



## **Adding Links To The California Transparency In Supply Chains Act**

By Keith Paul Bishop on January 5, 2012

Last February, I [wrote](#) about the [California Transparency in Supply Chains Act of 2010](#). The law has now taken effect and I'm now seeing many companies making the disclosures required by the Act. For example, PVH Corp., which describes itself as "one of the world's largest apparel companies, owns and markets the iconic Calvin Klein and Tommy Hilfiger brands", makes this [disclosure](#) on its website.

One interesting aspect of the new law is its effect on suppliers down the food chain. Lately, I've been fielding questions from companies that aren't subject to the Act's disclosure requirement. Why? These companies are suppliers to companies that are subject to the Act. Subject companies are requesting/insisting that their suppliers make certifications with respect to human trafficking and slavery issues. Whether a supplier must comply with a request may depend on the terms of its agreement with the manufacturer or retailer. In at least one case, I've seen a retailer assert that compliance is mandated because suppliers have agreed to comply with the retailer's Code of Business Conduct.

In addition to the legalities, there are the practicalities. The really important question for suppliers is likely to be: "Do we want to continue selling to this customer?" If nothing else, the Act demonstrates that it is possible to regulate a few while influencing the behavior of many.

Below are just a few examples of the types of questions that I've seen asked of suppliers:

- Do you conduct independent, unannounced audits of your operations and suppliers?
- Do you currently have a program to assure that human trafficking and slavery do not exist in your operations and supply chain?
- Do you currently work with a third party to identify the overall risks of slavery and human trafficking in your supply chain?
- Do you have company standards on human trafficking and slavery for your employees and contractors?

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Note how these questions focus not just on the immediate supplier but also the supplier's suppliers. Thus, I'm reminded of the following lines from Jonathan Swift's *On Poetry: a Rhapsody*:

The vermin only teaze and pinch  
Their foes superior by an inch.  
So, naturalists observe, a flea  
Has smaller fleas that on him prey;  
And these have smaller still to bite 'em,  
And so proceed *ad infinitum*.

Although these lines have become well known, Swift's entire poem is quite witty and well worth a read!

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