

EU Forced Labour Regulation

STRENGTHENING COMPLIANCE WITH HUMAN RIGHTS DUE DILIGENCE



The EU Regulation on prohibiting products made with forced labour on the Union market (the “Forced Labour Regulation” or “FLR”) entered into force in 2024 and will apply from 14 December 2027. It affects companies that place or make available¹ products on the EU market or export them from the EU. This includes Swiss

companies that are active in the EU. The Regulation bans any of these products from the EU market if they are made using forced labour. This Q&A provides a practical guide to understanding the FLR and its implications for companies, particularly in relation to human rights due diligence (HRDD).

¹ In legal terms, “placing on the market” refers to introducing a product in the EU for the first time, while “making available on the market” refers to any supply of a product for distribution, consumption or use, whether for sale or free of charge. For simplicity, this Q&A will refer to these activities as “supplying products to the market.”

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1. What is the EU Forced Labour Regulation (FLR)?

The goal of the FLR is to actively contribute to global efforts to eradicate forced labour and to protect the rights of workers and children. It aims to **ban all products made with forced labour from the EU market**. The FLR allows authorities to prohibit products if they are made using forced labour, whether they are produced within the EU, imported into the EU or exported from the EU.

The FLR is the latest addition to a growing framework of laws aimed at promoting responsible business conduct, which includes the [EU Corporate Sustainability Due Diligence Directive \(CSDDD\)](#)². Importantly, the FLR **does not introduce additional reporting or due diligence obligations** for companies. Instead, it establishes an investigation mechanism, under which authorities may request information on due diligence measures and supply chain traceability (see Questions 4 and 6 for more details).

2. What is forced labour?

Forced labour occurs when a person is made to work or provide a service **against their will**, under the **threat of punishment or harm**. This can include physical, emotional, or financial penalties. The key point is that the person has not voluntarily agreed to the work or to the conditions of work and is not free to leave at any time. However, certain types of mandatory work are not considered forced labour, such as military service, normal civic duties, and work during emergencies.

The FLR specifically includes forced child labour and forced labour imposed by state authorities, not just private actors. Forced labour imposed by state authorities refers to situations where governments or state entities force individuals to work. This can happen as a means of political coercion, punishment for expressing political views, as a way to push economic development, to enforce discipline, to punish participation in strikes, or as a form of discrimination.

² For more information on the CSDDD, please refer to our Q&A on the legislation.

Examples of vulnerable groups

Examples of private sector forced labour

Examples of state-imposed forced labour

Migrant workers



Migrant workers' legal status is tied to their employer. If they leave their job, their visa is cancelled, leaving them vulnerable to arrest and deportation. They work long hours for low pay, under threat of being reported to immigration authorities if they resign.

Detained migrant workers are forced to work in prisons, producing goods for state-run projects, without pay. They are threatened with further punishment if they refuse to work.

Children



Children are forced to work on farms to harvest crops under hazardous conditions. They work long hours in extreme weather, exposed to pesticides and dangerous machinery. They are unable to attend school, trapping them in a cycle of poverty.

Children are forcibly recruited as soldiers for the public armed forces and made to fight or perform dangerous tasks. If they attempt to escape, they face severe punishment or death.

Minorities



Indigenous workers in a logging company are told they owe money to their employer for tools and living costs. Their growing debt traps them in endless work with little pay, preventing them from being able to resign.

Religious minorities are forced to work in factories under constant surveillance, with government subsidies encouraging companies to employ them. The workers are not allowed to leave and are prohibited from practicing their culture or religion.

3. What companies and products does the FLR apply to?

The FLR applies to **any person, company or organisation** that supplies products to the EU market or exports products from the EU. This means it covers all types of businesses, regardless of their size, turnover, or legal form, that participate in the EU market – including Swiss companies that are active in the EU.

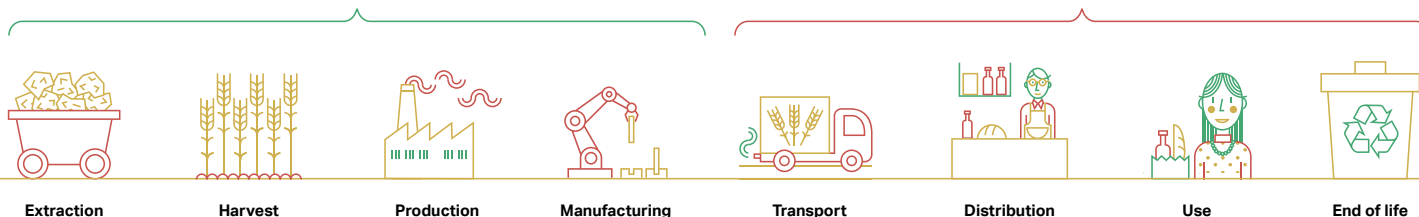
The FLR applies to products where forced labour has been used at **any stage of their creation**. This could happen during the extraction of raw materials, the harvesting of crops or other agricultural products, the production and manufacturing of goods, or any other process involved in working or processing related to the product. However, the FLR does not cover activities and services ancillary to its creation, like storing, transportation or distribution of the product.

The ban applies to **all products** made using forced labour, including their components, regardless of their sector, origin, or whether they are imported or produced within the EU. This also includes products sold online or by other means of distance selling to EU end users.

Forced Labour in the Value Chain: Understanding the Scope of the EU Forced Labour Regulation

Activities covered by the FLR scope

Activities excluded by the FLR scope



4. When and how will a product be investigated for links to forced labour?

Investigations into products potentially made with forced labour are carried out by the EU Commission and competent national authorities. The EU Commission handles cases where the suspected forced labour occurs outside the EU, while the competent national authorities address cases within their own countries.

The authorities use a **risk-based approach** to decide which products and companies to formally investigate. They prioritise products with a high risk of forced labour, considering factors such as the volume of the product and the leverage of the companies involved. In their assessment, the authorities will consider all rele-

vant evidence, including information about violations reported by individuals or organisations and issues arising from meaningful stakeholder engagement. They will also request information from companies.

If there is a **substantiated concern** that a product was made with forced labour, the authorities will initiate an **investigation**. This may include gathering information from relevant companies and stakeholders, and if necessary, conducting field inspections. Based on the evidence and information collected, the competent authority will determine whether the FLR has been violated.

5. How does the FLR connect to human rights due diligence and the EU Corporate Sustainability Due Diligence Directive (CSDDD)?

Conducting human rights due diligence (HRDD) means implementing a **management system that aims at identifying and addressing actual and potential adverse human rights impacts** in companies' own operations and along their value chains. Forced labour is a significant risk in many companies' value chains and therefore should be a key focus of HRDD efforts.

The FLR reinforces the importance of HRDD, particularly in relation to forced labour risks. While the Regulation does not introduce new due diligence obligations for companies, it acknowledges that robust due dili-

gence aligned with existing laws, such as the CSDDD, and international standards, such as the [UN Guiding Principles on Business and Human Rights](#) or the [OECD Guidelines](#), can help companies to identify and address forced labour in their supply chains. This means that **effective HRDD serves as the foundation for compliance with the FLR**.

For more information on how to implement HRDD in line with international standards and the CSDDD, please refer to focusright's [practical guide for companies](#) and [CSDDD Q&A](#).

Key elements of HRDD according to the OECD Guidelines & UNGPs

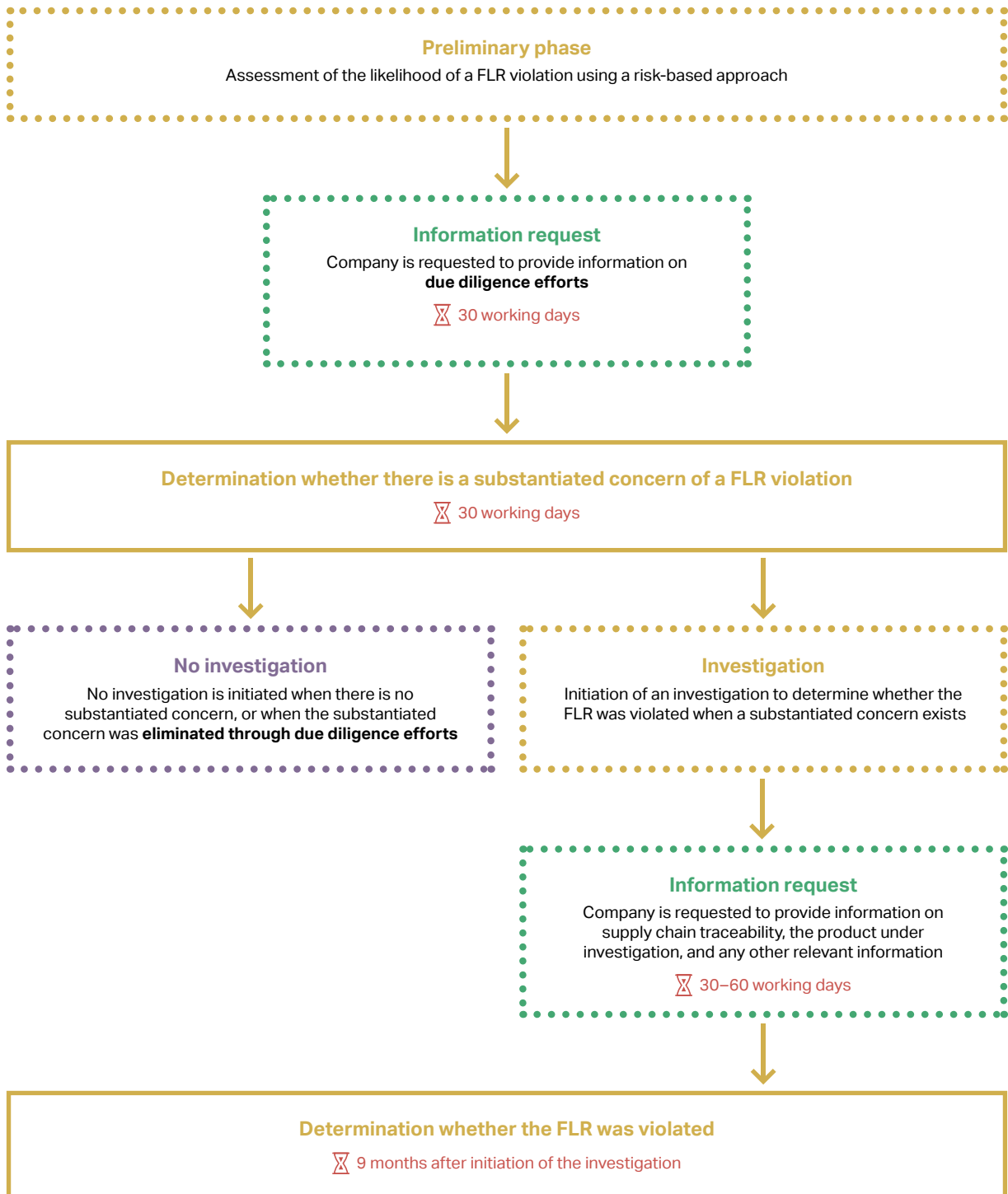


6. How can companies demonstrate compliance with the FLR?

While the FLR does not explicitly require companies to conduct due diligence, in practice, being able to demonstrate due diligence efforts becomes almost a necessity when a competent authority begins to look into a company's product for a potential violation of the

FLR. As part of the investigation process, companies need to provide information about their supply chains and the actions taken to identify, prevent, mitigate, end or remediate forced labour risks, to demonstrate compliance with the Regulation, as outlined below.

How Companies are Involved in the Investigation Process under the EU Forced Labour Regulation



A robust **due diligence process is essential** for companies to be able to **respond to any information requests** within the required timeframes. While due diligence does not exempt companies from enforcement

action, it is necessary to demonstrate efforts to address forced labour risks and can influence the outcome of the preliminary phase, potentially eliminating concerns of a FLR violation.

7. What happens if companies violate the FLR?

Where a competent authority concludes that products made with forced labour have been supplied to or exported from the EU market, it will issue a decision requiring the company to take action:

- **Product ban:** The company is prohibited from supplying or exporting the products to or from the EU market.
- **Product withdrawal:** The company must remove the products from the EU market, including withdrawing products already on the market and removing listings or references to the products from online platforms.

- **Product disposal:** The company must dispose of the products, which can involve recycling, donating, or making the products unusable.



Important

- The FLR does not require companies to withdraw products that have already reached end users in the EU market.
- If a company fails to comply with the decision, it may be subject to penalties under national law.

Companies can request a review of the authority's decision if they provide substantial new evidence demonstrating that no forced labour was used or that the forced labour risks have been eliminated. If the supply chain is of strategic or critical importance for the

EU, product disposal may be delayed, allowing companies to eliminate forced labour within a specified period. In both cases, **effective HRDD will be crucial to demonstrate that forced labour has been eliminated** in order to regain market access.

8. What can companies learn from the U.S. forced labour import regime under the Tariff Act and the Uyghur Forced Labor Prevention Act?

The U.S. forced labour import regime can provide valuable lessons for companies preparing for the FLR. Section 307 of the [U.S. Tariff Act of 1930](#) prohibits the import of products made wholly or in part with forced labour. In 2021, the U.S. further adopted the [Uyghur Forced Labor Prevention Act \(UFLPA\)](#), which creates a rebuttable presumption that goods produced in Xinjiang, China, are made with forced labour. While the FLR does not presume forced labour linked to a specific region, the two regimes are still conceptually similar.

In light of these similarities, companies can draw on U.S. practice to prepare for enforcement under the FLR and manage associated risks effectively. Under the U.S. regime, companies have **successfully lifted product bans by addressing forced labour issues** through reimbursing workers' recruitment fees, improving living and working conditions, strengthening worker protections and grievance mechanisms, and introducing reforms to their policies and practices³. This highlights the importance of taking proactive HRDD measures and **providing remedy to affected workers** whenever forced labour has been identified.

³ For more information on forced labour remediation actions, refer to The Remedy Project (2023): Putting things right: Remediation of forced labour under the Tariff Act 1930.

9. How can companies detect forced labour in their supply chains?

Detecting forced labour in supply chains can be challenging, as its presence is not always obvious. Companies should **familiarise themselves with key signs and indicators that may signal forced labour**. The FLR requires the EU Commission to develop guidelines on risk indicators of forced labour and establish a database of risk areas and products by June 2026. In the

meantime, companies can rely on existing resources to identify forced labour risks. For example, the [ILO's Handbook on Forced Labour Surveys](#) outlines common circumstances linked to forced labour, while the [EU's 2021 Guidance on Forced Labour Due Diligence](#) highlights red flags companies should consider.

Some common forced labour indicators (exemplary)

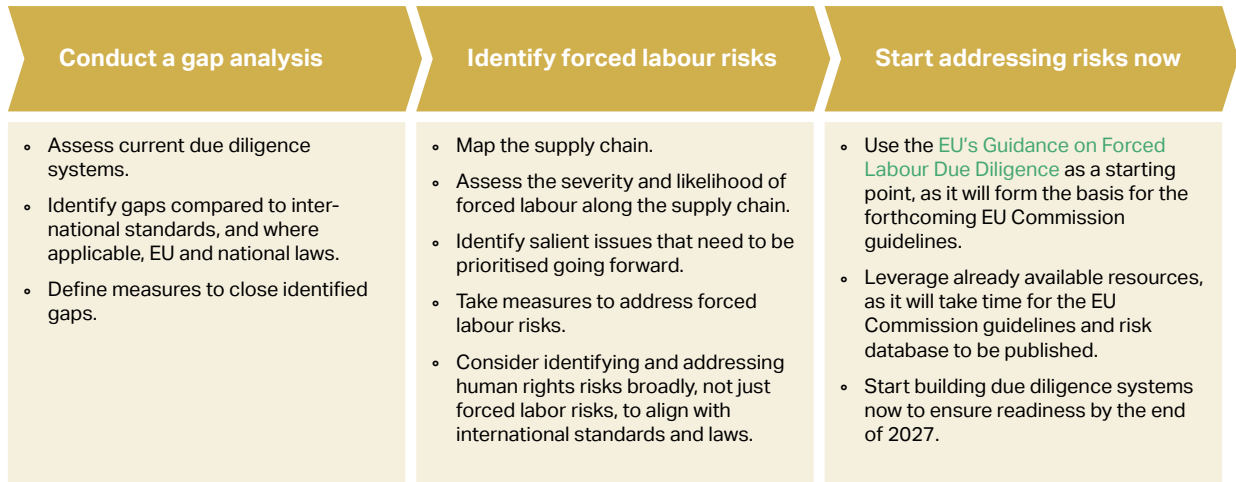
Indicator	Description	Examples
Recruitment fees	Workers are charged fees for their recruitment, leading to indebtedness and dependency on the employer.	Migrant workers paying pre-departure fees, costs associated with documents and permits, transportation costs.
Retention of identity documents	Confiscation of identity documents by employers, limiting workers' ability to act and move independently.	Confiscation of passports, withholding work permits, refusal to provide access to identification when requested.
Debt bondage	Workers are forced to work to repay loans or debts, often under unfair terms that prolong their obligation to the employer.	High-interest loans for recruitment costs, salary deductions to repay employer-provided housing or equipment, inflated deductions for food and supplies.
Withholding of wages	Employers delay or withhold wage payments to control workers and restrict their options.	Failure to pay wages on time, paying only partial wages, tying wage payments to completion of long-term contracts.
Restricted movement	Workers face physical or institutional barriers that prevent them from moving freely.	Security measures restricting movement outside of the workplace, requiring permission to leave work premises, visa systems preventing workers from leaving their job.
Inability to terminate employment	Workers face penalties, threats, or other barriers when attempting to leave their jobs.	Financial penalties for leaving early, threats of reporting undocumented workers to authorities, requiring prolonged notice periods.

By understanding and considering these risk indicators, companies can better identify and address forced labour risks. This not only facilitates companies' compliance with the FLR but also strengthens their ability to implement effective human rights due diligence.

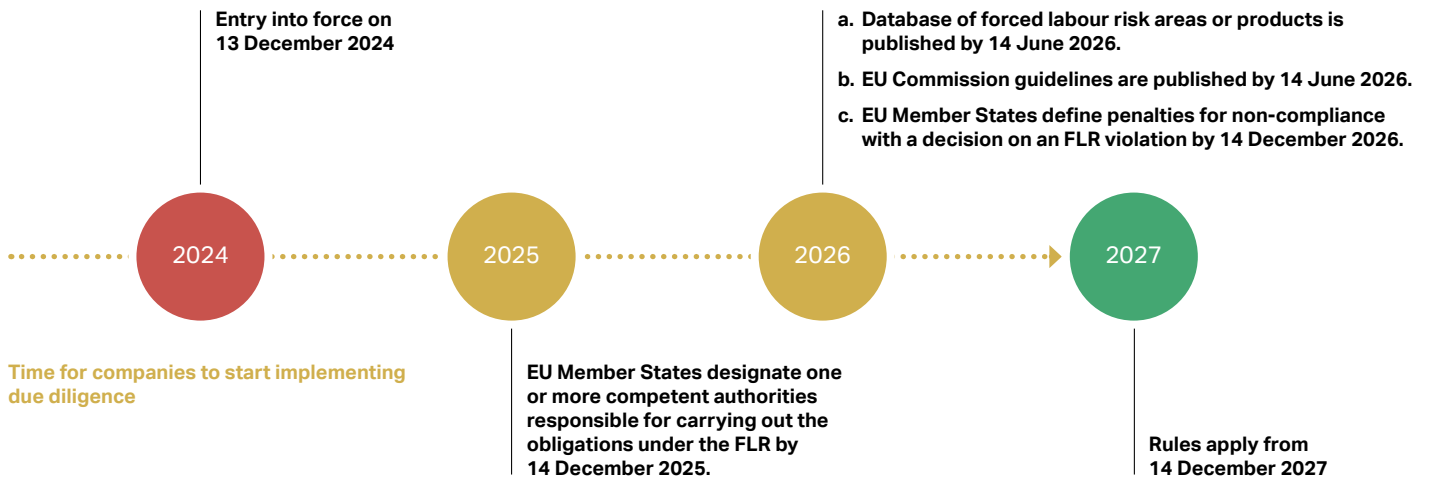
10. How can companies get ready for the FLR?

To get ready for the FLR, companies need to establish strong due diligence processes to identify and address forced labour risks across their own operations and supply chains. This will ensure that they can respond

effectively to information requests during a FLR investigation process and demonstrate to authorities that forced labour concerns have been addressed. We recommend that companies take the following steps:



FLR – Implementation Timeline



For more information on the EU Forced Labour Regulation or human rights due diligence in general, please feel free to reach out to:

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focusright makes human rights tangible for business. We work with companies and organisations from different sectors to strengthen their management systems, identify human rights risks and define effective measures – both in their own operations and extended value chains. focusright advises organisations on embedding relevant policies, designing human rights and environmental due diligence processes, managing supply

chain risks and structuring remediation measures in line with international standards and evolving legal frameworks, such as the Corporate Sustainability Due Diligence Directive (CSDDD) in the EU and the Counter-Proposal to the Responsible Business Initiative in Switzerland. We recommend measures to address systemic human rights issues and conduct human rights impact assessments in high-risk contexts.

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