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Contents

- Introduction 1**
- Departmental Background Information..... 2**
 - Identifying Information 2
 - Departmental Structure, Activities and Supply Chain 3
- Steps taken to prevent and reduce the risk of forced labour and child labour 5**
- Supplementary Information 6**
 - Policies and due diligence processes in relation to forced labour and child labour 6
 - Activities and supply chains that carry a risk of forced labour or child labour and the steps taken to assess and manage that risk 7
 - Measures taken to remediate any forced labour or child labour 8
 - Remediation of loss of income 9
 - Training provided to employees on forced labour and child labour..... 9
 - Assessing the effectiveness of ethical procurement measures 10
- Conclusion 10**

Introduction

Human trafficking, forced labour and child labour can be found in supply chains across the globe and across economic sectors, including in public procurement. The International Labour Organization estimates that there are approximately 28 million victims of forced labour worldwide, including 17.6 million in the private economy. There is an ongoing risk that goods entering the Canadian market through global supply chains were produced using human trafficking, forced labour or child labour.

Due to the covert nature of labour abuses, it is difficult to measure accurately the volume of goods in circulation with direct connections to forced labour; however, World Vision Canada estimated that \$48 billion worth of at-risk goods were imported into Canada in 2021¹.

As the central purchasing agent² for the Government of Canada, Public Services and Procurement Canada (PSPC)³ has a responsibility to hold its suppliers of goods and services to the highest ethical standards within their supply chains. An important component of safeguarding supply chains lies in the strategic leveraging of public spending in order to engage in, and promote, ethical procurement.

In 2019, through the implementation of the whole-of-government [National Strategy to Combat Human Trafficking](#), PSPC established a dedicated Ethical Procurement Team to leverage the government's spending power to positively influence ethical business practices in federal supply chains, both domestically and abroad. This team's fundamental work has included the following:

- raising awareness of ethical procurement issues among suppliers;
- working with the supplier community to identify vulnerabilities within their operations and supply chains and looking for ways to address them;
- outlining expectations and requirements for human and labour rights for suppliers;
- working with suppliers to develop and implement tools to ensure compliance in their supply chains;

¹ World Vision Canada (2023) <https://www.worldvision.ca/WorldVisionCanada/media/NCFS/Reports/WVC-FY23-Q1-Child-Labour-Risky-Goods-Report-2023.pdf>

² Although section 9 of the *Department of Public Works and Government Services Act* confers upon the Minister the exclusive authority for the acquisition of goods for departments, this authority does not apply to Shared Services Canada, the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency, the Financial Transactions and Reports Analysis Centre of Canada and the Canadian Institutes of Health Research.

³ Department of Public Works and Government Services is the departmental legal name. This report refers to Public Services and Procurement Canada (PSPC), which is largely used as the departmental applied name in various departmental products, except contracts.

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- examining long-term approaches to address human trafficking and labour exploitation in federal procurement supply chains; and
 - providing evidence-informed strategic policy advice.

PSPC's [dedicated webpage](#) highlights its work done to date to develop and implement means of safeguarding federal procurement supply chains.

The 2024 to 2025 fiscal year saw significant progress at PSPC in anti-forced labour policy development and implementation, forced labour risk identification, awareness-raising efforts among suppliers and contracting officers, and stakeholder engagement both within and outside of Canada.

Notably, PSPC completed consultations on its Policy on Ethical Procurement, and has begun taking steps towards implementation of the policy, for completion in 2025. PSPC further expanded the use of its anti-forced labour clauses. As of December 2024, all of PSPC's new or amended contracts for goods and services and all new or amended standing offers and supply arrangements must include anti-forced labour clauses. PSPC developed and published new awareness-raising materials for suppliers on supply chain risks, and also developed and published internal training for its contracting officers. PSPC held public engagement sessions and hosted an international forum for contracting officers on preventing human trafficking in government procurement supply chains. This forum was the first of its kind, with over 200 attendees from thirteen different countries. A new risk assessment was completed for PSPC, which focused on risks in the department's electronics supply chains.

These measures to prevent and reduce the risk of forced labour or child labour in PSPC's supply chains will be described in more detail in this report. While this report highlights significant strides made by PSPC over the past fiscal year, the department acknowledges that human trafficking, forced labour, and child labour remains an entrenched problem in global supply chains, requiring continued due diligence efforts to ensure ethical procurement.

Departmental Background Information

Identifying Information

This report is submitted for and by PSPC as a government institution listed in Schedule I of the *Access to Information Act* and in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act). As stipulated by the Act, this report covers the steps PSPC has taken between April 1, 2024, and March 31, 2025, to prevent and reduce the risks of forced labour and child labour in its activities and supply chains. The report makes

available information regarding PSPC's goods procurements conducted both on its own behalf and on behalf of client departments.

Departmental Structure, Activities and Supply Chain

[*The Department of Public Works and Government Services Act*](#), enacted in 1996, established the current department and set out PSPC's legal authorities. As a common service organization, PSPC delivers on its mandate through the purchase of goods and services, the divestment of goods, payments and accounting, property and infrastructure, government-wide support, and a procurement Ombudsman. PSPC is a strategic partner to federal departments and agencies in the achievement of their mandated objectives as, among other things, their central purchasing agent, real property manager, treasurer, and accountant. PSPC manages the procurement of approximately \$25 billion of goods and services every year. The Department employs over 18,000 individuals and has offices across Canada, as well as two international offices.

PSPC has a dual role in procurement: (1) as a common service provider for both itself and other federal departments and agencies, and (2) by conducting departmental acquisitions in a decentralized fashion. The statistics in this section below represent PSPC's procurements as a common service provider, while the following section, "Departmental Procurement Activity for PSPC's Own Needs," summarizes PSPC's departmental acquisitions under its own delegation.

In the 2024 to 2025 fiscal year (between April 1, 2024, and March 31, 2025), PSPC awarded and amended procurements (including standing offers and supply arrangements) for a total of \$19.73 billion worth of goods as a common service provider on behalf of itself and other federal clients. The suppliers from whom these goods were purchased reported themselves to be based in at least 27 different countries. Of these reported countries, the top five by total volume purchased were Canada, the United States, the United Kingdom, Germany and the Netherlands.

Goods purchased by PSPC as a common service provider for itself totalled approximately \$1.15 billion in the 2024 to 2025 fiscal year. Of these procurements, the top commodity categories by total purchase value included utilities, software, accommodation furniture, and commercial and industrial furniture. Goods purchased by PSPC for federal clients totalled approximately \$18.58 billion in the 2024 to 2025 fiscal year. Surplus goods divested by PSPC for federal clients represented over 23,900 transactions resulting in over \$37 million in returns to departments.

During the 2024 to 2025 fiscal year, a total of 7,755 procurements (including transactions under standing offers and supply arrangements) were awarded or amended by PSPC as a common service provider both for itself and for client departments. All contracts and call-ups

incorporated by reference the updated Code of Conduct for Procurement and its human and labour rights expectations. PSPC's anti-forced labour contract clauses were also mandatorily included in all new or amended goods contracts and call-ups.

To respond to risks posed by unethical suppliers and uphold the integrity of the federal procurement and real property systems, PSPC's Office of Supplier Integrity and Compliance (OSIC) administers the government-wide Ineligibility and Suspension Policy. The Policy sets out the circumstances that can result in a supplier being suspended or debarred from doing business with the Government of Canada. The Policy applies to all federal departments and agencies and must be incorporated by reference into all applicable contracts and real property agreements via the Ineligibility and Suspension Policy clauses. The Policy enables OSIC to debar suppliers of concern from doing business with Canada for up to 10 years.

Departmental Procurement Activity for PSPC's Own Needs

PSPC has a decentralized procurement structure supporting departmental procurement for its own needs. The majority of these procurement transactions are done without the help of the procurement specialists of PSPC. From April 1, 2024, to March 31, 2025, more than 24,000 procurement transactions were undertaken by PSPC for its own needs, representing contractual commitments of \$298 million. Approximately 81 per cent of these procurement transactions were routine and were undertaken by non-procurement experts. The balance, i.e., procurement activities valued between \$100K and \$3.75M, was done by procurement specialists dedicated to putting contracts in place for PSPC's own needs. These routine transactions are primarily done using pre-negotiated procurement instruments and their associated template documents to ensure consistency and legislative coverage.

Canada's Code of Conduct for Procurement, revised in 2023 to reinforce obligations related to forced and child labour, applies to every departmental procurement at both the planning and implementation stage. Budget managers are required by departmental policy to attest in writing that the procurements they undertake or participate in will adhere to the code.

Steps taken to prevent and reduce the risk of forced labour and child labour

Building on its foundational work (as described in its 2023 to 2024 annual report), PSPC continued to advance efforts to prevent and reduce the risk of human trafficking, forced labour and child labour in federal procurement supply chains.

During the 2024 to 2025 fiscal year, the Code of Conduct for Procurement continued to be included by reference into all PSPC's new or amended procurements (contracts, standing offers and supply arrangements). The code outlines requirements regarding forced labour and child labour for PSPC suppliers and their subcontractors. PSPC also required the inclusion of anti-forced clauses for all new or amended goods contracts, standing offers and supply arrangements. In December 2024, the use of the clauses was expanded to apply to all new or amended services and research and development contracts.

In partnership with Shared Services Canada (SSC), in November 2024, PSPC completed a one-year contract with Electronics Watch (EW), a world-leading organization specialized in addressing the risks of human rights abuses in electronics supply chains of public buyers. As part of this contract, EW conducted a risk assessment of PSPC and SSC's electronics supply chains and engagement sessions in both of Canada's official languages were hosted for Canadian electronics suppliers in March and May 2024.

In July 2024, PSPC published awareness resources for suppliers of at-risk goods to promote ethical procurement best practices. Additionally, in November 2024, a micro-learning video for businesses was published online as an introductory resource on ethical procurement. The department also developed a course on ethical procurement for contracting officers, which was published on PSPC's learning platform in August 2024. The course raises awareness of policy obligations and available tools to help prevent human trafficking, forced labour and child labour in public procurement supply chains.

The department continued stakeholder engagement efforts to help raise awareness with industry actors and contracting officers. Engagement activities were held during the reporting period and are set to continue throughout 2025 and beyond.

For example, PSPC organized and hosted an International Contracting Officers Forum, in collaboration with the Steering Committee for the *Principles to Guide Government Action to Combat Human Trafficking in Global Supply Chains*. Committee members include Australia, Canada, New Zealand, the United Kingdom and the United States. This forum, the first of its kind, enabled contracting officers from across the globe to share working-level best practices and challenges faced in addressing forced and child labour throughout public procurement

supply chains. A session was held in February 2025, and another has been organized for May 2025 to accommodate different time zones.

In the 2024 to 2025 fiscal year, PSPC also continued to refine the Policy on Ethical Procurement and its subsequent Human Rights Due Diligence Framework (the HRDDF). PSPC is currently finalizing the policy prior to implementation in 2025. Both the policy and the HRDDF highlight existing and upcoming measures and initiatives to prevent human trafficking, forced labour and child labour in public procurement supply chains.

In the 2024 to 2025 fiscal year, PSPC's Policy on the Ethical Procurement of Apparel continued to be implemented. This Policy requires suppliers to self-certify that they and their first-tier subcontractors comply with a set of human and labour rights requirements, which include freedom from human trafficking, forced labour, and child labour.

Supplementary Information

Policies and due diligence processes in relation to forced labour and child labour

Over the course of the 2024 to 2025 fiscal year, procurement policy initiatives in relation to human trafficking, forced labour, and child labour have continued to be developed and refined. PSPC previously implemented anti-forced labour clauses in all goods contracts; in November 2023, these clauses were expanded to include standing offers and supply arrangements. Their improved scope enables the set-aside of a standing offer, or the suspension or cancellation of a supply arrangement, upon reasonable grounds to believe that the offered goods and/or services were produced using forced labour. As previously mentioned, as of December 2024, the anti-forced labour clauses are mandatory for all of PSPC's services and research and development procurements. The implementation of these clauses is part of an ongoing commitment to ensure that federal procurements are made with suppliers that maintain their supply chains free of human trafficking, forced labour and child labour.

Public engagement sessions were held in early 2024 to introduce the Policy on Ethical Procurement and gather feedback from industry and other stakeholders. The purpose of the policy is to define, formalize and frame departmental commitments to ethical procurement, and to establish ethical procurement programs, initiatives and frameworks to advance these commitments. PSPC is currently finalizing the Policy on Ethical Procurement for implementation in 2025.

The Policy on Ethical Procurement will be operationalized by the subsequent HRDDF, which was drafted in 2024. The framework will reinforce the policy, and highlight existing and

upcoming measures and initiatives to prevent human trafficking, forced labour, and child labour in public procurement supply chains. Activities under the HRDDF will include continued awareness-raising efforts; risk identification according to industry trends and supply chain locations; ongoing risk mitigation efforts; and the assessment and reporting of results of these efforts over time. Industry engagement efforts and consultations are set to continue throughout 2025 and beyond.

On May 31, 2024, PSPC established OSIC, replacing the former Integrity Regime, and a revised and expanded version of the Ineligibility and Suspension Policy came into effect. The revised Policy introduced a number of important enhancements. Several criminal offences have been added as grounds for suspension or debarment, including offences linked to forced labour and human trafficking in Canada, as well as similar foreign offences. This will enable OSIC to take action against companies who have violated similar legislation in other jurisdictions (e.g., the United Kingdom's *Modern Slavery Act*). In addition, the Registrar of Ineligibility and Suspension—the independent decision-maker under the Ineligibility and Suspension Policy—now has flexibility to take action against suppliers in the absence of charges or convictions. Further, the Registrar can now determine appropriate periods of ineligibility based on an assessment of aggravating and mitigating factors ensuring sanctions are commensurate with identified risks. Provisional suspensions can also be issued to rapidly suspend suppliers who are determined to pose an immediate and significant risk to the Government of Canada.

Activities and supply chains that carry a risk of forced labour or child labour and the steps taken to assess and manage that risk

PSPC's ethical procurement initiatives undertaken in the 2024 to 2025 fiscal year were informed by risk-based evidence from two expert sources.

The first source is a risk analysis of human trafficking, forced labour and child labour in PSPC supply chains completed in 2021, contracted from the University of Nottingham's Rights Lab. The second source is from a one-year contract PSPC entered into with EW in partnership with SSC. This contract included a risk assessment of PSPC electronics supply chains.

The analysis from 2021 identified the thirteen Goods and Service Identification Number codes (GSIN codes) procured by PSPC between 2017 and 2020 which were at the highest risk of forced and child labour or the highest risk-value (simultaneously considering risk and spend volume). These GSIN codes are as follows:

- 40 – Rope, cable, chain and fittings

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- 54 – Prefabricated structures and scaffolding
 - 75 – Office supplies and devices
 - 62 – Lighting fixtures and lamps
 - 83 – Textiles, leather, furs, apparel and shoe findings, tents and flags
 - 78 – Recreational and athletic equipment
 - 84 – Clothing, individual equipment and insignia
 - 63 – Alarm, signal and security detection systems
 - 59 – Electrical and electronic equipment components
 - 35 – Service and trade equipment
 - 19 – Ships, small craft, pontoons and floating docks
 - 13 – Ammunitions and explosives
 - 66 – Instruments and laboratory equipment

The report shared accompanying recommendations with PSPC, which the department has continued to respond to in the 2024 to 2025 fiscal year, including recommendations regarding (1) the development and implementation of an ethical procurement policy and a human and labour rights due diligence framework, and (2) awareness-raising for suppliers around risks in their supply chains.

The second source is the previously mentioned risk assessment completed by EW in November 2024. Their risk assessment supports PSPC in taking meaningful steps to assess, prevent and mitigate the risk of forced labour, child labour and human trafficking in its electronics supply chains.

As highlighted in the section on “Steps taken to prevent and reduce the risk of forced labour and child labour,” PSPC continued to develop and implement risk management practices that are informed by supply chain and human rights experts, based on evidence and international best practices.

Measures taken to remediate any forced labour or child labour

The Code of Conduct for Procurement, its anti-forced labour clauses, its upcoming Policy on Ethical procurement and HRDDF, in addition to their primary functions, are also intended to serve as educational tools for suppliers on expected responsible business practices and behaviours. When human trafficking, forced labour, and child labour have occurred, these policy and educational tools are also intended to help prevent them from reoccurring. Should PSPC receive credible evidence from a reliable source that goods purchased were made by

forced labour or child labour, PSPC would collaborate with implicated supplier(s) to address the issue, which could include additional expectations and guidance.

PSPC continued to focus on supplier engagement and awareness-raising during the 2024 to 2025 fiscal year, which can also support the prevention of forced and child labour in supply chains. This included a webinar in early 2024 in both official languages for suppliers on the prevention of forced labour in electronics supply chains. This also included public engagement sessions in early 2024 which introduced PSPC's Policy on Ethical procurement and its upcoming HRDDF, which is set to include expected and required due diligence standards for suppliers.

Remediation of loss of income

PSPC 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 its activities and supply chains. PSPC has begun drafting its HRDDF, which will impact PSPC's procurement processes over the coming years. The research and drafting of the HRDDF includes the input of workers and victims in order to avoid unintended harm and loss of income resulting from any future measures taken to eliminate forced labour or child labour in PSPC supply chains.

Training provided to employees on forced labour and child labour

PSPC has developed training and awareness materials that can be leveraged by its own employees to build awareness around risks of human trafficking, forced labour and child labour, and also on how to apply relevant contracting tools when conducting procurements. PSPC developed awareness resources for suppliers of at-risk goods to promote ethical procurement best practices. Materials raising general awareness of the issues of human trafficking, forced labour and child labour in supply chains were made publicly accessible on PSPC's website in July 2024. Additional awareness materials relating to policy implementation and industry-specific guidance are being prepared for publication in 2025. Additionally, in November 2024 a micro-learning video for businesses was published online as an introductory resource on ethical procurement.

Based on input from a focus group discussion with procurement officers, the department also developed a course on ethical procurement for contracting officers, which was published on

PSPC's learning platform in August 2024. The course raises awareness of policy obligations and available tools to help prevent human trafficking in public procurement supply chains.

When conducting procurements, PSPC contracting officers were able to reference the PSPC supply manual for guidance on the application of the [Code of Conduct for Procurement](#) and PSPC's anti-forced labour contract clauses. For additional questions related to the application of contracting tools for preventing human trafficking, forced labour, and child labour, or for general questions on the topic, contracting officers would email a dedicated and responsive generic inbox maintained by experts in the department.

Assessing the effectiveness of ethical procurement measures

During the 2024 to 2025 fiscal year, PSPC's primary means of assessing the effectiveness of ethical procurement measures was through engagement with its stakeholders—suppliers in particular, but also contracting officers, expert NGOs and other governments. This engagement took the form of organized engagement sessions, bilateral and multilateral meetings, email consultations, and submission of feedback to a generic inbox dedicated to ethical procurement issues and concerns. These forums provided opportunities over the past fiscal year to hear feedback from stakeholders on existing departmental ethical procurement initiatives. These forums have allowed PSPC to hold discussions with suppliers on the effectiveness of their actions to address human trafficking, forced labour, and child labour and how PSPC can support their due diligence efforts.

PSPC's risk assessment of its own supply chains, including a 2024 assessment of its electronics supply chains, conducted by EW, have also allowed PSPC to remain informed about evolving risks in its supply chains. These risk assessments have highlighted the need for the continued refinement of due diligence measures in PSPC supply chains, and will support a risk-based and evidence-informed approach to supply chain due diligence going forward.

Conclusion

The 2024 to 2025 fiscal year saw important strides in PSPC's continued efforts to prevent and reduce forced labour, child labour and human trafficking in its supply chains. PSPC's approach to these human rights concerns continues to be risk-based and evidence-informed, with a

long-term vision, in partnership with its key stakeholders, to safeguard its supply chains and to do business with ethical suppliers.

PSPC's risk-based approach was reinforced over the past fiscal year by new risk data around federal electronics procurements provided by EW, complemented by engagement sessions with suppliers, and recommendations and guidance. The findings of this risk analysis highlighted the ongoing need for due diligence in PSPC contracting.

As such, PSPC continued its work over the past fiscal year in consulting on and developing its Policy on Ethical Procurement, and its resulting HRDDF. Measures and initiatives under this framework will include new and ongoing work to support awareness-raising, risk identification, risk mitigation, and the tracking and reporting of results, all with the goal of preventing forced and child labour in PSPC supply chains.

Along the way, PSPC will continue to closely engage with its domestic and international stakeholders, including businesses, expert organizations, civil society, various levels of government, and its suppliers. Work in this regard over the past fiscal year included new training modules, the publication of awareness-raising materials, webinars, a video and engagement sessions.

PSPC is committed to preventing and reducing the risk of forced labour, child labour and human trafficking in procurement supply chains, and to promoting the ethical behaviours of suppliers. While much has been accomplished, the globally entrenched nature of human trafficking in supply chains requires the department to continue advancing work in this area.