

Investors Urge Congress to Prioritize Proposed Transparency in Supply Chains Legislation

January 31, 2012 by [Sarah A. Altschuller](#)



A coalition of 80 institutional investors sent a [letter](#) to Congress last week in support of the Business Transparency on Trafficking and Slavery Act (HR 2759). [As discussed previously](#), the proposed legislation would require companies to disclose efforts to identify and address the risks of human trafficking, forced labor, slavery, and the worst forms of child labor in their supply chains.

Modeled after the [California Transparency in Supply Chains Act](#), which went into effect on January 1, 2012, the proposed federal legislation, unlike the California statute, is not limited to retailers and manufacturers. If enacted, the legislation would be applicable to any publicly-traded or private company currently required to submit annual reports to the Securities and Exchange Commission ("SEC"), as long as the company meets an established annual gross receipts threshold. Companies would be required to include the required disclosures in their annual reports to the SEC.

In a letter sent to Speaker of the House John Boehner and House Majority Leader Eric Cantor, members of the Interfaith Center on Corporate Responsibility and U.S. SIF: The Forum for Sustainable and Responsible Investment called for HR 2759 to be placed at the top of the legislative agenda in order to move "this important legislation forward in an expeditious manner." In urging Congressional leaders to prioritize the bill, the investors stated that the proposed legislation

reflects the realities of the marketplace, which increasingly requires that companies be sensitive to social and ethical issues, including human rights, in their operations and global supply chains, and create human rights policies, as well as due diligence processes to evaluate, monitor, and strengthen these policies.

Notably, the investors' statement also argued that the U.N Human Rights Council's unanimous endorsement of the [Guiding Principles on Business and Human Rights](#) in June 2011 established "a global norm for the 'corporate responsibility to respect' human rights and underscores the importance of public reporting by companies."

When it was introduced in August 2011, HR 2759 was referred to the House Committee on Financial Services and currently sits with the Subcommittee on Capital Markets and Government Sponsored Enterprises. Given the contentious climate on Capitol Hill, and the upcoming presidential election, it is unlikely that the bill will move in 2012, but its introduction is reflective of shifting expectations regarding the responsibilities of companies to identify and account for the adverse human rights impacts of their operations.

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