



Employment and Social Development Canada Annual Report: Fighting Against Forced Labour and Child Labour in Supply Chains Act, 2024 to 2025 fiscal year

Introduction

In recent years, Canada has been taking actions to prevent and reduce the risk that child labour or forced labour is used at any steps in the supply chain. On January 01, 2024, to implement Canada's international commitment to contribute to fight against forced labour and child labour and to amend the Customs Tariff, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* came into force.

This act imposes reporting obligations on government institutions and entities requiring transparency on issues related to forced labour and child labour. Pursuant to the reporting obligation, Employment and Social Development Canada (ESDC) has submitted the below report for the 2024-25 fiscal year.

Department structure, activities and supply chains:

Employment and Social Development Canada (ESDC) is a department of the Government of Canada responsible to develop, manage and deliver social programs and services to Canadians. As part of its mandate, ESDC performs consultations, develops frameworks, outlines plans and conducts research related to Employment and social development programs and policies. ESDC operates through a multifaceted structure in partnership with portfolio organizations, Service Canada and the Labour Program, as outlined below:

Service Canada

Service Canada provides Canadians access to programs, services, and benefits they need from the Government of Canada and its many partners. The programs and services administered by Service Canada include Canadian Dental Care Plan (CDCP), Employment Insurance (EI), Canada Pension Plan (CPP), Old Age Security (OAS), Social Insurance Number (SIN), and the passport program, among others.

Labour Program

The Labour Program promotes safe, healthy, cooperative and productive workplaces through legislation, programs and services. The Labour Program fosters good working conditions, constructive labour-management relations and workplaces free from discrimination.



Activities and supply chains

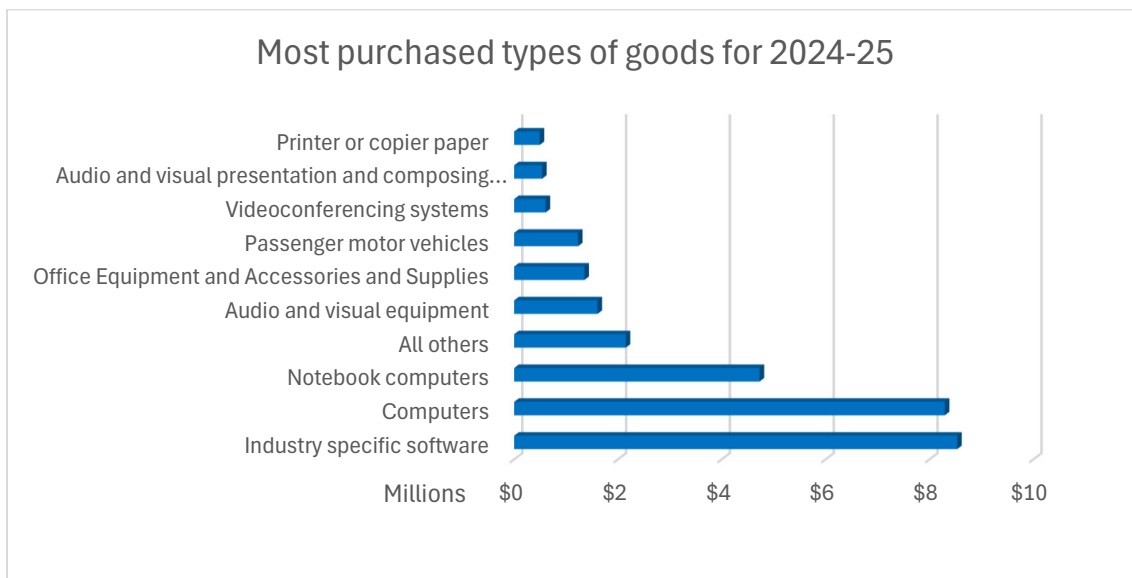
ESDC is engaged in acquiring goods and services from Canadian and International suppliers to support the operational requirements of the department. ESDC's procurement activities are centralized within its Chief Financial Officer Branch (CFOB). The ESDC procurement teams carry out procurement activities on behalf of all ESDC's branches, including Service Canada and the Labour Program.

During the 2024-2025 fiscal year, ESDC awarded 2240 contracts for a total value of \$335.51 million. Out of those contracts, 291 were awarded for the purchase of goods, for a total value of \$29.51 million. Contracts for goods represented 8.8% of the total value of all contracts awarded by the department during the fiscal year.

The main types of goods procured by ESDC in the 2024-2025 fiscal year were:

- Industry specific software
- Computers
- Notebook computers
- Audio and visual equipment
- Office equipment and accessories and supplies
- Passenger motor vehicles
- Videoconferencing systems
- Audio and visual presentation and composing equipment
- Printer and copier paper

Figure 1: Most purchased types of goods for 2024-25 by value (in Millions)





Steps 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 produced, purchased or distributed by the government institution:

ESDC applies and implements all directives and guidelines set out in the [Directive on the Management of Procurement](#), including requirements to integrate human rights, the environment, social and corporate governance and supply chain transparency principles.

The vast majority of ESDC's procurement activities for goods are performed using a Standing Offer (SO) or a Supply Arrangement (SA) issued by either Public Services and Procurement Canada (PSPC) or Shared Services Canada (SSC). The PSPC/SSC Standing Offers and Supply Arrangements currently in place were set out to prevent and reduce the risk associated with forced labour or child labour as they include specific anti-forced labour clauses.

In order to ensure all its procurement activities for goods prevent and reduce the risk of forced labour or child labour, ESDC has also integrated into its procurements performed outside of the above mentioned procurement tools, the PSPC's updated General Conditions for goods contracts and the [Code of Conduct for Procurement](#), which came in effect on April 1st, 2023, and applies to all Government of Canada procurements.

Policies and due diligence processes in place related to forced labour and/or child labour:

While there are no policies or due diligence processes exclusive to ESDC at this time, the department adheres by and implements the policies and due diligence processes published by the Treasury Board and PSPC, as outlined below.

Effective April 1, 2023, amendments to the Treasury Board *Directive on the Management of Procurement* require contracting authorities from all departments listed in Schedules I, I.1 and II of the *Financial Administration Act* (with the exception of the Canada Revenue Agency) and commissions established in accordance with the *Inquiries Act* and designated as a department for the purposes of the *Financial Administration Act* to incorporate the Code of Conduct for Procurement ("the Code") into their procurements.

Pursuant to these amendments, ESDC has integrated the Code into its procurement practices, with the goal of safeguarding federal procurement supply chains from forced labour and child labour. Contracts awarded by ESDC have incorporated the updated Code in the General Conditions included in all contracts.

The Code requires that vendors, providing goods and services to the Government of Canada and their sub-contractors, comply with all applicable laws and regulations. In addition, the Code 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.



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.

Identify activities and supply chains that carry a 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. The analysis, and subsequent report, elaborated key strategies for PSPC to leverage public spending power to raise awareness about forced labour in supply chains.

ESDC familiarized itself with information on the risk assessment provided by PSPC, and is monitoring related follow-action, including the development of PSPC's Policy on Ethical Procurement.

To date, ESDC has not identified any instances of forced labour or child labour in the department's activities and supply chains.

Measures taken to remediate any forced labour or child labour in its activities and supply chains:

ESDC has not identified any instances of forced labour or child labour in the department's activities and supply chains. As such no remedial measures have been taken.

Measures 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 the institution's activities and supply chains:

ESDC 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 our activities and/or supply chains. As such, no measures have been taken to remediate the loss of income for the most vulnerable families.

Training to employees on forced labour and/or child labour:

ESDC has not yet developed any training about child labour and forced labour. We are aware that PSPC has developed and is currently piloting a course for procurement officers. We will leverage the course upon its publication for use across the Government of Canada.



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:

ESDC applies and implements all directives and guidelines set out in the [Directive on the Management of Procurement](#), including requirements to integrate human rights, the environment, social and corporate governance, supply chain transparency principles, and Public Services and Procurement Canada's Code of Conduct for Procurement into all government procurements. Furthermore, a significant portion of our goods contracts were awarded by PSPC or SSC either on our behalf or using a PSPC or SSC contracting tools. Consequently, any of PSPC or SSC's policies and procedures in place to assess the effectiveness in ensuring that forced labour and child labour are not being used in their activities and supply chains would also apply to the portion of our goods contracts awarded using PSPC or SSC tools or delegation.

Conclusion

ESDC not only endeavors to ensure healthy and fair workplaces for all Canadians but also contribute our efforts to the implementation of Canada's international commitment on international human and labour rights. ESDC will remain committed to upholding ethical procurement practices and ensuring the integrity of its supply chains.

Challenges persist in the fight against forced labour and child labour, including the lack of a formal process to remediate the victims or to assess the effectiveness of the actions taken. ESDC will continue to integrate Government of Canada policies; collaborate with common service providers, such as PSPC and SSC as well as suppliers; monitor the identified risks; develop enhanced reporting mechanisms; and take actions against the use of child and forced labour in supply chains. Through these concerted efforts, ESDC strives to mitigate the potential use of child labour and forced labour and ultimately, protect all individuals within its supply chains.