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List of acronyms and abbreviations

Acronym or abbreviation	Definition
ACT	Fighting Against Forced Labour and Child Labour in Supply Chains Act
GoC	Government of Canada
PCH	Canadian Heritage

Purpose of the Report

The Government of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act) came into force on January 1, 2024. In accordance with section 6 of the Act, the department of Canadian Heritage (PCH) has prepared this annual report to document the specific steps and measures it has taken during its previous financial year (from April 1, 2023 to March 31, 2024) to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods purchased by PCH in the support of its mandates.

Part 1: Identifying Information

Name of government institution: Canadian Heritage

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

Part 2 : Mandatory Report Contents

2.1 Structure, activities and supply chains

The Department of Canadian Heritage (PCH) plays a vital role in the cultural, civic and economic life of Canadians. Our policies and programs promote an environment where Canadians can experience dynamic cultural expressions, celebrate our history and heritage and build strong communities. The Department invests in the future by supporting the arts, our official and Indigenous languages, multiculturalism and our athletes and the sport system.

The Department's mandate is set out in the [Department of Canadian Heritage Act](#) and centres on fostering and promoting Canadian identity and values, cultural development, and heritage.

To achieve its objectives, Canadian Heritage collaborates with a wide range of partners ranging from the private sector, public institutions and non-profit organizations that serve Canadians to enrich cultural experiences, promote multiculturalism, strengthen identity, and encourage participation in sport and within our communities. The Department also engages with Canadians through programs that support a wide range of activities from youth exchanges, through commemorations and celebrations, to high performance sports and multiculturalism. These programs are delivered through our headquarters and five regional offices across the country.

PCH operated with a budget of \$2.2 billion in 2023-24, the vast majority being for grants and contributions (\$1.9 billion) to recipients as part of the Department's various programs. PCH has limited operating spending, for employee salaries as well as contracted goods and services.

PCH manages assets and procurement activities in accordance with a suite of Treasury Board policy instruments and government-wide procurement initiatives, and in support of its program mandates under six Ministers.

PCH uses Public Services and Procurement Canada (PSPC) for contracting activities above its own procurement delegation, including contracting for mandatory managed commodities, i.e., regulated goods & services. PCH also uses Shared Services Canada (SSC) to acquire

information technology hardware, software, telecommunications and telephony products and services. The primary responsibility for the supply chains for these goods would fall under PSPC and SSC.

PCH awarded a total of 895 contracts for services and 119 contracts for goods during the 2023-2024 financial year, with a total procurement value of \$22.7 million. Since most contracts were awarded for services, goods contracts represented 11.7% of PCH's overall awarded contracts totals. Additionally, the goods procured by PCH were almost exclusively purchased within Canada, with contracts for goods with vendors outside of Canada accounting for only 3.4% of the total number of contracts issued.

As displayed in Table 1 below, a sizeable number of goods procured by PCH were processed using PSPC's or SSC's pre-established tools and/or contracts.

Table 1: Highest goods contract values by commodity area:

Commodity	Total Contract Values
*Computer Equipment - Client Computing Domain - Desktop / Personal / Portable (Includes related parts and peripherals)	\$1,232,807.45
*License/Maintenance fees for Client Software	\$991,642.59
*Office Furniture and Furnishings, Including Parts	\$448,644.14
*Other Equipment and Parts	\$384,495.43
Telecommunications Equipment	\$351,397.40
Total Value:	\$3,408,987.01

* Centrally managed by PSPC or SSC.

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

As the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* only came into force on January 1, 2024 (last quarter of Financial Year 2023-24), PCH has not taken any specific measures in the course of 2023-24 to reduce the risk that forced labour or child labour is used at any step of the production of goods it purchased.

2.3 Policies and due diligence in relation to forced labour and child labour

As per the Treasury Board of Canada Secretariat's policy notice issued on March 27, 2023, the application of the Code of Conduct for Procurement is mandatory for all PCH procurements as of April 1, 2023. The code applies to vendors who provide goods and services to PCH and requires that suppliers not engage in any form of human and labour rights abuses.

Additionally, as of November 2021, all PCH contracts for goods contain the Anti-forced Labour requirements clause in the general terms and conditions. Under the anti-forced labour

Commented [HZ1]: Should we highlight that these supply chains are the responsibility falls under the central agencies responsibility? Primarily anyways.

Commented [HZ2]: Can we easily extract this in ZZGEN to get a percentage.

Commented [VC3]: Est-ce que nous utilisons les outils de PSPC pour certaines de ces catégories? Si oui, (et si matériel), est-ce qu'on devrait copier du langage de PSPC dans les autres sections (steps taken by PSPC)?

clauses, suppliers must not deliver or sell any goods to Canada that have been produced wholly or in part by forced labour.

2.4 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

While PCH has not conducted a comprehensive risk analysis to identify the risk of forced or child labour in all its activities and supply chains, PCH has conducted an initial risk assessment based on the findings of PSPC's 2021 Risk analysis of human trafficking, forced labour and child labour in PSPC's procurement supply chains.

This preliminary assessment shows that purchases of electrical and electronic equipment components may carry a higher risk of forced labour or child labour being used, as identified in PSPC's 2021 Risk 2021 analysis report. This for PCH constitutes a high-value risk, as the total contract value for this commodity accounted for a total contract value of \$384,495 in 2023-24.

2.5 Measures taken to remediate any forced labour or child labour

As PCH has not put any specific measures in place to detect forced labour and child labour in its supply chains, no instances were identified. As such, no remediation efforts have been required during Financial Year 2023-24.

2.6 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

As PCH did not identify any instances of forced labour or child labour in its procurement activities and supply chains, no actions have been necessary to make up for the income loss experienced by the most vulnerable disadvantaged families.

2.7 Training to employees on forced labour and child labour

PCH has not implemented any training activities on forced labour and child labour for its employees to date.

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

As previously mentioned, since PCH has not put any specific measures in place to detect forced labour and child labour in its supply chains, no instances have been identified. As such, no measures to assess the department's effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains have been implemented during Financial Year 2023-24.

Commented [HZ4]: To me this is different that 2.2 as this is not to prevent it but to remediate, meaning we discovered an issue and resolved it using XYZ. How do you interpret section 2.2. vs 2.5^

Conclusion

Due to the infancy of the act and the current lack of visibility into its commodities supply chain, PCH was limited in its ability to take concrete measures to combat forced labour and child labour within its supply chains in 2023-24. However, over the course of the next financial year, through research on industry best practices, consultations with other GoC departments and central agencies, training and in-depth analysis of its supply chains, PCH will look to implement effective measures and internal controls to help reduce the risks associated with forced and child labour.