

▶ **FORCED LABOR IN  
SUPPLY CHAINS:**

*Addressing Risks and Safeguarding  
Workers' Freedoms*



**FAIR LABOR**  
ASSOCIATION®



**F**orced labor, trafficking, and modern slavery (referred to collectively herein as forced labor) are human rights abuses persistent in global supply chains. The International Labour Organization (ILO) estimates that, [in 2016, 16 million people](#) were in situations of forced labor in the private sector. Companies must be vigilant in their commitment to safeguard workers' rights, in particular with regard to the risk of forced labor. Global efforts to tackle the problem of forced labor include new laws and regulations as well as new benchmarking initiatives aimed at highlighting the best and worst practices amongst companies. Companies face serious legal and reputational risks if they do not take effective action to prevent forced labor in their global supply chains.

The Fair Labor Association's (FLA) stand against forced labor has been evident since the organization's foundation in 1999. FLA standards on forced labor detail more than a dozen indicators for companies evaluating whether their suppliers or producers are upholding their human rights commitments and can be used at any supply chain level. The FLA Workplace Code of Conduct (the FLA Code) clearly states that there "[shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.](#)"

This brief focuses on international standards, frameworks and best practices for identifying and eradicating forced labor in supply chains. It explains the indicators of forced labor as set out in the FLA Code, provides examples of risks and violations reported by the FLA's on-the-ground assessors, and offers recommendations of proactive and cooperative steps that companies can take to ensure suppliers do not engage in, contribute to, or tolerate forced labor.



## ILO INDICATORS OF FORCED LABOR

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime.

### *International Standards*

Legal and regulatory frameworks prohibiting forced labor have been proliferating over the course of the last decade as international bodies and governments tackle the persistent problem of forced labor in global supply chains.

The ILO's Forced Labor Convention, 1930 (No. 29) defines forced labor as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily." Therefore, to determine whether work constitutes forced labor, one must examine two components:

- The real or credible threat of penalty, and
- A lack of free and informed consent.

In 2016, the [ILO's Forced Labor Protocol](#) entered into force; it requires ratifying states to take measures to prevent, protect and remedy in their efforts to suppress forced labor according to the provisions of the Forced Labor Convention. Beyond the work of the ILO, the [United Kingdom](#) and [Australia](#) have each enacted a Modern Slavery Act. These acts require companies with revenues above a specified amount to annually disclose measures taken to identify and prevent slavery and human trafficking in their business or supply chains. In addition, there are a number of federal and state laws in the United States and elsewhere aimed at curbing forced labor. For a summary of the main legal and regulatory frameworks regarding forced labor, please see the Appendix.

## **FAIR LABOR ASSOCIATION STANDARDS**

Beyond the basic requirement that **"workers shall have the right to enter into and to terminate their employment freely,"** and the clear prohibitions on **"prison labor [and] bonded labor,"** FLA standards also require that workers

- must not be bound to their jobs by debt,
- must have reasonable freedom of movement at work, and
- must not be forced to work overtime.

Companies assessing entire supply chains against these standards — and working to remediate the violations they find — are well situated in an evolving global economy in which governments, consumers, investors, and civil society are expressing increasing concern about companies' connections to forced labor.



## **Responsible Recruitment and Forced Labor**

With the rise in global migration and related increase in migrant labor, recruitment practices have come under greater scrutiny in the last several years as a key forced labor indicator. Migrant labor (domestic and international) tends to be one of the most vulnerable sectors of the workforce when it comes to abuse of human rights. The use of unscrupulous recruiting practices may lead to situations akin to debt or bonded labor.

[The ILO reports](#) that 51% of workers in situations of forced labor in the private sector experience debt bondage – this amounts to about 8 million people. The ILO has highlighted the issue of abusive recruitment techniques since 2015 with its [Fair Recruitment Initiative](#). This multi-stakeholder initiative works to combat human trafficking, protect the rights of workers (including migrant workers) from abusive and fraudulent recruitment practices, and reduce the cost of labor migration.

In October 2018, the American Apparel and Footwear Association (AAFA) and the FLA announced a [joint commitment](#) to responsible recruitment. This proactive industry effort addresses potential forced labor risks for migrant workers. The 136 signatories commit to the following:

- no workers pay for their job,
- workers retain control of their travel documents and have full freedom of movement, and
- all workers are informed of the basic terms of their employment before leaving home.

Other organizations and companies have increasingly been addressing this issue, especially with the uptick in migrant labor:

- [The Leadership Group for Responsible Recruitment](#) was launched in May 2016 by leading companies and expert organizations to drive positive change in the way that migrant workers are recruited.
- The Interfaith Center on Corporate Responsibility (ICCR) has a [“No Fees” Initiative](#), encouraging companies across many industries to pledge that they will forbid workers to be charged recruitment fees in their supply chains, to prevent the risk of bonded labor.

## **Benchmarking Initiatives**

Over the last five years, efforts to benchmark entire sectors’ progress (or lack thereof) in combatting forced labor have increased with the goal to improve transparency and develop a public record. These initiatives have provided valuable insights into what companies are, and aren’t doing, to combat forced labor.

[Know the Chain](#), a collaborative partnership of four organizations with significant expertise in addressing forced labor, has evaluated companies’ records on forced labor in three industry sectors — apparel and footwear, food and beverage, and communications technology. It uses benchmarking as a tool to identify and share best practices with the goal of informing companies’ and investors’ decision-making. Know the Chain notes that companies with “responsible supply chain practices not only protect vulnerable workers, but they also guard against legal, reputational, and financial risks.”



In April 2019, Know the Chain [released a report](#) analyzing its findings from the previous three years. The report noted that, despite some improvements, there were specific areas “essential to systemic change” that need work, including:

- Responsible recruitment (addressing exploitative recruitment practices);
- Worker voice (empowering workers to exercise their rights); and
- Supply chain due diligence beyond Tier 1.

The [Corporate Human Rights Benchmark](#) is a collaboration led by investors and civil society organizations dedicated to creating an open and public benchmark of corporate human rights performance. It evaluates companies on their human rights record as a whole; this includes efforts to combat forced labor. This benchmark is based on publicly available information, and thus encourages companies to increase their transparency by reporting on positive steps they have taken to respect human rights. One of the objectives of this benchmarking initiative includes making “corporate human rights performance easier to see and simpler to understand for a wide range of audiences – inside and outside companies.” In addition, it enables investors to incorporate the social ‘costs’ to better represent the true cost of doing business.

### ***Forced Labor - What to Look For***

The FLA believes no worker should be unable to leave a job at will because of the burden of a heavy recruitment debt to an employer. No migrant worker should have to worry about being able to return home freely because an employer is withholding a passport, other important legal documents, or the worker’s wages. And no worker should have to risk termination because s/he is unable to work overtime or chooses not to.

To address the risk of forced labor in its global supply chain, what should a company look for? Below we explain some of the most common forced labor findings reported by FLA assessors in recent years as part of our effort to increase awareness of forced labor indicators, and to remind our affiliates of their commitments and obligations. It is vitally important that these indicators of forced labor be viewed holistically – each element on its own may not always rise to the level of forced labor, but when taken in conjunction with other elements, may paint a very different picture. Furthermore, forced labor indicators can arise during all phases of the employment lifecycle, and it is essential to be vigilant of this risk throughout a worker’s employment relationship with a company.



## **Code Element: Forced Labor**

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

Workers must not be bound to their jobs by debt, must have reasonable freedom of movement at work, and must not be forced to work overtime.



## 1. Recruitment Fees and Wage Advances



### FLA Code F.7: Freedom of Movement/Workers' Ability to Terminate –

Employers shall not utilize practices that restrict workers' freedom of movement.



### FLA Code F.3: Debt/Bonded Labor –

Employers shall not bind workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer.

When an employer or recruitment agency imposes recruitment fees or deposit requirements, a worker without enough money to pay these costs upfront may be provided with a loan by a labor contractor, a wage advance by a factory, or even a loan from a private lender (often provided at extremely high interest rates). Such workers risk being unable to freely leave their job until all debts are paid — an employment situation tantamount to bonded labor.

For this reason, **the FLA Code states that workers must never be required to pay for their job.** They must not be required to pay recruitment costs or any fees imposed by labor contractors, employment agencies, third party labor brokers, or any other entity. If suppliers choose to follow a hiring process that results in recruitment fees — or unavoidable recruitment costs, such as when pre-employment health examinations are required by law — the employers

themselves must bear these costs. It is essential that employers audit and monitor any third party agents utilized in the recruitment and hiring process.

Through [assessments of factories and farms](#) around the world, it is clear that migrant worker populations are especially vulnerable to recruitment debt that binds them to their jobs. During the course of agricultural and factory assessments in Turkey, Jordan, and Southeast Asia, the FLA found migrant workers in debt to their employers or recruiters. For example, FLA assessments in Jordan revealed workers being charged fees as high as \$526, or nearly two months' wages, and in Malaysia as high as \$975, or more than three months' wages. FLA assessors uncovered other unfair recruitment practices including deceptive communication about the terms and conditions of work, document retention (see also item 2 below), unsafe transit passages, and failure to enforce legal requirements.

Similarly, wage advances made after a worker begins employment can create a debt bondage relationship between the worker and employer, since it is not possible for the worker to leave without working off the debt. To reduce the risk of an exploitative employment relationship, FLA benchmarks state that after a worker is hired, wage advances must never exceed three months' pay or legal limits, whichever is lower.



## 2. Control of Employee Documents



### **FLA Code F.9: Personal Workers Identification and Other Documents –**

Workers shall retain possession or control of their passports, identity papers, travel documents, and other personal legal documents.

FLA standards require that workers must be permitted to retain possession of all personal identity papers, passports, work permits, and other legal documents. However in practice, FLA assessors often find that employers demand that migrant workers hand over their passports to factory management, labor contractors, or recruitment agencies.

In some cases, employers will explicitly require workers to forfeit their personal documents; in other cases, pressure to relinquish personal documents may be more subtle. For example, some migrant workers have reported that upon arriving for work in a foreign country, they were not aware of their right to retain their personal documents, and simply followed the example of other workers who willingly turned over their passports to the employer.

When passports are kept by factory management, workers may not be able to move freely if management will not relinquish the documents or may be charged fees to recover these documents (also forbidden by the FLA Code). FLA standards hold brands accountable for ensuring that suppliers clearly inform workers that they may retain their passport and all other documents, and that workers cannot be charged fees or required to leave a deposit to ensure their return to the factory if they choose to travel during time off.

Workers must be permitted free and easy access to their personal documents at all times, even in cases where factories can demonstrate that workers consented to retention of their documents, such as when workers signed release forms.

## 3. Employer-Controlled Residences



### **FLA Code F.5: Employer Controlled Residence –**

Employers shall not require workers to live in employer-owned or -controlled residences as a condition of recruitment, continued employment or to receive the same terms of employment and working conditions as other workers in the same position.

Any employer action that unreasonably holds a worker within an employer-controlled space is a violation of the FLA Code. FLA standards require that workers must be free to choose their own housing. Some workers may choose to live in company-controlled dormitories during their employment. If they choose the housing offered by the employer, they must remain reasonably free to come and go as they please. In some countries, such as Malaysia, local law requires employers to provide housing for migrant workers. In situations such as these, the employer may not charge workers or deduct an amount from their salary to account for the housing.

FLA assessors have found employers establishing curfew rules for worker housing (prohibiting leaving the dormitory after a certain time of night). Whether workers' freedom of movement is restricted by an employer policy – or as we have observed in some cases through the locking of doors – their rights (and FLA standards) are being violated.



## 4. Mandatory Overtime



### **FLA Code HOW.8.5: Forced Overtime/ Exceptional Circumstances –**

Employers shall enact a voluntary overtime system, including for overtime mandated to meet exceptional circumstances.



### **FLA Code HOW.2: Rest Day –**

Workers shall be entitled to at least 24 consecutive hours of rest in every seven-day period.



### **FLA Code HOW.4.1: Protected Workers –**

The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18.



### **FLA Code C.7.2: Calculation Basis for Overtime Payments –**

Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country.

The FLA Code requires that all overtime be consensual and voluntary, with no punitive consequences for workers who refuse overtime, “including for overtime mandated to meet exceptional circumstances.” In recent years, FLA assessors have found violations of this standard in factories in China, Jordan, Vietnam, Turkey, and the United States. In these cases, brands should require that suppliers remove any mandatory overtime requirements written into the factory’s policies and procedures and ensure that workers and managers understand that workers must not be compelled to work involuntary overtime. Brands should also be aware that mandatory overtime is often linked to additional violations, such as failure to provide workers with one rest day in every seven, violations of legal limits on working hours for young workers and pregnant women, or workers not being compensated for their work at premium overtime rates.

In some cases, the presence of a mandatory overtime policy may indicate a more systemic problem with a factory’s production planning and hours of work management. For example, in some factories where workers were threatened with termination if they refuse to work overtime, FLA assessors also found factory management regularly planning for a production schedule of 50 to 55 hours (or more) per week for workers when the FLA Code states that a regular work week shall not exceed 48 hours. In addition to making adjustments at the factory level, such violations may require brands to collaborate with suppliers to achieve a working environment that meets FLA agreed upon standards for hours-of-work and fair compensation.



## 5. Production Targets Too High



### **FLA Code ER.24: Administration of Hours/Production –**

Employers shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond regular working hours as set under the FLA Workplace Code, excluding overtime, in order to make at least the minimum wage or the prevailing industry wage, whichever is higher.

FLA standards prohibit employers from setting piece-rate production targets so high that employees must work overtime to earn the equivalent of the legal minimum wage. For example, one FLA assessment in Haiti found that a factory's piece-rate was set so high that workers took 9.5 hours to sew enough garments to earn an amount equal to eight hours compensated at the local minimum wage. While piece-rate workers may choose to work voluntary overtime hours to increase their pay, adherence to FLA standards requires adjusting piece rates and production targets so that workers putting in a regular workweek, without overtime, can earn wages that can meet their basic needs and provide some discretionary income.

## 6. Timely Payment



### **FLA Code C.4: Timely Payment of Wages –**

All wages, including payment for overtime, shall be paid within legally defined time limits.

Finally, when workers aren't paid on time, they may fear that they will never receive their payment if they leave their job. Timely payment is important for many reasons, especially because workers' livelihoods and the security of their families and dependents rely on the stability of a predictable income. At the same time, timely payment helps ensure that workers' continued employment is freely chosen.



## RECOMMENDATIONS

In recent years, the FLA has found that most forced labor violations uncovered by factory assessments have related to some form of a mandatory overtime policy, or required overtime in production planning for the regular workweek, or both.

While all forced labor violations are serious on their own, they also tend to be accompanied by related workplace violations. Piece-rate workers facing unreasonable or impossible production targets may be forced to work excessive hours or accept wages insufficient to meet their needs. Workers forced to pay fees or commissions to labor contractors may receive net wages lower than the legal minimum. And workers locked in an employer-controlled dormitory, or forced by company policy to live there, may face health and fire-safety risks in the absence of freedom of movement.

The prevention of forced labor, and laying the groundwork for any necessary remediation, requires proactive communication between FLA-affiliated brands and their suppliers.

Companies should:

- ▶ Ensure suppliers understand FLA standards as well as indicators of forced labor as defined by the ILO and best practices.
- ▶ Ensure that company staff are aware of which parts of the supply chain are at greatest risk for forced labor, such as areas with a high migrant population, or the widespread use of labor contractors and recruitment agencies. Invest in conducting in-depth forced labor assessments for the most at-risk locations.
- ▶ Give suppliers detailed explanations about which workplace practices trigger forced labor findings, and confirm that suppliers are not engaged in any such practices.
- ▶ Maintain strict policies against retention of workers' legal documents and identification papers, and recommend that suppliers retain photocopies of such documents to fulfill administrative needs.
- ▶ Be prepared to move quickly to remediate any violations found, including potentially difficult-to-negotiate requirements like repayment of recruitment fees paid by workers to employers or recruitment agencies; in conjunction with this remediation, work to determine and eliminate the root causes of the violations.
- ▶ Establish grievance channels in the native languages of all employees at a factory or a farm as a recourse for workers to report forced labor violations, especially in workplaces where a migrant worker population may face language barriers. Ensure that these grievance channels allow for anonymous reporting and protect workers from retaliation.
- ▶ Be prepared to discuss purchasing and production practices and to find cooperative solutions whenever suppliers rely on mandatory overtime to meet excessive production targets.
- ▶ Collaborate with other brands sourcing from the same regions and suppliers to raise awareness about forced-labor issues and to find collective solutions to common findings.

Proactive communication with suppliers alerts them to their buyers' labor requirements within the facilities and farms they manage. This type of communication also provides an opening to discuss how to prevent forced labor abuses with their own supply chains, going beyond tier one. We encourage robust discussion of the standards and best practices described in this brief to inspire cooperation — at all levels of the supply chain — to eradicate all instances of forced labor.



# RESOURCES FOR FURTHER READING

## ***International Labour Organization (ILO)***

- [Fair Recruitment Initiative](#)
  - » [General principles and operational guidelines for fair recruitment: Definitions of recruitment fees and related costs](#)
- [Forced Labour, Modern Slavery, and Human Trafficking](#)
- [ILO Indicators of Forced Labour](#)
- [ILO Standards on Forced Labour – The New Protocol and Recommendations at a Glance](#)
- [List of ILO’s fundamental conventions on forced labor and related recommendations](#)

## ***International Organization for Migration (IOM)***

- [IOM and Fair Labor Association Sign Memorandum of Understanding to Promote Ethical Recruitment, Protect Migrant Workers \(26 Mar 2019\)](#)
- [Ending Modern Slavery](#)

## ***U.S. Government Resources***

- U.S. Department of Labor:
  - » [Bureau of International Labor Affairs](#)
  - » [Comply Chain](#)
- U.S. Department of State:
  - » [What is Modern Slavery?](#)
- U.S. Customs and Border Patrol:
  - » [Responsible Business Practices on Forced Labor Risk in the Global Supply Chain](#)
  - » [Forced Labor](#)

## ***UK Modern Slavery Act***

- [UK Modern Slavery Act](#)
- [FTSE 100 and the UK Modern Slavery Act](#)

## ***Australian Modern Slavery Act***

- [Australian Modern Slavery Act](#)
- [Modern Slavery Act 2018 – Draft Guidance For Reporting Entities](#)



## Fair Labor Association Resources

- [Assessing Forced Labor Risks in the Palm Oil Section in Indonesia and Malaysia](#), November 2018
- [Training Toolkit on Addressing Child Labor and Forced Labor in Agricultural Supply Chains](#)
- [FLA Issue Briefs](#)

## Additional Resources

- [Alliance 8.7](#) (initiative to combat modern slavery)
- Business & Human Rights Resource Centre: [Forced Labour & Modern Slavery](#)
- [Corporate Human Rights Benchmark](#) (The member organizations are APG Asset Management, Aviva Investors, Business & Human Rights Resource Centre, EIRIS Foundation, Institute for Human Rights and Business, Nordea Wealth Management, and VBDO (the Dutch Association of Investors for Sustainable Development).)
- [FLEX - Focus on Labour Exploitation](#)
- [The Freedom Fund - Supply Chains Initiative](#)
- [Global Business Initiative on Human Rights: Addressing modern slavery](#)
- [Global Slavery Index](#)
- [Institute for Human Rights and Business](#)
  - » [Focus Area: Migrant Workers](#)
- [Interfaith Center on Corporate Responsibility \(ICCR\)](#) (guidance on ethical recruitment)
- [Know the Chain](#) (collaborative partnership of Business & Human Rights Resource Centre, Humanity United, Sustainalytics, and Verité)
  - » [Three Sectors, Three Years Later: Progress and Gaps in the Fight Against Forced Labor](#) (April 2019)
- [Modern Slavery Registry](#) (company statements filed for UK Modern Slavery Act)
- [Slavefreetrade](#)
- [Stronger Together](#)
- [Verité](#)
  - » [The Cost of a Job - Systemic Forced Labor in Asia and What Companies Can do to Eliminate It](#)
  - » [Cumulus Forced Labor Screen](#)
  - » [Responsible Sourcing Tool](#)
  - » [Fair Hiring Toolkit](#)
  - » [An Ethical Framework for Cross-Border Labor Recruitment](#)
  - » [Forced Labor Commodity Atlas](#)
  - » [Addressing the Retention of Identity Documents](#) (with UN Global Compact)
  - » [Eliminating Recruitment Fees Charged to Migrant Workers](#) (with UN Global Compact)
  - » [Undocumented Workers in the US Garment Sector: An Assessment and Guide for Brands](#)



## LEGAL AND REGULATORY FRAMEWORKS CHART

NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES COVERED	ENFORCEMENT
California Transparency in Supply Chains Act	US	2010	Manufacturers and retailers doing business in California with global annual gross receipts in excess of \$100 million	<p>Companies must publicly disclose their efforts to eradicate forced labor and human trafficking in their supply chains including:</p> <ol style="list-style-type: none"> <li>1. Use of third party risk assessment</li> <li>2. Independent supplier audits</li> <li>3. Tier 1 supplier certifications</li> <li>4. Internal accountability mechanisms</li> <li>5. Internal training</li> </ol>	The disclosure statement must be published on the company's website through a "conspicuous and easily understood link"	Forced labor and human trafficking	<p>Administrative order:</p> <p>Incomplete compliance or noncompliance may result in injunctive relief issued by the California Attorney General.</p>
Dodd-Frank Act §1502	US	2010	SEC-registered manufacturers of products that use conflict minerals	<p>Publicly traded companies must submit to the SEC whether the minerals originate from Democratic Republic of Congo or adjoining areas.</p> <p>If so, companies must engage in supply chain due diligence and annual disclosures on:</p> <ol style="list-style-type: none"> <li>1. Origin of minerals</li> <li>2. Due diligence measures taken to trace and identify chain of custody of minerals</li> <li>3. Findings from an independent private sector audit</li> </ol>	The annual conflict minerals reports must be published on company website.	Child and forced labor	<p>Civil liability, administrative penalty:</p> <ol style="list-style-type: none"> <li>1. Non-compliance leads to section 18 liability of the Security Exchange Act of 1934.</li> <li>2. Issuer may lose the eligibility to use Form S-3.</li> </ol>
Modern Slavery Act §54	UK	2015	Commercial organizations conducting at least a part of its business in the UK with a global net turnover of £ 36m or more	<ol style="list-style-type: none"> <li>1. Annually publish disclosures on measures taken to identify and prevent slavery and human trafficking within its business or supply chain; or lack thereof</li> <li>2. Conduct training</li> </ol>	Annual statements must be published and easily accessible on company website.	Slavery and human trafficking	<p>Administrative order; fine:</p> <ol style="list-style-type: none"> <li>1. The secretary of state may seek injunction through the High Court requiring compliance.</li> <li>2. If noncompliant with the injunction, may be in contempt of a court order, which is punishable by an unlimited fine.</li> </ol>



NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES COVERED	ENFORCEMENT
Federal Acquisition Regulations	US	Amended in 2015	Qualifying government contractors and subcontractors with contracts valued \$500,000 or more and involving non “commercially available off-the-shelf” products	Companies must annually certify having implemented the following efforts to prevent, monitor, detect and terminate prohibited activities in the regulations. 1. Post and implement a compliance plan 2. Conduct due diligence 3. Take appropriate remediation actions upon discovery of relevant abuse 4. Obtain equivalent annual certifications from each subcontractor regarding due diligence and compliance plan	Government contractors and subcontractors must post compliance plans on the company website and in the physical workplace.	Forced labor and human trafficking	Administrative penalty: Failure to comply may result in a number of possible remedies by the government agency, amounting up to termination of specific contract at issue or even suspension or debarment.
Non-Financial Reporting Directive	EU	2016	Large public interest entities with more than 500 employees or parent companies of a corporate group with more than 500 employees	Provide a statement in management report on non-financial matters (at a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery, and board diversity). The statement should include information on policies and due diligence processes of the entity, and where proportionate, its supply chains.	The statement should be publicly available.	Human rights, anti-corruption, environmental concerns	Each EU member State must set out the consequences for noncompliance in national legislation.
Tariff Act of 1930	US	Amended in 2016	All US importers	Imported goods suspected of association with forced labor may be withheld or banned by US Customs and Border Protection (CBP). As such, companies are anticipated to conduct due diligence, and identify and avoid suppliers associated with forced labor.	All instances of Withhold Release Orders (WRO) issued are published on CBP’s website and formal findings from all instances in which the withheld imports are conclusively banned will be published in the Customs bulletin and the Federal Register.	Forced, indentured, or convict labor, and child labor	Administrative order: Temporary withholding or conclusive ban of suspected imported goods



NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES COVERED	ENFORCEMENT
Global Magnitsky Human Rights Accountability Act	US	Amended in 2016	Foreign persons, both individuals and entities	Foreign persons can be sanctioned (a) if they are responsible for or acted as an agent for someone responsible for “extrajudicial killings, torture, or other gross violations of internationally recognized human rights,” or (b) if they are government officials or senior associates of government officials complicit in “acts of significant corruption.”	Sanctions lists are published through the Treasury Department website.	Human rights	Targeted sanctions from the executive branch: asset freezes of funds held in US banks and bans on visas to the US
Corporate Duty of Vigilance Law	France	2017	French companies with 5,000 staff in France or any companies with 10,000 staff worldwide	Companies must establish and implement a due diligence plan that states the measures taken to identify and prevent the occurrence of human rights and environmental risks resulting from their activities, the activities of companies they control and the activities of sub-contractors and suppliers	The vigilance plan and its effective implementation report shall be publicly disclosed and included in the extra-financial report required for major French multinational corporations.	Violations of human rights and fundamental freedoms, bodily injury or health risks	Administrative orders, civil liability: <ol style="list-style-type: none"> <li>1. Formal notice to comply must be followed within 3 months</li> <li>2. Injunction order to comply if continued noncompliance against the received formal notice</li> <li>3. Vulnerability to civil liability claims</li> </ol>



NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES COVERED	ENFORCEMENT
EU Conflict Minerals Regulation	EU	2017	All importers of minerals or metals containing or consisting of tin, tantalum, tungsten or gold (except small volume importers that meet designated threshold)	<ol style="list-style-type: none"> <li>1. Clearly communicate to suppliers and the public the supply chain policy for minerals/ metals potentially originating from conflict- affected and high risk areas and incorporate the policy into contracts with suppliers</li> <li>2. Conduct supply chain due diligence consistent with the OECD Due Diligence Guidance (involving independent third party audits if applicable)</li> <li>3. Assign senior management to oversee supply chain due diligence and maintain relevant records for at least 5 years</li> <li>4. Engage in proactive risk management of potential adverse impacts of mineral supply chain</li> <li>5. Operate a chain of custody or supply chain traceability system involving third party audits of suppliers</li> <li>6. Establish grievance mechanism</li> </ol>	<ol style="list-style-type: none"> <li>1. Annual public reports must be made containing the policies and practices of responsible sourcing.</li> <li>2. Information gained from supply chain due diligence must be made available to immediate downstream purchasers.</li> <li>3. The reports of third party audits must be made available to EU Member State authorities.</li> </ol>	Human rights abuses and child labor	<ol style="list-style-type: none"> <li>1. Each member state will respectively establish the consequences applicable to infringements of this law.</li> <li>2. Member state competent authority will issue a notice of remedial action to be taken by the importer.</li> </ol>
Countering America's Adversaries Through Sanctions Act (Title III, Korean Interdiction and Modernization of Sanctions Act)	US	2017	All US importers.	The law creates an assumption of forced labor for any instance of work performed by North Koreans, provides for potential sanctions for persons that employ North Korean laborers, and specifically prohibits the importation into the US of goods produced in whole or in part by North Korean nationals employed anywhere in the world.	[See Tariff Act of 1930, above]	Forced labor	Goods will be prevented from entering US. Enforcement action by US Department of Treasury's Office of Foreign Assets Control with financial penalties.



NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES COVERED	ENFORCEMENT
Modern Slavery Act	Australia	2018	Companies, either Australian or foreign entities doing business in Australia, with annual consolidated revenue of at least AUD\$100 million	<p>Applicable companies must file statement with the government, reporting on the following:</p> <ol style="list-style-type: none"> <li>1. identify the reporting entity</li> <li>2. the reporting entity's structure, operations and supply chains</li> <li>3 the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls</li> <li>4. the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes</li> <li>5. how the reporting entity assesses the effectiveness of these actions</li> <li>6: the process of consultation with any entities the reporting entity owns or controls</li> <li>7: any other relevant information.</li> </ol>	MSA statement must be submitted to the Department of Home Affairs for publication on a central register.	Modern slavery	There are no financial penalties for failing to prepare a statement. After a three-year period, the position on penalties may be revisited.
Child Labour Due Diligence Law	Netherlands	2019	Companies registered in or importing to the Netherlands	<ol style="list-style-type: none"> <li>1. Conduct due diligence on whether there is reasonable suspicion on the use of child labor by first tier supplier (and when possible) others down the chain</li> <li>2. Submit a declaration of having conducted said due diligence to the supervising government authority for publication in the website maintained by the supervising authority</li> <li>3. If there is reasonable suspicion, draft a Plan of Action and publish through a public register maintained by the government</li> </ol>	A declaration of due diligence and potentially a Plan of Action must be submitted for publication at government maintained websites.	Child labor	<p>Administrative order, fine, imprisonment:</p> <ol style="list-style-type: none"> <li>1. First instance of non-compliance will be subjected to the supervising authority's binding instruction with an execution deadline.</li> <li>2. Noncompliance with said binding instruction leads to administrative fine.</li> <li>3. More than one instance of non-compliance within five years following the first administrative penalty may lead to imprisonment of no more than 6 months.</li> </ol>