

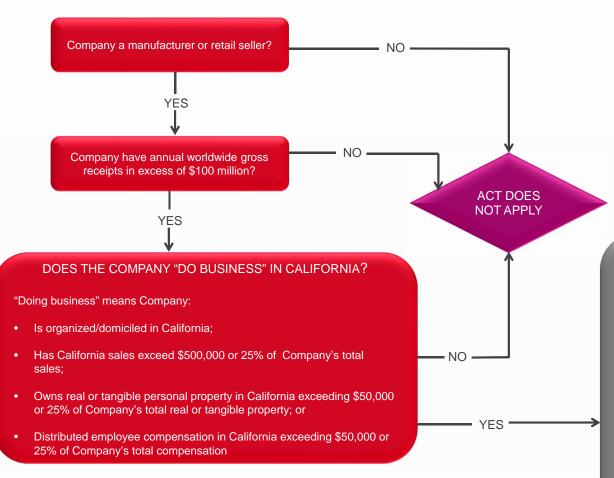
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BREAKING DOWN THE CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT



BACKGROUND

- Purpose of Act is to help consumers to "distinguish or the merits of their efforts to supply products free from threat of slavery and trafficking"
- Exclusive remedy for violations of Act = Attorney General Action (but potential class actions under California statutes also likely)
- California's Franchise Tax Board provides annual list of retail sellers and manufactures required to comply with the Act

REQUIRED DISCLOSURES

- Company must disclose results of its supply chain verification/audit
- Company must include a "conspicuous" and "easily understood" link to the disclosure "on company's internet homepage"
- If Company does not operate a website, it must provide consumers with a written disclosure within 30 days of receiving a consumer's written request for the disclosure

SUPPLY CHAIN DUE DILIGENCE

To what extent does the Company:

- Verify its product supply chain to evaluate/address "risks of human trafficking and slavery"?
- Conduct such verification using a third party?
- Audit suppliers to evaluate supplier compliance with Company's anti-trafficking and anti-slavery standards?
- Conduct such supplier audits unannounced and through independent auditors?
- Require direct suppliers to certify that materials incorporated into Company's products comply with the slavery and human trafficking laws of the country or countries in which they do business?
- Maintain internal "accountability standards and procedures "for employees or contractors who fail to meet Company standards?
- Provide Company employees and management having direct responsibility over the supply chain with training on human trafficking and slavery, paying particular attention to mitigating supply chain risks?