A rapidly growing challenge for Canadian businesses is how to address modern slavery in their operations and supply chains. Indeed, the commercial and regulatory landscape surrounding modern slavery in Canada is at a crossroads with new demands and growing pressures on Canadian businesses projected to significantly increase in the near term. This series will shed light on this evolving area, while helping CEO’s and directors fulfil their obligations to regulators, shareholders and other stakeholders.

Although it may be hard to believe that this cruel reality exists in 2019, modern slavery—an umbrella term that includes practices such as slavery, child labour, debt bondage labour, forced labour, and human trafficked labour—is a disturbing reminder of the tragic situation that may be present within many Canadian businesses, potentially reaching all the way to the very beginning of their supply chains. According to the International Labour Organization, as many as 25 million people are suffering in forced labour and as many as 152 million children are victims of child labour - 73 million of whom are engaged in hazardous work.

World Vision Canada reported in 2017 that $34 billion of goods imported into Canada each year may have been produced by child or forced labour.

Despite the magnitude and severity of this issue and Canada’s global reputation as a country committed to freedom and social justice, Canada is an outlier in addressing modern slavery compared to most of its biggest trading partners. Canada currently has no federal or provincial supply chain disclosure laws despite the emergent legislation/regulation in many other western countries requiring companies to disclose how they address the risk of modern slavery in their business operations and supply chains.

Legislation in the UK, the State of California and most recently, Australia, compel such
disclosure. Companies to which these laws apply must post online or file an annual statement detailing what efforts (if any) they have taken to ensure that modern slavery is not taking place in their businesses or in their supply chains. The UK and Australian laws require these annual statements to be approved by the company’s board of directors and signed by a director. Many Canadian businesses operating in those jurisdictions are already required to make such disclosure.

Other laws and regulations in the EU and other European countries require public disclosure of human rights issues and, in some cases, require companies to conduct human rights due diligence. For example, France has enacted legislation imposing a "duty of vigilance" on very large French companies requiring them to establish and to execute a due diligence plan to identify risks of violation with respect to human rights, fundamental freedoms, health and safety regulations and environmental law.

Canada’s largest trading partner, the United States, now bans the import of slave-made and forced labour-made goods and companies wishing to do business with the US Government must certify that they are not using forced or human–trafficked labour in their operations and supply chains.

Today, Canada has no specific laws prohibiting the use of modern slavery in the production of goods procured by Canada’s federal or provincial governments. And Canada has no laws specifically requiring businesses to disclose whether they or their suppliers are utilizing modern slavery in the sourcing or production of their products or services. As well as there are no general restrictions on the importation into Canada of goods made with labour subject to modern slavery.

How long will Canada and its lawmakers wait to address modern slavery? Not much longer as you will see in our next article: What action will Canada take and how will it impact Canadian businesses?

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