

Child and Forced Labour

How new legal requirements will affect companies operating in Canada, and how ERM can help you meet and exceed them.

Bill S-211 passed its third reading in the Parliament of Canada and received royal assent on May 11, 2023. The Fighting Against Forced Labour and Child Labour in Supply Chains Act takes effect on January 1, 2024, with first reports by applicable companies due on May 31, 2024.

Are You A Company That...

- Is listed on a stock exchange in Canada
- Has a place of business, does business or has assets in Canada, and meets at least two of the following conditions:
 - Has at least \$20 million in assets
 - Has at least \$40 million in revenue
 - Employs at least 250 employees
- Produces, sells or distributes goods in Canada or elsewhere; imports goods into Canada; or controls an entity that does so

Then You Will Need To...

Publish a report on your website on or before May 31 of each year that is approved by your governance body. The report must include the steps you have taken to prevent and reduce the risk that forced or child labour is used in goods produced or imported into Canada.

Outline In Your Report:

- Your structure, activities and supply chains
- Your policies and due diligence processes regarding forced and child labour
- The parts of your business and supply chains at risk of using forced or child labour, and the steps you have taken to assess and manage that risk
- Anything you have done to remediate both forced or child labour, and also any loss of family income resulting from these measures
- The training you provide to your employees on forced and child labour
- How you assess how effective you are in ensuring you are not using forced or child labour in your business and supply chains

What Are We Talking About?

- **Forced labour:** labour or service provided or offered under circumstances that threaten the safety of that person or people known to them.
- **Child labour:** labour or services provided or offered by persons under the age of 18 years in circumstances that are mentally, physically, socially or morally dangerous, or that interfere with their schooling.



This issue is already affecting companies in North America



Child workers found throughout motor vehicle supply chain in Alabama, USA

Surprise inspections conducted by labour officials at a Motor Group's facilities in Alabama revealed illegal hiring of underage migrant workers. The children had forged IDs and social security cards and missed school to work long shifts at the plant, which has a documented history of health and safety violations, including amputation hazards. *Reuters, 2023*



Cleaning company fined for employing over 100 children in hazardous jobs across the USA

A cleaning company was fined \$1.5 million for illegally employing more than 100 underage workers in hazardous jobs and overnight shifts at 13 meatpacking plants across the USA. Investigators found that children used cleaning materials on dangerous power-driven equipment, suffering chemical burns. The company continues to lose contracts since the investigation. *Financial Times, 2023*

Our Experience

ERM's human rights and modern slavery practitioners have extensive experience supporting issues related to human rights, child and forced labour, modern slavery, and human trafficking. We work with companies from a variety of sectors, both in Canada and around the world. The following are some examples of how we have applied our experience to this specific legislation:



Gap Analysis and Risk Assessment

ERM is supporting a Canadian-based international **chemical** producer and supplier to complete an analysis to identify gaps in its current practices against the requirements of the new Act.

ERM is conducting an assessment to identify risks of child and forced labour at the country, business unit and facility levels, and provide mitigation recommendations.



Modern Slavery Statement

ERM supported a Canadian-based international **packaging** company to develop a modern slavery statement that fulfills the requirements of the new Act, as well as the UK Modern Slavery Act and the California Transparency in Supply Chains Act.

ERM reviewed the equivalent requirements of the respective acts and incorporated existing and new information, liaising with the client to ensure it was fit-for-purpose.



Site-level Risk Assessment

ERM supported the Canadian site of an international **mining** company to assess, identify and prioritize human rights risks, including child and forced labour.

ERM reviewed internal and external documents, identified key human rights issues, and completed a comprehensive risk register, including causes, consequences, and controls, liaising with the client through virtual workshops to validate the findings.

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