

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

Federal Economic Development Agency for Northern Ontario

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Federal Economic Development
Agency for Northern Ontario

Agence fédérale de développement
économique pour le Nord de l'Ontario

Canada

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

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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 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 Federal Economic Development Agency for Northern Ontario (FedNor) has prepared the following report to fulfill this reporting requirement.

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Federal Economic Development Agency for Northern Ontario (FedNor) Part 1: Identifying information
Name of government institution: Federal Economic Development Agency for Northern Ontario (FedNor)
Financial reporting year (start date, end date): April 1, 2023 to March 31, 2024
Original Report
Indicate if this is a report produced by a federal Crown corporation or a subsidiary of a federal Crown corporation Not Applicable
Part 2: Report contents
2.1 Information on the government institution’s structure, activities and supply chains
The Federal Economic Development Agency for Northern Ontario (FedNor) promotes an innovative, diversified and inclusive Northern Ontario economy through investments in regional growth, including commercialization and adoption of technologies, as well as community economic diversification.
FedNor’s progress toward its core responsibility is assessed within its Departmental Results Framework through 13 indicators aligned with the following 3 departmental results: <ul style="list-style-type: none"> • Communities are economically diversified in Northern Ontario; • Businesses invest in the development and commercialization of innovative technologies in Northern Ontario; and, • Businesses are innovative and growing in Northern Ontario. FedNor’s first Departmental Results Framework as a standalone agency was approved in January 2022. At the time of approval, the framework was in keeping with that of other regional development agencies (RDAs) across the country which had been the practice when all RDAs were within the Innovation, Science and Economic Development Canada (ISED) portfolio and adopted a common set of priorities, harmonizing core responsibilities, the number and kind of departmental results and the use of Statistics Canada data to report on performance indicators.
FedNor does not produce or distribute goods and therefore is not directly involved in the supply chain. FedNor does purchase goods that do have involvement in supply chains. Purchased goods

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are related to daily business activities, including office furniture and supplies, information technology equipment (computers, screens, and accessories) and mobile phones.

FedNor was created in August 2021 and has made great strides in establishing its own identity, policies and processes. FedNor is currently working at developing its procurement capacity and during the past year, had limited procurement of goods activities. FedNor relied considerably on established government tools when making purchases.

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.

FedNor procurement activities are limited and FedNor primarily uses the following Public Services and Procurement Canada's (PSPC) tools when procuring goods to prevent and reduce the risk of forced labour or child labour:

- Standing Offers
- Supply Arrangements

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

FedNor will integrate PSPC updated General Conditions for goods contracts and PSPC's Code of Conduct for Procurement in its own purchasing activities.

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

Being a new organization, FedNor does not currently have policies and due diligence processes in place related to forced labour and/or child labour. FedNor will however be establishing processes to ensure measures are in place to mitigate the risk that forced labour or child labour is used during any step of the procurement of goods.

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, FedNor will also integrate the Code into its procurement activities, with a view to safeguarding federal procurement supply chains from forced labour and child labour.

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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 force 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.

If applicable, please provide additional information on the government institution’s policies and due diligence processes in relation to forced labour and child labour.

Not Applicable

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.

FedNor has very limited procurement activities and has not yet 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, FedNor will familiarize itself with information on the risk assessment provided by PSPC, and will be monitoring related follow-up action, including the development of a Policy on Ethical Procurement.

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

Being a new organization with limited procurement activities and associated resources, FedNor has not started the process of identifying the parts of its activities and supply chain that carry a risk of forced labour or child labour used in relation to the procurement, and as such, there have been no remediation measures taken.

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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.

Being a new organization with limited procurement activities and associated resources, FedNor has not started the process of identifying the parts of its activities and supply chains that carry a risk of forced labour or child labour being used, and as such, has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

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

FedNor is establishing its procurement capacity, and as such, it has yet to provide training to employees on forced labour and child labour. We are aware that PSPC is currently developing awareness-raising guidance materials (including risk mitigation strategies) for suppliers, targeted towards high-risk sectors. We are monitoring the development of these materials and will leverage these resources upon their publication.

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.

FedNor is establishing its procurement capacity, and as such, it 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.

FedNor will be reviewing its current processes to ensure that departmental measures are in place to mitigate the risk that forced labour or child labour is used during any step of the procurement of goods which will include a mechanism to assess the effectiveness of those measures.