

The Natural Sciences and Engineering Research Council of Canada (NSERC) Annual Reports: *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (Supply Chains Act) imposes reporting obligations on all government institutions and requires them to make their reports available to the public.

Annual Report

Subsection 6(1) of the Supply Chains Act provides that a government institution must describe the steps it 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 Natural Sciences and Engineering Research Council of Canada has integrated Public Services and Procurement Canada (PSPC)'s updated General Conditions for goods contracts and PSPC's [Code of Conduct for Procurement](#) in our purchasing activities. We have implemented comprehensive policies that mandate rigorous supplier evaluations, ensuring that all vendors comply with ethical labor standards. Our procurement processes include thorough due diligence, regular quality assessments, and robust contract clauses that require suppliers to certify the absence of forced or child labour. We also collaborate with PSPC, Treasury Board of Canada Secretariat (TBS), Innovation, Science and Economic Development Canada (ISED) and other government organizations to stay informed on best practices and emerging risks, ensuring that our procurement decisions uphold human rights and ethical standards at every stage of production. These proactive measures reflect our unwavering commitment to fostering a responsible and ethical supply chain.

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

- Standing Offers
- Supply Arrangements
- Anti-forced labour contract clauses
- Shared Services Canada (SSC) Standing Offers

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

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

- Coaching Services
- Editing Services
- Elder Services
- Photography Services
- Printing Services
- Promotional items
- Retirement Planning Services
- Second language Training
- Speakers
- Translation Services

As per subsection 6(2), a government institution must also provide information on each of the following:

(a) Its structure, activities and supply chains.

At NSERC in fiscal year 2023-2024 approximately 30% of the annual value of our purchases were made through the use of PSPC tools such as Standing Offers and Supply Arrangements.

Since 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.

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](#). Additionally, we leverage policies and directives from central agencies to continually enhance our own standards and contracting tools. By integrating these guidelines, we ensure our procurement activities are aligned with the highest ethical standards and reflect the latest best practices.

(b) Its 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, NSERC 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.

(c) the parts of its activities 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

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, and are monitoring related follow-up actions, including the development of a Policy on Ethical Procurement.

(d) the training provided to employees on forced labour and child labour

In our ongoing commitment to ethical procurement, we have implemented several training courses designed to educate and empower our employees on the critical issues of forced labor and child labor. These training sessions cover a wide range of topics, including the identification of red flags, understanding relevant laws and regulations, and applying best practices in supplier evaluations. We provide both initial and ongoing training to ensure that our staff remains vigilant and informed about the latest developments and risks. Additionally, we offer our team members attendance to specialized workshops and seminars featuring experts in human rights and ethical sourcing. By equipping our team with this knowledge, we enhance our capacity to enforce our stringent procurement policies effectively and uphold the highest ethical standards throughout our supply chain. These educational initiatives are a cornerstone of our strategy to prevent and eliminate forced and child labor in all stages of our procurement processes.

We are also 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.

Approved by: _____

Dominique Osterrath, Chief Financial Officer and Vice-President