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# ❖ SPC&B Update ❖

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A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

March 3, 2011

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## *New California Law Requires Anti-Slavery Supply Chain Disclosures*



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Before leaving office, California Governor Schwarzenegger signed a law requiring certain retailers and manufacturers selling goods in the state of California to disclose information relating to their companies' efforts to eliminate slavery and human trafficking from their supply chain. The law, entitled the "California Transparency in Supply Chains Act of 2010," targets large retailers and manufacturers – those with annual gross receipts above \$100 million.

**Effective January 1, 2012**, each retailer and manufacturer subject to the law must disclose to what extent, if any, its company:

- 1) Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery, and whether the verification is conducted by a third party.
- 2) Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains, and if the verification is accomplished by 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 training to company employees and management who have direct responsibility for supply chain management, on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

Companies subject to the law must post the disclosure on their websites with a "conspicuous and easily understood link to the required information" appearing on the homepage. Companies without websites must provide a written disclosure within 30 days of receiving a written request.

It is currently unclear how the law will affect non-retail importers, although at the very least they can expect to be contacted by their large retail customers regarding suppliers' compliance with company standards.

For additional information on this matter, please contact Donna Shira or Gail Cumins, [dshira@spcblaw.com](mailto:dshira@spcblaw.com) or [gcumins@spcblaw.com](mailto:gcumins@spcblaw.com) respectively, or call (212) 425-0055.

75 Broad Street  
New York, New York 10004  
Phone: 212-425-0055  
Fax: 212-425-1797  
212-742-2180

SHARRETTS, PALEY, CARTER & BLAUVELT, P.C.

[www.spcblaw.com](http://www.spcblaw.com)  
Email: [customs@sharretts-paley.com](mailto:customs@sharretts-paley.com)

1660 L Street, N.W.  
Washington, D.C. 20036  
Phone: 202-223-4433  
Fax: 202-659-3904

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