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# Supply Chains and MSHT

(Modern Slavery and Human Trafficking)

Webinar: October 17, 2024

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Host: Ray Lamont (Maj.)



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# Agenda

## SECTION 1 Nancy Harrison

01 What is a Supply Chain

02 How can Supply Chains impact MSHT 03 1/2) Risks and Dangers 04 1/2) Challenges and Opportunities

05 1) What can we do as Consumers 2) Section Summary

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06 The Salvation Army and Bill S-211 from a legal lens – *Aden Ogunfua*

1) Overview Bill S-211 2) Who the Act applies to 3) Reporting Requirements 4) Penalties 5) How to Report

*What can The Salvation Army do to change sourcing habits while remaining good stewards of resources entrusted to us?*

## Section 3 Estee Lau)

07 ETHICAL PROCUREMENT PRACTICES:

How Can TSA address Modern Slavery and Human Trafficking in our Supply Chain - Estee Lau

1) Supplier Code of Conduct 2) Vendor Assessment and Audits 3) Training and Awareness 4) Transparency and Reporting

5) Sustainability and Ethical Sourcing 6) Monitoring and Continuous Improvement 7) Public Commitment 8) In Summary

IN COSING and Final Remarks – Major Ray Lamont

# What is a Supply Chain

A supply chain is a network of individuals and companies that are involved in creating a product and delivering it to the consumer. Links on the chain begin with producers of the raw materials and the end with the delivery of the finished product to the user/consumer.



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# Supply Chain - Impact on MSHT

## POSITIVE IMPACT

- Provides opportunity for people to create, produce, manufacture goods to reach global markets
- Income generation/strong economies
- Stable/equitable employment
- Introduces "Fair Trade" practice communities (TSA example "Others")
- Creates opportunities for individuals and companies from around the world to easily get their produce/goods to markets not previously available to them
- Ability to support the building of strong Communities
- Employment opportunities available are endless
- New educational and career opportunities at any level
- Ethical and sustainable Sourcing of good quality goods and services that support communities around the world

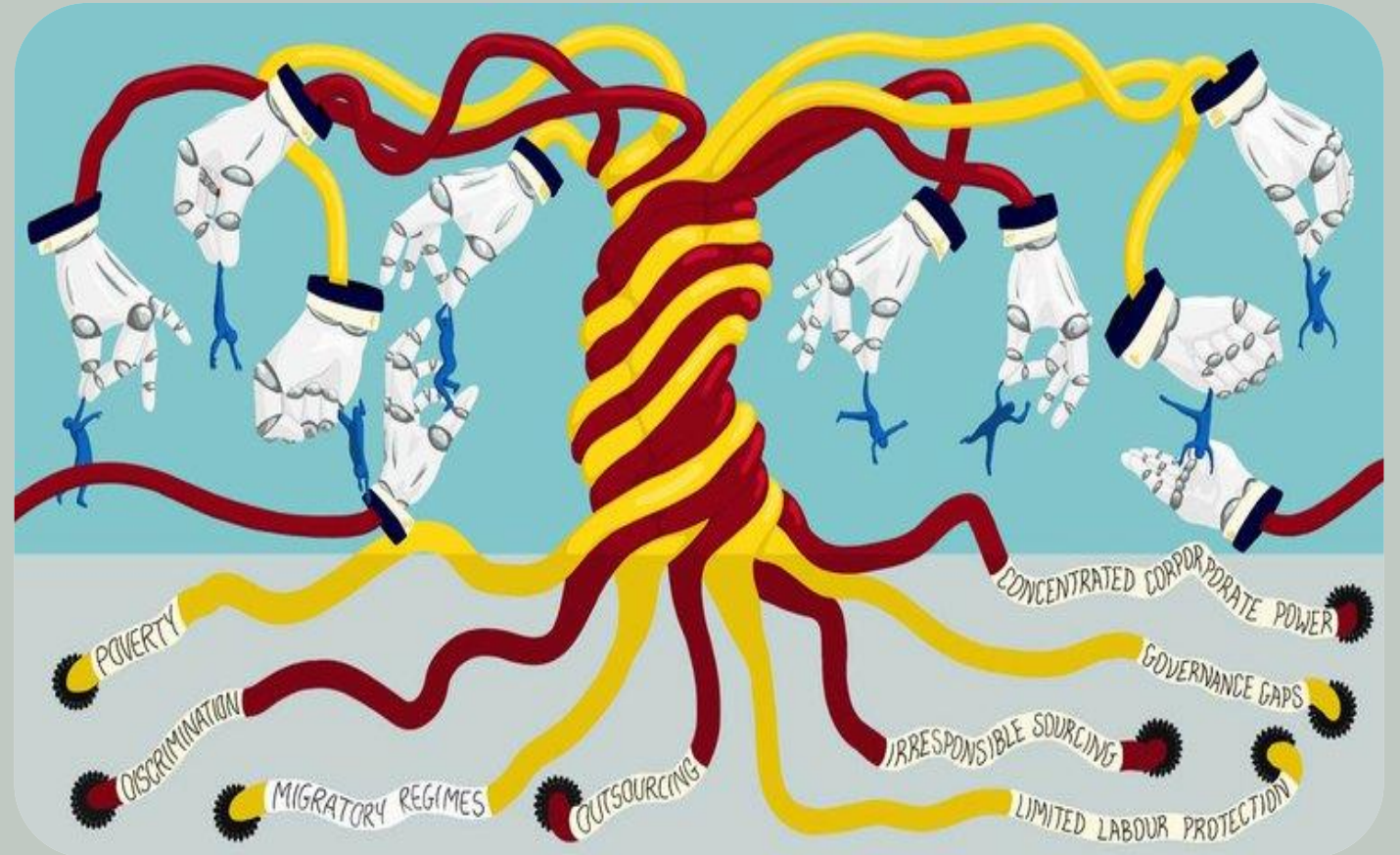
## NEGATIVE IMPACT

- Creates environments for criminal activity and Human Rights violations.
- Competition and profit driven suppliers can be more prone to corruption in sourcing, manufacturing, production, sales and ultimately transportation. This can incubate a labour market that promotes and condones the use of forced/child/migrant workers to achieve the best profit for the least cost
- Supply chains are plagued with theft, corruption, at the hands of organized crime and terrorist organizations
- All of this continues to cause vulnerability to trafficking and to facilitate it or complicate responses to MSHT
- Climate change and natural disasters, war and conflict increase individual vulnerability. The Supply chain is so complex with multiple potential touch points and locations that maintaining visibility and transparency is very difficult; which then provides multiple opportunities for traffickers to exploit situations and people



# Risks in a Supply Chain

- Numerous opportunities for organized crime to infiltrate the supply chain (particularly when it involves globally sourced goods)
- Potential for exploitation of vulnerable people of all ages at all points in the supply chain
- Production, manufacturing, ports, transshipment points, customs warehousing, distribution
- Transportation



# Dangers

- Supply Chains are a multi-billion dollar a day global networks where innocent people can unknowingly get caught up in corruption
- Supply Chains can empower and strengthen terrorist and organized crime networks
- Increased human and drug trafficking
- Forced labour is a danger to all ages to meet mass production/low-cost goods including drugs
- Added risk for slavery and sexual abuse due to criminal activity throughout the chain
- Complex supply chains make it easy to move people from country to country





# Challenges

- Multiple ports/points of exit and entry (virtually unlimited)
- Different regulations in as many countries (often controlled by organized crime)
- Corruption may exist within Port/Airport authorities as well as customs and border agencies and governments
- Shortages of staff in: Production, at ports, customs manufacturing, distribution, transportation
- Cost of materials goods , fuel etc. constantly increasing which passes down to consumer
- Natural disasters affect production right through to delivery
- Global warming effects supply chains when production and delivery is impacted
- We are consumers accustomed to fast deliveries



# Opportunities/Obligations

- **Acknowledge** that we have all contributed to MSHT through the supply chain in one way or another at some point in our lives
- **Decide** to do better and be more mindful of purchases both in our places of work and our homes
- **Understand** that everything we consume has a cost beyond its price tag
- **Learn** more about MSHT and our policies regarding Procurement/When in doubt ask





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# What can we do in our local context as responsible consumers?



## Be Intentional

- Think before you make a purchase/research; can it be ethically sourced?
- Is it necessary? Is it sustainable?
- Is the item recyclable and or made from post-consumer materials ?
- Consider environmental impact

## Know the Origin

- e.g.: Amazon – don't know *Choose "sold from/shipped from" Amazon* they have accountability for that option
- Can purchase be sourced locally – support local or purchase items with transparent supply chain
- Can supplier be verified-if not reconsider source of supply
- Does the company give back in any way when you purchase- socially responsible

## We Can

- Check with other MUs see what they are purchasing and where they are purchasing common items
- Talk to our Procurement Department – they are a click away on MYARMY- They are here to help not hinder
- Avoid purchasing from sites such as TEMU, SHIEN
- Notice red flags in your purchases/in labour market in your community

# 05/2 In Summary

Can we be perfect consumers

*No-one is perfect.*

*The Supply Chain is like the internet very complex and extremely difficult to regulate*

However, we can and **MUST** "do something"

Remember our TSA Core Values

**Hope – Service – Dignity – Stewardship**

There is a **HUMAN COST** to all purchases

Including; textiles , consumables, even our daily coffee & tea



*"The idea that if economic life is detached from all moral considerations and left to operate by its own laws, all will be well: is simply an abdication of human responsibility."*

*Lesslie Newbigin*

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The Salvation Army's  
Responsibilities  
&  
Reporting Requirements  
*Through a Legal Lens*



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# Overview of The Act

- The Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023
- A Canadian federal law aimed at increasing transparency in supply chains.
- The Act came into force on January 1, 2024
- Seeks to combat **child labor** and **forced labor** within an organization's supply chain.



## Bill S-211

An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

# Meaning of Child Labour and Forced Labour

Child labour refers to work or services provided by persons under 18 years of age that:

- a) If provided in Canada will violate applicable Canadian laws;
- b) Are mentally, physically, socially or morally dangerous to the child;
- c) Disrupt or deprive children of schooling, forcing them to leave school early or juggle school with excessively long and heavy work; or
- d) Fall under the worst forms of child labour as defined in Article 3 of the Worst Forms of Child Labour Convention, 1999. *E.g., child slavery, trafficking, involvement in armed conflict, prostitution etc.*

Forced labour refers to work or services provided by a person under circumstances where:

- a) The person reasonably believes their safety or the safety of someone they know would be at risk if they refuse to provide or offer the labour or service.
- a) The work constitutes forced or compulsory labour as defined in Article 2 of the Forced Labour Convention, 1930. *E.g., Debt bondage, State-Imposed Forced Labour, Forced Domestic Work, Human trafficking etc.*

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# Who the Act applies to

- Organizations listed on the Canadian Stock Exchange/ have a connection to Canada.
- And meet any **two** of the three criteria below:
  - \$20 million or more in assets
  - \$40 million or more in revenue
  - Average of 250 employees





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# Reporting Obligations

The entities below are required to report under the Act:

- a) Organizations producing, **selling** or **distributing goods** in Canada;
- b) Organizations **importing** into Canada goods produced outside Canada;
- c) <sup>or</sup> Organizations controlling an organization engaged in any activity described in paragraph (a) or (b).

Given the criteria, the Act **applies** to The Salvation Army



# The Report

## *Mandatory information in each report*



- a) Its structure, activities and supply chains
- b) Its policies and due diligence processes in relation to forced labour and child labour
- c) The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk
- d) Any measures taken to remediate any forced labour or child labour
- e) Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains
- f) The training provided to employees on forced labour and child labour
- g) How the organization assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

# How to Report

- Reports are due by *May 31<sup>st</sup>* for the prior financial year
- Reports to be submitted to the *Minister of Public Safety*
- 10-page limit recommended (20 for bilingual report)
- Online questionnaire to be completed
- Reports are to be published on the organization's website.
- Report must be approved and attested by the governing body of each organization
- Joint reports may be submitted





# Penalties

- Maximum fine of **\$250,000** for:
  - Failure to comply with the Act
  - False or misleading information
- Directors, officers, or agents who authorize, or participate in the commission of an offence are also guilty and liable for the same punishment, regardless of whether the organization has been prosecuted or convicted.



# Summary

## The Act:

- Aims to increase industry awareness and transparency and drive businesses to improve practices
- Introduces transparency and reporting obligations – Annual Report/Questionnaire
- Provides penalties for non-compliance and providing false or misleading Information
- See <https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx> for more information



07

# Ethical Procurement Practices

*How Can TSA Address  
Forced Labour and  
Child Labour in the  
Supply Chain?*



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# Ethical Procurement Practices

## Supplier Code of Conduct

- **Develop Clear Standards:** Establish a supplier code of conduct that explicitly prohibits forced labour and child labour. Require all vendors and suppliers to adhere to these standards.
- **Regular Updates:** Regularly review and update the code to align with best practices and legal requirements.





# Ethical Procurement Practices

## Vendor Assessment and Audits

- **Pre-Qualification Questionnaire:** Implement rigorous assessments of potential suppliers to evaluate their labour practices and compliance with forced labour and child labour policies.
- **Site Audits:** Conduct regular audits of existing suppliers to ensure compliance with ethical labour standards.



# Ethical Procurement Practices

## Training and Awareness

- **Supplier Training Programs:** Provide training for suppliers on recognizing and preventing modern slavery and human trafficking within their operations and supply chains.
- **Internal Staff Training:** Train procurement staff on the importance of ethical sourcing and how to identify red flags related to trafficking.



# Ethical Procurement Practices

## Transparency and Reporting

- **Require Disclosure:** Mandate that suppliers disclose their labour practices and supply chain information, including the steps they take to prevent forced labour and child labour.
- **Reporting Mechanisms:** Establish clear channels for reporting suspected violations of our Forced Labour and Child Labour policies within the supply chain. (AB 02.001)



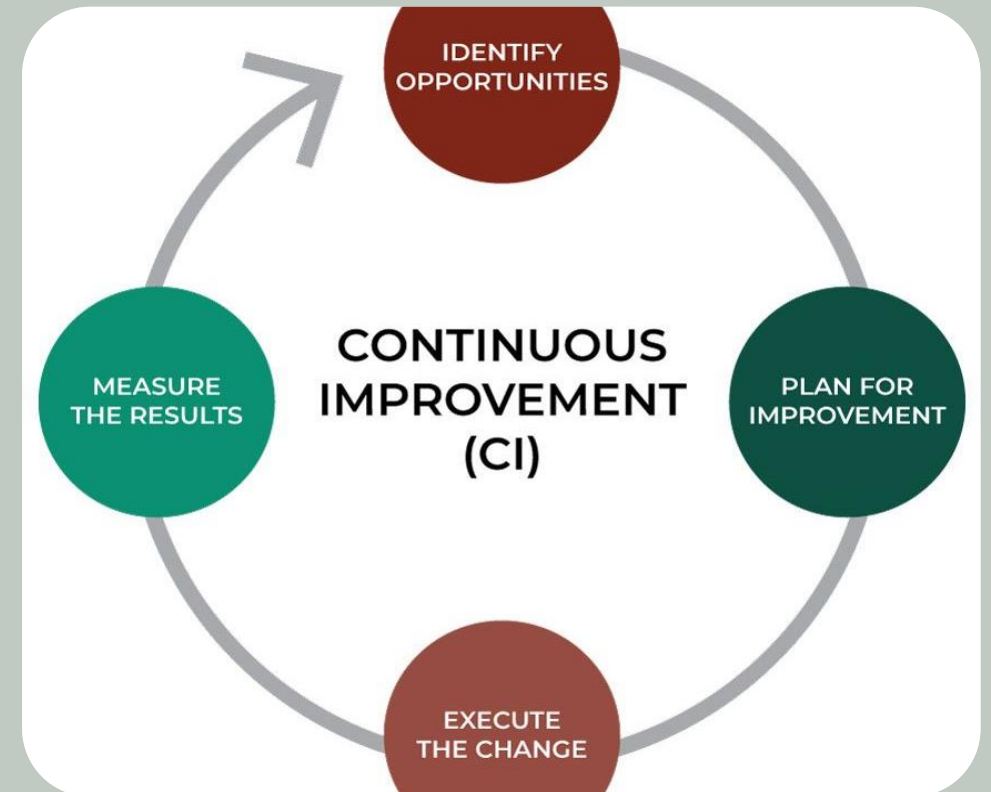




# Ethical Procurement Practices

## Monitoring and Continuous Improvement

- **Performance Metrics:** Establish metrics to assess supplier performance related to forced labour and child labour; and use these in vendor evaluations.
- **Feedback Loops:** Create mechanisms for continuous feedback and improvement regarding procurement practices related to labour rights.



# Ethical Procurement Practices

## Public Commitment

- **Transparency in Procurement Policies:** Publicly commit to ethical procurement practices and outline these in annual reports and on the organization's website to hold the organization accountable.
- **Advocacy:** Advocate for ethical procurement standards within the nonprofit sector and encourage other organizations/our partners to adopt similar practices.



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# Ethical Procurement Practices

## *In Summary:*

*"By integrating these strategies into procurement processes, TSA can play a significant role in combating Forced Labour and Child Labour while promoting ethical practices within our supply chain."*



QUESTIONS



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