

7 May 2025

The EU takes aim at forced labour in supply chains

Briefing Paper

In 2024, the EU adopted the Forced Labour Regulation (EUFLR) prohibiting the placing, making available, and export of products made with forced labour on the EU market. The regulation will take effect on 14 December 2027. Given the complex nature of global supply chains and the inherent difficulty in detecting forced labour, businesses should begin preparing now to identify and address risks and ensure compliance well in advance of the regulation's entry into force.

Unlike the more controversial CSDDD and CSRD, the EUFLR saw broad consensus across EU institutions and governments. As it currently stands, the EU Forced Labour Regulation will enter into force as planned and is not subject to amendment under the omnibus reform package.

This briefing paper outlines the key requirements of the EU Forced Labour Regulation and how companies can start preparing.

Scope and timeline: who is affected and when?

The regulation applies to all companies operating in the EU, regardless of where they are incorporated, and irrespective of size or revenue. A notable highlight is that the EUFLR also covers online sales, as long as the company targets end-users in the EU. The EUFLR applies broadly, covering all goods – whether imported, domestically produced or destined for export – and all stages of production, from raw materials to finished goods.

While the EUFLR does not introduce standalone due diligence obligations, it reinforces the need for robust supply chain risk management. Companies already preparing for the Corporate Sustainability Due Diligence Directive (CSDDD) will be better positioned to meet the expectations of the EUFLR, particularly in identifying and addressing forced labour risks.

Before examining the technical aspects of the EUFLR, this briefing will first clarify how the regulation defines and understands forced labour.

What constitutes forced labour under the EU Forced Labour Regulation?

The International Labour Organization (ILO) currently estimates that 27.6 million people worldwide are in forced labour, with the vast majority of cases taking place in the private sector, affecting 17.3 million people.

The EUFLR covers different forms of forced labour. It establishes a general prohibition based on ILO Convention No. 29 and explicitly includes forced child labour, as well as state-imposed forced labour, in line with ILO Convention No. 105. The Regulation is grounded in the internationally recognised definitions of the ILO and reflects a broad understanding of coercion across both private and state contexts. According to Convention No. 29, forced or compulsory labour is defined as "all work or service which is exacted from any person under the menace of any penalty and for which the person

has not offered themselves voluntarily.” Convention No. 105 goes further, prohibiting the use of forced labour by state authorities for purposes such as political coercion or re-education, economic development, punishment for expressing political views or participating in strikes, labour discipline, or discrimination based on race, social status, nationality, or religion.

To support enforcement, the ILO has developed a set of operational indicators that help identify the possible presence of coercion. These include, among others: abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime. While a single indicator may not suffice to confirm a case, combinations of these factors strongly suggest coercive practices and must be taken seriously. These indicators serve as practical tools for assessing situations that may otherwise remain hidden behind formal compliance or lack of visibility in complex supply chains.

Forced labour is not limited to a handful of countries or sectors. While the ILO has identified certain "hotspots" and high-risk sectors—such as manufacturing, agriculture, domestic work, construction, and services—forced labour can occur in virtually any part of the economy. Workers may be forced to mine raw materials, labour aboard fishing vessels, beg on the streets, or participate in illicit activities against their will. These cases may represent smaller shares statistically, but they still involve hundreds of thousands of people. This reality challenges the assumption that forced labour is a remote risk, irrelevant to one's own operations or value chain.

In this context, the absence of reported risks should not be interpreted as the absence of risk itself. On the contrary, recent guidance — such as the recently published UK Home Office statutory guidance regarding the Transparency in Supply Chains (Section 54 of the Modern Slavery Act 2015) — points to a worrying trend: if businesses are not finding any cases or risks, they are probably not looking hard enough. Modern slavery, including forced labour, is widespread and deeply embedded in global value chains. The lack of visibility often reflects weaknesses in due diligence processes rather than a genuinely risk-free operation. In some cases, companies may hesitate to uncover uncomfortable truths for fear of commercial repercussions. However, failing to identify risks is increasingly seen not as a sign of a clean supply chain, but as an indicator of insufficient due diligence.

Enforcement process: how will investigations work?

By 14 December 2025, all EU member states must appoint a competent authority to enforce the EUFLR. Investigations follow a two-step process, beginning with a preliminary investigation and moving to a formal investigation if a substantiated concern arises.

When assessing the likelihood of a violation, authorities will apply a risk-based approach, taking into account the scale and severity of the suspected forced labour, the volume of products placed on the EU market, and the share of the product potentially linked to forced labour. If the suspected forced labour occurs outside the EU, the Commission will lead the investigation; if it occurs within a member state, the national authority takes the lead. Notably, the burden of proof lies with the investigating authority, not the company under assessment.

During the preliminary phase, authorities may request information from the companies under assessment, as well as relevant suppliers, regarding the measures they have taken to identify, prevent, mitigate, bring to an end, or remediate risks of forced labour in their operations and supply chains concerning relevant products. Companies must respond within 30 business days. These types of inquiries closely mirror the due diligence expectations set out under the CSDDD, meaning

companies already preparing for that directive will be better positioned to meet EUFLR requirements. If no substantiated concern is identified, the investigation is closed, and the company is informed. Where a substantiated concern exists, the lead authority will open a formal investigation and request further documentation, with companies required to respond within 30 to 60 business days.

Authorities aim to conclude investigations within nine months. If a violation is confirmed, authorities will prohibit the product from being placed on or exported from the EU market, require its withdrawal, and order its disposal. Decisions must be enforced across all member states for products with the same origin and identification.

Companies may request a review at any time or challenge decisions in court. Each member state must establish penalties for non-compliance by 14 December 2026.

How businesses can prepare for the EUFLR

According to the current timeline, by 14 June 2026, the European Commission will publish practical guidance on forced labour due diligence for economic operators and establish a regularly updated database identifying high-risk geographic areas and sectors. These tools are intended to support compliance, but they also signal the need for companies to proactively assess and mitigate forced labour risks in their supply chains.

Companies should critically assess whether their existing human rights risk management systems are sufficiently robust to identify, prevent, and address risks of forced labour and child forced labour across their value chains. A systematic and risk-based approach is essential to ensuring legal compliance and demonstrating respect for human rights. This should include:

- **Conducting a gap analysis** of existing due diligence practices to assess alignment with the EUFLR and evaluate whether current systems can identify and respond to forced labour and forced child labour risks.
- **Developing and implementing an action plan to close identified gaps**, ensuring integration of the EUFLR's requirements into broader human rights due diligence (HRDD) processes.
- **Establishing a reliable and fit-for-purpose monitoring system** that enables early identification of high-risk suppliers and geographies.
- **Undertaking enhanced due diligence** in high-risk areas where information is limited or allegations are likely, as standard compliance mechanisms may overlook context-specific risks or fail to penetrate layers of opacity in high-risk environments.
- **Designing and implementing risk mitigation strategies**, including the option to responsibly disengage from suppliers when remediation is not possible.
- **Strengthening human rights crisis preparedness**, ensuring the organisation is equipped to respond swiftly and effectively to emerging allegations or regulatory inquiries.

These steps become particularly relevant as, under the EUFLR, it will be crucial to have adequate due diligence in place and document all steps taken.

Löning can support you in all these steps. We offer make tailored assessments and grounded insights that reflect the realities of your operations and supply chains. By contextualising risks and identifying blind spots, we empower companies to take informed, proactive steps to mitigate forced labour risks—and to demonstrate meaningful due diligence in line with evolving regulatory and societal expectations.

Get in touch!**Mariana Rezende**

Managing Consultant

mariana@loening.org**Markus Löning**

Managing Director

markus@loening.org**References and further reading**

ILO, Walk Free, and IOM (2022). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*. Available [here](#).

Löning - Human Rights & Responsible Business (2025). *What the EU Omnibus Simplification Package means for your business*. Available [here](#).

About Löning - Human Rights & Responsible Business

We are an international management consultancy specialising in human rights. For over a decade, our team has supported more than 100 companies across diverse industries in developing and strengthening their human rights due diligence and risk management systems.

Disclaimer

This paper provides information to guide management decisions. It does not constitute legal advice. It was finalised in May 2025. We will update this paper in the event of political and legal changes.