

Forced Labour and Child Labour in Supply Chains Assessment

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Introduction

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Government institutions and entities doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness, promote transparency, and drive businesses to improve practices. The Act requires government institutions to report on the steps 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 in Canada or elsewhere by government institutions or of goods imported into Canada by the government institution. There are seven mandatory reporting areas pertaining to the government institution that must be investigated and reported on which include:

- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business 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.
- Any measures taken to remediate any forced labour or child labour.
- 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.
- The training provided to employees on forced labour and child labour.
- How the government institution assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

This report is the International Development Research Centre (IDRC) response to Bill S-211, An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 6(1) and 6(2).

IDRC is a Crown Corporation that reports to Canada's Parliament, therefore, a government institution as defined by the Act. IDRC follows a financial year ending March 31. The content of this report is with respect of the Financial Year ending March 31st, 2024. IDRC satisfies the definition of an Entity within the Act by meeting the definition of a government institution.

Structure, Activities & Supply Chain

Structure

IDRC is a Crown Corporation funded by the Government of Canada and donor contributions. IDRC's work is directed by the *International Development Research Centre Act (1970)*, which aims "to initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions."

In carrying out its mandate, the Centre:

- provides financial support to researchers in developing countries to address domestic development challenges and contribute to broader global solutions;
- facilitates the use and uptake of research, and encourages dialogue and learning between researchers, policymakers and private sector actors;
- synthesizes and shares results from across its research investments to inform local, regional, and global agendas; and
- engages, convenes, and collaborates with research organizations and funding partners throughout the innovation process.

IDRC's head office is located in Ottawa, Ontario. In addition, IDRC maintains five regional offices located around the world to facilitate proximity to researchers and projects funded by IDRC. These regional offices are in Amman, Jordan; New Delhi, India; Nairobi, Kenya; Montevideo, Uruguay; Dakar, Senegal.

IDRC employs a total of 370 employees distributed across numerous offices worldwide. IDRC operates with three organizational branches: Programming and Partnership, Resources, and Strategy, Regions and Policy. There are 19 total divisions within these branches, encompassing a range of areas such as Climate-Resilient Food Systems, Education and Science, Global Health, Democratic and Inclusive Governance, Sustainable and Inclusive Economies, Grant Administration, Digital Solutions and Information Governance, Finance and Administration, People and Corporate Culture, and Communications among others.

Activities

Working in the nonprofit sector, IDRC primarily focuses on supporting research and initiatives that contribute to sustainable development, reducing poverty, and enhancing the well-being of developing countries.

Within IDRC's 2030 Strategy, the commitment to investing in high-quality research and innovation has been outlined. IDRC is committed to identifying and responding to critical global development challenges. This goal seeks to broaden IDRC's scope by emphasizing knowledge sharing and fostering international partnerships to enhance global cooperation and secure additional resources for research and development. To support this goal, IDRC funds programs distributed across five research priority areas:

- Climate-Resilient Food System
- Global Health
- Education and Science

- Democratic and Inclusive Governance
- Sustainable Inclusive Economies

For the purposes of evaluating IDRC’s supply chain as it relates to this Act, an assessment has been performed by reviewing expenses related to corporate functions. The expenses related to corporate functions indicate all expenses at IDRC other than direct funding to researchers. These expenses are centralized due to most procurement activities being conducted through the head office.

Supply Chain

Purchases related to corporate functions are broken up into the categories of textiles, electronics, building/construction, and office supplies. For the purposes of this assessment, IDRC focused on recurring expenses and suppliers who account for at least 1% or more of IDRC’s total procurement activity. Of total 2023-2024 procurement activity, office supplies accounted for 0.47% of total goods, which falls below the 1% threshold denoted above. The purchases related to textiles include furniture. The purchases related to building/construction involve office renovation. The following types of goods procured fall into the category of electronic equipment, specifically computer, audio-visual, network infrastructure, and communication equipment.

For this assessment, IDRC focused on procurement with direct suppliers of electronics specifically during the 2023-2024 financial year.

Of total 2023-2024 procurement activity, electronic equipment accounted for 59% of total goods.

Using these parameters, IDRC procures electronics from six countries – Canada, Jordan, Senegal, Uruguay, India and Kenya, see Figure 1: Summary of Procurement by Country. All procurement activity is centrally managed through the Ottawa office.

Although IDRC has knowledge of where suppliers are headquartered, the comprehensive scope of supplier manufacturing locations and the sources from which suppliers make their purchases, remains an area of focus. IDRC identified this as an opportunity to further develop and understand, in an effort to reduce the risk of child labour and forced labour across their activities, and their supply chain.

Policies and Due Diligence Processes

IDRC has the following policies and due diligence procedures to mitigate the risk of child labour and forced labour within internal activities only:

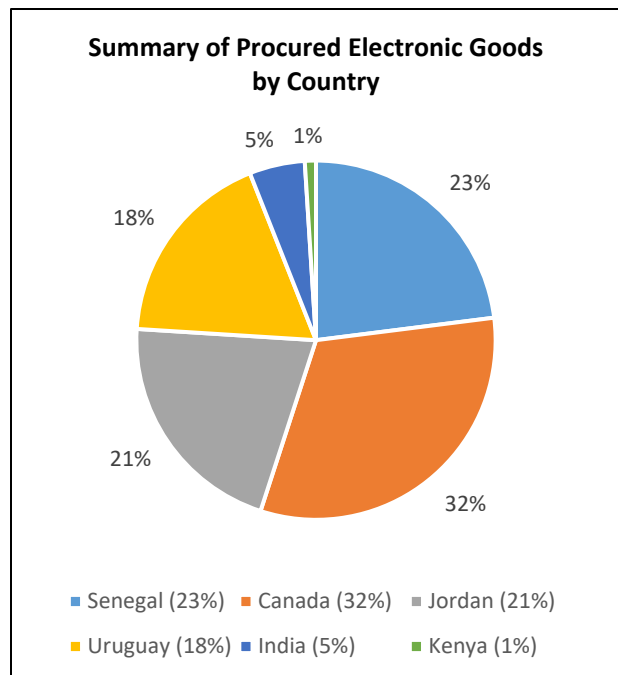


Figure 1: Summary of Procured Electronic Goods by Country

Internal Policies

IDRC Code of Conduct

The Code of Conduct indicates that IDRC upholds and promotes high ethical standards not only in their policies, programs, and practices, but in the daily work and actions of all employees.

This code is intended to define and communicate the ethical requirements and responsibilities of IDRC employees in day-to-day operations. Additionally, ensuring the promotion and maintenance of an environment free from all forms of discrimination and/or harassment and creating a respectful workplace.

To reflect acknowledgement and agreement, policies are reviewed yearly, and employees are required to sign off on the Code of Conduct.

Furthermore, IDRC policies, such as Workplace Harassment and Violence Prevention, and Workplace Effectiveness, encourage employees to submit grievances (complaints) if there is any wrongdoing found internally and externally of the workplace.

Employee Health and Wellness

This policy states that it is in accordance with Part II of the Canadian Labour Code. As such, this policy indicates IDRC's commitment to maintain a healthy and safe working environment. All levels of the organization are required to comply with relevant health and safety legislation. To contribute to the administration of this policy, a Workplace Health and Safety Committee is in place.

Renewed Procurement Policy

This policy, coming in force in financial 2024-2025, establishes a framework for sustainable purchasing and supports IDRC's Supplier Code of Conduct. This policy states that IDRC will ensure purchasing decisions consider the environmental, social, and economic impacts of the goods and services intended to be purchased. The social responsibility of suppliers is considered when making procurement decisions on the following: working conditions, wages and benefits of employees who produce goods and services.

This policy requires suppliers to abide by ethical labour practices and are expected to align with IDRC's Supplier Code of Conduct, which is being released in 2024-2025, and IDRC's ESG principles and provide relevant information to demonstrate their commitment to sustainability and social responsibility.

This policy uses sustainable procurement practices to evaluate the environmental, social and governance impacts of all purchases of goods and services.

Research Ethics Guidelines and Procedures Manual

The IDRC Research Ethics policy sets out IDRC's approach to research ethics and the roles and responsibilities of management and employees. It covers the Centre's requirements, roles and responsibilities related to ensuring the ethical conduct of all research activities that receive complete or partial funding or support from IDRC, and are governed by contract, grant, or partnership agreements.

The Research Ethics Policy states that IDRC must ensure high ethical research conduct across the centre. This policy was created by the Advisory Committee on Research Ethics (ACRE) and should be reviewed on an ongoing basis.

This policy is derived by the following policies: Tri-Council Policy Statement on ethical Conduct of Research involving Humans, Canadian Council on Animal Care, World Animal Health Organization and Canadian Environmental Protection Act.

Additionally, this policy requires all employees to complete a 4-hour mandatory training on research ethics. This policy relates to the act as it ensures that employees who conduct research are doing it ethically across IDRC.

Union

There are unionized employees at IDRC under the Public Service Alliance of Canada (PSAC). PSAC collective agreement, expiry March 31st, 2025, does not mention the requirement to comply with the Bill S-211 Act. However, the collective agreement includes expectations related to labour disputes, discrimination, health and safety, and sexual harassment to promote the well-being and increased efficiency of its employees to the end that the people of Canada will be well and efficiently served. The PSAC collective agreement is subject to comply to the Federal Public Sector Labour relations Act (FPSLRA).

Due Diligence Processes

Supplier Code of Conduct

IDRC is in the process of developing a Supplier Code of Conduct to establish standards for its' supply chain. This code reflects principles outlined from the International Labour Organization's Declarations on Fundamental Principles and Rights of Work, the United Nation's Sustainable Development Goals, and the United Nations Convention on the Rights of the Child.

This code of conduct indicates the obligation of all IDRC's supplier to comply with this Code when working with IDRC. Specific requirements may be included in contracts based on the nature of the work. Suppliers must comply with all applicable laws and regulations of the countries which they operate in including labour, environmental, health and safety, and anti-corruption laws. It is also suppliers' responsibility to adhere to labour practices, ensuring a safe and healthy workplace, as well as promoting social and environmental well-being.

Specific provisions addressing forced and child labour which are included in the Supplier Code of Conduct are as follows:

- **Forced Labour:** Never engage in forced, bonded, or trafficked labour.
- **Child Labour:** Do not employ anyone under the legal working age or the age for compulsory schooling, whichever is higher.¹

¹ IDRC Supplier Code of Conduct March 2024

General Terms and Conditions

Within IDRC's Terms and Conditions sent out with every purchase order, the following items have been identified relevant to this Act: Compliance with Laws – The seller shall comply with all applicable legislation of the country and location for where the goods are destined; Governing Laws – The Order shall be governed and construed in accordance with the laws of the Province of Ontario, Canada. Where a dispute cannot be resolved by mutual agreement, the parties agree that any legal action or claim must be brought before the courts of the Province of Ontario, Canada, which will have exclusive jurisdiction over all such actions and claims; Termination – The Buyer reserves the right to cancel the Order if (i) the Goods are not delivered on the delivery date specified in the Order; (ii) the Seller is in breach of any of its obligations contained in the Order; or (iii) the seller threatens to, or goes into, any form of bankruptcy, receivership or liquidation. The seller does not have and may not prosecute any claim whatsoever at law or equity against Buyer if Buyer cancels the Order under the preceding sub-clause.

EcoVadis

EcoVadis is a tool that evaluates companies' environmental, social, and ethical performance. This product aims to promote transparency, ethical business practices, and sustainability in global commerce. IDRC is implementing this tool going forward to better understand supplier's commitments relevant to this Act. This Environmental, Social, and Governance tool will help identify sustainability risks, however, the criteria for the EcoVadis assessment is still unknown. This tool has been scheduled for implementation in the first quarter of 2024-2025 financial year.

Supply Chain Risk Assessment

A risk assessment over IDRC's industry of operation, material goods procured, and countries goods are procured from, has been performed over direct suppliers. For this assessment, IDRC has focused on procurement with direct suppliers of electronic equipment during the 2023-2024 financial year.

This risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labour as it relates to IDRC's activities and supply chain. The two indices are Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

Industry of Operation

IDRC operates in the field of international development and research as a non-profit research organization. The two indices above have not identified inherent risk of child labour and/or forced labour in the non-profit industry. However, it is important to consider that there is inherent risk in the electronic industry. Electronics are recurring purchases that support IDRC's operation. The ongoing procurement of electronics pose an inherent risk exposure of child labour and forced labour as indicated by the two indices.

Goods Procured

The category of goods focused on as it relates to this Act is electronics. Findings from Walk Free reflect that this good has an inherent risk exposure to child labour and/or forced labour.

IDRC has visibility of its direct suppliers. To mitigate any potential inherent risk with direct suppliers, IDRC use an internal supplier banking form to onboard suppliers. IDRC also has authority to oversee supplier day-to-day operations from the respective of accounting and deliverables.

The goods procured from direct suppliers originated from different manufacturing countries. As IDRC doesn't have full visibility throughout the supply chain, they procure goods from a handful of vendors with publicly accessible policies or commitments related to forced labour/child labor in their supply chains. As such, 36% of the procurement dollars of electronics come from those vendors.

Countries Goods Procured From

IDRC tracks the countries where all direct suppliers are headquartered. However, the visibility regarding the origin of the goods remains limited. The assessment over the counties currently concludes at the head office level for direct suppliers. In the upcoming year, IDRC plans to perform a more granular analysis on originating counties of the goods.

IDRC purchases electronic goods in six countries: Canada, Jordan, Senegal, Uruguay, India and Kenya. According to the two indices mentioned above, Kenya, Senegal and India are identified as sources of countries that have inherent risks of using child and/or forced labour. These three countries account for 29% of procured electronics at IDRC. The remaining 71% of procured electronics come from Uruguay, Jordan and Canada. Although these three countries have not indicated inherent risk, it was identified that their vendors source goods from overseas suppliers and also import goods from overseas manufactures. This exposes the supply chain to potential risk.

Remediation of Forced and Child Labour

To mitigate the risk of child labour and forced labour within supply chains, IDRC will incorporate the following mechanisms for supplier due diligence:

Supplier Code of Conduct

IDRC has a draft Supplier Code of Conduct in place for all suppliers to communicate certain standards, ensuring a responsible and sustainable supply chain. IDRC is currently in the process of ensuring that the Supplier Code of Conduct is in compliance to the Bill S-211 Act.

General Terms and Conditions

IDRC requires each supplier to adhere to local laws and regulations of Canada and legislation of the country for where goods are destined, including those relating to labour standards. IDRC identified the opportunity to contain specific clauses regarding legal complicate including labour, environmental, health and safety, and anti-corruption laws.

EcoVadis

Although IDRC has process to assess risks on new suppliers and current suppliers. IDRC identified an opportunity to enhance the current process to be in compliance to the Bill S-211 Act. Recently, IDRC has signed a contract for a 3rd party tool, EcoVadis, that will assist with supplier compliance and monitoring process and due diligence process. The plan is to implement this tool over the next 3 months.

Transparency of Supply Chain

The goods procured from direct suppliers originated from different manufacturing countries. Visibility is limited farther back in the supply chain beyond the direct suppliers. There exists opportunity for IDRC to collaborate with suppliers and enhance the transparency across the supply chain.

Incident Reporting

Two IDRC policies identified: Workplace Harassment, Violence Prevention and Workplace Effectiveness indicate statements for staff to submit complaints for wrongdoing, violence, misconduct, etc. IDRC identified the opportunity to incorporate observations related to forced and child labour into the reporting process. IDRC is the process of rolling out a new platform, ClearView Connect, to internal and external parties as part of the Prevention of Sexual Exploitation, Abuse and Harassment (SEAH) Policy. Recently, IDRC has deployed ClearView internally and will be fully deployed in July. IDRC aims to have the platform available for all types of complaints, not just PSEAH. Identified as an opportunity for IDRC to align better to the Bill S-211 Act.

Right to Audit Clause

There exists an opportunity for IDRC to include a Right to Audit clause in all contracts at IDRC. This clause would grant IDRC the authority to conduct audits or inspections of suppliers, contractors, and partners to ensure compliance with the Bill S-211 Act. Integrating the right to audit clause into contracts such as the supplier code of conduct will enhance governance practices, mitigate risks, and foster trust and accountability within partnerships.

Remediation of Loss of Income

IDRC is in the process of understanding and evaluating their supply chain related to the risk of child labour and forced labour. To date, IDRC has not identified instances of the use of child labour or forced labour within their operations or those of suppliers. IDRC is continuing its review of procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers.

Awareness Training

IDRC does not have training in place specifically addressing forced labour or child labour. However, of the policies and notices identified above relevant to this Act, IDRC does incorporate onboarding training for new employees which involves the Research Ethics Training, Workplace Harassment and Violence Prevention Training, Prevention of Sexual Exploitation, Abuse and Harassment and Supplier Code of Conduct Training.

Annually, all IDRC employees are required to review the Code of Conduct to ensure the individual understands IDRC's ethical standards and expectations. They are also required to declare their compliance with the policy.

IDRC also conducts training sessions to prevent occurrences of harassment and violence in the workplace. Examples of these sessions include harassment and violence prevention policy fundamentals training, respect in the workplace training. To ensure high ethical research conduct across IDRC, designated staff are also required to complete annual training on research ethics.

IDRC recognizes the opportunity moving forward to enhance employee training relevant to Child and Forced Labour.

Assessing Effectiveness

To track IDRCs effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

Internal Activities

1. Policy Review: IDRC has committed to reviewing and updating its policies to ensure the risk of forced and child labour within activities are being adequately addressed.
2. Policy Acknowledgement: To ensure the individual understands IDRC's ethical standards and expectations, IDRC new hires are required to acknowledge the Code of Conduct as part of the onboarding process. Additionally, all IDRC employees are required to review the Code of Conduct annually. They are also required to declare their compliance with the policy.
3. Incident Reporting: IDRC is the process of rolling out a new platform, ClearView Connect, to internal and external parties as part of the Sexual Exploitation, Abuse and Harassment (SEAH) Policy. Recently, IDRC has deployed ClearView internally and will be fully deployed in July. IDRC aim to have the platform available for all types of complaints, not just SEAH. Identified as an opportunity for IDRC to align better to the Bill S-211 Act

Supply Chain Activities

1. Terms and Conditions: With each purchase order sent to suppliers, IDRC attaches their terms and conditions requiring their suppliers to comply with applicable legal requirements of the Government of Canada. IDRC reviews terms and conditions as needed, the current terms and conditions has been coupled with changes on the applicable law. The Terms and Conditions are also reviewed by Legal as required. There is an opportunity to integrate a clause within these terms and conditions regarding a zero-tolerance for child labour and forced labour.
2. Monitoring Suppliers: IDRC has authority to oversee the suppliers' day-to-day operations/performance regarding accounting and deliverables.

Steps Taken to Prevent and Reduce Risk of Child Labour or Forced Labour

IDRC has taken the following steps in the previous financial year to prevent and reduce the risk of forced labour or child labour:

1. Mapping supply chain: As part of this report, IDRC has mapped their first-tier supply chain to complete a risk assessment to align with the Act.
2. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, IDRC has conducted an initial risk assessment of operations and supply chain, identifying inherent risks to which IDRC is exposed. Further work is required to mature the risk assessment process within and across our supply chain.
3. Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains: IDRC is in the process of developing a Supplier Code of Conduct to ensure a responsible supply chain. IDRC has identified the opportunity to contain specific clauses in contracts regarding legal complicate including labour, environmental, health and safety, and anti-corruption laws. IDRC has signed a contract for a 3rd party tool, EcoVadis, that will assist with supplier compliance and

monitoring process and due diligence process. Additionally, IDRC identified the opportunity to incorporate observations related to forced and child labour into the reporting process. IDRC is the process of launching ClearView Connect, a new platform that will be available for all types of complaints internally and externally.

4. Developing and implementing anti-forced labour and/or -child labour contractual clauses: IDRC has identified the opportunity to contain specific contractual clauses regarding legal complicate including labour, environmental, health and safety, and anti-corruption laws within supplier Terms and Conditions.
5. Developing and implementing anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists: IDRC has identified the opportunity to integrate anti-forced labour and/or child labour standards/conduct into internal policies. IDRC is in the process of developing a Supplier Code of Conduct to ensure a responsible supply chain.
6. Monitoring suppliers: IDRC has signed a contract for a 3rd party tool, EcoVadis, that will assist with supplier compliance, monitoring and due diligence process.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name: Geneviève Leguerrier for Julie Delahanty

Signature:

Title: President

Date: 30 May 2024

I have the authority to sign on behalf of the International Development Research Center.

International Development Research Centre

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