

**Retail Team**

November 1, 2011

To: Our Clients and Friends

## California Requires Retailers and Manufacturers to Comply with Anti-Slavery and Human Trafficking Law by January 1, 2012

### **New Law Requires California Companies to Disclose Efforts to Fight Slavery and Human Trafficking**

The California Transparency in Supply Chain Act ("Act"), signed into law by Governor Schwarzenegger in September 2010 and effective on January 1, 2012, requires retailers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for goods offered for sale. The disclosure must be posted on the retailer or manufacturer's website with a conspicuous and easily understood link from the homepage.

### **Covered Retailers and Manufacturers**

Every retailer and manufacturer doing business in California with more than one hundred million dollars (\$100,000,000) in annual worldwide gross receipts will be subject to the Act's disclosure requirements. Every year, the California Franchise Tax Board will provide the Attorney General with a list of companies required to make the disclosure based on tax returns filed beginning after January 1, 2011.

### **Requirements of the Act**

Every covered retailer and manufacturer must disclose to what extent, if any, it does the following:

- Verifies its product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure must specify if the verification was not conducted by a third party.
- Performs audits of suppliers to assess supplier compliance with company efforts to fight slavery and human trafficking in supply chains.
- Discloses whether the verifications performed are independent, unannounced audits.
- Requires direct suppliers to certify that materials incorporated into its products comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- Maintains internal accountability standards and procedures for employees and contractors failing to meet company standards regarding slavery and human trafficking.
- Conducts training on anti-slavery and human trafficking for company employees and management who have direct responsibility for supply chain management, particularly with respect to mitigating risks within the supply chains.

## Required Action

Every company subject to the Act must assess its current supply chain operations and determine how it will respond to the required disclosures about company policies and procedures to address potential slavery and human trafficking in its supply chain. The company must prepare and post a disclosure on its website by January 1, 2012, addressing the issues set out above and be prepared to respond to inquiries about those policies and procedures. Bryan Cave has developed cost-effective strategies for many retail clients to address these issues and to help clients prepare the necessary disclosures.

## Contact Information

If you have any questions or would like additional information on this topic, please do not hesitate to contact David Stepp at (310) 576-2199 or [david.stepp@bryancave.com](mailto:david.stepp@bryancave.com) or Marcy Bergman at (415) 675-3421 or [marcy.bergman@bryancave.com](mailto:marcy.bergman@bryancave.com). You can also contact any member of our [Retail Group](#) to more information on this new law.