



April 1, 2015

CONFIDENTIAL

[REDACTED]
Attn: General Counsel
[REDACTED]

RE: The State of California's Transparency in Supply Chains Act

Dear Sir or Madam:

The California Department of Justice has been conducting a compliance review of disclosures by retail sellers and manufacturers pursuant to the California Transparency in Supply Chains Act of 2010 (Sen. Bill No. 657 (Steinberg)). You are receiving this informational letter because [REDACTED] may be subject to the Act's disclosure requirements.

This informational letter is not a determination of your company's compliance with, or violation of, the Act. It is, however, notice that your company must post on its Internet website the required disclosures if it meets the eligibility criteria – namely, if your company is a retail seller or manufacturer doing business in California and has annual worldwide gross receipts that exceed \$100,000,000. (Cal. Civ. Code, § 1714.43, subd. (a)(1).)

The Transparency in Supply Chains Act is the result of the California Legislature's finding that efforts to address the market for goods and products tainted by slavery and trafficking have been lacking. (Sen. Bill No. 657, § 2, subd. (f).) Without publicly available disclosures, the Legislature has determined that consumers are at a disadvantage in either being able to distinguish companies on the "merits of their efforts to supply products free from the taint of slavery and trafficking" or to use their purchasing decisions to force the eradication of slavery and trafficking. (*Id.* at § 2, subd. (i).) As a result, the Act represents the State of California's intent to ensure that 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. (*Id.* at § 2, subd. (j).)

The Act requires covered retail sellers and manufacturers to post disclosures – applicable to five specific categories – about their efforts to eradicate slavery and human trafficking from their product supply chains. (Cal. Civ. Code, § 1714.43.) As to each, the entity must at a minimum “disclose to what extent, if any,” it does the following:

1. **Verification.** 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. **Audits.** 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. **Certifications.** 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. **Accountability.** Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
5. **Training.** 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.

(Cal. Civ. Code, § 1714.43, subs. (c)(1)-(5).)

The disclosures must be prominently displayed. For those covered retail sellers and manufacturers with Internet websites, they must post the disclosures “with a conspicuous and easily understood link to the required information placed on the business’ homepage.” (Cal. Civ. Code, § 1714.43, subd. (b).) If a covered retail seller or manufacturer does not have an Internet website, “consumers shall be provided the written disclosure within 30 days of receiving a written request for the disclosure from a consumer.” (*Ibid.*)

A covered entity’s failure to post the required disclosures is a violation of the Act. This office has the exclusive jurisdictional authority to bring an injunctive relief action for any alleged violation. (Cal. Civ. Code, § 1714.43, subd. (d).)

If your company has posted the required disclosures on its Internet website or, alternatively, takes the position that it is not required to comply with the Act, we request that – within 30 days of this letter’s date – you complete the form accessible at <http://oag.ca.gov/sb657> and provide this office with (1) the web links (URLs) to both your company’s Transparency in Supply Chains Act disclosures and its homepage containing a link to the disclosures; and/or

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(2) information demonstrating your company is not covered by the Act. In order to access the response form, please follow the “Compliance Information Submission” link in the Corporate Compliance Portal at <http://oag.ca.gov/sb657>. After completing the form, you can submit the information to this office at the webpage, which will require entering Registration Code [REDACTED] at the bottom of the form.

In the coming weeks, the California Department of Justice will issue an informational resource guide containing recommendations for companies to consider in complying with the Transparency in Supply Chains Act. The guide will not be a set of regulations, mandates, legal opinions, or legal advice. It will be a useful tool for your company, but not a substitute for the Act’s requirements. As a result, the guide’s upcoming release should not delay your compliance duties.

Your compliance with the Act is an important part of California’s multi-pronged efforts to address the problem of slavery and human trafficking. To learn more about how slavery and trafficking affect our state and this office’s law enforcement and victim-assistance efforts, we invite you to read our topical reports, *The State of Human Trafficking in California 2012* and *Gangs Beyond Borders: California and the Fight Against Transnational Organized Crime* (accessible at <http://oag.ca.gov/human-trafficking/2012> and <http://oag.ca.gov/tco>, respectively).

Should you have any questions with regard to the foregoing, you may contact us by email at SB657@doj.ca.gov.

Sincerely,



ANGELA SIERRA
Senior Assistant Attorney General
Civil Rights Enforcement Section