

Report pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9 for the fiscal year 2024-2025*

Actions Taken in 2024-2025

In the previous financial year, CATSA has undertaken the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods produced, purchased, or distributed by it: conducted assessment of risks of forced labour and/or child labour in its activities and supply chains in its procurements on a case-by-case basis; required suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains; and required contactors to agree to anti-forced labour and/or -child labour contractual clauses.

More specifically, CATSA has implemented more stringent contractual clauses with vendors operating in sectors that are deemed higher risk. This was implemented where CATSA judged that the terms of its existing Contractor Code of Conduct may be insufficient to prevent or reduce the risk of forced labour or child labour.

Structure, Activities, and Supply Chains

CATSA is a parent Crown corporation listed on Schedule III of the *Financial Administration Act*. CATSA's mandate is to take actions, either directly or through a screening contractor, for the effective and efficient screening of persons who access aircraft or restricted areas through screening points, the property in their possession or control and the belongings or baggage that they give to an air carrier for transport. CATSA delivers the mandate of security screening at 89 designated airports across the country through a third-party screening contractor model. CATSA is governed by a Board of Directors with its operations directed by a Senior Management Team.

In support of its mandate, CATSA publicly tenders most of its requirements for goods and/or services, which generally consists of commercially available finished goods and professional services. These requirements may include: office administration needs (e.g. office supplies, furniture, audio visual equipment, etc.), information technology infrastructure (e.g. networking equipment, data center equipment, end user computing hardware and software, etc.), specialized security screening equipment (e.g. explosive detection systems, metal detectors, security cameras), and front line operations tools (e.g. uniforms, personal protective equipment, access and identification systems, etc.). CATSA does not manufacture or produce any goods and its supply chain therefore does not include the sourcing or storage of any raw materials.

Policies and Due Diligence Processes

CATSA has embedded responsible business conduct into policies and management systems through the Contractor Code of Conduct.

This Contractor Code of Conduct, which is mandatory for all entities with whom CATSA does business, requires, among other things, that "Contractors must ensure that, in their workplaces [...] forced/compulsory labour and child labour are not used [...]". Additionally, CATSA is beginning to implement more stringent terms in its contracts with suppliers who are deemed to be "higher risk" in relation to the possibility of forced/compulsory labour or child labour existing in their labour or supply chain.

Areas at Greatest Risk and Actions Taken to Assess and Manage That Risk

CATSA has identified commodities with a higher risk, but there are still gaps in our assessment. CATSA has identified the following aspects of its activities and supply chains to likely be the greatest source of potential risk: the types of products it sources, tier two suppliers, and the use of outsourced, contracted, or subcontracted labour. The following sectors or industries are considered, by CATSA, to be the highest risk for forced or child labour: manufacturing, wholesale trade, and transportation and warehousing.

CATSA has identified that the risk of such labour is highest in its procurement of uniforms for its Screening Officers, who carry out CATSA's mandate through the third-party service model, though CATSA notes that it has not, as of the date of this report, discovered any evidence to suggest that actual forced or child labour exists in this, or any, contract, in its supply chain. Regardless, this contract is subject to the CATSA Contractor Code of Conduct, and new language has been inserted into the contract for uniforms that was awarded in 2024-2025, which requires the following:

- i) keep proper records with respect to the origin of raw materials, uniform items, and services provided to CATSA;
- ii) prohibit the use of child labour or forced labour in the manufacture of uniform items (or any part thereof) and requires that the contractor's resources involved in the manufacture of uniform items (or any part thereof): (a) be paid wages and benefits for a standard working week that, at a minimum, meet national legal standards or industry benchmark standards, whichever is higher; (b) meet or exceed basic needs by local standards; and (c) receive equal pay and fair employment practices for all employees doing equal or comparable work for the same period of time;
- iii) employees and other individuals involved in the manufacture of uniform items (or any part thereof) not: (a) be subject to physical, sexual, psychological abuse or harassment, verbal abuse, or any other form of abuse; (b) be subject to discrimination of any kind, including on the basis of age, race, caste, national origin, religion, disability, gender, marital status, sexual orientation, union membership, or political affiliation; (c) be forced to work excessive hours; (d) be subjected to unsafe or unhealthy working conditions; (e) be denied the freedom of association and the right to collective bargaining; and/or (f) be subject to the forced use of contraceptives or pregnancy testing; and
- iv) the contractor must ensure (and ensures that its supply chain) provides a safe and healthy workplace that protects human health and the environment.

Similar language will also be leveraged and utilized in subsequent contracts with a supplier providing a product deemed to be at "higher risk" of such practices.

Remediation Measures

While CATSA has identified the above risk areas it has not, to date, identified any actual forced labour or child labour in its activities or supply chains. Because of this, CATSA has not identified any loss of income to vulnerable families resulting in measures taken to eliminate the use of forced labour or child labour in CATSA's activities and supply chains.

Training

CATSA does not currently provide any training regarding forced or child labour.

Effectiveness Assessment

CATSA has not identified any major areas of concern where forced or child labour may be present in its supply chain. Even in areas of its supply chain where it may be more vulnerable than others, it has not, as of yet, identified any actual forced or child labour in its supply chain. That said, CATSA has established contractual clauses and a Contractor Code of Conduct to signal to suppliers that it takes this matter seriously and expects them to do the same. To date, CATSA does not have any evidence that these measures are ineffective and thus it assesses its effectiveness, given the industries in which it operates, to be relatively high.