

## Supply Chain Management

### Forced Labour and Human Trafficking in the Supply Chain

Supply chains keep getting longer and longer, and who really knows what goes on at the other end of the chain?

Ignorance is not bliss in such issues, but rather it can be really dangerous!

A company whose products in any form whatsoever, become associated with child labour, human trafficking or forced labour, on the one hand suffers great damage to its image, which can lead to its losing a wide range of customers.

There is also a massive threat of serious legal consequences. The ball was set rolling by the UN's Guiding Principles on Business and Human Rights, which were adopted in 2011. In addition, the Organization for Economic Cooperation and Development Guidelines for Multi-national Enterprises ("OECD Guidelines") incorporated a similar degree of caution, as is contained in the UN Guiding Principles. These principles, additionally impose on member-countries, the setting-up of Contact Points at which complaints concerning human rights violations can be initiated.

Legislators in several countries have in the meantime, been at work: France, for example, enacted the "LOI n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre". (French law on the Corporate Duty of Vigilance) The Californian Transparency in Supply Chains Act was enacted as far back as 2010 and was followed in 2015 in Great Britain by the United Kingdom Modern Slavery Act which serves as a model for similar legislative projects in New Zealand, Australia and Hong Kong.

In other countries too, there are powerful lobbies fighting for appropriate legislation, such as, for example, the Corporate Responsibility Initiative in Switzerland. It is therefore to be expected that this sphere will be internationally regulated in the future.

A common factor of all regulations is that companies beyond a certain size in the respective countries are subject to strict monitoring and any breach of these obligations can lead to severe penalties. There are also numerous other laws, which give rise to sanctions for violations of human rights in the supply chain.

Those involved in complex supply chains are therefore advised to check their contracts and to incorporate clauses, which compel their business partners to comply with human rights standards. In addition, you must have a functional monitoring system which covers even remotely connected members of the chain.

GSL Consulting LLC keeps a watchful eye on the situation for you and can continue to help you with well-qualified advice.

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