

## Human Trafficking/Slavery Eradication Disclosure

SB 657 (Steinberg; D-Sacramento)—the California Transparency in Supply Chains Act—was enacted in 2010 (Chapter 556, Statutes of 2010). It goes into effect on January 1, 2012.

Every retail seller and manufacturer doing business in California with worldwide gross receipts that exceed \$100 million must disclose with a “conspicuous and easily understood link” on its website (with a link on the homepage)\* its efforts to eradicate slavery and human trafficking from its direct supply chain.

The legislation states: “It is the policy of this state to ensure large retailers and manufacturers provide consumers with information regarding their efforts to eradicate slavery and human trafficking from their supply chains, to educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains, and, thereby, to improve the lives of victims of slavery and human trafficking.”

The legislation defines a “manufacturer” and a “retail seller.” ([See SEC. 3. 1714.43\(a\)\(2\)\(C\) and \(D\).](#))

The Franchise Tax Board is to provide the state Attorney General with a list of companies that are required to comply by November 30, 2012 and is to submit that list each November 30 thereafter. The initial list is to be based on tax returns filed for taxable years beginning on or after January 1, 2011.

The disclosure must, at a minimum, disclose the extent to which the company does each of the following:

1. Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.
2. Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.
3. Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
4. Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
5. Provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

The exclusive remedy for violations is an Attorney General action for injunctive relief.

\*If there is no website, companies have 30 days to provide written disclosure upon receipt of a written request from a consumer.