

Ensuring Ethical Procurement

CIPMM/TBS Round Table #5
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Public Services and
Procurement Canada

Services publics et
Approvisionnement Canada

Canada 

Objectives

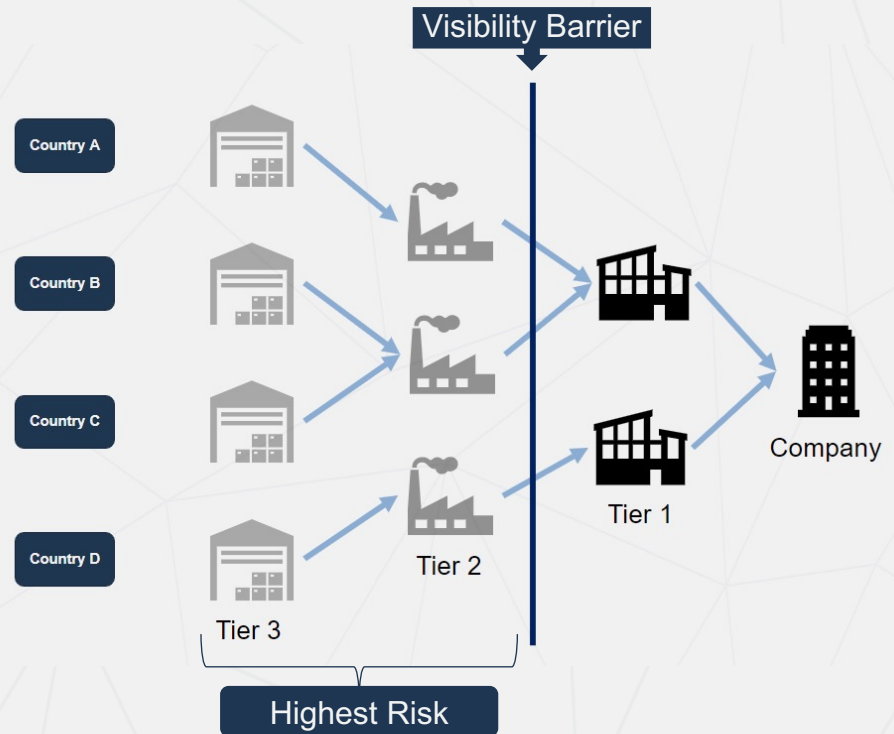
- ◆ Share findings of Public Services and Procurement Canada's (PSPC) risk assessment (2021), to consider challenges and opportunities for identifying high risk areas and commodities
- ◆ Outline PSPC's initiatives to safeguard federal procurement supply chains from risks of trafficking and forced labour

Risks in Government Procurement

- The Government of Canada is currently at risk of unknowingly purchasing goods made with forced labour
- A recent World Vision Canada report estimates that \$43 billion worth of at-risk goods were imported into Canada in 2021 (7.5% of total imports)
- As the central purchasing entity for the Government of Canada, PSPC manages approximately \$24 billion worth of goods and services every year
- PSPC has a responsibility to procure ethically sourced goods and services

Challenges Identifying Risks

- Often associated with the beginning of the supply chain
- Many goods and materials involved, short-term supplier relationships, informal outsourcing
- Availability of data or resources suppliers need to fully map and monitor their supply chains



PSPC Commitments to Addressing Risks

- ◆ The National Strategy to Combat Human Trafficking (2019-2024) states that PSPC will:
 - Outline expectations on human and labour rights for suppliers;
 - Work with suppliers to develop and implement tools to help ensure compliance in their supply chains; and
 - Examine long term approaches to addressing human trafficking and labour exploitation in federal procurement supply chains.
- ◆ The mandate letter for the Minister of PSPC includes commitments to:
 - Require suppliers of goods and services to apply the highest ethical and sustainability standards across their supply chains
 - Support the Minister of Labour in introducing legislation to eradicate forced labour from Canadian supply chains and ensure that Canadian businesses operating abroad do not contribute to human rights abuses

Assessing Risks in PSPC Supply Chains

- Analysis of the risk of human trafficking, forced labour, and child labour in PSPC supply chains was conducted in 2021
- Identified top “at-risk” goods ([Annex A](#))
- In 2021-22, at-risk goods accounted for 7% (\$1.4B) of goods contracts awarded
- Most suppliers in at-risk categories do not have adequate policies and procedures in place to address risks
- PSPC is following up on recommendations to develop an ethical procurement policy and a human rights due diligence framework

Addressing Risks: Progress To-Date

- Ethical procurement objectives have already been integrated and formalized in PSPC practices
 - Updated Code of Conduct for Procurement
 - Anti-Forced Labour Clauses for Goods Contracts, Standing Offers and Supply Arrangements
- Recommendations from the Risk Assessment have been further actioned through:
 - Mapping of International Due Diligence Obligations for Business (2023)
 - Industry Engagement Sessions (Jan-Feb 2023)
 - Awareness-raising materials for high-risk sectors (2024)
 - SSC partnership pilot: electronics supply chain risks (2024)

In Progress: Policy on Ethical Procurement

- Draft in consultation process; to be implemented in 2024-25 FY
- Outlines Departmental objectives and outcomes pertaining to ethical procurement
- Establishes the ongoing basis of authority and signals the intention to develop ethical procurement activities, initiatives, and frameworks, including a human rights due diligence framework for suppliers
- Establishes the basis for the use of information and data requirements from suppliers in administration of the policy and adoption of metrics
- Outlines relevant legislation, policies, & international guiding principles
- Moves toward adoption of long-term strategic approaches for safeguarding federal procurement supply chains

Looking Forward: Due Diligence

- Mapping of international due diligence obligations for businesses completed
- Further research in-progress to develop and outline due diligence options, to be completed before end of 2023-24 FY
- Due diligence framework to be developed, within authorities of the Policy on Ethical Procurement and streamlined with whole-of-government approach
- PSPC will continue to engage key stakeholders as we prioritize due diligence and risk mitigation to protect human rights in federal supply chains

Annex A – Findings from the Risk Assessment

Procurement at highest risk of human trafficking, forced labour, and child labour, including each procurement’s contribution to the total value of all contracts:

Code description	Risk rank	% of total value
Rope, Cable, Chain and Fittings	1	0.048
Prefabricated Structures and Scaffolding	2	1.897
Office Supplies and Devices	3	0.013
Lighting Fixtures and Lamps	4	0.056
Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags	5	0.436
Recreational and Athletic Equipment	6	0.013
Clothing, Individual Equipment and Insignia	7	4.763
Alarm, Signal and Security Detection Systems	8	0.225
Electrical and Electronic Equipment Components	9	0.746
Service and Trade Equipment	10	0.007
Ships, Small Craft, pontoons, and Floating Docks	16	11.19
Ammunition and Explosives	18	8.277
Instruments and Laboratory Equipment	21	3.067

Note: Personal protective equipment (PPE) was not included in the scope of the risk assessment as PPE is not a commodity typically procured by PSPC

Policy questions? Contact:

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