

# Follow-up Response to the House of Commons Standing Committee on Government Operations and Estimates (OGGO)

## Minister Public Services and Procurement Appearance on Supplementary Estimates (A) 2022-23

June 10, 2022

### 1. Will Shared Services Canada (SSC) cease the procurement of Toshiba, HP, and Hitachi equipment, considering concerns around forced labour? (Kelly McCauley – CPC)

#### Response:

Shared Services Canada (SSC) takes allegations relating to forced labour seriously.

After reviewing and engaging with industry partners, SSC has no evidence of the use of forced labour for contracts entered into by SSC.

SSC has engaged its industry partners in regards to the Australian Strategic Policy Institute (ASPI) report to understand what mechanism and processes they have in place to ensure their supply chain is free of forced labour.

In regards to Toshiba, SSC does not currently have contracts with this manufacturer nor is it aware of contracts with other suppliers to procure equipment from this manufacturer. SSC currently has no plans to procure equipment from Toshiba.

In regards to Hitachi, SSC has active contracts with Hitachi Vantara Inc.

Note that Hitachi Vantara is not the Hitachi entity cited in the 2020 APSI Report, nor is Hitachi Vantara known to source from them.

The Hitachi Vantara family of companies, part of the larger Hitachi Group Companies, owned by Hitachi Ltd., is bound to the terms of the Hitachi Code of Conduct: [Code of Conduct : Hitachi Global](#), which explicitly prohibits the use of force labour and child labour (Section 3). In addition, Hitachi Vantara is part of the [Responsible Business Alliance](#), whose Code of Conduct is dedicated to the establishment of standards to ensure that working conditions in the electronics industry are safe and that workers are treated with respect and dignity.

In regards to HP, Shared Services Canada does not have any direct contracts with HP but procures some equipment from HP through other suppliers.

As per the [HP Supplier Code of Conduct](#), HP is committed to ensuring that all workers in its supply chain are treated fairly, with dignity and respect. HP's labour standards include freely chosen employment where forced, bonded (including debt bondage) or

indentured labour; involuntary or exploitative prison labour; or slavery or trafficking of persons shall not be used.

Shared Services Canada has engaged with HP to obtain additional information to understand what mechanism and processes they have in place to ensure their supply chain is free of forced labour. This engagement is on-going.

In regards to HPE, Shared Services Canada has active contracts with Hewlett Packard Enterprise Canada.

Note that Hewlett Packard Enterprise Canada and HP Inc. are two separately traded companies.

Hewlett Packard Enterprise (HPE) has found no information indicating that HPE manufactures or sources its products from factories in Xinjiang, or uses suppliers that have been the subject of allegations of Uyghur labour transfers. This includes any of the sites implicated in the report from the Australian Strategic Policy Institute.

Public Services and Procurement Canada has updated the Standard Acquisitions Clauses and Conditions (SACC) to include new Anti-forced labour clauses. The Code of Conduct for Procurement was also revised to cover expectations regarding labour practices of suppliers to the Government of Canada and is also referenced in the same SACC clauses. Section 8 of the Code of Conduct specifically covers Human rights and labour standards and section 10 covers Human trafficking, forced labor and child labour. SSC incorporates these SACC clauses into our contract and has adopted the updates to the Code of Conduct for Procurement and, as such these provisions also apply to procurements undertaken by Shared Services Canada.

## **2. Why is SSC using Lenovo equipment when allies have identified it as a potential security risk? (Kelly McCauley – CPC)**

### **Response:**

SSC has a supply chain integrity process which is used in all procurements, including all Lenovo purchases. The process is in place to ensure that there are no known security vulnerabilities or risks considering the context in which the goods/services are purchased. These assessments are done in conjunction with our public safety partners who leverage intelligence both from within Canada as well as internationally. If security risks are identified, mitigation measures are put in place, or the procurement does not proceed. It should be noted that the security assessments are done for each procurement and are context specific, as a product that may pose a risk in a certain technical environment may not in another. When purchasing Lenovo equipment, like for all other equipment manufacturers, SSC applies the supply chain integrity process and appropriate mitigation measures, as required, prior to formalizing the procurement and proceeding with the deployment of the equipment.

**3. Why is the Government requesting so much funding for the *Emergencies Act* inquiry and to support emergency management and preparedness? (Julie Vignola – BQ)**

**Response:**

The funds in question were requested by the Privy Council Office (PCO) as part of its Supplementary Estimates (A) submission. Shared Services Canada is not in a position to offer a response on behalf of PCO.

**4. Is any funding requested by PCO to support the implementation of GBA+? (Gord Johns – NDP)**

**Response:**

The funding in question would be requested by PCO as part of its Supplementary Estimates (A) submission. Shared Services Canada is not in a position to offer a response on behalf of PCO.

## **5. How many licenses across the public service are part of the Microsoft License Agreement? (Ben Lobb – CPC)**

### **Response:**

Based on industry and the Government of Canada user consultations, SSC procured a seven-year overarching agreement - the *Microsoft Enterprise Agreement* - in March 2019. This enterprise agreement modernizes email services and included a new suite of digital communication and collaboration tools for public servants.

The vendor has bundled multiple components and offerings within two categories, marketed as E3 and E5 bundles:

- The E3 bundle includes support for the Windows operating system (server and desktop), Microsoft Exchange (i.e. email platform) and MS Teams.
- The E5 bundle is comprised primarily of enhanced security, analytics and information management elements.

An E3 license is a pre-requisite to purchasing an E5 license.

Within the Government of Canada, there are 511,347 E3 licenses and 312,942 E5 licenses across our 45 Partners as of June 20, 2022. In addition, there are 28,170 E3 licenses and 20,307 E5 licenses across our Clients as of June 20, 2022.

The total E3 license count across the GC is 539,517.

The total E5 license count across the GC is 333,249.