Corporate Social Responsibility Legislation

A Summary of Selected Instruments

Prepared for AIM-PROGRESS

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INTRODUCTION

There has been a significant increase in corporate social responsibility legislation over the last several years, with more legislation on the horizon. In light of these developments, Ropes & Gray LLP was commissioned by AIM-PROGRESS to provide summaries of selected adopted, pending and proposed corporate social responsibility legislation relevant to its members. The Summaries included in this compilation are listed in the Table of Contents at the end of this Section.

This compilation is updated semi-annually. Selected updates since the last installment of this compilation are discussed under "Updates Since Last Revision."

A FRAMEWORK FOR THINKING ABOUT CORPORATE SOCIAL RESPONSIBILITY LEGISLATION

At first blush, CSR legislation can seem complicated. However, there are similarities in approach across CSR instruments, as discussed in this sub-section.

Types of CSR Legislation

CSR legislation generally fits into the following four categories:

Disclosure Only: Disclosure-only legislation requires subject companies to disclose their compliance activities relating to the subject matter of the legislation. However, it does not require companies to adopt policies or procedures, trace their supply chains, source responsibly or take other remedial action. Disclosure-only legislation is intended to increase transparency, to in turn encourage a "race to the top."

Examples:

- California Transparency in Supply Chains Act
- U.K. Modern Slavery Act
- Australian Commonwealth Modern Slavery Act
- Proposed U.S. Uyghur Forced Labor Disclosure Act
- EU Non-financial Reporting Directive
- Proposed California Climate Corporate Accountability Act

Disclosure+Diligence: This type of legislation requires subject companies to conduct diligence in relation to a particular issue and disclose the results of those efforts. However, it does not require companies to remediate any identified issues, instead relying on transparency to influence corporate behavior.

Example:

- U.S. Conflict Minerals Rule (not part of these Summaries)

Disclosure+Diligence+Remediation: This type of legislation goes a step further, requiring companies to take affirmative steps to address issues that are uncovered as part of their diligence.

Examples:

- U.S. Federal Acquisition Regulation Anti-Human Trafficking Rule
- French Corporate Duty of Vigilance Law
- Pending Netherlands Child Labor Due Diligence Act
- Pending German Due Diligence in the Supply Chain Act
- Pending Norwegian Transparency Act
- Proposed U.K. Environment Bill/Provisions addressing use of forest risk commodities

Trade-Based: Trade-based legislation prohibits the importation into a jurisdiction of goods that do not meet specified human rights requirements, in particular no forced labor in the supply chain. Although not explicitly part of these statutes, diligence is implied, since it is taken into account as a mitigating or aggravating factor if there is a violation.

Examples:

- Section 307 of the U.S. Tariff Act
- Section 321 of the U.S. Countering America's Adversaries Through Sanctions Act
- Proposed U.S. Uyghur Forced Labor Prevention Act

Other: Of course not all CSR legislation neatly fits into the foregoing categories. An example is Section 135 of the Indian Companies Act, which requires subject companies to, among other things, spend a specified portion of their net profits on CSR activities. In addition, keep in mind that, although not commonly thought of as corporate social responsibility legislation, there is a

significant body of civil and criminal legislation globally that intersects with corporate social responsibility to varying degrees addressing modern slavery and other employment practices, environmental, health and safety matters, truth in advertising, consumer protection and data privacy, among other topics. Although important from a compliance perspective, these areas generally are outside the scope of this work product.

Compliance Thresholds

With any piece of legislation, the threshold question is "Does it apply to my company?" CSR legislation is no different in this regard.

Common types of thresholds in CSR legislation include:

- Monetary thresholds, such as revenues or profits; these typically take into account the worldwide consolidated revenues of the particular entity, but typically do not include up-the-chain or sister companies in the group
- Number of employees
- "Doing business" requirements, which can be facts and circumstances-based or have bright line tests, such as a physical presence in the jurisdiction that adopted the legislation
- Nature of business activities
- Jurisdiction of organization

Some legislation has multiple threshold requirements. Thresholds often must be tested at least annually.

ADDRESSING COMPLIANCE

With the continuing proliferation of new CSR regulations, it has become important for companies to take a holistic approach to compliance in this area, both to reduce compliance costs and better manage risks. Although each regulation has its own unique compliance requirements (as discussed in the Summaries), consistent with the foregoing approach, companies should consider the following high-level compliance measures:

- Ensure that policies, vendor codes of conduct and procedures are flexible enough to address new CSR regulations. For example, are policies and vendor codes broadly written, or are they narrowly tailored to specific regulations? Similarly, are supply chain compliance procedures scalable?

- Manage CSR compliance through a centralized team of subject matter experts. As similar regulations are adopted in different parts of the world, many companies are moving towards more centralized CSR compliance, either generally or around specific subject areas.

- Consolidate disclosure where applicable, for example by preparing a single global modern slavery statement.

- Leverage existing procedures for new regulations. If flexible, existing supply chain traceability, audit, training and risk assessment protocols usually can accommodate new supply chain-related CSR regulations.

- Leverage voluntary frameworks, guidance and best practices, in particular the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, OECD sector guidance (including the OECD-FAO Guidance for Responsible Agricultural Supply Chains) and International Labour Organization conventions and recommendations, as well as non-binding government guidance and NGO commentary. Note that voluntary frameworks are outside the scope of the Summaries. As noted in the Summaries, voluntary frameworks are expressly taken into account in many CSR regulations.

UPDATES SINCE LAST REVISION

This installment is our most significant update to date, reflecting the dramatic increase in CSR-related legislation that has been proposed and adopted over the last several months. This installment also includes Summaries addressing two additional areas of legislation not covered in prior installments: climate change and deforestation. New Summaries include the following:

- ***Proposed U.S. Uyghur Forced Labor Disclosure Act***: The Act would require companies that are publicly traded in the United States to annually disclose, among other things, certain Xinjiang-related imports, whether there is a nexus to forced labor camps and financial results relating to the goods.

- ***Pending German Due Diligence in the Supply Chain Act***: In June 2021, the German Parliament approved mandatory human rights due diligence legislation, which will take effect starting in 2023. The Act will require subject companies to manage and address human rights risks in their supply chains. The duty of care under the Act is based on the UN Guiding Principles on Business and Human Rights.

- ***Pending Norwegian Transparency Act:*** This Act was approved by the Norwegian Parliament in June 2021. The Act is concerned with fundamental human rights and decent working conditions and will require subject companies to carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises.

- ***Proposed Belgian Duty of Vigilance Law:*** This Act would require all companies established or active in Belgium to respect human and labor rights and the environment and to, in some cases, put in place a vigilance plan to address adverse impacts.

- ***Proposed California Climate Corporate Accountability Act:*** The Act would require U.S.-based entities with total annual revenues in excess of $1 billion that do business in California to annually report on their scope 1, scope 2 and scope 3 greenhouse gas emissions.

- ***Proposed California Climate Change Disclosure Bill:*** This Act would require large publicly traded companies based in California to report on climate change risks and their management of these risks.

- ***Proposed U.K. Environment Bill:*** First announced in 2018, debate on the Bill resumed in 2021. A Summary has been added discussing the portion of the Bill addressing the use of forest risk commodities in commercial activities. The Bill proposes limitations on the use of forest risk commodities and would require subject companies to establish and implement a due diligence system in relation to covered commodities and annually report on their due diligence.

We also have updated many of the pre-existing Summaries to reflect numerous developments since the last installment. Significant updates include the following:

- ***U.K. Modern Slavery Act:*** A June 2021 private member's Bill proposing amendments to the Act.

- ***Section 307 of the U.S. Tariff Act:*** Additional Customs and Border Protection withhold release orders have been added. Customs and Border Protection's February 2021 FAQs pertaining to cotton and tomato products from the Xinjiang Uyghur Autonomous Region also have been included.

- ***U.S. Trafficking Victims Protection Reauthorization Act:*** A new lawsuit filed in February 2021 against several fast-moving consumer goods companies alleging the defendants participated in a venture using child labor in violation of the TVPRA.

- ***EU Non-financial Reporting Directive:*** Updated to discuss the Corporate Sustainability Reporting Directive adopted by the European Commission in April 2021, which would replace the existing Non-financial Reporting Directive.

- ***French Corporate Duty of Vigilance Law:*** Recent litigation and enforcement developments have been added.

- ***Swiss Mandatory Human Rights Due Diligence Legislation:*** The status of new legislation following the defeat of the Responsible Business Initiative's proposed constitutional amendment.

- ***EU Mandatory Human Rights Due Diligence Directive:*** The draft directive adopted by the European Parliament in March 2021.

- ***Section 135 of the Indian Companies Act:*** The amendments to Section 135 adopted in 2021, which significantly amended that Section.

LOOKING FURTHER OUT

In addition to the developments discussed above, the following are some of the trends we are tracking that are expected to over time impact CSR compliance and disclosure:

- In the next several months, a big development will be the publication by the European Commission of its long-awaited proposed mandatory human rights due diligence directive. However, we would not be surprised to in parallel continue to see more stringent MHRDD legislation move forward in individual European countries.

- Pressure on supply chains with Xinjiang labor continues to increase. Over the next year, we expect additional national measures to address human right concerns involving Xinjiang. These may consist of a mix of legislation, administrative action and guidance. Thus far, measures have been taken by the United States, the United Kingdom, Canada and Australia. These countries are likely to incrementally build on the measures already taken.

- We are in the very early stages of CSR legislation to address climate change and climate risk. These issues are taken into account in some of the mandatory human rights due diligence legislation discussed in the Summaries. We expect to see a significant number of new bills over the next year calling for enhanced climate risk disclosure. In the United States, the Securities and Exchange Commission has indicated it will as early as October 2021 propose rules requiring additional climate-

related disclosures. In parallel, the IFRS Foundation is in the process of establishing an International Sustainability Standards Board, which also will propose climate-related disclosures. Several jurisdictions also are incorporating the recommendations of the Task Force on Climate-related Financial Disclosures into national regulation and stock exchange requirements, including the United Kingdom, Switzerland and Japan.

- The focus by investors on human rights issues continues to increase. As noted in our last installment, in October 2020, Principles for Responsible Investment released its framework for integrating human rights into investment decisions and ongoing engagement with investee companies. The framework contemplates a four-year transition for embedding respect for human rights in investment activities. Over the next few years, this framework will flip from voluntary to mandatory. PRI has over 3,000 signatories, representing over $100 trillion in assets under management, making the framework a potent force for change in investor practices, which will in turn influence corporate practices. In parallel, large institutional investors are increasingly weighing in on proposed CSR legislation and CSR is increasingly being viewed as material to investment decisions and corporate performance. As a result, investors are becoming a more important stakeholder constituency in the CSR legislative process.

ABOUT ROPES & GRAY

Ropes & Gray has a leading ESG, CSR, business and human rights and supply chain compliance practice. We offer clients a comprehensive approach in these subject areas through a global team with members in the United States, Europe and Asia. In addition, senior members of the practice have advised on these matters for more than 30 years, enabling us to provide a long-term perspective that few firms can match. For further information on the practice, please contact Michael Littenberg at michael.littenberg@ropesgray.com or 1-212-596-9160.

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Assessing the Applicability of Legislation

The following charts compare the thresholds for applicability of the adopted and pending instruments described below. Additional detail on the items below is contained in the Summaries.

Modern Slavery Disclosure-based Legislation

	CA Transparency in Supply Chains Act	UK MSA	Australia Commonwealth MSA	New South Wales MSA
Jurisdiction	California, United States	United Kingdom	Australia (federal)	New South Wales, Australia
Compliance Threshold	Retailer or manufacturer with annual worldwide gross receipts in excess of US$100 million	Total annual turnover of at least £36 million	Annual consolidated worldwide revenue of more than A$100 million	Total annual turnover of A$50 million or more
Nexus	Identifies as a retail seller or manufacturer in its CA tax returns	Carries on a business (including a trade or profession) or part of a business in the U.K.	Is either an Australian entity or carries on business in Australia	Has at least one employee in New South Wales and supplies goods and services for profit

Selected Other CSR Regulations

	S. 307 of the Tariff Act	S. 321 of the CAATSA	FAR Anti-Human Trafficking Rule	EU Non-financial Reporting Directive	French Corporate Duty of Vigilance Law	Swiss Mandatory Human Rights Due Diligence Legislation	German Due Diligence in the Supply Chain Act	Norwegian Transparency Act	S. 135 of the Indian Companies Act	Dutch Child Labor Due Diligence Law
Issue(s) Addressed	Forced labor	North Korean forced labor	Forced labor	Environment, social and employee matters, human rights, corruption and diversity	Human rights, health and safety and the environment	Conflict minerals and child labor	Human rights risks and environmental risks	Fundamental human rights and decent working conditions	Corporate social responsibility in India	Child labor
Jurisdiction	United States	United States	United States	European Union	France	Switzerland	Germany	Norway	India	Netherlands
Compliance Threshold	N/A	N/A	Prohibited conduct restrictions apply to all U.S. federal contracts Compliance plan and certification requirements apply to U.S. federal government contracts/ subcontracts if offshore performance exceeds	Balance sheet total of more than €20 million or a net turnover of more than €40 million, and more than 500 employees on average	At least 5,000 employees in French subsidiaries or 10,000 employees worldwide	To be set by the Federal Council	At least 3,000 employees for 2023, and 1,000 employees or more starting with 2024	Large enterprises covered by Section 1-5 of the Norwegian Accounting Act or that meet two of the following: sales of NOK 70 million, balance sheet amount of NOK 35 million or average number of employees during the fiscal	Net worth of rupees five hundred crore or more, turnover of rupees one thousand crore or more or a net profit of rupees five crore or more	N/A

Assessing the Applicability of Legislation

Selected Other CSR Regulations (Continued)

	S. 307 of the Tariff Act	S. 321 of the CAATSA	FAR Anti-Human Trafficking Rule	EU Non-financial Reporting Directive	French Corporate Duty of Vigilance Law	Swiss Mandatory Human Rights Due Diligence Legislation	German Due Diligence in the Supply Chain Act	Norwegian Transparency Act	S. 135 of the Indian Companies Act	Dutch Child Labor Due Diligence Law
			US$500,000					year of 50		
Nexus	Imports good into the United States	Imports goods into the United States produced using North Korean national or citizen labor	Contract with the U.S. federal government, as a prime, subcontractor or agent	EU-listed companies, banks, insurance companies and other companies designated by national authorities as public interest entities	Registered office in France	Enterprises with their registered office, central administration or principal place of business in Switzerland	Head office, principal place of business, administrative seat or statutory seat in Germany	Domiciled in Norway or offering goods and services in Norway that are taxable in Norway	Indian companies and foreign companies doing business in India	Companies that provide goods or services to end-users based in the Netherlands

Modern Slavery Act Comparison

	Australia Commonwealth MSA	New South Wales MSA	UK MSA	CA Transparency in Supply Chains Act
Subject Companies	Any entity that meets the turnover and jurisdictional nexus requirements below	Supplies goods and services for profit or gain	Commercial organisation that supplies goods or services	Manufacturer or retailer
Annual Turnover Threshold	A$100 million	A$50 million	£36 million	US$100 million
Jurisdictional Nexus	Australia-based entity or carries on business in Australia	Employees in NSW	Doing business in the United Kingdom	California Revenue and Taxation Code
Covered Business Activities	The subject entity's operations and supply chains	The subject entity's business and supply chains	Any of the subject entity's supply chains, and any part of its own business	Direct supply chain for tangible goods offered for sale
Statement Content (Similar, but not identical, across all jurisdictions)	Required topics	Required topics that align with the Commonwealth MSA (Proposed regulations)	Suggested topics	Required topics
Publication	Submission to the Australian Border Force for inclusion in a central Modern Slavery Statements Register	Submissions to the Anti-Slavery Commissioner for inclusion in an online public register (Proposed regulations)	Website, with a prominent homepage link, or upon written request	Website, with a conspicuous and easily understood homepage link, or upon written request
Signature/Board Approval	Required	Required (Proposed regulations)	Required	None
Frequency	Annual	Annual	Annual	Not specified; on an as-needed basis
Due Date	Within six months after fiscal year end	Within six months after fiscal year end; beginning with first fiscal year after commencement of the Act (Proposed regulations)	No mandatory due date; expected within six months after fiscal year end	Not specified
Specified Penalties	None	Up to A$1.1 million	None	None

Note: This chart should be read in conjunction with the more detailed Summaries that follow.

Overview of Due Diligence- and Trade-based Modern Slavery and MHRDD Legislation

	US Tariff Act	US CAATSA	US FAR	Dutch Child Labor Law	French Corporate Duty of Vigilance Law	German Due Diligence in the Supply Chain Act	Swiss Mandatory Human Rights Due Diligence Legislation	Norwegian Transparency Act
Covered Activities	Imports into the US	Imports into the US	US government contracts	Selling or providing goods or services to end-users based in the Netherlands	All business operations	All business operations	All business operations	All business operations
Prohibited Activities	Importing goods produced using prison or forced labor	Importing goods produced using North Korean labor, whether in North Korea or abroad	No forced labor, withholding employee documentation or charging recruitment fees; also affirmative obligations relating to return transport, housing and employment contracts in certain circumstances	N/A	N/A	N/A	N/A	N/A
Due Diligence	No specific requirements, but taken into account as a mitigating factor if there is a violation	No specific requirements, but taken into account as a mitigating factor if there is a violation	Required for contracts with foreign performance over specified dollar threshold	Must investigate whether there is a reasonable suspicion of child labor in the business or supply chain	Must establish a reasonable vigilance plan to allow for risk identification and prevention of severe violations of human rights, health and safety or environmental damage	The duty of care is based on the UN Guiding Principles on Business and Human Rights and is higher for direct suppliers	Must carry out due diligence in respect of conflict minerals and child labor	Must carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises
Compliance Plan	No specific requirements, but taken into account as a mitigating factor if there is a violation	No specific requirements, but taken into account as a mitigating factor if there is a violation	If due diligence/ certifications are required, must also have compliance plan meeting specified requirements	If reasonable suspicion of child labor, must adopt and implement action plan	Must include procedures to identify and analyze human rights risks and regularly assess supplier risks, actions to mitigate risks and prevent violations, alert mechanisms and	Must include a risk management system, risk analysis, human rights policy statement, preventative and remedial measures to address adverse impacts and a complaint	Must include management systems, a risk assessment, a risk management plan and risk mitigation	Must include accountability, mapping and risk assessment, measures to mitigate adverse impacts, tracking of measures implemented, communication with

	US Tariff Act	US CAATSA	US FAR	Dutch Child Labor Law	French Corporate Duty of Vigilance Law	German Due Diligence in the Supply Chain Act	Swiss Mandatory Human Rights Due Diligence Legislation	Norwegian Transparency Act
					assessment mechanisms.	mechanism		affected stakeholders and cooperation with remediation
Reporting	N/A	N/A	Compliance certifications at time of contract award and annually	Subject company generally must prepare a declaration indicating that it exercises due diligence in order to prevent the goods and services that its sells or supplies to Dutch end- users from being produced using child labor	Must make public vigilance plan and regular reports on the implementation of the plan	Annual reporting that discusses risks identified, measures taken to fulfill the duty of care, how the measures taken are assessed and conclusions drawn from assessments for future measures	Annual reporting on due diligence	Annual statement discussing the business, the process for addressing adverse impacts, adverse impacts and risks uncovered through due diligence and measures to address adverse impacts and the results of the measures

Note: This chart should be read in conjunction with the more detailed Summaries that follow.

Transparency in Supply Chains Act California	
Overview	
Law / State	**California Transparency in Supply Chains Act** (California Civil Code S. 1714.43) (California, United States)
Goal	To reduce modern slavery through enhanced disclosure.
Adoption / Status	The Transparency in Supply Chains Act (the "**Act**") was adopted on September 30, 2010 and went into effect on January 1, 2012.
Issues Addressed	• Slavery • Human trafficking
Covered Entities	A company is subject to the Act if it: • Identifies as a Retail Seller or Manufacturer in its California state tax returns; • Actively engages in any transaction for the purpose of financial or pecuniary gain in California; and • Has annual worldwide gross receipts in excess of US$100 million.
How It Works	
Mandatory?	Yes.
Statement Requirements	A company subject to the Act must prepare a statement indicating to what extent it: • 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 with training on human trafficking and slavery, particularly with respect to mitigating risks within product supply chains.
Reporting	The statement must be posted on the company's website using a "conspicuous and easily understood link." If the company does not have a website, the company must provide consumers with written disclosures within 30 days of receipt of a written request.

Enforcement	The Attorney General has exclusive authority to enforce the Act, and may file a civil action for injunctive relief. There are no associated financial penalties. The Act does not specify the timing for publishing a statement or specify when the existing statement must be updated.
Additional Information/Resources	
Law	https://oag.ca.gov/sites/all/files/agweb/pdfs/cybersafety/sb_657_bill_ch556.pdf
Resource Guide	For the official resource guide, which includes sample disclosures, see: https://oag.ca.gov/sites/all/files/agweb/pdfs/sb657/resource-guide.pdf

Note: This summary is for informational purposes only and does not constitute legal advice.

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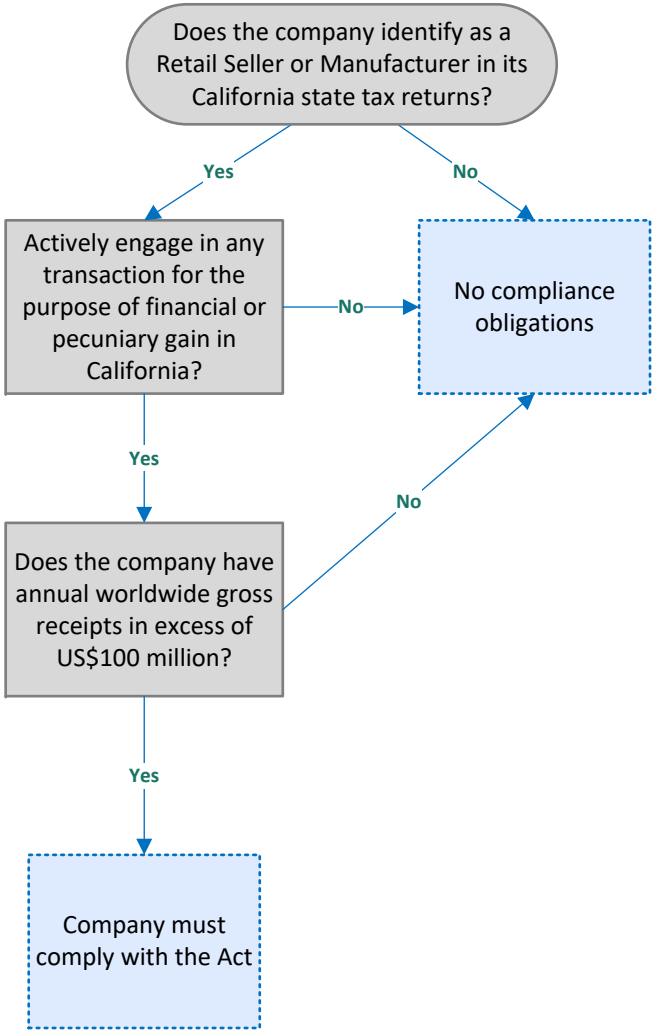

Modern Slavery Act United Kingdom	
Overview	
Law / Country	**UK Modern Slavery Act** (S. 54) (United Kingdom)
Goal	To reduce modern slavery through enhanced disclosure.
Adoption / Status	The UK Modern Slavery Act ("**MSA**") transparency provisions came into force on October 29, 2015. The transparency disclosure requirements are addressed in Section 54 of the MSA. Note that this summary is largely limited to the transparency provisions of the MSA.
Issues Addressed	Slavery and human trafficking
Covered Entities	Commercial organisations: The MSA covers any "commercial organisation" that supplies goods or services and has a total annual turnover of at least £36 million. A commercial organisation is a corporation or partnership that carries on a business (including a trade or profession) or part of a business in the United Kingdom, regardless of where it is was incorporated. The turnover calculation includes the turnover of the subject commercial organisation and its subsidiary undertakings, including those subsidiary undertakings carrying on business outside of the United Kingdom. Parents and sister companies: Having a subsidiary that is subject to the MSA does not subject entities that are above that subsidiary in the corporate chain, or sister companies under common control, to the MSA. However, depending on their business activities in the UK, multiple entities in the consolidated group, even those not primarily engaged in carrying on a business in the United Kingdom, may be subject to the MSA. A parent organization that is subject to the MSA must include in its statement the activities of its subsidiaries, even if a subsidiary does not independently meet all of the MSA's jurisdictional requirements, if the activities of the subsidiary are part of the parent's supply chain or business. Franchisees: In determining the total turnover of a business operating a franchise model, only the turnover of the franchiser and not that of any franchisees must be included.
How It Works	
Mandatory?	Yes.
Statement Requirements	A commercial organisation must prepare a statement indicating the steps it has taken during the applicable financial year to ensure that slavery and human trafficking are not taking place in any of its supply chains or in any part of its own business.

	While the MSA does not provide for mandatory disclosures, there are six encouraged disclosure topics: • The structure of the commercial organisation, its business model and its supply chain relationships. • Policies relating to slavery and human trafficking. • Due diligence and auditing processes in relation to slavery and human trafficking in its business and supply chains. • The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk. • Its effectiveness in ensuring that slavery and human trafficking are not taking place in its business or supply chains, measured against such key performance indicators as it considers appropriate. • Slavery and human trafficking training available to its staff.
Reporting	Timing: Commercial organisations are expected to publish a statement within six months after fiscal year end. Although there is no mandatory due date by which statements must be published, over time, the Home Office has taken steps to increase pressure on companies to timely report. Publication: The statement must be published in a prominent location on the commercial organisation's website homepage and must clearly identify the contents of the link. If the commercial organisation does not have a website, it must provide a copy of the statement upon written request within 30 days after the request is received. For commercial organisations with more than one website, the statement should be placed on the most appropriate website relating to the commercial organisation's business in the United Kingdom. If there is more than one relevant website, the commercial organisation should place a copy of the statement or a link to the statement on each relevant website. Approval/Signatures: For corporate entities, the statement must be approved by the board of directors (or equivalent) and signed by a director or the equivalent. If the entity is a limited liability partnership, the statement must be approved by the members and signed by a designated member. If the entity is a limited partnership registered under the UK Limited Partnerships Act, it must be signed by a general partner. For any other kind of partnership, the statement must be signed by a partner. Additional Content Guidance: Home Office guidance pertaining to statement content indicates that: • Group statements published by parent entities should clearly name the entities covered by the statement. • Statements should indicate the date of the fiscal year end and the period covered. • Statements should clearly indicate the board approval date. • Statements should include the name (physical signature not required) and job title of the signatory and the signature date.

Enforcement	At present, there is no financial or legal penalty for non-compliance.
Expected Amendments – September 2020 Government Response to Public Consultation	On September 22, 2020, the UK Government published its response to the 2019 public consultation on the MSA. The consultation solicited views on possible changes to several aspects of the transparency provisions, including (1) the topics covered by statements; (2) potential features of a new Government-run reporting service for modern slavery statements; (3) establishing a single deadline for the publication of statements; and (4) the addition of civil penalties for non-compliance. Many of the Government's commitments described below will require changes to the MSA. The Government indicated that these changes will be made when parliamentary time allows. Mandated Disclosure Topics: The Government indicated it will mandate the areas to be addressed in modern slavery statements. The mandatory topic areas will include the existing voluntary suggested areas, although in the shift to mandatory reporting they may be presented differently through the combination of some topic areas. If a commercial organisation does not take steps within a particular required topic area, it will be required to clearly state that. Commercial organisations also will be encouraged to provide the reason for not taking steps within a particular area. Statement Registry: The Government indicated it will require commercial organisations to publish their statement on the Government-run registry. Timing: The Government will introduce a single reporting deadline. Rather than requiring commercial organisations to report on activity undertaken during their most recently completed fiscal year, statements will cover a reporting period running from April 1 through March 31. Modern slavery statements will be due on September 30, giving commercial organisations six months to prepare their statements. Other Statement Enhancements: The Government will amend the MSA to require modern slavery statements to state the date of board (or equivalent) approval and director (or equivalent) sign-off. The Government will also amend the MSA to require group statements to name the entities covered. Penalties: The Government has indicated it intends to propose penalties for failure to comply with the requirements of the transparency provisions.
Statement Registry	In March 2021, the Government established an online registry to house MSA statements. At present, submitting statements to the Registry is voluntary.

Private Member's Bill to Amend the Act	On June 15, 2021, a Modern Slavery (Amendment) Bill (the "**Bill**") was tabled in the House of Lords. The Bill would (1) add a new criminal offense for false information in modern slavery statements, (2) add a new civil offense for continuing to source from a supplier after they receive a formal warning from the Independent Anti-Slavery Commissioner for failing to demonstrate a minimum standard of transparency, (3) require subject commercial organisations to publish information on the country of origin of sourcing inputs and report the use of employment agents acting on behalf of an oversees government and (4) arrange for credible inspections and verify country of origin information.
Additional Information/Resources	
U.K. Modern Slavery Act	http://www.legislation.gov.uk/ukpga/2015/30/pdfs/ukpga_20150030_en.pdf
September 2020 Response to the Public Consultation	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919937/Government_response_to_transparency_in_supply_chains_consultation_21_09_20.pdf
Modern Slavery (Amendment) Bill	https://bills.parliament.uk/publications/41860/documents/390

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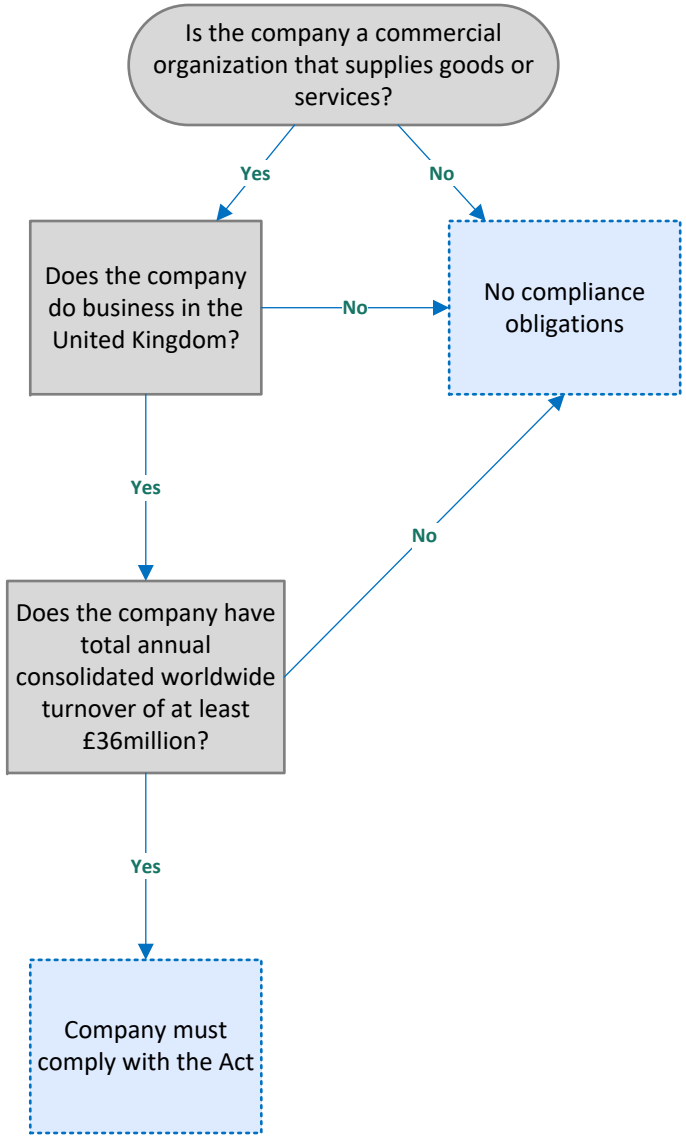

Commonwealth Modern Slavery Act 2018 Australia	
Overview	
Law / Country	**Australia Commonwealth Modern Slavery Act** (No. 153, 2018) (the "**Act**") (Australia)
Goal	To reduce modern slavery through enhanced disclosure.
Adoption / Status	Effective January 1, 2019, for fiscal years beginning after the effective date.
Issue Addressed	Modern slavery practices occurring in the supply chains of goods and services in the Australian market. Note that this summary is limited to the transparency provisions of the Act.
Covered Entities	A reporting entity under the Act is an entity that: • At any time in the reporting period is either an Australian entity or carries on business in Australia; and • Has annual consolidated worldwide revenue of more than A$100 million. Consolidated revenue is the total revenue of the entity for a reporting period, or if the entity controls another entity or entities, the total revenue of the entity and all of the controlled entities, considered as a group, for the applicable reporting period of the controlling entity.
How It Works	
Mandatory?	Yes.
Statement Requirements	A Modern Slavery Statement must include the following: • the reporting entity; • the entity's structure, operations and supply chains; • the potential modern slavery risks in the entity's operations and supply chains; • actions the entity has taken to assess and address those risks, including due diligence and remediation processes; and • how the entity assesses the effectiveness of those actions. The statement also must describe the process of consultation with: • any entities that the reporting entity owns or controls; and • in the case of a joint modern slavery statement, with the other entities giving the statement. In addition, the statement must include any other information that the reporting entity considers relevant.
Reporting	Timing:

	Reporting starts with the first fiscal year after the Act took effect. Statements are due within six months after fiscal year end. However, as noted below, the Australian Border Force (the **"ABF"**) has extended the deadline under certain circumstances due to the COVID-19 pandemic. Publication: Reporting entities must submit statements to the ABF for publication in an online central register. Approval/Signatures: A statement must be approved by the principal governing body of the subject entity and signed by a responsible member for the entity.
Department of Home Affairs Guidance	The Department of Home Affairs published final guidance in September 2019. The guidance contains information related to modern slavery more generally and provides explanatory guidelines for complying with the Act. The guidance does not create additional substantive obligations under the Act.
Australian Human Rights Commission Guidance	In August 2020, the Australian Human Rights Commission, an independent third-party established by an Act of Parliament that investigates complaints about discrimination and human rights breaches, launched five sector-specific guides to help business effectively respond to the Act. Two of the guides have been published. The first guide pertains to the property and construction sector. The second guide pertains to the financial services sector.
Enforcement	If the Minister believes an entity failed to comply with the Act, the Minister may ask the entity to provide an explanation for its failure to comply. The Minister also may request the entity undertake remedial action. If the entity fails to comply with the Minister's request, the Minister may publish information about its failure to comply.
Additional Information/Resources	
Law	https://www.legislation.gov.au/Details/C2018A00153
Guidance	For the September 2019 guidance, see: https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf For the Australian Human Rights Commission property and construction guidance, see: https://humanrights.gov.au/sites/default/files/document/publication/ahrc_kpmg_modernslavery_property_construction_2020.pdf For the Australian Human Rights Commission financial services sector guidance, see: https://humanrights.gov.au/our-work/business-and-human-rights/publications/financial-services-and-modern-slavery-practical

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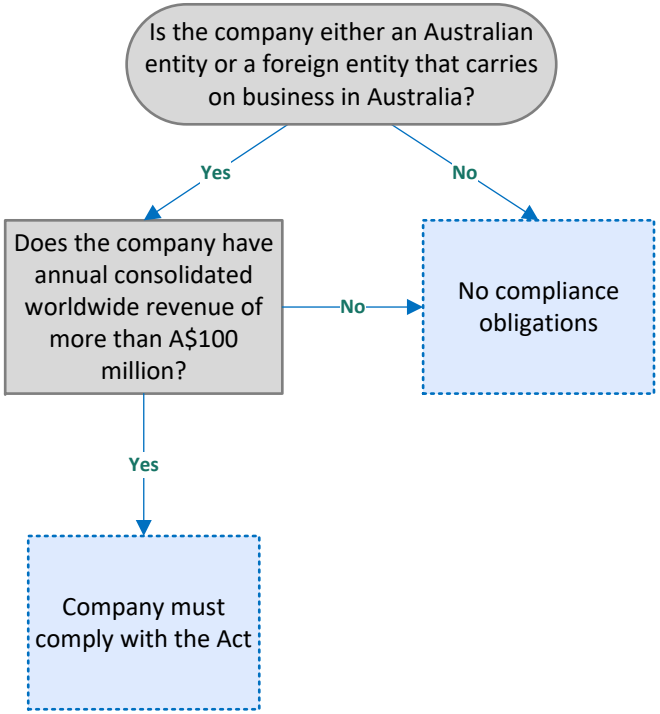

Modern Slavery Act (Pending) **New South Wales**	
Overview	
Law / State	**Modern Slavery Act** (Act No. 30, Part 3) (New South Wales, Australia) (the "**Act**")
Goal	To reduce modern slavery through enhanced disclosure.
Adoption / Status	Adopted June 27, 2018. The original anticipated commencement date of the Act was July 1, 2019. However, this was delayed due to constitutional concerns and concerns over potential conflicts with the Australian Commonwealth Modern Slavery Act (the **"Commonwealth MSA"**). The NSW Government determined that it was appropriate prior to the commencement of the Act for the Legislative Council's Standing Committee on Social Issues (the **"Committee"**) to conduct a review of the Act and the consultation drafts of the Modern Slavery Bill 2019 (the **"Amendment Bill"**) and the Modern Slavery Regulation 2019 (the **"Regulation"**) prepared by the NSW Government (both the Bill and the Regulation are discussed below). Among other things, the Committee was charged with reviewing the effect of the reporting requirements of the Act on business and whether the adoption of the Commonwealth MSA renders all or part of the Act unnecessary or requires it to be amended to address inconsistencies or gaps. In March 2020, the Committee presented its report. The Committee's recommendations are further discussed below. On September 24, 2020, the NSW Government published a response to the Committee's report, as further discussed below.
Issues Addressed	• Slavery • Forced marriage and child abuse • Sex trafficking Note that this summary is limited to the transparency provisions of the Act.
Covered Entities	A "commercial organisation" that: • has at least one employee in New South Wales; • supplies goods and services for profit or gain; and • has a total annual turnover of A$50 million or more. A commercial organisation can be a company, partnership, association or other entity. The Amendment Bill proposes to clarify that, for purposes of calculating turnover, turnover derived from the supply of goods and services for profit or gain is to be used. In addition, the Regulation proposes to amend the definition of commercial organisation to change "turnover" to "consolidated revenue." This amendment is intended to conform the Act to the terminology used in the Commonwealth MSA.

How It Works	
Mandatory?	Yes. However, it is expected that entities required to comply with the Commonwealth MSA will not be required to separately comply with the Act (although they are expected to be subject to the penalty provisions discussed below).
Statement Requirements	The Act contemplates that the information that commercial organisations will be required to report in their statement will be contained in additional regulations. Statement content, which is aligned with the Commonwealth MSA, has been proposed in the Regulation and includes the following: • The name of the subject commercial organisation. • A description of its structure, operations and supply chains. • A description of the risks of modern slavery practices in the operations and supply chains of the subject commercial organisation and any entities that it owns or controls. • A description of the actions taken by the subject commercial organisation and any entity it owns or controls to assess and address the risks described in the preceding bullet point, including due diligence and remediation processes. • A description of how the subject commercial organisation assesses the effectiveness of the actions described in the preceding bullet point. • A description of the process of consultation with any entities owned or controlled by the subject commercial organisation and, in the case of entities preparing a joint statement, between the entities covered by the statement. • Any other information that the subject commercial organisation considers relevant. Subject commercial organisations that are part of the same consolidated group would be permitted to prepare a joint statement. The statement would be required to be prepared in consultation with each entity covered by the statement.
Reporting	Timing: The Regulation provides that statements would be due within six months after fiscal year-end. The reporting provisions would not apply in respect of any fiscal year that began before the commencement of the Regulation. Publication: The Regulation provides that modern slavery statements would be required to be submitted to the Anti-slavery Commissioner. The Commissioner would in turn be required to include the statement in a free online public register that it will be required to establish. Approval/Signatures: Under the Regulation, the statement would be required to be approved by the principal governing body of the subject commercial organisation, and signed by a responsible member of that entity.

	A joint statement would instead be required to be approved by the principal governing body of each entity covered by the statement, or by a higher-level entity in a position, directly or indirectly, to influence or control each entity covered by the statement, whether or not the higher-level entity is itself covered by the statement. In addition, the joint statement would be required to be signed by a responsible member of each entity covered by the statement or the higher-level entity, as applicable, based on the approval process followed. However, if neither of the foregoing approval processes is practicable, the statement would be able to be approved by at least one commercial organisation covered by the statement and signed by a responsible member of the commercial organisation approving the statement. In addition to the statement content requirements noted earlier, if the statement is for a single commercial organisation, it would be required to include details of the approval by the principal governing body of the commercial organisation. If a joint statement, it would be required to include details of the approval by the relevant principal governing body or bodies. Alternatively, if it is not practicable to comply with the approval requirements otherwise applicable to joint statements (i.e., approval by each entity covered by the statement or a higher-level entity), the statement would be required to include an explanation of why it is not practicable to do so. Exemptions from Reporting: Under the Regulation, commercial organisations that meet the jurisdictional and financial thresholds for reporting would nevertheless be exempt from reporting if they satisfy any of the following conditions: • The commercial organisation is a voluntary reporter under the Commonwealth MSA or a subsidiary of a reporting entity under that Act. In either of the foregoing cases, the commercial organisation would be required to, within six months after the applicable fiscal year-end, provide the Commissioner with notice of the foregoing and a copy of the statement submitted under the Commonwealth MSA. The statement would still come under the enforcement provisions of the Act discussed below. • During the applicable fiscal year, the commercial organisation had less than 20 employees.
Enforcement	If a commercial organisation fails to publish a statement, or knowingly provides false or misleading information in a statement, the commercial organisation could be fined up to A$1.1 million.
March 2020 Committee Report	In its March 2020 report, the Committee recommended the following: • Notwithstanding the adoption of the Commonwealth MSA, the NSW Government should proceed to introduce amendments to the Act taking into consideration the comments and recommendations in the Committee's report. The Committee strongly recommended a target commencement date not later than January 1, 2021. • The NSW Government should work with the Australian Government to seek harmonization of the reporting thresholds under the Act and the Commonwealth MSA, ideally at the A$50 million level, for a standard national approach to modern slavery reporting.

	• The NSW Government should seek to amend the reporting threshold terminology in the Act to replace the term "turnover" with "consolidated revenue." • The NSW Government should seek to amend the Act to specify a relevant authority responsible for conducting prosecutions that involve breaches of the reporting provisions of the Act. • The Commissioner should, on an ongoing basis, examine and report on matters regarding the appropriateness of bringing franchisors, on behalf of franchisees not otherwise captured by the Act, within its scope. • The NSW Government should finalize the development of a voluntary reporting mechanism for businesses falling under the A$50 million reporting threshold of the Act. This already was in process by the NSW Government. • The NSW Government should seek to amend the Act to provide for a statutory review to be conducted in conjunction with the Australian Government's statutory review of the Commonwealth MSA. Although not listed as a formal recommendation, in its report the Committee also indicated support for the penalty provisions of the Act.
September 2020 Government Response to Committee Report	On September 24, 2020, the NSW Government published a response letter to the Committee's report. According to the response, the NSW Government plans to enter into discussions with the Commonwealth to better harmonize the Act with the Commonwealth MSA. In particular, the NSW Government noted its support for a national A$50 million reporting threshold. The NSW Government also either noted or accepted in principle the Committee's recommendations, including that the Act: • Commence on or before January 1, 2021. • Provide for a statutory review to be conducted in conjunction with the Australian Government's statutory review of the Commonwealth MSA. • Replace the term "turnover" with "consolidated revenue". • Specify a relevant authority responsible for conducting prosecutions that involve breaches of the reporting provisions of the Act. • Give victims of acts of modern slavery access to recognition payments. The NSW government noted that all of the Committee's recommendations are subject to the outcomes of harmonization discussions with the Commonwealth.
Additional Information/Resources	
Law	https://www.legislation.nsw.gov.au/#/view/act/2018/30/part3
Amendment Bill	https://www.parliament.nsw.gov.au/lcdocs/other/12300/Consultation%20Draft%20-%20Modern%20Slavery%20Amendment%20Bill%202019.pdf

Proposed Regulation	https://www.parliament.nsw.gov.au/lcdocs/other/12302/Consultation%20Draft%20-%20Modern%20Slavery%20Regulation%202019.pdf
March 2020 Parliamentary Committee Report	https://www.parliament.nsw.gov.au/lcdocs/inquiries/2546/Final%20Report%20No.56%20-%20Modern%20Slavery%20Act%202018%20and%20associated%20matters%20-%2025%20March%202020.pdf
September 2020 Government Response to Committee Report	https://www.parliament.nsw.gov.au/lcdocs/inquiries/2546/Government%20response%20-%20Modern%20Slavery%20Act%202018%20and%20associated%20matters%20-%20received%20on%20the%2024%20September%202020.pdf

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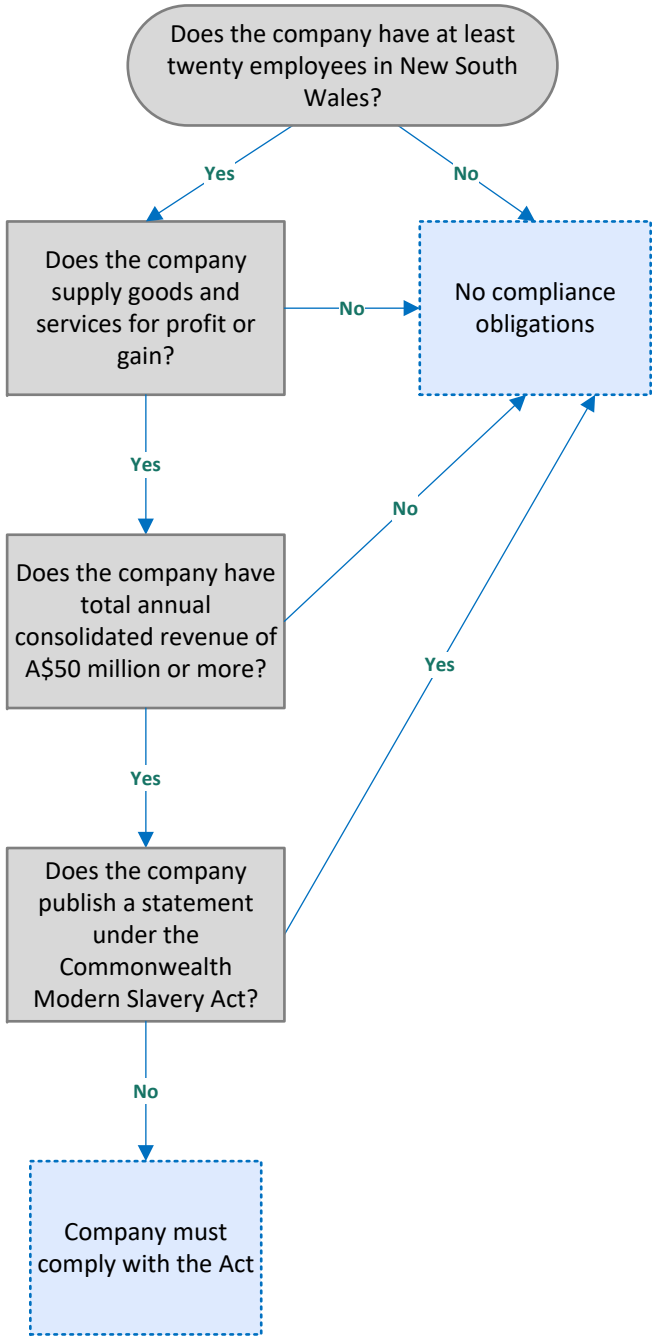

Supply Chain (Modern Slavery) Act (Proposed) Tasmania	
Overview	
Law / State	**Supply Chain (Modern Slavery) Act** (Tasmania, Australia) (the "**Act**")
Goal	To combat modern slavery through enhanced disclosure, among other measures.
Adoption / Status	First reading in the House of Assembly on April 30, 2020. Timing for next steps to be determined.
Issue Addressed	• Modern slavery "Modern slavery" would be defined in relevant part as (1) any conduct constituting a modern slavery offence under the Commonwealth Criminal Code and (2) any conduct involving the use of any form of slavery, servitude or forced labor to exploit children or other persons taking place in supply chains. Forced labor, servitude and slavery would in turn have the definitions in the Commonwealth Criminal Code. Note that this summary is limited to the reporting provisions of the Act. There also are provisions addressing, among other things, the appointment of an independent Supply Chain (Anti-slavery) Commissioner, the establishment of a Supply Chain (Modern Slavery) Committee of Parliament and government procurement.
Covered Entities	Any "commercial organisation," including a corporation or partnership, (1) with employees in Tasmania, (2) that supplies goods and services for profit or gain and (3) has a total turnover in a financial year of the organisation of not less than A$30 million or such other amount as may be prescribed by regulations.
How It Works	
Mandatory?	Yes. However, the transparency provisions of the Act would not apply to a commercial organisation that is subject to obligations under a law of the Commonwealth or another State or Territory that is prescribed as a corresponding law. The Commonwealth MSA and New South Wales MSA are expected to be prescribed as corresponding laws.
Statement Requirements	The Act would require subject commercial organisations to annually publish a modern slavery statement for each financial year of the organisation describing the steps taken during the year to ensure that the commercial organisation's goods and services are not a product of supply chains in which modern slavery is taking place. More detailed content requirements would be established by regulation.
Reporting	Subject commercial organisations would be required to make their modern slavery statements public. More detailed requirements would be set by regulation. The independent Supply Chain (Anti-slavery) Commissioner to be appointed pursuant to the Act would be required to keep a register in electronic form that (1) identifies any commercial organisation that has disclosed in a modern slavery statement that its goods and services are, or may be, a product of supply chains in which modern slavery may be taking place and whether the commercial organisation has taken steps to address the concern and (2) identifies any other organisation or body

	that has voluntarily disclosed to the Commissioner that its goods and services are, or may be, a product of supply chains in which modern slavery is taking place and whether the organisation or body has taken steps to address the concern. The Commissioner would be required to make the register publicly available free of charge.
Enforcement	The Act may create an offence punishable by a penalty not exceeding 50 penalty units (currently A$172 per unit).
Additional Information/Resources	
Law	For the text of the proposed Act, see: https://www.parliament.tas.gov.au/bills/Bills2020/pdf/18_of_2020.pdf

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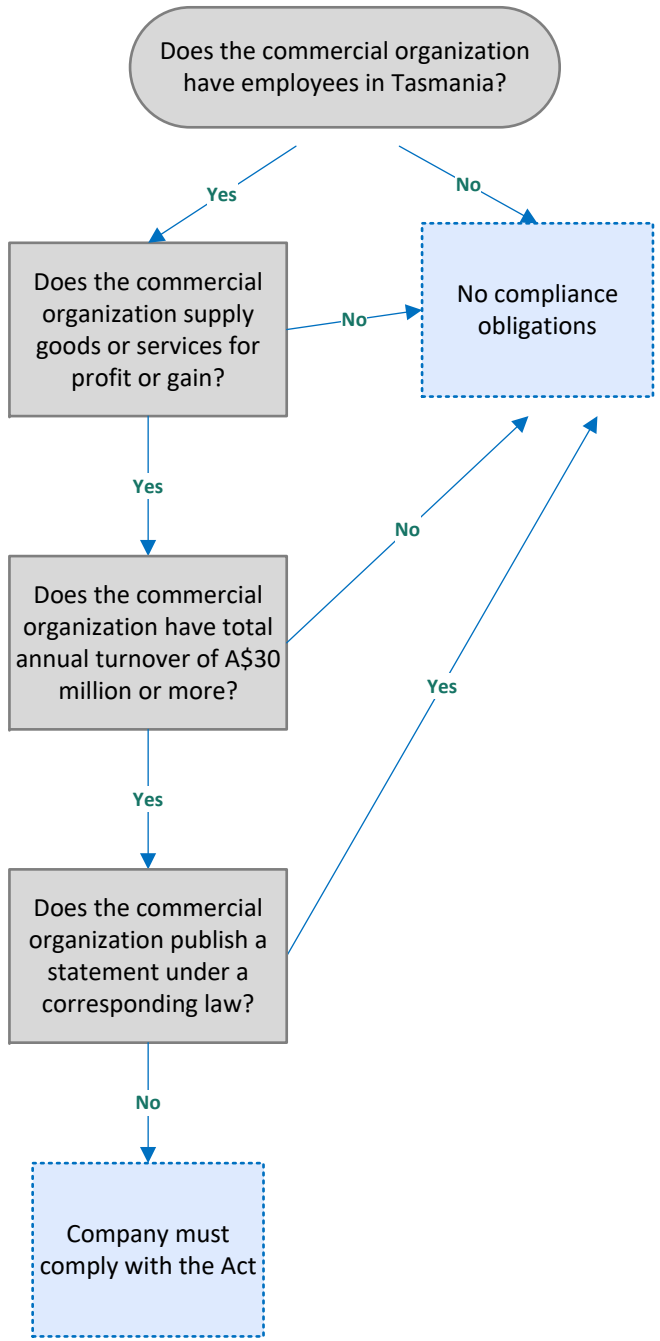

Modern Slavery Act (Proposed) **Canada**	
Overview	
Law / State	**Modern Slavery Act** (Canada) (the "**Act**")
Goal	To combat forced and child labor through enhanced disclosure and strengthened import restrictions.
Adoption / Status	S-216 was introduced in the Canadian Senate on October 29, 2020 by Senator Julie Miville-Dechêne. The bill had its second reading on March 30, 2021 and has been referred to the Standing Senate Committee on Banking, Trade and Commerce. The Act would come into force on January 1 of the year following the year in which it receives royal assent.
Issues Addressed	• Forced labor • Child labor
Covered Entities	A corporation, trust, partnership or other unincorporated organization would be subject to the reporting requirements of the Act to the extent it meets any of the following requirements: • Is listed on a stock exchange in Canada; • Has a place of business in Canada, does business in Canada or has assets in Canada and, based on its consolidated financial statements, meets at least two of the following conditions for at least one of its two most recent financial years: (1) has at least C$20 million in assets, (2) has generated at least C$40 million in revenue or (3) employs an average of at least 250 employees; or • Is prescribed by regulations. And: • Produces or sells goods in Canada or elsewhere (for purposes of the Act, the production of goods would include the manufacturing, growing, extraction and processing of goods); • Imports into Canada goods produced outside Canada; or • Controls an entity engaged in any of the foregoing activities (control can be direct or indirect).
Key Definitions	"**Forced labor**" would be defined as labor or service provided or offered to be provided by a person under circumstances that (1) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labor or service or (2) constitute forced or compulsory labor as defined in Article 2 of the International Labour Organization's Forced Labour Convention. That Convention defines forced or compulsory labor as all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily (subject to several narrow exceptions specified in the Convention). "**Child labor**" would be defined as labor or service provided or offered to be provided, in Canada, by persons under the age of 18 under circumstances that (1) are contrary to the laws applicable in Canada or, if provided or offered to be provided outside Canada, under circumstances that, if provided or offered to be provided in Canada, would be contrary to the laws

	applicable in Canada or (2) constitute the worst forms of child labor as defined in Article 3 of the ILO's Worst Forms of Child Labour Convention. That Convention defines the worst forms of child labor as (1) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict, (2) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances, (3) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties, or (4) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.
How It Works	
Mandatory?	Yes.
Report Requirements	The report would be required to include the steps the entity has taken during the preceding year to prevent and reduce the risk that forced labor or child labor is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. In the report, the entity also would be required to include information pertaining to: • Its structure and the goods that it produces in Canada or elsewhere or that it imports into Canada; • Its policies in relation to forced labor and child labor; • Its activities that carry a risk of forced labor or child labor being used and the steps it has taken to assess and manage that risk; • Any measures taken to remediate any forced labor or child labor; and • The training provided to employees on forced labor and child labor. The Minister of Public Safety and Emergency Preparedness would be empowered to specify the form and manner in which a report is to be provided.
Attestation Requirement	The report would be required to include an attestation by a director or officer of the reporting entity that the information in the report is true, accurate and complete.
Reporting	A subject entity annually would be required to submit its report to the Minister of Public Safety and Emergency Preparedness within 180 days after the end of the entity's fiscal year. The Minister would be required to maintain an electronic registry containing the reports provided to it. The registry would be required to be made available to the public on the Department of Public Safety and Emergency Preparedness website. In addition to submitting its report to the Minister, a subject entity would be required to make the report available to the public, including by publishing it in a prominent place on its website.
Enforcement	Persons or entities that fail to submit or publish a report in accordance with the Act could be fined up to C$250,000. In addition, every person or entity that knowingly makes a false or misleading statement or knowingly provides false or

	misleading information to the Minister or a person designated by the Minister to administer and enforce the Act, could be fined up to C$250,000. An officer, director or agent of the person or entity who directed, authorized, assented to, acquiesced in or participated in the commission of an offense also could be held liable for the offense.
Import Prohibition	The Act also would amend the Customs Tariff to prohibit the importation into Canada of goods that are mined, manufactured or produced wholly or in part by child labor, or to prescribe the conditions under which those goods may be prohibited. Note that the Customs Tariff already contains a similar prohibition on goods involving forced labor. That prohibition took effect on July 1, 2020 as part of the US-Mexico-Canada Agreement, which is the successor to NAFTA.
Additional Information/Resources	
Law	For the text of the proposed Act, see: https://www.parl.ca/DocumentViewer/en/43-2/bill/S-216/first-reading

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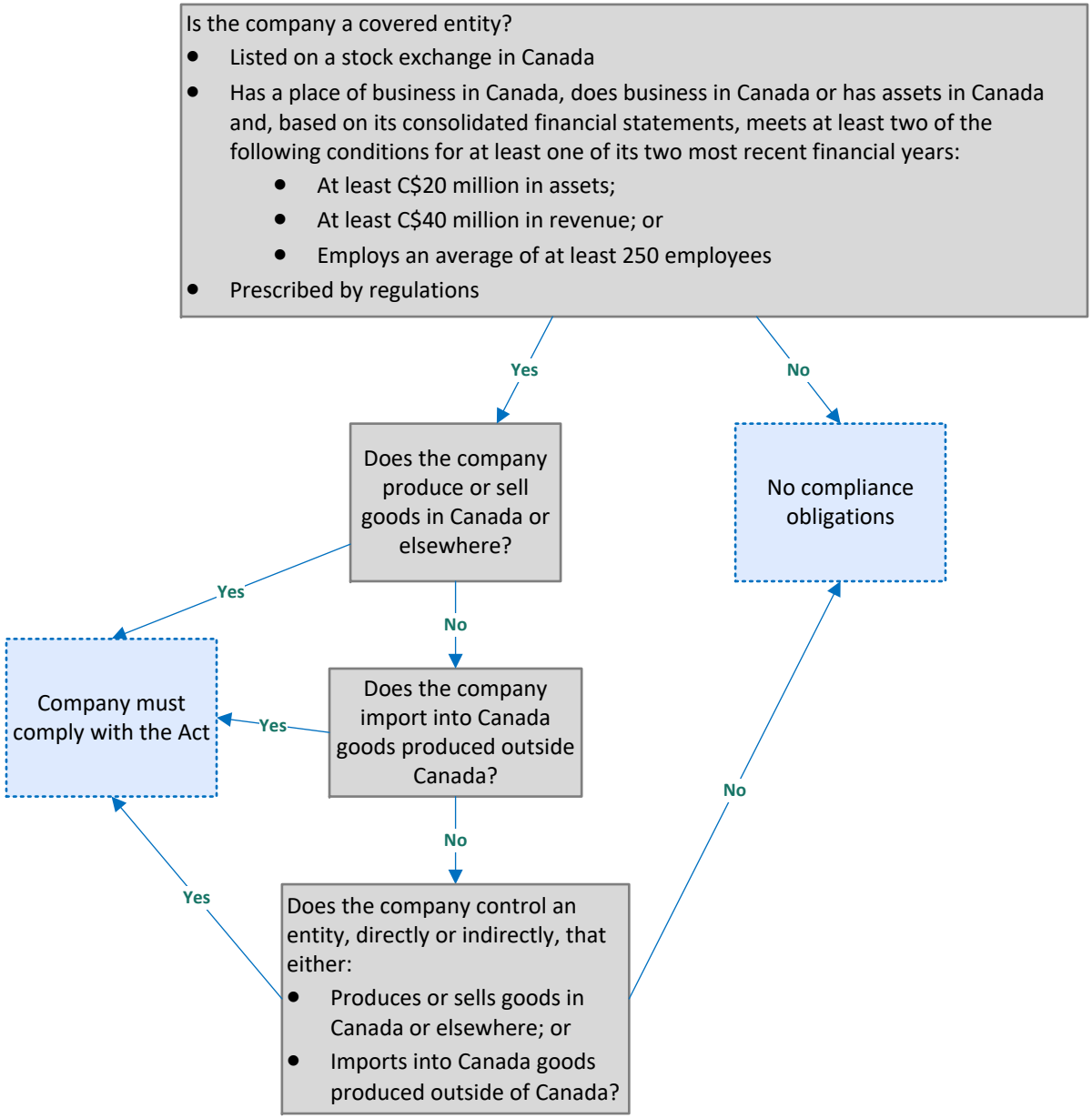

Transparency in Agricultural Supply Chains Act (Proposed) Washington	
Overview	
Law / State	**Transparency in Agricultural Supply Chains Act** (SB 5693) (Washington, United States)
Goal	To protect the rights of workers in agricultural supply chains through enhanced disclosure.
Adoption / Status	The Transparency in Agricultural Supply Chains Act (the "**Act**") was introduced in the Washington State Legislature on January 28, 2019. On February 22, 2019, the Act was passed to the Rules Committee for a second reading. The Act was reintroduced in the 2020 regular session on January 13, 2020.
Issues Addressed	• Modern slavery • Human trafficking • Workers' rights generally
Covered Entities	Every retail seller of agricultural products doing business in Washington State and having annual worldwide gross receipts of $200 million or more. Agricultural products are defined as cocoa, dairy, coffee, sugar and fruit products. The definition excludes wheat, potato, onions, asparagus or other vegetable products.
How It Works	
Mandatory?	Yes.
Statement Requirements	A retail seller subject to the Act would be required to prepare an annual statement indicating: • Specific actions taken, if any, with respect to its product supply chains to: o Evaluate and address risks of slavery, peonage and human trafficking; o Comply with employment law obligations; and o Respect workers' human rights. • Any information reported from its suppliers as noted below.
Supplier Outreach	Subject retail sellers would be required to require their suppliers to report annually any violations of employment-related laws and incidents of slavery, peonage and human trafficking, including any: • Court or arbitration rulings; • Citations or other rulings by governmental agencies; and • Criminal convictions. "**Supplier**" is defined as an individual, business or entity in any form that is contracted by a retailer of agricultural products for the supply of agricultural products.

	Failure of a supplier to report the required information to the retail seller would be a violation of the Act. The supplier would be subject to penalties, as described below.
Reporting	The statement would be required to be posted on the retail seller's website "with a conspicuous and easily understood link." In the event the retail seller does not have an internet website, it would be required to provide consumers with a written disclosure within 30 days of receiving a written request for the disclosure from a consumer.
Enforcement	The attorney general would be able to commence a civil action in a Washington State court against a retail seller of agricultural products or a supplier for a violation of the Act. If a court finds that a retail seller of agricultural products or a supplier has violated the Act, the court would be able to award to the plaintiff: • Statutory damages of not less than $500 and not more than $7,000 for each such violation; • Punitive damages for willful violations; • Reasonable costs and attorneys' fees; and • Declaratory or injunctive relief as the court deems appropriate.
Additional Information/Resources	
Law	For the text of the proposed Act, see: http://lawfilesext.leg.wa.gov/biennium/2019-20/Pdf/Bills/Senate%20Bills/5693-S.pdf#page=1

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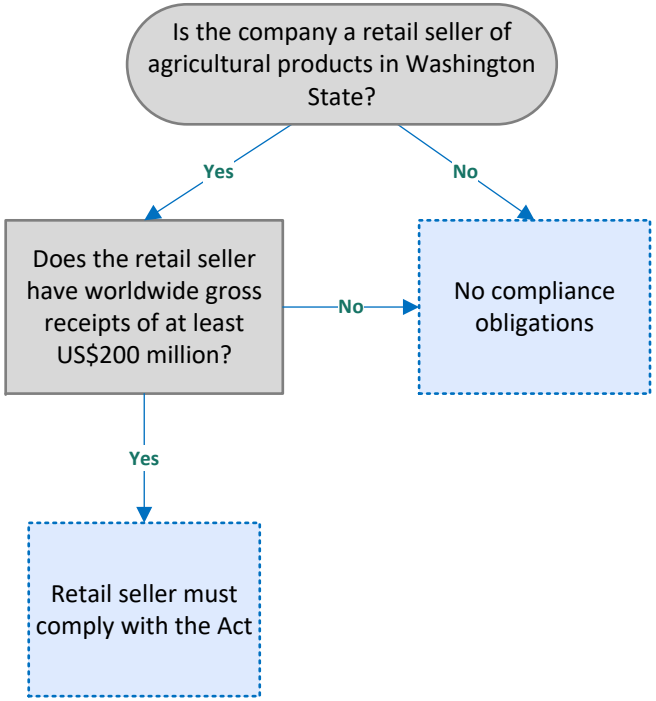

Uyghur Forced Labor Disclosure Act (Proposed) United States	
Overview	
Law / Country	**Uyghur Forced Labor Disclosure Act of 2020** (H.R. 6270 (the **"Bill" or the "Act"**)) (United States)
Goal	To address Uyghur forced labor in supply chains.
Adoption / Status	The Bill was passed by the House of Representatives on September 30, 2020. It was received in the Senate on October 1, 2020 and referred to the Committee on Banking, Housing, and Urban Affairs. The Bill was reintroduced in the House on March 18, 2021.
Issue Addressed	Forced labor in the Xinjiang Uyghur Autonomous Region (the **"XUAR"**).
Covered Entities	Companies that have a class of securities registered under the Securities Exchange Act (the **"Exchange Act"**).
How It Works	
Mandatory?	Yes.
Disclosure of Activities Relating to the XUAR	No later than 180 days after the date of enactment, the Securities and Exchange Commission (the "Commission") would be required to issue rules requiring issuers that file an annual report or proxy statement under the Exchange Act to disclose in the annual report or proxy statement whether, during the period it covers: • The issuer or any affiliate directly or indirectly engaged with an entity or the affiliate of an entity to import (1) manufactured goods, including electronics, food products, textiles, shoes and teas, that originated in the XUAR or (2) manufactured goods containing materials that originated or are sourced in the XUAR; • Whether such goods or materials described above originated in forced labor camps; and • The nature and extent of the commercial activity related to such good or material, the gross revenue and net profits attributable to the good or material, and whether the issuer or its affiliate intends to continue with such importation. As used in the Act, "**forced labor camp**" means (1) any entity engaged in the mutual pairing assistance program that subsidizes the establishment of manufacturing facilities in the XUAR, (2) any entity using convict labor, forced labor or indentured labor described under Section 307 of the Tariff Act and (3) any other entity that the Commission determines is appropriate.
Availability of Information	Information would be publicly available on the Commission's EDGAR website.
Government Reporting	The Commission would be required to conduct an annual assessment of issuer compliance with the requirements of the Act and issue a report to Congress containing the results of the assessment.

	The Government Accountability Office would be required to periodically evaluate and report to Congress on the effectiveness of the Commission's oversight of the Act's disclosure requirements.
Additional Information/Resources	
Law	For the text of the Bill, see: https://www.congress.gov/bill/116th-congress/house-bill/6270

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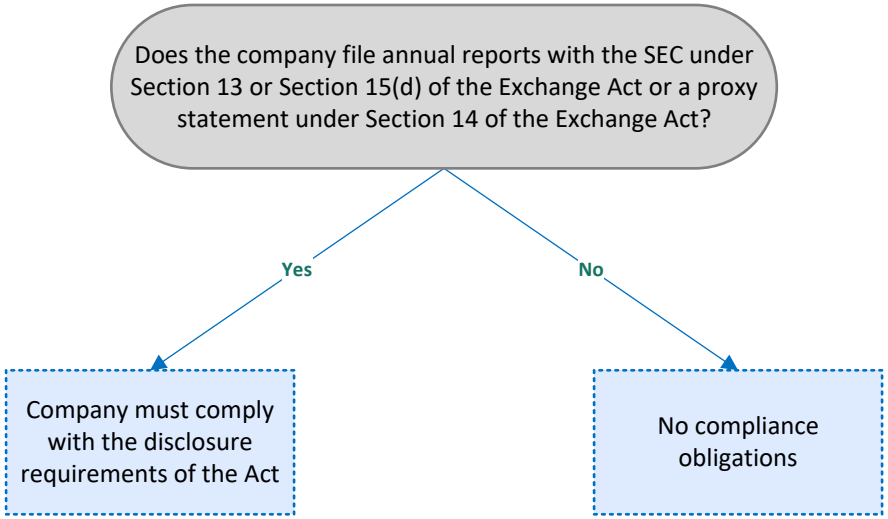

Section 307 of the US Tariff Act United States	
Overview	
Law / Country	**Section 307 of the US Tariff Act** (19 U.S.C. § 1307) (United States)
Goal	To ensure that goods being imported into the United States are not being produced using forced labor.
Adoption / Status	The US Tariff Act (the "**Act**") came into force in 1930. However, an exception to Section 307, known as the "consumptive demand exception," substantially curtailed the applicability of Section 307. The Trade Facilitation and Trade Enforcement Act of 2015 ("**TFTEA**"), which entered into force on March 10, 2016, eliminated the consumptive demand exception.
Issues Addressed	• Prison labor • Forced labor
Covered Entities	Importers of goods into the United States.
How It Works	
Mandatory?	Yes.
Prohibited Imports	Goods, wares, articles and merchandise mined, produced or manufactured wholly or in part in a foreign country by convict, forced or indentured labor under penal sanctions are not entitled to entry into the United States and its importation is prohibited. Forced labor is any work or service exacted from a person under the threat of penalty and the person has not offered to perform the work voluntarily. Forced labor and indentured labor include forced or indentured child labor.
Enforcement	After Customs and Border Protection ("**CBP**") receives a petition from customs officers or an interested party, CBP can begin an investigation into the goods in question. If CBP decides conclusively the goods were made with forced labor in another country, among other things, CBP may seize the goods and initiate forfeiture proceedings. If CPB decides the available information reasonably, but not conclusively, indicates that goods made with forced labor are being or will be imported, CPB may require the importing company to submit supplementary documentation. Violations of Section 307 can also result in fines. Since the repeal of the consumptive demand exception, CBP has issued withhold release orders covering the following goods: • Potassium, potassium hydroxide and potassium nitrate (March 2016, Tangshan Sunfar Silicon Industries, China) • Stevia and its derivatives (May 2016, Inner Mongolia Hengzheng Group Baoanzhao Agricultural and Trade LLC, China; October 2020, Inner Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co., Ltd., China) • Peeled garlic (September 2016, Hongchange Fruits & Vegetable Procucts Co., Ltd., China) • Toys (March 2018, Huizhou Mink Industrial CO.LTD., China)

	• Turkmenistan cotton (May 2018, all Turkmenistan cotton products) • Calcium chloride and caustic soda (March 2019, Tangshan Sanyou Group and its subsidiaries, China) • Artisanal rough cut diamonds (September 2019, Marange Diamond Fields, DRC) • Bone black (September 2019, Bonechar Carvao Ativado Do Brasil Ltda, Brazil) • Garments (September 2019, Hetian Taida Apparel Co., Ltd.; August 2020, Hero Vast Group, China) • Gold (September 2019, artisanal small mines in the eastern DRC) • Tobacco and products containing tobacco (November 2019, Malawi) • Hair products (May 2020, Hetian Haolin Hair Accessories, China; June 2020, Lop County Meixin Hair Products Co., Ltd., China) • Seafood (May 2020, Fishing Vessel: Yu Long No. 2 (withhold release order revoked February 2019); August 2020, Fishing Vessel: Da Wang; December 2020, Fishing Vessel: Lien Yi Hsing No. 12; May 2021, Fishing Vessels owned by Dalian Ocean Fishing Co. Ltd.) • Disposable gloves (July 2020, Top Glove Sdn Bhd and TG Medical Sdn Bhd, Malaysia) • Labor (August 2020, No. 4 Vocation Skills Education Training Center (VSETC), China) • Palm oil and palm oil derivatives (September 2020, FGV Holdings Berhad and its subsidiaries and joint ventures; December 2020, Sime Darby Plantation Berhad and its subsidiaries and joint ventures, Malaysia) • Apparel (September 2020, Yili Zhuowan Garment Manufacturing Co., Ltd. and Baoding LYSZD Trade and Business Co., Ltd., China) • Cotton and processed cotton (September 2020, Xinjiang Junggar Cotton and Linen Co., Ltd., China; November 2020, Xinjiang Production and Construction Corporation (XPCC) and its subordinate and affiliated entities, China; January 2021, all cotton products produced in the Xinjiang Uyghur Autonomous Region, China (the "**XUAR**")) • Computer parts (September 2020, Hefei Bitland Information Technology Co., Ltd., China) • Tomatoes (January 2021, all tomato products produced in the XUAR) • Silicon-based products (June 2021, Hoshine Silicon Industry Co. Ltd. and subsidiaries, China) In addition, in March 2021, there was a forced labor finding involving Top Glove Corporation Berhad. In October 2020, a finding was issued covering stevia extracts and derivatives produced by Mongolia Hengzheng Group Baoanzhao Agriculture, Industry, and Trade Co. In August 2021, CBP assessed a $575,000 penalty in a civil enforcement action against an importer of 20+ shipments of stevia powder and derivatives produced from stevia leaves pressed in China with prison labor.
Reasonable Care Guidance	CPB's Informed Compliance Publication on Reasonable Care includes guidance to help companies comply with Section 307 of the Act. Under the guidance, the following can be evidence of reasonable care: • Have you established reliable procedures to ensure you are not importing goods in violation of Section 307 of the Act? • Do you know how your goods are made, from raw materials to finished goods, by whom, where, and under what labor conditions?

	• Have you reviewed CBP's "Forced Labor" webpage, which includes a list of active withhold release orders and findings, as well as forced labor fact sheets? • Have you reviewed the Department of Labor's "List of Goods Produced by Child Labor or Forced Labor" to familiarize yourself with at-risk country and commodity combinations? • Have you obtained a "ruling" from CBP regarding the admissibility of your goods under Section 307 and, if so, have you established reliable procedures to ensure that you followed the ruling and brought it to CBP's attention? • Have you established a reliable procedure of conducting periodic internal audits to check for forced labor in your supply chain? • Have you established a reliable procedure of having a third-party auditor familiar with evaluating forced labor risks conduct periodic, unannounced audits of your supply chain for forced labor? • Have you reviewed the International Labour Organization's "Indicators of Forced Labour" booklet? • Do you vet new suppliers/vendors for forced labor risks through questionnaires or some other means? • Do your contracts with suppliers include terms that prohibit the use of forced labor, a time frame by which to take corrective action if forced labor is identified, and the consequences if corrective action is not taken, such as the termination of the contractual relationship? • Do you have a comprehensive and transparent social compliance system in place? Have you reviewed the Department of Labor's "Comply Chain" webpage? • Have you developed a reliable program or procedure to maintain and produce any required customs entry documentation and supporting information?
Xinjiang Supply Chain Advisory	In July 2020, the US Department of State, along with the US Department of the Treasury, the US Department of Commerce and the US Department of Homeland Security, issued a business advisory concerning forced labor risks associated with Xinjiang labor. The advisory notes that, where evidence indicates that goods from Xinjiang are produced with forced, indentured or convict labor, CBP will deny US entry to those goods, which could lead to the goods being seized and forfeited, or the issuance of civil penalties against the importer and other parties. The advisory notes the following potential indicators of Xinjiang forced labor or labor abuses: • ***Lack of transparency***. Companies operating in Xinjiang using shell companies to hide the origin of their goods, writing contracts with opaque terms and conducting financial transactions in such a way that it is difficult to determine where the goods were produced, or by whom. • ***Social insurance programs***. Companies operating in Xinjiang disclosing high revenue but having very few employees paying into the government's social security insurance program. • ***Terminology***. Any mention of internment terminology (such as Education Training Centers or Legal Education Centers) coupled with poverty alleviation efforts, ethnic minority graduates or involvement in reskilling.

	• ***Government incentives***. Companies operating in Xinjiang receiving government development assistance as part of the government's poverty alleviation efforts or vocational training programs and companies involved in the mutual pairing assistance program. • ***Government recruiters***. Companies operating in Xinjiang implementing non-standard hiring practices and/or hiring workers through government recruiters. • ***Factory location***. Companies operating in Xinjiang located within the confines of internment camps, near internment camps or within the confines of or adjacent to industrial parks involved in poverty alleviation efforts, or new factories built near internment camps. The advisory includes an illustrative, non-exhaustive list of industries in Xinjiang in which public reporting has indicated labor abuses may be taking place. The advisory indicates that businesses should consider the list as an additional risk factor for human rights due diligence. The following industries are on the list: (1) agriculture (including products such as hami melons, korla pears, tomato products and garlic); (2) cell phones; (3) cleaning supplies; (4) construction; (5) cotton yarn, cotton fabric, ginning, spinning mills and cotton products; (6) electronics assembly; (7) extractives (including coal, copper, hydrocarbons, oil, uranium and zinc); (8) fake hair and human hair wigs and hair accessories; (9) food processing factories; (10) hospitality services; (11) noodles; (12) printing products; (13) footwear; (14) stevia; (15) sugar; (16) textiles (including apparel, bedding, carpets and wool); and (17) toys. The advisory also includes a map of pairing program participants with counterparts and high level information concerning the Xinjiang cotton supply chain.
CBP FAQs on the XUAR Cotton and Tomato WRO	In February 2021, CBP published FAQs relating to the January 2021 WRO pertaining to XUAR cotton and tomato products. Selected FAQs are summarized below. • Scope of the WRO – Applies to cotton and tomatoes and their downstream products produced in whole or in part in the XUAR; includes downstream products produced outside the XUAR that incorporate these inputs. • Proof of Admissibility – Evidence submitted to establish admissibility must demonstrate the imported merchandise was not produced in whole or in part in the XUAR using forced labor. – Importers must submit the Certificate of Origin signed by the foreign seller (19 CFR 12.43(a)) and a detailed statement by the importer stating and including proof the goods were not produced in whole or in part with forced labor (19 CFR 12.43(b)). – Supporting documentation should trace the supply chain from point of origin of the cotton or tomatoes, to the production and processing of downstream products, to the merchandise imported into the United States. – Detention notices will request the following; additional documentation may be required: ▪ Cotton products: Affidavit from yarn producer and the source of raw cotton that identifies where the raw cotton was sourced; P.O., invoice and proof of payment for the yarn and raw cotton; list of

	production steps and production record for the yarn, including records that identify the cotton and cotton producer of the raw cotton; transportation documents from cotton grower to yarn maker; supporting documents related to employees that picked the cotton, time cards or the like, wage payment receipts, and daily process reports that relate to the raw cotton sold to the yarn producer. ▪ Tomato products: Supply chain traceability documents pointing to the point of origin of the tomato seeds, tomatoes or tomato products; affidavit from the tomato processing facility that identifies both the parent company and the estate that sourced the tomato seeds and/or tomatoes; P.O., invoice and proof of payment for the tomato seeds, tomatoes or tomato products, from the processing facility and the estate that sourced the raw materials; all production records for the tomato seeds, tomatoes and/or tomato products that identify all steps, from seed to finished product, from the farm to shipping to the United States.
Additional Information/Resources	
Law	For the text of Section 307 of the US Tariff Act, see: https://www.gpo.gov/fdsys/pkg/USCODE-2011-title19/pdf/USCODE-2011-title19-chap4-subtitleII-partI-sec1307.pdf For the text of The Trade Facilitation and Trade Enforcement Act of 2015, see: https://www.congress.gov/114/plaws/publ125/PLAW-114publ125.pdf
CPB's Reasonable Care Guidance	https://www.cbp.gov/sites/default/files/assets/documents/2018-Mar/icprescare2017revision.pdf
Xinjiang Supply Chain Advisory	https://www.state.gov/wp-content/uploads/2020/07/Xinjiang-Supply-Chain-Business-Advisory_FINAL_For-508-508.pdf
CBP FAQs on the XUAR Cotton and Tomato WRO	https://www.cbp.gov/trade/programs-administration/forced-labor/xinjiang-uyghur-autonomous-region-wro-frequently-asked-questions#

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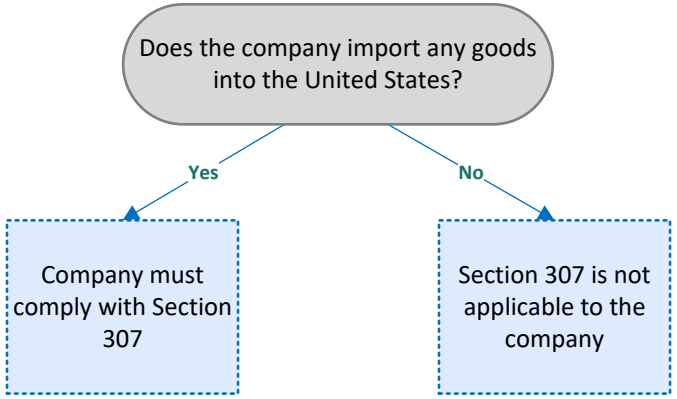

Section 321 of the Countering America's Adversaries Through Sanctions Act United States	
Overview	
Law / Country	**Section 321 of the Countering America's Adversaries Through Sanctions Act** (22 U.S.C. § 9241(a)) (United States) (the "**Act**")
Goal	Intended to primarily address North Korean state-sponsored labor in other countries, which helps to mitigate the effect of sanctions by providing hard currency to the North Korean government through workers' remittances.
Adoption / Status	The Act was signed into law on August 2, 2017.
Issue Addressed	Forced labor.
Covered Entities	Importers of goods into the United States produced using North Korean national or citizen labor.
How It Works	
Mandatory?	Yes.
Prohibited Imports	If goods were produced, manufactured or mined by North Korean nationals or North Korean citizens in any country, the Act creates a rebuttable presumption that the goods involved forced labor. Goods produced using forced labor may not be imported into the United States under Section 307 of the Tariff Act. Under the Act, such goods may be imported into the United States only if the Commissioner of U.S. Customs and Border Protection ("**CBP**") finds by clear and convincing evidence that the goods were not produced using slave or forced labor. The burden of proof is held by the importer of the goods in question and is difficult to satisfy.
Enforcement	CBP and U.S. Immigration and Customs Enforcement ("**ICE**") enforce the Act though both civil and criminal enforcement actions. If CBP finds evidence that goods have been produced with North Korean forced labor, CBP will deny entry and may detain, seize or seek forfeiture of the goods. ICE Homeland Security Investigations ("**HSI**") may commence a criminal investigation. CBP and HSI consider a company's due diligence when contemplating enforcement action.
DHS Guidance – March 2018	In March, 2018, the U.S. Department of Homeland Security published FAQs relating to the Act. The FAQs recommend that companies review due diligence best practices and closely reexamine their entire supply chain with the knowledge of high risk countries and sectors for North Korean workers. The FAQs provide the following examples of actions that may be taken to ensure due diligence: • A high-level statement of policy demonstrating the company's commitment to respect human rights and labor rights; • A rigorous continuous risk assessment of actual and potential human rights and labor impacts or risks of company activities and relationships, which is undertaken in consultation with relevant stakeholders, such as governments,

	local business partners and members of civil society such as local communities, workers, trade unions, vulnerable groups and NGOs; • Integrating the foregoing commitments and assessments into internal control and oversight systems of company operations and supply chains; and • Tracking and reporting on areas of risk. The FAQs also indicate that importers have the responsibility to exercise reasonable care. To demonstrate reasonable care, an importer may present any material that it chooses to, which may include comprehensive due diligence efforts that may have been undertaken, such as: • Workforce composition at the location in question; • Training materials on North Korean forced labor prohibitions that have been provided to suppliers and sub-contractors; • Company policies, and evidence of implementation, on using North Korean laborers; • Contracts with suppliers and sub-contractors that state the company's policy on North Korean forced labor; • Publishing the full names of all authorized production units and processing facilities, the worksite addresses, the parent company of the business at the worksite, the types of products made, and the number of workers at each worksite; • Information on how and to whom wages are paid at the location; • Information demonstrating that recruitment agencies are within the scope of any third-party audit with suppliers; • Documents verifying the use of authorized recruitment agencies and brokers or that the company uses direct recruitment; • Documents verifying that the fee structure presented by the recruitment agency is transparent and has been verified through worker interviews; • If the company has reimbursed any fees paid, verification of such reimbursement, • Demonstrated commitment to human rights and labor due diligence at the highest levels of the company; and • Results of the company's human rights and labor impact assessments.
DoS Guidance – July 2018	In July 2018, the U.S. State Department, with Treasury's Office of Foreign Assets Control and CBP and ICE, issued a North Korea Sanctions & Enforcement Actions Advisory. The advisory identifies five areas of heightened risk for and potential indicators of goods and services with a North Korean nexus, including subcontracting or consignment firms, mislabeled goods, joint ventures, raw materials or goods provided at artificially low prices and information technology services and products. The advisory also discusses five categories of potential indicators of North Korean overseas labor, including: • Withholding wages, making unreasonable pay deductions, paying wages late and making in-kind payments; • Long-term contracts that require a large upfront payment to the North Korean government;

	• Unsafe and unsanitary housing conditions provided by the employer and excessive costs for those accommodations; collective housing and isolation from laborers of other nationalities; • No access to/control over bank accounts; the employer retains passports and/or confiscates or destroys laborers'; personal documents; little to no time off and required to attend mandatory self-criticism sessions; and • Contract details are hidden and it is difficult to determine the ultimate beneficiary of financial transactions; laborers cannot be interviewed without a "minder" present. In addition, the guidance identifies 12 industries and 41 countries in which North Korean overseas labor was present in 2017-2018.
Additional Information/Resources	
Law	https://www.treasury.gov/resource-center/sanctions/Programs/Documents/hr3364_pl115-44.pdf
Guidance	March 2018 DHS Guidance: https://www.dhs.gov/news/2018/03/30/caatsa-title-iii-section-321b-faqs July 2018 DoS Guidance: https://www.treasury.gov/resource-center/sanctions/Programs/Documents/dprk_supplychain_advisory_07232018.pdf

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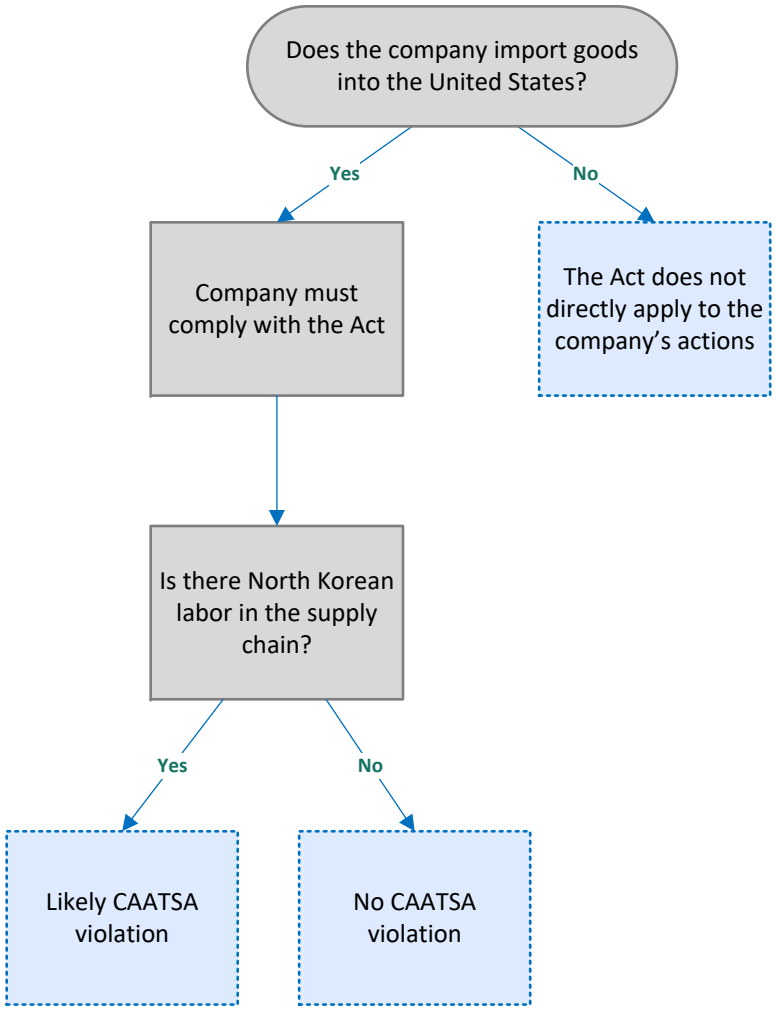

Uyghur Forced Labor Prevention Act (Proposed) United States	
Overview	
Law / Country	**Uyghur Forced Labor Prevention Act** (H.R.6210) (United States) (the "**Act**")
Goal	To address Uyghur forced labor in supply chains.
Adoption / Status	The Act was passed by the U.S. House of Representatives on September 22, 2020. The Act is currently sitting with the Senate Committee on Foreign Relations.
Issue Addressed	Uyghur forced labor.
Covered Entities	Importers of goods into the United States. Additional reporting obligations also may apply to companies that are publicly traded in the United States.
How It Works	
Mandatory?	Yes.
Prohibited Imports	The Act would establish a presumption that goods, wares, articles and merchandise mined, produced or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region ("**XUAR**"), or by persons working with the XUAR government for purposes of the poverty alleviation program or the pairing-assistance program, are produced using forced labor and therefore prohibited from being imported into the United States under Section 307 of the Tariff Act.
Exceptions to the Import Prohibition	The import prohibition would not apply if the Commissioner of Customs and Border Protection ("**CBP**") (1) determines, by clear and convincing evidence, that any specific goods, wares, articles or merchandise were not produced wholly or in part by convict, forced or indentured labor under penal sanctions and (2) submits to the appropriate congressional committees and makes available to the public a report containing that determination.
Public Company Reporting Requirements	The Act would also require issuers that file periodic reports under Section 13(a) of the Exchange Act to disclose in their annual or quarterly reports under that Act if, during the period covered by the report, the issuer or any of its affiliates: • Knowingly engaged in an activity with an entity or the affiliate of an entity engaged in creating or providing technology or other assistance to create mass population surveillance systems in the XUAR, including any entity in the XUAR included on the Department of Commerce's Entity List; • Knowingly engaged in an activity with an entity or an affiliate of an entity building and running detention facilities for Uyghurs, Kazakhs, Kyrgyz and other members of Muslim minority groups in the XUAR; • Knowingly engaged in an activity with an entity or an affiliate of an entity the Secretary of State reports is using forced or involuntary labor in the XUAR or is acting as an agent of any such entity to import goods into the United States, including (1) any entity engaged in the pairing-assistance program or (2) any entity for which the Department of Homeland Security has issued a Withhold Release Order under Section 307 of the Tariff Act; or

	• Knowingly conducted any transaction or had dealings with (1) any person whose property and interests in property were sanctioned by the Secretary of State for the detention or abuse of Uyghurs, Kazakhs, Kyrgyz or other members of Muslim minority groups in the XUAR, (2) any person whose property and interests in property are sanctioned pursuant to the Global Magnitsky Human Rights Accountability Act or (3) any person or entity responsible for or complicit in committing atrocities in the XUAR. The foregoing disclosure requirement would not include activities relating to (1) the importation of manufactured goods, including electronics, food products, textiles, shoes and teas, that originated in the XUAR or (2) manufactured goods containing materials that originated or are sourced in the XUAR. If an issuer or one of its affiliates has engaged in any of the activities requiring disclosure, the issuer would be required to provide a detailed description of each such activity, including (1) the nature and extent of the activity, (2) the gross revenues and net profits, if any, attributable to the activity and (3) whether the issuer or its affiliate intends to continue the activity. In addition, the issuer would be required to separately file with the Securities and Exchange Commission, concurrently with the annual or quarterly report containing the disclosure, a notice that (1) the disclosure of that activity has been included in the report and (2) contains the information described in the preceding paragraph.
Enforcement	The Act does not contain specific penalty provisions. Liability for violations would come under existing applicable provisions of the Tariff Act and the U.S. federal securities laws. Note that, to date, CBP has issued several Withhold Release Orders involving XUAR goods, as described in our summary of Section 307 of the Tariff Act.
Additional Information/Resources	
Law	For the text of the Bill, see: https://www.congress.gov/bill/116th-congress/house-bill/6210/text

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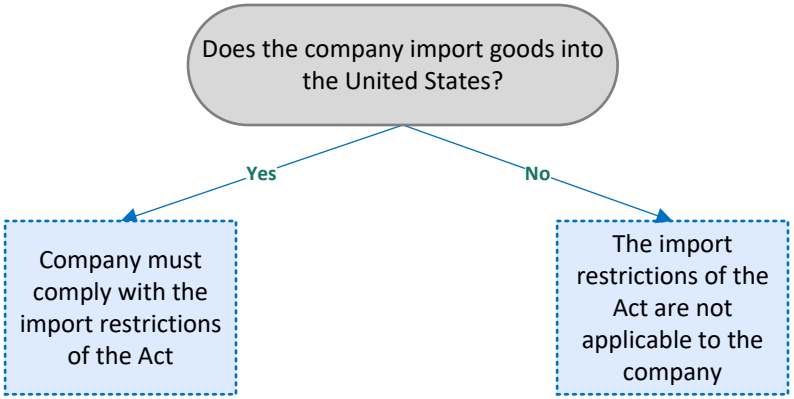

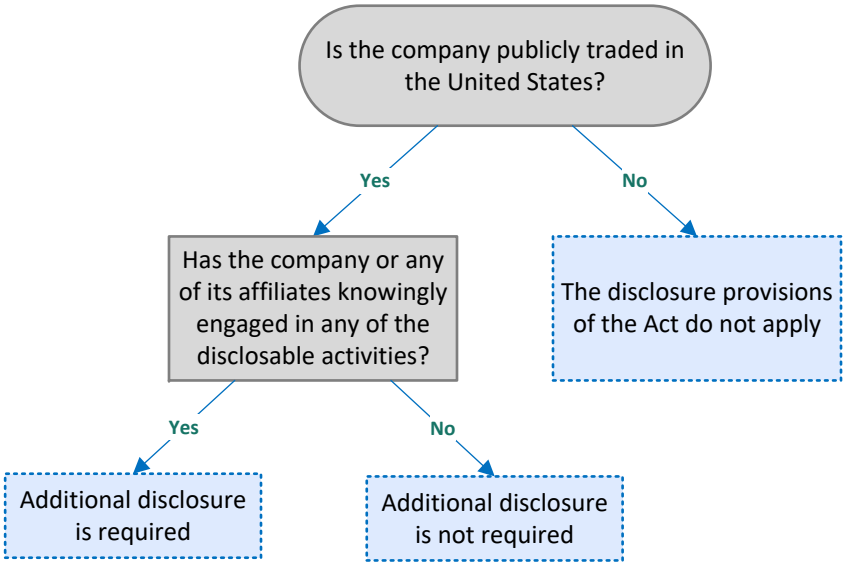

Federal Acquisition Regulation Anti-Human Trafficking Rule United States	
Overview	
Law / Country	**Federal Acquisition Regulation Combatting Trafficking in Persons Rule** (42 CRF 22.17) (the "**Rule**") (United States)
Goal	To ensure that contractors, subcontractors, their respective employees and agents do not engage in human trafficking or commercial sex acts or use forced labor in connection with U.S. federal contracts.
Adoption / Status	The effective date of the Rule was March 2, 2015. The Rule applies to contracts awarded on or after the effective date, and new task orders under existing contracts. The Rule implements Executive Order 13627 (2012), "Strengthening Protections Against Trafficking in Persons in Federal Contracts."
Issues Addressed	• Human trafficking • Forced labor
Covered Entities	The Rule applies to parties that contract with the U.S. federal government, their subcontractors, their respective employees and agents. The prohibited activities (discussed below) apply to all conduct, irrespective of dollar amount or location of performance. The compliance plan and certification requirements (discussed below) apply to any portion of a contract or subcontract that: • Is for supplies, other than commercially available off-the-shelf (COTS) items, to be acquired outside the United States, or services to be performed outside the United States; and • Has an estimated value that exceeds US$500,000. The contractor is required to contractually flow down the Rule's requirements in its contracts with subcontractors and agents. Subcontractors include both direct and indirect subcontractors.
How It Works	
Mandatory?	Yes.
Prohibited Activities	The Rule prohibits contractors, subcontractors, their respective employees and agents from: • Engaging in severe forms of trafficking in persons during the contract performance period; • Procuring commercial sex acts during the period of contract performance; • Using forced labor in the performance of the contract; • Destroying, concealing, confiscating or otherwise denying access by an employee to the employee's identity or immigration documents; • Using misleading or fraudulent practices during the recruitment of employees or offering of employment and using recruiters that do not comply with local labor laws;

	• Charging recruitment fees to employees; • Under certain circumstances, failing to provide or pay for return transportation upon the end of employment for employees brought into the country for the purpose of working on the contract or subcontract; • Providing or arranging housing that fails to meet the host country housing and safety standards; or • If required by law or contract, failing to provide an employment contract, recruitment agreement or other required work document in writing, and failing to satisfy certain other related requirements.
Compliance Plan and Certifications	If a compliance plan is required, the contractor must certify: • That it has implemented a compliance plan and procedures to prevent any activities prohibited by the Rule and to monitor, detect and terminate the contract with a subcontractor or agent engaging in prohibited activities; and • After having conducted due diligence, either: o To the best of the contractor's knowledge and belief, neither it nor any of its agents or subcontractors are engaged in any such activities; or o If abuses relating to any of the prohibited activities identified in the Rule have been found, the contractor, subcontractor or agent has taken the appropriate remedial and referral actions. Certifications are required in connection with the contract award and annually. At a minimum, a compliance plan must include the following: • An awareness program to inform contractor employees about the Rule or government policies relating to the Rule as well as consequences for violations. • A mechanism for employees to report, without fear of retaliation, any activities inconsistent with the Rule and related government trafficking policies. To satisfy this requirement, at a minimum, a Global Human Trafficking hotline and its email address must be provided. • A recruitment and wage plan that only authorizes the use of recruitment companies with trained employees, prohibits charging recruitment fees to employees and guarantees that wages meet host-country legal requirements or clarifies any discrepancy. • If the contractor or subcontractor intends to provide housing, any related housing plan must meet host-country housing and safety standards. • Procedures to prevent all subcontractors and agents from engaging in human trafficking and to observe, identify and terminate any subcontracts, subcontractor employees or agents that have engaged in such activities. The compliance plan must be proportional to the size and complexity of the contract, the number of non-U.S. citizens expected to be employed and the risk that the contract or subcontract will involve services or goods susceptible to human trafficking.

Recruitment Fees	On December 20, 2018, the Rule was amended to clarify the prohibition on charging employees recruitment fees. Recruitment fees include fees of any type, including charges, costs, assessments or other financial obligations, that are associated with the recruiting process, regardless of the time, manner or location of impositions or collection of the fee. The Rule applies, but is not limited to, fees (when associated with recruitment) for: • Soliciting, identifying, considering, interviewing, referring, retaining, transferring, selecting, training, providing orientation to, skills testing, recommending or placing employees or potential employees; • Obtaining permanent or temporary labor certification; • Processing applications and petitions; and • Acquiring visas.
OMB Guidance	In October 2019, the U.S. Office of Management and Budget issued a memorandum to support agency compliance with the Rule. The memorandum describes risk management best practices and mitigating factors for U.S. federal officials to take into account when working with contractors to address their obligations under the Rule. The stated purpose of the memorandum is to enhance the effectiveness of the Rule while helping federal government contractors manage and reduce the burden associated with meeting their compliance responsibilities. Although the memorandum is directed to personnel at U.S. executive departments and agencies, it provides helpful guidance for U.S. government contractors. The risk management best practices discussed in the memorandum include the following internal and external aspects of compliance by government contractors: (1) internal accountability; (2) the code of conduct and policies; (3) continuous improvement; (4) due diligence; (5) corrective action plans; and (6) subcontractor compliance. The memorandum notes that the risk management practices discussed are illustrative, not exhaustive, and that the memorandum is not intended to represent a compliance floor or to augment or otherwise change existing regulatory requirements.
Violations / Enforcement	The contractor is required to inform the contracting officer and the agency Inspector General of any credible information regarding an allegation that a contractor employee, subcontractor, subcontractor employee or their agent engaged in prohibited activities under the Rule. Remedies may include: • Requiring the contractor to remove an employee from the performance of the contract or terminate a subcontract; • Postponement of contract payments until the contractor has taken applicable remedial action; • Loss of award fees for the performance period during which the contractor was noncompliant; • Declining to implement available contract options; • Terminating the contract for default or cause based on the contract terms; or • Suspension or debarment. Failure to comply with the Rule may also result in criminal liability and liability under the False Claims Act.

	In considering remedies, the contracting officer may consider whether the contractor had a compliance or awareness program at the time of the violation, was in compliance with the program at the time of the violation and has taken applicable remedial action.
Additional Information/Resources	
Law	For the text of the law as adopted, see: https://www.govinfo.gov/content/pkg/FR-2018-12-20/pdf/2018-27541.pdf For the text of the recruitment fee amendment, see: https://www.govinfo.gov/content/pkg/FR-2018-12-20/pdf/2018-27544.pdf
OMB Guidance	https://www.whitehouse.gov/wp-content/uploads/2019/10/M-20-01.pdf

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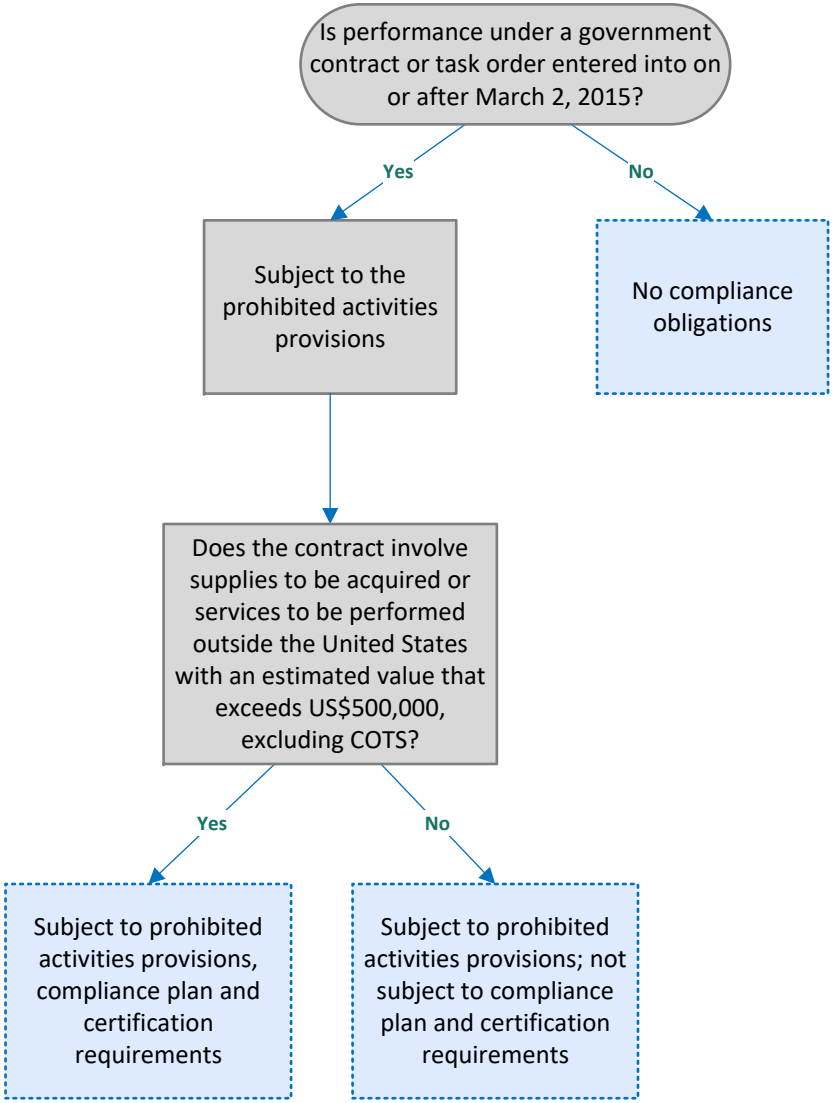

Trafficking Victims Protection Reauthorization Act United States	
Overview	
Law / Country	**Trafficking Victims Protection Reauthorization Act** (TVPA, 2000 and TVPRA, 2003, amended 2005, 2008, 2013, 2015, 2017 and 2019) (United States)
Goal	To combat human trafficking and forced labor and ensure effective punishment of persons engaging in the foregoing conduct.
Adoption / Status	In 2000, Congress enacted the Trafficking Victims Protection Act ("**TVPA**"). In 2003, Congress reauthorized the TVPA as the Trafficking Victims Protection Reauthorization Act ("**TVPRA**") to include additional provisions that extended the U.S. government's ability to combat and prosecute human trafficking. Congress has amended the TVPRA multiple times since 2003 to allow for enhanced protective measures for U.S. citizen survivors, establish additional crimes and penalties and establish and strengthen anti-human trafficking programs, among other things. The TVPA and TVPRA, including all amendments, are discussed in conjunction below.
Issues Addressed	• Forced labor • Human trafficking Note that this Summary is focused primarily on the forced labor prohibition of the TVPRA.
Covered Persons	U.S. persons and persons present in the United States. The TVPRA applies to both natural persons and legal entities.
How It Works	
Mandatory?	Yes.
Prohibited Conduct	Knowingly providing or obtaining the labor or services of a person by means of: • Force, threats of force, physical restraint or threats of physical restraint to that person or another person; • Serious harm or threats of serious harm to that person or another person; • The abuse or threatened abuse of law or legal process; or • Any scheme, plan or pattern intended to cause the person to believe that, if he/she did not perform the labor or services, they or another person would suffer serious harm or physical restraint. Knowingly benefitting, financially or by receiving anything of value, from participation in a venture which has engaged in the providing or obtaining of labor or services by any of the means described in the list above, knowing or in reckless disregard of the fact that the venture has engaged in the providing or obtaining of labor or services by any of such means. The TVPRA applies to conduct both within and outside of the United States.

	"**Abuse or threatened abuse of law or legal process**" means the use or threatened use of a law or legal process, whether administrative, civil, or criminal, in any manner or for any purpose for which the law was not designed, in order to exert pressure on another person to cause that person to take some action or refrain from taking some action. "Serious harm" means any harm, whether physical or nonphysical, including psychological, financial, or reputational harm, that is sufficiently serious, under all the surrounding circumstances, to compel a reasonable person of the same background and in the same circumstances to perform or to continue performing labor or services in order to avoid incurring that harm.
Jurisdiction and Liability	Under the TVPRA, U.S. courts have extra-territorial jurisdiction over any offense (or any attempt or conspiracy to commit an offense) if (1) the alleged offender is a U.S. national or permanent resident or (2) the alleged offender is present in the United States, irrespective of the nationality of the alleged offender. Violations of the TVPRA can result in criminal or civil liability. Criminal penalties include both fines and imprisonment, depending upon the nature of the conduct. Selected recent civil suits alleging TVPRA violations are discussed below. As earlier noted, liability is not limited to labor exploitation that occurs in the United States.
Selected Litigation	Civil suits have recently been filed alleging violations of the TVPRA by well-known large companies. These suits allege violations of the "venture" prong of the TVPRA. *Doe et al. v. Nestle USA, Inc. et al. (U.S., 2021)* In February 2021, International Rights Advocates filed a class action lawsuit against Nestle, Cargill, Mars, Mondelez, Hershey, Barry Callebaut and Olam on behalf of eight "John Doe" plaintiffs from Mali. The plaintiffs are alleging the defendants have been participating in a venture using child labor in violation of the TVPRA. *Doe et al. v. Apple Inc. et al. (U.S., 2019)* In December 2019, International Rights Advocates filed a class action lawsuit in the D.C. District Court against Apple, Google, Dell, Microsoft and Tesla on behalf of 14 "John Doe" child plaintiffs from the Democratic Republic of the Congo. The plaintiffs are alleging participation by the defendants in a venture with their supply chains that the defendants knew or should have known engaged in forced labor in violation of the TVPRA. *M.A. et al. v. Wyndham Hotels & Resorts Inc. et al. (U.S., 2019)* In March 2019, a sex trafficking survivor filed a lawsuit against hotel chains in Ohio. The plaintiff alleged that the defendants knowingly benefited from participating in a venture which they knew was engaged in illegal sex trafficking in violation of the TVPRA. The complaint noted that the defendants engaged in acts and omissions that were intended to support and facilitate the trafficking by ignoring multiple red flags. The complaint further alleges that the hotel chains failed to take appropriate measures to combat the trafficking while simultaneously accepting profits, thus making them directly complicit.
Additional Information/Resources	
TVPRA	For the text of the TVPA, see: https://www.govinfo.gov/content/pkg/PLAW-106publ386/pdf/PLAW-106publ386.pdf

	For the text of the TVPRA (2003), see: https://www.govinfo.gov/content/pkg/BILLS-108hr2620enr/pdf/BILLS-108hr2620enr.pdf For all additional amendments to the TVPRA, see: https://www.state.gov/international-and-domestic-law/

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(Updated June 30, 2021)

Non-financial Reporting Directive **European Union**	
Overview	
Law / Country	**EU Non-financial Reporting Directive** (2014/95/EU) (European Union)
Goal	To drive improvements in social, human rights and environmental matters through enhanced disclosure.
Adoption / Status	The EU Non-financial Reporting Directive (the "**Directive**") was adopted on October 22, 2014. The Directive is effective for financial years beginning on or after January 1, 2017. The Directive has been subsequently transposed into national legislation in the EU member states. In December 2019, as part of the EU Green Deal, the European Commission (the **"EC"**) committed to reviewing the Directive as part of the EU's strategy to strengthen the foundations for sustainable investment. The EC held two public consultations on the Directive in 2020. The EC is expected to propose additional legislation that would strengthen the Directive.
Issues Addressed	• Environment • Social and employee matters • Human rights • Corruption and bribery • Diversity
Covered Entities	EU-listed companies, banks, insurance companies and other companies designated by national authorities as public interest entities ("**PIEs**") that meet the following criteria (note that the threshold for diversity disclosure is different): • balance sheet total of more than €20 million or a net turnover of more than €40 million; and • an average number of employees for the year of more than 500. For parent companies, the consolidated figures of the whole group are used to determine whether the company must comply with the Directive. If so, the parent company is required to disclose the required non-financial information (as described below) of the entire group. Subsidiaries are exempt from the reporting requirement if the parent organization reports, even if the subsidiary is independently subject to the Directive.
How It Works	
Mandatory?	Yes.

Reporting	Covered companies must include in their management statement, or as a separate report, a non-financial statement containing information, to the extent necessary for an understanding of the company's development, performance, position and impact of its activity, relating to, at a minimum: • environmental protection; • social responsibility and employee matters; • respect for human rights; • anti-corruption; and • bribery matters. The non-financial statement should include: • a brief description of the company's business model; • a description of the policies pursued by the company in relation to non-financial aspects, including due diligence processes implemented; • the outcome of those policies; • the principal risks related to those matters linked to the company's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the company manages those risks; • non-financial key performance indicators relevant to the particular business; and • a description of the diversity policy applied in relation to administrative, management and supervisory bodies with regard to aspects such as age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If the company does not pursue policies in relation to the above matters, the non-financial statement must provide a clear and reasoned explanation for not doing so. The non-financial statement must also, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.
Additional Guidelines	In June 2017, the EC published guidance on complying with the Directive, including suggested disclosure topics and key performance indicators. These pertain to the supply chain and conflict minerals, among other topics. The guidelines indicate that the reported non-financial information can be made fairer and more accurate through: • appropriate corporate governance arrangements (for instance, certain independent board members or a board committee entrusted with responsibility over sustainability and/or transparency matters); • robust and reliable evidence, internal control and reporting systems; • effective stakeholder engagement; and • independent external assurance. In June 2019, the European Commission published additional guidelines on climate-related reporting under the Directive. Among other things, the guidelines contain recommendations on how companies should report the impact of their operations on the climate as well as the impact of climate change on their business.
Enforcement	Enforced by the individual EU member states. Enforcement varies by member state.

Proposed Revisions to the Directive	On April 21, 2021, the European Commission adopted a Corporate Sustainability Reporting Directive ("**CSRD**") that would replace the Directive and expand its scope. The CSRD would apply to a large number of additional companies. Subject companies also would be required to, among other things, assess sustainability risks and impacts associated with their business model and strategy, sustainability opportunities and compatibility with the Paris Agreement. Companies would be required to provide qualitative and quantitative sustainability information. New sustainability reporting standards would be developed by the European Financial Reporting Advisory Group ("**EFRAG**"). The proposed CSRD also would introduce an assurance obligation for reported sustainability information. Next steps are for the European Parliament and the European Council to negotiate a final legislative text. In parallel, EFRAG has begun work on a first set of draft sustainability reporting standards, which it aims to have proposed by mid-2022.
Additional Information/Resources	
Text of the Directive	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095
Official Guidelines	For the June 2017 guidelines, see: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01) For the June 2019 guidelines, see: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XC0620(01)
Text of the Proposed CSRD	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189

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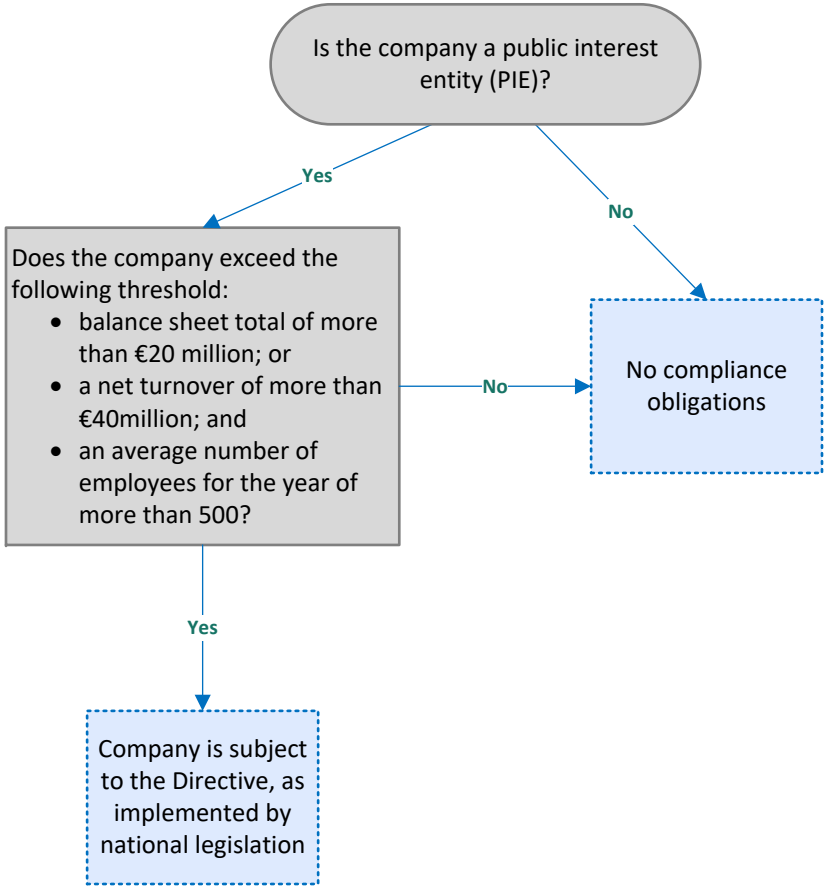

*Note that the threshold for diversity disclosure is different.

Corporate Duty of Vigilance Law France	
Overview	
Law / Country	**Corporate Duty of Vigilance Law** (No. 2017-399) (France)
Goal	To prevent severe human rights violations and violations of the health and safety of people or the environment, including those associated with subsidiaries, subcontractors and supply chain members.
Adoption / Status	The Corporate Duty of Vigilance Law (the "**Law**") was adopted on February 21, 2017 by the French National Assembly and became effective on March 27, 2017. On March 23, 2017, the French Constitutional Council struck down, as failing to comply with constitutional principles, the portion of the Law that calls for imposing fines on subject companies not in compliance with the Law.
Issues Addressed	• Serious violations of human rights and fundamental freedoms, identical to the full spectrum of human rights outlined in the UN Guiding Principles on Business and Human Rights (the "**UN Guiding Principles**") (link below); • The health and safety of people; and • The environment.
Covered Entities	Any company with its registered office in France that employs, for a period of two consecutive financial years: • at least 5,000 employees itself and in its direct or indirect subsidiaries with registered offices in France; or • at least 10,000 employees itself and in its direct or indirect subsidiaries with registered offices located within French territory or abroad. A company is considered to be a subsidiary if another company owns more than 50% of its capital. Up-the-chain affiliates and sister companies are not subject to the Law unless they independently meet its requirements. A controlled company independently required to comply with the Law is exempt if it comes under the vigilance plan of a parent entity.
How It Works	
Mandatory?	Yes.
Vigilance Plan Requirements	Subject companies must establish a reasonable vigilance plan to allow for risk identification and prevention of severe violations of human rights, health and safety or environmental damage resulting from the operations of the company, its subsidiaries and subcontractors and suppliers with which the company has an established relationship. The vigilance plan must include: • procedures to identify and analyze the risks of human rights violations or environmental harms in connection with the company's operations;

	• procedures to regularly assess risks associated with subsidiaries, subcontractors and suppliers with which the company has a commercial relationship; • actions to mitigate identified risks or prevent the most serious violations; • mechanisms to alert the company to risks and collect signals of potential or actual risk; and • mechanisms to assess measures that have been implemented as part of the company's plan and their effectiveness. The plan must be drafted in association with the company stakeholders involved and, where appropriate, within multi-party initiatives that exist in the subsidiaries or at the territorial level. The alert mechanism must be developed in partnership with the company's trade union representative.
Reporting	Companies must make public their vigilance plan and a regular report on the implementation of the plan. Companies must include their vigilance plan and report on implementation in their annual management report.
Enforcement	If a subject company fails to create, implement or publish a vigilance plan, an interested person may send a formal notice to the company detailing its non-compliance. After receiving a formal notice of non-compliance, the company has three months to meet its obligations. If the company fails to meet its obligations after the three-month period, any person with a demonstrable interest (i.e., the claimant has suffered harm and there is loss causation) may demand a court take action to enforce the law, at which point a judge may issue an injunction requiring compliance. The judge may also rule on whether a vigilance plan is complete and appropriately fulfills the obligations described in the Law. Companies may also be subject to civil liability. If an individual is harmed by a company's non-compliance, the individual can seek damages for corporate negligence. Selected Enforcement Activity: Civil society organizations have been seeking to compel compliance by companies they believe are not meeting their obligations under the Law. In March 2021, a coalition of indigenous activists in Brazil and Colombia, backed by NGOs in France and the United States, filed a lawsuit under the Law against a French company for its supply chain practices and alleged purchases from farms involved in deforestation in South America. In October 2020, Mexican and international human rights organizations brought suit against a French energy company, alleging that the company has not consulted nor obtained informed consent from the indigenous community affected by the company's planned wind farm project in Mexico. The groups initially issued a notice of non-compliance to the French company in October 2019. In July 2021, it was reported that residents in the state of Oaxaca, Mexico sought a court-ordered injunction against the company. In September 2020, a group of French, American and Colombian NGOs issued a formal notice to the same French company under the Law, due to alleged violations under the Law with respect to the company's supply chain practices and alleged

	purchases from farms involved in deforestation in South America. The NGOs also requested that the company establish risk-mapping and traceability protocols throughout its supply chains, and introduce an alert system to protect the rights of Amazonian peoples. In January 2020, 14 French local authorities and several NGOs filed a lawsuit under the Law against a French oil company, alleging that it is failing to limit its carbon emissions or to mitigate the effects of climate change caused by its operations, and that its climate change plan falls short of the goals set out in the 2015 Paris Agreement. This case is pending. In October 2019, French and Ugandan environmental groups sued the same oil company in the Nanterre High Court in France, alleging that it failed to abide by its human rights and environmental diligence plan due to the negative environmental and social impacts of a Ugandan oil project. The court concluded that it did not have jurisdiction to hear the complaint and that the case should instead be pursued in a French commercial court. The plaintiffs appealed the decision to the Court of Appeal of Versailles, France and asked the court to rule on both the jurisdictional issue and the merits of the case. On December 10, 2020, the Court of Appeal of Versailles issued its decision, confirming the judgment of the Nanterre High Court that jurisdiction is proper in the commercial court. In October 2019, a notice of non-compliance was submitted to the French subsidiary of a U.S.-based company. Several unions alleged the company was not meeting the minimum requirements of the Law, particularly with respect to workers' rights.
Additional Information/Resources	
Law	http://www.assemblee-nationale.fr/14/pdf/ta/ta0924.pdf
Constitutional Council Decision	https://www.conseil-constitutionnel.fr/decision/2017/2017750DC.htm
UN Guiding Principles	For the UN Guiding Principles in multiple languages, see: https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

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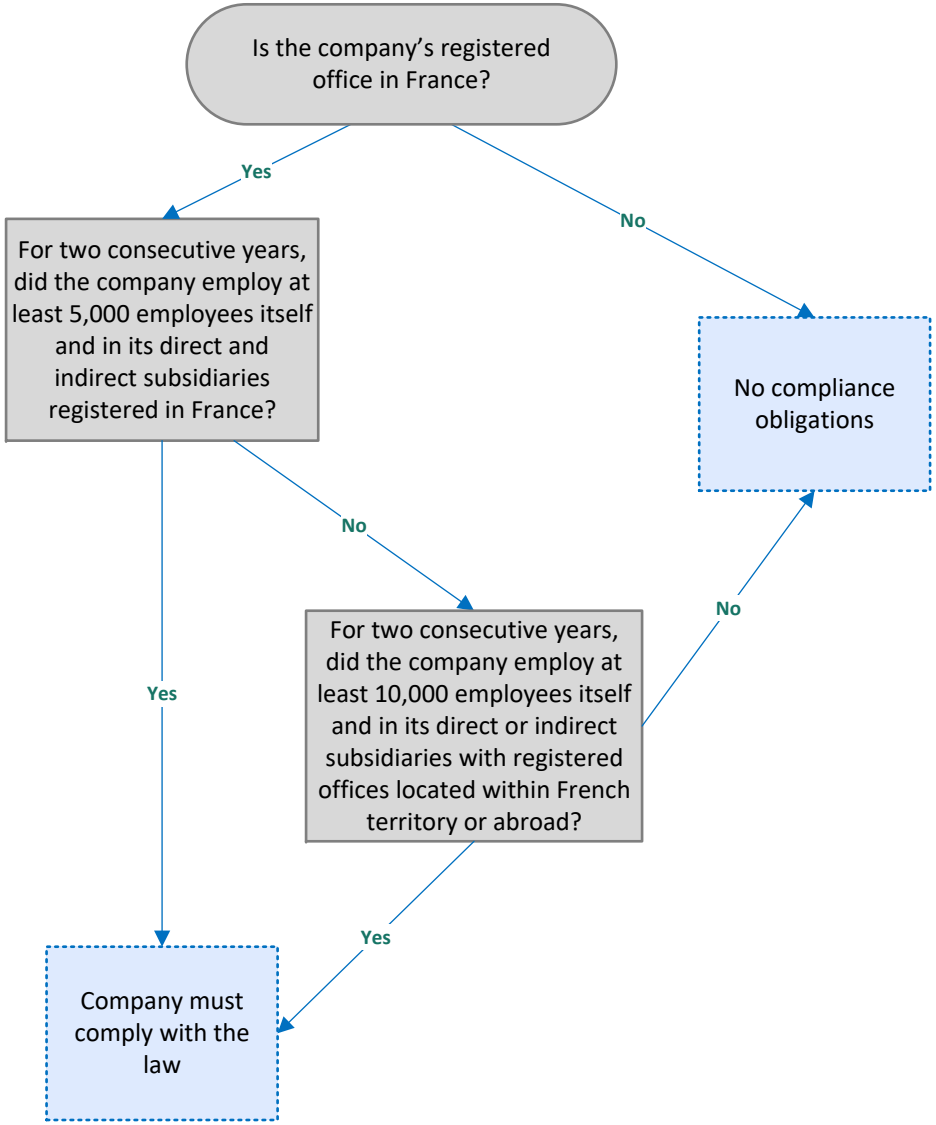

Swiss Mandatory Human Rights Due Diligence Legislation – Parliament Indirect Counterproposal to the Responsible Business Initiative (Pending) **Switzerland**	
Overview	
Law / Country	**Mandatory Human Rights Due Diligence Legislation - Parliament Indirect Counterproposal** to the Responsible Business Initiative (the **"Indirect Counterproposal"**) (Switzerland)
Goal	To further responsible business practices by Swiss companies by implementing mandatory human rights due diligence requirements for conflict minerals and child labor.
Adoption / Status	The Indirect Counterproposal is the alternative to a failed November 29, 2020 public referendum on a more expansive human rights due diligence constitutional amendment proposed by a civil society coalition. At present, there are two possible near-term paths for the Indirect Counterproposal: it can either be implemented or submitted to a popular vote. A popular vote may be requested until August 5, 2021. If a popular vote is held and the Indirect Counterproposal is voted down, it will not be implemented. If the Indirect Counterproposal is not voted down, or a popular vote is not requested, the Indirect Counterproposal will be implemented. If the Indirect Counterproposal is to be implemented, which is widely expected to be the case, the Federal Council (i.e., the Swiss executive branch) will need to adopt a more detailed implementing decree giving effect to the Indirect Counterproposal. The Federal Council is not required to act within a specific time frame. However, the Federal Council has already published a draft ordinance for consultation. The consultation process was open until July 14, 2021. The Federal Council will further revise the draft ordinance as it deems appropriate based on feedback received during the consultation process.
Issues Addressed	• Conflict minerals • Child labor Conflict minerals are tin, tantalum, tungsten and gold from conflict-affected or high-risk areas that are transported into Switzerland or processed in Switzerland. Child labor is not defined in the Indirect Counterproposal. The Indirect Counterproposal also contemplates non-financial reporting by Swiss enterprises (1) whose shares are publicly traded in Switzerland; (2) that have issued bonds; (3) that contribute at least 20% to the assets or revenues of an enterprise coming under (1) or (2) above; or (4) that are prudentially supervised by large financial institutions, in particular certain banks and insurance companies. This portion of the Indirect Counterproposal is not discussed in this summary.
Covered Entities	Enterprises with their registered office, central administration or principal place of business in Switzerland, if certain thresholds are met for doing business relating to conflict minerals or offering products or services that induce a justified

	suspicion of an involvement of child labor. These thresholds are not specified in the Indirect Counterproposal and will need to be set by the Federal Council.
How It Works	
Mandatory?	Yes.
Due Diligence	Subject enterprises will be required to conduct due diligence in respect of conflict minerals and child labor. This will include putting in place an adequate management system to address conflict minerals and child labor risks that includes a supply chain policy and a system for tracking the supply chain. Subject enterprises also will be required to determine and evaluate the risk of adverse impacts in the supply chain, prepare a risk management plan and take appropriate measures to mitigate risks. The subject enterprise will be required to maintain records of its due diligence. Compliance with the conflict minerals due diligence requirements will be required to be verified by an independent external expert.
Reporting	Subject enterprises will be required to annually report on their due diligence. The report will be required to be approved by the highest management body (e.g., the board of directors) of the subject enterprise.
Enforcement	Violations of the reporting and record-keeping obligations will carry a fine of up to SFr100,000, except that, in the case of negligence only (i.e., no willful misconduct), the maximum fine will be SFr50,000.
Additional Information/Resources	
Indirect Counterproposal	https://www.parlament.ch/centers/eparl/curia/2016/20160077/S2-44%20F.pdf
Federal Council Draft Ordinance	https://www.bj.admin.ch/dam/bj/de/data/wirtschaft/gesetzgebung/verantwortungsvolle-unternehmen/vorentw-vsotr.pdf

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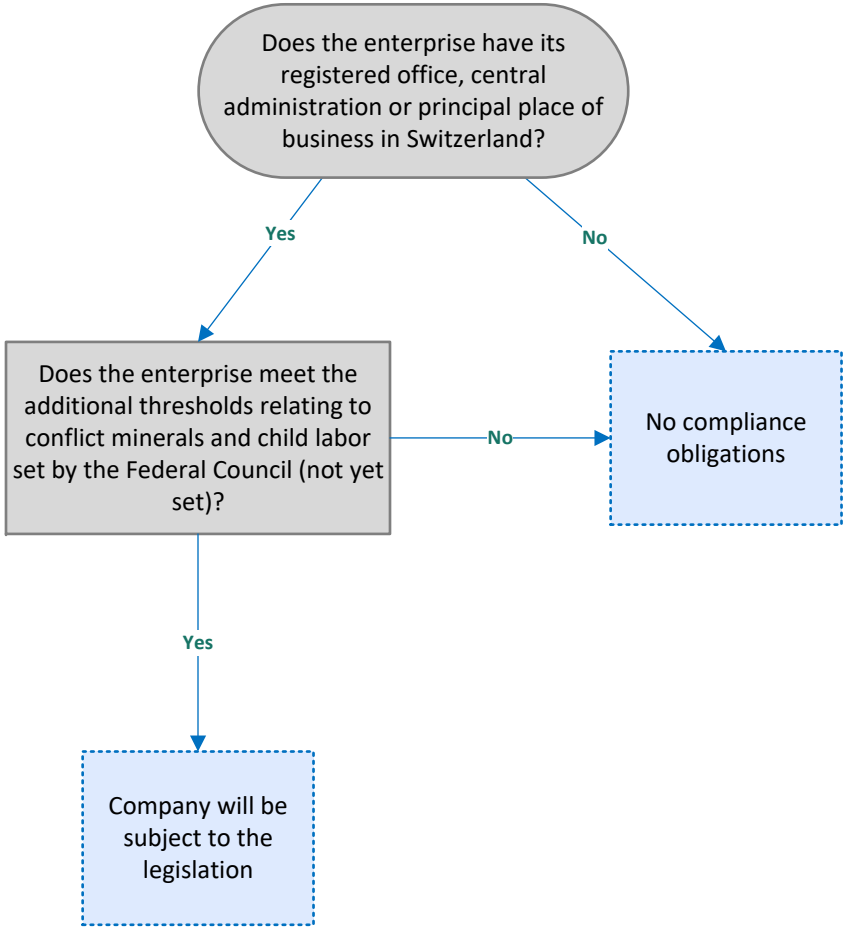

Due Diligence in the Supply Chain Act (Pending) Germany	
Overview	
Law / Country	**Due Diligence in the Supply Chain Act** (the **"Act"**) (Germany)
Goal	Mitigate human rights risks, including environmental risks that can lead to human rights violations.
Adoption / Status	The Act was approved by the German Parliament on June 11, 2021. The Act will take effect on January 1, 2023.
Issues Addressed	A broad range of human rights risks, including (1) child labor, (2) forced labor, (3) slavery, (4) other coercive workplace behavior, such as extreme economic or sexual exploitation or humiliation, (5) workplace safety, (6) freedom of association, (7) discrimination, (8) unfair wage practices and (9) improper use of security forces. Environmental risks that can lead to human rights violations, such as (1) soil, water, air and noise pollution and excessive water consumption and (2) unlawful eviction from and unlawful use of land, forests or water.
Covered Entities	A company will be subject to the Act if it meets two threshold requirements: • The company has its head office, principal place of business, administrative seat or statutory seat in Germany. • The company exceeds a specified employee count. Starting in 2023, the Act will apply to companies with 3,000 or more employees. In 2024, this threshold will drop to 1,000 or more employees. Employees at subsidiary companies are included. Temporary workers also are included if their assignments last more than six months.
How It Works	
Mandatory?	Yes.
Duty of Care	Under the Act, corporate responsibility for managing and addressing human rights and environmental risks extends to the entire supply chain. The manner in which the duty of care is required to be exercised depends on (1) the subject company's business activities, (2) its ability to influence the direct cause of the injury, (3) the typically expected severity of the injury, the ability to remedy the injury and the likelihood of its occurrence and (4) the subject company's relationship to the adverse impact. The duty of care is based on the UN Guiding Principles on Business and Human Rights. The Act will require: • Establishment of an adequate and effective risk management system that considers the subject company's employees, the employees in its supply chain and other persons affected by its economic activity. • A risk analysis, at least annually, to identify human rights and environmental risks in the subject company's own business and at its direct suppliers.

	• Adoption of a human rights policy statement that addresses, among other things, the subject company's management, assessment, prioritization, mitigation, remediation and reporting of human rights and environmental risks. • Preventive measures to prevent potentially negative human rights and environmental impacts in the subject company's own business and at its direct suppliers. At the subject company level, these measures will be required to include procurement strategies and practices intended to avoid or mitigate identified risks, training and ongoing monitoring. At the direct supplier level, these measures will be required to include the consideration of human rights and environmental expectations in supplier selection, contractual representations from direct suppliers, training, ongoing monitoring and audits. • Remedial measures to address adverse human rights and environmental impacts. If the violation occurs at the subject company, action to end the violation will be required. If the violation occurs at a direct supplier and the subject company cannot end the violation in the foreseeable future, it must create and implement a concrete plan to mitigate and prevent the violation. • Adoption of a complaint mechanism. Duty of Care at Indirect Suppliers: There is a lower duty of care for indirect suppliers. For indirect suppliers, due diligence obligations only will apply if the subject company has substantiated knowledge of a possible human rights or environmental violation. If the subject company has substantiated knowledge of a possible violation at an indirect supplier, it will be required to carry out a risk analysis and implement a plan for mitigating and preventing the violation. Documentation and Records Maintenance: Subject companies will be required to document their due diligence. Records will be required to be maintained for at least seven years.
Reporting	Subject companies will be required to annually report on their diligence. The report will be required to discuss: • the human rights and environmental risks identified; • the measures taken to fulfill the duties of care, including arising out of complaints received through the complaint procedure; • how the subject company assesses the impact and effectiveness of the measures taken; and • the conclusions drawn from the assessment for future measures. The report will be required to be published on the subject company's website no later than four months after each fiscal year end and kept available for seven years. The report also will be required to be submitted to the Federal Office for Economic Affairs and Export Control.
Enforcement	The Federal Office for Economic Affairs and Export Control will be charged with reviewing whether a subject company has complied with the Act. Among other things, it could require the subject company to address reporting deficiencies within a

	reasonable time period. It also will be empowered to, with three months' notice, require a subject company to submit a plan to remedy substantive compliance deficiencies, as well as to provide a subject company with specific action items to fulfill its obligations. Subject companies that fail to comply with the requirements of the Act, either intentionally or negligently, also will be subject to administrative fines. Depending upon the nature of the violation, the fine can be up to €8 million. However, if the subject company has an average annual turnover over the last three years of more than €400 million, the fine for failing to take remedial measures to address adverse human rights or environmental impacts in the subject company's own business and at its direct suppliers can be up to 2% of average annual sales. The subject company also can be excluded from public procurement for up to three years. In addition, non-governmental organizations and trade unions will be entitled to sue subject companies in German courts on behalf of persons that suffer harm. However, the Act does not create an additional basis for liability.
Further Regulation and Guidance	The Federal Ministry of Labor and Social Affairs, in agreement with the Federal Ministry for Economic Affairs and Energy, is authorized to issue ordinances that further flesh out the Act's due diligence requirements. The explanatory materials accompanying the draft Act also contemplate the publication by the Federal Office for Economic Affairs and Export Control of cross-sector and sector-specific information, assistance and recommendations for compliance.
Additional Information/Resources	
The Act	For the Government's draft Act, see: https://www.bmas.de/SharedDocs/Downloads/DE/Gesetze/Regierungsentwuerfe/reg-sorgfaltspflichtengesetz.pdf;jsessionid=8BDA7F100C803B440603135F92A4C2F7.delivery1-replication?__blob=publicationFile&v=2 For the final amendments to the draft Act, see: https://dserver.bundestag.de/btd/19/305/1930505.pdf

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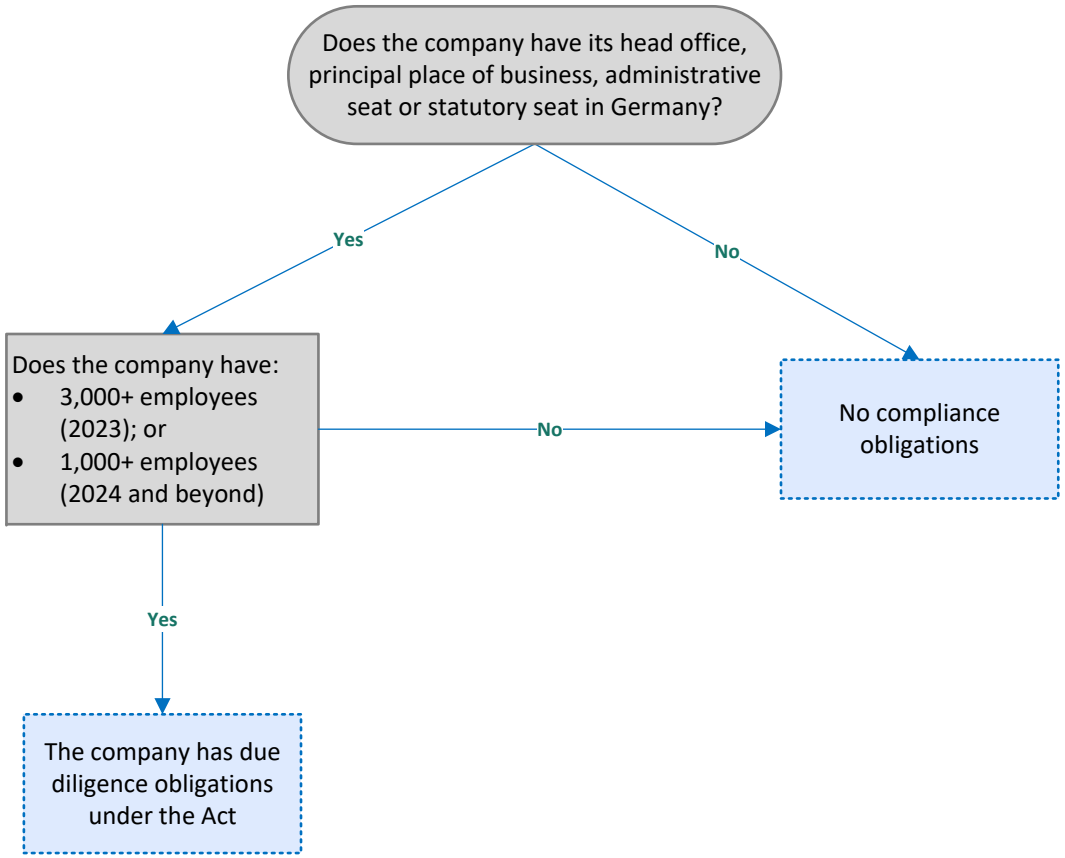

Transparency Act (Pending) **Norway**	
Overview	
Law / Country	**Transparency Act** (Innst. 603 L (2020–2021)) (the "**Act**") (Norway)
Goal	To promote the respect of businesses for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to provide public access to information about how businesses deal with adverse impacts of fundamental human rights and decent working conditions.
Adoption / Status	The Act was approved by the Parliament on June 10, 2021. It will take effect as determined by the King.
Issue Addressed	• Fundamental human rights • Decent working conditions Fundamental human rights are internationally recognized human rights pursuant to, among other things, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the ILO core conventions on fundamental principles and rights at work. Decent working conditions are work that safeguards fundamental human rights in accordance with the foregoing instruments and health, safety and the environment and provides a living wage.
Covered Entities	The following enterprises are subject to the Act: • Large enterprises domiciled in Norway, irrespective of where they provide goods and services. • Large foreign enterprises that offer goods and services in Norway that are taxable in Norway. Large enterprises are enterprises covered by Section 1-5 of the Norwegian Accounting Act, or which on the applicable balance sheet date exceed two of the following thresholds: 1. Sales of NOK 70 million 2. Balance sheet amount of NOK 35 million 3. Average number of employees during the fiscal year of 50 Subsidiaries are taken into account for determining whether a parent company is a large enterprise. The Ministry of Children and Family Affairs is authorized to exempt large enterprises from compliance with the Act.
How It Works	
Mandatory?	Yes.
Due Diligence Requirement	Subject enterprises are required to carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises. Due diligence is intended to include the following:

	1. embedding accountability in the enterprise's policies; 2. mapping and assessing actual and potential adverse impacts on fundamental human rights and decent working conditions that the business has caused or contributed to, or that are directly related to its activities, products or services through suppliers or business partners; 3. implementing appropriate measures to cease, prevent or limit adverse impacts based on the enterprise's mapping and risk assessment; 4. tracking the measures implemented and their results; 5. communicating with affected stakeholders regarding how adverse impacts are addressed; and 6. cooperating with remediation where required. Due diligence is to be carried out regularly and in relation to the size of the enterprise, the nature of the enterprise, the context within which its business takes place and the severity and likelihood of adverse impacts on fundamental human rights and decent working conditions.
Disclosure Requirement	Content: Subject enterprises must publish a statement containing at least the following: • a general description of the business, its area of operation and guidelines and procedures for addressing actual and potential adverse impacts on fundamental human rights and decent working conditions; • adverse impacts and significant risks of adverse impacts uncovered through due diligence; and • the measures the enterprise has implemented or plans to take to cease or limit the adverse impacts, and the results or expected results of the measures. Timing: The statement must be updated and published by June 30 each year and otherwise in the event of significant changes in the enterprise's risk assessment. Publication: The statement must be made available on the enterprise's website. It also may be included in the enterprise's corporate social responsibility report pursuant to Section 3-3(c) of the Accounting Act. Signature: The statement must be signed in accordance with Section 3-5 of the Norwegian Accounting Act.
Third-party Information Rights	Upon written request, third parties are entitled to information from the enterprise concerning how it addresses identified actual and potential adverse impacts. A request for information may be denied if: • the request does not contain sufficient information to identify what the request applies to;

	• the request is manifestly unreasonable; however, this cannot be used as a basis to exclude information concerning actual adverse impacts relating to fundamental human rights; • the request is for personal information; or • the requested information involves facilities and procedures or other operational or business matters that are competitively sensitive. Timing: The enterprise must provide the requested information within a reasonable time, but generally no later than three weeks after the request is received. However, if the request is burdensome, the enterprise has up to two months to provide the information. In the case of a burdensome request, the enterprise must, within the three-week period, notify the requesting party in writing of the extension, the reasons for the extension and when the information is expected to be provided. If the information request is denied, the enterprise must provide the basis for the denial. If a request for information is denied, within three weeks after receipt of the rejection, the requesting party may request a more detailed justification for the rejection, which must be provided in writing within three weeks after receipt of that request.
Further Regulation	The Ministry of Children and Family Affairs has the authority to adopt additional regulations concerning fundamental human rights and decent working conditions for purposes of the Act, due diligence, reporting, access to information and the processing of information requests, and fines.
Enforcement	The Norwegian Consumer Authority will be responsible for enforcement of the Act. If there is a violation, it may issue an order requiring compliance or enjoin the violation and impose fines if the order or injunction is not complied with. In the case of repeated violations, individuals acting on behalf of the enterprise who intentionally or negligently violate the Act may be fined.
Additional Information/Resources	
Law	https://stortinget.no/globalassets/pdf/lovvedtak/2020-2021/vedtak-202021-176.pdf.
OECD Guidance for Multinational Enterprises	https://www.oecd.org/daf/inv/mne/48004323.pdf.

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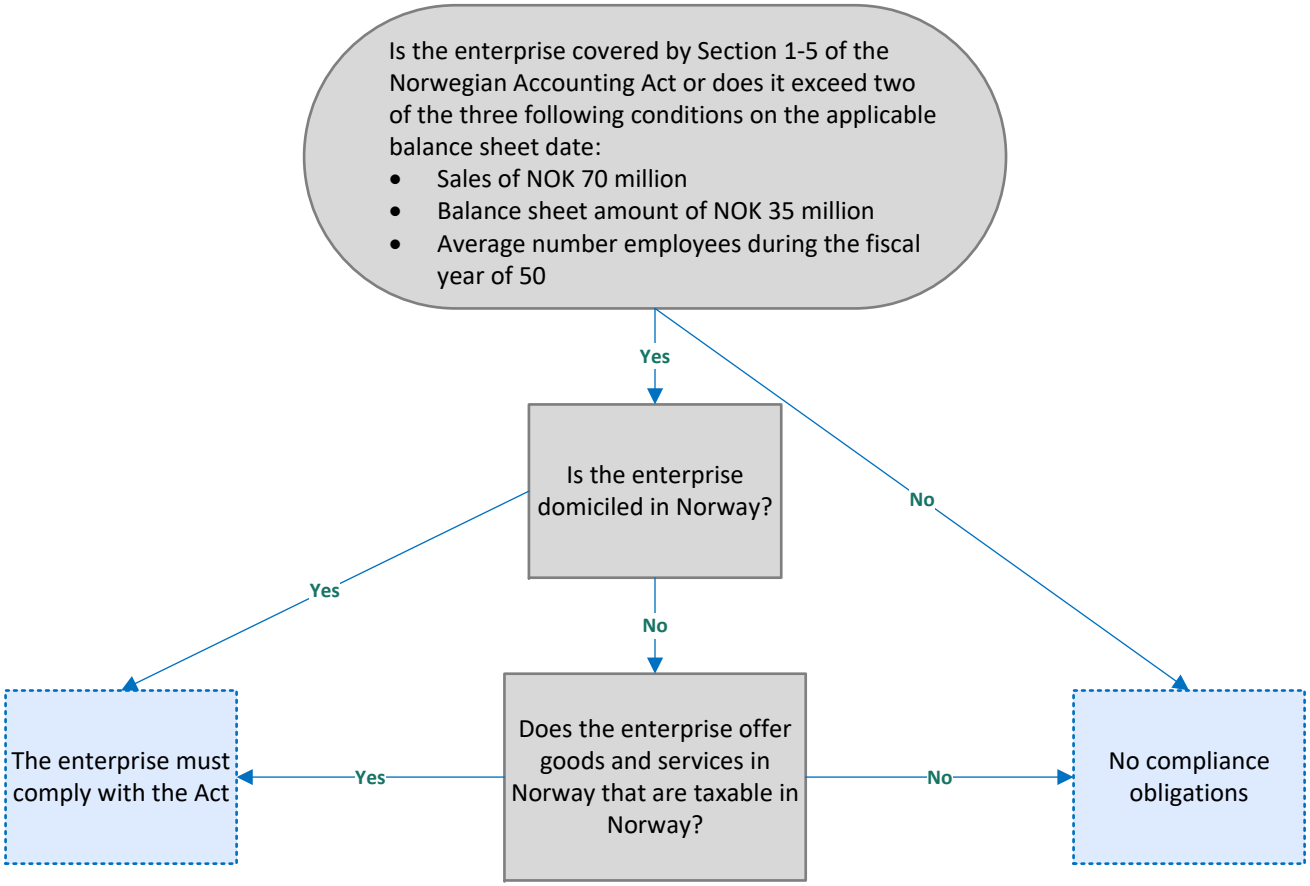
(Updated June 30, 2021)

Applying the Law



Duty of Vigilance Law (Proposed) Belgium	
Overview	
Law / Country	**Duty of Vigilance Law** (Doc 55 1903/001) (the "**Act**") (Belgium)
Goal	To require companies to monitor the corporate social responsibility of their value chains, and to provide additional legal claims for adverse impacts.
Adoption / Status	The draft Act was approved by the Belgian Chamber of Representatives on April 22, 2021. The Act is now being considered by special commissions of the Belgian Parliament before being presented to the Parliament. The Act would enter into effect six months after its publication in the *Moniteur Belge*.
Issue Addressed	Human, labor and environmental rights.
Covered Entities	The Act would apply to all companies established or active in Belgium. However, large enterprises and those enterprises operating in a high-risk sector or region would have greater obligations under the Act, as further discussed below. **"Large enterprises"** would be defined as enterprises employing 250 or more persons and with annual turnover exceeding €50 million or an annual balance sheet total exceeding €43 million. The commentary to the draft Act indicates that high-risk sectors are those that may fuel, directly or indirectly, armed conflict, human rights violations or support corruption and money laundering, such as the trade in minerals and metals. The commentary indicates that high-risk regions are those characterized by political instability or repression, weak institutions, insecurity, the collapse of civilian infrastructure, widespread violence or systematic violations of human rights and violations of national and international law.
How It Works	
Mandatory?	Yes.
Duty of Vigilance	All companies established or active in Belgium would be required to respect human and labor rights and the environment and put in place mechanisms to continuously identify, prevent, stop, minimize and remedy potential or actual violations of human, labor and environmental rights in their value chain. The obligation also would extend to subsidiaries of the subject enterprise. The duty of vigilance would be proportional to the size of the subject enterprise and the means at its disposal to identify risks and take effective preventive measures. A subject enterprise's **"value chain"** would include all entities with whom the enterprise has a commercial relationship because the entities (1) provide goods or services, including financial services, that are involved in the development of the subject enterprise's products or business services or (2) receive products or services, including financial services, from the subject enterprise.

	"Human rights" would be those rights encompassed by the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. **"Labor rights"** would be the rights set out in the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (which are further enumerated in the proposed Act to include those relating to freedom of association and collective bargaining, slavery and forced labor, child labor and non-discrimination).
Vigilance Plan	Each subject enterprise that is a large enterprise or operating in a high-risk sector or region would be required to establish a vigilance plan. At a minimum, the vigilance plan would be required to provide for the following: • a description of the value chain; • risk mapping for identifying, analyzing and prioritizing risks; • procedures for regularly assessing identified risks at subsidiaries and entities in the value chain; • measures to mitigate risk and prevent serious injury; • a grievance mechanism that provides for whistleblower protection; • an effective complaint and redress mechanism; and • a mechanism for monitoring the measures taken and evaluating their effectiveness. In establishing its vigilance plan, a subject enterprise would be required to take into account enumerated European and international standards, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The vigilance plan also would be required to be developed in good faith consultation with interested persons and groups, including workers' and trade union organizations and civil society. The subject enterprise would be required to seek consultation via its website and allow for at least a one-month consultation period.
Reporting	Subject enterprises that are required to prepare a vigilance plan would be required to make the vigilance plan public and report on its effectiveness at least annually. Reporting would be on the subject enterprise's website. For small and medium enterprises that are not active in high-risk sectors or regions, the King may establish reporting requirements.
Further Requirements and Guidance	Under the proposed Act, the King would be empowered to specify procedures for drawing up a vigilance plan, supplement the required vigilance measures, supplement the reporting procedures and specify provisions applicable to enterprises active in high-risk sectors or regions. The supervisory authority designated by the King also would be authorized to prepare guidance and instructions for compliance with the Act. The commentary to the draft Act notes the regulator is likely to be FPS Economy.
Liability and Enforcement	If there is a breach of the duty of vigilance, the subject enterprise could be ordered to comply with the Act or subject to sanctions, which could result in fines of up to €1,600,000 and one year in jail. It also could be excluded from participating in public contracts. The King would determine the governmental body responsible for enforcing the Act.

	The Act also would provide for compensation for violations of human or labor rights or damage to health or the environment if the subject enterprise fails to demonstrate that it has taken necessary and reasonable measures in its control to prevent the adverse impact. In assessing whether there is a failure to meet the duty of care, the ability of the enterprise to control and influence a subsidiary or entity in its value chain would be taken into account. The Act would allow class actions to be brought on behalf of victims, including by civil society organizations and trade unions. If damages are attributable to multiple organizations that fail to exercise their duty of care, damages would be joint and several (the payor would have a right of contribution against other entities that are jointly and severally liable).
Additional Information/Resources	
Law	For the text of the proposed Act, see: https://www.lachambre.be/FLWB/PDF/55/1903/55K1903001.pdf.

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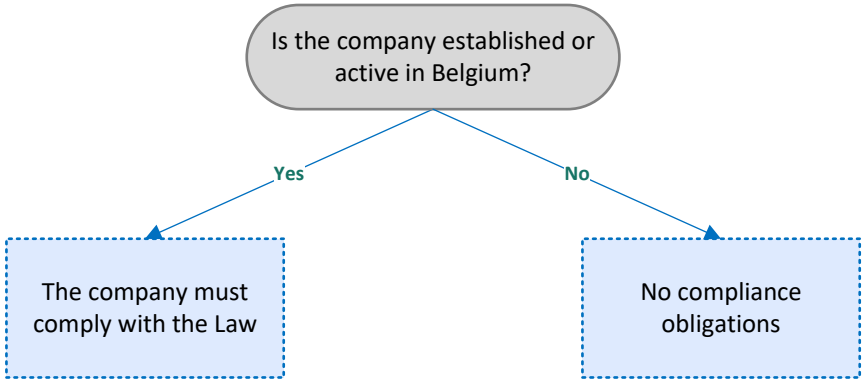

Mandatory Human Rights Due Diligence Directive (Parliament Resolution) (Proposed) European Union	
Overview	
Law / Country	**Mandatory Human Rights Due Diligence Directive** (the **"Directive"**) (European Union)
Goal	To ensure that undertakings operating in the EU internal market fulfill their duty to respect human rights, the environment and good governance, and do not cause or contribute to risks to human rights, the environment and good governance in their activities and those of their business relationships.
Adoption / Status	On April 29, 2020, EU Commissioner for Justice Didier Reynders announced the European Commission (the **"Commission"**) will propose mandatory human rights due diligence legislation. The Commission's proposal is expected to be released later this year. On March 10, 2021, the European Parliament adopted a resolution approving the text of a draft directive on mandatory human rights due diligence. This Summary describes that Directive. The Directive adopted by the Parliament is not binding on the Commission, but is intended by the Parliament to inform the Commission's proposal.
Issues Addressed	• Human rights • Environmental impacts • Good governance
Covered Entities	The Directive would apply to: • Large undertakings governed by the law of an EU Member State or established in the territory of the European Union • All publicly listed small and medium-sized undertakings • All high-risk small and medium-sized undertakings • Any of the following governed by the laws of a third country and not established in the European Union that are operating in the internal market selling goods or services: (1) large undertakings; (2) publicly listed small and medium-sized undertakings; and (3) small and medium-sized undertakings operating in high risk sectors
How It Works	
Mandatory?	Yes.
Selected Definitions	"**Due diligence**" is defined in the Directive as the obligation of an undertaking to take all proportionate and commensurate measures and make efforts within its means to prevent adverse impacts on human rights, the environment or good governance from occurring in its value chains, and to address such impacts when they occur. In practice, due diligence consists of a process put in place by an undertaking in order to identify, assess, prevent, mitigate, cease, monitor, communicate, account for, address and remedy the potential and/or actual adverse impacts on (1) human rights, including social, trade

	union and labor rights, (2) the environment, including the contribution to climate change, and (3) good governance, in each case in its own operations and its business relationships in the value chain. "**Business relationships**" means subsidiaries and commercial relationships of an undertaking throughout the value chain, including suppliers and sub-contractors, which are directly linked to the undertaking's business operations, products or services. "**Stakeholders**" means individuals and groups of individuals whose rights or interests may be affected by the potential or actual adverse impacts posed by an undertaking or its business relationships, as well as organizations whose statutory purpose is the defense of human rights, including social and labor rights, the environment and good governance. These can include (1) workers and their representatives, (2) local communities, (3) children, (4) indigenous peoples, (5) citizens' associations, (6) trade unions, (7) civil society organizations and (8) the undertaking's shareholders. "**Value chain**" means all activities, operations, business relationships and investment chains of an undertaking and includes entities with which the undertaking has a direct or indirect business relationship, upstream and downstream, and which either (1) supply products, parts of products or services that contribute to the undertaking's own products or services or (2) receive products or services from the undertaking. "**Potential or actual adverse impact on human rights**" means any potential or actual adverse impact that may impair the full enjoyment of human rights by individuals or groups of individuals in relation to human rights, including social, worker and trade union rights. "**Potential or actual adverse impact on the environment**" means any violation of internationally recognized and European Union environmental standards. "**Potential or actual adverse impact on good governance**" means any potential or actual adverse impact on the good governance of a country, region or territory.
Due Diligence Strategy	Undertakings would be required to, on an ongoing basis, take all efforts within their means to identify and assess whether their operations and business relationships cause or contribute or are directly linked to potential or actual adverse human rights, environmental or governance impacts. Undertakings would be required to do so by means of a risk-based monitoring methodology that takes into account the likelihood, severity and urgency of potential or actual impacts and the nature and context of their operations, including geography. Unless an undertaking determines it does not cause or contribute to or is not directly linked to potential or actual adverse impacts, it would be required to establish and implement a due diligence strategy. As part of the strategy, the undertaking would be required to: • Specify the potential or actual adverse impacts likely to be present in its operations and business relationships, and the level of their severity, likelihood and urgency and the relevant data, information and methodology that led to these conclusions;

	• Map their value chain and, with due regard for commercial confidentiality, publicly disclose relevant information about the undertaking's value chain; • Adopt and indicate all proportionate and commensurate policies and measures with a view to ceasing, preventing or mitigating potential or actual adverse impacts on human rights, the environment or good governance; and • Set up a prioritization strategy aligned with Principle 17 of the UN Guiding Principles on Business and Human Rights if the undertaking is not in a position to address all of the potential or actual adverse impacts at the same time. The Directive indicates that an undertaking may reach the conclusion it does not cause or contribute to or is not directly linked to potential or actual adverse impacts based on due diligence performed by all of its direct suppliers in accordance with the Directive. Subject undertakings would be required to ensure that their business strategy and their policies are in line with their due diligence strategy. Value chain due diligence would be required to be proportionate and commensurate to the likelihood and severity of the undertaking's potential or actual adverse impacts and its specific circumstances, particularly its sector of activity, the size and length of its value chain, the size of the undertaking and its capacity, resources and leverage. Undertakings would be required to ensure their business relationships put in place and carry out human rights, environmental and good governance policies in line with the undertaking's due diligence strategy. Examples of ways in which to do so cited in the Directive include (1) framework agreements, (2) contractual clauses, (3) the adoption of codes of conduct or (4) certified and independent audits. Undertakings would be required to regularly verify that subcontractors and suppliers comply with these obligations. Undertakings also would be required to ensure that their purchasing policies do not cause or contribute to potential or actual adverse impacts. Annual Evaluation of Due Diligence Strategy: Undertakings would be required to evaluate the effectiveness of their due diligence strategy and its implementation at least once a year. They would be required to revise the strategy accordingly whenever revision is considered necessary as a result of the evaluation.
Sectoral Due Diligence Action Plans	Member States may encourage the adoption of voluntary sectoral or cross-sectoral due diligence action plans at the national or EU level to coordinate the due diligence strategies of undertakings. However, undertakings participating in sectoral or cross-sectoral due diligence action plans would not be exempt from their obligations in the Directive. Member States would be required to ensure that relevant stakeholders have the right to participate in the definition of sectoral due diligence action plans. In particular, this would include trade unions, workers' representatives and civil society organizations.
Stakeholder Engagement	Undertakings would be required to engage in discussions with relevant stakeholders when establishing and implementing their due diligence strategy. Member States would be required to guarantee, in particular, the right for trade unions at the

	relevant level (including sectoral, national, European and global levels), and for workers' representatives to be involved in the establishment and implementation of the due diligence strategy. The annual evaluation and revision of the due diligence strategy would be required to be carried out in discussion with stakeholders and with the involvement of trade unions and workers' representatives in the same manner as when establishing the strategy.
Reporting	With due regard for commercial confidentiality, undertakings would be required to make their due diligence strategy or risk assessment publicly available on their website. Undertakings also would be required to upload their due diligence strategy or risk assessment to a European Union centralized platform, using a standardized template to be developed by the Commission. In addition, undertakings would be required to communicate their due diligence strategy to their workers' representatives, trade unions and business relationships. Undertakings also would be required to report on reasonable concerns raised through their grievance mechanisms (which are discussed below) and regularly report on related progress made. If a large undertaking whose direct business relationships are domiciled within the European Union, or a small or medium-sized undertaking, concludes that it does not cause, contribute to or is not directly linked to potential or actual adverse impacts, it would be required to publish a statement to that effect and its risk assessment containing the relevant data, information and methodology that led to that conclusion.
Additional Guidelines	The Directive would require the Commission to publish general non-binding guidelines for undertakings on fulfilling their due diligence obligations under the Directive. Guidelines would be required to be published within 18 months after the Directive enters into force. The Commission also may prepare sector-specific non-binding guidelines.
Grievance Mechanisms	Undertakings would be required to provide a grievance mechanism that allows stakeholders to voice reasonable concerns regarding the existence of a potential or actual adverse impact. Member States would be required to ensure undertakings can provide the mechanism through collaborative arrangements with other undertakings or organizations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement. Sectoral due diligence actions plans may provide for a single joint grievance mechanism for the undertakings within their scope. Grievance mechanisms would be required to be legitimate, accessible, predictable, safe, equitable, transparent, rights-compatible and adaptable in accordance with Principle 31 of the UN Guiding Principles and the UN Committee on the Rights of the Child General Comment No. 16. Such mechanisms would be required to provide for the ability to raise concerns either anonymously or confidentially, as appropriate in accordance with national law. The grievance mechanism would be required to provide for timely and effective responses to stakeholders, both in instances of warnings and of expressions of concern. When developing grievance mechanisms, undertakings would be required to take decisions informed by the position of stakeholders.

Extra-Judicial Remedies	Member States would be required to ensure that, when an undertaking identifies it has caused or contributed to an adverse impact, it provides for or cooperates with the remediation process. When an undertaking identifies it is directly linked to an adverse impact, it would be required to cooperate with the remediation process to the best of its abilities. The remedy would be required to be determined in consultation with affected stakeholders. The Directive indicates the remedy may consist of (1) financial or non-financial compensation, (2) reinstatement, (3) public apologies, (4) restitution, (5) rehabilitation or (6) a contribution to an investigation. Undertakings also would be required to prevent additional harm from being caused by providing guarantees that the harm in question will not be repeated. Member States would be required to ensure that a remediation proposal by an undertaking does not prevent affected stakeholders from bringing civil proceedings in accordance with national law. In particular, victims would not be required to seek extra-judicial remedies before filing a claim in court, nor would ongoing proceedings before a grievance mechanism impede victims' access to a court. Decisions issued by a grievance mechanism would be required to be duly considered by courts but would be required to not be binding upon a court.
Member State Enforcement	Member State competent authorities would have the power to carry out investigations to ensure that undertakings comply with the obligations set out in the Directive. This would include the authority to carry out checks on undertakings and interviews with affected or potentially affected stakeholders or their representatives. The checks may include (1) examination of the undertaking's due diligence strategy, (2) the functioning of the grievance mechanism and (3) on-the-spot checks. If a competent authority identifies a failure to comply with the Directive, it would be required to grant the undertaking concerned an appropriate period of time to take remedial action, if remedial action is possible. Member States would be required to ensure that, if the failure to comply with the Directive could directly lead to irreparable harm, the following could be ordered: (1) adoption of interim measures by the undertaking; or (2) in compliance with the principle of proportionality, the temporary suspension of activities. If the undertaking is governed by the law of a non-Member State, the temporary suspension of activities may include a ban on operating in the internal market. Member States also would be required to provide for sanctions in accordance with the Directive for undertakings that do not take remedial action within the period of time granted. Competent national authorities would be required to be empowered to impose administrative fines.
Administrative Sanctions	Member States would be required to provide for proportionate sanctions in the event of infringements of national provisions adopted in accordance with the Directive. Sanctions would be required to be effective, proportionate and dissuasive and would be required to take into account the severity of the infringements committed and whether or not the infringement has taken place repeatedly. In particular, the Directive provides that competent national authorities may (1) impose proportionate fines based on an undertaking's turnover, (2) temporarily or indefinitely exclude undertakings from public procurement, from state aid and from public support schemes, including schemes relying on Export Credit Agencies and loans, (3) resort to the seizure of commodities and (4) take other appropriate administrative sanctions.

Civil Liability	Member States would be required to have in place a liability regime under which undertakings can, in accordance with national law, be held liable and that provides for remediation for any harm arising out of potential or actual adverse impacts the undertaking, or undertakings under its control, have caused or contributed to by acts or omissions. However, the Member State's liability regime would be required to ensure that undertakings do not have liability if they prove they took all due care in line with the Directive to avoid the harm in question, or that the harm would have occurred even if all due care had been taken. Member States would be required to ensure that the limitation period for bringing civil liability claims for harm arising out of adverse impacts is reasonable.
Transposition into National Law	Member States would be required to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive within 24 months after the Directive enters into force.
Additional Information/Resources	
Directive Text	For the resolution adopted by the Parliament and the attached Directive, see: https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073_EN.pdf

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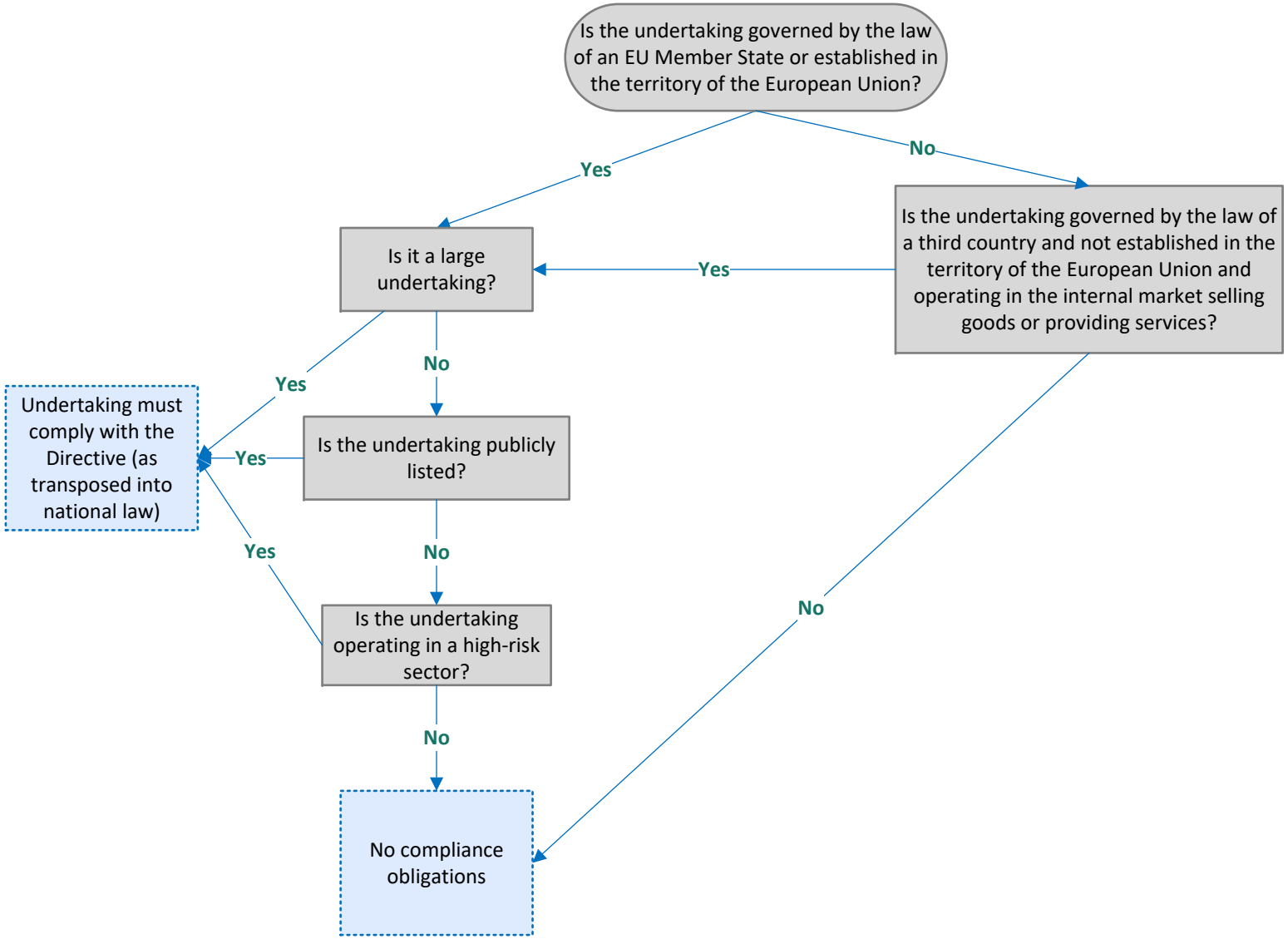

section 135 of the Companies Act India	
Overview	
Law / Country	**section 135 of the Companies Act** (The Companies Act, 2013, amended 2015, 2017, 2019 and 2021) (India)
Goal	To further corporate social responsibility in India by requiring investment in CSR initiatives.
Adoption / Status	On August 29, 2013, section 135 of the Indian Companies Act (the "**Law**") was adopted. Since that time, Rules have been adopted under the Law and there have been several amendments to the Law, as further described below.
Covered Entities	The Law applies to Indian companies and foreign companies doing business in India that, during the immediately preceding financial year: • have a net worth of rupees five hundred crore or more; • turnover of rupees one thousand crore or more; or • a net profit of rupees five crore or more.
How It Works	
Mandatory?	Yes.
CSR Activities	CSR is defined as the activities undertaken by a company pursuant to its statutory obligation under section 135 of the Act and the rules thereunder. Schedule VII of the Companies Act outlines recognized CSR activities. These relate to, among other things: • eradicating extreme hunger and poverty; • promotion of education, gender equality and empowering women; • reducing child mortality and improving maternal health; • protection of national heritage and culture; • measures for the benefit of military veterans; • training to promote sports; • ensuring environmental sustainability; • employment enhancing vocational skills and social business projects; • rural development and slum area development; and • disaster management, including relief, rehabilitation and reconstruction. A capital asset is a qualifying CSR expenditure if the asset created is owned either by the organization supported, the persons served by the project or a public authority. The following do not qualify as permissible CSR activities: • normal course of business activities generally; • activities outside of India generally; • contributions to political parties; • activities that significantly benefit employees;

	• sponsorships for deriving marketing benefits for products or services; and • activities carried out to fulfill other Indian statutory obligations. However, for companies engaged in research and development of new vaccines, drugs and medical devices in their normal course of business, those activities are permissible CSR activities for fiscal years 2020-21 to 2022-23 to the extent related to COVID-19.
CSR Committee	Covered entities generally are required to have a CSR Committee of three or more directors. At least one of these directors generally must be independent, unless stated otherwise in section 149(4) of the Companies Act. This Committee must formulate and recommend to the board of directors (the **"Board"**) an annual action plan pursuant to the CSR Policy (the "**CSR Policy**").
CSR Policy	The CSR Policy is defined as a statement containing the approach and direction given by the Board, considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. The CSR Policy must include the following: • the list of CSR projects and programs approved to be undertaken; • the manner of execution of the projects or programs; • the manner of utilization of funds and implementation schedules for projects or programs; • monitoring and reporting mechanisms for projects or programs; and • details of need and impact assessment, if any, for the projects and programs undertaken.
Implementation of the CSR Policy	A covered entity must spend at least 2% of its average net profits made during the three immediately preceding fiscal years (the **"Minimum CSR Amount"**) on CSR initiatives in accordance with the its CSR Policy. If the company spends an amount in excess of the Minimum CSR Amount, the company may set-off the excess against the spending requirement for up to the next three fiscal years. Administrative overhead may not exceed 5% of total CSR expenditures for the fiscal year. Only the following classes of companies/entities can undertake CSR activities on behalf of a company: • a company established under Section 8 of the Companies Act (a **"Not-For-Profit Company"**), a registered public trust or a registered society established by the company, either singly or along with another company; • a Not-For-Profit Company, a registered trust or a registered society established by the Central Government or a State Government; • an entity established under an act of Parliament or a State legislature; or • a Not-For-Profit Company, a registered public trust or a registered society with an established track record of at least three years in undertaking similar activities. A covered entity may engage an International Organisation for designing, monitoring and evaluation of CSR projects or programs as well as for CSR capacity building of its personnel. An **"International Organisation"** is an organization notified by the Central Government as an international organisation under Section 3 of the United Nations (Privileges and Immunities) Act, 1947. The Board is required to monitor the implementation of ongoing projects and make modifications, if any, for the smooth implementation of the project within the permissible time period. The Board is responsible for ensuring funds are being utilized for approved purposes. The chief financial officer or the person responsible for financial management of the covered entity is required to certify that funds are being used for approved purposes.

	If a covered entity has an average CSR obligation of rupees 10 crore or more in the three immediately preceding fiscal years, it must undertake an impact assessment of its CSR projects with outlays of one crore rupees or more that have been completed at least one year before undertaking the impact study. The impact study must be conducted by an independent third party.
Unspent Funds	Any unspent Minimum CSR Amount relating to an "Ongoing Project" must be transferred within 30 days after the end of the fiscal year to a special account (**"Unspent CSR Account"**) maintained by the company. An **"Ongoing Project"** is a multi-year project undertaken by a company in fulfilment of its CSR obligation having a timeline not exceeding three years (excluding the fiscal year in which it was commenced) and includes a project that initially was not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification. The money in the Unspent CSR Account is required to be spent by the company in furtherance of its CSR Policy within three fiscal years from the date of transfer to the account. If the company fails to spend the money in the Unspent CSR Account within the prescribed three-year period, the unspent amount is required to be transferred to a CSR fund set up by the Government of India (**"Government CSR Fund"**), within 30 days after the end of the third fiscal year. If the unspent amount in a fiscal year does not relate to an Ongoing Project, the company is required to transfer the unspent amount to the Government CSR Fund within six months after the end of its fiscal year. Any surplus arising out of CSR activities must be (1) used in the same project, (2) transferred to the Unspent CSR Account and spent pursuant to the CSR Policy and annual action plan of the company or (3) transferred to the Government CSR Fund within six months after the end of the fiscal year.
Reporting	An annual report on CSR activities must be included in the Board's report for fiscal years commencing on or after April 1, 2020. The report must be in a prescribed format. If an impact assessment is conducted, the report relating to the impact assessment is required to be annexed to the annual report. Covered entities also must disclose on their website their CSR Policy, the composition of the CSR committee and CSR projects approved by the Board. An entity that intends to undertake a CSR activity is required to register with the Central Government by filing e-Form CSR-1 electronically with the Registrar of Companies. The requirement for filing e-Form CSR-1 does not apply to entities undertaking CSR projects or programs approved prior to April 1, 2021.
Enforcement	Non-compliance with the CSR provisions can result in a fine of up to twice the amount required to be transferred by the covered entity to the Government CSR Fund or the Unspent CSR Account, or one crore rupees, whichever is less. In addition, every officer of the company who is in default can be fined up to 10% of the amount required to be transferred by the covered entity to the foregoing, or rupees two lakh, whichever is less. Under Section 206 of the Companies Act, the Government has powers to call for information and inspect the books of a company.
Additional Information/Resources	
Text of Section 135	For the text of the Law, see: http://www.mca.gov.in/SearchableActs/Section135.htm For the 2017 Amendments, see: http://www.mca.gov.in/Ministry/pdf/CAAct2017_05012018.pdf For the 2019 Amendments, see: http://www.mca.gov.in/Ministry/pdf/AMENDMENTACT_01082019.pdf

	For the 2021 Amendments, see:https://www.mca.gov.in/Ministry/pdf/CSRAmendmentRules_23012021.pdf
Indian Companies Act	For the full text of the 2013 Companies Act, see: http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf

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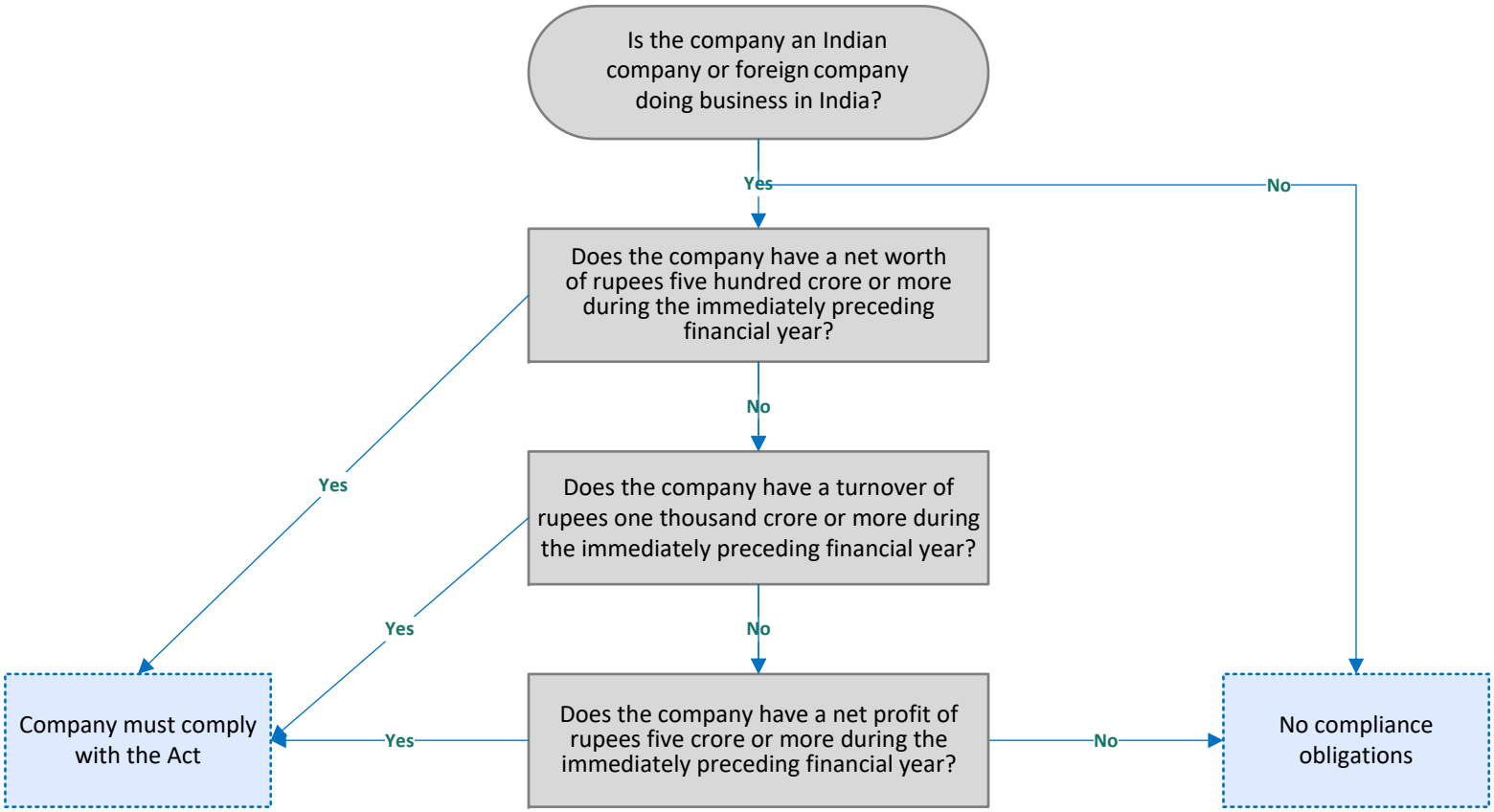

Child Labor Due Diligence Act (Pending) Netherlands	
Overview	
Law / Country	**Child Labor Due Diligence Act** (No. 34 506) (Netherlands)
Goal	To reduce child labor in the supply chain.
Adoption / Status	The Dutch Parliament adopted the Child Labor Due Diligence Act (the "**Act**") on February 7, 2017. The Dutch Senate approved the Act on May 14, 2019. The Act will enter into force on a date to be determined by Royal Decree, but not prior to January 1, 2020. However, the initiating Parliament members indicated that the Act will likely become effective sometime in 2022. Many of the specifics will be codified in a General Administrative Order (the "**GAO**"), which has yet to be published. To the extent adopted, the mandatory human rights due diligence law proposed in 2021 would supersede the Act. However, the prevailing view at present is the law is unlikely to be adopted.
Issue Addressed	Child labor
Covered Entities	Companies covered include: • Companies established in the Netherlands that sell or provide goods or services to end-users based in the Netherlands. • Companies established outside the Netherlands that sell or provide goods or services to end-users based in the Netherlands. For purposes of the Act, an end-user is the natural person or legal entity using or consuming the goods or purchasing the service The Act does not specifically exempt any types of companies, but exemptions may be provided for in a subsequent GAO. The Act contains a transitional provision, which provides that it will not apply to goods or services to the extent the obligation to supply the goods or services was entered into prior to the publication of the Act. The transitional exemption will sunset not later than five years after the effective date of the Act. The Act provides that a company that transports goods is not considered a supplier of those goods. Although the Act is silent on the point, the transportation of the goods will presumably be a covered service under the Act.
Definition of Child Labor	For purposes of the Act, child labor includes any form of work performed by persons under 18 and that is included among the worst forms of child labor referred to in Article 3 of the Worst Forms of Child Labor Convention, 1999. Under the Convention, this comprises:

	• all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict; • the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; • the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; and • work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. If the work takes place in the territory of a state that is party to the Minimum Age Convention, 1973, in addition to the foregoing, child labor will include any form of work prohibited by the laws of that state in implementation of the Convention. If the work takes place in the territory of a state that is not a party to the Minimum Age Convention, child labor will further include: • any form of work performed by persons who are subject to compulsory schooling or who have not yet reached the age of 15 and • any form of work performed by persons under 18 if the work, by virtue of its nature or the conditions under which it is performed, may endanger the health, safety or morality of young persons, except that child labor will not include light work (as defined in the Minimum Age Convention), carried out for a maximum of 14 hours a week by persons who have reached the age of 13. "**Light work**" is defined in the Minimum Age Convention as work by persons 13 to 15 years of age which is: • not likely to be harmful to their health or development and • not such as to prejudice their attendance at school, their participation in vocational orientation or training programs approved by a competent authority or their capacity to benefit from the instruction received.
How It Works	
Mandatory?	Yes.
Due Diligence and Action Plan	A company must conduct an investigation to determine whether there is a "reasonable suspicion" that child labor occurs in its business or supply chain, both at the first tier supplier level and further down the supply chain. Due diligence is to be based on sources that are reasonably known and accessible to the subject company. Due diligence also can be satisfied by obtaining goods or services from companies that have issued declarations that they exercise due diligence (declarations are discussed in more detail below). If the subject company has a reasonable suspicion of child labor in the production of the goods or services, it must adopt and implement a plan of action. A joint action plan aimed at ensuring that affiliated companies exercise due diligence that is

	developed by or among one or more social organizations, employees' organizations or employers' organizations and approved by the Minister for Foreign Trade and Development Cooperation will satisfy this requirement. Further requirements pertaining to due diligence and the plan of action will be specified in a GAO, which will take into account the ILO-IOE Child Labour Guidance Tool for Business. The Child Labour Guidance Tool was created jointly by the International Labour Organization and the International Organisation of Employers as a resource for companies to meet the due diligence requirements indicated in the UN Guiding Principles on Business and Human Rights, as they pertain to child labor.
Reporting	A company that is subject to the Act generally must prepare a declaration indicating that it exercises due diligence in order to prevent the goods and services that its sells or supplies to Dutch end-users from being produced using child labor. Companies that already are registered in the trade register will be required to submit the declaration to the designated regulator within six months after the Act takes effect. If a company is not already registered in the trade register, it will be required to submit its declaration immediately after it is registered. A company that is not registered in the European part of the Netherlands and that is not registered in the trade register will be required to submit a declaration within six months after the company supplies goods or services to end-users in the Netherlands for the second time in a given year. Declarations will be published in an online public register to be established by the designated regulator. The Act indicates that further rules may be established pertaining to the content and form of declarations. If a company only receives goods or services from other companies that have issued a declaration, it is not required to issue its own declaration. Other exceptions to the reporting requirements of the Act may be established by GAO.
Enforcement	Complaints: Any natural person or legal entity whose interests are affected by the actions or omissions of a subject company relating to compliance with the Act may submit a complaint to the designated regulator. The complaint must contain a concrete indication of non-compliance by an identifiable party. In the first instance, an aggrieved party must work with the subject company to resolve the complaint. The regulator only may address a complaint after it has been dealt with by the company, or six months after the submission of the complaint to the company without it having been addressed. Penalties: A company can be fined up to €8,200 for failing to submit a statement declaring that it exercises due diligence. If a company fails to carry out due diligence in accordance with the Act or to draw up a plan of action, or to comply with any further requirements that are established pertaining to due diligence and the plan of action, a fine of up to 10% of the worldwide annual turnover of the company can be imposed. However, the Act provides that a fine will not be imposed until after a binding instruction has been issued to the company. A time limit may be set for complying with the instruction.

	In addition, the company can incur additional fines and a director may even be imprisoned for up to two years if, in the prior five years, a fine previously had been imposed for violating the same requirement of the Act and the new violation is committed under the order or de facto leadership of the same director.
Additional Information/Resources	
Law	For the text of the Bill, see: https://www.eerstekamer.nl/behandeling/20170207/gewijzigd_voorstel_van_wet/document3/f=/vkbkk8pud2zt.pdf
ILO-IOE Child Labour Guidance Tool for Business	http://www.ioe-emp.org/fileadmin/ioe_documents/publications/Policy%20Areas/child_labour/EN/_2015-12-16__ILO-IOE_Child_Labour_Guidance.pdf
UN Guiding Principles	https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

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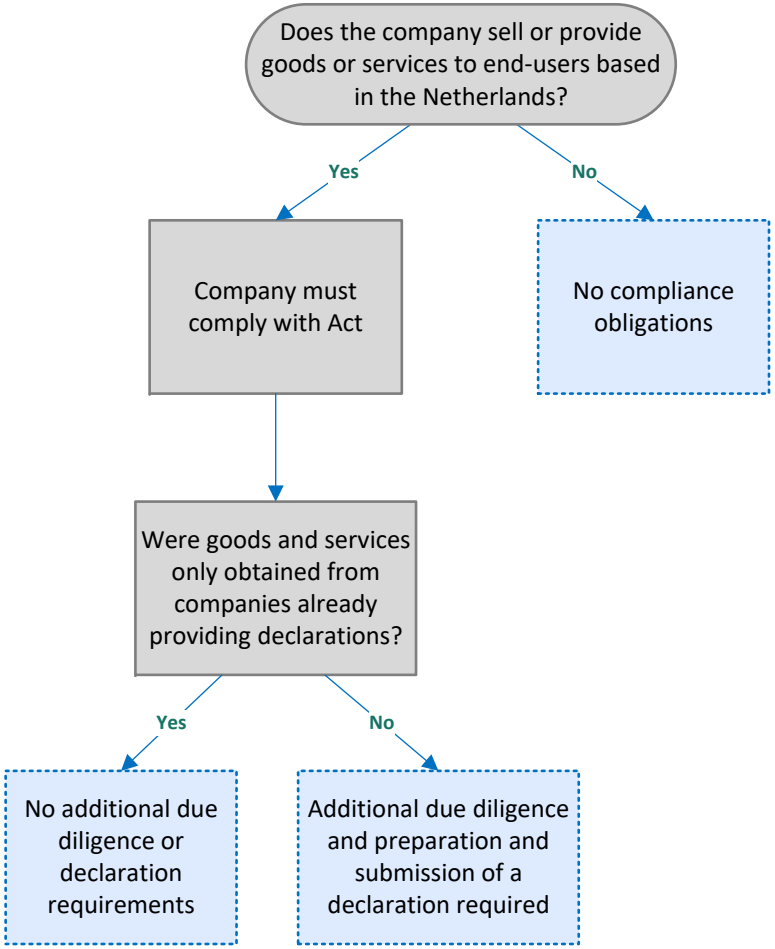

California Climate Corporate Accountability Act (Proposed) California	
Overview	
Law / State	**California Climate Corporate Accountability Act** (SB-260 (the "**Bill**")) (California, United States)
Goal	Reduce greenhouse gas ("**GHG**") emissions.
Adoption / Status	Active Bill in Committee Process; last amended April 29, 2021.
Issue Addressed	Greenhouse gas emissions.
Covered Entities	United States-based partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of $1 billion and that do business in California (the "**Reporting Entities**").
How It Works	
Mandatory?	Yes.
Reporting Requirements	On or before January 1, 2023, the State Air Resources Board (the "**State Board**") would be required to adopt regulations requiring a Reporting Entity to annually publicly disclose the Reporting Entity's scope 1, 2, and 3 emissions for the prior calendar year. Compliance would begin in 2024 on a date to be determined by the State Board.
Third Party Assurance	The Reporting Entity's disclosure would be required to be independently verified by a third-party auditor, approved by the State Board, with expertise in GHG emissions accounting. A copy of the complete, audited GHG emissions inventory, including the name of the third-party auditor, would be required to be provided in connection with the Reporting Entity's public disclosure.
Definitions	**"Scope 1 emissions"** means all direct GHG emissions that stem from sources that a Reporting Entity owns or directly controls, regardless of location, including, but not limited to, fuel combustion activities. **"Scope 2 emissions"** means indirect GHG emissions from electricity, purchased and used by a Reporting Entity, regardless of location. **"Scope 3 emissions"** means indirect GHG emissions, other than scope 2 emissions, from activities of a Reporting Entity that stem from sources that the Reporting Entity does not own or directly control and may include, but are not limited to, emissions associated with the reporting entity's supply chain, business travel, employee commutes, procurement, waste, and water usage, regardless of location.

Reporting Platform	The State Board would be required to create a digital platform to house reports submitted by Reporting Entities. The digital platform would be required to be capable of featuring both individual Reporting Entity reports as well as aggregated data.
Implementing Regulations; Expert Consultation	The State Board may adopt or update any other regulations that are necessary and appropriate to implement the Act. In developing regulations, the State Board is required to consult with a panel of experts, including but not limited to: • experts in climate science and corporate carbon emissions accounting; • implementing state agency representatives; • stakeholders representing consumer and environmental justice interests; and • reporting entities that are leaders in collecting, reporting, and setting targets for the reduction of their own carbon footprint to develop standards and protocols for ensuring the public disclosures required under the Act are made in a manner that is easily understandable and accessible to state residents and for collecting data for all scope 1, 2, and 3 emissions by Reporting Entities.
Additional Information/Resources	
Law	For the text of the Bill, see: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB260

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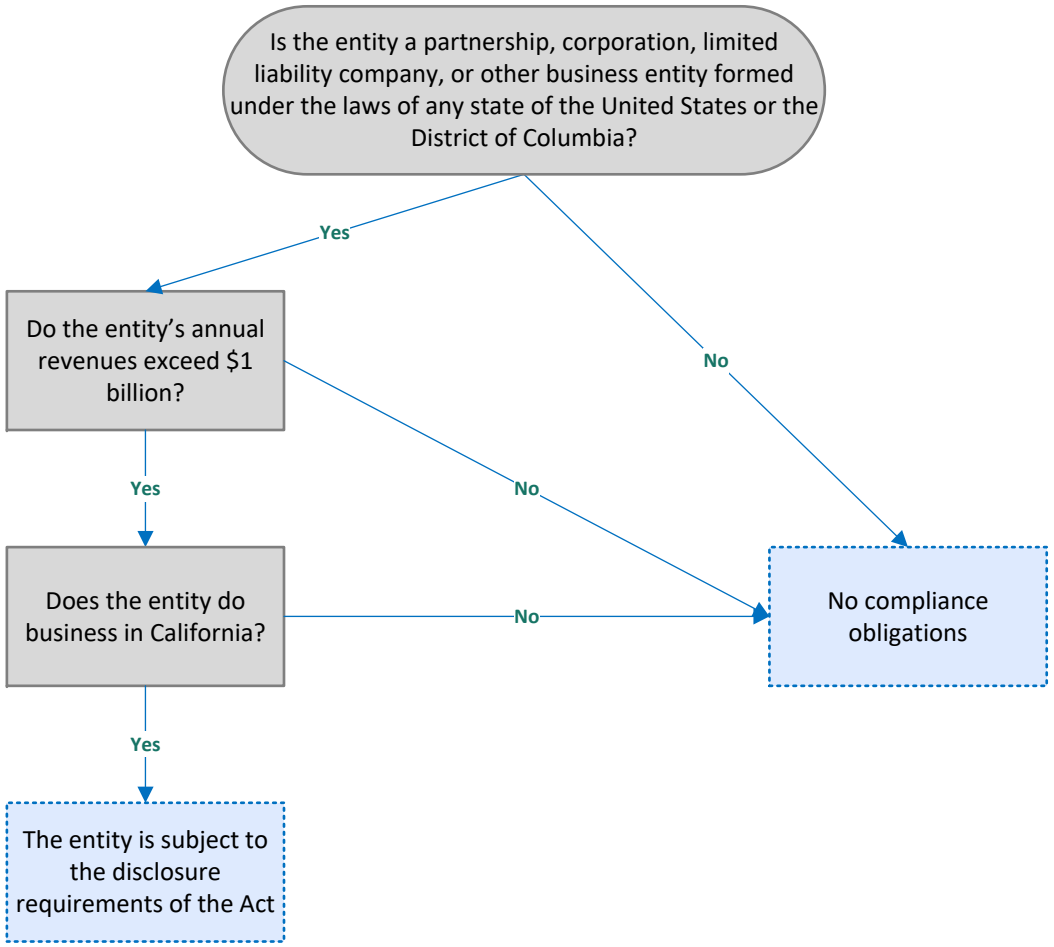

Climate Change: Corporate Disclosures (Proposed) California	
Overview	
Law / State	**Climate Change: Corporate Disclosures** (AB 766 (the **"Bill"**)) (California, United States)
Goal	Mitigate the effects of climate change.
Adoption / Status	Active Bill in Committee Process; last amended March 18, 2021.
Issue Addressed	Climate change.
Covered Entities	Entities that meet all of the following requirements (**"Covered Corporations"**): • Publicly traded domestic or foreign corporation; • Principal executive offices, according to the corporation's Form 10-K, located in California; and • Annual revenues in excess of $100,000,000.
How It Works	
Mandatory?	Yes.
Disclosure Requirements	• On or before January 1, 2024, the State Air Resources Board (the **"State Board"**), in consultation with the Secretary of State and the Treasurer, would be required to develop and adopt regulations that address all of the following: o Beginning January 1, 2025, and annually thereafter, require a Covered Corporation to disclose to the State Board and the Secretary of State the following information for the prior calendar year: ▪ The potential financial impacts of, and any risk management strategies relating to, the physical risks and the transaction risks posed to the Covered Corporation by climate change. ▪ A description of any corporate governance processes and structures established by the Covered Corporation to identify, assess, and manage climate-related risks. ▪ A description of specific actions that the Covered Corporation is taking to mitigate identified climate-related risks. ▪ A description of the resilience of the Covered Corporation's strategy to address climate risks, taking into account different climate scenarios. ▪ A description of how climate risk is incorporated into the Covered Corporation's overall risk management strategy. ▪ Any other information required to be disclosed pursuant to regulations adopted by the State Board. o Establish climate change-related risk disclosure guidance that address all of the following:

	▪ To the extent practicable, is specialized for industries within specific sectors of the economy. ▪ Establishes reporting standards for estimating and disclosing direct and indirect greenhouse gas (**"GHG"**) emissions by a Covered Corporation that separate, to the extent practicable, the total emissions of each specified GHG by the Covered Corporation and include GHG emissions by the Covered Corporation during the period covered by the disclosure. ▪ Includes reporting standards for disclosure of the total amount of fossil-fuel related assets owned by the Covered Corporation and the percentage of fossil-fuel related assets as a percentage of total assets owned or managed by the Covered Corporation. ▪ Establishes a minimum social cost of carbon. ▪ Specifies requirements for, and the disclosure of, input parameters, assumptions and analytical choices to be used in required climate scenario analyses (discussed below). ▪ Includes documentation standards and guidance with respect to additional information required by Covered Corporations engaged in the commercial development of fossil fuels. o Require a Covered Corporation to incorporate into its disclosure the following: ▪ A quantitative analysis to support any qualitative statement made by the Covered Corporation in its disclosure. ▪ Industry-specific metrics that correspond to the sectors identified in guidance issued by the State Board. ▪ Specific risk-management actions that the Covered Corporation is taking to address identified risks. ▪ A discussion of the short, medium, and long-term resilience of any risk management strategy, and the evaluation of applicable risk metrics, of the Covered Corporation under each scenario described as part of its scenario analysis. ▪ The total cost of carbon attributable to the direct and indirect GHG emissions of the Covered Corporation, using, at a minimum, the social cost of carbon. ▪ Any other information or climate change-related metric that the State Board determines is necessary and appropriate to safeguard the public interest or directed at ensuring that investors are fully informed regarding the Covered Corporation's climate-related risks. o Require a Covered Corporation, when preparing any qualitative or quantitative risk analysis statement contained in the Covered Corporation's disclosure to consider all of the following: ▪ A baseline scenario that includes the physical impacts of climate change. ▪ A well below 1.5°C scenario. ▪ Any additional climate analysis scenario considered appropriate by the State Board.

	o If the Covered Corporation engages in the commercial development of fossil fuels, require the Covered Corporation to include in the Covered Corporation's disclosure: ▪ An estimate of the total and disaggregated amount of direct and indirect GHG emissions of the Covered Corporation attributable to combustion, flared hydrocarbons, process emissions, fugitive emissions or leaks, or land use changes. ▪ A description of: • The sensitivity of fossil fuel reserves levels to future price projection scenarios that incorporate the social cost of carbon into hydrocarbon pricing. • The percentage of the reserves of the Covered Corporation that will be developed under the scenarios identified, as well as a forecast for the development prospects of each reserve under the scenarios described. • The potential amount of direct and indirect GHG emissions embedded in proved and probable hydrocarbon reserves, with each calculation presented as a total and in subdivided categories by the type of reserve. • The methodology of the Covered Corporation for detecting and mitigating fugitive methane emissions. • The amount of water that the Covered Corporation withdraws from freshwater sources for use and consumption in its operations. • The percentage of the water described above that comes from regions of water stress or that face wastewater management challenges. ▪ Any other information the State Board determines is necessary and appropriate to safeguard the public interest or directed at ensuring that investors are fully informed regarding a Covered Corporation's climate-related risks.
Implementation of this Section	The State Board may adopt or update any other regulations that are necessary and appropriate to implement the Act.
Additional Information/Resources	
Law	For the full text of the Bill, see: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB766

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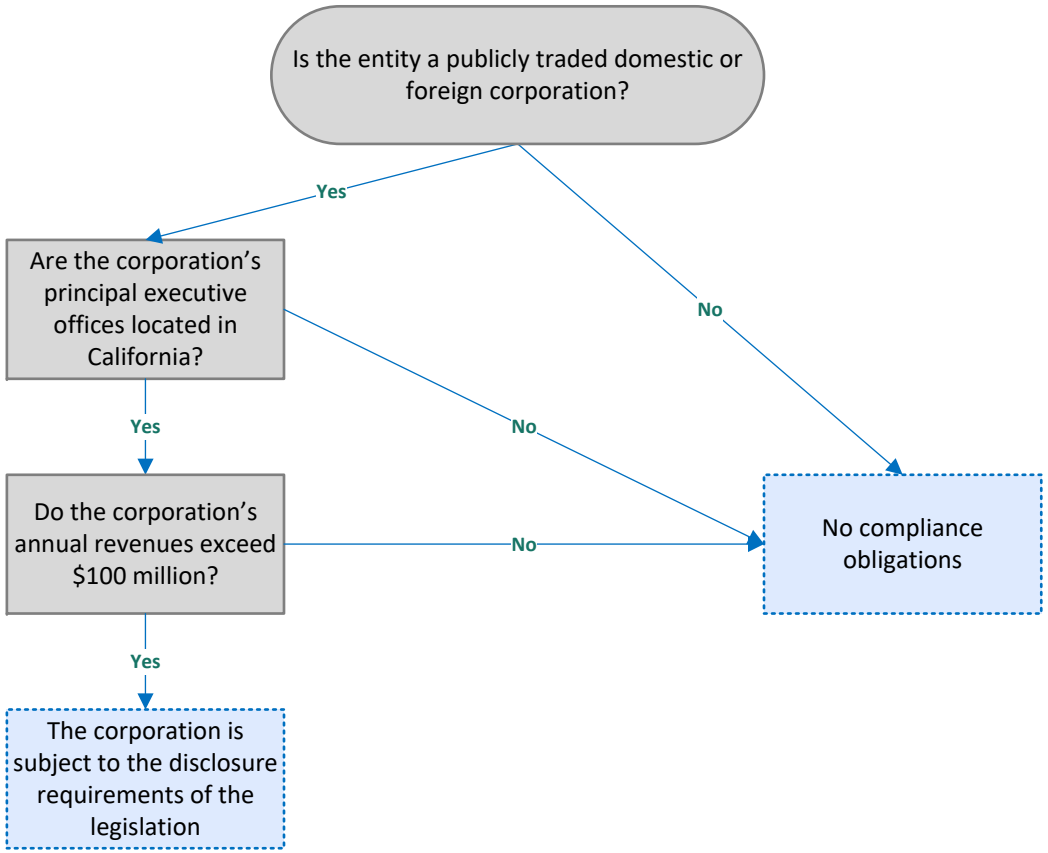

Environment Bill – Use of Forest Risk Commodities in Commercial Activity (Proposed) United Kingdom	
Overview	
Law / Country	**Environment Bill – Schedule 16, Use of Forest Risk Commodities in Commercial Activity** (the **"Bill"**) (United Kingdom)
Goal	Protect forests.
Adoption / Status	The Bill was first announced in July 2018 but was then abandoned during the Parliamentary debate over Brexit. In January 2021, motions to enact the Bill resumed and, most recently, it received its second reading in the House of Lords on June 7, 2021. The Bill is now in the Committee stage in the House of Lords. The Bill has completed its third reading in the House of Commons. The summary below is of the May 26, 2021 text of the Bill.
Issue Addressed	Deforestation.
Definition of "Forest Risk Commodity"	**"Forest risk commodity**" is a commodity specified in regulations made by the Secretary of State. The regulations may specify only a commodity produced from a plant, animal or other living organism. In addition, the regulations may specify a commodity only if the Secretary of State considers that forest is being or may be converted to agricultural use for the purposes of producing the commodity. The regulations may not specify timber or timber products within the meaning of the EU Timber Regulation.
Covered Entities	Any "**regulated person**," which is a person who: • carries on commercial activities in the United Kingdom; and • meets conditions in relation to turnover as specified in regulations made by the Secretary of State; or • Is a subsidiary of another undertaking that meets such conditions.
How It Works	
Mandatory?	Yes.
Use of Forest Risk Commodities	A regulated person may not use a forest risk commodity or a product derived from that commodity in their U.K. commercial activities unless relevant local laws allow the use of that commodity. **"Relevant local law"** means local law (1) which relates to the ownership of the land on which the source organism was grown, raised or cultivated, (2) which relates to the use of that land or (3) which otherwise relates to that land and is specified in regulations made by the Secretary of State. **"Commercial activities"** include (1) producing, manufacturing and processing, (2) distributing, selling or supplying or (3) purchasing for a purpose within either of the foregoing (other than purchasing as a consumer).
Due Diligence Requirements	A regulated person who uses a forest risk commodity or a derived product in their U.K. commercial activities must establish and implement a due diligence system in relation to that commodity.

	A **"due diligence system"** means a system for (1) identifying and obtaining information about the forest risk commodity, (2) assessing the risk that relevant local laws were not complied with and (3) mitigating that risk. The Secretary of State may by regulations make further provision regarding the due diligence system, including in particular (1) the information that should be obtained, (2) the criteria to be used in assessing risk and (3) the ways in which risk may be mitigated.
Reporting	A regulated person who uses a forest risk commodity or derived product in their U.K. commercial activities must, for each reporting period, provide the relevant authority (the Secretary of State or another specified person) with a report on the action taken to establish and implement a due diligence system. The report must be provided within 6 months after the end of the applicable reporting period (the day on which the Bill comes into effect and ending with the following March 31, and each successive period of 12 months). The Secretary of State may by regulations make provision (1) about the content and form of reports to be provided and (2) about the manner in which reports are to be provided. The relevant authority must make the reports public. A regulated person is exempt from making an annual due diligence report if it satisfies the following two conditions: • The amount of the commodity used in the person's U.K. commercial activities during the period does not exceed a prescribed threshold to be specified, which may be by weight or volume; and • Before the start of the period, the person gives a notice to the relevant enforcement authority containing a declaration that the person does not exceed the prescribed threshold.
Enforcement	The Secretary of State may make provisions about the enforcement of requirements imposed on regulated persons. Among other things, these may include (1) civil sanctions for failing to comply with the requirements of the legislation and (2) criminal offenses punishable with a fine for failure to comply with any civil sanctions. The Bill provides that the enforcement provisions must provide that a regulated person who fails to comply with a prohibition on using forest risk commodities may not be subject to a civil sanction for a failure to comply if an enforcement authority is satisfied that the regulated person took all reasonable steps to implement a due diligence system in relation to the commodity used by the person.
Additional Information/Resources	
Environment Bill	https://bills.parliament.uk/publications/41652/documents/310

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