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Legal Insight

Dutch Child Labour Due Diligence Law

On the 7th of February 2017 the Dutch Parliament adopted the 'Child Labour Due Diligence Law" (**Wet Zorgplicht Kinderarbeid**).

The law requires companies to determine whether child labour exists in their supply chains and set out how to combat it.

The legislation aims to protect Dutch Consumers to be able to purchase products or goods that are free of child labour.

Who does the law apply to?

The law applies to:

- Companies registered in the Netherlands
- Any company that delivers their products or services to the Dutch market more than once a year.

When does the law take effect?

The law comes into force on 1 January 2020.

What do companies have to do?

Organisations have to publish a statement within 6 months after the law enters into force and submit it to the regulatory authority (in other words, by 1 July 2020). The statement does not have to be published annually.

What due diligence is required?

The emphasis of the legislation is on ensuring that companies conduct due diligence.

The statement has to declare that the company has carried out due diligence related to child labour throughout their supply chain. It is expected to make a plan of action where it presumes child labour has contributed to the product or service in line with international guidelines.

What penalties exist?

Companies that fail to submit a statement will be fined €4,100. This amount can be increased if further complaints are made or if regulatory authorities legally binding instructions are not followed to carry out the required due diligence and make the appropriate statement.

Failure to comply to the law can lead to fines of €750000 or 10% of the company's annual turnover and imprisonment for directors.

Personal Liability for directors

If a company is fined twice in five years, the next violation can lead to imprisonment of the responsible director or a fine of up to 10% of the company's annual turnover.

Implications for companies

The law goes further than the UK Modern Slavery Act by imposing penalties on companies that fail to publish statements. The risk of personal liablity for directors leading to imprisonment is likely to cause companies to take this legislation more seriously. It also applies to companies that are outside of the Netherlands.

The due diligence requirements are mandatory and organisations should consider how to meet the requirements. They have just over a year to prepare.

The risk of being fined should incentivise companies that fall within the scope of the law to consider how it is going to address the requirements.

Given that's it unlikely that many companies could state with confidence that there is no child labour in their supply chains, its likely that many will have to develop a plan of action.

We would suggest that the first step is determine how the company's current policies and procedures address the risk of child labour in the supply chain.

Our gap analysis checklist can be a useful starting point.

About Ardea

We are a specialist sustainability, business and human rights consultancy with expertise in modern slavery.

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