



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Business Board

SPONSOR: Trevor Rodgers, Chief Financial Officer
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PRESENTER: Trevor Rodgers, Chief Financial Officer
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DATE: April 18, 2024 for April 25, 2024

AGENDA ITEM: 7

ITEM IDENTIFICATION:

Fighting Against Forced Labour and Child Labour in Canadian Supply Chains: University of Toronto Annual Report 2024

JURISDICTIONAL INFORMATION:

The Business Board is responsible for consideration of policy and for monitoring matters affecting the business affairs of the University.

GOVERNANCE PATH:

1. **Business Board [For Approval] (April 25, 2024)**

PREVIOUS ACTION TAKEN:

None.

HIGHLIGHTS:

The Federal Government passed Bill S-211, the *Fighting Against Forced Labour and Child Labour in Canadian Supply Chains Act* (the “Act”) effective January 1, 2024. The purpose of the Act is “to implement Canada’s international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations on:

- a) Government Institutions producing, purchasing, or distributing goods in Canada or elsewhere; and
- b) Entities producing goods in Canada or elsewhere or in importing goods produced outside Canada.”

The University of Toronto meets the definition of an Entity in the latter category under the Act by virtue of the goods we import to Canada for resale or use in the University’s operations. As a covered Entity under the Act, the University must, on or before May 31 of each year, report to the Minister on the steps we have taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods by the University, or in the production of



goods imported into Canada by the University.

The Act requires that a report be approved by the Entity's governing body on an annual basis and published on our website. At a minimum, the report must contain the following information about the University:

- a) its structure, activities and supply chains;
- b) its policies and due diligence processes in relation to forced labour and child labour;
- c) the parts of its activities and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk;
- d) any measures taken to remediate any forced labour or child labour;
- e) any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains;
- f) the training provided to employees on forced labour and child labour; and
- g) how the University assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.

The University has prepared the attached report for submission on or before May 31, 2024, based on the goods imported to Canada during the 2022-23 financial year. Procurement activities were carried out in a decentralized purchasing environment within the bounds of the University's Procurement Policy, including the Supply Chain Code of Ethics. In summary:

1. The University of Toronto imported approximately \$30 million of goods in 2022-23, representing 6% of the total goods purchased and less than 1% of overall expenditures. The vast majority of goods purchased by the University are purchased from Canadian suppliers.
2. The majority of imported goods were from countries that are not on the "high risk" list identified by the US Department of Labor (Report: 2022 List of Goods Produced by Child Labor or Forced Labor). However, we recognize that there is an inherent risk of forced labour and child labour used in the production of goods in deeper tiers of the supply chain, for which we do not yet have data.
3. Our preliminary analysis of the risk of forced labour and child labour practices in this initial reporting year was based on the categories of imported goods that are most widely used in our context, including: scientific equipment and supplies, information technology and audio/visual equipment, and books and printed materials.
4. The university is not aware of any instances of forced labour or child labour that require remediation. Over the coming year, the University intends to implement a staff training program, collaborate with external partners to inform our approach to identifying and implementing risk mitigation strategies; and integrate additional due diligence into our contract management activities including more robust Purchase Order Terms and Conditions.
5. The University will measure progress toward these objectives using several new performance indicators, including the number of procurement staff trained; the number of contracts that include specific language regarding compliance with the University's code of ethics on forced labour and child labour; and the dollar value of imports from high-risk countries and product categories.

FINANCIAL IMPLICATIONS:

None.



RECOMMENDATION:

Be It Resolved

THAT the *Fighting Against Forced Labour and Child Labour in Canadian Supply Chains: University of Toronto Annual Report 2024* as presented be approved; and

THAT the Chair of the Business Board be authorized to attest to the Minister of Public Safety that, having exercised reasonable diligence, the information in the Report for the 2022-23 fiscal year is true, accurate and complete in all material aspects for the purposes of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

DOCUMENTATION PROVIDED:

- *Fighting Against Forced Labour and Child Labour in Canadian Supply Chains: University of Toronto Annual Report 2024*

Fighting Against Forced Labour and Child Labour in Canadian Supply Chains: University of Toronto Annual Report

April 16, 2024



In accordance with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, 2024, the University of Toronto is required to prepare a report for each financial year setting out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the university or of goods imported into Canada by the university. The University of Toronto's report for the financial year ended April 30, 2023, is provided below.

Reporting entity's legal name:	The Governing Council of the University of Toronto
Financial reporting year:	May 1, 2022 to April 30, 2023
Identification of a revised report:	N/A
Business number(s), if applicable:	108162330
Identification of a joint report:	N/A
Reporting obligations in other jurisdictions:	N/A
Entity categorization according to the Act:	Entity (University)
Sector/industry:	Educational, Public Sector
Location:	Toronto, Ontario, Canada

Vigilant protection for individual human rights and resolute commitment to the principles of equal opportunity, equity and justice are central to the mission of the University of Toronto. We recognize that forced labour and child labour are significant global human rights issues, and we are committed to assessing and mitigating the risk of these exploitative practices in our supply chains.

Identifying and preventing forced labour and child labour is integral to the university's dedication to promoting social responsibility throughout the university's business processes. Current examples of this dedication include our Social Procurement Program and our Trademark Licensing Program.

As a national and global leader in post-secondary education, we also recognize our responsibility to advance public understanding of the risk of forced labour and child labour, including the need to educate members of the university community regarding the risk of these exploitative practices.

Structure

Founded in 1827 as King's College and existing, as of 1947, under the University of Toronto Act (revised in 1971), the University of Toronto is Canada's leading institution of learning, discovery, and knowledge creation. We are one of the world's top research-intensive universities and have a long history of transforming society through the ingenuity and resolve of our faculty, students, alumni, and supporters. Our impact in Canada and around the world is significant:

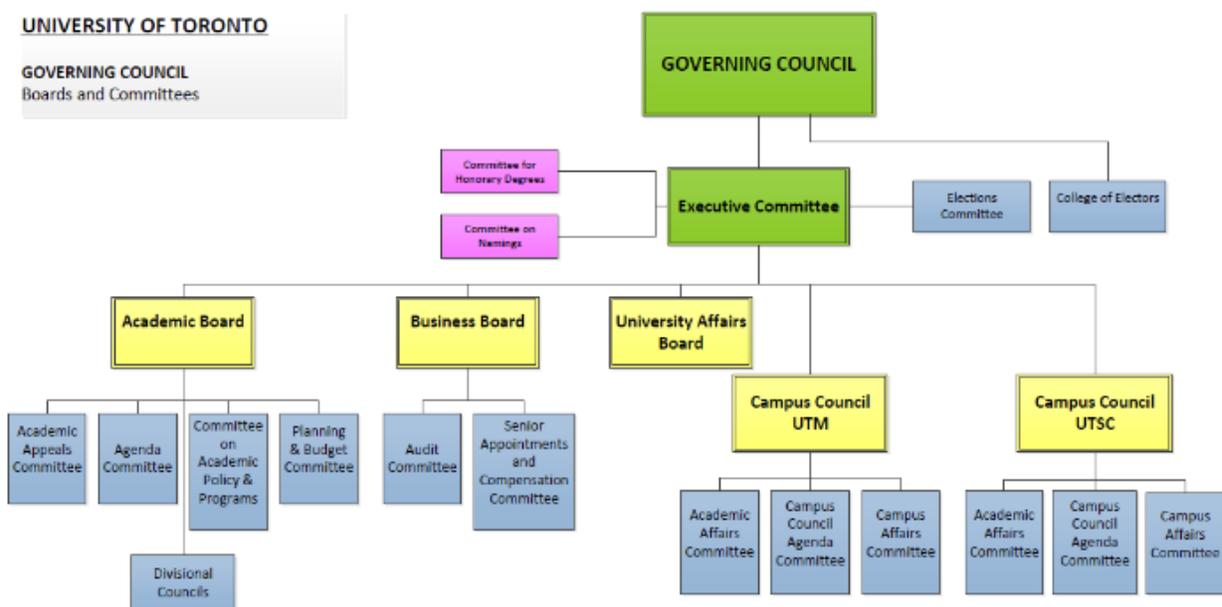
- 679,671 alumni
- 97,678 students in the 2022-23 academic year
- 12,424 employees (faculty, staff and librarians) as of 2022
- \$3.36B annual operating budget for 2023-24
- \$1.41B in research funds awarded to U of T and partner hospitals from national and international sources in 2021-22

- Named the most sustainable university in the world by the QS World University Rankings: Sustainability 2024, which evaluates post-secondary institutions for their environmental impact, social impact, and governance.
- Ranked first in Canada and 21st globally in the Times Higher Education World Reputation Rankings 2023 based on a survey that asks experienced, published academics for their opinions on teaching and research excellence.

The Governing Council, established by the University of Toronto Act, 1971, oversees the academic, business and student affairs of the university. Together with the Chancellor, President and senior administration, the Governing Council represents the university’s vision, mission, and purpose both locally and globally.

It is composed of 50 members – 25 members from within the internal university community (including administrative staff, teaching staff and students) and 25 members external to the university (including alumni and Lieutenant-Governor-in-Council appointees).

The governance structure of the University of Toronto comprises the Governing Council and its Boards, Campus Councils and Committees.



The Business Board is one of the three Boards of the Governing Council. Its responsibilities include ensuring that resource allocations are responsible and cost-effective, and approving policy and major transactions in the business management of the university. The Business Board approves the U of T Procurement Policy and related supply chain activities.

Supply Chain Activities

To support the university's mission of fostering an academic community in which the learning and scholarship of every member may flourish, we collectively procure a wide range of goods and services in accordance with public procurement law and our ethical sourcing principles. The university imported approximately \$30 million worth of goods to Canada in 2022-23, representing approximately 6% of the total goods procured in that year, or approximately 1% of total annual expenditures.

While the university recognises there is a risk of forced labour and child labour across our supply chains, our sourcing is overwhelmingly from countries where the risk of forced labour and child labour is low. We acknowledge, however, that there can be a lack of visibility to the extent of these risks in secondary and deeper supply chain tiers.

Policies and Due Diligence

As the public procurement landscape continues to evolve, with greater emphasis on transparency, accountability and social responsibility, the University of Toronto must maintain high legal, ethical, and professional standards in the management of the resources entrusted to it.

The central Procurement Services department manages and oversees compliance with procurement directives, legislation, and international trade agreements. The department also manages procurements through collaborative frameworks such as the Ontario Education Collaborative Marketplace (OECM) and other consortia, including Supply Ontario Vendor of Record arrangements, to leverage collective purchasing power and achieve cost efficiencies.

Operating in a decentralized environment, individual units across the university manage procurement processes locally where the value is less than the open competitive threshold as outlined in the [Broader Public Sector Procurement Directive](#).

The university's [Procurement Policy](#) is reviewed periodically to ensure compliance with federal and provincial legislation and related regulations, as well as domestic and international trade agreements. The Policy is principles-based and includes a [Code of Ethics](#) that applies to all involved in procurement activities both internally (e.g. senior leaders, administrators, faculty and staff) and externally (suppliers).

While the university's Procurement Policy establishes high-level procurement governance, its ongoing operation is delegated to the University of Toronto administration, which has procurement processes, procedures, and related financial guidelines. Given the university's size, scope and governance structure, procurement activities are conducted throughout the institution via our three campuses and specialized buying centres, which are responsible for purchasing specific categories of goods and services such as construction, utilities, and library collections, as well as food, textbooks, and other merchandise intended for resale.

The following programs highlight the university's commitment to ethical procurement practices:

Social Procurement Program

To strengthen our supply chain, mitigate disruption and contribute to fostering a more equitable and prosperous economy, the university introduced the Social Procurement Program. Officially launched

in October 2023, the program provides the U of T buying community with a connection to approximately 4,000 Canadian suppliers who rely on local materials and local employers. Typically, these suppliers have a socially responsible mission and contribute to community wealth-building. By encouraging local buying, the university is improving supply chain visibility and reducing the risk of forced labour and child labour.

Trademark Licensing Program

The University of Toronto takes pride in our campuses, students, faculty and brand. The Trademark Licensing Program ensures the production of university merchandise is aligned with our values. In 2000, we became the first Canadian university to pass a policy ensuring that all merchandise bearing the university's marks are produced under humane and non-exploitative conditions. All branded merchandise must be ordered through a licensed vendor, ensuring that those who create our merchandise uphold the university's commitment to ethical sourcing (<https://trademarks.utoronto.ca/licensee-list/>).

Moreover, the university has adopted a [Trademark Licensing Policy](#) and a [University Code of Conduct for Licensees](#), which includes an explicit standard on Child Labour: "No person shall be employed at an age younger than 15 (or 14 where, consistent with International Labour Organization (ILO) practices for developing countries, the law of the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section." Licensees agree to work with governmental, human rights and non-governmental organizations, as determined by the university and licensees, to minimize the negative impact on any child released from employment as a result of the enforcement of this Code. The Code of Conduct also includes this standard on Forced Labour: "There shall not be any use of forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise."

Assessing Forced Labour and Child Labour Risks in Our Supply Chains

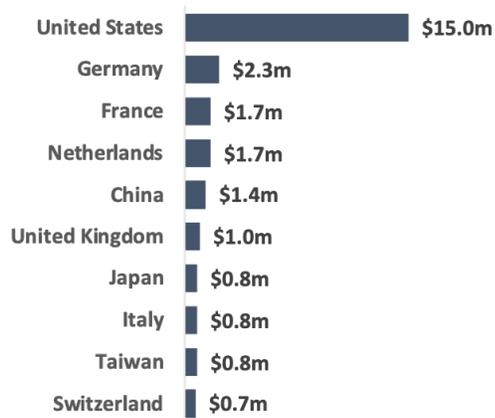
We recognise there are risks of forced labour and child labour in the supply chains for all types of goods and services procured by the university. By its very nature, forced labour and child labour are hard to detect and often hidden within seemingly legitimate industries. However, we believe that the university's exposure to this risk is relatively low given the volume of goods we import from countries associated with controversial labour practices in public reporting.

We rely on the extensive work done by other institutions, governments, and NGOs to assist us with identifying procurement categories of greater risk of forced labour and child labour, particularly in the higher education sector. The universities of Oxford, Queensland, Melbourne, and Edinburgh have particularly robust policies and procedures to identify and mitigate this risk, and we will continue to look to them as leaders in this area.

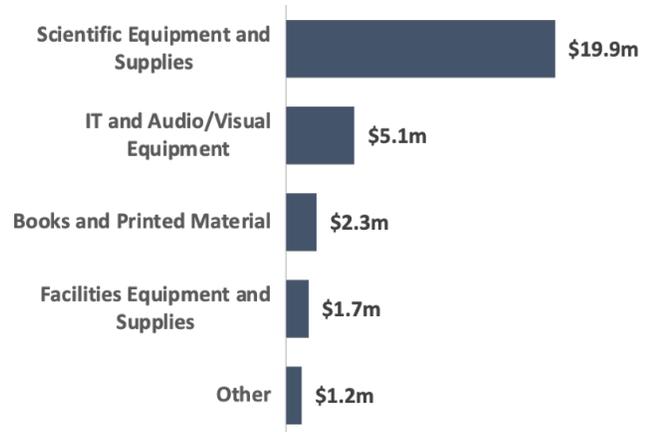
At the University of Toronto, we based our risk analysis on the categories of goods that are most widely used in our context. We identified products sourced from outside Canada, where the risk of forced labour and child labour may be higher. The charts below reflect the product categories we import and

the countries of origin.

2022-23 Imports by Source Country



2022-23 Imports by Category



The [US Department of Labor report: 2022 List of Goods Produced by Child Labor or Forced Labor](#) includes several goods that are involved in the supply chain of product categories commonly imported by the University of Toronto:

- Electronics
- Timber / paper products
- Food & beverages (e.g. coffee)
- Garments and Textiles

Based on this list, we believe the university's supply chain may have its most material risk exposure to child labour or forced labour from the import of scientific equipment and supplies, IT and A/V equipment, and books and printed materials, particularly as it applies to second-tier suppliers and beyond.

Remediation Measures

The U of T is not aware of instances of forced labour or child labour that require remediation and has yet to develop a formal framework to mitigate any potential future risks associated with these practices in our supply chain activities.

Training and Capacity Building

As a place of learning, we recognise our responsibility to raise awareness of the issue of forced labour and child labour both internally and externally. To this end, the university is committed to developing specific training for staff on forced labour and child labour risks and best practice, beginning with staff in central and local procurement offices in Fall 2024. This effort will expand over time to include other major stakeholders and suppliers involved in our supply chain activities.

Monitoring Effectiveness

The university is aware that regular monitoring and assessment of our efforts to mitigate the risk of forced labour and child labour in our operations will be critical. We will develop key performance indicators to align with our efforts in mitigating risk associated with forced labour and child labour in our supply chains. Initial KPIs will include:

- # of procurement staff trained;
- # of contracts that include specific language regarding compliance with the university's code of ethics on forced labour and child labour; and
- Spend on imports from high-risk countries and product categories.

Action Plan for the Next Financial Year

In addition to continuing the work outlined above, we will focus in particular on the following:

Learning and Teaching

- Raise awareness of forced labour and child labour among staff
- Develop related training for procurement staff
- Improve university-wide understanding of the breadth of forced labour and child labour within higher education, and ensure colleagues in key departments are aware of potential instances through dedicated training sessions

Research

- Undertake research and benchmarking activities to inform our approach in collaboration with other entities such as the Canadian Association of University Business Officers (CAUBO); the Ontario University Professional Procurement Management Association (OUPPMA); the Canadian Council for Sustainable Procurement (CCSP)

Operations

- Update the U of T Procurement Policy to reference our commitment to anti-forced labour and anti-child labour practices
- Integrate forced labour and child labour due diligence as part of our contract management activities, including more robust Purchase Order Terms and Conditions
- Develop supplier management tools to support our efforts in mitigating risks in our supply chain

Approval and Attestation

In accordance with the requirements of the Act, and in particular, section 11 thereof, I attest that I have reviewed the information contained in the report for the entity 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 aspects for the purposes of the Act, for the reporting period listed above.

I have the authority to bind the University of Toronto.



Signature

Name: Trevor Rodgers

Title: Chief Financial Officer

Date: April 16, 2024

Signature

Name: Rajiv Mathur

Title: Chair of the Business Board of the Governing Council of the University of Toronto

Date: April 25, 2024