

## **Bill S-211 Board of Governors of the Northern Alberta Institute of Technology Report 2023**

### **Introduction**

The purpose of this report is to describe the supply chain structure, spend categories, and import thresholds of the Board of Governors of the Northern Alberta Institute of Technology (“NAIT”).

While NAIT does not currently have a formal policy or strategy in place to address potential risk identified under Bill S-211, this report is to establish a baseline to identify any high-risk areas where forced labour or child labor may occur, and establish policies, procedures, and due diligence measures to prevent and mitigate these potential risks.

NAIT recognizes the importance of a responsible supply chain management and is committed to upholding human rights. By adhering to the reporting requirements of Bill S-211, NAIT reiterates its commitment to a fair and ethical business environment.

### **Reporting Period**

The reporting period covers NAIT’s activities from January 1, 2023, to December 31, 2023.

### **Reporting for entities questionnaire**

**1. \*What steps has the entity 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 goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity? Select all that apply. (Required)**

Information not available for this reporting period

**2. Please provide additional information describing the steps taken (if applicable) (1,500-character limit).**

NAIT has conducted a spend analysis of its multiple operational spend streams, to map out the areas where NAIT could potentially confront a risk profile.

**3. \*Which of the following accurately describes the entity’s structure? (Required)**

Other unincorporated organization

**4. \*Which of the following accurately describes the entity’s activities? Select all that apply. (Required)**

As per the guidelines provided, NAIT falls into two distinct categories:

#### **A- Selling goods:**

- NAIT operates 3 physical stores and on-line web store.

- NAIT's primary focus is on selling books and curriculum supplies to students.
- Additionally, NAIT offers clothing, branded giftware, stationary, and technology products such as laptops and accessories.
- NAIT's annual sales amount to approximately ten million dollars.
- 84.5% of NAIT's revenue from the NAIT shop comes from the sale of course resources and curriculum supplies.

Below is a breakdown of NAIT's total spending associated with the NAIT shop:

<b>Annual Bookstore Spend</b>	\$7,408,362	%
<b>Domestic</b>	\$5,925,077	80%
<b>International</b>	\$1,483,284	20%

This can be broken down further to demonstrate that the vast majority of the NAIT shop's annual spend (84.31%) is on student resources with text, both print and digital, amounting to 66% of the total spend. The number of domestic vs. international vendors in each category are set out below.

Category	Annual Spend	Category Spend share	# of Vendors	Domestic Vendor			Overseas Vendors		
				# of Vendors	Total Spend	Spend Share	# of Vendors	Total Spend	Spend Share
Resources -Print	\$2,299,543	31.0%	86	55	\$ 2,060,319	90%	32	\$ 239,224	10%
Resources -Print NAIT internal	\$980,871	13.2%	1	1	\$ 980,871	100%	0		
Digital Resources	\$1,612,226	21.8%	5	1	\$ 759,831	47%	4	\$ 852,394	53%
Curriculum Supplies	\$1,283,166	17.3%	71	55	\$ 1,171,328	91%	16	\$ 111,838	9%
Curriculum Supplies- NAIT internal	\$70,664	1.0%	1	1	\$ 70,664	100%			
Clothing	\$586,298	7.9%	28	24	\$ 529,499	90%	4	\$ 56,799	10%
Distributor Tech	\$284,416	3.8%	4	3	\$ 70,250	25%	1	\$ 214,166	75%
General Merchandise	\$226,176	3.1%	39	38	\$ 217,313	96%	1	\$ 8,863	4%
Services	\$65,002	0.9%	1	1	\$ 65,002	100%			
<b>Total Spend</b>	<b>\$7,408,362</b>		<b>236</b>	<b>178</b>	<b>\$ 5,925,077</b>	<b>80%</b>	<b>58</b>	<b>\$1,483,284</b>	<b>20%</b>

To mitigate risks, NAIT has primarily focused on clothing and electronics. For clothing, NAIT requires vendors to demonstrate credible certification demonstrating their compliance with international labor laws, making every effort to ensure NAIT's clothing suppliers adhere to ethical labor practices.

For electronics, NAIT's approach centers around safety, ensuring adherence to CSA guidelines. However, since 2020, the Asian market has experienced significant upheaval, leading to a loss of trust in previously provided information. To address this, NAIT is now working on rebuilding NAIT's supply chain map to rebuild the institute's confidence in its data collection. It is anticipated that this initiative will take approximately 18 months, to support NAIT's commitment to transparency, safety, and ethical practices.

## B- Importing into Canada goods produced outside Canada.

NAIT imports goods into Canada to support NAIT's educational and research services, as well as operations for NAIT's bookstore. NAIT's imported goods account for 11.7% of NAIT's total spend for goods.

75% of these imports are to take care of NAIT's bookstore operation, covered above. The remaining 25% of imported goods are to purchase educational equipment for training purposes, aimed to enhance NAIT's students' learning experience. Additionally, NAIT imports laboratory equipment and consumables necessary to cover NAIT's curriculum needs.

These specialized imports contribute to the quality of education and research within the institution. NAIT's commitment to sourcing the right products globally allows NAIT to provide excellent services to its community while maintaining cost-effectiveness.

NAIT'S Imports 2023		
Country of Origin	Share	Value in K
Canada	87.3%	\$13,465
USA	8.0%	\$1,228
Netherlands	2.7%	\$410
Senegal	1.0%	\$152
Germany	0.4%	\$66
Taiwan	0.3%	\$43
OTHERS	0.4%	\$68
	<b>100%</b>	<b>\$ 15,431</b>

Row Labels	Canadian Suppliers			International Suppliers			Total Spend 2023*		
	Domestic	%	# of Suppliers	Imported	%	# of Suppliers	Sum of Sum of VA	Sum of %	# of Suppliers
Food Supplies	\$ 2,348,168	15.2%	14	\$ -	0.0%	0	\$ 2,348,168	15.2%	14
Resources- Print	\$ 2,060,319	13.4%	47	\$ 239,224	1.6%	29	\$ 2,299,543	14.9%	76
Computers and other IT equipment	\$ 2,124,326	13.8%	5	\$ -	0.0%	0	\$ 2,124,326	13.8%	5
Curriculum Supplies	\$ 1,235,469	8.0%	48	\$ 111,838	0.7%	12	\$ 1,347,307	8.7%	60
Laboratory and equipment consumables	\$ 590,027	3.8%	6	\$ 605,773	3.6%	110	\$ 1,195,800	7.7%	116
Furniture	\$ 1,070,000	6.9%	3	\$ -	0.0%	0	\$ 1,070,000	6.9%	3
Audiovisual Equipment	\$ 714,908	4.6%	2	\$ 36,015	0.2%	2	\$ 750,923	4.9%	4
Educational Equipment	\$ 43,653	0.3%	1	\$ 693,983	4.1%	18	\$ 737,636	4.8%	19
Clothing	\$ 529,499	3.4%	23	\$ 56,799	0.3%	4	\$ 586,298	3.8%	27
Consumables	\$ 470,000	3.0%	3	\$ -	0.0%	0	\$ 470,000	3.0%	3
Metal	\$ 369,260	2.4%	3	\$ -	0.0%	0	\$ 369,260	2.4%	3
Stationary Supplies	\$ 300,000	1.9%	1	\$ -	0.0%	0	\$ 300,000	1.9%	1
Gas	\$ 287,706	1.9%	1	\$ -	0.0%	0	\$ 287,706	1.9%	1
Distributor tech	\$ 38,562	0.2%	1	\$ 214,166	1.3%	1	\$ 252,728	1.6%	2
General Merchandising	\$ 217,313	1.4%	34	\$ 8,863	0.1%	1	\$ 226,176	1.5%	35
Printing Supplies	\$ 200,000	1.3%	1	\$ -	0.0%	0	\$ 200,000	1.3%	1
Electrical Supplies	\$ 189,000	1.2%	2	\$ -	0.0%	0	\$ 189,000	1.2%	2
Carpentry supplies	\$ 123,167	0.8%	1	\$ -	0.0%	0	\$ 123,167	0.8%	1
Chemicals	\$ 118,970	0.8%	1	\$ -	0.0%	0	\$ 118,970	0.8%	1
Gym Equipment	\$ 100,000	0.6%	1	\$ -	0.0%	0	\$ 100,000	0.6%	1
Tools	\$ 100,000	0.6%	1	\$ -	0.0%	0	\$ 100,000	0.6%	1
Trailer	\$ 100,000	0.6%	1	\$ -	0.0%	0	\$ 100,000	0.6%	1
Bus tickets/ETS to Work NAIT staff	\$ 65,002	0.4%	1	\$ -	0.0%	0	\$ 65,002	0.4%	1
Signs	\$ 46,100	0.3%	1	\$ -	0.0%	0	\$ 46,100	0.3%	1
Protective clothing	\$ 17,089	0.1%	1	\$ -	0.0%	0	\$ 17,089	0.1%	1
Distributor tech	\$ 6,070	0.0%	1	\$ -	0.0%	0	\$ 6,070	0.0%	1
	<b>\$ 13,464,609</b>	<b>87.3%</b>	<b>204</b>	<b>\$ 1,966,661</b>	<b>11.7%</b>	<b>177</b>	<b>\$ 15,431,269</b>	<b>100.0%</b>	<b>381</b>

\* NAIT works with multiple systems and streams of purchases. Information was gathered through ledger information and manually classified for this report.

**5. Please provide additional information on the entity's structure, activities, and supply chains (1,500-character limit).**

At NAIT, the institute's procurement activities follow a hybrid model, combining centralized oversight with localized autonomy. NAIT manages its purchasing processes as follows:

**1- Areas with Autonomy:**

NAIT's bookstore and culinary school have been granted autonomy to address their specific purchasing needs. This decentralized approach allows these areas to tailor their procurement strategies to support their unique operations effectively.

**2- Corporate Credit Card Model:**

NAIT's Corporate Credit Card (p-card) system is used to enhance flexibility for authorized personnel, to address purchases considered small spends (below \$2,500 per transaction). These purchases are non repetitive in nature, and there is a monthly spending limit set at \$5,000. The purpose of the p-card system is to reduce out-of-pocket expenses and streamline administrative processes. They are also available for employees who travel for work.

**3- Supply Chain Management Department:**

The remainder and core of NAIT's procurement activities are managed through NAIT's Supply Chain Management department, which has authority to operate as NAIT's procurement agent. NAIT's Supply Chain Management team ensures that procurement activities adhere to relevant trade agreements and legislation, ensuring fair and transparent processes take place.

NAIT's procurement team collaborates closely with various departments to develop effective strategies. The team ensures a streamlined process as follows:

**A- Bid solicitation and evaluation:**

The team creates competitive bid solicitation documents, outlining project requirements, supporting evaluation criteria design, as well as establishing pricing structures aimed to achieve best value.

**B- Contract preparation and negotiation:**

The team supports contract preparation, ensuring all terms and conditions are clearly defined, and legal counsel is engaged as needed. The team engages in negotiation to secure favorable agreements.

**C- Risk Mitigation and Compliance:**

Safety, liability and WCB insurance, and environmental considerations are integral to the team's process. The procurement team assesses risk and engages NAIT's Risk Management team as required. The team ensures that compliance with legal requirements and trade agreements is a priority.

**D- Operational everyday procurement needs:**

The team supports all department areas' day to day business purchasing needs.

NAIT purchases a wide variety of services and goods. The following main categories have been identified:

- 1- **Facility Management Services:** Mechanical, electrical, carpentry, small renovations and repairs, groundskeeping, snow removal and janitorial services.
- 2- **Construction Projects:** Renewal and upgrades of existing facilities, and construction associated with campus growth.
- 3- **Technology portfolio:** Purchases of software, IT-related hardware, from computers to UPS's, audiovisual equipment.
- 4- **Industry Solutions and Consultancy Services:** Acquisition of specialized consultancy services, as well as providing support to NAIT's research and continuing education departments in their multiple and dynamic needs.
- 5- **Applied Science, Health, and Life Sciences:** Lab equipment and specialized consumables for instruction purposes, such as chemicals and pharmaceuticals.
- 6- **School of Trades:** Culinary, electrical, automotive, manufacturing, construction, fabrication, mechanical, HVAC, HET, steel hoist, consumables, metal, building supplies etc.

NAIT's overall addressable spend is approximately \$80 million per year. Approximately 19% (~\$15.4 million) of this spend is used to purchase goods, and of this share, approximately 2.5% (~\$2 million) of the total spend on goods purchased is imported.

**6. \*Does the entity currently have policies and due diligence processes in place related to forced labour and/or child labour? (Required)**

- No.

**7. Please provide additional information on the entity's policies and due diligence processes in relation to forced labour and child labour (if applicable) (1,500-character limit).**

**8. \*Has the entity identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used? (Required)**

- Yes, NAIT has started the process of identifying risks, but there are still gaps in the institute's assessments.

**8.1 \*If yes, has the entity identified forced labour or child labour risks related to any of the following aspects of its activities and supply chains? Select all that apply. (Required)**

- Suppliers further down the supply chain than tier three (Concerning to purchases of clothing or electronics).

NAIT's ability to map out these activities is limited, given that NAIT's distributors for these imports are in United States. NAIT's total spend in this area per year in 2023 was approximately \$271,000.

**9. \*Has the entity identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries? Select all that apply. (Required)**

- None of the above.

**10. Please provide additional information on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the entity has taken to assess and manage that risk (if applicable) (1,500 character limit).**

**11. \*Has the entity taken any measures to remediate any forced labour or child labour in its activities and supply chains? (Required)**

- Not applicable, as NAIT has not identified any forced labour or child labour in the institute's activities and supply chains.

**12. Please provide additional information on any measures the entity has taken to remediate any forced labour or child labour (if applicable) (1,500 character limit).**

**13. \*Has the entity taken any measures 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? (Required)**

- Not applicable, as NAIT has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in NAIT's activities and supply chains.

**14. Please provide additional information on any measures the entity has 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 (if applicable) (1,500 character limit).**

**15. \*Does the entity currently provide training to employees on forced labour and/or child labour? (Required)**

- No.

**16. Please provide additional information on the training the entity provides to employees on forced labour and child labour (if applicable). (1,500 character limit).**

**17. \*Does the entity currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains? (Required)**

- No.

**17.1 \*If yes, what method does the entity use to assess its effectiveness? Select all that apply. (Required)**

- N/A

**18. Please provide additional information on how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains (if applicable). (1,500 character limit).**

NAIT's bookstore buyers follow a guideline entitled, "*Purchasing from International Vendors*", the objective of which is to check for corporate social responsibility policies and to understand what their position and maturity is in terms of forced labor, safety, and sustainability.

Considering that NAIT's purchase volume is very small, this guideline is to set expectations among NAIT's bookstore buyers, so due diligence efforts are made to understand company values and policies before consideration is taken to formalize business relationship.

The content of the guideline is included below:

#### **Purchasing From International Vendors**

Our goal is always to purchase goods and services locally wherever possible in order of priority:

- Local to Edmonton
- Local to Alberta
- Local to Western Canada
- Local to Canada
- Overseas

It is not always feasible in terms of cost or availability to not source from overseas vendors. In that case you should consider the following:

Purchasing from international vendors is quite common even if we are cutting a PO to a Canadian vendor. A good example is with clothing manufacturers: we may be buying from a Canadian vendor but very few of these companies are producing the garments in Canada. Most are using overseas production facilities. If you are aware that a vendor is producing their goods overseas, you must take steps to determine details about the manufacturing process where the goods are produced.

A sizable portion of our supply chain comes from distributors. Keep in mind if the company is not the manufacturer of the product we should view them as a distributor; even if they are having their products produced to their specifications, they are still a distributor. This can be a bit tricky to understand as some noticeably big brand names have offshore production facilities that they own or that they contract to. As a rule, here are the distinctions between a manufacturer and a distributor:

- Manufacturers only create products from raw materials or components.

- Distributors purchase products from manufacturers and sell them to retailers.
- Brands often focus on design, product development and distribution of their products, but a manufacturer is only involved in product production. The most common scenario is that a brand will have their inventory produced by a manufacturer overseas and have distribution offices all over the world to move the product to market.

It is feasible that you may not be able to ascertain all the information below, but it is the expectation that you do vet the vendor to the best of your ability and if there are doubts discuss with your manager.

Regardless of the product or the country of the vendor we should be trying to ascertain:

- Where are the goods produced or the company of origin?
- Is there any finishing process completed in Canada? For example, in clothing do they decorate offshore or in Canada? For electronics, is their inspection done in Canada for confirmation of the CSA standards?
- Are you working directly with the manufacturer or is it a broker or distributor?
- Where are the raw materials sourced? This may be difficult to ascertain.
- What is the CSR (corporate social responsibility policy) of the company including any certifications they may have. The critical issues we are looking for are details against forced labor; their concern for the safety of their workforce; and the company's green practices.
- Is the certification claim the vendor is making from a reputable governing authority?
- How will the goods be shipped? What is the estimated cost of shipping?
- Timeline for delivery?
- What are their quality control standards, and do they have certification standards?
  - For electronics, we need confirmation that they meet CSA standards.
- What is the warranty period and process?
- What is the FOB point for NAIT?

These questions will not always be easy to answer but if a vendor cannot provide any positive responses to these questions, we need to consider whether we should be dealing with this company.

In our file folder Supply Chain Mapping we have been building a profile for our vendors including any certifications that the company holds. Please include the information you have uncovered in the file under the appropriate commodity.

Ensure that you understand the full cost of freight and any duties or customs before establishing the cost of goods and the price. If shipping or custom tariffs are high, we need to consider them in the price calculation.

NAIT has a designated brokerage vendor. Please ensure that you include brokerage instructions on the PO.

If there is a long lead time for the product put that information in a PO so the warehouse is aware of an estimated shipping time.



**Attestation**

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.

**BOARD OF GOVERNORS OF  
THE NORTHERN ALBERTA INSTITUTE  
OF TECHNOLOGY**

Per: 

Name: Arden Kobewka

Title: Associate Vice President, Finance and Corporate Services

Date: May 30, 2024

The Board of Governors of the Northern Alberta Institute of Technology has delegated signing authority according to its Delegation of Authority Policy and associated procedures, pursuant to which I have authority to approve financial reports of NAIT.