



Annual Report on Fighting Against Forced Labour and Child Labour in Supply Chains

for the Financial Reporting Period of
1 April 2023 to 31 March 2024



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

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General

This first annual report responds to the requirement established in the [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#). The act requires government institutions to report annually on the measures that they have taken during the previous financial year to prevent or reduce the risk of forced labour and child labour at any step of the production of goods produced, purchased, or distributed by the government institution. For clarity, purchases executed centrally by a common provider of acquisition services on behalf of a government institution are scoped into this report.

The Office of the Auditor General of Canada (OAG) is a government institution as defined in the act. We purchase goods in and outside of Canada and distribute goods in Canada between our head office in Ottawa (Ontario) and our regional offices in Halifax (Nova Scotia), Montréal (Quebec), Edmonton (Alberta), and Vancouver (British Columbia). Our activities do not extend to the production of goods, and we do not manufacture, grow, extract, or process goods in or outside of Canada.

Executive Summary

The OAG is committed to delivering our procurement function in a manner that enables operational outcomes and demonstrates sound stewardship and best value consistent with the Government of Canada's environmental, social, and corporate governance objectives. This commitment includes respecting human rights and upholding ethical standards to prevent or reduce the risk that forced labour and child labour are present in our activities and supply chains. This commitment also complements our [Departmental Sustainable Development Strategy](#) and contributes to the [United Nations' Sustainable Development Goal 8](#) to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

This report will describe

- our structure, activities, and supply chains
- our policies and due diligence processes in relation to forced labour and child labour
- the parts of our business and supply chains that carry a risk of forced labour or child labour
- 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
- training provided to employees on forced labour and child labour
- an assessment of our effectiveness in ensuring that forced labour and child labour are not present in our activities and supply chains

Actions Taken in the Previous Financial Reporting Year

The OAG completed 4 actions during the previous financial reporting year. For ease of reference, these actions are summarized upfront along with the results expected. Additional details on each action are available in the body of our report.

- Action:** Updated the OAG's procurement management framework to add human rights to the list of environmental, social, and corporate governance principles informing procurement.

Expected result: Ensures that the intended outcomes of procurement include human rights considerations and reduces the risk of unethical business practices.
- Action:** Adopted the Code of Conduct for Procurement, which is now included in all competitive tenders published by the OAG.

Expected result: Establishes clear expectations and obligations for vendors and subcontractors relating to human rights, labour standards, and ethical practices. The code also provides a means for the OAG to declare bids non-responsive or to terminate contracts in situations of non-compliance.
- Action:** Measured the OAG's potential exposure to forced labour and child labour by analyzing payments made to suppliers in the 2022–23 fiscal year.

Expected result: Supports the identification of commodity areas where contracting authorities (those who have been delegated authority to enter contracts for goods) and business owners (those who are responsible for defining requirements in the business areas for which a procurement of goods is being executed) should be at heightened attention for signs of forced labour and child labour.
- Action:** Identified training opportunities to increase awareness within the OAG of forced labour and child labour. Training will be provided to contracting authorities and relevant business owners in the 2024–25 fiscal year.

Expected result: Establishes means for equipping employees with the knowledge and skills necessary to identify and address issues related to forced labour and child labour.

Structure, Activities, and Supply Chains

Raison d'être

The OAG is the legislative audit office of the federal government and the 3 northern territories. Our main duties are financial audits, performance audits, special examinations, sustainable development monitoring activities, and environmental petitions oversight. Our audits and studies provide objective information, advice, and assurance to Parliament, territorial legislatures, governments, and Canadians. With our reports and testimony, we assist parliamentarians and territorial legislators in their work on authorizing and overseeing government spending and operations.

Mandate and activities

The Auditor General of Canada is an officer of Parliament whose work and responsibilities are independent of the government and who reports directly to Parliament. The Auditor General's duties are set out in the [Auditor General Act](#), the [Financial Administration Act](#), and other acts and orders-in-council. The Commissioner of the Environment and Sustainable Development assists the Auditor General in performing the duties that relate to the environment and sustainable development.

The OAG's main duties are

- financial audits of the consolidated financial statements of the Government of Canada and each of the 3 territorial governments and of the financial statements of federal Crown corporations, territorial corporations, and other organizations
- performance audits of federal and territorial organizations and programs
- special examinations of federal Crown corporations
- sustainable development monitoring activities

Structure

The OAG workforce includes 3 main sectors: the financial audit practice, the performance audit practice, and corporate services. Procurement and distribution activities are executed in response to demands for goods and services that originate from within these sectors of the OAG.

Supply chains

In conducting its audits and fulfilling operational functions, the OAG relies on a network of suppliers to procure goods and services. These suppliers range from professional services firms to providers of office supplies and equipment. While the OAG's supply chains may not be as extensive as those of commercial enterprises and large government institutions, they play a critical role in supporting our mandate.

Our annual pre-tax spend for goods is approximately \$3.5 million, primarily in the domains of software, computers, peripherals, audiovisual equipment, furniture, and office supplies. These goods are mainly sourced using methods of supply established by the federal government's common providers of acquisition services: Public Services and Procurement Canada and Shared Services Canada. To ensure that goods procured are positioned where they are required, the OAG may distribute goods, as necessary, between our head office and our regional operations.

Policies and Due Diligence Processes

Procurement management framework

The OAG maintains a procurement management framework that consists of processes, systems, and controls and includes clearly defined roles, responsibilities and accountabilities, best practices, and procedures. The framework ensures that OAG procurement is executed fairly, openly, and transparently and meets public expectations in matters of prudence and probity. To ensure that the outcomes of procurement include human rights considerations and to reduce the risk of unethical business practices, the OAG has updated the framework to add human rights to the list of environmental, social, and corporate governance principles informing procurement. Discussions on human rights, including the mitigation of any forced labour or child labour risk, are now documented on major procurement files.

Action taken in the previous financial year

1 Updated the OAG's procurement management framework to add human rights to the list of environmental, social, and corporate governance principles informing procurement

Code of Conduct for Procurement

As part of our commitment to ethical sourcing, the OAG has adopted the [Code of Conduct for Procurement](#), which is published and maintained by Public Services and Procurement Canada. The code outlines expectations and obligations for vendors and their subcontractors who respond to bid solicitations or provide goods and services to Canada. When referenced in published bid solicitations and resulting contracts, the code provides a framework for ensuring that vendors and subcontractors comply with Canada's commitment to human rights, labour standards, and ethical practices. Among these practices, the code sets the expectation that vendors and subcontractors will comply with Canada's prohibition on the use of forced labour and child labour in the production or importation of goods regardless of their country of origin.

At the OAG, the code is now referenced in all published bid solicitations and their ensuing contracts. By responding to a published bid solicitation, bidders are certifying to the OAG that they will comply with the code. Our expectation is that vendors and their subcontractors will follow the principles set out in the code in good faith. If a vendor is unable or unwilling to comply with the code, the OAG reserves the right to investigate, deem a bid non-responsive, or terminate a contract.

Action taken in the previous financial year

2 Adopted the Code of Conduct for Procurement, which is now included in all competitive tenders published by the OAG

Risk Assessment

The OAG recognizes that certain parts of our supply chain may carry risks of forced labour or child labour. To assess our risk level, we analyzed payments made to suppliers in the 2022–23 fiscal year. The objective was to evaluate what percentage of payments made to our suppliers related to goods carrying the highest risk of forced labour or child labour.

To complete this assessment, we leveraged a risk analysis performed by the Rights Lab at the University of Nottingham, one of the world’s leading experts in modern slavery. In the risk analysis performed on behalf of Public Services and Procurement Canada, the Rights Lab identified the top-10 Goods and Services Identification Number (GSIN) codes carrying the highest risk of forced labour and child labour in the Government of Canada’s supply chains. These GSIN codes are classified by risk rank in Exhibit 1.

Action taken in the previous financial year

3 Measured our potential exposure to forced labour and child labour by analyzing payments made to suppliers in the 2022–23 fiscal year

Exhibit 1—Goods and Services Identification Number (GSIN) codes carrying the highest risk of forced labour and child labour

Risk rank	GSIN code	GSIN code description
1	40	Rope, cable, chain, and fittings
2	54	Prefabricated structures and scaffolding
3	75	Office supplies and devices
4	62	Lighting fixtures and lamps
5	83	Textiles, leather, furs, apparel and shoe findings, tents, and flags
6	78	Recreational and athletic equipment
7	84	Clothing, individual equipment, and insignia
8	63	Alarm, signal, and security detection systems
9	59	Electrical and electronic equipment components
10	35	Service and trade equipment

The results of our assessment identified payments for only 1 of the highest-risk areas: office supplies and devices (GSIN 75). In terms of exposure, our payments to suppliers in high-risk areas represented approximately \$72,000, or 0.47% of the total payments for goods and services made to suppliers in the 2022–23 fiscal year. However, we recognize that some of the high-risk areas, such as textiles, leather, furs, apparel and shoe findings, tents, and flags (GSIN 83) and electrical and electronic equipment components (GSIN 59), are inputs to higher-level assemblies that are bought by our office. These higher-level assemblies include office furniture and computer equipment. When considering the higher-level assemblies in our calculation, the percentage of payments in high-risk areas increases to approximately \$1.3 million, or 8.64% of the total payments for goods and services made to suppliers in the 2022–23 fiscal year. Please note that spend data for the current fiscal year was not available at the time of the production of this report. We anticipate that in-year spend data will be comparable to that registered in the 2022–23 fiscal year.

In future years, we plan to mature our risk assessment by aligning with federal partners to identify potential areas of concern within our supply chains, such as geographic regions with known prevalence of forced labour or child labour or industries with higher-risk profiles. We also intend to develop risk mitigation strategies for areas that carry the highest risk.

Remediation of Forced Labour and Child Labour

During the previous financial reporting year, the OAG did not identify any instance of forced labour or child labour in our supply chains. If instances of forced labour or child labour arise within our activities or supply chains, the OAG commits to taking remedial action. Available actions include the ability to render bids non-responsive or to terminate contracts if bidders or suppliers have failed to comply with the Code of Conduct for Procurement.

Remediation of Loss of Income

During the previous financial reporting year, the OAG did not identify any instances where vulnerable families lost income because of measures that we had taken to eliminate the use of forced labour or child labour in our supply chains. With that said, the OAG will take appropriate action when necessary to remediate the loss of income to the most vulnerable families that result from our actions.

Training Initiatives

To ensure that employees are equipped with the knowledge and skills necessary to identify and address issues related to forced labour and child labour, the OAG has identified training for contracting authorities and business owners.

The first cohort of approximately 20 learners will undertake this training in the 2024–25 fiscal year. By investing in employee training, the OAG aims to raise awareness, promote a culture of compliance, and empower staff to play an active role in safeguarding human rights throughout our supply chains.

Action taken in the previous financial year

4 Identified training opportunities to increase awareness within the OAG of forced labour and child labour

Effectiveness Assessment

Recognizing that this is a new reporting requirement, the OAG does not currently have procedures in place to assess our effectiveness in ensuring that forced labour and child labour are not being used in our activities and supply chains. In future years, the OAG plans to establish a variety of monitoring, evaluation, and feedback mechanisms to gauge the effectiveness of our efforts to prevent and address forced labour and child labour. These efforts may include reviews of supplier performance, audits of internal processes, surveys of key stakeholders, and engagement with advocacy groups. By systematically collecting and analyzing data on compliance, incidents, and outcomes, the OAG will be better positioned to identify areas for improvement, measure progress over time, and adapt our strategies and interventions accordingly.

