

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

Canada Revenue Agency – Annual Report  
2023-2024



## Table of contents

Introduction .....	3
Part 1: Identifying Information.....	3
Part 2: Mandatory Report Contents.....	3
2.1 The CRA's structure, activities and supply chains .....	3
2.2 Steps taken by the CRA to prevent and reduce the risk of forced labour and child labour in its activities and supply chains.....	5
2.3 CRA policies and due diligence processes in relation to forced labour and child labour .....	8
2.4 Parts of the CRA's activities and supply chains that carry a risk of forced labour or child labour being used and the steps taken by the CRA to assess and manage that risk .....	9
2.5 Measures taken by the CRA to remediate any forced labour or child labour.....	10
2.6 Measures taken by the CRA 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.....	10
2.7 Training to CRA employees on forced labour and child labour .....	10
2.8 Measures to assess the CRA's effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.....	11
Conclusion.....	12

## Introduction

On January 1, 2024, the Government of Canada's new [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#) (Supply Chains Act) came into effect. Pursuant to section 6 of the Supply Chains Act, the Canada Revenue Agency (CRA) is required to submit an annual report to Public Safety Canada (PSC) outlining the measures that the CRA has taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of the goods it purchases.

The CRA is an advocate of social and ethical procurement and has continuously sought to ensure that its procurement practices support the Government of Canada's (GC) socio-economic objectives and generate positive societal impacts. As a world-class tax administration, the CRA has an obligation to protect and safeguard the use of public funds and to uphold public trust in its procurement activities.

Social and ethical objectives are embedded in the CRA's procurement framework, which is guided by the overarching Procurement Policy and its supporting Procurement and Corporate Social Responsibility (CSR) Directive. It is supplemented by the Supplier Code of Conduct for Procurement, and the efforts of CRA's Social and Ethical Procurement Centre of Expertise. To further advance these objectives, the CRA continues to collaborate with internal and external stakeholders in developing strategies and associated tools and resources to promote ethical procurement and combat forced labour and child labour in supply chains.

## Part 1: Identifying Information

**Name of government institution:** Canada Revenue Agency

**Financial reporting year:** April 1, 2023, to March 31, 2024

## Part 2: Mandatory Report Contents

### 2.1 The CRA's structure, activities and supply chains

The CRA administers tax, benefits, and related programs, and ensures compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians. In particular, the CRA administers a broad range of tax laws and related legislation, including the Income Tax Act and the Excise Tax Act, on behalf of the GC and many provinces and territories. In addition, the CRA collects revenue, including income taxes and employment insurance premiums, as well as other amounts, such as Canada Pension Plan contributions. The CRA administers First Nations and Indigenous self-government taxes that are harmonized with federal

legislation. The CRA also delivers a number of social benefit programs to Canadians for the federal, provincial and territorial governments.<sup>1</sup>

The [Canada Revenue Agency Act](#) (CRA Act) sets out the mandate, structure and authorities of the CRA. It establishes a governance structure that is unique in Canada, comprising a Minister, Board of Management (the Board), Commissioner and Taxpayers' Ombudsperson. The Minister is responsible to Parliament for all CRA activities and exercises powers relating to regulation making and providing reports to Parliament or the Governor in Council (Cabinet). The Board is responsible for overseeing the organization and administration of the CRA and the management of its resources, services, property, personnel and contracts. It is also responsible for developing the [Corporate Business Plan](#). The CRA is headed by a Commissioner who is accountable to the Minister and must assist and advise them with respect to legislated authorities, duties, functions and Cabinet responsibilities. As the CRA's chief executive officer, the Commissioner is responsible for the day to day management of the CRA. The mandate of the Ombudsperson is to enhance the accountability of the CRA in its services to taxpayers by offering a service complaint mechanism that is independent of the CRA. The Ombudsperson is responsible for upholding the Taxpayer Bill of Rights.<sup>1</sup>

As it relates to its procurement framework, pursuant to the CRA Act, the CRA has authority over all matters relating to its general administrative policy, including the CRA's procurement policy. As such, the CRA has a full suite of procurement policy instruments. While the CRA is not subject to the Treasury Board (TB) procurement policy direction, the CRA's procurement policy direction is well aligned with that of the TB.

The CRA Act also provides the CRA with full authority to procure goods and services (with the exception of legal services) in and outside Canada. As such, the CRA awards its own contracts and would only use Public Services and Procurement Canada (PSPC) contractual arrangements when it is beneficial for the CRA to do so. While the CRA Act also gives the CRA its own real property authorities (including construction), the CRA has chosen to use PSPC as its exclusive service provider for the provision of accommodation and associated services for space occupied by the CRA. Additionally, and subject to the [Shared Services Canada Act](#) and associated Orders-in-Council, the CRA must use Shared Services Canada's services to acquire a number of specific IT hardware, software, telecommunications and telephony products and services. During the 2023-2024 financial year, the CRA awarded a total of 45,267 contracts (including goods and services, and their amendments), with a total procurement value of \$135,670,117. The total procurement value for all goods contracts (including amendments) is \$22,860,416, representing 16.85% of the CRA's total procurement

---

<sup>1</sup> [Summary of the CRA Corporate Business Plan 2023–24 with perspectives to 2025–26](#)

value. The top three goods procured by the CRA during this period are office furniture, ADP software and video recording and reproduction equipment.

Currently, the GC does not have visibility into the supply chains of its direct and indirect suppliers; therefore, the CRA does not have any information to report on its supply chains other than the locations of the prime contractors with whom the CRA does business. Of the 217 goods contracts (excluding amendments) awarded in the 2023-2024 financial year, 83.4% were with suppliers having a Canadian address with a total procurement value of \$10,098,568.

## 2.2 Steps taken by the CRA to prevent and reduce the risk of forced labour and child labour in its activities and supply chains

During the reporting period, the CRA has taken the following proactive steps to safeguard the agency's procurement supply chains from the risk of forced labour and child labour, and to ensure that the CRA does business with ethical suppliers.

### **Conducting an internal assessment of risks of forced labour and/or child labour in the CRA's activities and supply chains**

Since the GC does not have visibility into its supply chains, the CRA has not been able to conduct a fulsome risk analysis to identify the risk of forced or child labour in all its activities and supply chains. However, the CRA was able to conduct an internal risk assessment based on the findings of 2021 Risk analysis of human trafficking, forced labour, and child labour in PSPC's procurement supply chains.<sup>2</sup> PSPC's risk analysis identified the top 10 commodities, based on the general classes of Goods and Services Identification Number (GSIN) codes, that were at the highest risk of exposure to human trafficking, forced labour and child labour.

In order to complete its own high-level risk assessment, the CRA identified the total value of all goods contracts awarded between April 1, 2023 and March 31, 2024, broken down by GSIN code, and then mapped the results to PSPC's top 10 GSIN codes representing the highest risk of exposure to human trafficking, forced labour and child labour.

The risk assessment indicated that the CRA commodities representing the highest risk of exposure to human trafficking, forced labour and child labour in their supply chains are office supplies and devices, electrical and electronic equipment components, and clothing, individual equipment and insignia. The total procurement value of these three commodities is \$3,537,669, representing 15.48% of the total value of all goods procured

---

<sup>2</sup> [Risk analysis of human trafficking, forced labour, and child labour in Public Services and Procurement Canada's procurement supply chains - Executive Summary](#)

by the CRA during the 2023-2024 financial year. The detailed risk assessment results are summarized in Table 1 below:

**Table 1.** CRA's high-risk commodities – 2023-2024

<b>GSIN code description, by class</b>	<b>PSPC risk ranking</b>	<b>CRA procurement value</b>	<b>Percentage of total CRA procurement value – goods</b>
<b>N40 - Rope, Cable, Chain and Fittings</b>	<b>1</b>	<b>0</b>	<b>0%</b>
<b>N54 – Prefabricated Structures and Scaffolding</b>	<b>2</b>	<b>0</b>	<b>0%</b>
<b>N75 – Office Supplies and Devices</b>	<b>3</b>	<b>\$2,043,690</b>	<b>8.94%</b>
<b>N62 – Lighting Fixtures and Lamps</b>	<b>4</b>	<b>0</b>	<b>0%</b>
<b>N83 – Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags</b>	<b>5</b>	<b>0</b>	<b>0%</b>
<b>N78 – Recreational and Athletic Equipment</b>	<b>6</b>	<b>0</b>	<b>0%</b>
<b>N84 – Clothing, Individual Equipment and Insignia</b>	<b>7</b>	<b>\$628,379</b>	<b>2.75%</b>
<b>N63 – Alarm, Signal and Security Detection Systems</b>	<b>8</b>	<b>0</b>	<b>0%</b>
<b>N59 – Electrical and Electronic Equipment Components</b>	<b>9</b>	<b>\$865,600</b>	<b>3.79%</b>
<b>N35 – Service and Trade Equipment</b>	<b>10</b>	<b>0</b>	<b>0%</b>

## **Developing and implementing an action plan for addressing forced and/or child labour**

In April 2023, the CRA created the Social and Ethical Procurement Centre of Expertise (SEP CoE) within the Administration Directorate of the Finance and Administration Branch. The SEP CoE houses subject matter experts dedicated to developing social and ethical procurement programs and supporting tools and resources to advance the CRA's corporate social responsibility procurement agenda and ensure that social and ethical considerations are incorporated into the CRA's procurement practices.

The SEP CoE has been engaging with internal and external stakeholders to identify social and ethical issues in the procurement process. It will also be conducting environmental scans and market research, as well as sharing findings with key stakeholders. The SEP CoE will continue to support the CRA's corporate social responsibility agenda by further expanding the CRA's procurement policy direction and complementing it with a due diligence strategy to mitigate potential human rights risks in the CRA's supply chains.

In recent years, the GC expanded its sustainability lens to encompass socioeconomic dimensions by pivoting from a more granular and downstream focus on green procurement and emissions from its operations to considering responsible production and requiring responsible consumption. In doing so, ethical procurement, including the elimination of forced or child labour from the federal government's supply chains, became a more prominent consideration.

In response to these changes, the CRA has started to adapt its application of sound stewardship to encompass social responsibility in addition to expanding its existing environmental considerations. [Section 2.3](#) provides additional details regarding steps the CRA has taken to better address social responsibility in its procurement activities.

## **Developing and implementing anti-forced labour and/or -child labour contractual clauses**

The CRA leverages PSPC's standard procurement terms and conditions in all of its procurement templates with some modification, necessary to reflect the CRA's unique authorities.

In November 2021, PSPC implemented anti-forced labour clauses in all goods contracts. In February 2023, the CRA incorporated PSPC's anti-forced labour contract clauses in all its new goods contracts to ensure that CRA 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.

The CRA continues to work with PSPC and PSC to monitor compliance by using available tools and resources to support the enforcement of the anti-forced labour contract clauses.

## **Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists**

The CRA expects vendors and their sub-contractors to be committed to upholding and promoting international human and labour rights.

In December 2022, the CRA put in place its [Supplier Code of Conduct for Procurement](#) (the Code), which aligns with PSPC's [Code of Conduct for Procurement](#). The Code has since been included in all CRA bid solicitation and contractual documents. [Section 2.3](#) provides additional details regarding the CRA's Supplier Code of Conduct for Procurement.

## **Developing and implementing training and awareness materials on forced labour and/or child labour**

Senior management and procurement specialists at the CRA actively participate in inter-departmental committees, working groups and training events to keep informed of procurement trends, policy changes, strategic initiatives, and their impacts on procurement activities. They collaborate horizontally with colleagues from other federal departments to share lessons learned and best practices as they relate to the incorporation of social and ethical considerations in procurement policy direction, tools and processes. Training materials and resources are communicated and shared with relevant groups and employees.

During the 2023-2024 financial year, CRA procurement officials participated in information sessions focused on the new Supply Chains Act. [Section 2.7](#) provides additional details regarding relevant information/awareness sessions and training activities in which CRA procurement officials participated, as well as details regarding CRA awareness activities planned for the 2024-2025 financial year.

## **2.3 CRA policies and due diligence processes in relation to forced labour and child labour**

### **Embedding responsible business conduct into policies and management systems**

In response to the GC's recent shift to a broader focus on socioeconomic sustainability, the CRA started to adapt its application of sound stewardship to encompass social responsibility in addition to expanding its existing environmental considerations. The CRA has committed to this greater focus on the socio-economic aspects of procurement through parallel efforts under its [Departmental Sustainable Development Strategy](#) (which supports the GC's [Federal Sustainable Development Strategy](#)), its Indigenous Strategy, its [Accessibility Plan](#), as well as efforts aimed at strengthening diversity and inclusion.

In undertaking the cyclical review of its long standing Procurement and Corporate Social Responsibility Directive, which was first introduced in 2008, the CRA identified in 2023 an opportunity to significantly expand its scope, and connect it to a number of high-



profile initiatives for greater impact and relevance. Additionally, supporting and related changes will be made to the CRA's other policy instruments, as necessary, to highlight the importance of taking measures aimed at reducing the risk of forced or child labour in the CRA's supply chain.

Additionally, and as implemented in December 2022, the CRA's Supplier Code of Conduct for Procurement (the Code) requires that vendors, providing goods and services to the CRA 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.

As a guiding principle, the CRA seeks to work with vendors to ensure a sound understanding of expectations, and to address any apparent lack of compliance with the Code. If, however, vendors or their sub-contractors are unable or unwilling to comply with the Code, the CRA reserves the right to take appropriate actions including, but not limited to seeking more information, deeming a bid non-responsive, and potentially terminating the contract. The CRA's Code is evergreen and will be updated when the need arises or in response to any future updates to PSPC's Code of Conduct for Procurement.

## 2.4 Parts of the CRA's activities and supply chains that carry a risk of forced labour or child labour being used and the steps taken by the CRA to assess and manage that risk

As noted in [section 2.2](#), the GC does not have visibility into its supply chains currently; therefore, the CRA has not been able to conduct a fulsome risk analysis to identify the risk of forced or child labour in all its activities and supply chains. However, using the findings of the 2021 Risk analysis of human trafficking, forced labour, and child labour in PSPC procurement supply chains, the CRA was able to conduct an internal risk assessment to map PSPCs top 10 GSIN codes representing the highest risk of exposure to human trafficking, forced labour and child labour, to the goods procured by the CRA. The findings of this assessment are outlined in [section 2.2](#).

The CRA is planning to review all active goods contracts to ensure the anti-forced labour contract clauses are included. When undertaking a significant amendment of an existing goods contract which does not include anti-forced labour contract clauses, the latest General Conditions for Goods, which contain these clauses, will be used.

Following the creation of the SEP CoE, the CRA will explore tools and resources allowing it to conduct its own risk analyses while also collaborating with other federal governments in knowledge and best-practice sharing. The CRA has familiarized itself with information on the risk assessment provided by PSPC, and is monitoring related follow-up action, including the development of a PSPC Policy on Ethical Procurement.

## 2.5 Measures taken by the CRA to remediate any forced labour or child labour

Currently, the GC does not have visibility into its vendors' supply chains. In addition, there are challenges in identifying human rights violations such as the use of forced labour and child labour in its supply chains. As a result, the CRA has not been able to identify any forced labour or child labour in its supply chains during the previous financial year, and so it has not taken any measures to remediate forced labour or child labour in its activities and supply chains during the reporting period.

## 2.6 Measures taken by the CRA 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

Currently, the GC does not have visibility into its vendors' supply chains. In addition, there are challenges in identifying human rights violations such as the use of forced labour and child labour in its supply chains. As a result, the CRA has not been able to identify any forced or child labour in its supply chains during the previous financial year nor take any measures to remediate forced labour or child labour in its activities and supply chains during the reporting period. Consequently, the CRA has not had to take any measures to remediate the loss of income to the most vulnerable families that may result from any measure taken.

## 2.7 Training to CRA employees on forced labour and child labour

In January 2024, senior management of the CRA who work in the procurement function attended a session held by PSC and PSPC regarding the new Supply Chains Act. Presentation decks from the session were shared with all procurement specialists and the SEP CoE to raise the awareness of the new legislation and share PSPC's initiatives relating to ethical procurement.

In February 2024, procurement specialists also participated in the Round Table on Ethical Procurement hosted by the Canadian Institute for Procurement Materiel Management and the Treasury Board Secretariat. The session highlighted PSPC's initiatives and policies in reinforcing ethical standards in government procurement. The session increased staff's awareness of ethical procurement challenges and provided an opportunity to gain insights into the government's approach to solving them.

In March 2024, procurement specialists also participated in the Ethical Procurement Engagement and Consultation session organized by PSPC where staff had the opportunity to review and provide input on PSPC's draft Policy on Ethical Procurement and draft Human Rights Due Diligence Framework.

To raise awareness of social and ethical procurement within the CRA, the SEP CoE is planning to deliver training and awareness events to senior management and employees in the new financial year.

The CRA is also aware that PSPC is currently developing awareness-raising guidance materials (including risk mitigation strategies) for suppliers, targeted towards high-risk sectors. The CRA is monitoring the development of these materials and will leverage these resources upon their publication.

## 2.8 Measures to assess the CRA's effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains

The CRA regularly analyzes the findings of the Office of the Auditor General (OAG) of Canada and the Office of the Procurement Ombud (OPO) procurement practice review reports on activities of common service organizations, as well as high-profile court decisions implicating government procurement. The CRA self-assesses its procurement framework through the lens of the OAG and OPO findings, and develops action plans, including opportunities to integrate social and ethical procurement considerations.

The CRA also regularly conducts environmental scans of the government's social and ethical procurement activities, and undertakes cyclical reviews of its procurement policy direction to ensure it incorporates the social and ethical considerations and aligns with the GC's priorities related to forced labour and child labour.

### **Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators**

The CRA is investigating all its active goods contracts to track the number of contracts with anti-forced labour contract clauses, monitor those that do not have such clauses, and implement measures to work with suppliers to include them in upcoming amendments. Additionally, as the CRA looks to increase awareness of ethical procurement practices, it will begin assessing the percentage of procurement staff who have completed relevant training relating to the prevention and elimination of forced and child labour in its supply chain.

## Conclusion

The implementation of the Supply Chains Act marks a significant milestone in Canada's commitment to ethical procurement and social responsibility. By identifying, reducing and preventing the use of forced labour and child labour in its supply chains, the GC demonstrates Canada's dedication to upholding human rights and protecting the wellbeing of workers across not only Canada, but the world. The CRA shares this commitment and, through close collaboration, information sharing, and joint initiatives with colleagues from other departments and agencies, it will continue to work to safeguard the integrity of the CRA's supply chains and contribute to a more fair, just and ethical global economy.