



TDi

Sustainability

**TDi Service
Regulation Mapping
EU Forced Labour**

EU Forced labor Regulation (Upcoming)

Applies to:

Covers all products, namely those made in the EU for domestic consumption and exports, and imported goods, without targeting specific companies or industries

What it says:

The ban prohibits all products suspected of being made with forced labor on the EU market, irrespective of source and industry.

Penalty:

If products are found to be produced with forced labor, authorities will order the withdrawal of the products already placed on the market and prohibit placing the products on the market. Companies will be required to dispose of the goods

Proposed:

Proposed in 2022, expected to take effect in 2025/2026.

Key Requirements:



Overview - Forced labor Regulations (upcoming)

Law / Country	Regulation Prohibiting Products Made with Forced labor on the Union Market (the “Regulation”) (European Union)
Goal	To decrease use of forced labor worldwide by eliminating products made with forced labor from the EU market.
Adoption / Status	<p>The Regulation was first announced by European Commission President von der Leyen in her State of the Union speech on September 15, 2021, and the general elements of the Regulation were set out on February 23, 2022, in the European Commission’s “Communication of Decent Work Worldwide” and in the Commission’s announcement that it would be proposing the Regulation. On September 14, 2022, the European Commission (the “Commission”) proposed the Regulation. The proposal was referred to the Committee on the Internal Market and Consumer Protection. The rapporteur of this committee stated that she aims to have a committee vote in September 2023, plenary vote in October 2023 and close the file by February 2024. It was agreed on 14th March 2024</p> <p>As proposed, the Regulation would take effect 24 months after it enters into force.</p>
Issues Addressed	Forced labor
Covered Entities	Any natural or legal person or association of persons who is placing or making available products on the EU market or exporting products from the EU market (each, an “Economic Operator”).
Mandatory	Yes
Prohibition	<p>Economic operators would be prohibited from placing and making available on the EU market or exporting from the EU market products made with forced labor.</p> <p>The prohibition would apply to products for which forced labor has been used in whole or in part at any stage of the product’s extraction, harvest, production or manufacture, including working or processing related to the product at any stage of its supply chain. The prohibition also would apply to all products of any type, including their components, irrespective of the sector or origin of the products. “Forced labor” means forced, or compulsory labor as defined in Article 2 of the Convention on Forced labor, 1930 (No. 29) of the International labor Organization (the “ILO”), including forced child labor.</p>

Overview - Forced labor Regulations (upcoming)

Enforcement

Member States would be required to designate competent authorities responsible for enforcing the Regulation (the “Authorities,” each an “Authority”). The Authorities would be required to focus on the Economic Operators involved in the steps of the value chain as close as possible to where the risk of forced labor is likely to occur. They also would be required to take into account the size and economic resources of the Economic Operators, the quantity of products concerned and the scale of suspected forced labor. An investigation by an Authority would be carried out in two phases. The preliminary phase would involve a risk-based approach to assess the likelihood that an Economic Operator violated the forced labor prohibition. The assessment would be based on all the information available to the Authority, including the following:

- Submissions made by natural or legal persons or associations.
- Risk indicators and other information pursuant to guidelines to be issued by the Commission.
- A public database to be commissioned by the Commission. The Commission would be required to call upon external expertise to publish an indicative, non-exhaustive, verifiable and regularly updated database of forced labor risks in specific geographic areas or with respect to specific products. Among other things, the database would be based on information from international organizations and third country authorities. The database would be required to be made publicly available within 24 months after the Regulation enters in force.
- Information and decisions, including any past cases of compliance or non-compliance of an Economic Operator, recorded in the information and communication system to be established for use by the Commission, Authorities and customs authorities in connection with the Regulation.
- Information requested by the Authority from other relevant authorities, where necessary, on whether the Economic Operators under assessment are subject to and/or carry out due diligence in relation to forced labor in accordance with applicable EU or Member State legislation setting out due diligence and transparency requirements with respect to forced labor (i.e., the proposed EU Corporate Sustainability Due Diligence Directive, “Due diligence in relation to forced labor” would mean the efforts by an Economic Operator to implement mandatory requirements, voluntary guidelines, recommendations or practices to identify, prevent, mitigate or bring to an end the use of forced labor with respect to products that are to be made available on the EU market or to be exported.

As part of a preliminary investigation, the Authority would be empowered to request information on actions taken by the Economic Operator to identify, prevent, mitigate or end the risks of forced labor in its operations and value chains with respect to the products under assessment. The Economic Operator would be required to respond to the information request within 15 business days. The Authority would have 30 business days after receipt of the information from the Economic Operator to conclude the preliminary stage of its investigation.

If the Authority determines there is a substantiated concern of forced labor (defined as a well-founded reason, based on objective and verifiable information, for the Authorities to suspect that products were likely made with forced labor), the investigation would proceed to the next phase. If that occurs, notice would be required to be provided to the Economic Operator. There are specified procedural requirements relating to investigations not discussed in this Summary. If the Authority determines the forced labor prohibition has been violated, it would adopt a decision containing the following:

- A prohibition on placing or making the relevant products available on the EU market and exporting them from the European Union;
- An order for the Economic Operator to withdraw from the EU market the relevant products that have already been placed or made available in the European Union; and
- An order for the Economic Operator to dispose of the relevant products in accordance with national law.

Applying the Law

Does the company place or make products available on the EU market or export products from the EU market?

Yes

No

Company must comply with the Regulation

The Regulation is not applicable to the company