

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Canada Mortgage and Housing
Corporation

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Fighting Against Forced Labour and Child Labour in Supply Chains Act

About the Report

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, this report sets forth the steps that CMHC has taken during its previous financial year (January 1 to December 31, 2023) to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods purchased by CMHC.

Definitions

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* defines the terms child labour and forced labour as follows:

Child labour: 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: 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; or
- b) constitute forced or compulsory labour as defined in article 2 of the *Forced Labour Convention*, 1930, adopted in Geneva on June 28, 1930.

When the terms child labour or forced labour are used in this Report, those definitions apply.

Reporting topics described under Section 6 (1) and 6 (2) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Structure, Activities and Supply Chains

Structure

CMHC is a federal Crown Corporation created under the *Canada Mortgage and Housing Corporation Act*. CMHC has headquarters in Ottawa, Ontario, and 5 offices across the country in Montreal, Toronto, Halifax, Calgary, and Vancouver. CMHC employs over 2,300 employees across Canada.

The Corporation operates in the following sectors:

- Finance and Insurance
- Real estate, Rental and Leasing
- Securitization and Capital Markets

We are accountable to Parliament through the Minister responsible for CMHC, currently the Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities. We report on progress against our Corporate Plan through our quarterly financial reports and our annual reports.

CMHC contributes to the sustainability and stability of Canada's housing system through our commercial programs, research and data, and support for the *National Housing Strategy*. The [2024-2028 Summary of the Corporate Plan \(cmhc-schl.gc.ca\)](#)^[OBJ] provides an overview of our strategy and outlines our path ahead to achieve 3 outcomes:

- People in core housing need (CHN) have equitable and reliable access to housing that is secure and affordable.
- Canada has the number of homes and the mix of housing options to serve diverse needs.
- Canada's housing system supports sustainability and stability.

Activities and Supply Chains

CMHC typically purchases professional services, employee related services, services in addition to real estate (such as appraisal, inspection) and information technology services, which are accessory to our core activities. CMHC does not frequently purchase goods, and those that are purchased are predominantly related to the operation of Granville Island located in Vancouver, B.C., a property managed by CMHC on behalf of the Government of Canada. Operationally self-sustaining, Granville Island is home to more than 300 businesses employing more than 3,000 people.

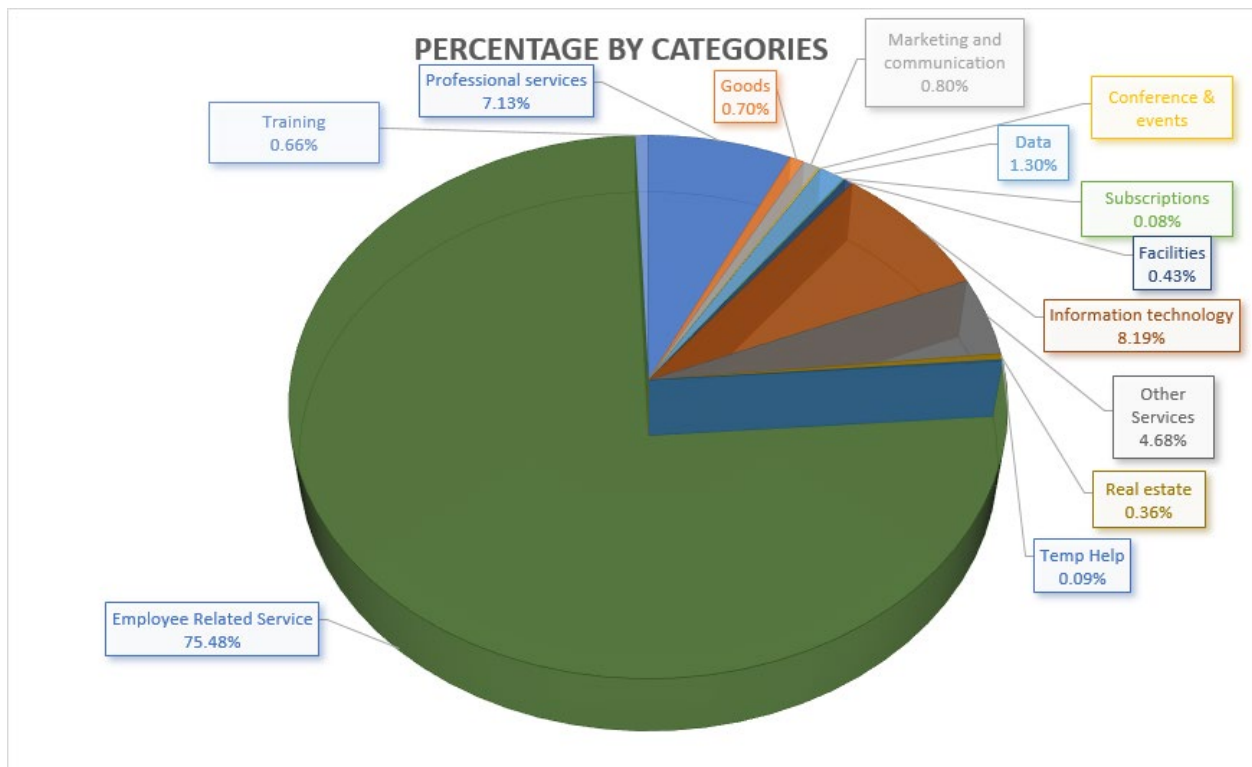
In most cases, goods are purchased from Canadian-based suppliers.

CMHC includes the following goods in its supply chain:

- Office equipment, furniture and fixtures
- Other equipment, including equipment supporting the operation of Granville Island (GI)
- Construction related goods (GI)
- End user computer software
- Telecom and network infrastructure
- Goods for the employee recognition program
- Office supplies
- Promotional items

From January 1 to December 31, 2023, the total dollar value of the contracts awarded for goods and services by CMHC is \$316,739,460, which includes \$2,220,328 (0.70%) of goods purchased from Canadian suppliers. No contracts for the purchase of goods were awarded to non-Canadian suppliers.

Included below is a representation of the CMHC contract spend by category, for the period of January 1 to December 31, 2023:



In addition to goods purchased under contract, CMHC uses Purchasing Cards (PCards) for low-value purchases such as office supplies. For the calendar year of 2023 (January 1 to December 31) CMHC purchased \$132,288 worth of goods in total with PCards, which includes \$19,849 from non-Canadian suppliers. The items purchased from non-Canadian suppliers are limited to books and publications.

CMHC does not have any existing contracts with vendors from geographic regions deemed as high risk by Global Affairs Canada for use of forced labour and child labour, as per their [advisory notice](#). This includes PCard purchases.

Policies and Due Diligence

CMHC's procurement practices are governed by CMHC's Procurement Policy, its supporting directive(s), and its Vendor Risk Management Framework. The Board of Directors ensures and approves appropriate risk management policies, and procedures are in place to identify and manage the principal risks of the Corporation's business. CMHC conducts all sourcing and procurement activities on the principles of transparency, openness, and fairness, and in compliance with laws and trade agreements. Any new procurement activity undergoes a robust and complex risk assessment that includes, among other things, consideration of operational and reputational risks. Our standard contract templates contain representations from vendors that they comply with all applicable laws, regulations, as well as CMHC policies, including CMHC's Vendor Code of Conduct.

CMHC's Vendor Code of Conduct sets out principles and expectations that vendors, service providers, and independent contractors, must comply with when conducting business with, or providing goods or services to, or acting on behalf of CMHC. It states that CMHC is committed to sourcing goods and services from vendors who respect human rights, ethics, and the environment and have responsible policies and practices. Under the Code, vendors must abide by applicable employment standards, labour, health and safety, non-discrimination, and human rights legislation.

CMHC is in the process of assessing opportunities to develop or improve measures for the next year aimed at its policies and due diligence activities for supply chain risk, such as:

- Updating the Procurement Risk Questionnaire to help identify upfront all sourcing activities that include goods;
- Updating the Vendor Risk Assessment to include specific controls for contracts for goods;
- Updating the vendor attestation to have vendors disclose their compliance practices vis a vis the Act, where applicable;
- The review and update of contract templates to embed representations from vendors as they relate to forced labour and child labour;
- The review and update of our Vendor Code of Conduct to refer to forced labour and child labour; and
- The development of training on the topic of forced labour and child labour for CMHC employees where required.

Forced Labour and Child Labour Risks

CMHC has begun a mapping of its procurement activities and supply chain to better understand which areas of its activities or supply chain may carry an increased risk of forced labour and child labour. The assessment and identification of risks, including specific sectors and industries of risk, is currently in progress. Results of these assessments will help inform the adoption of appropriate measures seeking to address any identified risks of forced labour and child labour in its activities and supply chains.

CMHC has also engaged with civil society groups, experts, and other stakeholders to receive guidance and share issues on addressing forced labour and/or child labour. An area for further exploration is the assessment and identification of potential risk further down the supply chain such as with tier 2 or tier 3 suppliers.

Remediation Measures

CMHC does not currently have any indications of forced labour or child labour in the organization's supply chains. As a result, CMHC has not taken any measures to remediate forced labour or child labour. The results of the assessment of risk that CMHC is undertaking will inform whether to adopt, and the nature of, any appropriate remediation measures seeking to address any risks of forced labour and child labour in our activities and supply chains.

Remediation of Loss of Income

CMHC has not identified any forced labour or child labour in our activities and supply chains. Therefore, CMHC has not taken any measures to remediate loss of income to the most vulnerable families. The results of the assessment will further inform any remediation measures to be undertaken.

Training

CMHC, through external legal counsel, has provided voluntary training to CMHC employees during the month of March 2024. Various CMHC teams will also be attending Public Safety Canada's information sessions on the legislation during the month of April 2024. CMHC is currently in the process of developing further policies on training as it relates to the risk of use of forced labour and child labour in its supply chain and activities.

Assessing the Effectiveness

As part of its due diligence, CMHC has also engaged external counsel to advise on reporting requirements and compliance with the Act.

CMHC is also assessing opportunities to develop or improve measures to address the risk of the use of forced labour or child labour in its supply chain such as updating its Vendor Risk Assessment, contract templates including vendor attestation, Vendor Code of Conduct and *Procurement Directive* and *Third Party Risk Management Directive*, to refer to forced labour and child labour requirements, and to develop relevant training.



Michel Tremblay

Acting CEO and President, CMHC

Date: April 24, 2024