCA round 2

RX 2013, 2014, 2015 turnout



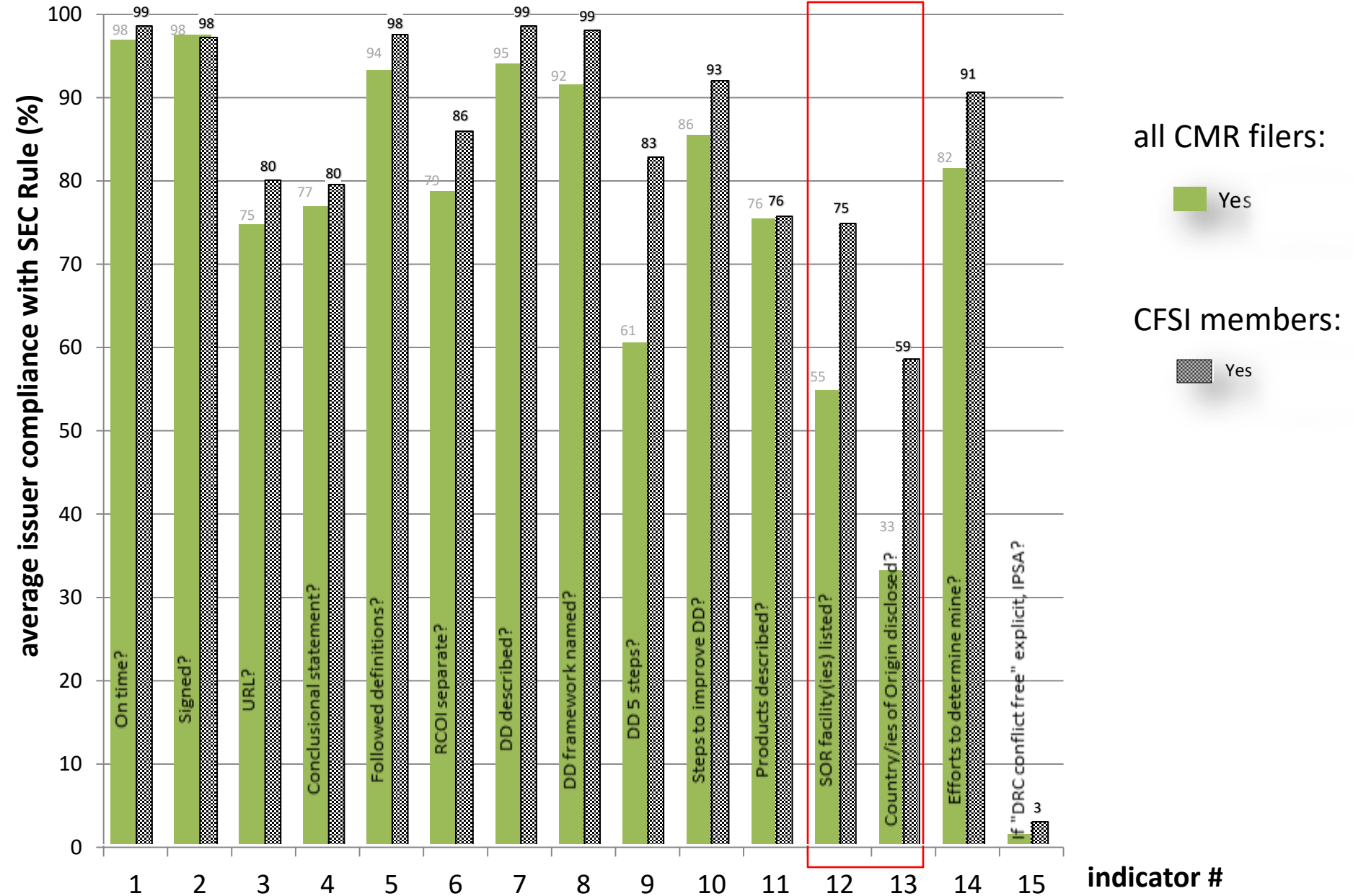
Revenue of affected industries (in US\$ billion)



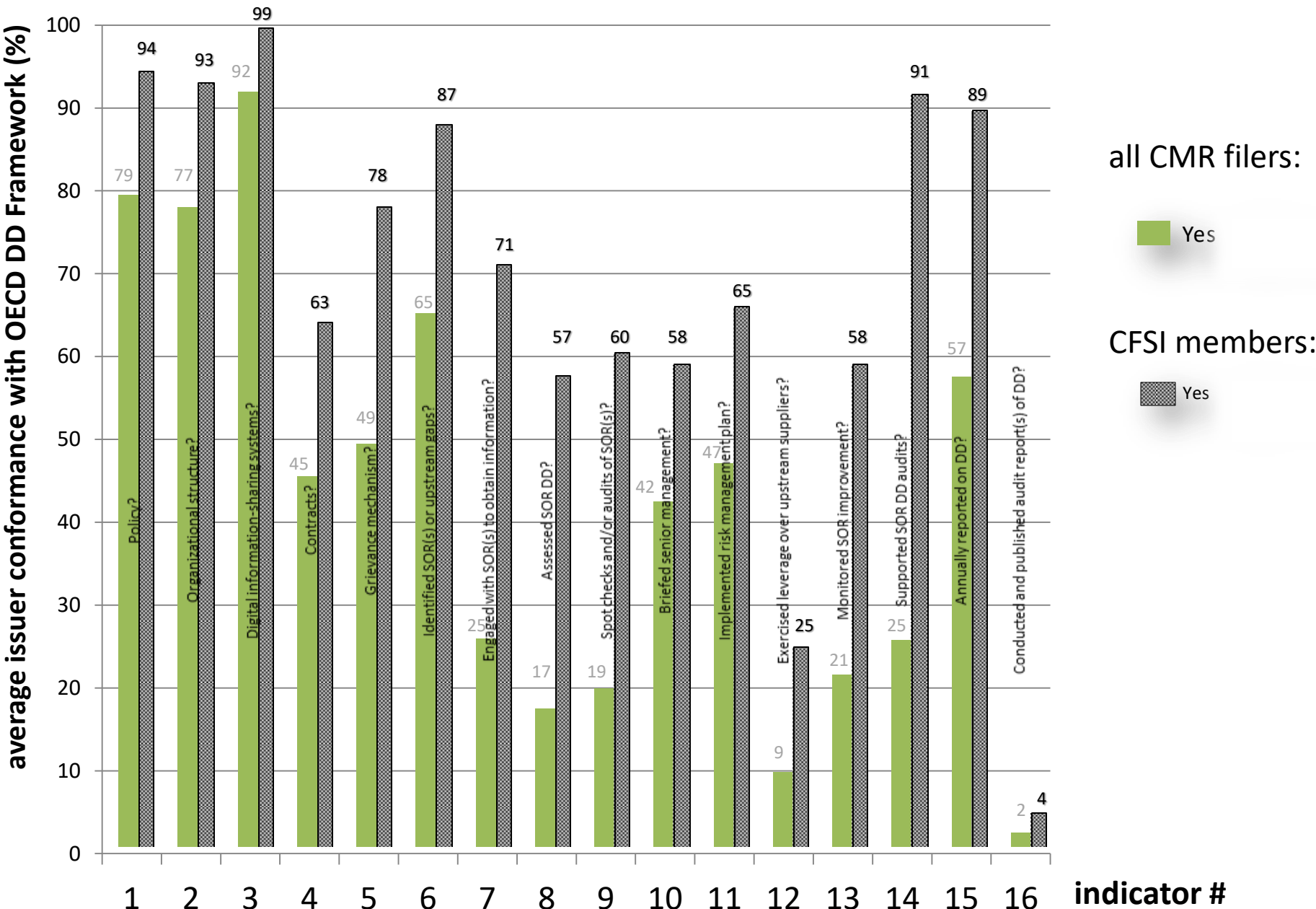
total: US\$ 9.7 trillion



SEC Compliance – CFSI members vs. all CMR filers

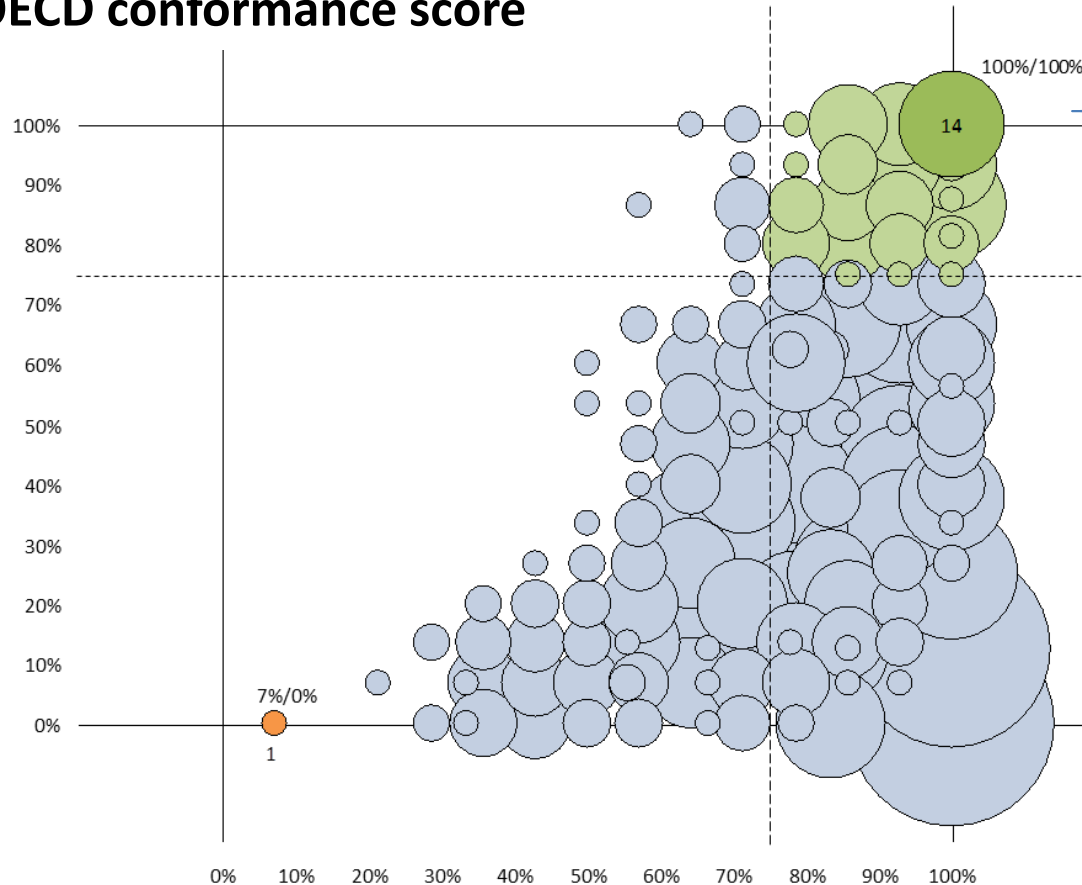


OECD Conformance – CFSI members vs. all CMR filers



14 issuers with a perfect 100-100 score

OECD conformance score



APTARGROUP
CHICAGO BRIDGE IRON
CHINA MOBILE*
CREE
CURTISS WRIGHT CORP
HASBRO
HP
HUGHES SATELLITE SYSTEMS
INTEL
INTERNET INITIATIVE JAPAN
KEY TECHNOLOGY
MSC INDUSTRIAL DIRECT
NVIDIA
QUALCOMM

SEC compliance score

*appears to be boycotting 3TG from the DRC



The companies with above 75% on both scores:

- Demonstrate fully-fledged risk management operations
 - robust due diligence policies, system and processes in place
 - capable of penetrating their 3TG supply chains
 - btw, an operational supply-chain risk management system can be leveraged for conflict minerals today, human slavery tomorrow, and child labor for example in the next decade
- Instrumentalize, where appropriate and opportune, 3rd parties to do specific work for them, especially where collective action is needed:
 - engaged and supported upstream and/or SOR level traceability and verification initiatives, such that they themselves were able to access and report out SOR and COO-level data
 - CFSI members on multiple working groups / teams
 - engaged leading data exchange / software platforms
- They work with carrots and sticks to drive supplier and supply-chain compliance with their OWN policies, executing consequences for non-compliance where necessary.



Implausible COO and SOR countries

- An *implausible SOR country* is the DRC
 - **24** companies list the DRC as an SOR country in their supply chains!
- *9 implausible COO countries* are: Hong Kong, Taiwan, UAE, Switzerland, Netherlands, Belgium, Singapore, Israel, Luxemburg
 - Of the 555 companies that listed their 3TG COOs, **303** submitted one or more implausible COOs!



Trade law compliance

- **1** company listed North Korea as a possible Country of Origin of Gold contained in its products
- **179** CMR filers listed North Sudan as an SOR country in their supply chain
- **244** filers disclosed that they had – or likely had – gold in their necessary products that was refined by *Fidelity Printers Ltd.* in Zimbabwe
 - linked to the sanctioned Sino Zimbabwe Development (Pvt) Ltd



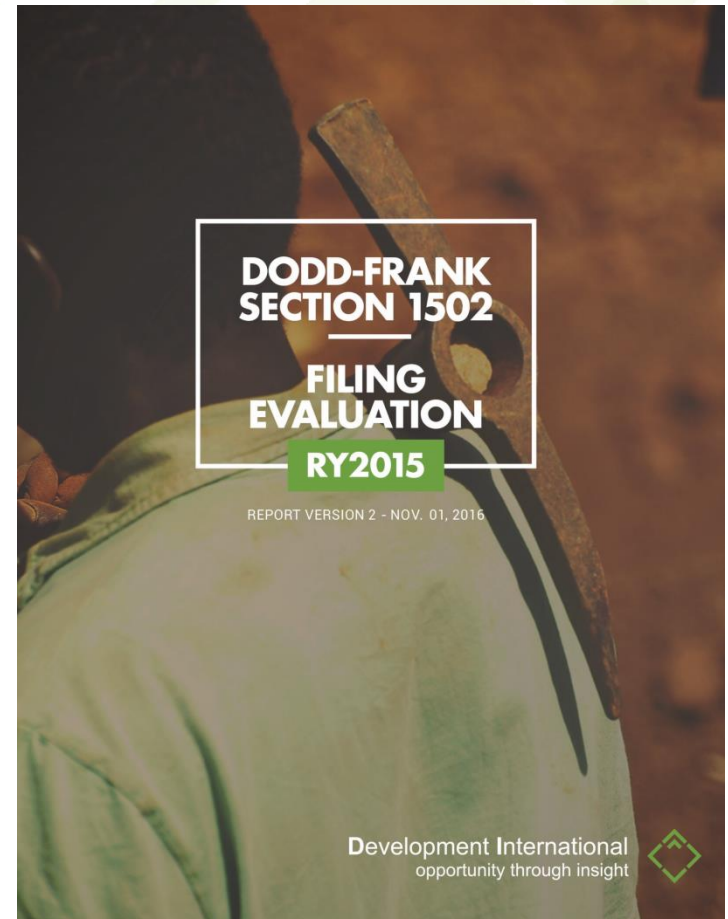
Tally

	<i>SEC</i>	<i>OECD</i>	<i>trade matters</i>		<i>data quality control</i>			
	SEC compliance score (%)	OECD conformance score (%)	Issuers with “Fidelity Printers” #	Issuers with “Sudan Gold Refinery” #	Implausible SOR countries #, %		Implausible COO countries #, %	
CFSI members	87.6%	72.3%	60	39	11	46%	128	42%
non-CFSI members	80.5%	32.6%	184	140	13	54%	175	58%
<i>total average</i>	81.7%	39.6%						
<i>total</i>			244	179	24	100%	303	100%

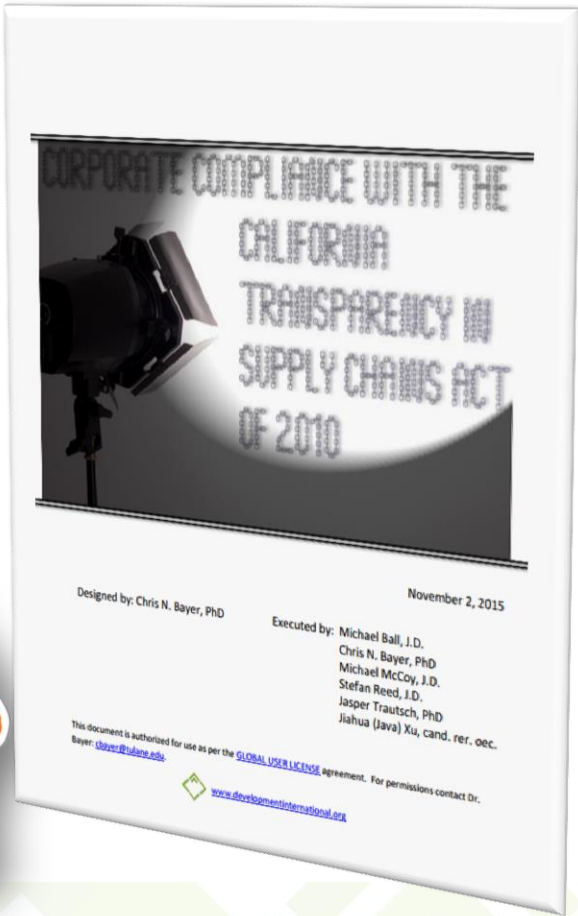



*Version 2 of the report
and the final scorecards,
published Nov 1st, 2016,
may be accessed on the
DI website:*

www.developmentinternational.org



Up next: 2nd benchmarking study of *Corporate Compliance with CA-TISCA (SB 657)*



Development International
opportunity through insight 

CA-TISCA (SB657) Scorecard ABB LTD

Intro
This CA-TISCA Scorecard is based on the methodology as laid out in our Corporate Compliance with the California Transparency in Supply Chains Act of 2010 report of November 2, 2015. To access the report, click [here](#). In case of any questions please contact cbayer@tulane.edu.

Basic Information

Disclosing Group: ABB LTD

Homepage: www.abb.com/us

Statement: www.abb.com/us/about/california-transparency

Overview

	Compliance score: 3 / 6	Affirmative Score*: 2 / 5
1.A. Link	● ● ● ● ● ●	● ● ● ● ● ●
2.A. Verification	● ● ● ● ● ●	● ● ● ● ● ●
2.B. Verification	● ● ● ● ● ●	● ● ● ● ● ●
3.A. Audit	● ● ● ● ● ●	● ● ● ● ● ●
3.B. Audit	● ● ● ● ● ●	● ● ● ● ● ●
4.A. Certification	● ● ● ● ● ●	● ● ● ● ● ●
5.A. Internal Accountability	● ● ● ● ● ●	● ● ● ● ● ●
6.A. Training	● ● ● ● ● ●	● ● ● ● ● ●

www.developmentinternational.org



Namaste!

