

SHIFT HAPPENS:
**LESSONS LEARNED FROM THE
FIRST YEAR OF REPORTING ON
CANADA'S MODERN SLAVERY ACT**

Shift Critical International Ltd.

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info@shiftcritical.ca

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Shift Happens: Lessons learned From the First Year of Reporting on Canada's Modern Slavery Act

EXECUTIVE SUMMARY:

On May 31, 2024, Canada reached a significant milestone with the first reporting deadline under the [Fighting Against Forced Labour and Child Labour in Supply Chains Act—commonly referred to as Canada's Modern Slavery Act \(the Act\)](#). This landmark piece of environmental, social, and governance (ESG) legislation requires organizations to assess and disclose the risks of forced labour and child labour within their supply chains, as well as report any instances that may have occurred. In its inaugural year, this new legislation prompted the publication of 6,167 reports from entities covered by the Act.

With this legislation Canada joins a growing list of countries – including Australia, the UK, France, and Germany – that enforce corporate transparency in supply chains. The Act aligns with global trends toward greater corporate accountability and ethical business practices. For Canadian companies operating internationally, complying with Canada's requirements may also help meet reporting obligations in other jurisdictions.

Since 2023, [Shift Critical International Ltd.](#) (Shift Critical) has supported clients in navigating and complying with the Act's requirements, including assisting in drafting the mandated formal report to the Government of Canada. Our services encompass policy and governance development, conducting supply chain risk assessments, and generating internal risk reports. This report draws on insights from our extensive network, publicly available data, and responses to a targeted survey conducted among our clients. It offers key lessons learned from the first year of implementation.

Key Takeaways:

- **Corporate Challenges:** Many companies are grappling with the complexities of mapping and managing supply chain risks. A KPMG survey revealed that 56% of Canadian small- and medium-sized businesses are concerned about their ability to identify and address forced labour risks, and 58% are worried about meeting reporting deadlines.¹ Shift Critical has heard similar concerns from some clients about the unclear expectations regarding the extent and reach of risk mapping required.
- **Disclosure Trends:** Initial reviews indicate varying levels of detail and commitment among companies. Some have embraced the opportunity to enhance supply chain transparency and resilience, while others are developing the necessary infrastructure to comply with the Act's requirements. In jurisdictions where similar disclosure requirements exist, there are strong concerns that companies are not meeting minimum requirements. We can predict similar concerns may arise in Canada as the Act matures.
- **Corporate Sentiment:** A poll conducted by Shift Critical of current clientele reveals mixed corporate sentiment towards the Act. While some companies view it as a necessary step towards ethical business practices, others express worry about the financial and operational burdens of compliance. There are significant questions on the reach and extent of influence that companies have further down the supply chain. Additionally, strong concerns exist about the consequences of modern slavery breaches in their supply chain over which companies feel they have little control.

It is clear that compliance with the Act remains incomplete, with an estimated 30-40% of entities having met the reporting requirements for the 2023 financial year. Given the current legislative environment, where non-compliance could lead to reputational damage, legal liabilities and fines of up to \$250,000 for corporate officers, compliance rates are expected to rise. Competitive pressures, new laws – such as the amendments to the Competition Act under Bill C-59² – and ongoing stakeholder feedback will further shape responses to the Act.

These shifting dynamics highlight the critical need for thorough risk assessments and proactive strategies to ensure adherence to legal standards that may become increasingly stringent.

¹ <https://kpmg.com/ca/en/home/media/press-releases/2023/11/modern-slavery-risk-exposure-a-concern-for-companies.html>

² An Act to Implement Certain Provisions of the Fall Economic Statement Tabled in Parliament on November 21, 2023, and Certain Provisions of the Budget Tabled in Parliament on March 28, 2023. Royal Assent, 20 June 2024. <https://www.parl.ca/legisinfo/en/bill/44-1/c-59>.

INTRODUCTION

Shift Critical is a Calgary-based sustainability advisory firm that utilizes cutting-edge software to support clients in managing human rights and a comprehensive range of ESG issues. Our founders, seasoned practitioners with a combined 50 years of experience, specialize in human rights risk assessments, ESG advisory services, and sustainability strategy development.



In today's interconnected global markets, modern slavery poses a significant threat to the sustainability initiatives and ethical reputation of businesses. This issue is not a relic of the past; it is a reality that, according to the latest data from Walk Free, affects nearly 50 million people worldwide.³ Of this number 27.6 million people are trapped in forced labour, with data from the United Nations Global Compact suggesting that 86% of all forced labour happens in the private economy.⁴

This issue affects various sectors worldwide, including migrant construction workers, children working in resource extraction, domestic workers in the Middle East, and those working in technology and software development in the developing world.

As governments and organizations grapple with these pressing issues, we are witnessing a shift from basic disclosure requirements to mandatory risk assessments and enhanced due diligence. As businesses adapt to these evolving expectations, the focus on eradicating modern slavery will continue to influence the landscape of supply chains and business practices.

Legislation such as the European Union's Corporate Sustainability Due Diligence Directive⁵ exemplify this trend, mandating companies to conduct thorough audits of their supply chains. These developments signal the need for businesses to adopt proactive strategies to identify, mitigate, and report various risks, ultimately promoting a more sustainable and ethical global economy.

Shift Critical recognizes that respect for human rights is an essential component of sustainability strategies. As supply chain legislation becomes more stringent, recent amendments to the Competition Act make it clear: companies can no longer claim to be sustainable without addressing compliance with the Act.

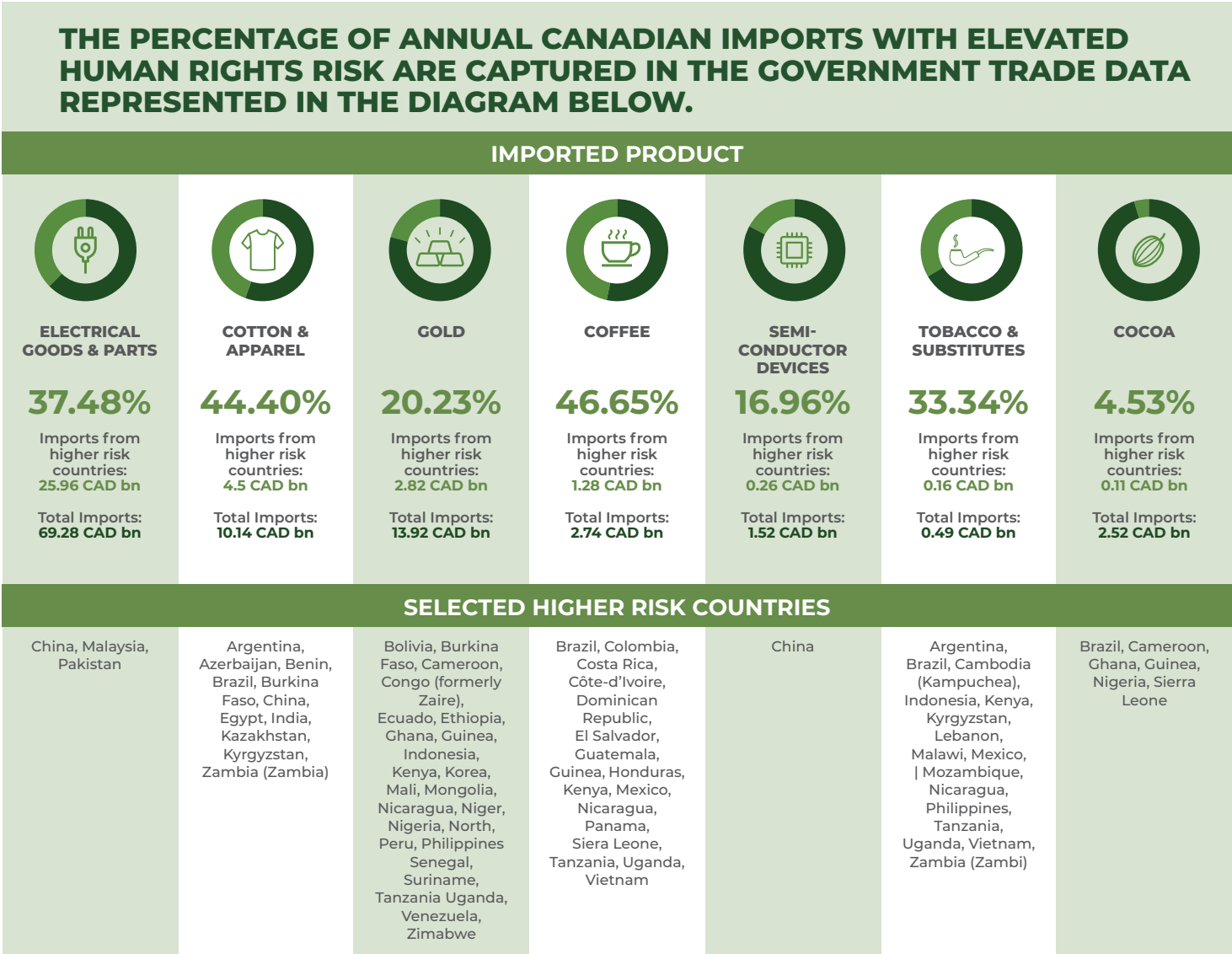
³ <https://www.walkfree.org/projects/global-estimates-of-modern-slavery/>
⁴ <https://bhr-navigator.unglobalcompact.org/issues/forced-labour/>
⁵ https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760

SECTORS MOST VULNERABLE TO FORCED LABOUR AND CHILD LABOUR

Different industries exhibit varying levels of risk regarding modern slavery, with certain sectors historically experiencing higher incidences of child labour and forced labour. According to the International Labour Organization (ILO)⁶, the sectors most at risk include:

- **Domestic Work:** Accounting for 24% of forced labour cases, this sector often involves informal employment arrangements that are difficult to regulate.⁷
- **Construction:** With 18% of cases, the construction industry is prone to forced labour due to its reliance on temporary and migrant workers.⁸
- **Manufacturing:** This sector, including clothing manufacturing, represents 15% of forced labour cases, driven by the demand for low-cost production.
- **Agriculture and Fishing:** These industries face significant risks due to low margins and the pressure to keep prices down, often resulting in exploitative labour practices.
- **Extractives, Mining and Metals:** These sectors are also at high risk due to the complex and often opaque nature of their supply chains.

The percentage of annual Canadian imports with elevated human rights risk are captured in the government trade data represented in the diagram below.



The heightened risk in these industries underscores the need for robust measures to address and prevent modern slavery, including comprehensive risk assessments, enhanced supplier engagement and stronger regulatory compliance.

6 <https://www.ilo.org/publications/major-publications/global-estimates-modern-slavery-forced-labour-and-forced-marriage>
7 https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf
8 Ibid.

WHAT WE FOUND: RESPONSES TO THE ACT

To evaluate how organizations are responding to the Act, Shift Critical conducted an analysis of nearly 200 reports from its network. This included client companies, other organizations we have interacted with, and companies on our internal monitoring list. The purpose was to assess what actions were taken by the sample of companies that we looked at. The results are indicated below and are based entirely on publicly available information:

- **46%** of companies examined conduct modern slavery risk assessment of some kind.
- **46%** of companies examined conduct some form of modern slavery staff training.
- **8%** of companies examined conduct Board-level training.
- **50%** of companies examined refer to human rights or modern slavery in various statements, policy documents or reports.
- **47%** of companies have a supplier code of conduct or similar documentation that clarifies expectations of suppliers.



Among this group of companies, those that conducted risk assessments also tended to train staff and had policies in place including codes of conduct. However, less than 10% of all companies reviewed provided training to their board of directors (see Fig 2. Above - Actions Taken).

We also reviewed a recent report by KPMG⁹ that highlights some key findings of the Act. Of 5,794 reports posted on the government website, KPMG found the following:

- **35%** of entities conduct due diligence programs within their own operations.
- **20%** of entities undertake supply-chain mapping.
- **5%** of entities undertake mapping beyond Tier 1.
- **60%** of entities provide some form of human rights training.
- **90%** of entities have committed to implementing additional measures for performance improvement.

The report uncovers a significant insight: although 40% of the entities reviewed have conducted some form of supplier risk assessment, an overwhelming 90% did not identify any risks, even though 80% of these entities source goods and services globally.

This finding is concerning when considered alongside World Vision's most recent estimate that \$43 billion of Canadian imports – nearly 7% – are at risk child labour or forced labor.¹⁰ The discrepancy between these figures likely highlights a substantial gap in the effectiveness of current risk assessment practices.

Additionally, many companies were reluctant to disclose information about the origins of their goods or their import activities. This lack of transparency raises concerns about the ability of businesses to fully understand and manage the complexities of their supply chains, particularly when dealing with suppliers that are several tiers removed from their direct influence. Companies clearly face challenges in determining their liability for potential breaches of the Act in the more distant segments of their supply chains, where thousands of suppliers may be involved. The findings underscore the urgent need for more robust and transparent risk assessment processes to ensure compliance.

Among Shift Critical's network, the key findings of the KPMG report are both mirrored and substantiated. A major concern is the challenge of extending risk assessments into the lower tiers of supply chains. This difficulty arises from a lack of reach, resources, relationships, or influence at these levels. Companies also worry about being held accountable for suppliers with whom they have no direct relationship, yet whose misconduct – even if distant – could result in penalties and remediation costs for the reporting entity.

Further complicating matters is the ambiguity surrounding enforcement of non-compliance penalties, the expected depth of supply chain assessments, and the consequences for vague reporting. These uncertainties lead many entities to approach disclosure with caution, resulting in reports that often lack sufficient detail to be considered transparent accounts of supply chain risks. As businesses navigate these complexities, there is a pressing need for clearer guidelines and robust risk assessment tools to ensure compliance and uphold ethical standards.

9 Fighting modern slavery in Canadian supply chains: Key takeaways from the inaugural mandatory reporting of forced labour and child labour for Canadian organizations. <https://kpmg.com/ca/en/home/insights/2024/09/fighting-modern-slavery-in-canadian-supply-chains.html>

10 <https://www.worldvision.ca/about-us/media-centre/press-release-child-labour-increases-in-pandemic>



SURVEY RESULTS FROM OUR NETWORK OF COMPANIES

Given the responses to questions about actions taken by entities (see above) we were interested to determine whether our client companies felt the requirements of the Act to be clear and where improvements might be realized to ease the reporting burden. Accordingly, we undertook a brief exploratory survey that sought responses to a few questions based on opinions and experiences. While the feedback is qualitative, it is also instructive and opens a door to a more comprehensive analysis which can provide useful feedback to both the government and entities covered by the Act. Responses are described in the Table below.

TABLE 1: SURVEY RESULTS

QUESTION	RESPONSE	COMMENTS
Was enough clarity provided by government on expectations to comply with the Act?	No.	Respondent were unanimous in raising concerns about the degree of clarity provided.
Which things require greater clarification.	• Risk assessment • Reporting on instances of forced and child labour in the supply chain or the supplier's supply chain • Continuous improvement • Measuring effectiveness • Supplier feedback	Respondents felt that more clarity was required in almost every reporting area covered by the Act.
What priority was assigned to completing the Report (5=High; 1=Low)?	• Average 3-4	Companies that completed a report generally assigned it a medium to high priority.
How much time did your company spend on this report, from start to finish?	• Most companies spent between 1 and 3 months OR 3 and 6 months to complete the reporting process	Respondents gave a considerable amount of lead time to completing the report. The question does not explore the number of resources deployed which likely differed across companies.
Was completing the report harder or easier than anticipated?	• Harder	Respondents were unanimous in finding the report harder to complete than anticipated.
If the report was harder than anticipated, please comment on why.	• Uncertainty about requirements. • Insufficient resourcing	It is not clear from the responses, but companies may have found the report harder than anticipated due to a lack of resourcing. In Shift Critical's experience most respondents had one or two people working on the report though the risk assessment and internal report review process.
Areas for Improvement.	• Definitions – particularly for continuous improvement • Clauses on remedy – not the responsibility of Canadian companies to compensate lower tier employees of bad actors	The clause on remedy is particularly troubling for companies because they are unsure of the legal risks and the extent of remedy required. Concerns arise especially where lower tier suppliers are found to be in breach and the degree to which the client company can be held responsible.
What changes to your organization's approach could improve your understanding of modern slavery risk in your supply chain and enable better reporting? (please select as many as apply).	• Improved risk assessment • Revised policy • Better due diligence • More resources • Greater use of technology to gather and manage data • Better data and metrics • A more enabling governance structure	Reponses to a question about paths to improvement for organizations focused very much on better guidance from government, but also on better data acquisition, improved management and more resources to evaluate the results of risk assessment and due diligence.

The survey underscores a pressing need for clarification regarding the requirements of Canada's Modern Slavery Act. While companies are eager to comply, there is considerable uncertainty about what effective compliance looks like. A significant challenge lies in accessing meaningful information about suppliers that may be several tiers removed from a company's direct influence. The complexity of these supply chains highlights the importance of clear guidelines and robust risk assessment tools to help businesses navigate their obligations and minimize liability.

REPORTING AND COMPLIANCE IN OTHER JURISDICTIONS

With respect to compliance in other jurisdictions we look at two comparisons: Australia and the UK. Both have similar legislation to that found in Canada. In Australia, after an extensive review by the Australian Human Rights Commission on the Act's effectiveness¹¹ and an assessment of a select group of companies sourcing from high-risk areas, the Commission concluded that:

“66% of companies reviewed are still failing to comply with the basic reporting requirements mandated by the legislation.”

Among 31 recommendations the Commission included the following:

- Improving the standard of modern slavery reporting.
- Enforcing the reporting obligations of entities.
- Addressing the large percentage of incompatible modern slavery statements (i.e. reporting low risk, but with insufficient evidence of any risk assessment to support the claim).

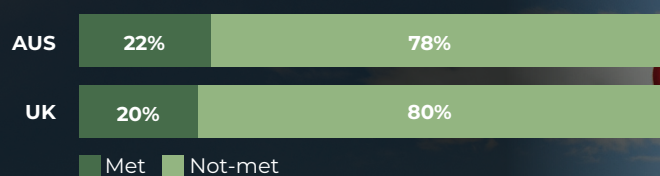
The recommendations include lowering the reporting threshold, mandating companies to implement a due diligence process, enforcing penalties, and amending the law to require comprehensive reporting every three years, with shorter interim reports in between.

In the UK, the Modern Slavery Act applies to an estimated 19,000 companies. In 2023, the number of reports submitted to the UK registry was 3,459 with a decreasing number of submissions over the previous two years leading to a compliance rate of under 20%.

WHAT DOES THIS INFORMATION INDICATE FOR CANADA?

Are modern slavery reporting laws working?¹²

% of 1826 company statements between 2016 - 2022 meeting minimum reporting standards of the Australian and UK modern slavery laws.



In the UK and Australia, concerns over weak compliance and enforcement herald a clear intent to strengthen measures against non-compliance. This includes lowering reporting thresholds to encompass more companies, increasing penalties, enhancing enforcement for delinquent entities, and introducing mandatory due diligence requirements. These changes would compel companies to demonstrate robust measures for assessing modern slavery risks and to publish detailed reports on their effectiveness.

For Canada, if the current low compliance levels—estimated at about 35%—persist, it is likely that similar stringent measures will be adopted. This would necessitate a proactive approach from Canadian businesses to not only meet existing obligations but also prepare for potential future regulatory demands.

¹¹ Australia's Modern Slavery Act: Is It Fit for Purpose? The Australian Human Rights Commission (2023)

¹² From: How effective are corporate modern slavery reporting laws? WikiRate Medium Article, 22 June 2023.

LESSONS LEARNED:

What is clear from the evaluation described above is that the compliance rate across jurisdictions is low and companies are uncertain about which actions to take for improvement.

Shift Critical has spent much of 2023-2024 assisting clients in navigating these challenges by conducting risk assessments, developing internal reporting processes, and drafting formal reports for government submission. Our efforts also include creating supporting documentation such as supplier codes of conduct, sustainability policies, and human rights policies. Drawing from our extensive experience and feedback from our network, we have compiled high-level commentary to guide organizations in starting or enhancing their disclosure practices.

1. JUST GET STARTED

While the prospect of preparing a report as extensive as that demanded by the Act can be daunting, we offer a simple yet practical piece of advice; just get started and build capacity to report over time.

2. IMPLEMENT STRONG GOVERNANCE

Companies that were best equipped to respond to and report under the Act all have in place strong governance structures, with the following in common:

- Board-level responsibility for reviewing modern slavery risks.
- Senior executive responsibility, including an accountable executive for stewarding policy and processes around modern slavery.
- Cross-department oversight of risk assessment and reporting.
- Management processes that are consistent and have clear accountabilities.
- Sustainable procurement practices that have been or are being embedded.
- A strong onboarding process for suppliers including a Supplier Code of Conduct that makes it clear that there are expectations with respect to compliance with the Act.
- A supplier evaluation process including due diligence that effectively scopes modern supply chain risk.
- An established communications process with key suppliers and stakeholders.
- Training for the Board of Directors, senior executives, procurement staff and others that are required to understand the implications of modern slavery in the supply chain (see below).

3. COMPREHENSIVE SUPPLY CHAIN RISK ASSESSMENT

Conducting comprehensive risk assessments is crucial as the first line of defense against modern slavery risks. These assessments enable organizations to identify and evaluate potential human rights violations within their supply chains, allowing them to take proactive measures to mitigate these risks.

The process begins with mapping the supply chain as extensively as possible. The role of technology in aiding risk assessments is discussed below. For large supply chains, it's beneficial to develop a strategy that segments the supply chain into manageable units. A preliminary screening can then be conducted to exclude low-risk suppliers based on known characteristics, allowing companies to focus resources on high-risk suppliers identified by geography, product, or industry.

To support this need, Shift Critical, in partnership with Position Green, offers an innovative Modern Slavery Risk Assessment Tool, powered by artificial intelligence (AI). Our solution provides detailed insights into supply chain risks, enabling companies to make informed decisions and implement effective interventions. By leveraging technology and comprehensive training programs, we help organizations transform compliance into a strategic advantage, fostering a more sustainable and ethical business environment.

4. ENGAGE WITH SUPPLIERS

Cooperation between suppliers and client companies is an invaluable component of effective reporting. Encouraging supplier collaboration is built upon building trust and demonstrating mutual benefit from engagement.

For key suppliers, it's crucial for client companies to demonstrate the mutual benefits of complying with the Act. For suppliers, there is significant value in highlighting their collaboration with clients in addressing these issues. This cooperation not only appeals to other potential customers, but also enhances the supplier's sustainability credentials, which can be a competitive advantage.

Companies should also strategically segment and prioritize their suppliers, focusing on those that pose the highest risk and where interventions can have the greatest impact. By doing so, businesses can effectively allocate resources and foster meaningful partnerships that advance compliance and ethical standards across their supply chains.

5. TRAIN STAFF

The Act raises important questions about the role of staff training in combating modern slavery. Even with exemplary governance and management processes, companies will fall short if their leaders, staff and especially procurement professionals lack a thorough understanding of modern slavery and how it impacts business. Moreover, training sends a powerful message to employees and suppliers that the company is serious about its compliance obligations.

To support this need, Shift Critical offers a [comprehensive modern slavery training package through our academy](#). Delivered over four adaptable modules, this training can be tailored to meet the specific needs of our clients. Many of our clients have already enrolled their leaders and staff in this program, receiving positive feedback about its effectiveness in enhancing understanding and compliance with the Act.

6. DEVELOP A DUE DILIGENCE SYSTEM

Companies are accustomed to conducting due diligence in various contexts, such as mergers and acquisitions, where a robust approach is often mandated. When addressing modern slavery risks, entities should apply the same level of rigor and thoroughness as they do with other risk considerations.

7. PAY ATTENTION TO MEASURES OF EFFECTIVENESS

The Act requires companies to assess the effectiveness of their approaches to measuring modern slavery risk; this is an area that has caused some confusion amongst clients and others that we have spoken with, and a lack of clarity provided by government has not helped.

Effectiveness can be measured in many ways, most convincingly with key performance indicators. Companies may also conduct audits, assessments, and engagement exercises to get feedback about impact and effectiveness. Once due diligence measures have been applied, it may be possible to track supplier responses over time to determine if there is greater cooperation and collaboration around compliance.

8. LEVERAGE TECHNOLOGY

There are many technologies available that can assist with every aspect of modern slavery compliance. The integration of software solutions into the risk assessment process offers significant advantages. Automated tools can streamline the assessment process, allowing for more efficient data collection and analysis. Software can facilitate the monitoring of supplier labour practices and provide real-time insights into potential risks, enabling companies to respond swiftly to emerging issues. Furthermore, advanced technologies, including AI, can enhance the accuracy and depth of risk assessments by analyzing large datasets and identifying patterns that might be missed by manual processes. Supply chain resiliency is improved with modernization and technologies that allow sustainable procurement practices to be integrated throughout the value chain (see below for further discussion of the application of technologies).

9. FUTURE PROOF COMPLIANCE

Since the passage of Canada's Modern Slavery Act, the government has issued guidance to clarify compliance obligations. While many uncertainties remain it is clear that non-compliance is likely to be met with increasingly stringent responses, ranging from reminder letters to the imposition of penalties as outlined in the Act, which may escalate. Potential changes could include transitioning from risk assessments to mandatory due diligence, implementing compulsory staff training, and focusing more on measuring the effectiveness of supply chain risk management strategies. Additionally, increased stakeholder activism could target non-compliant companies, or those with inadequate reports through tactics such as public shaming, litigation, and divestment strategies.

HOW DOES SHIFT CRITICAL HELP: FUTURE PROOFING YOUR BUSINESS

As implementation of Canada's Modern Slavery Act progresses, the journey towards a more accountable and transparent business environment is gaining pace. Shift Critical's approach, augmented by AI technology and decades of on-the-ground experience, positions us – and our partners and clients at the vanguard of this transformation.

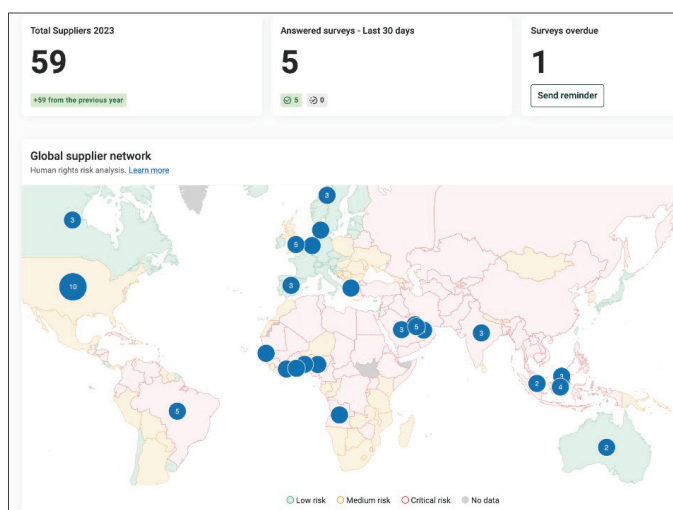
MODERN SLAVERY RISK ASSESSMENT TOOL

In partnership with Position Green, we offer a cutting-edge modern slavery risk assessment tool that incorporates AI to provide comprehensive evaluations of supply chain risks. This tool is designed to help businesses identify and address modern slavery risks more effectively. It was designed and built with the ability to analyze complex data sets and generate actionable insights, empowering companies to make informed decisions and implement targeted interventions. Sample images from the platform are provided in Figures A and B below.

Fig A:
The survey provides a comprehensive picture of risk among suppliers.



Fig. B:
Map of low, medium, or critical risk countries for forced and child labour.



Our software and dashboard processes large amounts of data to pinpoint forced labour and child labour risks within the supply chains. It provides companies with the ability to generate:

- **Efficient Reporting:** A simple survey helps businesses gather essential information about how their own operations and their supply chains operate and what suppliers are doing to address forced labour and child labour.
- **Risk Assessment:** Our cutting-edge algorithm has meticulously mapped the risk of child labour and forced labour across every country in the world, considering both geographic and industry-specific factors. This comprehensive analysis empowers our clients with unrivaled insights into the potential risks related specifically to Canada's Act.
- **Visual Dashboards:** Easy-to-understand visuals show the data you have collected from your supply chain, tracking your progress, highlighting issues, and guiding your decisions.

These tools help companies make smart, data-backed decisions and develop strategies to address their risks, ensuring they meet the requirements of Canada's Modern Slavery Act. They create an auditable trail for future reference and proof of due diligence.



A STRUCTURED, FOUR-STAGE APPROACH

At Shift Critical, we have adopted a meticulously crafted approach to helping companies address the risk of modern slavery. This approach is informed by several leading methodologies, including the United Nations Guiding Principles on Business & Human Rights. The core tenets of our strategy are as follows:



01

Assessment:

We conduct a thorough supply chain assessment, using risk indicators to identify vulnerabilities, such as geographical hotspots, industry/product-specific risks and employment practices that may enable modern slavery. We provide a detailed report on risks identified in a client's own operations or that of their supply chain.



02

Recommendations on Action:

Risk identification is supported with guidance on prompt and precise action. It involves addressing potential/existing modern slavery infractions and collaborating with suppliers to rectify these within the extended supply chain.



03

Accountability:

Shift Critical assists clients with compiling their annual report, the government questionnaire and the submission process as required.



04

Advancement:

This is about helping companies continually improve their risk assessment, the scope of their due diligence, and their supplier engagement strategies as required.

BEYOND COMPLIANCE: INNOVATIVE SOLUTIONS & TRAINING

Our staff training draws on best practices emerging from other jurisdictions and provides a comprehensive overview of modern slavery and its implications for Canadian businesses. Our customized training modules are designed to help staff secure an understanding of this new law and how to identify and address forced and child labour risks. It is concise and intuitive, and the focus is on practical guidance for participants.

With Shift Critical's pioneering modern slavery dashboard, coupled with our educational training programs, organizations are not just responding to the Act, they are transforming it into a strategic competitive advantage.



CONCLUSION

As we conclude this report on the first year of reporting under Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act, it is clear that the path to eradicating modern slavery is complex. The Act has set a strong precedent, aligning Canada with global efforts to enhance transparency and accountability in supply chains. Despite the initial barriers to compliance, with only 30-40% of entities meeting the reporting requirements, there is a clear pathway for improvement and adaptation.

Comprehensive risk assessments are essential to identifying and mitigating the risks of forced labour and child labour. These assessments not only help businesses meet their legal obligations, but also enable them to uphold their ethical responsibilities. We anticipate that the regulatory environment will become more stringent, growing to include mandatory risk assessments and due diligence. Staying ahead of these changes is crucial.

Shift Critical, in partnership with Position Green, offers innovative solutions to support businesses in this effort. Our AI-powered Modern Slavery Risk

Assessment Tool provides detailed insights into supply chain risks, empowering companies to make informed decisions and implement effective interventions.

As we look to the future, the commitment to eradicating modern slavery will continue to shape the future of sustainable business. By embracing these challenges and opportunities, Canadian businesses have the chance to lead the way in respecting human rights and setting new standards for corporate responsibility.

SHIFT CRITICAL’S MODERN SLAVERY RISK TOOL



Review governance structure and conduct pre-assessment of risk

Tier suppliers and conduct initial screen to assess supply chain risks of forced/child labor and readiness to respond.



Enhance due diligence programs

Identify and implement programs to mitigate risk, including processes, policies, and staff training.



Apply Shift Critical's technology solution to engage suppliers

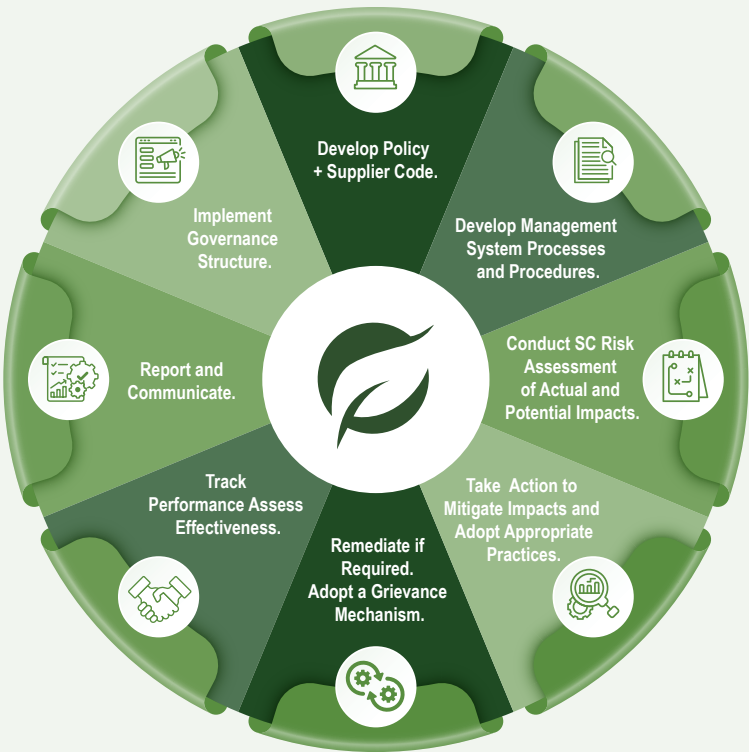
Engage suppliers to evaluate and forced/child labor risks, with a focus on geography and industry/product.



Evaluate data against the Act to identify gaps

Remediate if required, adopt a grievance mechanism and implement processes to mitigate future risk for continuous improvement

A MANAGEMENT FRAMEWORK





Shift Critical International Ltd.

October 2024
info@shiftcritical.ca

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