

The Straight Goods

**Canadian
Business Insights
on Modern Slavery
in Supply Chains**

KAM PHUNG
Schulich School of Business

DELANEY GREIG
*Shareholder Association
for Research and Education*

SIMON LEWCHUK
World Vision Canada



**CENTRE OF EXCELLENCE
in Responsible Business**



The following is a summary of the [full report](#), *The Straight Goods: Canadian Business Insights on Modern Slavery in Supply Chains*, which explores the insights and experiences of a group of individuals and companies in addressing modern slavery. Each year, over \$34 billion of goods imported into Canada are at a high risk of having been produced by child labour or forced labour.

About our report

Our [full report](#) provides the first in-depth analysis of its kind in Canada. All information provided by participants has been kept confidential. To encourage candid and detailed responses, participating individuals and companies have been left anonymous, and no information that would link back to participants has been included.

The objectives of our research are:

- **To better understand the views and approaches of Canadian companies regarding modern slavery and human exploitation within global supply chains.**

- **To learn about effective practices and challenges, and the different experiences of companies in addressing these issues.**

- **To identify pathways for engaging the Canadian business community, and for increasing effective action in addressing human exploitation within global supply chains.**

The findings presented in our [full report](#) and this summary report reflect the insights and practices of the select group of individuals and companies that participated in the study, and not necessarily the practices of all companies doing business in Canada. We hope that our research will enable Canadian companies to engage in this global

conversation, and inform and galvanize Canadian stakeholders to take further action.

Given the global momentum on the topic and the need to maintain a manageable research scope, our report focuses on modern slavery. However, **we acknowledge the importance of addressing this issue as part of a broader set of human rights and labour rights concerns within supply chains.**

For the purposes of this report, modern slavery is defined as forced labour (including bonded labour, slavery and human trafficking), and child labour, particularly the worst forms of child labour.

For more information see the [full report online](#).

Recommendations

Another objective of our study was to develop recommendations from our research findings that key Canadian stakeholders would find useful:

Companies in Canada:

- Invest adequate resources to identify, prevent, mitigate and account for potential adverse human rights impacts, including modern slavery, in operations and global supply chains.
- Ensure that supply chain due diligence efforts go beyond tier-one suppliers to higher risk tiers further down the supply chain.
- Adopt a long-term approach to working with suppliers in addressing challenging practices.

- Actively collaborate with other stakeholders – including other companies, civil society organizations and government – to identify and advance best practices.
- Promote an open, safe environment for discussing and addressing modern slavery within operations, including buying and sourcing activities.

Government of Canada:

- Be expedient and consult with a diverse range of stakeholders on the design of potential supply chain legislation.
- Ensure that any legislation:
 - Leverages lessons learned from legislation in other jurisdictions, for equivalency considerations and alignment with best practices.
 - Promotes action that drives meaningful change within supply chains and corporate practices.

- Sets reasonable and clear expectations for companies.
- Provides incentives for companies to take action and consequences for failing to comply.

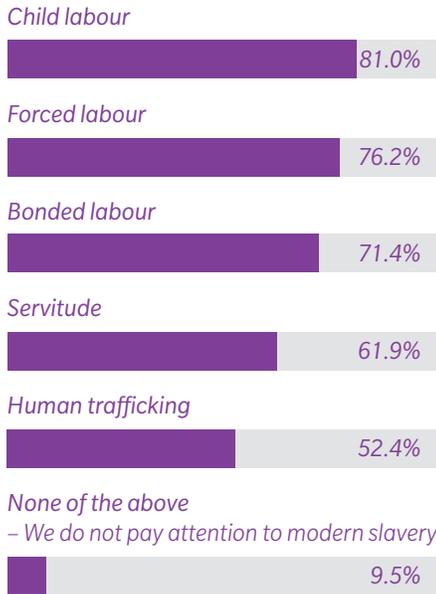
Civil Society, Investors and Academia:

- Promote further research to better understand how Canadian companies are addressing modern slavery and other human rights issues, and which factors are contributing to success and/or challenges.
- Engage in forums for constructive multi-stakeholder dialogue and action on these issues that allow the sharing of differing perspectives and expertise, and a collaborative exchange to drive meaningful change.
- Seek information about and prioritize mitigation of modern slavery risks in purchasing, investments and relationships.

How companies view modern slavery in their supply chains

What modern slavery issues are getting the most attention?

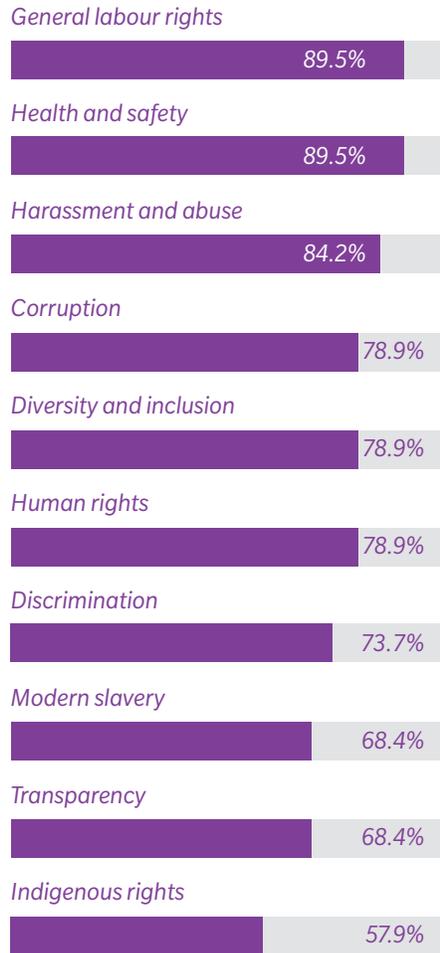
Modern slavery issues that companies pay attention to in their supply chains



57% of companies do not look at modern slavery in isolation, but as part of a broader focus on human rights

How does modern slavery compare to other priorities?

Supply chain issues that receive moderate to significant attention



“I think we need to come to terms that we’re in a global economy. We need to stop having that siloed vision that everything is just Canadian-based and that supply chains truly are international.... It is prudent that organizations understand where their goods are coming from and that we are not contributing to the plight of others.”

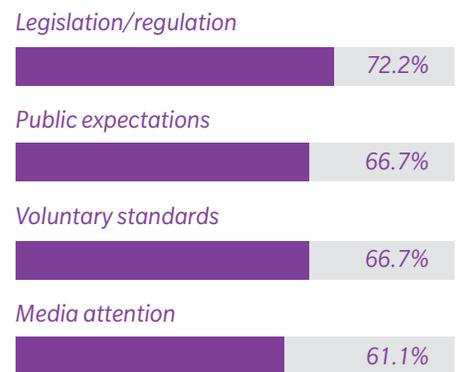
– Supplier Manager, Telecommunications Company

Drivers for addressing modern slavery

Moderate or major internal organizational drivers of companies’ efforts to address modern slavery



Moderate or major external environmental drivers of companies’ efforts to address modern slavery



“...human rights is the next anti-corruption. This is going to be the next very critical business activity, and I can understand why. Information is available, and there’s millions of slaves in the world. It’s ridiculously high, so the likelihood or possibility that it affects your business in some way is not minuscule.”

– Management, Financial Services Company

What’s working and what’s not

Getting companies to recognize their potential links to modern slavery is an important first step. But much more work needs to be done to ensure that companies translate this awareness and recognition into coordinated action that leads to meaningful change.

Barriers to meaningful change

89% of companies have experienced challenges gaining internal attention on modern slavery

Only 29% of companies surveyed are actively looking beyond their first tier of suppliers – despite modern slavery often lurking in lower tiers of global supply chains

“Anytime there’s resistance, most times the buyers say, ‘Look, I need these goods to ship. I agree in principle. Of course, we should have no child labour, no forced labour. What can we do so that the goods ship here on time?’”

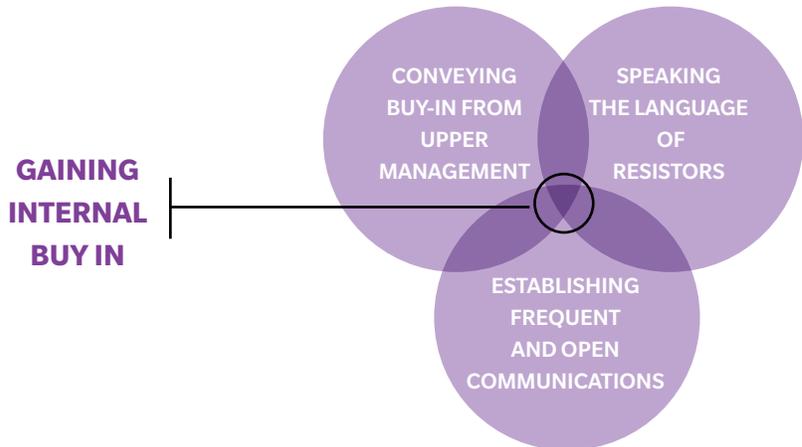
– Director, Retail Company

“You have to ask yourself, where are the biggest modern slavery or human rights risks and potential for impact?”

– Head of Responsible Sourcing, Financial Services Company

Lessons learned from industry leaders: Gaining internal attention and addressing resistance

While many companies in our study continue to face challenges in gaining and maintaining internal attention and in overcoming resistance, they have been able to address these challenges to a certain degree by: 1) conveying buy-in from upper management, 2) speaking the language of resisters, and 3) establishing frequent and open communications.



Lessons learned from industry leaders: Implementing effective due diligence and meaningful change

We found that even industry leaders struggle with determining the best ways to implement effective due diligence and meaningful change, though they identified six best practices:

- 1) **prioritize high-risk suppliers not high-spend suppliers,**
- 2) **reach out to NGOs and civil society organizations,**
- 3) **establish local personnel or partners,**
- 4) **conduct site visits,**
- 5) **embrace social audit standards and/or certification, and**
- 6) **collaborate with industry peers and/or associations.**

Thoughts on supply chain legislation

A growing number of jurisdictions – including the UK, France, and Australia – have passed laws to encourage corporate action on modern slavery and other forms of human exploitation in their supply chains. In February 2019, the Government of Canada announced that it would begin a process to consult on possible supply chain legislation. We asked companies to share their experiences with and thoughts on such legislation.

For companies already impacted by legislation in other jurisdictions, one challenge tends to be creating sufficient internal momentum to take effective action.

Of the companies we surveyed, 56 percent indicated that they have been directly affected by related supply chain reporting or due diligence legislation in other jurisdictions. Another 29 percent have been indirectly affected.

“In the last probably three years, we’ve brought more attention to responsible procurement because of the UK Modern Slavery Act.”

– Head of Responsible Sourcing, Financial Services Company

Companies in our study believe that Canadian supply chain legislation would be key to driving change.

Our study reveals that 94 percent of companies feel positive (65 percent) or neutral (29 percent) about the Government of Canada’s announcement to initiate consultations on possible supply chain legislation.

“I think we should be aligning and not recreating something. How can Canada adopt best practices? So France, the UK, the US, the Netherlands [and now Australia]... how do we align with the one that we think is the best?”

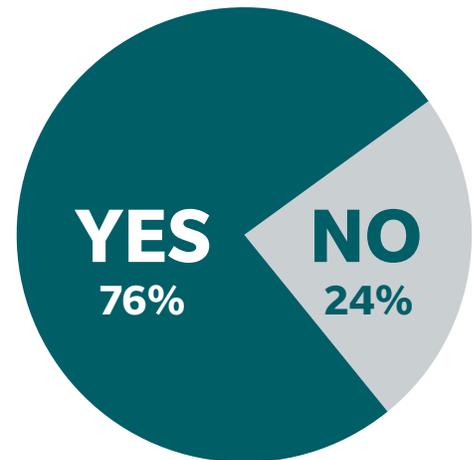
– Manager, Apparel and Retail Company

“I think we’re all for it [Canadian legislation]. If it brings attention to these really grave issues and it makes companies act and behave differently, I think it’s a good thing. We fully support it and we’ll adhere to whatever the laws are in each different country.... We think it forces companies to at least acknowledge that this is happening in supply chains and hopefully pushes them in the right direction to address it.”

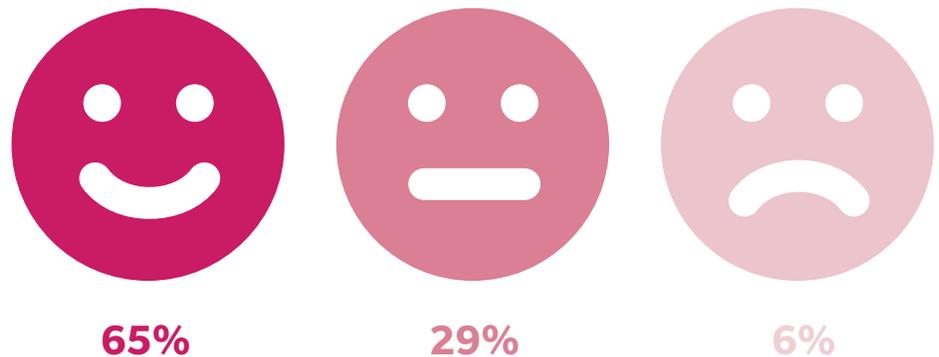
– Manager, Apparel Company

BELIEF IN LEGISLATION AS A DRIVER OF CHANGE

Survey question:
Do you believe legislation could be of benefit to your company in driving action to address modern slavery in supply chains?



HOW COMPANIES “FEEL” ABOUT CANADIAN SUPPLY CHAIN LEGISLATION



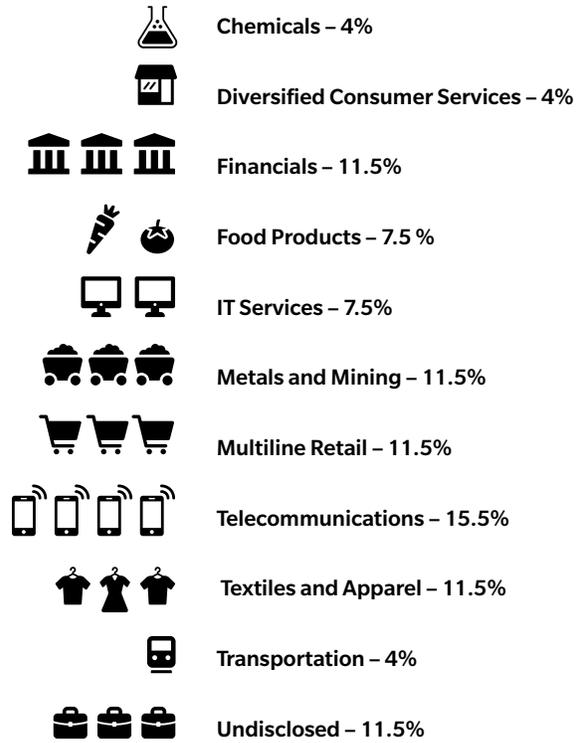
About our research participants

A total of 37 individuals from 26 companies with a presence in Canada participated in our study. From November 2018 to February 2019, 20 representatives from 10 participating companies were interviewed. Between March and April 2019, 21 companies completed in-depth, online surveys. Five companies participated in both the interview and survey.

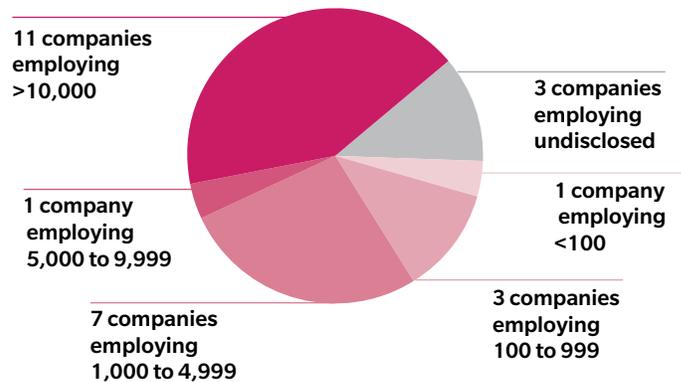
All participating companies have some sort of business presence in Canada (e.g., operations and/or retail). Overall, the findings presented in our [full report](#) represent both Canadian and international-headquartered businesses, as well as a wide range of companies in terms of both industry and size.

Company representatives consisted of 37 individuals with knowledge of modern slavery and sourcing practices from various areas and levels (e.g., team leader, manager, director, vice president, managing partner and advisor).

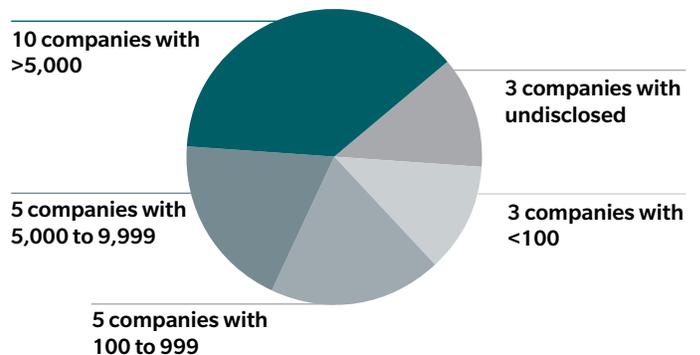
INDUSTRIES



COMPANY SIZE



NUMBER OF SUPPLIERS



CONTACTS

Centre of Excellence in Responsible Business
Schulich School of Business, York University
4700 Keele Street, Toronto, ON M3J 1P3

Corresponding Author:
Kam Phung, kamphung@schulich.yorku.ca

SHARE
1155 Robson Street, Suite 510
Vancouver, BC V6E 1B5
401 Richmond Street West, Suite 257
Toronto, ON M5V 3A8

Delaney Greig, dgreig@share.ca

World Vision Canada
1 World Drive, Mississauga, ON L5T 2Y4
Simon Lewchuk, Simon_Lewchuk@worldvision.ca