



## **Canada Passes Fighting Against Forced Labour and Child Labour Act**

On May 3, 2023, the Canadian Parliament passed Bill S-211, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). Publicly traded employers and government institutions that directly or indirectly produce, purchase, distribute, manufacture, and import goods in Canada must now report on steps taken to eliminate forced labour and child labour in their supply chain.

The Act recognizes that forced labor and child labor are forms of modern slavery. “**Forced Labour**” is defined as labour or service provided or offered by a person who reasonably believes their safety, or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or constitutes forced or compulsory labour as defined by Article 2 of the *Forced Labour Convention of 1930*.

“**Child Labour**” is defined as labour or services provided or offered by a person under 18 years of age in circumstances contrary to Canadian law, in circumstances that are mentally, physically, socially, or morally dangerous to them, that deprive them of the opportunity to attend school, or constitute the worst forms of child labour as defined in article 3 of the *Worst Forms of Child Labour Convention, 1999*.

The Act applies to any government institution producing, purchasing, or distributing goods in Canada or elsewhere and any private corporation that is listed on a Canadian stock exchange, or meets at least two of the following conditions, for at least one of its two most recent financial years:

- a) has at least \$20 million in assets;
- b) generates at least \$40 million in revenue; or
- c) employs at least 250 employees.

Applicable entities must submit an annual report on the steps they have taken to prevent and reduce the risk that forced labour or child labour is used at any



step in the production of goods. The report must be approved by the entities' governing body and will be publicly posted. Entities must also report on,

- their structure, activities and supply chains;
- their policies and due diligence processes in relation to forced labour and child labour;
- the parts of their activities and supply chains that carry a risk of forced labour or child labour and the steps taken to assess and manage that risk;
- any measures taken to remediate any forced labour or child labour;
- any 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 their activities and supply chains;
- the training provided to employees on forced labour and child labour; and
- how they assess their effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.

The Act also amends the *Customs Tariff* to ban goods that are mined, manufactured, or produced wholly or in part by forced labour or child labour.

Any corporation that fails to comply with the Act or provides false or misleading information to government officials is liable to a fine of up to \$250,000. Once the Act receives Royal Assent, it will go into effect on January 1, 2024, with the first report due on or before May 31, 2024.

## Considerations

Employers who will be subject to the Act's reporting requirements should consider whether there is a risk of forced labour or child labour anywhere in their supply chain and what steps they can make to identify, remediate, and eliminate that risk.

Employers should also explore the efficacy of drafting a written policy that includes training provisions regarding forced labour and child labour and outlines the due diligence practices required before entering contractual or



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commercial relationships (with vendors, suppliers, or distributors) that risk violating the Act.

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