



Public Safety  
Canada

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BUILDING A **SAFE AND RESILIENT CANADA**



# ***Fighting Against Forced Labour and Child Labour in Supply Chains Act***

Agriculture and Agri-Food Canada  
Stakeholder Engagement

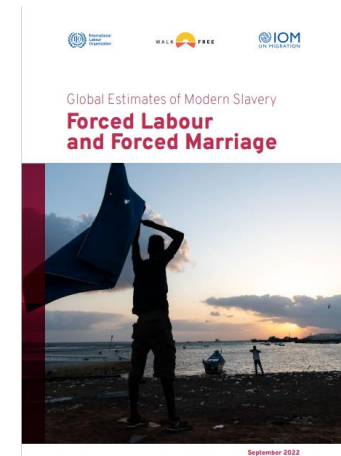
**May 10, 2024**

# Forced Labour and Child Labour



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- According to the International Labour Organization (ILO), 160 million children involved in child labour in 2020
- According to the ILO, forced labour is steadily increasing across the world
- Forced labour can be found in every country and every sector
- Momentum is growing across the world as more countries implement various forms of supply chain legislation
- Transparency legislation (e.g., Supply Chains Act) vs. due diligence legislation
- Government of Canada has committed to the introduction of due diligence-focused legislation



# Supply Chains Act (*transparency legislation*)



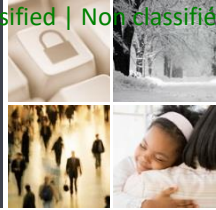
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- Former Bill S-211, *An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (Supply Chains Act) came into force on January 1, 2024
- Names Public Safety Canada as the federal lead responsible for implementing the Supply Chains Act
- Requires certain **entities** and **government institutions** to report annually on the measures taken, **if any**, to prevent and reduce the risk that forced labour and child labour are used in their supply chains
- Requires the Minister of Public Safety to post all reports publicly and table an annual report to Parliament summarizing all reports submitted



# Application of the Supply Chains Act

## – Definition of entity

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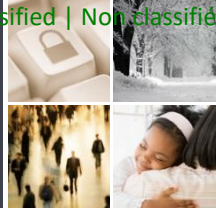
- The Supply Chains Act applies to **entities** that meet the following definition:

A corporation or a trust, partnership or other unincorporated organization that

- a) is listed on a **stock exchange** in Canada;
- b) has a **place of business** in Canada, **does business** in Canada or **has assets** in Canada and that, based on its consolidated financial statements, meets at least two of the following conditions for at least one of its two most recent financial years:
  - i. it has **at least \$20 million in assets**,
  - ii. it has generated **at least \$40 million in revenue**, and
  - iii. it employs an average of **at least 250 employees**; or
- c) is prescribed by regulations

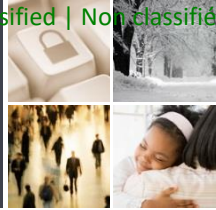


# Application of the Supply Chains Act – Reporting obligation

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- **Only certain entities are required to submit a report to the Minister of Public Safety**
- Entities must determine if they are subject to reporting requirements based on their activities
- Reporting requirements are for entities whose activities include:
  - a) producing goods in Canada or elsewhere; and/or**
  - b) importing goods produced outside Canada; and/or**
  - c) controlling an entity whose activities are mentioned in a) or b) above.**
- If a parent company and its subsidiaries both meet the definition of entity and determine they are subject to reporting requirements, they may submit a joint report





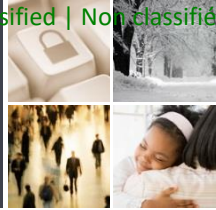
# Reporting process

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- To meet the Supply Chains Act's requirements, reporting entities must complete the following steps:
  - 1. Prepare a report:** Consult Public Safety Canada's guidance and resources to develop the report
  - 2. Approval and attestation:** Seek approval from the entity's governing body
  - 3. Fill-in the online questionnaire:** Answer a series of open and closed-ended questions (i.e., an entity's identifying information and questions related to its annual report)
  - 4. Upload completed report within the questionnaire:** Attach PDF report and submit questionnaire to Public Safety Canada
  - 5. Publish report to entity's website:** Make the report publicly available, in a prominent location of the entity's choosing on their website



# Prepare a Report

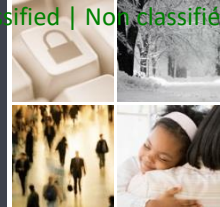


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- The reporting entity must report on:
  - The steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity
  - Its structure, activities and supply chains
  - Its policies and due diligence processes in relation to forced labour and child labour
  - The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk
  - Any measures taken to remediate any forced labour or child labour
  - Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains
  - The training provided to employees on forced labour and child labour
  - How it assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains



# Reporting timelines



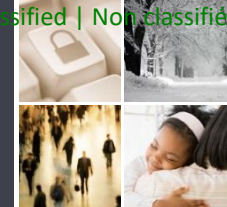
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- The first report is due no later than **May 31, 2024**, and must cover the activities undertaken in the previous financial year
- After submitting their annual report to Public Safety Canada, the report must be published in a **prominent place** on the entity's website
- Reports should be drafted with publication in mind and **must not include any sensitive information**
- Reports will also be published in a **searchable online catalogue** on the Public Safety Canada website and summarized in a report to Parliament in September of the same calendar year





# Frequently Asked Questions



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## What is the definition of “supply chain” for the purpose of the Act? How far back in the supply chain are entities expected to report on?

- The supply chain includes suppliers of goods and services that contribute to the production of goods produced, sold, distributed or imported by the entity, from sourcing the raw materials to the final product

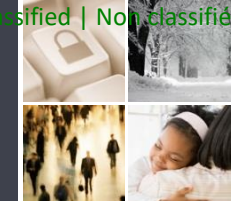
## What is meant by “production of goods” for the purpose of the Act?

- Production of goods includes the manufacturing, growing, extracting and processing of goods
- Goods refers to items that are the subject of trade and commerce
- The terms “manufacturing” and “processing” are not defined in the Act. Entities should apply the ordinary sense of these words to judge whether they are engaged in any of these activities

## How do reporting obligations apply to entities involved in ‘selling’ or ‘distributing’ goods only, without directly being involved in the production or importation of goods?

- Reporting requirements are for entities producing goods in Canada or elsewhere, importing goods produced outside Canada, and entities that control another entity that produces or imports goods
- The terms “production” and “importation” are not intended to capture 3rd party services which solely support the production and importation of goods





# Frequently Asked Questions (con't)

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## How does an entity calculate the size thresholds?

- The size-related thresholds refer to total (global) assets, revenue and employees and should be calculated based on consolidated financial statements

## In what situation could an entity submit a joint report?

- A joint report should only be submitted if the information provided generally applies to all entities covered by the report
- A joint report covers the entity's actions and those of any entities it controls (i.e., its subsidiaries), or the actions of entities belonging to the same corporate group

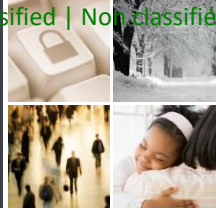
## Will the information submitted within the questionnaire be made publicly available by Public Safety Canada?

- Only the PDF reports will be published on the Public Safety Canada website

## When will the registry of reports be made available?

- Public Safety Canada is preparing the online catalogue to be able to start posting reports close to the reporting deadline





# Frequently Asked Questions (con't)

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## **What are the responsibilities of smaller companies who supply goods to larger reporting entities?**

- If companies are not captured under the prescribed definition of “entity”, they do not have any obligations under the Act
- Suppliers who do not meet the reporting threshold of the Act do not have obligations vis-à-vis larger reporting entities
- Only entities which meet the prescribed thresholds and produce or import goods are required to report.

## **How do the employee thresholds outlined in the definition of “entity” intersect with the Temporary Foreign Working Program (TFWP)?**

- “Employee” has the same meaning as in Canadian common law and include people employed on a full-time, part-time or temporary basis in Canada or in any other jurisdiction, and do not include independent contractors
- When determining if the threshold is met, entities should refer to the average number of people employed over the course of one of its two most recent financial years



# Contact us



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Please submit any questions by email to the following email address which can also be found on the Public Safety Canada website:

**SupplyChainsActInquiries-LoiChainesApprovisionnementEnquetes@ps-sp.gc.ca**

**Thank you!**

