



PORT of
vancouver

Vancouver Fraser
Port Authority

Fighting Against Forced Labour and Child Labour in Supply Chains Act

2023 report

Vancouver Fraser Port Authority

May 15, 2024

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Introduction

The Vancouver Fraser Port Authority (the port authority) is subject to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) which requires certain government institutions to report on steps taken to prevent and reduce the risk that forced labour or child labour is used in the supply chains of goods purchased, produced, or distributed by them.

This report is issued for the 2023 financial year and includes information on the port authority’s governance structure, its supply chains and the risks associated with them, as well as measures taken to mitigate those risks.

The port authority acknowledges the importance of increased supply chain transparency in combatting the exploitive practices of forced labour and child labour. It is committed to upholding high standards of practice with regard to human rights and corporate social responsibility.

This report was approved by the president and CEO of the port authority.



Peter Xotta

president and CEO

About the Vancouver Fraser Port Authority

The Vancouver Fraser Port Authority (the port authority) is the arm's-length federal agency responsible for the shared management of the lands and waters that make up the Port of Vancouver. Our mandate, as set out in the *Canada Marine Act*, is to facilitate Canada's trade objectives on behalf of all Canadians and to ensure that goods are transported safely through the Port of Vancouver, while considering local communities. As a non-shareholder corporation, incorporated in January 2008 by the Government of Canada, we are accountable to the federal Minister of Transport.

Governance

The port authority's board of directors provides governance, oversight, and approval of its strategic direction. The criteria for appointment and the responsibilities of the 11 members of the board are set out in the *Canada Marine Act* and its Letters Patent, and members are appointed by the federal government, the Province of British Columbia, the provinces of Alberta, Saskatchewan and Manitoba and the 16 municipalities that border its jurisdiction.

The board of directors operates by delegating certain authorities—such as spending—to management, which is organized into seven divisions, each led by an executive member. These seven executives, along with the president and CEO, make up the executive leadership team responsible for setting the strategic direction of the port authority.

Activities and spending

The port authority fulfills its mandate under the *Canada Marine Act* by:

- Leasing out lands to the terminal operators who move cargo through the port
- Collecting revenue through tenant rent and various fees from port users
- Leading infrastructure projects to support trade growth
- Serving as a permitting authority for terminal expansions and other projects on port lands
- Running a suite of environmental programs
- Working closely with local communities to minimize any negative impacts of port activity
- Engaging and create meaningful relationships with First Nations
- Collaborating with other agencies on port safety and security

While we are required to purchase some goods to support these activities and operations, such spending is minimal. In fact, the bulk of our procurement activity relates to the procurement of services and only around 1% of our spending relates to the procurement of goods.

While the port authority spends minimal amounts on a range of goods, roughly 80% of our goods expenditure over the last five years was for the following four categories:

- Electronic goods
- Office furniture
- Fuel
- Railway products

In undertaking an analysis of our supply chains, we have focused on the sectors in which these four categories of goods are produced.

Supply chain risks

We are aware of various reports and resources published by governments and non-government organizations that provide credible information on forced labour and child labour and the risks associated with certain sectors, regions, and countries. These resources include:

- Global Affairs Canada, [Integrity Declaration on Doing Business with Xinjiang Entities](#). March 21, 2023.
- U.S. Department of Labor, [2022 List of Goods Produced by Child Labor or Forced Labor](#). September 2022.
- U.S. Government and Accountability Office, [Conflict Minerals: Actions Needed to Assess Progress Addressing Armed Groups' Exploiting of Minerals](#). September 2020.
- Minderoo Foundation, [Walk Free 2023, The Global Slavery Index 2023](#).

In identifying the risks associated with our supply chains, we have considered these general resources, as well as other publicly available information about known suppliers, including statements made by suppliers in accordance with similar reporting obligations in other jurisdictions.

We have assessed the overall risks in the supply chains as medium to low because: goods represent a small fraction of our overall spending; we source goods from reputable suppliers, mostly located in Canada; and our goods are predominately manufactured or produced by well-known multinational companies.

However, we acknowledge that some industries related to the goods we purchase have known risks of forced labour and child labour, which we have listed below by sector. We also acknowledge a lack of visibility into our upstream supply chains and the residual risks associated with a lack of supply chain transparency.

Electronic goods

The port authority purchases the majority of its electronic goods from resellers located in British Columbia. Most resellers source products directly from Canadian distributors for well-known, multinational technology companies, such as Apple, Microsoft, Lenovo, Sony, and Dell. To our knowledge, these companies have robust due diligence processes to reduce the risk of forced labour or child labour being used in their upstream supply chains.

However, the production of electronic goods has known risks associated with forced labour and child labour and we have assessed a medium level of risk for this category of goods based on the following factors:

- Raw materials may include conflict minerals mined in conflict zones and exploited to perpetuate wars and fighting
- Raw material extraction and manufacturing facilities in the supply chains may be located in regions with little regulatory oversight and increased risk of forced labour and child labour

- Some countries exporting electronics are known to be at high risk of using forced labour and child labour in their supply chains
- The port authority has little visibility into the complex supply chains in this sector which involve multiple tiers of suppliers across regions

Office furniture

The port authority purchases the majority of its office furniture from a Canadian reseller for a large company headquartered in the United States of America. This company has facilities in other countries and has been recognized globally for its commitment to social responsibility. Its suppliers are required to adhere to a supplier code of conduct that explicitly prohibits forced labour or child labour in any part of the supplier's organization or value chain.

However, the port authority is aware of some risks associated with the furniture sector generally and we have assessed a low level of risk for this category of goods based on the following factors:

- Manufacturing facilities in the supply chains may be located in regions with little regulatory oversight and increased risk of forced labour and child labour.
- Some countries exporting furniture are known to be at higher risk of using child labour in their supply chains.
- The port authority has little visibility into its upstream supply chains.

Fuel

The port authority purchases diesel fuel from refineries and distributors located in British Columbia that source petroleum products from large petroleum companies. We believe that some fuel is sourced domestically, and other fuel is sourced internationally where the port authority does not have full visibility. Accordingly, we have assessed a low level of risk for this category of goods based on the following factors:

- Raw material extraction and refining facilities in the supply chains may be located in regions with little regulatory oversight and increased risk of forced labour and child labour.
- The port authority has little visibility into its upstream supply chains.

Rail products

The port authority purchases rail material and products, such as steel rails and other track materials, from a Canadian manufacturer and reseller specializing in rail products. We have not been made aware of any risks of forced labour or child labour associated with this sector. However, we have assessed a low level of risk for this category of goods because we have little visibility into our upstream supply chains.

Preventing and reducing risks

Codes of conduct

The port authority has policies and due diligence processes in place that help prevent and reduce the risks of forced labour and child labour being used in its supply chains.

The Code of Ethical Conduct policy, adopted by the board of directors, provides the foundation for ethical conduct in the workplace and for conducting business ethically and in compliance with the law. It sets expectations and provides guidance on issues including conflict of interest, anti-fraud, anti-corruption, and anti-competitive practice.

The Code of Ethical Conduct applies to all port authority employees and third parties that work with or that represent the port authority. Employees are responsible for completing periodic mandatory education programs pertaining to the Code of Ethical Conduct, and the code is communicated to suppliers through the procurement process. Any person or entity governed by the Code of Ethical Conduct and concerned about unethical or improper conduct can contact ConfidenceLine, an external service provider. All reports are addressed promptly and appropriately.

In addition, the president and CEO has approved a Supplier Code of Conduct which sets out the port authority's expectation of continual improvement with respect to environmental and fair workplace practices. The code is communicated to suppliers through the procurement process and affirms the port authority's wish to do business with suppliers that provide employees with a safe and healthy work environment, always treat all employees with respect and dignity, and comply with all employment standards and laws. Suppliers selected during the procurement process are contractually bound to comply with all applicable laws.

Human Trafficking Prevention Network

The port authority is also a founding partner of the Human Trafficking Prevention Network of British Columbia and has pledged to work collaboratively to share resources that support awareness and that support organizations combating human trafficking or aiding survivors. Human trafficking is an exploitative practice which can be used for the purpose of forced labour and child labour. As a founding partner of the network, the port authority vehemently denounces human trafficking as a gross violation of human rights and an affront to human dignity.

Assessment and remediation

The port authority's primary tool for assessing the effectiveness of its policies and procedures is monitoring compliance with the Code of Ethical Conduct. This is a responsibility of the president and CEO, who is assisted in this activity by the director, risk management and assurance, and the vice-president, people, process and performance.

To date, the port authority has not been made aware of any instances of forced labour or child labour being used in its own business or in the businesses of its suppliers and has not undertaken any remediation measures, including remediation for loss of income to vulnerable families.

Next steps

The port authority is committed to ongoing improvement in its procurement policies and management systems to address the risks of forced labour and child labour in its supply chains.

During subsequent reporting periods, we intend to continue our dialogue with existing suppliers, and address the issues of forced labour and child labour. We will augment the procurement process to obtain more information about supplier commitment to eradicating forced labour and child labour from supply chains and ensure that this factor is given priority when awarding work.

We will demonstrate our commitment to ongoing improvement by enhancing our internal policies and procedures, including by reviewing our Supplier Code of Conduct and standard contractual terms and conditions. In addition, we will consider ways to globally assess the effectiveness of our policies and processes and increase awareness within our organization and among our stakeholders of the risks of forced labour and child labour.