

Social Responsibility Best Practices	SUBJECT California Supply Chain Transparency	LAST UPDATE July 2019
	APPLIES TO • Suppliers • Third Party Decorators • Distributors	FOCUS ON Best Practices Related To Supply Chain Transparency Laws In California
	QUICK LINKS • PPAI Social Responsibility: www.http://ppai.org/corporate-responsibility/social-responsibility/ • UL Responsible Sourcing: industries.ul.com/responsible-sourcing • Fair Labor Association: www.fairlabor.org/	

Intended for advanced compliance programs

Italic grey text indicates a hyperlink listed in the Online Resources section of this document.

Background

As of January 1, 2012, the California Transparency in Supply Chains Act (SB 657) requires retailers and manufacturers doing business in the state and reporting global revenues in excess of \$100 million to release information on what they've done to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale.

Through increased visibility of the supply chain, the state's law seeks to undermine the market for goods produced or transported by slavery and human trafficking. Consumers and businesses inadvertently purchasing these goods are unknowingly supporting the practice. The law is intended to inform consumers about the merits of companies' efforts to police their supply chains.

Compliance

Who is required to comply?

- Retail sellers and manufacturers with more than \$100 million in gross global receipts and doing business in California are required to comply with California Transparency in Supply Chains Act.

How is "doing business in California" defined?

- Being based in California
- Having sales in excess of \$500,000 in California
- Maintaining real and tangible property in California that exceeds \$50,000 in value
- Paying more than \$50,000 for employee compensation in California.

Steps to Comply with California Transparency in Supply Chains Act Law

- Engage in the verification of 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.
- Audit suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.
- Require 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.
- Maintain internal accountability standards and procedures for employees or contractors who fail to meet company standards regarding slavery and trafficking.
- Provide 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.
- Share your company's efforts on your website with an easily understood link to the required information on your homepage.

Online Resources:

PPAI Product Safety Frequently Asked Questions:

<https://www.ppai.org/corporate-responsibility/product-responsibility/product-responsibility-faqs/>

PPAI Business Partner QIMA:

<https://www.ppai.org/members/affinity-partners/#8ed9d94d-cb76-488a-9919-c94f8345d123>

PPAI Product Responsibility Resources:

www.ppai.org/corporate-responsibility/product-responsibility/product-responsibility-resources/

California Transparency in Supply Chains Act (SB 657):

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

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