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Sustainability

Regulation Mapping

**Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act.**

## Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act.

### Applies to:

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.

### What it says:

The act will require entities to report on the measures taken to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. The act will also prohibit the importation of goods manufactured or produced, in whole or in part, by forced labour or child labour.

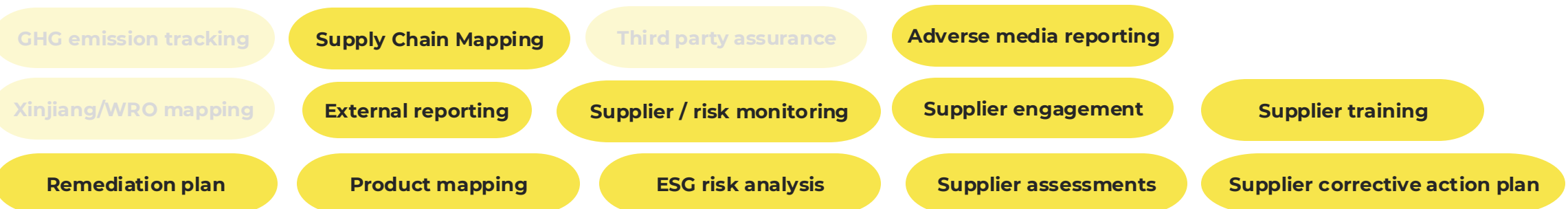
### Penalty:

Those found not in compliance face fines of up to \$250,000.

### Proposed:

The law came into force January 1, 2024. The first report will be due on May 31, 2024

### Key Requirements:



## Overview - Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act

<b>Law / Country</b>	Fighting Against Forced Labour and Child Labour in Supply Chains Act (S-211) (the "Act") (Canada)
<b>Goal</b>	To combat forced and child labor through the imposition of reporting obligations on entities producing goods in or importing goods into Canada.
<b>Adoption / Status</b>	The Act received Royal Assent on May 11, 2023.  The Act will go into effect on January 1, 2024, with the first modern slavery reports due May 31, 2024.
<b>Issues Addressed</b>	<ul style="list-style-type: none"> <li>• Forced labor</li> <li>• Child labor</li> </ul>
<b>Covered Entities</b>	<p>A corporation, trust, partnership or other unincorporated organization will be subject to the reporting requirements of the Act to the extent it meets any of the following requirements:</p> <ul style="list-style-type: none"> <li>• Is listed on a stock exchange in Canada;</li> <li>• Has a place of business in Canada, does business in Canada or has assets in Canada and, 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: (1) has at least C\$20 million in assets, (2) has generated at least C\$40 million in revenue or (3) employs an average of at least 250 employees; or</li> <li>• Is prescribed by regulations.</li> </ul> <p>And:</p> <ul style="list-style-type: none"> <li>• Produces, sells or distributes goods in Canada or elsewhere (for purposes of the Act, the production of goods includes the manufacturing, growing, extraction and processing of goods);</li> <li>• Imports into Canada goods produced outside Canada; or</li> <li>• Controls an entity engaged in any activity described in the two foregoing bullets (control can be direct or indirect). The Act will also apply to government institutions, but such obligations are not addressed in this summary.</li> </ul>
<b>Mandatory</b>	Yes

## Overview - Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act

### Reporting Requirements

The report will be required to include the steps the entity has taken during the preceding fiscal year to prevent and reduce the risk that forced labor or child labor 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.

In the report, the entity also will be required to include information pertaining to:

- Its structure, activities and supply chain;
- Its policies and its due diligence processes in relation to forced labor and child labor;
- The parts of its business and supply chains that carry a risk of forced labor or child labor being used and the steps it has taken to assess and manage that risk;
- Any measures taken to remediate any forced labor or child labor;
- 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 labor or child labor in the entity's activities and supply chains;
- The training provided to employees on forced labor and child labor; and
- How the entity assesses its effectiveness in ensuring that forced labor and child labor are not being used in its business and supply chains.

### Reporting

A subject entity annually will be required to submit its report to the Minister of Public Safety and Emergency Preparedness (the "Minister") on or before May 31 of each year.

A subject entity will be able to meet its annual report requirement by providing a report on solely the subject entity or by being part of a joint report for multiple entities. In the case of a joint report, the report requirements will be required to be addressed for each subject entity.

The Minister will be required to maintain an electronic registry containing the reports provided to it. The registry will be required to be made available to the public on the Department of Public Safety and Emergency Preparedness website. In addition to submitting its report to the Minister, a subject entity will be required to make the report available to the public, including by publishing it in a prominent place on its website.

Any entity that is incorporated under the Canada Business Corporations Act or any other Act of Parliament will be required to provide the report or revised report to each shareholder, along with its annual financial statements

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### Enforcement

The Minister will be able to designate persons or classes of persons for the purposes of the administration and enforcement of the Act.

If, on the basis of information obtained, the Minister is of the opinion that an entity is not in compliance with its reporting obligations, the Minister will be able to, by order, require the entity to take any measures that the Minister considers to be necessary to ensure compliance.

Persons or entities that fail to submit or publish a report in accordance with the Act can be fined up to C\$250,000. In addition, every person or entity that knowingly makes a false or misleading statement or knowingly provides false or misleading information to the Minister or a person designated by the Minister to administer and enforce the Act, can be fined up to C\$250,000. An officer, director or agent of the person or entity who directed, authorized, assented to, acquiesced in or participated in the commission of an offense also can be held liable for the offense.

### Import Prohibition

The Act also amends the Customs Tariff to prohibit the importation into Canada of goods that are mined, manufactured or produced wholly or in part by child labor, or to prescribe the conditions under which those goods may be prohibited.

Note that the Customs Tariff already contains a similar prohibition on goods involving forced labor. That prohibition took effect on July 1, 2020 as part of the US-Mexico-Canada Agreement, which is the successor to NAFTA.