

Company Website Disclosure Required Under the California Transparency in Supply Chains Act of 2010

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Attorney Articles

California has laws requiring companies to make certain disclosures on their websites, a recent example of which is the California Transparency in Supply Chains Act of 2010. This law went into effect on January 1, 2012. Cal. Civ. Code § 1714.43.

Application

This law applies to a company that meets all of the following requirements:

- is a retail seller or manufacturer (meaning that it reports retail trade or manufacturing as its principal business activity code on its California Franchise Tax Board tax return).
- has annual worldwide gross receipts exceeding \$100,000,000.
- is doing business in California.

Disclosure on Website

Each retail seller and manufacturer must post disclosure on its website with a conspicuous and easily understood link placed on its homepage about its efforts to eradicate slavery and human trafficking from its direct supply chains for tangible goods offered for sale.

If the retail seller or manufacturer does not have a website, it must provide a consumer with the written disclosure within 30 days of receiving a written request for the disclosure from a consumer.

Content of Disclosure

At a minimum, each retail seller and manufacturer must disclose the extent, if any, that it does each of the following:

- engages in 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.
- conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains; the disclosure must specify if the verification was not an independent, unannounced audit.
- requires 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.
- maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.

- provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly regarding mitigating risks within the supply chains of products.

Enforcement

The California Attorney General enforces this law by bringing action for injunctive relief, but this does not limit remedies that are available for a violation of any other state or federal law.

Implementation

While a number of companies have the foregoing disclosure on their websites, many other companies that may be subject to this law do not. Since a website is publicly available, companies may be compared with their competitors by other companies, third party organizations as well as the media. A starting point is for a company to determine whether it is subject to this law.

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