

114TH CONGRESS
1ST SESSION

S. _____

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 SENATE OF THE UNITED STATES

Mr. BLUMENTHAL introduced the following bill; which was read twice and referred to the Committee on _____

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Business Supply Chain
5 Transparency on Trafficking and Slavery Act of 2015”.

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

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

3 (1) In 2014, the Department of Labor identi-
4 fied 136 goods from 74 countries around the world
5 made by forced labor and child labor.

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

11 (3) Courts have ruled that consumers do not
12 have standing to bring a civil action in United
13 States courts for enforcement of a provision in the
14 Smoot Hawley Tariff Act of 1930 prohibiting impor-
15 tation of goods made with forced labor or convict
16 labor, and furthermore, the provision has a broad
17 exception for goods that cannot be produced in the
18 United States in sufficient quantities to meet the de-
19 mands of American 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 to prevent
23 and punish perpetrators of forced labor, slavery,
24 human trafficking, and the worst forms of child
25 labor in the stream of commerce suffer from prob-
26 lems of limited scope, broad expectations, and lack

1 of available information about goods that are pro-
2 duced along supply chains tainted by these crimes
3 and imported by the United States.

4 (5) The Trafficking Victims Protection Reau-
5 thorization Act of 2003 (Public Law 108–193) to-
6 gether with the Trafficking Victims Protection Act
7 of 2005 (Public Law 109–164) provide for the ter-
8 mination of Federal contracts where a Federal con-
9 tractor or subcontractor engages in severe forms of
10 trafficking in persons or has procured a commercial
11 sex act during the period of time that the grant,
12 contract, or cooperative agreement is in effect, or
13 uses forced labor in the performance of the grant,
14 contract, or cooperative agreement. The Trafficking
15 Victims Protection Act of 2005 also provides United
16 States courts with criminal jurisdiction abroad over
17 Federal employees, contractors, or subcontractors
18 who participate in severe forms of trafficking in per-
19 sons or forced labor.

20 (6) Executive Order 13126, Prohibition of Ac-
21 quisition of Products Produced by Forced or Inden-
22 tured Child Labor, Executive Order 13627,
23 Strengthening Protections Against Trafficking In
24 Persons In Federal Contracts, and title XVII of the
25 National Defense Authorization Act for Fiscal Year

1 2013 (Public Law 112–239) have prohibited Federal
2 contractors, subcontractors, and their employees
3 from engaging in the following trafficking-related ac-
4 tivities: charging labor recruitment fees; confiscating
5 passports and other identity documents of workers;
6 and using fraudulent recruitment practices, includ-
7 ing failing to disclose basic information or making
8 material misrepresentations about the terms and
9 conditions of employment. Such Executive Order
10 and Acts also require Federal contractors, sub-
11 contractors, and their employees to maintain an
12 anti-trafficking compliance plan that includes,
13 among other elements, a complaint mechanism and
14 procedures to prevent subcontractors at any tier in
15 the supply chain from engaging in trafficking in per-
16 sons.

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

19 (1) forced labor, slavery, human trafficking,
20 and the worst forms of child labor are among the
21 most egregious forms of abuse that humans commit
22 against each other, for the sake of commercial prof-
23 it;

24 (2) the legislative and regulatory framework to
25 prevent goods produced by forced labor, slavery,

1 human trafficking, and the worst forms of child
2 labor from passing into the stream of commerce in
3 the United States is gravely inadequate;

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

7 (4) through publicly available disclosures, busi-
8 nesses and consumers can avoid inadvertently pro-
9 moting or sanctioning these crimes through produc-
10 tion and purchase of raw materials, goods and fin-
11 ished products that have been tainted in the supply
12 chains.

13 **SEC. 3. DISCLOSURE OF INFORMATION RELATING TO EF-**
14 **FORTS TO COMBAT THE USE OF FORCED**
15 **LABOR, SLAVERY, TRAFFICKING IN PERSONS,**
16 **OR THE WORST FORMS OF CHILD LABOR.**

17 Section 13 of the Securities Exchange Act of 1934
18 (15 U.S.C. 78m) is amended by adding at the end the
19 following new subsection:

20 “(s) DISCLOSURES RELATING TO EFFORTS TO COM-
21 BAT THE USE OF FORCED LABOR, SLAVERY, TRAF-
22 FICKING IN PERSONS, OR THE WORST FORMS OF CHILD
23 LABOR.—

24 “(1) REGULATIONS.—Not later than 1 year
25 after the date of enactment of the Business Supply

1 Chain Transparency on Trafficking and Slavery Act
2 of 2015, the Commission, in consultation with the
3 Secretary of State, shall promulgate regulations to
4 require that any covered issuer required to file re-
5 ports with the Commission under this section to in-
6 clude annually in such reports, a disclosure whether
7 the covered issuer has taken any measures during
8 the year for which such reporting is required to
9 identify and address conditions of forced labor, slav-
10 ery, human trafficking, and the worst forms of child
11 labor within the covered issuer's supply chain, and
12 a description of such measures taken. Such diselo-
13 sure shall include, under the heading 'Policies to Ad-
14 dress Forced Labor, Slavery, Human Trafficking,
15 and the Worst Forms of Child Labor', information
16 describing to what extent, if any, the covered issuer
17 conducts any of the following activities:

18 “(A) Whether the covered issuer maintains
19 a policy to identify and eliminate the risks of
20 forced labor, slavery, human trafficking, and
21 the worst forms of child labor within the cov-
22 ered issuer's supply chain (such disclosure to
23 include the text of the policy or substantive de-
24 scription of the elements of the policy), and ac-

1 written comments from such independent
2 labor organizations, workers' associations,
3 or workers and if so, the disclosure shall
4 describe the entities consulted and specify
5 the method of such consultation; and

6 “(iv) specify the extent to which the
7 process covers entities within the supply
8 chain, including entities upstream in the
9 product supply chain and entities across
10 lines of products or services throughout the
11 covered issuer's product manufacturing.

12 “(D) The efforts of the covered issuer to
13 ensure that audits of suppliers within the sup-
14 ply chain of the covered issuer are conducted
15 to—

16 “(i) investigate the working conditions
17 and labor practices of such suppliers;

18 “(ii) verify whether such suppliers
19 have in place appropriate systems to iden-
20 tify risks of forced labor, slavery, human
21 trafficking, and the worst forms of child
22 labor within their own supply chain; and

23 “(iii) evaluate whether such systems
24 are in compliance with the policies of the

1 covered issuer or efforts in absence of such
2 policies.

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

4 “(i) require suppliers in the supply
5 chain to attest that the manufacture of
6 materials incorporated into any product
7 and the recruitment of labor are carried
8 out in compliance with the laws regarding
9 forced labor, slavery, human trafficking,
10 and the worst forms of child labor;

11 “(ii) maintain internal accountability
12 standards, supply chain management, and
13 procurement systems, and reporting proce-
14 dures for employees, suppliers, contractors,
15 or other entities within its supply chain
16 failing to meet the covered issuer’s stand-
17 ards regarding forced labor, slavery,
18 human trafficking, and the worst forms of
19 child labor, including a description of such
20 standards, systems, and procedures;

21 “(iii) train the employees and man-
22 agement who have direct responsibility for
23 supply chain management on issues related
24 to forced labor, slavery, human trafficking,
25 and the worst forms of child labor, particu-

1 larly with respect to mitigating risks within
2 the supply chains of products; and

3 “(iv) ensure that labor recruitment
4 practices at all suppliers associated with
5 the supply chain comply with the covered
6 issuer’s policies or efforts in absence of
7 such policies for eliminating exploitive
8 labor practices that contribute to forced
9 labor, slavery, human trafficking, and the
10 worst forms of child labor, including by
11 complying with audits of labor recruiters
12 and disclosing the results of such audits.

13 “(F) The efforts of the covered issuer in
14 cases where forced labor, slavery, human traf-
15 ficking, and the worst forms of child labor have
16 been identified within the supply chain, to en-
17 sure that remedial action is provided to those
18 who have identified as victims, including sup-
19 port for programs designed to prevent the re-
20 currence of those events within the industry or
21 sector in which they have been identified.

22 “(2) REQUIREMENTS FOR AVAILABILITY OF IN-
23 FORMATION.—

24 “(A) DISCLOSURE ON COMPANY
25 WEBSITE.—The regulations promulgated under

1 paragraph (1) shall require that the required
2 information be disclosed by the covered issuer
3 on the Internet website of the covered issuer
4 through a conspicuous and easily understand-
5 able link to the relevant information that shall
6 be labeled ‘Global Supply Chain Transparency’.

7 “(B) DISCLOSURE ON COMMISSION
8 WEBSITE.—The Commission shall make avail-
9 able to the public in a searchable format on the
10 Commission’s website—

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

18 “(ii) a compilation of the information
19 submitted under the rules issued under
20 paragraph (1).

21 “(3) DEFINITIONS.—As used in this sub-
22 section—

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

1 “(B) the terms ‘forced labor’, ‘slavery’, and
2 ‘human trafficking’ mean any labor practice or
3 human trafficking activity in violation of na-
4 tional and international standards, including
5 International Labor Organization Convention
6 No. 182, the Trafficking Victims Protection Act
7 of 2000 (Public Law 106–386), and acts that
8 would violate the criminal provisions related to
9 slavery and human trafficking under chapter 77
10 of title 18, United States Code, if they had
11 been committed within the jurisdiction of the
12 United States;

13 “(C) the term ‘remedial action’ mean the
14 activities or systems that an issuer puts in place
15 to address non-compliance identified through
16 monitoring or verification, and may apply to in-
17 dividuals adversely affected by the non-compli-
18 ant conduct or address broader systematic proc-
19 esses;

20 “(D) the term ‘supply chain’, with respect
21 to a covered issuer disclosing the information
22 required under the regulations promulgated
23 under this section, means all labor recruiters,
24 suppliers of products, component parts of prod-
25 ucts, and raw materials used by such entity in

1 the manufacturing of such entity's products
2 whether or not such entity has a direct relation-
3 ship with the supplier; and

4 “(E) the term ‘the worst forms of child
5 labor’ means child labor in violation of national
6 and international standards, including Inter-
7 national Labor Organization Convention No.
8 182.”.