

Shared Services Canada – 2025 Annual Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

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Shared Services
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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. The report is required to detail the activities of the department aimed at preventing forced or child labour.

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, which have been 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 for the past fiscal year from April 1, 2024, to March 31, 2025, to prevent and reduce the risks of forced labour and child labour in its activities and supply chains. This report is submitted as part of the 2025 reporting period, in accordance with the reporting requirements for government institutions under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

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.

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.

SSC's procurement activities ensure that government departments have access to reliable, secure, and cost-effective IT infrastructure and solutions, 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 goods and other IT-related services. With careful attention to the overall planning and procurement 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 was further consolidated by the *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 its mandatory partner departments (those listed in Schedule I, I.1 or II of the *Financial Administration Act*), and a subset of those services to all other Government of Canada departments and agencies. 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, 2024, and March 31, 2025, SSC awarded 1,178 contracts for goods valued at \$878.8M. SSC also awarded 3,717 contracts for goods valued at \$524.9M for Other Government Departments (OGDs). A further breakdown of these contracts is displayed in the tables below.

SSC-Funded Contracts for Goods, FY 24-25		
Commodity Description	Volume	Original Contract Value
Hardware	833	\$255,477,226.87
Software	345	\$623,356,116.66
Total	1,178	\$878,833,343.53

OGD-Funded Contracts for Goods, FY 24-25		
Commodity Description	Volume	Original Contract Value
Hardware	2,286	\$415,060,062.72
Software	1,431	\$109,844,358.24
Total	3,717	\$524,904,420.95

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

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) to incorporate the *Code of Conduct for Procurement* (“the Code”) into their procurements.

The Code requires that vendors providing goods 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.

Pursuant to the Directive on the Management of Procurement, SSC has continued to integrate the Code into its procurements, with a view of safeguarding federal procurement supply chains from forced labour and child labour. In addition, SSC has integrated PSPC’s anti-forced labour clauses into its procurement activities.

Notably, the prohibition on the importation of goods produced wholly or in part by forced labour came into force via an amendment to the *Customs Tariff* on July 1, 2020. This amendment implemented a commitment regarding the prohibition of forced labour in the Labour Chapter of the Canada-United States-Mexico Agreement (CUSMA) and applies to all imports, regardless of the origin of goods.

To prevent and reduce the risk of forced labour or child labour in SSC's procurements, SSC has used the following list of tools to which the Code applies:

- Standing Offers
- Supply Arrangements
- Contracts

As of December 2024, PSPC expanded its anti-forced labour contracting clauses to encompass the following procurement contracts subject to the Code:

- Services
- Research and Development
- Professional Services

In accordance with these changes, SSC issued a Procurement Information Notice (PIN) to inform SSC Contracting Officers of the mandatory inclusion of these clauses within new and amended procurement contracts. Importantly, the expanded clauses grant the authority to terminate procurement contracts if Canada determines there are reasonable grounds for termination, including cases where there is credible information that the goods have been produced in whole or in part by forced labour or human trafficking.

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 December 2023, PSPC entered into a one-year agreement with Electronics Watch, a world-leading organization specialized in addressing the risks of human rights abuses in electronics supply chains of public buyers through monitoring companies and organizations that carry out the production and distribution of ICT electronic equipment around the world. SSC joined PSPC, through a Letter of Understanding (LOU), in this project.

During the 2024 to 2025 fiscal year, SSC collaborated with PSPC to establish a list of potential suppliers and activities that may carry a risk of forced labour or child labour being used. Using this data, Electronics Watch conducted a risk assessment of PSPC's and SSC's ICT procurements that identified risks based on location of production and supply chain tier, including a supplier engagement plan.

As part of this agreement, engagement sessions in both of Canada's official languages were hosted by PSPC and SSC for Canadian electronics suppliers. Additionally, Electronics Watch provided a report

outlining general risks, challenges, and risk mitigation best practices. With this information, SSC is better positioned to assess and manage the risks related to forced labour, child labour, and human trafficking. Furthermore, SSC remains fully committed to the potential leveraging of policy developments implemented by PSPC in response to the Electronics Watch findings outlined in its comprehensive risk assessment.

In February 2025, SSC participated in the first session of the International Contracting Officers Forum hosted by PSPC, in collaboration with the Steering Committee for the *Principles to Guide Government Action to Combat Human Trafficking in Global Supply Chains*. This forum allowed organizations to share working-level best practices and challenges faced in addressing forced and child labour in public procurement supply chains. Building on its success, SSC will continue to participate in upcoming sessions.

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 have received heightened attention in recent years. On May 26, 2023, PSPC updated the Code of Conduct for Procurement to include clauses that uphold international human and labour rights for all goods and services purchased by the Government of Canada.

SSC 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. Nonetheless, throughout the 2024 to 2025 fiscal year, SSC demonstrated new efforts to engage with suppliers and share awareness-raising materials from an external and internal standpoint. As part of the agreement with Electronics Watch, PSPC and SSC hosted a webinar in early 2024 in both of Canada’s official languages for suppliers on the prevention of forced labour in electronics supply chains.

Furthermore, the reports developed by Electronics Watch have provided SSC with additional visibility into the electronics procurement supply chains. SSC will remain updated on any measures or policy developments that PSPC may implement in response to the findings outlined in the reports produced by Electronics Watch. Moreover, SSC will stay informed about PSPC’s planned human rights due diligence framework, which may impact SSC’s procurement processes.

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

In the 2024 to 2025 fiscal year, PSPC and SSC organized an awareness-raising webinar as part of the Electronics Watch agreement. The webinar aimed to help government employees and suppliers identify and address the risks of forced labour within the electronics procurement supply chains. Furthermore, the webinar covered topics such as indicators of forced labour, country-specific risk assessments, interactive case studies, and more. When conducting procurements, SSC Contracting Officers are encouraged to refer to SSC’s PIN on the expanded anti-forced labour requirements and contracting clauses to understand the application of contracting tools that must be used to prevent human trafficking, forced labour and child labour.

Importantly, the results from the Electronics Watch risk assessment will assist SSC in further understanding its supply chains. SSC will continue to be kept informed regarding PSPC's development of training and awareness materials that may be leveraged at SSC.

Conclusion

SSC has made progress during the 2024 to 2025 fiscal year in its efforts to prevent forced labour, child labour, and human trafficking in its procurement supply chains. SSC implemented anti-forced labour clauses into all new or amended contracts, and new or refreshed standing offers and supply arrangements, as part of PSPC's General Conditions for goods. In addition, SSC implemented the anti-forced labour clauses into services, research and development and professional services contracts to reflect PSPC's expanded requirements.

Building on the risk analysis of PSPC's supply chains completed by Rights Lab in 2021, SSC worked collaboratively with PSPC and Electronics Watch to analyze the supply chains of ICT hardware procured by SSC. As a result of this collaboration, SSC is in a better position to prevent and reduce the risk of forced labour and child labour through various measures, such as leveraging future policies and due diligence processes developed by PSPC. SSC is committed to staying informed on the risks of forced labour, child labour, and human trafficking in its procurement supply chains.

Thank you,

Scott Davis CPA

Assistant Deputy Minister

Chief Financial Officer and Procurement Branch

Shared Services Canada