



PREVENTING FORCED AND CHILD LABOUR IN CFMWS SUPPLY CHAINS

FY 2023-2024



Introduction

This report (the "Report"), prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"), pertains to the Staff of the Non-Public Funds, Canadian Forces, a Separate Agency of the Government of Canada, which operates under the name Canadian Forces Morale and Welfare Services (CFMWS). The Report outlines steps taken to identify and eliminate items produced using forced labour or child labour from CFMWS supply chains during its most recent fiscal year, 1 April 2023 – 31 March 2024 (the "Reporting Period"). This is not a revised version of a report already submitted.

1. CFMWS Structure, Activities and Supply Chains

Structure and Activities

CFMWS is not a Crown corporation or a subsidiary thereof.

CFMWS is a non-profit, social enterprise with a legislative mandate to provide morale and welfare programs and services to serving and retired Canadian Armed Forces (CAF) personnel and their families.

Juridically, CFMWS is an administrative construct created by the Chief of the Defence Staff, under the direction of the Minister of National Defence, which links two Federally-created entities – that is, Non-Public Property (NPP), a category of Federal Crown property regulated under the *National Defence Act* (NDA) and the Staff of the Non-Public Funds, Canadian Forces (SNPF, CF), a Separate Agency listed in Schedule V of the *Financial Administration Act* (FAA). The number of CFMWS employees varies seasonally with the average being approximately 3,500 employees.

CFMWS supports serving and retired Canadian Armed Forces (CAF) personnel and their families through its four (4) operational divisions. They are:

- CANEX (CANEX) which provides retail and affinity services;
- SISIP Financial (SISIP) which provides financial counselling, and life and disability insurance;
- Military Family Services which provides support to military families, and
- Personnel Support Programs which provide a wide range of fitness training, fitness testing and research, as well as sports and recreation programs and services.

In support of those four (4) operational divisions are six (6) support divisions. They are: Information Services (IS); Finance; Human Resources; Member Experience and Marketing; the office of the Chief Operating Officer, and Corporate Services.

CFMWS provides those programs and services at 34 bases and wings across Canada, as well as in the United States, Europe and anywhere else CAF personnel are stationed or deployed (e.g., Latvia). CFMWS headquarters is located at 4210 Labelle Street in Ottawa, ON.

Supply Chains

Due to the wide variety of programs and services provided by CFMWS, a large number and types of goods are purchased on a regular basis. The vast majority of our suppliers, distributors and vendors ("Suppliers") are based in Canada and the United States. The overwhelming majority of those purchases are from large, well-known providers of goods, and many of those Suppliers have obligations under the Act. In addition, some goods are purchased using Public Service Procurement Canada (PSPC) standing offers. As the largest purchaser of goods and services for the Government of Canada, PSPC have robust forced labour and child labour measures and requirements imbedded and mandated throughout their entire procurement processes.

2. Steps taken to prevent and reduce the risk of forced labour and child labour

In the Reporting Period, in order to reduce the risk of forced labour and child labour for goods that are purchased by the enterprise, CFMWS has conducted the following steps:

2.1. Identifying activities

CFMWS performed exercises that included identifying all goods purchased since the Act came into force. The compiled lists were reviewed and assessed by divisional authorities.

2.2. Identifying suppliers

Applicable CFMWS divisions identified their goods Suppliers used during the Reporting Period. The vast majority of them are Canadian and American companies.

2.3. Requiring suppliers to have policies and procedures that identify and prohibit the use of forced labour and child labour in their activities and supply chains.

CFMWS sent letters to all Suppliers, informing them of the requirements related to mitigating risk of forced labour and child labour and CFMWS' expectations in this regard. It affirmed our commitment to the Act and requested that the Suppliers examine their supply chains for risk of forced labour and child labour.

2.4. Developing and implementing an anti-forced labour and anti-child labour code of conduct.

CFMWS has developed and published the Code of Conduct for Suppliers (the "Code") that applies to all Suppliers that conduct business with CFMWS. The Code sets our expectations and requirements regarding matters of ethics, professionalism, with special focus on forced

labour and child labour. It was included in the letter sent to all recurring Suppliers, informing them of its applicability and requirements. Suppliers were requested to share the Code with their affiliates, sub-contractors and sub-agents.

The Code has been incorporated by reference into all contractual and vendor documents. By entering into agreements with CFMWS, Suppliers accept the terms of the Code and affirm compliance with its requirements.

3. Policies and due diligence process in place related to forced labour and child labour

As a part of CFMWS' efforts during the Reporting Period to mitigate the risks of forced labour and child labour, we reviewed and updated relevant materials and procedures to directly address forced labour and child labour concerns and work towards the elimination of these practices. We also introduced new requirements.

Code of Conduct for Suppliers – The Code was developed and published. It sets out our expectations and requirements as they relate to forced labour and child labour risks. It also requires that Suppliers take reasonable steps to identify and address risks of forced labour and child labour practices in the operations and supply chains used in performing their obligations to CFMWS.

Vendor Agreement Template – Our Vendor Agreement Template has been updated to include standard terms addressing forced labour and child labour requirements and to incorporate the Code.

Contract Templates – Our Contract for Goods Template has been updated to include standard terms addressing forced labour and child labour issues and to incorporate the Code.

Employee Briefing – Employees engaged in purchasing activities were briefed on the Act and instructed to make forced labour and child labour requirements a part of the discussion with current and potential Suppliers.

Vetting Process – Prior to engaging new Suppliers, background research is conducted to ensure company legitimacy and confirm their ethical practices. This includes review of Supplier website, social media accounts, customer reviews, web searches, supplier accounts held and, in some cases, reference checks.

4. Risk of forced labour and child labour being used and steps taken to assess and manage that risk

We assess there to be a very low risk of forced or child labour occurring in our supply chains. Geographically, CFMWS Suppliers are located in Canada and the United States, which, according to the Global Slavery Index, has a low prevalence of forced or child labour, a low risk of vulnerability to forced or child labour, and comparatively robust governmental oversight of the issue.

5. Measures taken to remediate any forced and child labour

During the Reporting Period, no incidents of forced or child labour have been identified by CFMWS in its operations or supply chains or reported by employees, Suppliers or others. As a result, no remediation actions have been taken.

6. Measures taken to remediate the loss of income

As no remediation took place, no measures were taken to remediate any loss of income.

7. Training provided to employees on forced labour and child labour

Currently, CFMWS has no forced labour or child labour related training in place. Therefore, no forced labour or child labour related training was provided to employees in this Reporting Period.

8. Effectiveness assessment

Currently, CFMWS does not have a formal process for measuring effectiveness in the mitigation and prevention of forced labour and child labour other than a periodic review of the activities, Suppliers and supply chain. In the future, our goal is to develop and implement a formal process for measuring effectiveness of forced labour or child labour mitigation activities.

9. Future Steps

In order to reduce the risk of forced labour and child labour in the future, CFMWS will:

- Continue to map its activities and supply chains;
- Continue to expand and develop its due diligence processes, including developing a questionnaire/survey for Suppliers;

- Develop and deliver training for CFMWS employees to increase awareness about forced labour and child labour; and
- Modify existing or develop new policies to address forced labour and child labour requirements.

10. Approval and Attestation

This report was approved by the Chief of the Defence Staff on behalf of CFMWS for the reporting period from 1 April 2023 to 31 March 2024.

In accordance with the requirements of the Act, and in particular section 11, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year first listed above.



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General W. Eyre, Chief of the Defence Staff

Date