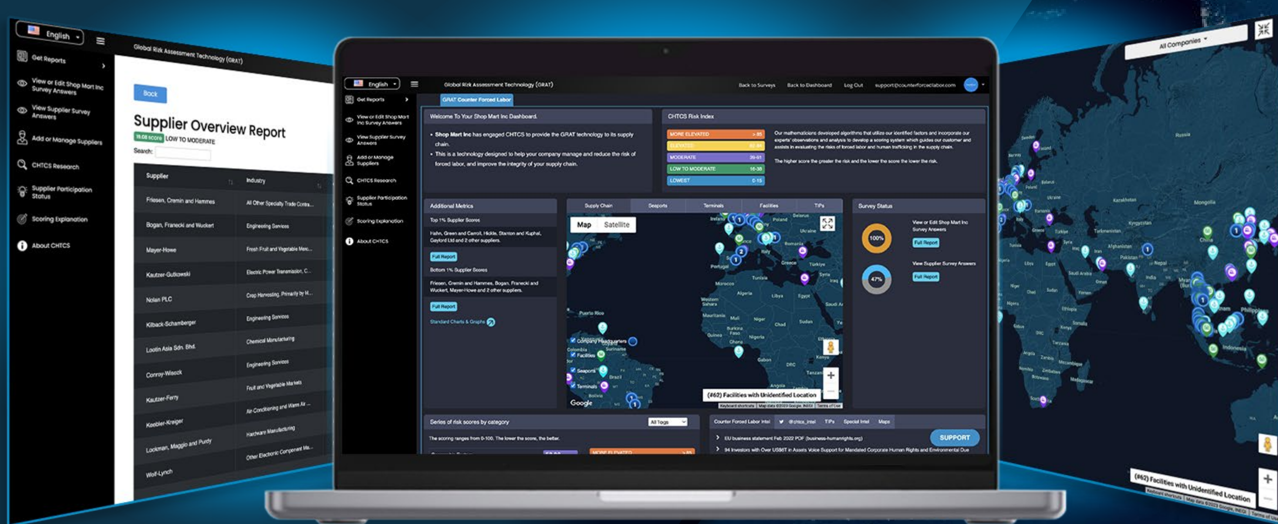
COUNTER FORCED LABOR JOURNAL

Volume 8, Issue 4

Educating corporations and corporate counsels on the business risks associated with forced labor, human trafficking, and modern slavery within supply chains.



Counter Forced Labor Technologies empowers corporations and businesses to mitigate forced labor in their supply chains by providing AI-powered, data driven technology products to manage all aspects of supply chain risk.

Global Rizk Assessment Technology™

Our proprietary GRAT™ is the industry leading AI-driven due diligence technology platform for companies that want to accurately demonstrate best efforts to comply with government regulations, ESG standards, and identify and mitigate forced labor, slave labor, and human trafficking in their supply chain.

COUNTER FORCED LABOR TECHNOLOGIES

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"Made in America" Amazon and Accountability

A 2026 Perspective on Trust, Transparency, and Supply Chains

Consider the last time you bought something online and wondered: Where did this really come from? Determining whether a product is "Made in America" is not simply a question of patriotism on a label; it is a question of whether consumers can trust what they are buying, who they are buying it from, and whether their purchases might be helping to finance forced labor or companies connected to hostile regimes.

The topic of trust is now central to e-commerce. In November 2025, the House Select Committee on the Chinese Communist Party, Chairman John Moolenaar and Ranking Member Raja Krishnamoorthi, urged Amazon to clarify product origin on every listing, including where goods are made, the percentage of U.S.-made parts, and whether the seller is a U.S. or foreign entity.[1] In their letter to Amazon CEO Andy Jassy, the lawmakers described country-of-origin disclosure as both an economic and national security issue.[2]

In a marketplace as large and complex as Amazon, disclosure is only the first step. True accountability requires tracing products through the entire supply chain - from seller to factory, mill, mine, and field - where forced-labor risks commonly remain hidden.

[1] SCC Leter to Amazon CEO, Fox Business, November 24, 2025
[2] Krishnamoorthi, Moolenaar to Amazon and FTC: Make it Clear Where Products Come From, Democrats Select Committee on the CCP, November 25, 2025

Why "Made in America" Might Not Be Enough

The Federal Trade Commission has long required that unqualified "Made in the USA" claims be supported by evidence that the product is "all or virtually all" made in the United States.[3] The FTC's guidance also makes clear that online claims and catalog claims matter, not solely physical labels. That legal standard is important, but it does not answer every human-rights question.[4]

A product may be assembled or finished in one country but still rely on raw materials, parts, or processing from higher-risk regions. Across sectors like textiles, solar, electronics, home goods, and consumer hardware, the most serious labor risks often exist several tiers upstream. Consumers may see "imported," "assembled in," or "Made in the USA," while forced-labor exposure remains hidden in materials, components, or subcontracted labor.[5]

This distinction matters under the Uyghur Forced Labor Prevention Act (UFLPA), in which goods made wholly or in part in Xinjiang, or by entities listed by the U.S. government, are presumed to be made with forced labor unless the importer can provide clear and convincing evidence to the contrary. The Department of Homeland Security operates the UFLPA Entity List, which identifies entities connected to forced-labor concerns in Xinjiang and related supply chains.[6]

CBP enforcement has impacted billions of dollars in shipments, and the agency continues to publish UFLPA enforcement statistics on shipments stopped, released, or denied. The lesson for brands and marketplaces is clear: a label is not proof. Proof requires records, traceability, and risk analysis that can withstand regulatory review.[7]

[3] Complying with the Made in USA Standard, Federal Trade Commission, July 2024
[4] Complying with the Made in USA Standard, Federal Trade Commission, July 2024
[5] Human Rights, Amazon
[6] FAQs: Uyghur Forced Labor Prevention Act (UFLPA) Enforcement, U.S. Customs and Border Protection, September 9, 2025
[7] Uyghur Forced Labor Prevention Act Enforcement Statistics, U.S. Customs and Border Protection, August 17, 2026

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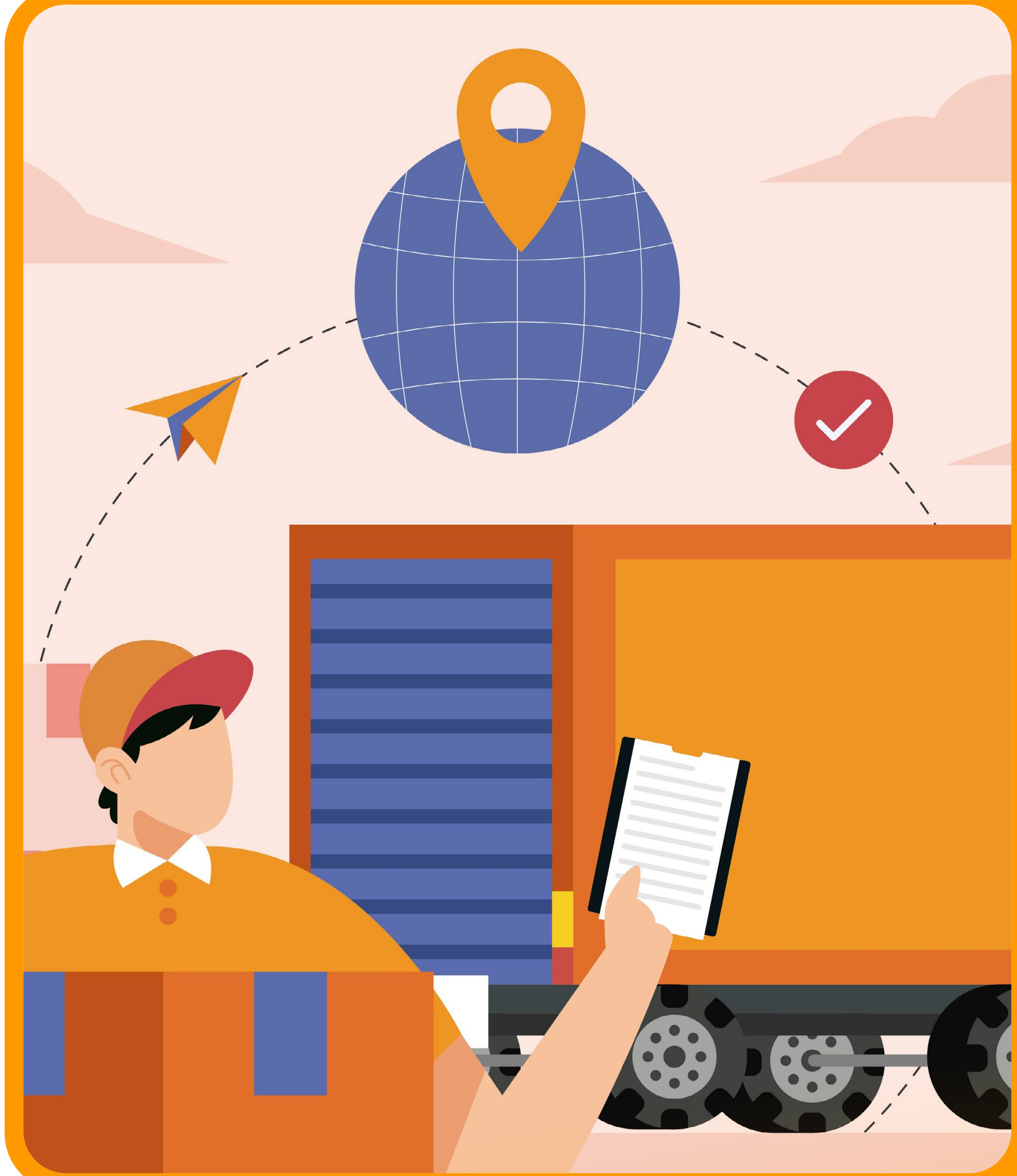
The Marketplace Gap

Online marketplaces display unique accountability challenges. Millions of third-party sellers can join, change suppliers, update listings, and source through opaque networks. Consumers may see low prices and fast shipping, but not the company behind the seller account or the origin of key inputs.

Modern slavery disclosures and supplier codes are important, but they are insufficient if they do not fully address third-party marketplace supply chains. Amazon publishes human-rights and modern-slavery materials outlining its policies and supplier expectations.[8] However, external advocates and legal commentators continue to point out concerns about third-party seller supply chains and whether marketplace models create blind spots for labor-risk due diligence.[9]

This is why "Made in America" should evolve into more trustworthy terms such as "Made Transparently," "Sourced Responsibly," or "Slave Labor Free." Consumers deserve clear country-of-origin statements. Regulators need reliable documentation. Brands require tools to identify actual risks, and marketplaces need systems that go beyond one-time seller attestations.



What Accountability Looks Like

Existing U.S. law and enforcement practices already provide a foundation for a stronger marketplace accountability standard. The FTC country-of-origin rules require product-origin claims to be truthful and substantiated, while the INFORM Consumers Act "requires covered online marketplaces to collect, verify, and disclose identifying information for certain high-volume third-party sellers."[10] At the same time, CBP's forced labor enforcement regime and the Uyghur Forced Labor Prevention Act requires companies to understand who is in their supply chains and where the goods and materials originate.

A stronger marketplace standard should include four key elements. First, every product page should display standardized country-of-origin information, with meaningful qualifiers as needed. If a product is cut and sewn in one country using materials from another, that distinction should be clear.[11]

Second, marketplaces should disclose whether the seller is U.S. based or foreign based, and identify the responsible legal entity. Buyers should not have to guess who is behind the listing.[12]

Third, marketplaces should screen sellers, factories, and suppliers against government forced-labor lists, sanctions lists, and high-risk geography indicators. Screening should continue as sellers change suppliers, products, and shipping routes.

Fourth, marketplaces should report how they address high-risk categories. Textiles, solar products, electronics, minerals, and agricultural inputs each have distinct risk profiles. A single checkbox cannot capture this complexity.[13]

[8] Modern Slavery Statement 2025, Amazon, 2025
[9] Modern Slavery Statement 2025, Amazon, 2025

[10] INFORM Consumers Act, Federal Trade Commission, August 17, 2026
[11] Complying with the Made in USA Standard, Federal Trade Commission, July 2024
[12] INFORM Consumers Act, Federal Trade Commission, August 17, 2026
[13] Enforcement Policy Statement on U.S. Origin Claims, Federal Trade Commission, December 1, 1997

How Counter Forced Labor Technologies Enables Transparency

At Counter Forced Labor Technologies (CFL), we confront the gap between transparency and policy. Our platform transforms supply-chain transparency from a policy goal into an operational system.

CFL ingests purchase orders, supplier master data, shipment records, factory lists, bills of materials, audit files, and other transaction-level records. We then fuse those internal records with external signals, including UFLPA Entity List updates, customs enforcement data, sanctions data, public reporting, litigation signals, and region- and sector-relevant human-rights risk indicators.

Using AI-assisted mapping, CFL helps companies identify where multi-tier supply chains intersect with high-risk regions or entities. The goal is not simply to produce a red or green flag, but to provide compliance, procurement, and marketplace teams with practical decision tools: which suppliers to audit, which materials to re-source, which SKUs to pause, what documentation to request, and how to communicate more transparently with consumers.

For example, consider a composite case based on the risks CFL is designed to identify. A mid-size U.S. home goods brand sells kitchen textiles and bedding through a major online marketplace. The product pages state "Imported," but do not identify the fabric mill, cotton origin, yarn spinner, or ownership links behind upstream suppliers.

CFL maps the supply chain and finds the final cut-and-sew factory is in a lower risk country. However, the upstream yarn supplier is linked to a corporate group on forced labor watchlists and connected to Xinjiang cotton. This risk is not visible from the product page or the final assembly location.

With CFL, the brand and marketplace partner follow a structured remediation process. First, they collect and standardize supplier documentation, including bills of materials, invoices, purchase orders, shipping records, and factory records. Second, CFL compares these records against UFLPA indicators, entity lists, and ownership data. Third, the supplier receives a high-risk score based on location, ownership, and sourcing signals. Fourth, the brand resources the yarn to a supplier with verifiable non-Xinjiang cotton. Finally, once the supply chain is remediated, the product page can be updated with more transparent origin information, such as "this product was cut and sewn in Mexico; cotton sourced from the United States and Brazil."

The result is not just better labeling. It means fewer regulatory surprises, stronger documentation, lower forced labor exposure, and a consumer story based on evidence.

The Way Forward

For Amazon and other marketplaces, the direction is clear. Congressional oversight continues raising expectations for origin transparency. UFLPA enforcement is increasing paperwork requirements. Consumers are demanding greater trust. The next step is to build supply-chain accountability directly into marketplace design.

This requires mandatory origin fields, clearer seller identity information, risk based screening, transaction level documentation, and continuous supervision. This type of accountability also requires partnering with specialized providers who can connect product listings to the underlying supply-chain evidence.

"Made in America" should still matter. But in 2026, the stronger promise is not only where a product was finished, but whether it was made with dignity at every step of the supply chain.

Ultimately, the future of online marketplaces depends on trust, trust that is built not just on labels or pledges, but on real evidence and transparency from start to finish. The companies that lead on this front will not only comply with the law, but win the confidence of consumers who care about what they buy and who they support.

Modern Slavery and What CFOs Can Do Next in their Supply Chain

Modern slavery in the supply chain is no longer only an ethical or compliance issue; it is a material financial risk that belongs on the CFO's agenda. From regulatory exposure and supply chain disruption to brand damage, the price of inaction can far exceed the cost of prevention.

Financial leaders do not need to be human rights specialists. However, they must treat modern slavery as a core risk management issue, ask critical questions about their supply chain visibility, and factor these risks into long-term value. Now is the time for CFOs to act decisively by integrating modern slavery risk into financial strategies to protect both the organization and those vulnerable within its supply chains.

For today's finance leaders, modern slavery is more than a moral concern; in reality, it is an enterprise risk with direct implications for compliance, operational resilience, and corporate reputation. As regulatory demands intensify and stakeholder expectations evolve, CFOs have a critical role in embedding human rights risks into financial oversight and supply chain governance.

CFOs should begin by incorporating modern slavery into mainstream risk management frameworks, rather than treating it as a standalone ESG consideration. This risk management process starts with mapping areas of greatest exposure, particularly in high-risk geographies, labor-intensive industries, and among lower-tier suppliers with less direct oversight.

Next, modern slavery considerations should be integrated into existing financial and operational controls. CFOs must require procurement and supply chain teams to provide robust data on supplier practices and ensure that red flags are escalated and addressed with the same urgency as other business risks. CFOs should also work in close cooperation with legal, compliance, procurement, and sustainability teams to quantify the possible financial impact of inaction. This includes: estimating the cost of supply chain disruption, regulatory penalties that can occur, remediation, brand damage, and lost business opportunities. Once those risks are visible in financial terms, the investment case becomes much easier to make.

Finally, companies should set clear accountability and measure their progress over time. This accountability might include supplier assessments, stronger contract terms, targeted audits, worker grievance mechanisms, and regular board-level reporting. The objective is not just to meet reporting requirements, but to build a stronger, transparent, and sustainable supply chain.

Action steps for CFOs:[1]

1. Map the risk
2. Identify the parts of the supply chain most exposed to forced labor, trafficking, or worker exploitation, especially beyond tier-one suppliers.
3. Integrate it into risk management
4. Treat modern slavery as a financial, operational, and reputational risk, and include it in enterprise risk discussions.
5. Review due diligence processes
6. Assess whether supplier screening, onboarding, audits, and contractual controls are strong enough to identify and manage risks.
7. Quantify the financial exposure
8. Estimate the possible costs of disruption, legal action, penalties, remediation, and brand damage.
9. Assign accountability
10. Assign responsibility across finance, procurement, legal, compliance, and sustainability teams, ensuring regular reporting to leadership.
11. Track and improve
12. Set measurable goals for supply chain transparency, supplier engagement, and remediation, then review progress regularly.

Begin by identifying areas of highest exposure, particularly within complex or labor-intensive supply chains. Additionally, take the following actions: integrate modern slavery considerations into existing risk and compliance processes, quantify the financial consequences of inaction, and foster cross-functional collaboration to strengthen supplier due diligence and accountability. Ultimately, the aim is not solely to avoid penalties, but to protect and enhance enterprise value through resilient and transparent operations.

The future of responsible business demands unwavering vigilance and decisive leadership. CFOs have a unique opportunity to drive meaningful change by embedding modern slavery risk management into their core financial practices. By taking action today, finance leaders can not only protect their organizations from significant risk, but also make a lasting impact on global supply chains and the lives of vulnerable workers.

[1] Modern Slavery: A Risk CFOs Can No Longer Afford to Ignore, Mekong Club

CFL Brings Expertise on Forced Labor Risk to the National Supply Chain Conversation in Canada

Counter Forced Labor Technologies (CFL) participated in the 2026 Supply Chain Canada National Conference, held on May 27–29 in Québec City, Canada. The conference addressed key factors transforming supply chains, such as resilience, emerging technologies, new government and private-sector regulatory requirements, sustainability, and responsible procurement.

The sold-out event was attended by over 350 supply chain professionals, with 30 expert speakers and a myriad of educational sessions. Attendees represented different sectors, including: transportation, banking, technology, manufacturing, government, procurement, artificial intelligence vendors, and international trade.

A major highlight was LtCol James Wiley, USMC Ret addressing the attendees on behalf of Counter Forced Labor Technologies. He highlighted the growing need to identify and address forced labor risks in global supply chains. LtCol Wiley urged companies to move past traditional compliance and utilize proactive, intelligence-driven due diligence.

LtCol Wiley noted that forced labor is not only a human-rights or reputational issue, but also an operational, regulatory, financial, and commercial risk that can and will impact business continuity and corporate credibility. He positioned forced labor prevention as the key to supply-chain resilience and transparency.

The discussion on transparency is especially relevant for Canadian companies facing newly enforced laws, for which they could face fines in the near term if they don't comply with the Canadian Modern Slavery Act. As supply-chain transparency, human-rights due diligence, and credible reporting gain importance, organizations must assess risks beyond their direct suppliers and factor in the multiple tiers of labor environments. CFL supports the shift from policy commitments to measurable action. Using its Global Rizk Assessment Technology™ (GRAT), CFL enables organizations to identify forced labor risks.

The conference highlighted that resilience is no longer determined solely by cost, speed, inventory, or delivery. A resilient supply chain must also be transparent, adaptable, and able to identify human-rights risks before they escalate. Technology and artificial intelligence can improve these capabilities, but require reliable data, supplier engagement, and clear accountability.

The conference reinforced the value of collaboration. No single business, government agency, or industry association can eliminate forced labor in a vacuum. Eliminating forced labor requires genuine cooperation among businesses, governments, industry associations, suppliers, and policymakers. Canadian supply-chain professionals play a key role in advancing the conversation surrounding responsible sourcing and forced labor prevention.

As organizations prepare for evolving supply-chain requirements, the message from Québec City was clear:

Ethical responsibility and operational sustainability are now interconnected and essential for robust global supply chains.

FINDING FORCED LABOR IS NOT THE FAILURE: WHAT HAPPENS NEXT MATTERS MOST

MOVING FROM DUE DILIGENCE DISCOVERY TO EFFECTIVE REMEDIATION

Identifying forced labor in a supply chain does not indicate a failure of due diligence. When dealing with complex, high-risk supply chains, uncovering exploitation often shows that a company's due diligence program is effective and thorough.

Companies that report no issues may not have risk-free supply chains. In reality, they may lack the visibility, supplier engagement, worker input, or the right analytical tools needed to detect hidden risks. Conversely, they might have all the tools and have done the due diligence audits, but chose either to look the other way or to cut off all relations with suppliers and workers. This does not solve the problem at hand. Instead, the leadership mindset must shift from: *"How did we fail?" to "How can we improve—and what happens next?"*

An effective due diligence program is evaluated not by preventing every violation, but by the company's ability to identify harm, protect the impacted workers, address the root causes, document corrective actions, and prevent recurrence. That said, there are a myriad of ways to address the causes and improve remediation.

REMEDIATION IS THE TEST OF EFFECTIVE DUE DILIGENCE

Protecting and respecting human rights are foundational principles of the *United Nations Guiding Principles on Business and Human Rights*.[1] This framework makes it clear that when adverse human rights impacts occur, those that are affected must have access to remediate the situation.[2]

Remediation remains an important weakness in corporate human rights performance. Nearly three-quarters of companies facing forced labor allegations did not provide evidence of remediation for impacted workers, and only 13 percent disclosed repayment of recruitment fees.[3]

This gap in remediation frequently comes from inadequate preparation. Companies may have supplier codes, audits, and risk assessments, but in the end might lack a defined process for responding to forced labor indicators that are right in front of them.

Effective remediation requires planning and follow-through. Companies need to establish clear internal responsibilities, worker safety policies, evidence management procedures, and corrective action processes.

[1] Guiding Principles on Business and Human Rights, United Nations, 2011
[2] Guiding Principles on Business and Human Rights, United Nations, 2011
[3] How to identify forced labour in your supply chain, Ethical Trading Initiative

WHY "CUT AND RUN" IS OFTEN THE WRONG RESPONSE

Companies often respond by immediately terminating supplier relationships. While this may seem to reduce legal or reputational risk, it rarely addresses the harm already suffered by workers.

The critical issue of immediate disengagement can eliminate buyer leverage, disrupt worker income, make impacted workers harder to reach, and leave the exploitation unresolved. The issue doesn't disappear; it might resurface, just in another form.

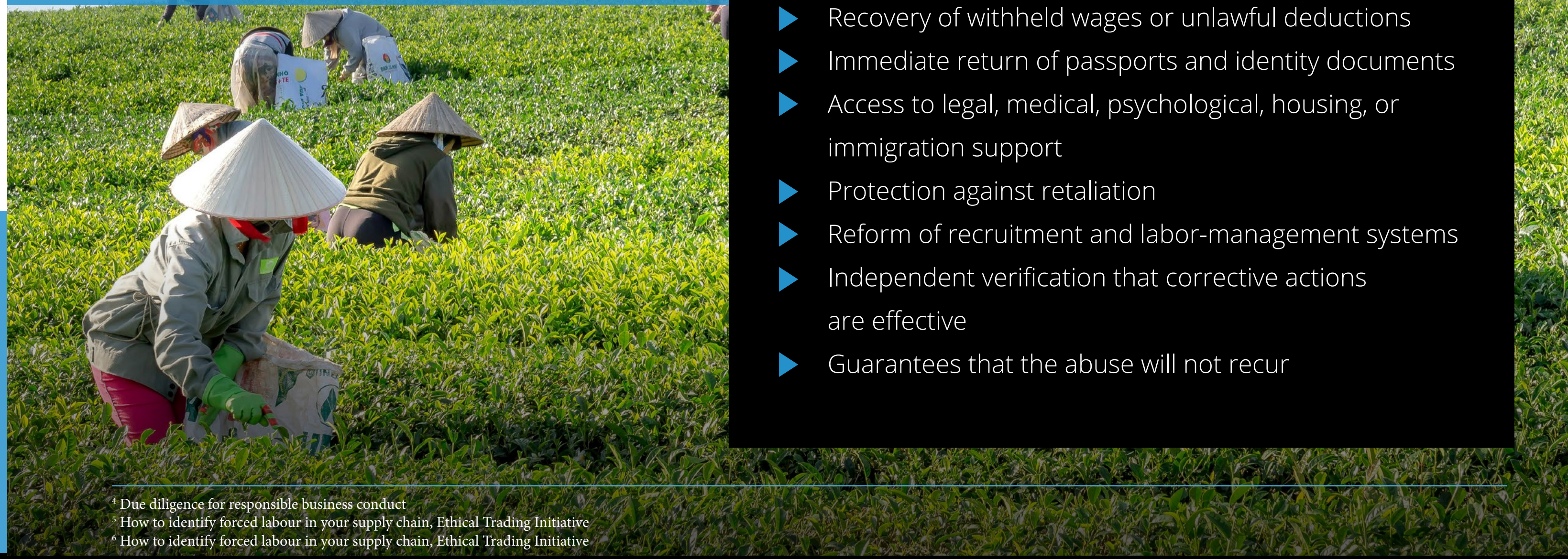
The OECD's risk-based due diligence framework stresses identifying and dealing with adverse impacts through engagement with suppliers and stakeholders. This framework does not expect companies to achieve immediate perfection; it expects them to concentrate on serious risks and demonstrate meaningful improvement over time.[4]

When forced labor is imposed by an employer, recruiter, or labor agency, the preferred initial response is sustained involvement with a time-bound corrective action plan. The company can then use its leverage to require reform, support worker remedy, commission independent monitoring, and make future orders conditional on verified progress.[5]

Disengagement may be necessary if a supplier refuses to cooperate, conceals evidence, retaliates against workers, or repeatedly fails to apply corrective actions. However, it should be a responsible last resort, not an automatic first response.

WHAT EFFECTIVE REMEDIATION LOOKS LIKE

Remediation intends to restore impacted workers as closely as possible to the position they would have held if the harm had not occurred.



Depending on the circumstances, this may include the following:[6]

- Repayment of recruitment fees and related worker debt
- Recovery of withheld wages or unlawful deductions
- Immediate return of passports and identity documents
- Access to legal, medical, psychological, housing, or immigration support
- Protection against retaliation
- Reform of recruitment and labor-management systems
- Independent verification that corrective actions are effective
- Guarantees that the abuse will not recur

[4] Due diligence for responsible business conduct
[5] How to identify forced labour in your supply chain, Ethical Trading Initiative
[6] How to identify forced labour in your supply chain, Ethical Trading Initiative

Companies must distinguish between correcting supplier operations and remedying worker harm. A supplier may change policies or dismiss an abusive manager without compensating involved workers.[7] Effective remediation requires both systemic correction and direct remedy.

Worker input is essential. Remediation plans should be informed by concerned workers and communicated in languages they understand, ideally through trusted civil society organizations, trade unions, or qualified specialists.

HOW GRAT™ SUPPORTS THE REMEDIATION PROCESS

Technology cannot replace worker engagement, specialist judgment, or corporate accountability. However, technology can provide the structure, data, and oversight needed to move from findings to measurable improvement and outcomes.

Counter Forced Labor Technologies' proprietary Global Rizk Assessment Technology™, GRAT™, is an AI-driven due diligence platform created to help companies identify, assess, and mitigate forced labor, modern slavery, and human trafficking risks throughout their supply chains.[8]

Within a remediation strategy, GRAT™ can help companies do the following:[9]

- **Identify and prioritize risk:** Supplier assessments, data analysis, and risk indicators can help companies determine where deeper investigation or instant intervention is required.
- **Document findings and decisions:** A centralized system can preserve assessment results, supporting evidence, corrective-action requirements, supplier communications, and management decisions.
- **Develop improvement plans:** Companies can translate identified risks into specific corrective actions, assigned responsibilities, deadlines, and measurable effects.
- **Monitor supplier progress:** Instead of relying on a one-time audit, companies can track whether remediation commitments are completed and whether risk levels improve over time.
- **Strengthen accountability:** Dashboards, scorecards, assessments, and reporting capabilities can give leaders greater visibility into unresolved findings and supplier performance.
- **Demonstrate due diligence:** Documented actions can help companies show regulators, investors, customers, and other stakeholders that identified risks were not ignored, and that the remediation was managed.

The U.S. Chamber of Commerce has described GRAT™ as a technology tool that helps companies identify and handle potential forced labor risks in their supply chains.[10]

GRAT's value goes beyond risk identification. The greater strategic benefit is enabling companies to establish a continuous process of assessment, corrective action, monitoring, verification, and prevention.

[7] How to identify forced labour in your supply chain, Ethical Trading Initiative
[8] Global Rizk Assessment Technology, Counter Forced Labor Technologies
[9] Global Rizk Assessment Technology, Counter Forced Labor Technologies
[10] Tech tools: Counter Human Trafficking Compliance Solutions, U.S. Chamber of Commerce

FIVE ACTIONS LEADERS CAN TAKE

Corporate leaders can strengthen remediation by taking five immediate steps:[11]

01 Develop a formal forced labor remediation protocol before a violation is discovered.

02 Protect workers before notifying or confronting the supplier.

03 Use supplier leverage to require time-bound corrective action rather than immediately terminating the relationship.

04 Track worker remedy and systemic supplier reform as separate but equally necessary outcomes.

05 Use technology such as GRAT™ to document findings, monitor corrective actions,spot recurring risks, and demonstrate measurable improvement.

[11] How to identify forced labour in your supply chain, Ethical Trading Initiative

THE LEADERSHIP STANDARD: WHAT HAPPENS NEXT?

Finding forced labor should not be treated as routine, nor should it automatically be seen as evidence that a due diligence program has failed.

Failure occurs when a company detects exploitation but does not act effectively, prioritizes brand protection over worker protection, or relocates business without addressing the harm caused.

The strongest companies are not those that claim to have no problems, but those that identify hidden risks, respond responsibly, use data and technology for corrective action, and demonstrate meaningful remedies for workers.

When forced labor is discovered, the most important question is: What happens next? Additionally, the mindset must shift from *"How did we fail?"* to *"How can we improve?"* as the best path forward.

In closing, the real test of corporate responsibility is not whether forced labor risks exist, but how decisively and transparently a company responds when they are uncovered. By prioritizing workers' well-being, applying robust remediation protocols, and applying technology to drive continuous improvement, organizations can redirect the narrative from risk avoidance to positive change. Ultimately, it is the measures taken after discovery that define true leadership and set the foundation for ethical and sustainable supply chains.

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INVISIBLE LABOR IN CHINA'S COFFEE SECTOR

PART-TIME WORK AND FORCED-LABOR RISKS

Forced labor is not confined to distant or unfamiliar places; it frequently exists in plain sight, often within the everyday environments we frequent, like neighborhood coffee shops. The reality of forced labor seldom matches the dramatic images of confiscated passports or locked dormitories. Instead, exploitation is more commonly concealed behind routine part-time work, ambiguous contracts, flexible schedules, and inadequate grievance mechanisms. These factors make the experiences of part-time workers and the challenges they encounter largely invisible. Every business and organization has a responsibility to address this issue. By diligently examining working conditions at every stage, from the agricultural fields to coffee counters, organizations can uncover hidden exploitation and drive meaningful accountability.

At first glance, the idea that a coffee barista could face forced-labor risks may seem counterintuitive. Coffee retail appears far removed from the agricultural fields, factories, and shipping lanes where forced labor is typically scrutinized. However, the modern labor chain extends far beyond the traditional supply chain. Risks can arise not only where coffee is grown or processed, but also where it is sold, served, and staffed.

In China, this risk is heightened by corporate reliance on flexible staffing models, which create ambiguity in the application of labor policies for part-time and especially student workers. Only recently have major coffee retailers begun to handle these vulnerabilities, bringing long-overlooked risks to the forefront.

In China's new and rapidly expanding coffee market, this recent risk is especially salient because leading consumer brands frequently depend on these flexible labor systems, including student workers and part-time employees. While these employment categories can be lawful and beneficial when appropriately managed, they may also be leveraged to reduce labor costs, circumvent benefits, and obscure overtime regulations. These practices can promote the conditions that robust forced-labor due diligence aims to identify and prevent.

The issue here is not simply whether a company has a policy preventing forced labor. Most large brands do. The harder and more impactful question is whether those policies actually reach the store floor.

THE STARBUCKS CHINA CASE: A WARNING SIGNAL FOR CONSUMER BRANDS

Starbucks entered China in the late 1990's and helped build a coffee culture in a market that long centered on just tea. Today, Starbucks stores in China operate at a major scale, with 8,000 stores and 60,000 employees, according to a recent report by the Starbucks corporation.[1] That scale makes its labor practices important not only for Starbucks, but for the broader consumer-brand sector operating in China.

In October 2025, China Labor Watch published an investigation into labor practices in Starbucks' South China operations. According to the report, the investigation was based on more than 20 store visits, surveys, and interviews with 110 frontline workers, and six weeks of participant observation by researchers working in the stores.[2] The report's core concern was not a classic forced-labor allegation in the narrowest legal sense. Rather, it described a pattern of labor precarity among student and part-time workers. Those alleged conditions included wage and benefit gaps, unpaid training, unpaid overtime, working-hour concerns, and weak grievance mechanisms.[3]

Forced-labor risk does not begin only when a worker is physically confined or openly threatened. Risk for the worker can begin earlier, through dependency, fear of retaliation, unpaid work, lack of information, financial pressure, weak contracts, or the absence of a credible complaint channel. When those conditions become normalized, workers may lose practical freedom even if they appear free on paper.

The Starbucks China case study might be viewed as a broader compliance warning, showing how forced-labor vulnerability can emerge at the point of sale, not just in the upstream supply chain.

[1] About, Starbucks, July 11, 2025
[2] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025
[3] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025

WHY THIS MATTERS AS A FORCED-LABOR RISK

The International Labor Organization defines forced labor as work or service exacted from a person under the menace of a penalty and for which the person has not offered themself voluntarily.[4] Many real-world situations do not begin with the obvious coercion. They begin with smaller forms of pressure and imbalance.

Unpredictable scheduling can make workers dependent on managers for needed working hours. Wage deficiencies can trap individuals in financial insecurity. Unpaid training and uncompensated closing duties can normalize exploitative labor practices. Opaque contracts may leave workers uncertain about their rights, while ineffective grievance mechanisms can suppress complaints before they reach compliance teams.[5]

These issues are especially sensitive for student workers, youth workers, migrants, and part-time employees. Part-time employees may have less bargaining power, less knowledge of labor rules, and more fear of losing shifts or future opportunities.

The UN Guiding Principles on Business and Human Rights make clear that companies are expected to conduct human-rights due diligence to identify, prevent, mitigate, and account for adverse human-rights impacts.[6] This specific standard does not require companies to wait until a legal finding of forced labor has been made; instead, it requires them to identify risk indicators early and act before harm becomes systemic. Conditions that fall short of a formal forced-labor finding may still be serious human-rights risks. They require governance, remediation, and verifiable corrective action.

[4] What is forced labour?, International Labour Organization
[5] What is forced labour?, International Labour Organization
[6] Guiding Principles on Business and Human Rights, Office of the High Commissioner for Human Rights, 2011

FLEXIBLE LABOR CAN BECOME INVISIBLE LABOR

Flexible labor schedules became a central concern identified by China Labor Watch due to the structure and treatment of flexible labor arrangements for workers in Starbucks stores in South China. The report found that Starbucks relied extensively on student and part-time workers, who reportedly undertook responsibilities similar to those of regular employees; yet, received lower wages, fewer benefits, and limited access to overtime pay or other protections.[7]

The report also alleged that student workers lacked a clear cap on weekly hours, creating a flexible labor pool that could be used to meet store needs at lower costs.[8] Further stated was that part-time workers accounted for 60 to 75 percent of headcount on weekends and then 25 to 35 percent on weekdays when customer flow was low.[9] This illustrates how heavy reliance on flexible scheduling can create conditions that increase forced-labor risk.

That said, this level of reliance matters because part-time work is treated differently under Chinese labor rules. According to a summary of China's labor law framework, it describes part-time employment as subject to limits, including no more than four hours per day on average and no more than 24 hours per week for the same employer.[10] When companies use student-worker or part-time categories without strong controls, the risk is then that the flexible labor becomes a loophole. This loophole is not only a legal issue, but also a visibility issue.

THE HIDDEN COST OF UNPAID TIME

Full-time employees are usually easier to track through payroll, benefits, and performance systems. China Labor Watch also reported worker concerns involving unpaid training, unpaid overtime, and uncompensated post-closing time work, like bathroom cleanup duty and preparation for the next day.[11] For many companies, a few minutes before or after a shift may seem minor. But when looking at the broader picture, unpaid time becomes a serious labor-control issue. If workers are required to train, clean, close, prepare, or remain available without pay, the wage system no longer reflects the actual labor being performed.

This lack of reported time matters because wage integrity is one of the first places labor exploitation appears. Before a case looks like forced labor, it may look like unpaid training. Before it looks like coercion, it may look like workers who are "just being pressured to stay late." And, before it looks like a rights violation, it may look like "just helping the team."

For compliance teams, unpaid time should be treated as an early warning signal. This then tells a company that policy and practice may have separated. Additionally, it also suggests that managers may be under operational pressure to meet labor budgets, staffing targets, or service goals in ways that shift costs onto workers.

[7] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025
[8] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025
[9] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025
[10] Labor Laws in China, China Briefing
[11] Brewing Concerns Labor Practices and Compliance Gaps in Starbucks' South China Operations, China Labor Watch, September 2025

THE POLICY GAP: COMMITMENTS ARE NOT CONTROLS

Starbucks maintains public standards concerning legal compliance, labor practices, responsible procurement, and business conduct. These include supplier responsibility standards, a supplier code of conduct, business conduct standards, and the company's C.A.F.E. practices framework for moral coffee sourcing.[12] While these policies are important, the Starbucks China case demonstrates a broader governance challenge: the gap between corporate commitments and reliable operational controls.

A policy can prohibit forced labor. A code of conduct can require legal compliance. A sustainability framework can describe responsible procurement. However, none of these documents, on their own, provide evidence that student workers are being paid correctly, that training time is compensated, that part-time hours are within lawful limits, that overtime is properly tracked, or that workers are able to safely raise complaints.

The question for companies is no longer, "Do we have a policy?"

The question is, "Can we prove the policy works?"

This challenge is not unique to Starbucks. The same problem affects any consumer brand that relies on contractors, franchisees, staffing agencies, student labor, or part-time workers. As companies expand, it becomes increasingly difficult to ensure that on-the-ground labor practices correspond to corporate commitments.

FROM COFFEE SUPPLY CHAIN TO COFFEE LABOR CHAIN

Many forced labor prevention efforts emphasize upstream commodities, which is understandable. Coffee supply chains frequently involve farms, processors, exporters, importers, roasters, distributors, and retailers, with each step posing unique labor risks. But the coffee sector also shows why companies need to think beyond the commodity itself. Risk does not stop when the coffee bean reaches the store. The risk continues through the labor systems that bring the product to market.

Forced-labor due diligence should look at the full coffee labor chain: farm labor, processing labor, logistics labor, warehouse labor, retail labor, cleaning labor, student labor, and part-time labor.

Due diligence is especially relevant in China, where watchdogs and human rights groups have raised concerns about labor conditions tied to major brands, including allegations related to upstream sourcing and gaps in verification. Whether the risk shows up on a farm, in a warehouse, or behind the counter, the core question remains: are workers visible, protected, paid fairly, and free to speak up?

A company that looks only upstream may miss the workers standing directly in front of the customer.

[12] C.A.F.E. Practices: Starbucks Approach to Ethically Sourcing Coffee, Starbucks, February 28, 2024

RESPONSIBLE RISK PRACTICE

The right response isn't panic; it is to put stronger labor-risk governance in place.

First, companies should map their workforce by labor category. That means identifying full-time workers, part-time workers, student workers, contractors, subcontractors, cleaning staff, logistics staff, and any other group that performs work for the business. These categories should be measured against applicable wage, hour, benefit, and contract requirements.

Second, companies should treat paid time integrity as a core control. Mandatory training should be paid, just like closing or opening duty. Pre-shift preparation should be paid when required. Timekeeping systems should be auditable and worker-verified.

Third, companies should strengthen scheduling governance. If part-time or student labor is being used, companies should monitor hours, shift patterns, overtime anomalies, and manager-level practices. Any use of non-standard working-hour systems should be supported by documentation and reviewed by qualified compliance personnel.

Fourth, companies need to ensure workers truly have a voice. Grievance channels should be independent, easy to access, available in multiple languages when needed, and protected. If workers don't trust the hotline, it isn't a real grievance mechanism; it is just for show.

Fifth, companies should redesign assurance. Checklist audits are not enough. Audits ought to test the highest-risk labor categories, including student workers, part-time workers, agency workers, and other flexible labor groups. These are the workers most likely to be missed by broad corporate reporting.

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COUNTER FORCED LABOR TECHNOLOGY
BEST PRACTICES

At Counter Forced Labor Technologies, this is exactly the type of risk that CFL is designed to help companies see earlier. Forced-labor risk should not be treated as a vague reputational concern.

CFL helps companies move from policy statements to operational visibility. Our approach identifies risk patterns, maps vulnerable labor categories, integrates external human-rights data, and supports corporations in prioritizing corrective action before harm becomes systemic. Unlike traditional compliance strategies, CFL leverages data-driven analytics and real-time monitoring to detect emerging risks and inform targeted interventions and signals.

For a coffee retailer, that may mean identifying stores or regions where part-time labor is unusually high. For a manufacturer, it may mean detecting overtime anomalies in contractor labor. For a food company, it may mean mapping farm labor, logistics labor, and retail labor together instead of treating each as a separate compliance silo.

The principle is clear: preventing forced labor is not just about what a company claims to prohibit. It is truly about whether the company can actually see and address the conditions that allow exploitation to happen.

CONCLUSION

THE WORKER BEHIND THE COUNTER
IS PART OF THE SUPPLY CHAIN

The coffee barista is not usually the face of forced-labor compliance. But perhaps that is just the point.

Modern supply chains do not end at the factory gate or the farm boundary. Supply chains run all the way to the customer. Every worker in that chain, including the person taking the order, cleaning the store, closing the shift, stocking the shelves, or training after hours, is part of the labor system that makes the product possible.

The Starbucks China case study is not just an isolated story about one company; it is a warning indicator about invisible labor in today's consumer markets. While flexible staffing may boost efficiency, weak controls can hide wage gaps, unpaid work, excessive hours, and poor grievance systems. These are not minor HR issues; they are early warning signs of deeper labor risks.

For companies operating in China and other high-complexity markets, the lesson is clear. Forced-labor risk is not only upstream, but it can appear wherever labor is least visible and least protected. The future of responsible sourcing must move beyond the coffee bean, and must include the worker behind the counter.

Ultimately, bridging the gap between policy and practice requires not only robust frameworks, but also a sustained commitment to operational transparency and worker empowerment. As global supply chains continue to evolve, companies must recognize that ethical sourcing extends to every individual involved in delivering their product, and not just those at the origin, but rather those on the front lines of consumer interaction. By prioritizing visibility, accountability, and meaningful worker protections throughout the entire labor chain, organizations can move beyond reputational risk management and become genuine stewards of responsible business conduct.

THE EU'S FORCED LABOR REGULATION:

Preparing Supply Chains for the Next Era of Trade Compliance

"By failing to prepare, you are preparing to fail."

Benjamin Franklin's proverbial motto is especially relevant in today's era of trade compliance as global supply chains confront an increasingly complex and dynamic regulatory environment.

Preparation is now the key competitive advantage. This is especially true for businesses in the European Union. The European Union's Forced Labor Regulation (EUFLR) is now more than just a sustainability initiative; it signals a new era where market access depends on proven supply chain integrity.[1] For executives, procurement leaders, and compliance professionals, the focus is no longer on whether forced labor deserves attention, but rather on whether their organizations can prove their products are free from forced labor.

Delaying action until regulations are mandatory is one of the most costly compliance mistakes businesses could make.

Having said that, the EUFLR was adopted as *Regulation (EU) 2024/3015* and prohibits products made with forced labor from being placed or made available on the EU market, or exported from the EU market.[2] The regulation applies very soon and will begin on December 14, 2027, giving companies a narrow but meaningful preparation window. The European Commission's implementation roadmap also includes the launch of a preparedness package and single portal that offers guidance, competent authority information, and other tools designed to support implementation.[3]

The EUFLR is not just another ESG reporting requirement. Unlike the UK Modern Slavery Act and the EU's Corporate Sustainability Due Diligence Directive, which require reporting on forced labor risks, the new EUFLR bans products. Goods made with forced labor, regardless of origin, may be excluded from the EU market.[4] "The Forced Labor Regulation forms part of the EU's broader efforts to promote supply chain transparency and due diligence, complementing existing regulations like the Corporate Sustainability Due Diligence Directive."[5]

This regulation marks a shift from transparency-based regulation to market-access enforcement. Previous regulations focused on disclosure, policy explanation, or risk reporting. But now, under the EUFLR, the key question is whether a product can legally remain on the market; this distinction is of substantial consequence.

[1] Gereffi, G. (2024). Global Value Chains and the Changing World of Trade Regulation. Journal of Supply Chain Management, 60(2), 123–139.
[2] Scalable, End-to-End Compliance with the EU Forced Labor Regulation, Integrity Next
[3] Forced Labour Single Portal, European Commission, 2026
[4] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[5] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025

From Disclosure to Product Bans

For years, forced labor compliance has focused primarily on disclosure. The UK Modern Slavery Act requires certain companies to report on steps taken to address modern slavery.[6] The Corporate Sustainability Reporting Directive requires broader sustainability reporting. Furthermore, the Corporate Sustainability Due Diligence Directive emphasizes due diligence and corporate responsibility. While these frameworks are important, they primarily require companies to explain, report, assess, or manage risk.[7] The EUFLR goes beyond disclosure by banning products.

Goods made with forced labor, whether inside or outside the European Union, may be prohibited from the EU market. If an investigation determines that forced labor was used at any stage of production, the product can be withdrawn from sale. Depending on the circumstances, goods already on the market may be removed, and companies may face serious commercial, operational, and reputational consequences. The regulation applies to imported products, products made within the EU, and products exported from the EU.[9]

This is a fundamental shift for companies. While organizations have focused on disclosure, the EUFLR now requires evidentiary proof. Having proof is now the new compliance standard.

What Makes the EUFLR Different?

The EUFLR prohibits economic operators from placing, making available, or exporting products made with forced labor on or from the EU market.[10] Its scope is intentionally broad, covering all products regardless of sector, company size, headquarters location, or where forced labor occurs. The regulation covers the entire production chain, from raw materials to finished goods.[11]

This means companies are not exempt simply because their direct supplier is in a low-risk country. A product assembled in Europe may still contain raw materials linked to forced labor upstream. Brands selling through online marketplaces or companies headquartered outside the EU may still be affected if their products reach EU consumers.

The regulation applies to "economic operators," including individuals, legal entities, and associations that place or make products available on the EU market or export them. There is no minimum employee or turnover threshold, and no broad sectoral exemption. Enforcement may focus on higher-risk sectors or larger operators, but the legal scope is universal.[12]

This universality reflects the recognition that forced labor can occur anywhere in the supply chain, and it may be hidden in recruitment, resource extraction, agriculture, processing, outsourced labor, or state-imposed labor systems, often several tiers removed from the final seller.[13] For companies, Tier 1 visibility is no longer sufficient.

[6] Modern Slavery Act 2015, Legislation.Gov.UK, 2015
[7] Navigate changing CSRD requirements, CSRD Readiness, 2025
[8] EUR-Lex, European Union, 2024
[9] EUR-Lex, European Union, 2024
[10] EUR-Lex, European Union, 2024
[11] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[12] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[13] ESupply Chain Due Diligence Risk Assessment for the EU: A Network Approach to estimate expected effectiveness of the planned EU directive, ResearchGate, November 27.2023

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Market Access Now Depends on Supply Chain Integrity

For decades, companies have focused trade compliance on customs classification, origin documentation, product safety, and import/export controls. These remain essential, but the EUFLR introduces a new core question: Was this product made with forced labor?

This regulatory shift makes forced labor a substantive enterprise risk, not just a sustainability or corporate social responsibility issue. This shift now affects revenue, logistics, customs, procurement, legal liability, investor assurance, and corporate image.[14]

If authorities find a product is linked to forced labor, consequences go beyond brand damage or negative reports. The product may be blocked, withdrawn, or banned from sale, directly impacting revenue for companies reliant on EU customers, distributors, or export channels.

Supply chain transparency is now a commercial necessity. Strong supplier policies, codes of conduct, and sustainability reports are not enough. Without credible evidence of identifying, assessing, mitigating, and remediating forced labor risk, companies remain vulnerable under the new enforcement regime.

The EUFLR requires a higher standard of preparedness. Corporate pledges to human rights are not enough; organizations must demonstrate that their products can withstand rigorous regulatory scrutiny.

[14] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[15] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[16] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[17] Forced Labour Single Portal, European Commission, 2026
[18] Forced Labour Single Portal, European Commission, 2026

Evidence: the New Standard

A key implication of the EUFLR is that due diligence must be supported by evidence, not just policy statements. Many companies have supplier codes, contractual clauses, and human rights statements. These are important but not sufficient. Under enforcement, companies may need to provide documentation of what they knew, when, which risk indicators they reviewed, which suppliers they engaged, what corrective actions were taken, and whether remediation occurred.

Executives should begin asking sharper questions:[16]

- Can we prove supplier assessments occurred?
- Do we have records of corrective action?
- Can we show remediation, not just supplier replacement?
- Can we document worker voice mechanisms or grievance channels?
- Do we know where our raw materials originate?
- Can we respond to a regulator's information request quickly and accurately?
-

The regulation's investigation process is expected to rely on competent authorities, the European Commission, and coordination through the Forced Labor Single Portal.[17] The Commission's guidance is designed to clarify due diligence, investigations, risk indicators, stakeholder engagement, and remediation expectations.[18]

Documentation is now essential. Organizations should proactively prepare evidence files instead of compiling them only in response to regulatory inquiries.

This shift is significant. The question is no longer, "Do you have a policy?" but rather, "Show us your evidence."

Why Supplier Mapping Must Go Beyond Tier 1

Many companies have visibility only into their direct suppliers. They may know their factory, distributor, or manufacturer, but not the origin of raw materials, labor recruiters used by subcontractors, or upstream processing sites. The EUFLR makes this gap increasingly risky.

Forced labor often hides beyond Tier 1 and may appear in many forms, such as cotton, cocoa, minerals, seafood, textiles, solar components, agriculture, electronics, or transportation networks. Forced labor can be embedded in labor recruitment fees, passport retention, debt bondage, coercive working conditions, prison labor, or state-imposed forced labor. A finished product may look clean at the final assembly stage while carrying significant risk in its upstream inputs.[19] Therefore, supply chain mapping must become a core compliance function.

Companies should identify where their products are made, what inputs are used, where those inputs originate, who processes them, and whether any geography, commodity, sector, or labor practice poses elevated risk.[20] Mapping does not require perfect visibility into every tier, but companies must have a risk-based methodology, a prioritization framework, and a documented plan to improve visibility over time.

A practical starting point is to map products by EU exposure, revenue importance, high-risk commodities, high-risk geographies, and supplier criticality.[21] Companies should prioritize products sold into the EU and focus first on the most vulnerable categories. Technology, data analytics, and AI-enabled monitoring can play a key role here.

AI as a Competitive Advantage

The EUFLR will require companies to identify risks quickly, monitor changes continuously, and respond to inquiries with credible documentation.[22] Manual due diligence alone will not keep pace with complex, multi-tier global supply chains.

AI-enabled systems can help companies identify high-risk suppliers, analyze trade flows, spot anomalies, monitor supplier changes, integrate customs and shipment data, and flag labor-risk indicators across geographies and sectors.[23] AI can also support documentation by organizing supplier assessments, corrective action plans, audit findings, risk scores, and remediation records.

AI does not replace human decision-making. Forced labor risk assessment still requires context, expertise, worker engagement, and careful interpretation. However, AI can enhance visibility and help companies shift from reactive compliance to proactive risk management.

The future of forced labor compliance will not be built on static reports alone, but it will require dynamic risk assessment, real-time supplier intelligence, evidence generation, and the ability to connect data across procurement, logistics, customs, legal, and compliance functions.[24]

Organizations that invest early in traceability and AI-supported monitoring will be better positioned to respond to regulatory inquiries, demonstrate good-faith due diligence, and protect market access.

[19] Forced Labour Single Portal, European Commission, 2026
[20] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[21] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[22] EU Forced Labour Regulation – What You Need to Know, Squire Patton Boggs, January 2025
[23] Global Rizk Assessment Technology™,Counter Forced Labor Technologies
[24] Scalable, End-to-End Compliance with the EU Forced Labor Regulation, Integrity Next

Remediation Cannot Be an Afterthought

Remediation is a critical aspect of the EUFLR. Companies may be tempted to switch suppliers quickly in response to forced labor findings, but this does not necessarily address the harm to the product or affected workers.[25]

The regulation and related guidance point out the importance of proper diligence and remediation. Changing one's supply chain by relying on different suppliers cannot be treated as a way to eliminate the forced labor connected to the product concerned.[26] Remediation means addressing the forced labor itself, not simply distancing the company from the problem.

This has significant implications for procurement teams. Disengaging from a supplier may be necessary, especially if severe abuse continues or the supplier refuses corrective action. However, responsible disengagement should be part of a documented remediation strategy. Companies should be able to show they engaged the supplier, assessed worker impact, required corrective action, monitored progress, and considered remedies for affected workers.[27]

In this new environment, remediation is not only a moral obligation but also essential for regulatory defensibility.

State-Imposed Forced Labor Requires Critical Attention

The EUFLR takes effect on December 14, 2027, but companies should not view this as a reason to delay. State-imposed forced labor already poses significant risk, especially in supply chains linked to regions or sectors under increased international scrutiny.

The United States already enforces forced labor import restrictions through Section 307 of the Tariff Act and the Uyghur Forced Labor Prevention Act. The UFLPA created a rebuttable presumption that certain goods connected to Xinjiang are made with forced labor and are barred from entry into the United States unless importers can meet a high evidentiary standard.[28] Reuters has noted that the U.S., EU, and UK are using different legal models, but all are moving toward greater accountability for forced labor in global trade.[29]

For companies selling in both the U.S. and EU markets, forced labor compliance cannot be siloed by jurisdiction. A risk that leads to import detention in the U.S. may also become a market-access issue in Europe. Companies with potential exposure to state-imposed forced labor should prioritize those supply chains now. Delaying action until 2027 is not preparation; it is simply postponement.

[25] Remediation: what to do when forced labour is found, Ethical Trading Initiative
[26] Remediation: what to do when forced labour is found, Ethical Trading Initiative
[27] Remediation: what to do when forced labour is found, Ethical Trading Initiative
[28] Uyghur Forced Labor Prevention Act: Rules and Penalties, 2026
[29] How US, Europe and Britain target goods made with forced labour, Reuters, June 3, 2026

What Companies Should Do Now

The EUFLR provides companies with time, but not unlimited time. Building credible supply chain visibility, due diligence systems, and evidence files can take years, especially for complex products and multi-tier supplier networks.

Companies should begin with five practical actions.[30]

First, map supply chains beyond Tier 1. Identify products sold into or exported from the EU, then trace raw materials, components, manufacturing sites, processing facilities, labor providers, and logistics relationships as far upstream as possible. Prioritize high-risk products, geographies, and commodities.

Second, compare supply chains regarding forced labor risk indicators and emerging EU tools. The European Commission's Forced Labor Single Portal and guidance materials are intended to support companies, competent authorities, and stakeholders in implementation. Companies should include these tools as part of their due diligence cycle and review them regularly as part of enforcement efforts.[31]

Third, strengthen supplier engagement and contractual expectations. Supplier contracts should include forced labor prohibitions, audit rights, cooperation obligations, access to documentation, remediation expectations, and penalties for non-compliance. However, contract language must be supported by real engagement, training, monitoring, and corrective action.[32]

Fourth, build auditable evidence files. Companies should document risk assessments, supplier questionnaires, audit findings, worker engagement, grievance mechanisms, corrective action plans, remediation steps, and ongoing monitoring. Evidence should be organized so the company can respond quickly if authorities request information.

Fifth, invest in traceability and AI-supported monitoring. Companies need better systems to detect risk, monitor change, and connect data across functions. Forced labor compliance should not be limited to an annual ESG report but should be integrated into procurement, supplier onboarding, trade compliance, enterprise risk management, and board-level oversight.

Conclusion: The New Era of Trade Compliance

The EU Forced Labor Regulation marks a turning point in global supply chain governance. The regulation shifts the forced labor conversation from disclosure to proof, from policy to evidence, and from ESG reporting to trade compliance.

For companies, this is both a warning and an opportunity. Products linked to forced labor may lose access to a major market. Companies that prepare early can strengthen supplier integrity, reduce regulatory risk, protect revenue, and build trust with customers, investors, and regulators. Preparation is now a strategic competitive advantage.

The next era of trade compliance will not reward companies that wait for enforcement. This era will reward those that use this time to map supply chains, strengthen due diligence, invest in traceability, document evidence, and remediate harm where found.

Is your supply chain ready?
Preparedness is now the standard for compliance.

[30] EU Forced Labor Regulation: How To Prepare Your Supply Chain, Osapiens, August 5, 2026
[31] Forced Labour Single Portal, European Commission, 2026
[32] Forced Labour Single Portal, European Commission, 2026

Legislation Update: Global Momentum Builds on Forced Labor and Child Labor Enforcement

Over the past six months, governments have advanced legislation to address forced labor and child labor in global supply chains. Responsible sourcing is now a baseline expectation for trade, extending beyond voluntary corporate social responsibility. The European Union recently issued implementation guidance for the EU Forced Labor Regulation (EUFLR), providing companies with clear direction on due diligence, risk identification, remediation, and documentation.[1] Although enforcement will begin in late 2027, businesses are strongly encouraged to proactively map their supply chains, strengthen supplier engagement, and establish strong traceability systems to prepare for increased government oversight.[2]

Canada has strengthened its legal framework by introducing Bill C-35, which "bans the import of goods produced wholly or partly with forced labor and replaces previous Customs Tariff provisions."[3] The United States is also intensifying enforcement through the Uyghur Forced Labor Prevention Act (UFLPA), which updated Customs and Border Protection (CBP) guidance and expanded trade initiatives that link forced labor enforcement to international trade policy. These developments illustrate a decisive shift: companies can no longer rely solely on annual reports or policy statements. Regulators now require organizations to demonstrate supply chain visibility, ongoing due diligence, and concrete actions to identify, prevent, and address forced and child labor risks.[4]

For business leaders, supply chain transparency is now key for maintaining market access, building resilience, and strengthening trust with consumers and investors.[5]

Current Legislation to Watch (2026)

UNITED STATES

Uyghur Forced Labor Prevention Act (UFLPA)

Although enacted in 2022, the UFLPA remains central to U.S. forced labor enforcement in 2026. U.S. Customs and Border Protection (CBP) continues to expand enforcement by detaining imports suspected of containing materials linked to forced labor in China's Xinjiang Uyghur Autonomous Region.[6] Importers of apparel, cotton, tomatoes, polysilicon, aluminum, seafood, critical minerals, and electronics face greater scrutiny and must demonstrate comprehensive supply chain traceability down to raw materials.

Tariff and Trade Enforcement

In 2026, the United States further integrated forced labor enforcement into its wider trade policy. The Office of the U.S. Trade Representative (USTR) has increased pressure on trading partners that do not effectively prevent forced labor in their supply chains, noting that labor rights are both a human rights and a trade issue.[7] Companies should expect more customs enforcement, supplier verification requirements, and documentation requests.

¹ European Commission Publishes Forced Labour Regulation Guidelines: Key Takeaways for Companies, Covington, July 9, 2026
² European Commission Publishes Forced Labour Regulation Guidelines: Key Takeaways for Companies, Covington, July 9, 2026
³ Canada introduces legislation to strengthen the ban on importing goods produced with forced labour, Government of Canada, June 12, 2026
⁴ From Two Regimes to Many, Steptoe, August 5, 2026
⁵ From Two Regimes to Many, Steptoe, August 5, 2026
⁶ From Two Regimes to Many, Steptoe, August 5, 2026
⁷ USTR Takes Action in Forced Labor Section 301 Investigations, United States Trade Representative, July 23, 2026

Section 301: Forced Labor as a Trade Enforcement Priority

On July 23, 2026, the Office of the U.S. Trade Representative (USTR) announced a major expansion of Section 301 trade enforcement targeting forced labor in global supply chains. After investigations launched in March, USTR concluded that 60 economies had failed to adequately prohibit or enforce restrictions on imports produced with forced labor practices, which it deemed unreasonable and detrimental to U.S. commerce. In response, the U.S. imposed new Section 301 tariffs, generally ranging from 10% to 12.5%, with rates varying by trading partner and the robustness of their forced-labor controls.[8]

This action is significant because it reframes forced labor as not only a human rights and compliance concern, but as an unfair trade practice with immediate financial consequences for companies and countries. USTR's approach increases incentives for U.S. trading partners to adopt and enforce forced-labor import bans, while putting greater pressure on companies to fully understand the origin of their goods, components, and raw materials.9 The message for businesses is clear: inadequate supply chain due diligence can now result in tariffs, restricted market access, and higher operating costs.[10]

Section 301 marks a pivotal shift from forced-labor disclosure to active enforcement. Supply chain transparency is now directly tied to trade policy, tariffs, and market access, and not just ESG reporting.

CANADA

Bill C-35 — Ban on Importing Goods Made with Forced Labor Act[11]

Introduced on June 12, 2026, Bill C-35 is Canada's most significant forced labor legislation since the Supply Chains Act. The proposed law establishes a standalone framework prohibiting the import of goods produced wholly or partly by forced labor. Unlike the previous customs-based approach, Bill C-35 would allow the government to publish a list of high-risk goods and require importers to provide enhanced supply chain documentation proving products are free from forced labor.[12] This legislation considerably elevates due diligence expectations and moves Canada toward a more proactive enforcement model.

Fighting Forced Labor and Child Labor in Supply Chains Act (S-211)

Canada's Supply Chains Act is now in its second year of reporting requirements. Covered organizations must publish annual reports detailing the steps taken to identify, prevent, and reduce risks of forced and child labor in their operations and supply chains. While primarily a transparency law, it now serves as the foundation for more robust enforcement initiatives like Bill C-35. Consultations are underway on implementing Bill C-35. Proposed regulations would introduce risk-based product lists, enhanced importer disclosure, and improved information-sharing among federal agencies to strengthen border enforcement.[13]

Why Regulatory Risk Matters

Canada's Supply Chains Act is now in its second year of reporting requirements. Covered organizations must publish annual reports detailing the steps taken to identify, prevent, and reduce risks of forced and child labor in their operations and supply chains. While primarily a transparency law, it now serves as the foundation for more robust enforcement initiatives like Bill C-35. Consultations are underway on implementing Bill C-35. Proposed regulations would introduce risk-based product lists, enhanced importer disclosure, and improved information-sharing among federal agencies to strengthen border enforcement.[14]

⁸ USTR Takes Action in Forced Labor Section 301 Investigations, United States Trade Representative, July 23, 2026
⁹ USTR Takes Action in Forced Labor Section 301 Investigations, United States Trade Representative, July 23, 2026
¹⁰ USTR Takes Action in Forced Labor Section 301 Investigations, United States Trade Representative, July 23, 2026
¹¹ Canada introduces legislation to strengthen the ban on importing goods produced with forced labour, Government of Canada, June 12, 2026
¹² Canada introduces legislation to strengthen the ban on importing goods produced with forced labour, Government of Canada, June 12, 2026
¹³ Canada introduces legislation to strengthen the ban on importing goods produced with forced labour, Government of Canada, June 12, 2026
¹⁴ Canada introduces legislation to strengthen the ban on importing goods produced with forced labour, Government of Canada, June 12, 2026

CFL Brings Expertise on Forced Labor Risk to the **National Supply Chain Conversation in Canada**

Counter Forced Labor Technologies (CFL) participated in the 2026 Supply Chain Canada National Conference, held on May 27–29 in Québec City, Canada. The conference addressed key factors transforming supply chains, such as resilience, emerging technologies, new government and private-sector regulatory requirements, sustainability, and responsible procurement.City was clear: ethical responsibility and operational sustainability are now interconnected and essential for robust global supply chains.

The sold-out event was attended by **over 350 supply chain professionals**, **with 30 expert speakers** and a myriad of educational sessions.

Attendees represented different sectors, including: transportation, banking, technology, manufacturing, government, procurement, artificial intelligence vendors, and international trade.

A major highlight was LtCol James Wiley's address on behalf of Counter Forced Labor Technology. He highlighted the growing need to identify and address forced labor risks in global supply chains. LtCol Wiley urged companies to move past traditional compliance and utilize proactive, intelligence-driven due diligence.

LtCol Wiley noted that forced labor is not only a human-rights or reputational issue, but also an operational, regulatory, financial, and commercial risk that can and will impact business continuity and corporate credibility. He positioned forced labor prevention as the key to supply-chain resilience and transparency.

The discussion on transparency is especially relevant for Canadian companies facing newly enforced laws, for which they could face fines in the near term if they don't comply with the Canadian Modern Slavery Act. As supply-chain transparency, human-rights due diligence, and credible reporting gain importance, organizations must assess risks beyond their direct suppliers and factor in the multiple tiers of labor environments. CFL supports the shift from policy commitments to measurable action. Using its Global Rizk Assessment Technology™ (GRAT), CFL enables organizations to identify forced labor risks.

The conference highlighted that resilience is no longer determined solely by cost, speed, inventory, or delivery. A resilient supply chain must also be transparent, adaptable, and able to identify human-rights risks before they escalate. Technology and artificial intelligence can improve these capabilities, but require reliable data, supplier engagement, and clear accountability.

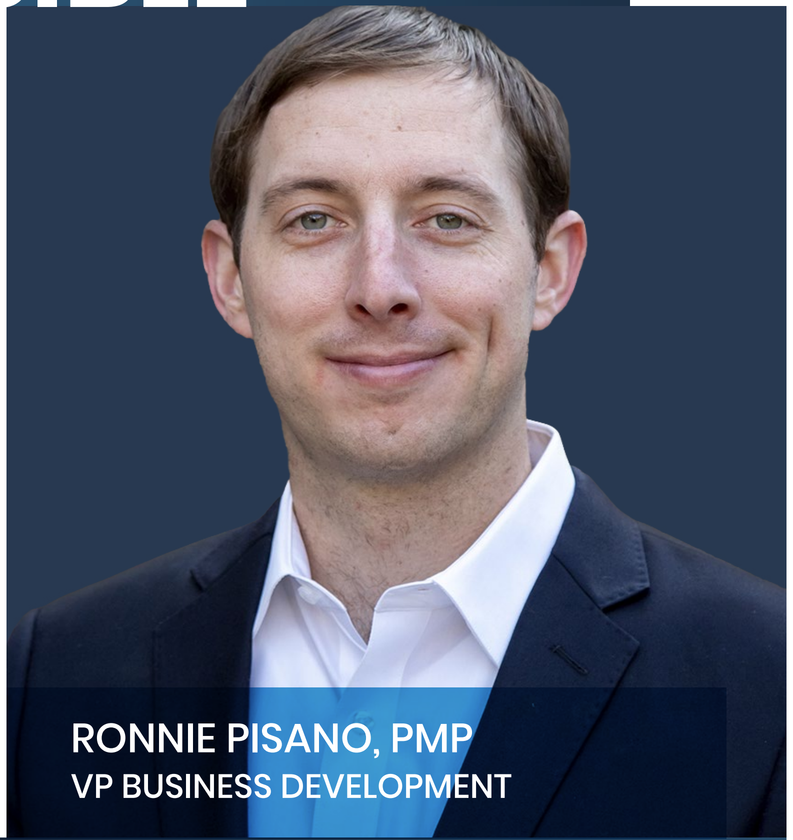
The conference reinforced the value of collaboration. No single business, government agency, or industry association can eliminate forced labor in a vacuum. Eliminating forced labor requires genuine cooperation among businesses, governments, industry associations, suppliers, and policymakers. Canadian supply-chain professionals play a key role in advancing the conversation surrounding responsible sourcing and forced labor prevention.

As organizations prepare for evolving supply-chain requirements, the message from Québec City was clear: **ethical responsibility** **and** **operational sustainability** **are now interconnected and essential** for robust global supply chains.

COUNTER FORCED LABOR TECHNOLOGIES ENGAGES CANADIAN SUPPLY CHAIN STUDENTS ON

RISK MITIGATION AND RESPONSIBLE SOURCING

On June 5, 2026, Counter Forced Labor Technology representatives Scott Olenak and Ronnie Pisano led an online presentation for approximately 30 Supply Chain Canada students during a workshop focused on ethical behavior and social responsibility. The interactive session analyzed strategies for risk mitigation in global supply chains, the growing compliance requirements for Canadian organizations under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211), and the key role CFL plays in helping companies identify and address forced labor risks.



RONNIE PISANO, PMP
VP BUSINESS DEVELOPMENT

SCOTT OLENAK
SVP BUSINESS DEVELOPMENT

The presentation was received enthusiastically by the students, many of whom work for organizations subject to Canada's supply chain reporting requirements. The discussion extended to recent international developments, including the USMCA/CUSMA framework and the changing global environment of responsible sourcing and supply chain due diligence. Workshop coordinator and Fanshawe College professor Steven Levson praised the session for its practical value and for highlighting CFL's commitment toward advancing the "positive human impact factor" in global supply chains. The successful engagement has created the path for future educational collaborations with Supply Chain Canada and the Lawrence Kinlin School of Business at Fanshawe College.

Counter Forced Labor Technologies **Upcoming Events**

2026 DHS Blue Campaign Anti-Human Trafficking Symposium
August 18–19, 2026

Counter Forced Labor Technologies (CFL) is proud to join the U.S. Department of Homeland Security Blue Campaign's 2026 Anti-Human Trafficking Symposium. Our team will share insights during a panel discussion on labor risks in global supply chains, focusing on real-world strategies to identify vulnerabilities, strengthen due diligence, and protect workers from exploitation. This gathering brings together government agencies, businesses, service providers, law enforcement, and advocates who are deeply committed to ending human trafficking.

https://www.dhs.gov/blue-campaign/symposium

12th BASC Global Conference
September 1–2, 2026
Miami, Florida

CFL is honored to participate in the 12th BASC Global Conference, hosted by the World BASC Organization under the theme "Securing Trade, Empowering Trust." We look forward to connecting with leaders from government, customs, international trade, logistics, and the private sector to explore new strategies for building secure and resilient global commerce. Celebrating BASC's 30th anniversary, this event inspires collaboration, transparency, and lasting trust across international supply chains.

https://congresomundialbasc.org/en/

Podržimo održivo 2026
September 9–10, 2026
Zagreb, Croatia

CFL is excited to join sustainability and business leaders at Podržimo održivo 2026, one of Croatia's leading sustainable business conferences. Hosted by the Croatian Chamber of Economy, this year's event spotlights how organizations can adapt to change, build resilient business models, and champion sustainability as a core value. As a proud platinum sponsor, CFL will help shape conversations around transparent value chains, ESG performance, responsible sourcing, and effective supply chain risk management.

https://podrzimoodrzivo.hgk.hr/

Reuters Events: Supply Chain Europe
September 29–30, 2026
Amsterdam, Netherlands

CFL is looking forward to attending Reuters Events: Supply Chain Europe 2026, where senior executives from Europe's top retailers, manufacturers, and logistics organizations will share their experiences in building resilient supply chains amid ongoing change. This year's program dives into enterprise connectivity, AI, workforce transformation, regulatory shifts, and the vital integration of people, data, and technology. We're eager to connect with supply chain leaders, exchange best practices, and continue advancing responsible sourcing, forced-labor risk detection, and technology-driven due diligence.

https://events.reutersevents.com/supply-chain/europe

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