

# Updated guidance on preparing a modern slavery report in Canada

March 08, 2024

The Ministry of Public Safety Canada has published [updated guidance](#) and [FAQs](#) with respect to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act), formerly known as Bill S-211, providing businesses operating in Canada with better insight into how to satisfy their reporting obligations in 2024. If you haven't already, take a look at our [earlier publication](#) which summarizes the key points of the Guidance.

## Takeaways

- Consolidated financial statements should be used by a parent company when assessing whether it meets the size, assets, and revenue thresholds. Subsidiaries must determine if they have reporting obligations independently from their parent company and do not “consolidate up”.
- Businesses should utilize a list of factors considered by the CRA to determine whether they “do business in Canada”.
- Provincial and municipal institutions are not considered “government institutions” under the Act, but provincial agent Crown corporations may qualify as “entities” and have reporting obligations.
- Foreign companies that own Canadian subsidiaries will trigger reporting obligations if they meet the definition of entity.

## Qualifying as an entity

Up until now, there was some confusion as to whether parent companies should consider the size, revenue, and assets of their subsidiaries in determining whether they have a reporting obligation. The updated guidance clarifies that parent companies should utilize consolidated financial statements of their subsidiaries in determining whether they meet at least two of the three size-related thresholds outlined in the definition of “entity”. These thresholds are:

- At least \$20 million in assets,

- At least \$40 million in revenue, and
- An average of at least 250 employees.

On the other hand, subsidiaries must determine if they have reporting obligations independently from their parent company and will only have reporting obligations if they themselves meet at least two of the three size-related thresholds. The updated guidance clarifies that if a subsidiary and a parent company **both** meet the size-thresholds, they have the option of submitting a joint report if the information included in the report is shared by both companies.

## Foreign corporations

Questions with respect to whether a foreign parent company that owns a Canadian subsidiary would trigger reporting obligations by virtue of its ownership of the Canadian subsidiary have been among the most frequent to arise in respect of the Act. The updated guidance and FAQs provide clarity on this issue by specifying that if both the foreign parent company and the Canadian subsidiary meet the definition of an entity and the criteria of a reporting entity, then the foreign parent company will have reporting obligations.

Similarly, a foreign corporation with no Canadian subsidiaries that nonetheless has a nexus to Canada and engages in the relevant activities to trigger reporting, will have a reporting obligation.

## Provincial and municipal institutions not entities

The updated guidance also specifies that while provincial and municipal institutions are **not required to report as “government institutions”**, it **leaves open whether provincial agent Crown corporations** can have reporting obligations. Provincial agent Crown corporations are typically public corporations that operate in specific areas such as education, health, and agriculture while acting on behalf of the provincial government. The updated guidance provides little clarity as to whether these organizations will have reporting obligations except to the extent that they may qualify as an “entity”.

## Doing business in Canada

The updated guidance clarifies that in order to assess whether they are “doing business in Canada”, companies should use a series of [factors considered by the Canada Revenue Agency](#) when determining whether a non-resident is “carrying on business in Canada”. These include:

- the place where agents or employees of the non-resident are located
- the place of delivery
- the place of payment
- the place where purchases are made or assets are acquired
- the place from which transactions are solicited
- the location of assets or an inventory of goods
- the place where business contracts are made
- the location of a bank account

- the place where the non-resident's name and business are listed in a directory
- the location of a branch or office
- the place where the service is performed
- the place of manufacture or production

Canada Revenue Agency has a [detailed policy statement](#) that clarifies the situations in which it considered a foreign person (including a corporation) to be doing business in Canada.

## Next steps

If not already considered, publicly listed companies in Canada and other businesses in Canada that meet the applicable financial thresholds of the Act should turn their attention to determining whether they have a reporting obligation under the Act. Entities subject to the reporting requirement should begin preparing their reports in advance of the May 31, 2024, deadline, taking into consideration the instructions set out in the updated guidance and FAQs.

As of the date of writing, there remain just over 80 days before the final reporting deadline, which is little time to prepare a fulsome report, particularly given that the report requires board or governing body approval. We recommend that readers who have not already done so contact their legal or compliance advisors as soon as possible to have time to undertake the necessary work.

By

[Benedict S. Wray](#), [Laura Levine](#), [Carl Farah](#)

Expertise

[Capital Markets](#), [Corporate Commercial](#), [Human Rights](#), [International Trade & Investment](#), [Disputes](#), [Environmental, Social and Governance \(ESG\)](#)

---

## **BLG | Canada's Law Firm**

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

### **BLG Offices**

#### **Calgary**

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### **Ottawa**

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### **Vancouver**

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### **Montréal**

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### **Toronto**

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2024 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.