

California Transparency in Supply Chains Act

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(Anti-Slavery and Human Trafficking)

The California Transparency in Supply Chains Act was signed into law by Governor Schwarzenegger in September 2010 and was effective on January 1, 2012. This law requires large retail sellers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale.

Covered Retailers and Manufacturers

<https://oag.ca.gov/SB657>

Every retail seller and manufacturer doing business in California and having annual worldwide gross receipts that exceed one hundred million dollars (\$100,000,000) will be subject to the requirements under the Act.

Every year, the California Franchise Tax Board will provide to the Attorney General a list of retail sellers and manufacturers required to make the disclosure based on tax returns filed beginning on or after January 1, 2011.

Requirements Under the Act

The retailer or manufacturer, at a minimum, will be required to disclose each of the following:

- Unannounced audits are conducted on all suppliers and manufactures.
- Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery.
- Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.
- 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.
- Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
- 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.

Vendor Requirements

Based on the requirements under the Act, NMG will begin requiring all vendors to:

- Be prepared for announced and unannounced audits by NMG and/or designated third parties to evaluate and address risks of human trafficking and slavery and compliance with company standards and policies.
- Obtain certifications from suppliers that materials used to manufacture products are not produced with slave labor, are not connected with human trafficking, and comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- Provide certification that the products sold to NMG are not produced with slave labor, are not connected with human trafficking, and comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

Resource Guide: <https://oag.ca.gov/sites/all/files/agweb/pdfs/sb657/resource-guide.pdf>