

Canada's Modern Slavery

What Boards Need to Know Beyond
Compliance

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Today, over 50 million people are living in slavery worldwide—more than ever before. This staggering number reveals a hidden crisis, one that persists within complex supply chains and business structures, often unseen. While modern slavery is often thought of as a distant issue, it's deeply embedded in Canada's legal, economic, and social systems. The reality is far closer to home than many realize, making it a critical and urgent concern for organizations across the country.

In response, Canada introduced new legislation in 2024, *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Bill S-211), requiring organizations operating within Canada—public, private, and government entities to take action.

Now in its second reporting year, boards must move beyond initial compliance and demonstrate improvements in risk assessment, due diligence, and supply chain transparency. Organizations that failed to meet expectations in the first reporting cycle now face increased scrutiny, making board oversight more critical than ever.

Understanding the Modern Slavery Act – Why Should Boards Care

The Modern Slavery Act applies to government institutions, public-listed corporations, and other entities—both private and public—that meet specific criteria, including those involved in producing, selling, or distributing goods in Canada, importing goods into Canada, or manufacturing abroad.

These organizations are required to report annually to the Minister of Public Safety and Emergency Preparedness on their efforts to identify, prevent, mitigate, and address risks related to forced labor and child labor in their supply chains.

Failure to comply with these requirements can lead to **personal liability** and **fines up to \$250,000 for directors**.

Key Compliance Requirements:

- **Annual Reporting:** Reports must be submitted by May 31st each year.
- **Board Oversight:** The Board must approve, attest to, and sign the report.
- **Public Disclosure:** Reports are published on a government-managed registry and the company's website.
- **Shareholder Engagement:** Reports must be shared with shareholders.

Boards should be proactive in ensuring compliance, not only to avoid penalties but to safeguard their organization's reputation and demonstrate ethical leadership in an increasingly transparent world.

What to Consider in Year Two... and beyond

While the first reporting year focused on education and awareness, there are growing stakeholder expectations for organizations to go beyond basic compliance and demonstrate meaningful progress. Weak disclosures and non-compliance could now result in reputational risks and regulatory action.

The government and NGOs are assessing the quality of reports submitted, and the Public Safety's first annual report on modern slavery submissions has been released.

The government's review of company reports highlighted issues such as:

- Limited supply chain visibility
- Inadequate due diligence
- Minimal board engagement

As more reports become public, stakeholders will expect greater transparency and measurable progress. While the Act doesn't mandate specific actions, it requires transparency and continuous efforts to address modern slavery. Canadian companies should view modern slavery statements as an opportunity to set meaningful goals and track progress over time.

BIG CEO & Founder, Ivy Lumia, had a chance to sit down with Cheryl Hotchkiss, Director of Strategy and Operations, International Justice Mission (IJM), a global organization dedicated to protecting people in poverty from violence, including forced labor and human trafficking.

Ivy & Cheryl are passionate about the need for strong governance on modern slavery, with oversight from the Board and Executive leadership to employees. They discussed how organizations must ensure every level is equipped to prevent and address forced labor while educating stakeholders on their role in combating this issue.

"Modern slavery isn't just a supply chain issue—it's a governance issue. Boards have a responsibility to ensure their organizations are not complicit in forced labor, whether directly or through their business relationships. True leadership means going beyond compliance to proactively identify risks, implement safeguards, and advocate for systemic change," said Cheryl Hotchkiss.

Practical Actions for Boards to Strengthen Their Modern Slavery Oversight

Here are a few key steps to ensure your board is prepared to stay ahead of regulatory and reputational risks:

Equip Your Board with Knowledge

As the board is responsible for signing the report, directors must be educated on modern slavery, its impact, and how to approach it with a governance mindset, including understanding supply chains, risk areas, and due diligence processes. Consider:

- Hosting **board education sessions** on modern slavery and supply chain oversight.
- Developing **strategic messaging** to address stakeholder questions.

- Crafting **clear shareholder and website disclosures** with legal counsel.

Foster a Culture of Awareness Across the Organization

Addressing modern slavery requires an organizational-wide approach, from leadership to frontline staff to create a culture of awareness. Consider:

- Creating a cross-functional **committee** (ex. Operations, Procurement, Legal).
- Implementing **education for employees** at all levels.

Conduct a Thorough Risk Assessment

Identifying vulnerabilities in your supply chain is crucial for compliance and ethical governance. Consider:

- **Reviewing policies** (Procurement, Third-Party Vendor, Code of Conduct).
- **Engaging with Suppliers/Third Party Vendors** to assess their practices and partners.

How BIG Can Support Your Board in Addressing Modern Slavery

Navigating modern slavery compliance is complex, but you don't have to do it alone.

Best in Governance (BIG) offers:

- **Board education workshops** on modern slavery and supply chain governance.
- **Board Accountability Frameworks** to enhance oversight and regulatory response.
- **Advisory support** for modern slavery report development.

[Get in touch today](#) to learn how BIG can help your board manage this emerging risk effectively or visit us at www.bestingovernance.com