

SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY:

Shifting Industry Norms, Emerging Regulations, and Greater Interest from Civil Society

Introduction

Greater public disclosure of the human rights conditions embedded in global supply chains is rapidly becoming the norm for multinational companies managing complex sourcing relationships around the world. While for some companies, increased

supply chain transparency may be the logical result of a maturing social responsibility program, external pressures from civil society and governments, including emerging regulations that carry significant legal and financial risks, are also clearly driving this shift in industry norms – for everybody.

More and more countries around the world are enacting legislative and regulatory frameworks requiring multinational companies to trace their supply chains and be transparent about the effect of their business practices on human rights. In some cases, these frameworks require greater proactive reporting by companies on their human rights efforts. In other cases, they establish legal mechanisms that hold companies responsible for demonstrating their due diligence if human rights abuses are found in their supply chains. These frameworks do not differentiate between “tiers” of responsibility for companies but consider that a company’s responsibility extends throughout its entire supply chain. Failure to exercise adequate whole-supply-chain due diligence under these laws could lead to financial



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- ◀ FLA research in Turkey in 2016 found instances of child labor in cotton supply chains. The research was intended to help companies doing business in the Netherlands comply with emerging regulatory structures there.



penalties and operational challenges, including having goods excluded from entry or seized at the U.S. border.

Civil society organizations also are increasingly focusing more closely on companies' traceability and transparency efforts, recognizing those with stronger public transparency commitments, and pushing for those with less robust commitments to catch up. Expectations have shifted for multinational companies wishing to be recognized as social responsibility leaders, and the question is no longer whether a company should trace and disclose information about its supply chain, but rather how much information a company will disclose and against what standards its disclosures will be measured.

These moves are driven in part by an emerging consensus around businesses' responsibility to respect human rights and increasing concerns about risks and rights abuses at all levels of company supply chains. Currently, FLA due diligence focuses on certain levels of companies' supply chains. For our manufacturing companies, we conduct factory visits at the first tier (the finished-product stage) and for our agricultural companies, we conduct farm visits at the beginning of the supply chain. Our deeper supply chain work to date has included traceability pilots mapping supply chains for companies

using cotton sourced from China, India, Ivory Coast, and Turkey. This work helps companies better understand the human rights risks embedded in their products prior to reaching the final manufacturing facility.

The FLA believes that companies should have a thorough understanding of conditions throughout their supply chains and take appropriate actions to address human rights abuses therein. The FLA's methodology for effective monitoring is suitable for all levels of the supply chain, and its traceability projects demonstrate how companies can gain greater visibility over their supply chains. The FLA will continue to support companies to help them effectively meet these emerging regulatory requirements and be leaders in social responsibility throughout their supply chains.

The Global Consensus: Businesses Must Respect Human Rights

Recent developments promoting supply chain due diligence and transparency are not unexpected or sudden. They emerge from a growing global consensus

on the need for businesses to proactively respect human rights in their supply chains, as exemplified by the frameworks described below:



- ▶ The UN Guiding Principles on Business and Human Rights (“UNGP”)—Issued and endorsed by the UN Human Rights Council in 2011, the UN Guiding Principles are the most authoritative articulation of the relationship between business and human rights. They outline three pillars, the well-known UNGP “protect, respect and remedy” framework. The second pillar calls on private companies to respect human rights, which includes appropriate due diligence and disclosure procedures.¹
- ▶ The OECD Guidelines for Multinational Enterprises (“OECD Guidelines”)—The OECD Guidelines are a set of principles and standards for responsible business conduct in the form of recommendations expressed by governments to multinational enterprises operating in or from adhering countries. First adopted in 1976, the Guidelines were updated in 2011 to include a new chapter emphasizing that enterprises of all sizes and sectors should respect human rights wherever they operate. The chapter

¹ The UNGP also calls on governments to publish ‘National Action Plans’ on how to implement the principles therein. As of the time of this writing, over a dozen countries had already published their national action plans and over two dozen others were in the process of developing a national action plan or had committed to do so. Up to date information on the national actions plans can be accessed here. The majority of the national action plans include various means to address human rights abuses in corporate or government supply chains, such as adopting supply chain due diligence and disclosure policies, encouraging supply chain tracing or mapping tools or services, and promoting corporate social responsibility.

² <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>

calls on companies to conduct human rights due diligence. The OECD released further guidelines specifically for the apparel and footwear industries in February 2017.²

- ▶ 2015 G7 Leaders' Declaration—During the 2015 G7 Summit, the G7 Leaders specifically committed to increasing transparency and urged companies to conduct human rights due diligence.
- ▶ UN Sustainable Development Goals (“SDGs”)—Adopted in September 2015, the SDGs are a set of 17 goals to end poverty and promote prosperity, each of which has specific targets to be reached by 2030. Goal 1 seeks to “end poverty in all its forms everywhere” and Goal 8 seeks to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” The expectation for companies to be accountable for their global supply chains is not only in line with the SDGs, but an integral part of the greater global endeavors to achieve these goals. In achieving these goals, inclusive partnerships between governments, civil society, and the private sector are necessary and strongly encouraged, as captured in Goal 17.
- ▶ 2017 ILO Tripartite Declaration on Multinational Enterprises—This revised declaration includes guidance on due diligence processes for enterprises, in recognition of today’s increasing global supply chains.



Key Legal and Regulatory Frameworks

Since 2010, eight national or regional legal and regulatory initiatives have been enacted or are in the process of approval to hold companies accountable for tracing and providing oversight over their supply chains. Notably, these initiatives assume company responsibility for broad supply chain oversight, without differentiating specific “tiers” of responsibility. Similar initiatives are currently underway in Canada³, Australia⁴, Switzerland⁵, the Netherlands, and the European Union more broadly.⁶ For a thorough overview of the regulations summarized in the list below, see the chart in this paper’s appendix.

- ▶ US Tariff Act of 1930: Prohibits the import into the United States of any good that is mined, produced,

or manufactured wholly or in part by convict labor or forced labor.

- ▶ US Federal Acquisition Regulations (FAR) subpart 22.17: Amendments to the FAR in 2015 enhanced existing regulations against human trafficking and forced labor in the supply chains of U.S. federal contractors and subcontractors. Companies that do more than \$500,000 of business with the U.S. Government outside the United States must publish and implement a due diligence plan and remediate any instances of noncompliance.
- ▶ Dutch Child Labour Due Diligence Law: Requires companies doing business in the Netherlands to examine whether child labor occurs in their production chain. If so, companies must develop a plan of action to combat child labor and draw up a declaration about their investigation and plan of action.
- ▶ UK Modern Slavery Act §54: Requires companies that supply goods or services, and conduct business or part of a business in the UK with total turnover threshold of £36 million, to publish a statement setting out the steps, if any, that they have taken to ensure there is no modern slavery in their own business and their supply chains.

³ In Canada, there is a lobbying movement for federal legislation that would require publicly traded or private companies doing business in Canada to publicly report annually on efforts to monitor, address and prevent child labor. Earlier this year, a Canadian investor coalition released a report that argues for a carefully crafted federal legislation that can promote businesses’ supply chain transparency.

⁴ The Australian government has begun a public inquiry process into the need for legislation equivalent to the U.K’s Modern Slavery Act. Specific areas of focus include modern slavery risks in connection to global supply chains.

⁵ The Responsible Business Initiative is a public driven initiative that would amend the Swiss constitution to require companies to engage in due diligence for human rights and environmental concerns and remedy adverse impacts when appropriate. The Initiative has satisfied the number of required supporting signatures from the citizens and is now awaiting the Swiss Parliament’s action.

⁶ In 2016, eight national parliaments launched a green card initiative as an attempt to make a policy recommendation to the European Commission for legislation requiring due diligence from European companies that have potential adverse human rights impact.



▶ French Corporate Duty of Vigilance Law: Requires all companies headquartered in France and employing more than 5,000 employees in France, or headquartered anywhere and employing more than 10,000 employees worldwide, to establish plans to monitor their company supply chains for human

rights and environmental protection violations, and to implement their vigilance plan.

▶ US Dodd-Frank Act §1502 (Conflict Minerals provision): Requires publicly traded companies that utilize certain conflict minerals to file

▼ FLA site visits to cotton ginning mills in India (below, in 2017) and Turkey (2016) have demonstrated to FLA staff and researchers the challenges and opportunities of extending a commitment to social responsibility throughout an entire supply chain.





annual reports with the Securities and Exchange Commission reporting on their efforts to identify the source and chain of custody of those minerals if they originated in the Democratic Republic of the Congo or an adjoining country. Apparel companies can be affected by conflict mineral provisions depending on the origin of the metal or mineral components of their products, like zippers or buttons.

- ▶ California Transparency in Supply Chains Act: Requires every retail seller and manufacturer doing business in California and having annual

worldwide gross receipts that exceed \$100 million to disclose its efforts, if any, to eradicate slavery and human trafficking from its direct supply chain for tangible goods offered for sale.

- ▶ EU Conflict Minerals Regulation: This regulation requires annual reporting on responsible sourcing, proactive risk management, third party audits, and grievance mechanisms for the supply chains of companies using threshold levels of specific metals or minerals. The implementation date is January 1, 2021.

U.S. Domestic Regulatory Policy Changes

Additionally, there have been subtle yet significant changes to the domestic regulatory environment in the U.S. regarding businesses' criminal culpability and civil liability for human rights violations. Some companies may be vulnerable to prosecution and vicarious culpability for crimes such as forced labor committed by their own employees or other agents in their supply chains. Conducting required or voluntary human rights due diligence and maintaining effective compliance programs may, when combined with other factors, deter prosecution or reduce the final sentencing.⁷

Companies with supply chain actors within the U.S. may also be at risk for criminal culpability and civil liability for their domestic supply chain actors'

potential violations of the Fair Labor Standards Act (FLSA). Traditionally, the FLSA applied only to employers with direct relationships with their workers. Since 2010, however, the U.S. Department of Labor's Wage and Hour Division ("WHD") has adopted a "fissured industry" approach that acknowledges that the traditional structure of employment has been largely replaced in many industries by complex and "fissured" employment

⁷ A late 2015 revision to the U.S. Attorney's Manual instructs prosecutors to consider pursuing an indictment against a company for crimes committed by its directors, officers, employees or agents whether there is a pre-existing effective compliance program. (See Title 9, U.S. Attorneys Manual, Chapter 9-28.000 (9-28.300); see comment notes on 9-28.800 for detailed guidance on what constitutes an effective program.) The U.S. Sentencing Guidelines Manual §8B2.1 and §8C2.5 also specify that the existence of an effective compliance program may lead to a reduction in sentencing.



structures through subcontracting and outsourcing.⁸ Thus, in enforcing the FLSA, the WHD has interpreted the term “joint employment” loosely and may hold a company jointly and severally liable for its direct subcontractor’s (or supplier/vendor/third party’s) violation of the FLSA, given that the economic realities show that the affected worker is economically dependent on (and thus employed by) the company.⁹ Such evolution in enforcement approach calls on companies to be better informed and respond appropriately to

activities of their supply chain actors that may create uninvited liability or even criminal culpability.

⁸ To better understand the WHD’s “fissured industry” approach, see the report “Improving Workplace Conditions Through Strategic Enforcement”.

⁹ See WHD’s Administrator’s Interpretation No. 2016-1. The document provides: “Vertical joint employment exists where the employee has an employment relationship with one employer (typically a staffing agency, subcontractor, labor provider, or other intermediary employer) and the economic realities show that he or she is economically dependent on, and thus employed by, another entity involved in the work. This other employer, who typically contracts with the intermediary employer to receive the benefit of the employee’s labor, would be the potential joint employer.”

A GREATER FOCUS ON SUPPLY CHAIN TRANSPARENCY

Supply chain transparency refers to the extent to which information about a company’s suppliers and their locations is readily available to end users and other actors in the supply chain. Transparency of supply chains has become increasingly important, as consumers increasingly want to know the origin of products and services they purchase, and civil society organizations increasingly campaign for greater transparency.

For example, Oxfam’s “Behind the Brands” scorecard¹⁰ ranks companies on their supply chain transparency (among other metrics), and a coalition of organizations including Human Rights Watch, the International Labor Rights Forum (ILRF), the Clean Clothes Campaign, and Maquila Solidarity Network, have been urging companies to sign their pledge to publicly disclose their suppliers (and to present these disclosures in a searchable format).¹¹ Demonstrating the emerging focus on deeper supply chain traceability, Know the Chain recently released a report ranking companies on their efforts to eliminate forced labor from their supply chains, not only in the first tier but throughout.¹²

FLA affiliates have been active in making their supply chains more transparent. Currently at least 14 FLA Participating Companies publish some level of supplier disclosure on their websites.¹³ Those companies that provide public disclosure of suppliers tend to include tier-one factory names and addresses (and sometimes local, colloquial name, when different from the official incorporated name), and other companies have gone further, disclosing tier-two and tier-three suppliers as well.¹⁴ Some companies include even more

information, such as the longevity of the buyer-supplier relationship,¹⁵ direct contact information for individual facilities,¹⁶ and worker demographics, such as total number of workers, number of line workers, gender proportions, and migrant worker proportions.¹⁷ Most companies that publish their supplier lists indicate the effective date of their disclosure and commit to updates on a regular basis to keep the information as up-to-date and useful as possible for civil society and consumers. The FLA recommends that affiliated companies take steps toward greater supply chain transparency, and will continue to recognize companies for their disclosure commitments in its Annual Public Report.

¹⁰ <https://www.behindthebrands.org/company-scorecard/>

¹¹ <https://www.hrw.org/news/2017/04/20/more-brands-should-reveal-where-their-clothes-are-made>

¹² <https://knowthechain.org/benchmarks/3/>

¹³ Adidas Group, Columbia Sportswear, Fruit of the Loom, Gear for Sports, Gildan, Hugo Boss, Mountain Equipment Co-op (MEC), New Balance, Nike, Outerknown, Patagonia, Puma, UNIQLO (Fast Retailing), Zephyr Graf-x (See p. 33: http://www.fairlabor.org/sites/default/files/documents/reports/2015_fla_apr_0.pdf)

¹⁴ See Adidas and Puma as examples of expansive and comprehensive disclosure practices.

¹⁵ See Patagonia for disclosure on supplier relationship length.

¹⁶ Nike discloses direct contact information for a significant number of its individual facilities.

¹⁷ See Nike for comprehensive disclosure on worker demographics.



International Treaty on Business and Human Rights

A significant long term development is the possibility of codifying corporate responsibility for human rights globally. Thus far, the regulatory framework on a global scale has heavily relied on voluntary policing of businesses based on non-binding principles. In 2014, however, the UN Human Rights Council established an inter-governmental working group mandated to develop a binding treaty that would regulate transnational corporations and their responsibility to respect human rights. The anticipated treaty would create legally binding obligations on a global scale, creating a relatively level playing field, simplifying the regulatory requirements, and reducing redundant or inefficient compliance endeavors of companies.¹⁸

¹⁸ A common critique from businesses and industries is that various legislations at national/regional levels with different requirements and enforcement implications create a complex regulatory environment that renders responsible supply chain management inefficient and burdensome, and that is not a level playing field.

◀ FLA research in India in 2016 found risks of child labor and other labor rights issues in home-based units and informal workplaces beyond the first tier of the supply chain.

Conclusion

Increasingly, governments, civil society organizations, and consumers are seeking ways to hold multinational companies accountable for conditions throughout their supply chains. The regulatory environment is constantly evolving and many FLA-affiliated companies are taking steps to stay ahead of the curve and demonstrate leadership in full-supply-chain traceability, transparency, and accountability. Global scrutiny of and expectations for businesses' respect for human rights throughout their supply chains will continue to expand in the future. In this rapidly changing landscape, the FLA is committed to promoting greater upstream supply chain visibility and to building on its

current work to protect workers through all tiers of the supply chain. ■

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APPENDIX

LEGAL AND REGULATORY FRAMEWORKS							
NAME	COUNTRY	YEAR	APPLIES TO	REQUIREMENTS	TRANSPARENCY	SCOPE OF LABOR ISSUES	ENFORCEMENT
California Transparency in Supply Chains Act	US	2010	Manufacturers and retailers doing business in CA with global annual gross receipts in excess of \$100 million	<p>Companies must publicly disclose efforts to eradicate forced labor and human trafficking in their supply chains including:</p> <ol style="list-style-type: none"> 1. Use of third-party risk assessment 2. Independent supplier audits 3. Tier 1 supplier certifications 4. Internal accountability mechanisms 5. Internal training 	The disclosure statement must be published on the company's website through a "conspicuous and easily understood link."	Forced labor and human trafficking	Administrative order: Incomplete compliance or noncompliance may result in injunctive relief issued by the California Attorney General.
Dodd-Frank Act § 1502	US	2010	SEC-registered manufacturers of products that use conflict minerals	<p>Publicly-traded companies must submit to the SEC whether the minerals originate from the Democratic Republic of Congo or adjoining areas. If so, companies must engage in supply chain due diligence and annual disclosure on:</p> <ol style="list-style-type: none"> 1. Origin of minerals 2. Due diligence measures taken to trace and identify chain of custody of materials 3. Findings from an independent private sector audit 	The annual conflict minerals reports must be published on the company website	Child and forced labor	<p>Civil liability, administrative penalty:</p> <ol style="list-style-type: none"> 1. Noncompliance leads to section 18 liability of the Security Exchange Act of 1934. 2. Issuer may lose eligibility to use Form S-3.
Modern Slavery Act	UK	2015	Commercial organizations conducting at least a part of business in the UK with a global net turnover of £36m or more	<ol style="list-style-type: none"> 1. Annually publish disclosures on measures taken to identify and prevent slavery and human trafficking within its business or supply chain; or lack thereof 2. Conduct training 	Annual statements must be published and easily accessible on company website	Slavery and human trafficking	<p>Administrative order; fine:</p> <ol style="list-style-type: none"> 1. The Secretary of State may seek injunction through the High Court requiring compliance. 2. If noncompliant with the injunction, may be in contempt of a court order, which is punishable by an unlimited fine.



<p>Federal Acquisition Regulations</p>	<p>US</p>	<p>Amended in 2015</p>	<p>Qualifying government contractors and subcontractors with contracts valued \$500,000 or more and involving products not “commercially available off-the-shelf”</p>	<p>Companies must annually certify having implemented the following efforts to prevent, monitor, detect, or terminate prohibited activities:</p> <ol style="list-style-type: none"> 1. Post and implement a compliance plan 2. Conduct due diligence 3. Take appropriate remediation actions upon discovery of relevant abuse 4. Obtain equivalent annual certifications from each subcontractor regarding due diligence and compliance plan 	<p>Government contractors and subcontractors must post compliance plans on the company website and in the physical workspace.</p>	<p>Forced labor and human trafficking</p>	<p>Administrative penalty: Failure to comply may result in a number of possible remedies by the government agency, amounting up to the termination of specific contract at issue or even suspension or debarment.</p>
<p>Non-Financial Reporting Directive</p>	<p>EU</p>	<p>2016</p>	<p>Large public interest entities with more than 500 employees or parent companies of a corporate group with more than 500 employees</p>	<p>Provide a statement in management report on non-financial matters (at a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery, and board diversity). The statement should include information on policies and due diligence processes of the entity, and where proportionate, its supply chains.</p>	<p>The statement should be publicly available.</p>	<p>Human rights, anti-corruption, environmental concerns</p>	<p>Each EU member State must set out the consequences for noncompliance in national legislation.</p>
<p>Tariff Act of 1930</p>	<p>US</p>	<p>Amended in 2016</p>	<p>All US importers</p>	<p>Imported goods suspected of association with forced labor may be withheld or banned by US Customs and Border Protection (CBP). Companies are anticipated to conduct due diligence, identify, and avoid suppliers associated with forced labor.</p>	<p>All instances of Withhold Release Orders (WRO) issued are published on CBP’s website and formal findings from all instances in which the withheld imports are conclusively banned will be published in the Customs Bulletin and the Federal Register.</p>	<p>Forced, indentured, or convict labor, and child labor</p>	<p>Administrative order: Temporary withholding or conclusive ban of suspected imported goods.</p>
<p>Global Magnitsky Human Rights Accountability Act</p>	<p>US</p>	<p>Amended in 2016</p>	<p>Foreign persons, both individuals and entities</p>	<p>Foreign persons can be sanctioned (a) if they are responsible for or acted as an agent for someone responsible for “extrajudicial killings, torture, or other gross violations of internationally recognized human rights,” or (b) if they are government officials or senior associates of government officials complicit in “acts of significant corruption.”</p>	<p>Sanctions lists are published through the Treasury Department website.</p>	<p>Human rights</p>	<p>Targeted sanctions from the executive branch: asset freezes of funds held in US banks and bans on visas to the US</p>



<p>Corporate Duty of Vigilance Law</p>	<p>France</p>	<p>2017</p>	<p>French companies with 5,000+ staff in France, or any companies with over 10,000 employees worldwide</p>	<p>Companies must establish and implement a due diligence plan that states the measures taken to identify and prevent the occurrence of human rights and environmental risks resulting from its activities, the activities of companies they control, and the activities of subcontractors and suppliers</p>	<p>The vigilance plan and its effective implementation report shall be publicly disclosed and included in the extra-financial report required for major French multinational companies</p>	<p>Violations of human rights and fundamental freedoms, bodily injury or health risks</p>	<p>Administrative orders, civil liability:</p> <ol style="list-style-type: none"> 1. Formal notice to comply must be followed within 3 months 2. Injunction order to comply if continued noncompliance against the received formal notice 3. Vulnerability to civil liability claims
<p>EU Conflict Minerals Regulation</p>	<p>EU</p>	<p>2017</p>	<p>All importers of minerals or metals containing or consisting of tin, tantalum, tungsten or gold (except small volume importers that meet designated threshold)</p>	<ol style="list-style-type: none"> 1. Clearly communicate to suppliers and the public the supply chain policy for minerals/ metals potentially originating from conflict-affected and high-risk areas and incorporate the policy into contracts with suppliers 2. Conduct supply chain due diligence consistent with the OECD Due Diligence Guidance (involving independent third-party audits if applicable) 3. Assign senior management to oversee supply chain due diligence and maintain relevant records for at least 5 years 4. Engage in proactive risk management of potential adverse impacts of mineral supply chain 5. Operate a chain of custody or supply chain traceability system involving third-party audits of suppliers 6. Establish grievance mechanism 	<ol style="list-style-type: none"> 1. Annual public reports must be made containing the policies and practices of responsible sourcing. 2. Information gained from supply chain due diligence must be made available to immediate downstream purchasers. 3. The reports of third-party audits must be made available to EU Member State authorities. 	<p>Human rights abuses and child labor</p>	<ol style="list-style-type: none"> 1. Each member state will respectively establish the consequences applicable to infringements of this law. 2. Member state competent authority will issue a notice of remedial action to be taken by the importer.
<p>Countering America's Adversaries Through Sanctions Act (Title III, Korean Interdiction and Modernization of Sanctions Act)</p>	<p>US</p>	<p>2017</p>	<p>All US importers</p>	<p>The law creates an assumption of forced labor for any instance of work performed by North Koreans, provides for potential sanctions for persons that employ North Korean laborers, and specifically prohibits the importation into the US of goods produced in whole or in part by North Korean nationals employed anywhere in the world.</p>	<p>[See Tariff Act of 1930, above]</p>	<p>Forced labor</p>	<p>Goods will be prevented from entering US. Enforcement action by US Department of Treasury's Office of Foreign Assets Control with financial penalties.</p>



<p>Modern Slavery Act</p>	<p>Australia</p>	<p>2018</p>	<p>Companies, either Australian or foreign entities doing business in Australia, with annual consolidated revenue of at least AUD\$ 100 million</p>	<p>Applicable companies must file statement with the government, reporting on the following:</p> <ol style="list-style-type: none"> 1. The reporting entity 2. The reporting entity's structure, operations and supply chains 3. The risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls 4. The actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes 5. How the reporting entity assesses the effectiveness of these actions 6. The process of consultation with any entities the reporting entity owns or controls 7. Any other relevant information 	<p>MSA statement must be submitted to the Department of Home Affairs for publication on a central register.</p>	<p>Modern slavery</p>	<p>There are no financial penalties for failing to prepare a statement. After a three-year period, the position on penalties may be revisited.</p>
<p>Child Labor Due Diligence Law</p>	<p>The Netherlands</p>	<p>2019</p>	<p>Companies registered in or importing to the Netherlands</p>	<ol style="list-style-type: none"> 1. Conduct due diligence on whether there is reasonable suspicion on the use of child labor by first tier supplier (and when possible) others down the chain 2. Submit a declaration of having conducted said due diligence to the supervising government authority for publication in the website maintained by the supervising authority 3. If there is reasonable suspicion, draft a Plan of Action and publish through a public register maintained by the government 	<p>A declaration of due diligence and potentially a plan of action must be submitted for publication at government-maintained websites.</p>	<p>Child labor</p>	<p>Administrative order, fine, imprisonment:</p> <ol style="list-style-type: none"> 1. First instance of non-compliance will be subjected to the supervising authority's binding instruction with an execution deadline. 2. Noncompliance with said binding instruction leads to administrative fine. 3. More than one instance of non-compliance within five years following the first administrative penalty may lead to imprisonment of no more than 6 months.

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