

New Modern Slavery Legislation & Supply Chain Due Diligence Legal Services Offering



Across the world, supply chain due diligence regulations are being proposed or enacted to force large companies and organizations to address issues in their full supply chains.

Increasingly, mandatory ESG reporting regulations are requiring specific information regarding due diligence around ethical supply chains addressing risks such as modern slavery including forced and child labour, environmental degradation and deforestation.

What is supply chain due diligence?

This refers to the steps that a company takes to **identify, manage and prevent adverse impacts and risks to people, the environment or the economy** from their corporate operations and supply chains.

Common impacts requiring corporate due diligence include:

- human rights abuses such as forced labour and child labour
- deforestation
- bribery and corruption
- disclosure and consumer interests

Due diligence should be an integral part of enterprise risk management and decision-making. Increasingly, due diligence activities must apply to the entire supply chain of a company, through multiple tiers of suppliers, down to raw material extraction.

Globally, supply chain due diligence regulations are being proposed or enacted, forcing many companies and organizations to address issues in their full supply chains.

New Canadian Modern Slavery Legislation

In Canada, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the *Modern Slavery Act*) came into force on January 1, 2024.

The Modern Slavery Act requires annual reporting by certain government organizations, entities listed on a Canadian stock exchange and large non-listed entities on due diligence activities involving goods related to prevention of forced and child labour in their supply chains.

Affected companies' first Supply Chain Due Diligence reports are **due on May 31, 2024**. **For certain CBCA companies, the report may need to be completed earlier.**

Entities listed on a Canadian stock exchange, as well as any entities that, combined with the entities they control, meet at least two of the following three criteria in either of the last two fiscal years:

- \$20 million or more in global assets
- \$40 million or more in global revenue
- an average of 250 or more employees worldwide

Companies that produce, sell, distribute or import goods will be impacted. Those activities include manufacturing, growing, extracting and processing goods.

The Modern Slavery Act is currently being implemented by [Public Safety Canada](#) and gives broad **compliance and enforcement** powers to the Minister of Public Safety, including significant fines of up to \$250,000 and personal fines for corporate directors and officers.





Supply Chain Due Diligence - Legal Risk

Proactively advancing supply chain due diligence performance and disclosure is essential for satisfying pending legal reporting requirements in Canada and abroad. It is critical for companies to identify and mitigate the associated legal risks, including regulatory enforcement, commercial litigation and seizure of goods. As legal requirements for supply chain due diligence evolve, so do the sources and velocity of legal risk.

The MLT Aikins ESG practice supports organizations to identify, mitigate and manage legal risk related to supply chain due diligence and disclosure. Importantly, we draw on experience across energy, mining, nuclear, agriculture, financial services, Indigenous and public sectors, among others.

Our legal services can be customized and adjusted to meet your objectives, budget and timeline.

| Service area | Your need | How MLT Aikins can help |
|---|--|---|
| Policies & Processes  | Corporate policies and processes that prevent and reduce the risk of forced labour or child labour | <ul style="list-style-type: none"> • Develop policies and processes right-sized for your organization including those related to commercial contracts, employee and supplier conduct and grievance mechanisms • Review and refine existing policies and processes |
| Reporting  | Annual public reporting on supply chain due diligence activities to satisfy legal requirements | <ul style="list-style-type: none"> • Prepare or review annual Supply Chain Due Diligence Report and related disclosures • Assist in managing responses to stakeholder questions and concerns |

Engage our ESG team today to assess your reporting obligations, evaluate your current governance structure and prepare for the first report.