



On 3 May 2023, following a number of attempts over the last few years to bring about legislation to address modern slavery, Canada's Parliament passed Bill S-211, enacting the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act).

This new legislation, which will come into force on 1 January 2024, introduces new reporting requirements for businesses and government institutions involved in the production, sale, distribution or importation of goods into Canada.

More specifically, the Act applies to any "entity" listed on a Canadian stock exchange, as well as to any company that has a place of business in Canada, does business in Canada or has assets in Canada and that, based on its consolidated financial statements, meets at least two of the following conditions for at least one of its two most recent financial years:

- (i) Has at least CA\$20 million in assets
- (ii) Has generated at least CA\$40 million in revenue
- (iii) Employs an average of at least 250 employees.

Reporting requirements

Starting 31 May 2024, the Act imposes an annual reporting requirement on businesses that are involved in producing, selling, or distributing goods in Canada or elsewhere, or entities importing goods into Canada produced outside the country. The reporting obligation also applies to entities that control another entity engaged in such production, sale, distribution, or importation. As part of the reporting mandate, businesses are required to disclose their policies and due diligence processes in relation to forced or child labour as well as the steps they have taken during the previous financial year to assess and manage the risk that forced labour is used anywhere in their supply chains.

Penalties for non-compliance

The Act imposes penalties relating to various contraventions including up to CA\$250,000 if an entity subject to the Act does not file the required annual report. In certain circumstances, business directors and officers may also be held personally liable and found guilty of an offence punishable on summary conviction and liable to a fine of not more than CA\$250,000.

Amendments to the Customs Tariff

In addition to the new reporting requirements noted above, Bill S-211 amends the Customs Tariff to expand the prohibition against the importation and distribution of goods in Canada made from forced labour to those made in whole, or in part, from child labour. It also aligns the Customs Tariff's definition of forced labour and child labour to those codified in the Act.

Deloitte's Global Trade Advisory specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help companies seeking to manage the impact of the legislative developments described above by:

- Understanding the impact of this new legislation on their business and advising on the applicable reporting and compliance obligations;
- Supporting them in undertaking a risk assessment of their supply chain;
- Providing the necessary and practical training to directors and employees on forced labour and child labour;
- Reviewing contracts with foreign suppliers to check that the terms speak to compliance with forced labour policy and mitigate potential risk; and
- Assisting importers with ruling applications and/or appeals with the Canadian customs authorities (CBSA) for goods detained at the border.

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