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Governments Take Aim At Human Trafficking -- A New Dimension In Supply Chain Management



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Supply chain management (SCM) continues to evolve. Yes, there's yet another new dimension to the space that is grabbing everyone's attention. Corporate responsibility is being redefined. Governments are no longer asking global companies to avoid irresponsible sources of supply, they're insisting on it. In fact, many are in the process of instituting formal oversight with clear intent to fully regulate. And in an era where eyeballs in the form of cell phones and cameras are ubiquitous, the risk of non-compliance for companies that don't take this seriously will be devastating.

The [UK Modern Slavery Act](#), which went into effect this October, actually mandates that companies operating in Britain (those with more than £36m in annual revenue) publish evidence

that their suppliers are not engaged in compulsory labor, human trafficking, and otherwise unjust employment practices. In the U.S., [new regulations are being considered](#) that would require public companies with greater than \$100M in global receipts to disclose their efforts to prevent the same kind of behavior.

Many will recall the hit Nike took a while back, and poor Cathy Lee Gifford's clothing business nearly disappeared after news of "sweat shops" became public. For Ms. Gifford, not to have known is believable. For Nike, not to have known is remarkable.

The renewed interest and regulatory response is a result of multiple new reports detailing the prevalence of slavery today. For example, the [International Labour Organization](#) issued a report estimating that 21 million people are current victims of forced labor. Beyond slavery (and that's what it is), additional regulations concerning "conflict minerals," corrupt business practices and stronger enforcement of environmental standards are being drafted –and re-drafted.

While similar new legislation is also under consideration in Spain, Netherlands and Sweden, the most comprehensive and punitive is the recently proposed "Devoir de Vigilance," a bill now being considered in the French Parliament. "It won't just mandate qualifying companies to disclose their prevention efforts, rather, the French bill would actually hold corporations liable," said Pierre-Francois Thaler, Co-founder and Co-CEO of [EcoVadis](#), a supplier rating company that helps organizations institute corporate social responsibility (CSR) and various sustainability programs. "Actually, the French proposal goes beyond the compulsory labor issues to include coverage for personal injury, environmental damage, health risks, corruption and more. It's an all-in proposal."

The real impact of Devoir de Vigilance, however, is the possibility that the measure will be adopted at the European Union (EU) level. And if that happens, for many practical purposes, it may become the default global standard.