

What Employers Need to Know About the California Transparency in Supply Chains Act

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In an era where consumers are increasingly concerned about ethical sourcing and labor practices, the [California Transparency in Supply Chains Act](#) (CTSCA) stands as a significant piece of legislation.

Enacted in 2010, the CTSCA aims to combat human trafficking and slavery in global supply chains, promoting greater transparency and accountability among businesses operating in California.

The CTSCA requires large retailers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains. Specifically, the Act applies to companies with annual worldwide gross receipts exceeding \$100 million.

These businesses must provide detailed information on their websites about their supply chain practices, including:

1. **Verification:** The extent to which the company engages in the verification of product supply chains to evaluate and address risks of human trafficking and slavery.
2. **Audits:** Whether the company conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.
3. **Certification:** The requirement for 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.
4. **Internal Accountability:** The maintenance of internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
5. **Training:** Describe the provided training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

To assist with compliance, the state has published a [Resource Guide](#) and [Frequently Asked Questions](#).

To ensure compliance employers should first, undertake thorough verification processes to identify and address any risks related to human trafficking and slavery in their supply chains. Second, conduct regular audits of suppliers to ensure adherence to company standards. Third, require direct suppliers to certify the legality of their practices concerning human trafficking and slavery. Fourth, establish and maintain robust internal accountability standards for employees and contractors. Lastly, provide comprehensive staff training, focusing on identifying and mitigating risks of human trafficking and slavery in supply chains. By implementing these action items, businesses can not only comply with the CTSCA but also contribute to the global fight against human trafficking and slavery.

This is not the only state or federal law that requires such disclosures. California passed a law last year to require website disclosures when employers [conduct social compliance audits](#). And there are numerous others from the [California Consumer Privacy Law to HIPAA, that businesses need to be aware of](#).

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