

113TH CONGRESS
2^D SESSION

H. R. 4842

To amend the Securities Exchange Act of 1934 to require certain companies to disclose information describing any measures the company has taken to identify and address conditions of forced labor, slavery, human trafficking, and the worst forms of child labor within the company's supply chains.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2014

Mrs. CAROLYN B. MALONEY of New York (for herself and Mr. SMITH of New Jersey) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Securities Exchange Act of 1934 to require certain companies to disclose information describing any measures the company has taken to identify and address conditions of forced labor, slavery, human trafficking, and the worst forms of child labor within the company's supply chains.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Business Supply Chain
3 Transparency on Trafficking and Slavery Act of 2014”.

4 **SEC. 2. FINDINGS AND SENSE OF CONGRESS.**

5 (a) FINDINGS.—Congress finds the following:

6 (1) In 2012, the Department of Labor identi-
7 fied 134 goods from 74 countries around the world
8 made by forced labor and child labor.

9 (2) The United States is the world’s largest im-
10 porter, and in the 21st century, investors, con-
11 sumers, and broader civil society increasingly de-
12 mand information about the human rights impact of
13 products in the United States market.

14 (3) Courts have also ruled that consumers do
15 not have standing to bring a civil action in United
16 States courts for enforcement of this provision of the
17 Tariff Act, because the legislative intent was to pro-
18 tect American manufacturers from unfairly priced
19 goods, not to protect consumers from tainted goods,
20 consequently, there are fewer than 40 enforcement
21 actions on record in the past 80 years.

22 (4) Mechanisms under Federal law related to
23 forced labor, slavery, human trafficking, and the
24 worst forms of child labor in the stream of com-
25 merce suffer from similar problems of limited scope,

1 broad expectations, and inability to provide informa-
2 tion about specific supplies whose goods are tainted.

3 (5) The United Nations Guiding Principles on
4 Business and Human Rights affirm that business
5 enterprises have a responsibility to respect human
6 rights, and that States have a duty to ensure these
7 rights are protected. Such Guiding Principles also
8 clarify that the duty to protect against business-re-
9 lated human rights abuses requires States to take
10 the necessary steps to prevent and address human
11 rights abuses to workers through effective policies
12 and regulation.

13 (6) The Trafficking Victims Protection Reau-
14 thorization Act of 2003 (Public Law 108–193) to-
15 gether with the Trafficking Victims Protection Act
16 of 2005 (Public Law 109–164) provide for the ter-
17 mination of Federal contracts where a Federal con-
18 tractor or subcontractor engages in severe forms of
19 trafficking in persons or has procured a commercial
20 sex act during the period of time that the grant,
21 contract, or cooperative agreement is in effect, or
22 uses forced labor in the performance of the grant,
23 contract, or cooperative agreement. The Trafficking
24 Victims Protection Act of 2005 also provide United
25 States courts with criminal jurisdiction abroad over

1 Federal employees, contractors, or subcontractors
2 who participate in severe forms of trafficking in per-
3 sons or forced labor.

4 (7) Executive Order 13126, Prohibition of Ac-
5 quisition of Products Produced by Forced or Inden-
6 tured Child Labor, Executive Order 13627,
7 Strengthening Protections Against Trafficking In
8 Persons In Federal Contracts, and title XVII of the
9 National Defense Authorization Act for Fiscal Year
10 2013 (Public Law 112–239) have prohibited Federal
11 contractors, subcontractors, and their employees
12 from engaging in the following trafficking-related ac-
13 tivities: charging labor recruitment fees; confiscating
14 passports and other identity documents of workers;
15 and using fraudulent recruitment practices, includ-
16 ing failing to disclose basic information or making
17 material misrepresentations about the terms and
18 conditions of employment. Such Executive order and
19 Acts also require Federal contractors, subcontrac-
20 tors, and their employees to maintain an anti-traf-
21 ficking compliance plan that includes, among other
22 elements, a complaint mechanism and procedures to
23 prevent subcontractors at any tier from engaging in
24 trafficking in persons.

1 (b) SENSE OF CONGRESS.—It is the sense of Con-
2 gress that—

3 (1) forced labor, slavery, human trafficking,
4 and the worst forms of child labor are among the
5 most egregious forms of abuse that humans commit
6 against each other, for the sake of commercial prof-
7 it;

8 (2) the legislative and regulatory framework to
9 prevent goods produced by forced labor, slavery,
10 human trafficking, and the worst forms of child
11 labor from passing into the stream of commerce in
12 the United States is gravely inadequate;

13 (3) legislation is necessary to provide consumers
14 information on products that are free of child labor,
15 forced labor, slavery, and human trafficking; and

16 (4) through publicly available disclosures, busi-
17 nesses and consumers can avoid inadvertently pro-
18 moting or sanctioning these crimes through produc-
19 tion and purchase of goods and products that have
20 been tainted in the supply chains.

1 **SEC. 3. DISCLOSURE OF INFORMATION RELATING TO EF-**
2 **FORTS TO COMBAT THE USE OF FORCED**
3 **LABOR, SLAVERY, TRAFFICKING IN PERSONS,**
4 **OR THE WORST FORMS OF CHILD LABOR.**

5 Section 13 of the Securities Exchange Act of 1934
6 (15 U.S.C. 78m) is amended by adding at the end the
7 following new subsection:

8 “(s) DISCLOSURES RELATING TO EFFORTS TO COM-
9 BAT THE USE OF FORCED LABOR, SLAVERY, TRAF-
10 FICKING IN PERSONS, OR THE WORST FORMS OF CHILD
11 LABOR.—

12 “(1) REGULATIONS.—Not later than 1 year
13 after the date of enactment of the Global Supply
14 Chain Transparency for Trafficking, Forced Labor,
15 and Child Labor Eradication Act, the Commission,
16 in consultation with the Secretary of State, shall
17 promulgate regulations to require that any covered
18 issuer required to file reports with the Commission
19 under this section to include annually in such re-
20 ports, a disclosure whether the covered issuer has
21 taken any measures during the year for which such
22 reporting is required to identify and address condi-
23 tions of forced labor, slavery, human trafficking, and
24 the worst forms of child labor within the covered
25 issuer’s supply chain, and a description of such
26 measures taken. Such disclosure shall include, under

1 the heading ‘Policies to Address Forced Labor, Slav-
2 ery, Human Trafficking, and the Worst Forms of
3 Child Labor’, information describing to what extent,
4 if any, the covered issuer conducts any of the fol-
5 lowing activities:

6 “(A) Whether the covered issuer maintains
7 a policy to identify and eliminate the risks of
8 forced labor, slavery, human trafficking, and
9 the worst forms of child labor within the cov-
10 ered issuer’s supply chain (such disclosure to
11 include the text of the policy or substantive de-
12 scription of the elements of the policy), and ac-
13 tions the covered issuer has taken pursuant to
14 or in the absence of such policy.

15 “(B) Whether the covered issuer maintains
16 a policy prohibiting its employees and employ-
17 ees of entities associated with its supply chain
18 for engaging in commercial sex acts with a
19 minor.

20 “(C) The efforts of the covered issuer to
21 evaluate and address the risks of forced labor,
22 slavery, human trafficking, and the worst forms
23 of child labor in the product supply chain. If
24 such efforts have been made, such disclosure
25 shall—

1 “(i) describe any risks identified with-
2 in the supply chain, and the measures
3 taken toward eliminating those risks;

4 “(ii) specify whether the evaluation
5 was or was not conducted by a third party;

6 “(iii) specify whether the process in-
7 cludes consultation with the independent
8 labor organizations (as such term is de-
9 fined in section 2 of the National Labor
10 Relations Act (29 U.S.C. 152)), workers’
11 associations, or workers within workplaces
12 and incorporates the resulting input or
13 written comments from such independent
14 labor organizations, workers’ associations,
15 or workers and if so, the disclosure shall
16 describe the entities consulted and specify
17 the method of such consultation; and

18 “(iv) specify the extent to which the
19 process covers entities within the supply
20 chain, including entities upstream in the
21 product supply chain and entities across
22 lines of products or services.

23 “(D) The efforts of the covered issuer to
24 ensure that audits of suppliers within the sup-

1 ply chain of the covered issuer are conducted
2 to—

3 “(i) investigate the working conditions
4 and labor practices of such suppliers;

5 “(ii) verify whether such suppliers
6 have in place appropriate systems to iden-
7 tify risks of forced labor, slavery, human
8 trafficking, and the worst forms of child
9 labor within their own supply chain; and

10 “(iii) evaluate whether such systems
11 are in compliance with the policies of the
12 covered issuer or efforts in absence of such
13 policies.

14 “(E) The efforts of the covered issuer to—

15 “(i) require suppliers in the supply
16 chain to attest that the manufacture of
17 materials incorporated into any product
18 and the recruitment of labor are carried
19 out in compliance with the laws regarding
20 forced labor, slavery, human trafficking,
21 and the worst forms of child labor of the
22 country or countries in which the covered
23 issuer is doing business;

24 “(ii) maintain internal accountability
25 standards, supply chain management, and

1 procurement systems, and procedures for
2 employees, suppliers, contractors, or other
3 entities within its supply chain failing to
4 meet the covered issuer’s standards regard-
5 ing forced labor, slavery, human traf-
6 ficking, and the worst forms of child labor,
7 including a description of such standards,
8 systems, and procedures;

9 “(iii) train the employees and man-
10 agement who have direct responsibility for
11 supply chain management on issues related
12 to forced labor, slavery, human trafficking,
13 and the worst forms of child labor, particu-
14 larly with respect to mitigating risks within
15 the supply chains of products; and

16 “(iv) ensure that labor recruitment
17 practices at all suppliers associated with
18 the supply chain comply with the covered
19 issuer’s policies or efforts in absence of
20 such policies for eliminating exploitive
21 labor practices that contribute to forced
22 labor, slavery, human trafficking, and the
23 worst forms of child labor, including by
24 complying with audits of labor recruiters
25 and disclosing the results of such audits.

1 “(F) The efforts of the covered issuer in
2 cases where forced labor, slavery, human traf-
3 ficking, and the worst forms of child labor have
4 been identified within the supply chain, to en-
5 sure that remedial action is provided to those
6 who have identified as victims, including sup-
7 port for programs designed to prevent the re-
8 currence of those events within the industry or
9 sector in which they have been identified.

10 “(2) REQUIREMENTS FOR AVAILABILITY OF IN-
11 FORMATION.—

12 “(A) IN GENERAL.—The regulations pro-
13 mulgated under paragraph (1) shall require—

14 “(i) that the required information be
15 disclosed by the covered issuer on the
16 Internet website of the covered issuer
17 through a conspicuous and easily under-
18 standable link to the relevant information
19 that shall be labeled ‘Global Supply Chain
20 Transparency’; and

21 “(ii) if an individual submits a written
22 request to the covered issuer for such in-
23 formation, that the covered issuer provides
24 the individual with a written disclosure of
25 the required information under this section

1 within 30 days of the receipt of such re-
2 quest.

3 “(B) DISCLOSURE.—The Commission shall
4 make available to the public in a searchable for-
5 mat on the Commission’s website—

6 “(i) a list of covered issuers required
7 to disclose any measures taken by the com-
8 pany to identify and address conditions of
9 forced labor, slavery, human trafficking,
10 and the worst forms of child labor within
11 the covered issuer’s supply chain, as re-
12 quired by this subsection; and

13 “(ii) a compilation of the information
14 submitted under the rules issued under
15 paragraph (1).

16 “(3) DEFINITIONS.—As used in this sub-
17 section—

18 “(A) the term ‘covered issuer’ means an
19 issuer that has annual worldwide global receipts
20 in excess of \$100,000,000;

21 “(B) the terms ‘forced labor’, ‘slavery’, and
22 ‘human trafficking’ mean any labor practice or
23 human trafficking activity in violation of na-
24 tional and international standards, including
25 International Labor Organization Convention

1 No. 182, the Trafficking Victims Protection Act
2 of 2000 (Public Law 106–386), and acts that
3 would violate the criminal provisions related to
4 slavery and human trafficking under chapter 77
5 of title 18, United States Code, if they had
6 been committed within the jurisdiction of the
7 United States;

8 “(C) the terms ‘remediation’ and ‘remedial
9 action’ mean the activities or systems that an
10 issuer puts in place to address non-compliance
11 with the standards identified through moni-
12 toring or verification, which may apply to indi-
13 viduals adversely affected by the non-compliant
14 conduct or address broader systematic proc-
15 esses;

16 “(D) the term ‘supply chain’, with respect
17 to a covered issuer disclosing the information
18 required under the regulations promulgated
19 under this section, means all labor recruiters,
20 suppliers of products, component parts of prod-
21 ucts, and raw materials used by such entity in
22 the manufacturing of such entity’s products
23 whether or not such entity has a direct relation-
24 ship with the supplier; and

1 “(E) the term ‘the worst forms of child
2 labor’ means child labor in violation of national
3 and international standards, including Inter-
4 national Labor Organization Convention No.
5 182.”.

6 **SEC. 4. DISCLOSURES ON WEBSITE OF DEPARTMENT OF**
7 **LABOR.**

8 (a) IN GENERAL.—The Secretary of Labor shall
9 make available to the public in a searchable format on the
10 Department of Labor’s website—

11 (1) a list of companies required to disclose any
12 measures taken by the company to identify and ad-
13 dress conditions of forced labor, slavery, human traf-
14 ficking, and the worst forms of child labor within the
15 covered issuer’s supply chain, as required by section
16 13(s) of the Securities Exchange Act of 1934, as
17 added by section 3; and

18 (2) a compilation of the information disclosed
19 pursuant to such requirements.

20 (b) TOP 100 LIST.—The Secretary of Labor, in con-
21 sultation with the Secretary of State and other appro-
22 priate Federal and international agencies, independent
23 labor evaluators, and human rights groups, shall annually
24 develop and publish on the Internet website of the Depart-
25 ment of Labor a list of top 100 companies adhering to

- 1 supply chain labor standards, as established under rel-
- 2 evant Federal and international guidelines.

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