

113TH CONGRESS  
2D 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.

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## 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

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## 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.

