



Canadian Security
Intelligence Service

Service canadien du
renseignement de sécurité



2023-2024 SUPPLY CHAINS REPORT

Canadian Security Intelligence Service Report on
Fighting Against Forced Labour and Child Labour in
Supply Chains

A safe, secure and prosperous Canada through trusted intelligence, advice and action.
Des renseignements, des conseils et des interventions fiables pour un Canada sûr et prospère.

Canada

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CSIS Structure

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CSIS Activities

CSIS has, since 1984, continued to demonstrate its value to Canadians by providing the Government of Canada with crucial information and advice linked to threats to the security of Canada and to Canadian interests. The *CSIS Act* gives CSIS the mandate to investigate activities suspected of constituting threats to the security of Canada, including terrorism and violent extremism, espionage and sabotage, foreign influenced activities, and subversion of government. In addition to providing advice to the Government of Canada on these threats, CSIS may also take lawful measures to reduce them. In addition, CSIS provides security assessments on individuals who require access to classified information or sensitive files within the Government of Canada as well as security advice relevant to the *Citizenship Act* and the *Immigration and Refugee Protection Act*. Foreign intelligence collection within Canada is also conducted by CSIS at the request of the Minister of Foreign Affairs or the Minister of National Defence.

The ever-evolving and persistent threat environment requires a nimble and dynamic operational approach. Canadians can be confident that when CSIS carries out its duties and functions, it acts in a manner consistent with fundamental Canadian rights and freedoms and in line with its democratic values.

Given its mandate and specific operational requirements, and in order to protect the safety and security of Canadians, CSIS does not generally disclose details related to expenditures beyond those publicly reported in the Estimates, Public Accounts, and the Budget. This protocol takes precedence over other policy requirements, as CSIS' financial and procurement-related information is classified. As such, CSIS does not publish any such information on the Open Government Portal.

The CSIS Acquisition Policy acts in accordance with Treasury Board's Foundation Framework of Policies and Directives. CSIS' Acquisitions Branch adheres to the *Government Contracts Regulations (Financial Administration Act)*, Public Services and Procurement Canada (PSPC) *Supply Manual* and incorporates the *Standard Acquisition Clauses and Conditions Manual* clauses in all solicitations and awarded contracts.

CSIS policies and due diligence processes

Policies

CSIS has used Public Services and Procurement Canada's (PSPC) tools and integrated PSPC's [Code of Conduct for Procurement](#) in its purchasing activities to prevent and reduce the risk of forced labour or child labour in its procurements.

These tools include the *Standard Acquisition Clauses and Conditions Manual* (SACC).

While PSPC supports government institutions in their daily operations by acting as the central purchasing agent for the Government of Canada, CSIS undertakes activities under its own procurement authority, independently of the aforementioned PSPC tools.

During the previous fiscal year, CSIS purchased goods and services under its own procurement authority in the following areas up to an amount approved by the Treasury Board to support sensitive operations:

- Electronic Data Processing (EDP) equipment;
- Telecomm Equipment & Parts;
- Software;
- Security Equipment & Parts;
- Hardware;
- Audio-Visual equipment & Parts;
- Vehicles;
- Furniture; and
- Professional Services.

In addition, to prevent and reduce the risk of forced labour or child labour in its procurements, CSIS has used PSPC's anti-forced labour contract clauses.

Due diligence

Effective April 1, 2023, amendments to the *Treasury Board Directive on the Management of Procurement* require contracting authorities from all departments listed in Schedules I, I.1 and II of the *Financial Administration Act (FAA)* (with the exception of the Canada Revenue Agency) and commissions established in accordance with the *Inquiries Act* and designated as a department for the purpose of the *Financial Administration Act* to incorporate the *Code of Conduct for Procurement* (“the Code”) into their procurements.

Pursuant to the aforementioned amendments, CSIS has integrated the Code into its procurements, in order to safeguard federal procurement supply chains from forced labour and child labour. Contracts that CSIS has awarded since April 1, 2023, incorporated the Code through the General Conditions for goods.

The Code requires that vendors, providing goods and services to the Government of Canada and their sub-contractors, comply with all applicable laws and regulations. In addition, the Code requires vendors and their sub-contractors to comply with Canada’s prohibition on the importation of goods produced, in whole or in part, by forced or compulsory labour. This includes forced or compulsory child labour and applies to all goods, regardless of their country of origin.

The prohibition on the importation of goods produced wholly or in part by forced labour came into force under the *Customs Tariff* on July 1, 2020. This amendment implemented a commitment in the Labour Chapter of the Canada-United States-Mexico Agreement (CUSMA) and applies to all imports, regardless of origin.

The CSIS procurement framework aligns with its security requirements when dealing with suppliers, including their supply chains policies. The verification of suppliers is critical and mandatory to identifying potential security concerns and ensuring the protection of sensitive CSIS information. CSIS has verified the supply chain policies of its top seven (7) manufacturers, which covers 80% of its procurement of goods.

The supply chains of those top seven manufacturers that contribute to the production of goods produced, purchased, or distributed to CSIS, from sourcing the raw materials to the final products, all respect the fundamental human rights of all people within their business strategies, and adhere to the *UN Guiding Principles on Business and Human Rights Policy*, the *Uyghur Forced Labor Prevention Act*, the *Australia Modern Slavery Act (2018)*, the *UK Modern Slavery Act (2015)*, the *California Transparency of Supply Chains Act (2010)*, and the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Overall, as a department listed in Schedules I, I.1 and II of the *Financial Administration Act (FAA)*, CSIS adheres to Treasury Board Directives, Policies and Guides namely the *Directive of the Management of Procurement* and incorporates the [Code of Conduct for Procurement](#) (“the Code”) into its procurements.

Forced labour and child labour risks

In May 2021, a risk analysis of PSPC's supply chains was completed by Rights Lab, of the University of Nottingham (UK), to determine which goods were at the highest risk of exposure to human trafficking, forced labour, and child labour. The analysis, and subsequent report, elaborated key strategies for PSPC to leverage public spending power to raise awareness about forced labour in supply chains.

CSIS is familiar with the risk assessment provided by PSPC, and is monitoring related follow-up action, including the development of a policy on ethical procurement.

CSIS will apply similar processes resulting from the risk assessment such as:

- Pre-qualifying requirements at the bidding stage committing suppliers to engage with the policy and to provide their own policies and procedures to mitigate associated human rights risks.
- Collaborating with partners both internally to ensure that the policy is understood, disseminated, and acted upon, and externally to promote ethical procurement and to combat human trafficking, forced labour, and child labour.
- Reinforcing that termination may occur in cases where vendors fail to respect the terms of the *Supply Chains Act*.

Remediation measures

CSIS has not taken any remediation measures as it has not come across any incidents where its vendors do not already have strict policies in place on forced labour, child labour, modern slavery, and/or human trafficking.

CSIS will follow PSPC's risk analysis of human trafficking and apply the same measures. CSIS will also refer to the guidance and applicable resource information of the *United Nations Guiding Principles on Business and Human Rights* and the list of additional resources.

Training

CSIS is aware that PSPC is currently developing awareness-raising guidance materials (including risk mitigation strategies) for suppliers, targeted towards high-risk sectors and will make this a mandatory training for its employees.

CSIS will monitor the development of these materials and will leverage these resources upon their publication.

Assessing effectiveness

CSIS has since been researching and obtaining our vendors' policies on forced labour, child labour, and human rights. With the amended [Code of Conduct for Procurement](#) included in all our solicitations and procurements, it will be able to assess the effectiveness of this initiative.