



Reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Atlantic Canada Opportunities Agency

May 2024



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TABLE OF CONTENTS

Introduction	4
PART 1 : Identifying Information	5
PART 2 : Report Contents	5
2.1 Structure, Activities and Supply Chains	
2.2 Steps taken to prevent and reduce the risk of forced labour or child labour	
2.3 Policies and due diligence processes	
2.4 Activities and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk	
2.5 Information on any measures taken to remediate any forced labour or child labour	
2.6 Measures taken to remediate the loss of income to the most vulnerable families	
2.7 Training provided to employees on forced labour and child labour	
2.8 Assessing effectiveness in ensuring that forced labour and child labour are not being used in activities and supply chains	
Key definitions Definitions	9
Tools and Resources	11



Introduction

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act) came into force on January 1, 2024. The purpose of this Act is to increase industry awareness and transparency, and drive businesses to improve practices. The Act demonstrates Canada's international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations on:

- government institutions producing, purchasing or distributing goods in Canada or elsewhere; and,
- entities producing goods in Canada or elsewhere or in importing goods produced outside Canada.

The Act stipulates that any government institution producing, purchasing or distributing goods in Canada or elsewhere must, on or before May 31 of each year, submit a report to the Minister of Public Safety. The report must detail the steps the government institution has 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 produced, purchased or distributed by the government institution.

The Act's reporting obligations also apply to entities producing goods in Canada or elsewhere or importing goods produced outside Canada.

In keeping with the purpose of the Act, the Atlantic Canada Opportunities Agency (ACOA) has prepared the following report to fulfill this reporting requirement.



Final 2023-2024 Forced Labour and Child Labour in the Canadian Supply Chain

**Atlantic Canada Opportunities Agency
May 2024**

PART 1 : IDENTIFYING INFORMATION

Name of government institution: Atlantic Canada Opportunities Agency

Financial reporting year: April 1, 2023 to March 31, 2024

Original Report

PART 2: REPORT CONTENTS

2.1 Information on the government institution's structure, activities and supply chains

The Atlantic Canada Opportunities Agency (ACOA) promotes an innovative, diversified and inclusive Atlantic economy through investments in regional growth, including the commercialization and adoption of technologies, as well as community economic diversification. ACOA's main activities are the provision of grants and contributions to organizations, communities and businesses in support of economic development.

ACOA's progress toward its core responsibility is assessed within its Departmental Results Framework through indicators aligned with the following 3 departmental results:

- Communities are economically diversified in Atlantic Canada.
- Businesses invest in the development and commercialization of innovative technologies in Atlantic Canada.
- Businesses are innovative and growing in Atlantic Canada.

ACOA works to create opportunities for economic growth in the region by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada.

ACOA works with businesses, organizations and communities to strengthen the Atlantic economy through economic development, community development and policy, advocacy and coordination.

The Agency's efforts are guided by four strategic lenses:



- improving the quality of jobs;
- helping businesses increase their productivity and use digitization to be more competitive;
- breaking down barriers to employment and entrepreneurship for people in under-represented groups and supporting them in achieving their goals and ambitions; and,
- using the power of new technologies to fuel growth and green the economy.

ACOA does not produce or distribute goods and therefore is not directly involved in the supply chain however the Agency does purchase goods that have involvement in supply chains. ACOA purchases goods from within Canada and outside of Canada. Purchased goods are related to daily business activities, including office furniture and supplies, information technology equipment (computers, screens and accessories) and mobile phones. The Agency purchases these goods in volumes sufficient to support its employees.

Since November, 2021, PSPC implemented anti-forced labour clauses in all goods contracts. Additionally, all PSPC Standing Offers and Supply Arrangements for goods that have been issued, amended or refreshed include anti-forced-labour clauses.

As part of its procurement approach, ACOA uses PSPC contracting tools whenever possible, as well as the most current contract templates made available by PSPC. As such, ACOA contracts for goods resulting from the use of PSPC tools, which include clauses relating to forced labour that set out, among other things, human rights and labour rights requirements.

ACOA is also currently working at enhancing its internal policies, processes and guidelines to continue to ensure ethical purchasing.

2.2 Information on the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods produced, purchased or distributed by the government institution

ACOA has integrated PSPC's updated General Conditions for goods contracts and PSPC's Code of Conduct for Procurement in its purchasing activities. In addition, to prevent and reduce the risk of forced labour or child labour in procurements, ACOA has used the following list of PSPC tools:

- Standing Offers
- Supply Arrangements
- Anti-forced-labour contract clauses

While PSPC supports government institutions in their daily operations by acting as the central purchasing agent for the Government of Canada, ACOA may undertake activities under its own procurement authority, independently of the aforementioned PSPC tools.

As an early action, the Agency has begun to ask Cyber Canada to conduct an assessment of risks of forced labour and child labour in its activities and supply chains.

2.3 Information on the policies and due diligence processes in relation to forced labour and child labour

Effective April 1, 2023, amendments to the Treasury Board Directive on the Management of Procurement require contracting authorities from all departments listed in Schedules I, I.1 and II of the *Financial Administration Act* (with the exception of the Canada Revenue Agency) and commissions established in accordance with the *Inquiries Act* and designated as a department for the purposes of the *Financial Administration Act* to incorporate the Code of Conduct for Procurement (the Code) into their procurements.



Pursuant to the aforementioned amendments, ACOA has also integrated the Code into its procurements, with a view to safeguarding federal procurement supply chains from forced labour and child labour. Contracts that ACOA has awarded included the Code through the General Conditions for goods.

The Code requires that vendors providing goods and services to the Government of Canada and their sub-contractors, comply with all applicable laws and regulations. In addition, the Code requires vendors and their sub-contractors to comply with Canada’s prohibition on the importation of goods produced, in whole or in part, by forced or compulsory labour. This includes forced or compulsory child labour and applies to all goods, regardless of their country of origin.

The prohibition on the importation of goods produced wholly or in part by forced labour came into effect under the Customs Tariff on July 1, 2020. This amendment implemented a commitment in the Labour Chapter of the Canada-United States-Mexico Agreement (CUSMA) and applies to all imports, regardless of origin. ACOA follows the Government of Canada’s Integrity Regime. The Integrity Regime’s Ineligibility and Suspension Policy will be updated as of May 30, 2024 to include provisions that will ensure compliance with Bill S-211.

While ACOA does not currently have policies in relation to forced labour or child labour, the Agency is committed to integrating such policies in its Corporate Procurement Framework and has already begun to take action, requesting that assessments be completed by Cyber Canada. In general, the Agency makes a practice of using PSPC’s most recent procurement templates and clauses, to mitigate risk.

2.4 Information on the parts of its activities and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk

ACOA has not identified activities that carry a risk of forced labour or child labour.

In May 2021, a risk analysis of PSPC’s supply chains was completed by Rights Lab of the University of Nottingham (U.K.) to determine which goods were at the highest risk of exposure to human trafficking, forced labour, and child labour. The analysis, and subsequent report, elaborated key strategies for PSPC to leverage public spending power to raise awareness about forced labour in supply chains.

As a starting point, ACOA has conducted a preliminary review of the information on the risk assessment provided by PSPC. ACOA will continue to familiarize itself with this information and will be monitoring related follow-up action, including the development of a Policy on Ethical Procurement.

At this time, ACOA is working towards establishing guidelines to further identify, assess and manage such risks when purchasing goods. ACOA is aware that risks are high in the electronics industry and, therefore, will make every effort to purchase from PSPC Standing Offers.

2.5 Information on any measures taken to remediate any forced labour or child labour

Not applicable. ACOA did not encounter forced labour or child labour used in relation to products purchased during the year. Therefore, there have been no remediation measures taken.

2.6 Information on 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 the institution’s activities and supply chains



Not applicable. ACOA did not identify any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in Agency activities and supply chains. Therefore, there have been no remediation measures taken.

2.7 Information on the training provided to employees on forced labour and child labour

ACOA does not provide training to its employees on forced labour and/or child labour; however, the Agency is aware that PSPC is currently developing awareness-raising guidance materials (including risk mitigation strategies) for suppliers, targeted toward high-risk sectors. ACOA is monitoring the development of these materials and will leverage these resources upon their publication.

As a general practice, ACOA encourages its procurement employees and managers to attend information sessions provided by PSPC.

2.8 Information on how the government institution assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains

ACOA does not currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains. However, ACOA is committed to establishing internal policies, guidelines and processes to ensure ethical purchasing.

Key definitions

Definitions from Section 2 of the Act.

- **Child labour** means labour or services provided or offered to be provided by persons under the age of 18 years and that:
 - (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
 - (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them;
 - (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or
 - (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.
- **Forced labour** means labour or service provided or offered to be provided by a person under circumstances that
 - (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service;
 - (b) constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted at Geneva on June 28, 1930.
- **Government institution** has the same meaning as in section 3 of the *Access to Information Act*. Section 3 defines government institution as:
 - any department or ministry of state of the Government of Canada, or any body or office, listed in Schedule I; and
 - any parent Crown corporation, and any wholly-owned subsidiary of such a corporation, within the meaning of section 83 of the *Financial Administration Act*.
- **Head** has the same meaning as in section 3 of the *Access to Information Act*:
 - in the case of a department or ministry of state, the member of the Queen's Privy Council for Canada who presides over the department or ministry, or
 - in any other case, either the person designated under subsection 3.2(2) to be the head of the institution for the purposes of this Act or, if no such person is designated, the chief executive officer of the institution, whatever their title
- **Minister** means the Minister of Public Safety and Emergency Preparedness however this role (as of January 1, 2024) is assigned to the Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs.

- **Production of goods** includes the manufacturing, growing, extracting and processing of goods.

- **Due diligence**¹ refers to an ongoing management process to identify, prevent, mitigate and account for how an institution addresses actual and potential adverse human rights impacts in their operations and supply chains. There are four key parts to due diligence:
 - Identifying and assessing actual and potential human rights impacts (for example, screening new suppliers for risks of forced labour and child labour);
 - Integrating your findings across your institution and taking appropriate action to address impacts (for example, introducing internal training on forced labour and child labour, and processes for incident reporting);
 - Tracking your institution's performance to check whether impacts are being addressed (for example, doing an internal audit of your supplier screening); and
 - Publicly communicating what you are doing (for example, by publishing your annual report per the Act or publicly responding to allegations against a supplier).

¹ Adapted from the due diligence definition of the Organization for Economic Co-operation and Development.



Tools and resources

International Standards Resources

- United Nations Guiding Principles on Business and Human Rights (https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- OECD Due Diligence Guidance for Responsible Business Conduct (<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>)
- Ending child labour, forced labour and human trafficking in global supply chains (<http://www.oecd.org/fr/corruption/ending-child-labour-forced-labour-and-human-trafficking-in-global-supply-chains.htm>)
- ISO 20400 – Sustainable procurement (https://www.iso.org/files/live/sites/isoorg/files/store/en/ISO%2020400_Sustainable_procur.pdf)
- ISO 26000 – Social responsibility (<https://www.iso.org/iso-26000-social-responsibility.html>)
- SA 8000 – Social accountability certification (<https://sa-intl.org/programs/sa8000/>)
- Ethical Trading Initiative (ETI) Base Code (<https://www.ethicaltrade.org/eti-base-code>)

Government of Canada's Resources and Frameworks

- Code of Conduct for Procurement (<https://www.tpsgc-pwgsc.gc.ca/app-acq/cndt-cndct/cca-ccp-eng.html>)
- Canada's Strategy on Responsible Business Conduct Abroad (<https://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-rse.aspx?lang=eng>)
- Resources and tools for responsible business conduct (https://www.international.gc.ca/trade-commerce/rbc-cre/resources_tools-ressources_outils.aspx?lang=eng)
- National Strategy To Combat Human Trafficking 2019-2024 (<https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/2019-ntnl-strtyg-hmnn-trffc/index-en.aspx>)