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Federal Legislation Prohibiting Forced Labour and Child Labour: Corporate Human Rights Behaviour in the Spotlight



Overview

On or before May 31, 2024, thousands of Canadian companies (public and private) will be made accountable to the federal government for public reporting on forced or child labour in their business operations and activities, at home and abroad.

Regulated entities will be required to produce a detailed annual report, which will be broadly reviewed and evaluated by government and stakeholders. The reports must be filed with the government, published on the entity's website and, if federally incorporated, directly communicated to shareholders.

The legal and reputational significance of this newly created corporate reporting requirement is obvious.

Covered Entities



Listed on a Canadian Stock Exchange

OR

Has a place of business in Canada, does business in Canada or has assets in Canada that generally meet two of the following thresholds:

- at least \$20 million in assets
- at least \$40 million in revenue
- at least 250 employees

AND



Produces, sells, or distributes goods in Canada or elsewhere, or imports into Canada goods produced outside Canada.

Legislative Highlights

Targets producers, sellers, or distributers of goods and importers of goods in Canada.

Applies to both forced labour and child labour (with both terms defined broadly).

Creates an obligation for entities covered by the law to file a report regarding disclosure of risks of child labour or forced labour throughout the operations and activities of the regulated corporation, at home and abroad.

Requires extensive disclosure by the regulated corporation, in the report, about their supply chain including due diligence processes, if any, and the training of employees in terms of child and forced labour.

First report under the law is due on or before **May 31, 2024.**

Amends Canadian Customs Tariff to ban importation into Canada of goods mined, manufactured, or produced, wholly or in part, with forced labour or child labour.

Provides extensive investigatory powers to the responsible minister in the Federal Government.

Provides for penalties of up to \$250,000 on the entity, director, or officer in case of failure to comply or false or misleading statements.

What's Next?

The Federal Government is treating the new legislation on forced labour and child labour as the first of a two-step process. The Federal Government has stated its intention to introduce, in 2024, a deeper piece of legislation, in the modern slavery space, that will impose full-fledged mandatory human rights due diligence (mHRDD) legislation on regulated corporations.

The Fasken Team is Ready to Assist

Fasken and its team of experts in the Business and Human Rights (BHR) field, from across the country, remain available to partner with you in navigating the new legislative landscape. The suggested steps in our collaboration are set out below for your consideration:

1

Identification

Understand your operations and activities, at home and abroad, including the policies, procedures and programs you have in place regarding human rights in your supply chain.

2

Diagnostic

Evaluate with you the information received in step number 1, against the backdrop of the new, and any future, legislation in the BHR domain. We can assist in the preparation of the legislatively required annual reports, and the overall assessment of your legal and reputational challenges in connection with your corporate human rights footprint.

3

Corrective Measures

Design corrective measures and/or improvements, together, in relation to the legal and reputational risks identified in steps number 1 and 2 above, including revisions to your supply chain agreements and import arrangements.

4

Monitoring

Establish a process for monitoring your organization's human rights footprint. A corporation's human rights behaviour, by its very nature, requires ongoing monitoring, adjustment and stakeholder interaction. It is a perpetual work in progress.

Our Rankings

Thanks to our clients, and the legal community at large, our firm was named *Corporate Law firm of the Year* at the *Chambers Canada 2022 Awards* and *Employment Law firm of the Year* at the *Chambers Canada 2023 Awards*.

Our firm is also ranked by the Chambers Canada 2024 guide:

- as top tier (Band 1) in Business and Human Rights Law the only firm in Canada with a Band 1 ranking in this area.
- as top tier (Band 1) in Employment and Labour. We also ranked Band 1 provincially in each of British Columbia, Ontario, and Quebec.
- in International Trade/WTO, Corporate/Commercial and Corporate M&A.



Corporate Law Firm of the Year



Employment Law Firm of the Year

Sustainability isn't a buzzword. It's a roadmap.

Learn more about our ESG and Sustainability expertise:



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Fasken is a leading international law firm with more than 950 lawyers and 10 offices on three continents. Clients rely on us for practical and innovative legal services.

We provide results-driven strategies to solve the most complex business and litigation challenges.



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