

Fighting Against Forced Labour and Child Labour in Supply Chains Act

2024 Report

1. Identifying information

Institution: Bank of Canada, a federal Crown corporation headquartered in Ottawa, Ontario.

Financial reporting year: From January 1, 2024, to December 31, 2024.

2. Introduction

This report outlines the steps the Bank has taken during its previous financial reporting year to prevent and reduce the risk that forced labour or child labour is used in its activities or supply chains. The Bank is committed to combatting modern slavery and to meeting its obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

3. Structure, activities and supply chains

The Bank is the nation's central bank. Its mandate, as per the *Bank of Canada Act*, is "to promote the economic and financial welfare of Canada." The Bank has five core functions:

- **Monetary policy:** to keep inflation low, stable and predictable
- **Financial system:** to promote safe, sound and efficient financial systems, within Canada and internationally
- **Currency:** to design, issue and distribute Canada's bank notes
- **Funds management:** to act as the fiscal agent for the Government of Canada
- **Retail payments supervision:** to supervise payment service providers, according to the *Retail Payment Activities Act*

The Bank works with suppliers to ensure the successful delivery of its core functions and, ultimately, its mandate. The Bank's supply chains cover a range of activities. For example:

- The bank note supply chain involves procuring raw materials (primarily from Australia and Europe) and partnering with specialized printers in Canada.
- The Bank's technology infrastructure relies on suppliers of information technology hardware to maintain the Bank's systems and support its research and administration functions.
- The Bank also procures goods to support these functions, including office equipment and supplies, uniforms and equipment for Bank security officers, -marketing material and materials for the Bank of Canada Museum.

4. Policies and due diligence processes

The Bank has a well-established procurement policy that governs the Bank's purchases of goods and services. The policy ensures that the Bank's procurements comply with all applicable laws.

The Bank also requires that all employees, contractors, consultants and agents of the Bank observe the highest standards of professional ethics under the Bank's comprehensive Code of Business Conduct and Ethics. The Code reaffirms the Bank's commitment to open, fair and ethical procurement practices. In line with this commitment, the Bank seeks to ensure that its supplier agreements include clauses requiring suppliers to:

- adhere to applicable sections of the Code
- comply with all applicable laws

In 2024, the Bank conducted a review of its procurement policy to strengthen its commitment to addressing modern slavery risks across its operations and supply chains. As a result, the Bank's updated policy now includes a statement confirming its commitment to mitigating the risk of forced labour and child labour in its procurement activities and supply chains. The Bank also completed a review of its vendor procurement documents, including its requests for proposals, quotes and supplier qualifications; contracts; and purchase order terms and conditions. These documents were revised to incorporate specific clauses to ensure that suppliers:

- do not use or tolerate the use of forced labour or child labour in any part of their activities or supply chains
- have implemented and maintain rigorous and well-developed policies and due diligence processes to prevent and mitigate the risk of such practices in their activities and supply chains
- comply with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Through these revisions, the Bank aims to establish a procurement process that identifies, prevents and mitigates the use of forced labour and child labour in its activities and supply chains.

5. Risks in activities and supply chains

The Bank has confirmed that its largest suppliers of raw materials and contracted printing companies involved in the production of bank notes have established policies in place, both internally and with their subcontractors, to prevent the use of forced labour and child labour in their activities and supply chains.

In 2024, the Bank reviewed its primary suppliers to identify those goods that may be exposed to higher risks of forced labour or child labour due to the nature of their sectors, industries or geographical regions (at-risk goods). In accordance with Public Safety Canada's updated *Guidance for Government institutions*, goods purchased using an acquisition card are excluded from the scope of this report.

The Bank then reviewed publicly available information to verify that suppliers of at-risk goods have documented policies and practices in place to protect against the use of forced labour or child labour. This review determined that there is no significant risk of forced labour or child labour in the Bank's supply chain at this time. However, the Bank remains committed to ongoing monitoring.

The Bank also established a working group consisting of representatives from its departments that purchase at-risk goods. Sessions were held to educate working group members on the Bank's obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and to get their support in initiating the assessment of suppliers. This working group will meet on a regular basis to track progress, monitor actions and identify opportunities to improve

the Bank's processes and further mitigate potential risks.

6. Remediation measures

Not applicable. The Bank has not to date identified any:

- forced labour or child labour in its activities and supply chains
- loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in the Bank's activities and supply chains

7. Employee training

Information sessions were held for employees involved in the procurement of goods at the Bank. These sessions provided participants with information about the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and the Bank's obligations under it. They also covered which goods are considered at risk and how employees can mitigate modern slavery risks when they purchase goods. The training aimed to equip Bank employees with the knowledge to ensure compliance and support the Bank's efforts in managing its supply chain risks.

8. Assessment of effectiveness

In 2024, the Bank conducted its first holistic review of its policies, procedures, procurement documents and contracts. As well, it completed an initial assessment of suppliers of at-risk goods. Going forward, the Bank will conduct an annual review to ensure that existing processes remain relevant and effective and take into account any changes to legislation, guidance or the Bank's supplier base. In 2025, the Bank plans to engage with its suppliers of at-risk goods to further understand and assess their mitigation measures and ensure continuous improvement in the Bank's supply chain practices.