



What does your business need to know to comply with Bill S-211?

The Canadian Parliament passed Bill S-211 or *Fighting Against Forced Labour and Child Labour in Supply Chains Act* on May 3, 2023, to protect vulnerable populations from human rights abuses and exploitation. The bill has received royal assent and will impose strict reporting requirements on Canadian businesses when it takes effect on January 1, 2024.

Bill S-211 will have a significant impact on the way Canadian businesses contract within the supply chain and may affect your organization if it produces, sells, or distributes goods in Canada or elsewhere, imports goods produced outside of Canada into the country, or controls an entity engaged in either of the above activities.

When will Bill S-211 take effect?

Bill S-211 will take effect January 1, 2024, with first reports required to be filed on or before May 31, 2024. This bill requires Canadian businesses to report on forced labour and child labour in supply chains. It outlines the steps organizations must take to prevent and reduce the risk that operations, including those of third parties within the supply chain, make use of forced and/or child labour.

The act also amends the Customs Tariff to allow for a prohibition on the importation of goods manufactured or produced, in whole or in part, by forced labour or child labour.

Organizations that fail to submit a satisfactory annual report or make it public, obstruct a designated official, or fail to comply with an order from the Minister are guilty of a summary offence and liable to a fine of up to \$250,000.

Senior executive teams and boards of directors also need to take note as every director or officer who directed, authorized, assented to, acquiesced, or participated in any of these offences will also be personally liable for the offence.

Who will be affected by Bill S-211?

Bill S-211 clearly defines which entities will be required to provide this mandatory reporting. If you are an entity that engages in any of the following activities, you need to pay particular attention to this article:

1. Produces, sells, or distributes goods in Canada or elsewhere
2. Imports into Canada goods produced outside Canada, or
3. Controls an entity engaged in either of the above activities.

An entity is defined as a corporation or a trust, partnership, or other unincorporated organization that:

- Is listed on a Canadian stock exchange, or
- 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:
 - Had at least \$20 million in assets
 - Generated at least \$40 million in revenue, or
 - Employs an average of at least 250 employees.
- Is prescribed by regulations. Further regulations have not yet been added at the date of this article's publication.

The Act also applies to government institutions, which include federal government ministries, departments, and Crown corporations. Additional entities subject to the Act may be added at a later date through regulation. All entities who meet the above criteria are required to report to the Minister on or before May 31 of each year.

What are the reporting requirements needed to comply with Bill S-211?

Affected organizations must document all efforts during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step within its business and supply chain activities. This includes child labour and forced labour within Canada's borders or elsewhere.

The report must also include the following information in respect of each entity subject to the report:

- Its structure, activities, and supply chains
- Its policies and its due diligence processes in relation to forced labour and child labour
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has 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 its activities and supply chains
- The training provided to employees on forced labour and child labour
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

The annual reports must be approved by the organization's governing body (e.g., board of directors) and then submitted to the Minister of Public Safety and Emergency Preparedness (the Minister) by May 31 of each year, with the first annual report due May 31, 2024.

Organizations subject to the Act are also required to make these reports publicly available, including on their website. If the organization is incorporated under the Canada Business Corporations Act or another federal statute, it must also provide the annual report to its shareholders.

Is your business prepared to comply with Bill S-211?

Reach out to your MNP advisor or contact our team directly at Bills211support@mnp.ca

