

2023-2024 Annual Report Shared Services Canada

Submitted pursuant to s. 6(1) of the *Fighting Against
Forced Labour and Child Labour in Supply Chains Act*



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Introduction and Context

Over the past several years, an increasing number of manufacturers have moved their operations offshore to exploit the lower costs of labour and production in developing countries, raising concerns for the conditions to which workers in developing countries might be subjected.

Several countries, Canada among them, enacted laws aimed at preventing the importation of products manufactured using forced labour or child labour. The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* came into force on January 1, 2024, and requires all departments of the federal government listed on Schedule 1 of the *Financial Administration Act* to file an annual public report, signed by the Minister of the department. The report is required to detail the activities of the department aimed at preventing forced or child labour.

Unlike Public Services and Procurement Canada (PSPC), which acquires a wide variety of goods, the majority of goods purchased by Shared Services Canada (SSC) in support of its mandate is concentrated in the acquisition of information and communication technology (ICT) domains, and thus includes electronic goods, an area identified as having problematic product lines.

This report focuses on the supply lines for the electronic goods purchased and used by SSC, and on SSC's efforts to prevent forced labour and child labour in the supply chains.

Part I: Departmental Background Information

1.1 – Identifying Information

This report is submitted by Shared Services Canada (SSC) and covers the activities of the department to prevent and reduce the risks of forced labour and child labour in its activities and supply chains.

As a department of the federal government listed in Schedule 1 of the *Financial Administration Act*, SSC is required by law to provide to the Minister of Public Safety a report on the supply chains for the goods it purchases and distributes by May 31st each year.

The present report is the first to be submitted pursuant to the provisions of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

1.2 – Departmental Structure, Activities, and Supply Chains

SSC was created in 2011 and was mandated to modernize the Government's information technology infrastructure. This mandate was reinforced in 2012 through the passage of the *Shared Services Canada Act*. As a common service provider, SSC purchases and distributes ICT goods and services for itself and for many departments of the federal government. SSC's core mandate includes the provision of shared services related to email, data centres, networks, and end-user information technology (IT) services (also known as workplace technology devices) with the exception of end-user support services.

SSC's procurement activities include reliable and secure IT infrastructure and communications, and workplace technology devices & services in support of IT operations across the Government of Canada. SSC's procurement operations follow a strategic sourcing and procurement plan through the centralization of contract administration and the acquisition of IT and other goods and services. With careful attention to overall strategy and supporting technology, SSC effectively manages long-term partnerships and ensures that supplied goods are of high quality and that they are procured at the best value and provided in a timely fashion.

The mandate of the department, whose current size is approximately 9,000 employees, was further consolidated by the signing of *Order-in-Council (OIC) 2015-1071* on September 1, 2015. OIC 2015-1071 restated SSC's mandate to provide a full range of shared information management and information technology services to 45 mandatory partner departments/agencies (including SSC itself as well as small departments and agencies previously not served), and a subset of those services to all other Government of Canada departments and agencies. The OIC also granted SSC with the authority to provide any of its services on a voluntary basis to any government entity, including federal, provincial, and municipal governments.

In meeting its mandate, SSC ensures compliance with the requirements of the *Policy on the Planning and Management of Investments*, the *Policy on Service and Digital*, and the *Directive on the Management of Procurement* and all other pertinent Acts and regulations.

Between April 1, 2023, and March 31, 2024, SSC awarded contracts for over \$1.87 billion worth of goods and services for SSC and awarded contracts directly for Other Government Departments

(OGDs) totalling over \$1.06 billion worth of goods and services. Specific to goods procurements, in FY 2023-2024, SSC awarded 1,613 contracts for goods valued at \$874.5M. SSC also awarded 3,865 contracts for goods valued at \$657.6M for OGDs. A further breakdown of these contracts is displayed in the tables below.

Additionally, over the past three fiscal years (2021-24), SSC awarded an average of 2,512 contracts valued at approximately \$1.84B per year for SSC. Over the same period, SSC has also awarded, for OGDs, an average of 5,553 contracts for approximately \$912.2M per fiscal year.

SSC-Funded Contracts for Goods, FY 23-24		
Commodity Description	Volume	Original Contract Value
Hardware	1,282	\$485,665,704.27
Software	330	\$388,772,141.79
Other	1	\$27,346.00
Grand Total	1,613	\$874,465,192.06

OGD-Funded Contracts for Goods, FY 23-24		
Commodity Description	Volume	Original Contract Value
Hardware	2,282	\$536,567,651.04
Software	1,583	\$121,063,925.00
Grand Total	3,865	\$657,631,576.04

Part II: Measures taken to prevent and reduce the risk of forced labour or child labour

2.1 – Preventing and reducing the risk of forced labour or child labour in SSC procurement

The April 1, 2023, amendments to the Treasury Board *Directive on the Management of Procurement* required several contracting authorities to incorporate the *Code of Conduct for Procurement* (the Code of conduct) into their procurements. In compliance with these amendments, SSC integrated the Code of conduct into its procurements.

Some of the Code of conduct's provisions are aimed at safeguarding federal procurement supply chains and acquisitions of goods made with forced labour and child labour. For example, it requires that vendors providing goods and services to the Government of Canada, and their sub-contractors, comply with all applicable laws and regulations. The Code of conduct also 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.

SSC uses the following procurement tools to which the Code of conduct applies:

- Standing Offers
- Supply Arrangements
- Contracts

Also, 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.

2.2 – Assessment and Management of Risk

Organizations around the world have identified the electronics industry as a major area of concern in terms of the risk of forced labour or child labour being used. 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. Findings from the risk analysis determined that electrical and electronic equipment components were one of the Goods and Service Identification Number codes (GSIN codes) at highest risk. Furthermore, the analysis, and subsequent report, elaborated key strategies for PSPC to leverage public spending power to raise awareness about forced labour in supply chains.

In the 2023 to 2024 fiscal year, PSPC entered into an agreement with a non-governmental organization (NGO) involved in monitoring companies and organizations that carry out the production and distribution of ICT electronic equipment around the world. SSC has joined PSPC, through a Letter of Understanding (LOU), in this project.

Considering the products and services SSC acquires for itself and for OGDs, SSC is working with PSPC to establish a list of potential suppliers and activities that may carry a risk of forced labour or child labour being used. The NGO will conduct a risk assessment of PSPC's and SSC's ICT procurements that will identify risks based on location of production and supply chain tier, including a supplier engagement plan. Additionally, the NGO will provide a report outlining general risks, challenges, and risk mitigation best practices. Upon receiving this information, SSC will be better positioned to assess and manage risks related to forced labour, child labour, and human trafficking, as well as develop policies on Ethical Procurement.

2.3 – Remediating the loss of income to the most vulnerable families

The conditions imposed by corporations on workers and their families and communities in under-developed countries has received heightened attention over the past three years. On May 26, 2023, PSPC updated the code of conduct to include clauses that uphold international human and labour rights for all goods and services purchased by it.

The reports coming from an NGO will provide SSC with clear visibility into the supply chains used by its suppliers. With this information, verification measures may be developed to assess whether any vulnerable families have potentially experienced a loss of income arising out of measures taken by SSC pursuant to the provisions of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

2.4 – Training provided to employees on forced labour and child labour

SSC has been staying informed on upcoming training available for procurement officers on forced labour and child labour. Moreover, research findings from the anti-forced labour collaboration between SSC and PSPC will be used to develop training materials and additional resources to assist employees in identifying and mitigating the risk of forced labour in the procurement of supply chains of electronics.

Conclusion

SSC has made progress during the 2023 to 2024 fiscal year in its efforts to prevent forced labour, child labour, and human trafficking in its procurement supply chains. SSC implemented the amended anti-forced labour requirement clauses into all new or amended contracts, and new or refreshed standing offers and supply arrangements, as part of the General conditions for goods, expanding on the initial anti-forced labour contract clauses implemented for all goods contracts since November, 2021. Notably, these clauses ensure that SSC can terminate contracts where there is credible evidence from a reliable source that goods were produced in whole or in part by forced labour.

Building on the risk analysis of PSPC's supply chains completed by Rights Lab in 2021, SSC is working collaboratively with PSPC and an NGO to monitor the supply chains of ICT hardware procured by SSC. Additionally, SSC continues to develop and share various means of awareness-raising engagement sessions for suppliers around the risks of human trafficking, forced labour, and child labour in procurement supply chains.

SSC is committed to ongoing risk identification, promotion and development of mitigation practices, and ongoing activities to raise awareness within its procurement community and engage with industry and strategic partners.

Thank you,

Daniel Mills CPA, CMA

Senior Assistant Deputy Minister

Enterprise IT Procurement & Corporate Services Branch