

Institution Name: Department of National Defence (DND)
Financial Reporting Year: 2023-24

This report represents the Department of National Defence's (DND) response to the reporting requirements found in subsections 6(1) and 6(2) of *The Fighting Against Forced Labour and Child Labour in Supply Chains Act (Supply Chains Act)* which entered into force on January 1, 2024.

1. Subsection 6(1): The head of every government institution must, on or before May 31 of each year, report to the Minister on the steps the government institution 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.

DND has integrated Public Service and Procurement Canada's (PSPC) updated General Conditions for goods contracts and PSPC's Code of Conduct for Procurement into its purchasing activities.

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

- Standing Offers
- Supply Arrangements
- Anti-forced labour contract clauses

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

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

<ul style="list-style-type: none">▪ Alarm and Signal Systems, Miscellaneous - Installation and Services▪ Alarm, Automatic Sprinkler▪ Alarm, Signal, and Security Detection Systems, Miscellaneous▪ Ammunition, 75mm through 125mm▪ Athletic and Sporting Equipment▪ Badges and Insignia▪ Ballasts, Lampholders, and Starters▪ Brake Service Equipment▪ Building Components, Prefabricated▪ Buildings, Prefabricated, Portable or Relocatable	<ul style="list-style-type: none">▪ Ammunition and Nuclear Ordnance Boxes, Packages and Special Containers▪ Ammunition Boxes, Packages and Special Containers▪ Ammunition Maintenance, Repair and Checkout Specialized Equipment▪ Ammunition, over 125mm▪ Ammunition, through 30mm▪ Buildings, Prefabricated and Portable (Custom engineered)▪ Buildings, Prefabricated, Metal▪ Cable, Anchor and Chain▪ Chain (Except Anchor Chain) Assembly▪ Chain and Wire Rope - Repair
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<ul style="list-style-type: none"> ▪ Buildings, Prefabricated, Portable or Relocatable, Laboratory ▪ Cap (Except Clothing, Special Purpose) ▪ Chain and Wire Rope ▪ Clothing, Special Purpose ▪ Electric Lamps ▪ Electric Portable and Hand Lighting Equipment ▪ Electric Vehicular Lights and Fixtures ▪ Flagpole Aluminium ▪ Flags and Pennants ▪ Flashlights (Except Underwater Type) ▪ Gloves (Clothing, Special Purpose) ▪ Guns, through 30 mm, unless installed in a vehicle, aircraft, ship ▪ Hardware, Weapon System Refer to Parent Weapon System. Anodes used on Navy Ships belong to HN Division ▪ Hosiery, Handwear and Clothing Accessories, Men's ▪ Hospital and Surgical Clothing and Related Special Purpose Items ▪ Individual Equipment ▪ Indoor and Outdoor Electric Lighting Fixtures ▪ Intrusion Alarms ▪ Laboratory Equipment and Supplies ▪ Lighting Equipment ▪ Lighting Equipment, Emergency ▪ Miscellaneous Aircraft Electrical and Electronic Components and Spares ▪ Miscellaneous Ammunition ▪ Miscellaneous Electrical and Electronic Components ▪ Miscellaneous Electrical and Electronic Components - Rental ▪ Miscellaneous Electrical and Electronic Components - Repair and Overhaul ▪ Nonelectrical Lighting Fixtures ▪ Notions and Apparel Findings ▪ Office Devices and Accessories ▪ Office Devices and Accessories - Lease ▪ Office Supplies ▪ Office Supplies - Installation ▪ Prefabricated and Portable Buildings ▪ Rudders, Ships 	<ul style="list-style-type: none"> ▪ Chain, Anchor and Mooring ▪ Chain, Steel Link, Welded, Brass and Bronze (Except Anchor Chain) ▪ Explosive Ordnance Disposal Tools, Surface ▪ Fire Control Maintenance and Repair Shop Specialized Equipment, Unless Installed in a Vehicle, Aircraft, or Ship ▪ Guns, 75 mm through 125 mm, unless installed in a vehicle, aircraft, ship ▪ Guns, over 30 mm up to 75 mm, unless installed in a vehicle, aircraft, or ship ▪ Hosiery, Handwear and Clothing Accessories, Women's ▪ Laboratory Equipment, Special (N.E.S.) ▪ Launchers, Torpedo and Depth Charges, Unless Installed in a Vehicle, Aircraft, Ship ▪ Leather ▪ Lighting Equipment, Aerodrome, Including Marker Lights ▪ Marine Hardware and Hull Items (Small Craft) ▪ Miscellaneous electrical and electronic components - leasing ▪ Miscellaneous Prefabricated Structure - Aluminum ▪ Miscellaneous Prefabricated Structure - Steel ▪ Prefabricated and Portable Buildings - Repair ▪ Prefabricated Constructions, Supply and Erection ▪ Service and trade equipment miscellaneous - rental ▪ Ship and Boat Propulsion Components ▪ Ships, Small Craft, Pontoons, and Floating Docks - Production Design ▪ Small Craft ▪ Specialized Ammunition Handling and Servicing Equipment ▪ Specialized Ammunition Handling Equipment - Pallets ▪ Tents ▪ Tents and Tarpaulins, Repairs
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<ul style="list-style-type: none"> ▪ Service and Trade Equipment, Miscellaneous ▪ Service and Trade Equipment, Miscellaneous – Repair ▪ Ship and Marine Miscellaneous Equipment ▪ Show Findings and Soiling Materials ▪ Specialized Flight Clothing and Accessories ▪ Structures, Prefabricated, Miscellaneous ▪ Tents and Tarpaulins ▪ Textile Fabrics 	<ul style="list-style-type: none"> ▪ Training Aids, (applicable to military vehicles except aircraft and electronics) Cutaway mock-up, or sectionalised ammunition and small arms weapons only ▪ Wipers, Windows, Ships ▪ Wire Rope, Galvanized, for Safety Belts ▪ Wire Rope, Stainless Steel, Nonmagnetic ▪ Wire Rope-Cable Assembly, Multiapplication
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The DND and the Canadian Armed Forces (CAF) are undertaking an internal supply chain illumination risk assessment to map supply chains across select major capital projects. Since development began in December 2021, the risk assessment remains in its pilot phase. Although forced labour and child labour were not specifically identified in the initial risk assessment plan, the assessment model does identify supply chain geopolitical and societal threat risks.

2. Subsection 6(2) The report must also include the following information in respect of the government institution:

(a) its structure, activities and supply chains;

Governed by the Defence Supply Chain Governance Charter, the defence supply chain involves procuring, managing, delivering, and supporting materiel and provision of services required to successfully sustain CAF operations and training. Goods are both purchased inside and outside of Canada and are distributed between Canadian Forces Bases, depots, and deployed units domestically and overseas. Equipment is routinely distributed back to vendors for repairs and overhaul. DND also divests of equipment when it has reached its end of life.

The defence supply chain comprises over 600 million items spanning roughly 1.2 million NATO Stock Numbers globally dispersed across more than 300 supply warehouses, as well as private sector supplies.

At DND, approximately 44% 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 DND 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](#).

(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, DND 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.

DND and the CAF are familiarized with the risk assessment information provided by PSPC, and are monitoring related follow-action, including the development of a Policy on Ethical Procurement.

(d) any measures taken to remediate any forced labour or child labour;

DND has not taken any measures to remediate any forced labour or child labour.

(e) 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 labour or child labour in its activities and supply chains;

DND has not taken any measures to remediate the loss of income to anyone due to efforts to eliminate the use of forced labour or child labour in its activities and supply chains.

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

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

(g) how the government institution assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.

The *Supply Chain Act* entered into force in January 2024. DND began preliminary exploratory work on the implications of the *Act* in March 2024. Any future policies and procedures on assessing the effectiveness in ensuring that forced labour and child labour are not being used in departmental activities and supply chains depends on an analysis of procedural and policy requirements as well as direction from Public Safety Canada on expectations.

3. Contacts

Marc Lanouette
(Il/lui | He/Him)

Chef de section – Assurance du matériel, résilience de chaînes d’approvisionnements et ingénierie de la sécurité des systèmes
Direction des politiques et procédures – matériel 11
Direction Générale Systèmes des Matériels et de la Chaîne d’Approvisionnement
Ministère de la défense nationale / Gouvernement du Canada
Marc.lanouette@forces.gc.ca / Tél : 613-406-3175

Jeffrey Collins, PhD
(He/Him)

Senior Supply Chain Resilience Analyst
Directorate of Materiel Policy and Procedures 11
Director General Materiel Systems and Supply Chain
Department of National Defence / Government of Canada
jeffrey.collins@forces.gc.ca / Tel: 782-377-6732