



OSFI's annual report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

May 31, 2024



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

OSFI's activities include:

Purchasing goods

- in Canada
- outside Canada

Additional information on OSFI's structure, activities and supply chains

The Office of the Superintendent of Financial Institutions (OSFI) was established in 1987 by an Act of Parliament: the *Office of the Superintendent of Financial Institutions Act*. It is an independent agency of the Government of Canada and reports to Parliament through the Minister of Finance.

OSFI supervises and regulates all banks and federal credit unions in Canada and all federally incorporated or registered trust and loan companies, insurance companies, fraternal benefit societies and private pension plans. Under the OSFI Act, the Superintendent is solely responsible for exercising OSFI's authorities and is required to report to the Minister of Finance from time to time on the administration of the financial institutions' legislation.

The Office of the Chief Actuary (OCA), which is an independent unit within OSFI, provides actuarial valuation and advisory services for the Canada Pension Plan, the Old Age Security program, the Canada Student Financial Assistance and Employment Insurance Programs and other public sector pension and benefit plans.

In 2023-2024, OSFI's Procurement and Contracting team acquired approximately \$8.3M of goods to support the operation of OSFI and the OCA. This consisted primarily of IT hardware, software and furniture.

At OSFI, approximately 97% of the annual value of our purchases were made using Public Services and Procurement Canada (PSPC) and Shared Services Canada (SSC) tools such as standing offers and supply arrangements, and contracts where PSPC or SSC acted as the contracting authority.

In November 2021, PSPC implemented anti-forced labour clauses in all goods contracts to ensure that it can terminate contracts where there is credible information that the goods have been produced in whole or in part by forced labour or human trafficking.

Additionally, since November 20, 2023, all PSPC standing offers and supply arrangements

for goods that have been issued, amended, or refreshed include anti-forced labour clauses. SSC has also incorporated these standard clauses into their contracts, standing offers, and supply arrangements.

As such, all of our contracts for goods resulting from the use of these tools include clauses relating to forced labour which set out, among other things, human rights and labour rights requirements. These clauses can be found in the [policy notification 150 – Anti-forced labour requirements \(https://canadabuys.canada.ca/en/how-procurement-works/policies-and-guidelines/policy-notifications/policy-notification-150u1-anti\)](https://canadabuys.canada.ca/en/how-procurement-works/policies-and-guidelines/policy-notifications/policy-notification-150u1-anti).

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

OSFI has taken the following steps to reduce the risk that forced labour or child labour is used at any step of the production of goods produced or purchased by OSFI:

- Developing and implementing anti-forced labour and/or -child labour contractual clauses
- Other:
Ensuring as often as possible that purchases of goods utilize Public Services and Procurement Canada's (PSPC) or Shared Services Canada's (SSC) standing offers and supply arrangements. PSPC and SSC are taking steps 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 of Canada, by way of their standing offers and supply arrangements.

Additional information describing the steps taken

OSFI has integrated PSPC's updated General Conditions for goods contracts and PSPC's **Code of Conduct for Procurement** (<https://www.canada.ca/en/public-services-procurement/services/acquisitions/supplier-conduct/code.html>) in our purchasing activities. Shared Services Canada (SSC) has also adopted the updated Code of Conduct for Procurement and as such the provisions also apply to procurements undertaken by Shared Services Canada.

In addition, to prevent and reduce the risk of forced labour or child labour in our procurements, OSFI has used the following list of PSPC and SSC's tools:

- Standing offers
- Supply arrangements
- Anti-forced labour contract clauses

While PSPC and SSC support government institutions in their daily operations by acting as the central purchasing agents for the Government of Canada, OSFI undertakes activities under its own procurement authority, independently of the aforementioned PSPC and SSC tools.

During the previous fiscal year, we purchased goods and services under our own procurement authority in the following areas:

- Professional services
- Training services
- IT hardware
- Software
- Furniture

In consideration of OSFI's annual expenditure on goods, in FY 2024 97% of this total was for goods acquired by way of PSPC- or SSC-issued standing offers or supply arrangements, or with PSPC or SSC as the contracting authority.

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

OSFI currently has policies and due diligence processes in place related to forced labour and/or child labour which includes the following element:

- Embedding responsible business conduct into policies and management systems

Additional information on OSFI's 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 (<https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=32692>) require contracting authorities from all departments listed in Schedules I, I.1, and II of the Financial Administration Act (<https://laws-lois.justice.gc.ca/eng/acts/f-11/>) (with the exception of the Canada Revenue Agency) and commissions established in accordance with the Inquiries Act (<https://laws.justice.gc.ca/eng/acts/i-11/>) and designated as a department for the purposes of the *Financial Administration Act* to incorporate the Code of Conduct for Procurement (<https://www.canada.ca/en/public-services-procurement/services/acquisitions/supplier-conduct/code.html>) ("the Code") into their procurements.

Pursuant to the aforementioned amendments, OSFI has integrated the Code into our procurements, with a view to safeguarding federal procurement supply chains from forced labour and child labour. Contracts that our organization 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 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.

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

OSFI has started the process of identifying risks, but there are still gaps in our assessments.

The identified forced labour or child labour risks relate to the following aspects of our activities and supply chains:

- The types of products we source

OSFI has not identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries:

- Agriculture, forestry, fishing, and hunting
- Mining, quarrying, and oil and gas extraction
- Utilities
- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Transportation and warehousing
- Information and cultural industries

- Finance and insurance
- Real estate and rental and leasing
- Professional, scientific, and technical services
- Management of companies and enterprises
- Administrative and support, waste management, and remediation services
- Educational services
- Health care and social assistance
- Arts, entertainment, and recreation
- Accommodation and food services
- Other services (except public administration)
- Public administration

Additional information on the parts of OSFI's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that OSFI has taken to assess and manage that risk

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.

We have familiarized ourselves with information on the risk assessment provided by PSPC. We are 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

OSFI has not yet taken any measures to remediate any forced labour or child labour in its activities and supply chains.

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

OSFI 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 our activities and supply chains and therefore has not taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced or child labour in its activities and supply chains.

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

OSFI does not currently provide training to employees on forced labour and/or child labour.

Additional information on the training the OSFI provides to employees on forced labour and child labour

OSFI is 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

OSFI currently has 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.

OSFI uses the following method to assess its effectiveness:

- Other:

With a mandated commitment to using PSPC's and SSC's standing offers and supply arrangements, OSFI is confident in the effectiveness of using these tools as PSPC and SSC are responsible for ensuring their supply chains are not using forced labour and child labour. The use of these tools represents 97% of OSFI's goods purchased during this reporting period.

Additional information on how OSFI assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains

OSFI assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains based on the percentage of goods purchased using PSPC's and SSC's standing offers and supply arrangements. With PSPC and SSC responsible for ensuring their supply chains are not using forced labour and child labour, OSFI is confident in the effectiveness of using these tools.

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