

# Canadian Modern Slavery Reporting – Year 1 Benchmarking Data Published



Last week, Public Safety Canada published on its website the government's [first Annual Report](#) discussing Year 1 submissions under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act. The Minister of Public Safety is required to annually present to Parliament a report on compliance activities under the Act.

In this post, we discuss stats from the Report that may inform both reporting and compliance practices by U.S.-based multinationals and other reporting entities for the current (Year 2) compliance period.

The Act is often referred to as Canada's modern slavery act, although it is somewhat broader since it also addresses child labor. The requirements of the Act are discussed in detail in our earlier post [here](#), as well as in numerous other Ropes & Gray publications available [here](#).

## **Filing Statistics**

A large number of companies submitted reports in Year 1. This is not surprising, given the low thresholds under the Act.

- 5,650 commercial entities submitted reports by the May 31, 2024 deadline. (Another 145 reports were submitted on behalf of government institutions.)

A significant percentage of submitting entities are based in the United States. That also is not surprising given the strong commercial ties between the United States and Canada.

- Approximately 14% of submitting commercial entities (764) indicated they are based in the United States. U.S.-based entities accounted for most of the 1,020 foreign-based commercial entities.

Many of the submitting entities are subject to multiple modern slavery reporting requirements. We suspect these are heavily weighted toward U.S.-based multinationals, given the other reporting jurisdictions. Although not discussed in the Report, anecdotally, practice by U.S.-based multinationals subject to multiple modern slavery reporting requirements is to prepare a single, global modern slavery statement that meets the compliance requirements of all the relevant acts (and we generally

recommend this approach).

- Approximately 14.2% (800) of entities indicated in the questionnaire that accompanied their report that they were subject to supply chain transparency legislation in multiple jurisdictions. The reported break-down was as follows:
  - UK Modern Slavery Act: 528
  - California Transparency in Supply Chains Act: 479
  - Australia Modern Slavery Act: 307
  - Other (not specified): 175

Other reporting statistics of interest:

- 36.9% (2,086) of the reports submitted were joint reports. The Act allows joint reports for parent companies and subsidiaries or multiple entities belonging to the same corporate group. The large number of joint reports is not surprising, since joint reporting also is the norm under other modern slavery reporting regimes, and is consistent with a global statement approach.
- A substantial number of entities did not submit on time. To encourage transparency, Public Safety Canada continued to allow submissions after the May 31, 2024 deadline. As of July 31, 2024, a total of 6,303 submissions had been received, of which approximately 500 (8%) were delinquent. (Note that the statistics in the Report generally only include reports submitted on time.)

## **Program Statistics**

The more interesting statistics for most companies will be those that enable them to compare their compliance practices against other reporting companies. This information comes from the questionnaire that companies were required to submit along with their report.

## ***Risk Identification and Mitigation***

Most companies are in the earlier stages of risk identification.

- 38.2% (2,156) indicated they had identified parts of their activities and supply chains that carry a risk of forced or child labor being used.
- 39.4% (2,225) had started the process of identifying risks, but there were still gaps in their assessments.
- 22.4% (1,268) had not started the process of identifying risks.

The questionnaire also solicited information on the steps entities had taken in their previous financial year to prevent and reduce forced and child labor risks. The following were the top five cited measures. The frequency of 22 practices is identified in Table 6 in the Report.

- Conducting an internal assessment of forced and/or child labor risks in the organization's activities and supply chains: 49.8% (2,816).
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced and/or child labor in the organization's activities and supply chains: 45% (2,545). The Report indicated that 71.3% of entities (4,031) reported having policies and due diligence processes related to forced and/or child labor in place (presumably a much higher percentage than the immediately preceding statistic because many of these companies implemented these measures in earlier years).
- Monitoring suppliers: 38.5% (2,174).
- Developing and implementing anti-forced and/or -child labor standards, codes of conduct and/or compliance checklists: 37% (2,088).

- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily: 34% (1,922).

## ***Remediation***

Most reporting entities did not identify adverse impacts that required remediation (87.5%, or 4941 of the 5,650 commercial reporting entities). The remainder indicated the following:

- Took remediation measures and will continue to identify and address any gaps in their response: 4% (228).
- Took some remediation measures, but there are gaps that still need to be addressed: 1.6% (88).
- No remediation measures taken: 6.9% (392).

Unique to the Act is a requirement to disclose measures taken to remediate the loss of income to the most vulnerable families. Other modern slavery transparency legislation does not specify a similar requirement. Most entities indicated this was not applicable (91.0%, or 5142). The vast majority that did indicate this disclosure was applicable indicated they had not taken any remediation measures (87% of this subset, or 442).

## ***Employee Training***

44.4% (2,506) of entities indicated that they provide training to their employees on forced and/or child labor. This statistic is further broken down in the Report:

- Mandatory for all employees: 39.8% (998).
- Mandatory for employees making contracting or purchasing decisions: 22.6% (567).
- Mandatory for some employees: 29.1% (730).
- Voluntary: 8.4 % (210).

## ***Assessing Effectiveness***

- 43.5% of entities (2,455) indicated they have policies and procedures in place to assess their effectiveness in ensuring that forced and child labor are not being used in their activities and supply chains.

KPIs monitored by companies included the number of cases of forced and/or child labor reported and solved, the number of contracts with anti-forced and -child labor clauses, the number of employees taking relevant training, the age and number of hours worked per employee and the number of suppliers, vendors and/or partners that have signed a code of conduct. Prevalence of particular KPIs was not indicated.

## ***Enforcement***

Another difference from other modern slavery transparency acts is that the Act provides for a monetary penalty, of up to C\$250,000. The Report indicates that, in the first year of reporting, Public Safety Canada prioritized raising awareness of the reporting requirements to encourage meaningful action. No enforcement proceedings were brought or fines levied.

However, the Report indicates that Public Safety Canada did not include some reports received in the searchable online catalogue because they did not pass a quality assurance check. For example, these included reports that did not contain information relevant to the reporting requirements, or if they did not include proper attestation. The Report does not indicate how many company reports were excluded.

*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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