The Workforce Evidence Behind a Defensible Supply Chain Disclosure

A supply chain disclosure can look like Legal's filing and Procurement's data exercise. That view leaves some of the most important evidence outside the room. Claims about forced labour and child labour ultimately concern people, including who recruited them, what they paid to obtain work, whether they control their identity documents, how their hours and wages are managed, and whether they can raise a concern without retaliation. HR understands these systems and should help test the claims made about them.

Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act requires reporting entities to publish an annual report by May 31. The report must address seven areas, receive governing body approval, and include a signed attestation. Public Safety Canada's current guidance gives organizations room to acknowledge limitations and progress, but it also expects concrete actions rather than purely aspirational statements.

That distinction matters. HR doesn't need to promise that every worker in every tier of a global supply chain is free from harm. It does need to help the organization distinguish what it knows, how it knows it, what remains uncertain, and what it is doing next. A defensible report is built from that chain of evidence.

Why supply chain disclosure now reaches HR

The Supply Chains Act applies to entities that produce goods, import goods into Canada, or control an entity that does either, if the statutory listing or financial and employee tests are met. Legal should determine whether an organization is in scope. HR's role starts once the organization must describe its policies, workforce-related risks, training, remediation and methods for assessing effectiveness.

The work can reach smaller organizations too. A company that isn't required to file may still receive questionnaires, contract clauses or evidence requests from reporting customers. A Canadian subsidiary may also contribute information to a joint report. In 2025, Public Safety Canada analyzed 4,313 reports filed on time, including 1,652 joint reports. Supply chain disclosure has become part of ordinary commercial due diligence, not a niche sustainability exercise.

A second development is raising the value of reliable records. As of September 15, 2026, federal Bill C-35 was at second reading in the House of Commons. If enacted, it would create a framework for a public list of goods suspected of being produced with forced labour, allow prescribed importer information requests, deem listed goods prohibited when requested information isn't provided, and assign certain costs to non-compliant importers. The final duties would depend on the enacted bill and regulations, but the direction is clear. Organizations may need to support public statements and answer product-specific evidence requests quickly.

Canada's reporting data shows a control gap

Public Safety Canada's 2025 report to Parliament found that 84.1 percent of reporting entities said they had policies and due diligence processes related to forced labour or child labour. Yet only 51.2 percent said they had policies and procedures for assessing whether their efforts were effective. Across entities and government institutions, 29.3 percent reported tracking implementation and results.

Those figures don't prove that the remaining organizations are non-compliant or that their policies are ineffective. They do show a familiar governance gap. Written commitments tend to mature before the evidence system that tests them. For HR, the question isn't whether a supplier has signed a code. It's whether the organization can show how the code changes recruitment, pay, working time, worker voice and remediation.

A policy records intent. A defensible disclosure connects that intent to current evidence, worker experience and closed corrective action.

What each function contributes

No single function can build the report alone. Procurement has the commercial map and supplier leverage. Legal interprets the law, controls the approval process and challenges claims. HR supplies the people-risk framework and tests whether the controls make sense in practice. The handoffs should be explicit.

Function	Primary contribution	Common failure to avoid
Human Resources	Defines workforce indicators, reviews labour agencies, validates training, supports worker voice and designs remediation.	Reporting only the number of employees who completed a course.
Procurement	Maps suppliers and subcontractors, monitors commercial changes, obtains records and uses contractual leverage.	Treating a signed supplier code as continuing proof of working conditions.
Legal	Confirms scope, tests the accuracy of claims, manages privilege where appropriate, and prepares approval and attestation.	Drafting broad assurances that the available evidence can't support.

One person should coordinate the evidence register and reporting calendar, but accountability stays shared. HR shouldn't receive a nearly finished draft three days before approval and be asked to confirm that the training and grievance language is accurate. The useful HR review happens months earlier, while gaps can still be corrected.

Build a workforce evidence register

A workforce evidence register links each proposed disclosure claim to an owner, source, reporting period, scope, limitation, review date and retention location. It can sit within the broader disclosure file maintained by Legal or the reporting lead. What matters is that every material people-related statement can be traced back to evidence.

Proposed claim	Evidence that can test it	HR challenge question
Workers don’t pay recruitment fees	Labour-agency contracts, fee schedules, worker interviews, reimbursement records and corrective actions.	Have we verified the worker experience, or only accepted a supplier response?
Workers control their identity documents	Written rules, storage practices, site observations and private worker interviews.	Can a worker retrieve a document immediately without permission or payment?
Overtime is voluntary and lawful	Time records, payroll, production schedules, refusal practices and worker interviews.	Do deadlines or wage structures make refusal unrealistic?
Workers can report concerns safely	Channel availability, language access, case data, closure times and retaliation checks.	Would a temporary or migrant worker reasonably trust and use the channel?
Employees received relevant training	Audience map, completion records, knowledge checks, scenario results and refresher schedule.	Can trained employees recognize and escalate a real warning sign?
Corrective action was completed	Action plan, named owner, due dates, proof of remedy, worker confirmation and follow-up testing.	Did the action remove the cause and repair the harm, or only close the file?

The register should also record negative or inconclusive evidence. If a supplier declined private worker interviews, that matters. If the organization tested only tier-one suppliers, the report shouldn’t imply full-chain visibility. If no concerns were reported, HR should avoid treating silence as proof. An inaccessible or distrusted grievance channel can produce a clean dashboard while serious risk remains.

Treat worker voice as evidence

The International Labour Organization’s 2025 handbook for employers recommends combining document review, direct observation and worker interviews when assessing forced labour risk. That approach reflects a basic limitation of paperwork. A payroll file may show a payment while a worker is required to return part of it to a recruiter. A policy may prohibit passport retention while a supervisor keeps documents for supposed safekeeping.

Worker engagement has to be designed carefully. Suppliers shouldn’t select every interview participant or sit in the room. Workers need a language they understand, privacy, a clear explanation of how information will be used, and a reporting route if they face retaliation. HR can help Procurement and Legal set a safe protocol, select qualified interviewers and decide how concerns will be escalated.

- Use a sample that includes permanent, temporary, agency, migrant and recently hired workers where those groups are present.
- Ask about recruitment fees, wage deductions, overtime choice, document control, freedom of movement and access to complaint channels.
- Separate public reporting from case files so identifiable personal information isn’t placed in the annual report.
- Confirm the outcome with affected workers after a corrective action, rather than relying only on the supplier’s completion notice.

An indicator isn’t the same as a legal finding of forced labour. Excessive overtime, poor housing or delayed wages may breach other standards and warrant investigation, but the facts must be assessed in context. HR brings that discipline to the process. It can recognize patterns without overstating what the evidence proves.

Train the people who make risk decisions

The Act requires entities to report on employee training. Completion data is useful, but it answers only the smallest question. The stronger question is whether the people who select, manage and pressure suppliers can recognize a warning sign and respond correctly.

In the 2025 reporting cycle, 61.7 percent of entities said they provided employee training. Among all organizations that reported providing training, 25.4 percent said it was mandatory for employees making contracting or purchasing decisions. HR should consider whether Procurement, operations, quality, logistics, internal audit, Legal and relevant executives need role-specific learning rather than the same general module.

Good training uses decisions employees will face. A buyer is asked to approve a subcontractor after an order surge. A quality manager sees identical time sheets for an entire shift. An HR leader learns that foreign workers paid a recruiter abroad. A lawyer reviews a supplier attestation that conflicts with audit findings. Learners should practise what to document, whom to contact and when to pause a commercial decision.

Assessment should test transfer, not recall. Scenario scores, escalation quality, response time and the rate at which substantiated concerns are resolved provide better evidence than completion alone. HR can then explain both the training provided and how the organization knows it is working.

Remediation needs HR at the table

Ending a supplier relationship may protect the buyer while leaving workers with unpaid wages, debt or sudden unemployment. Canada’s reporting requirements specifically ask what an entity has done to remediate forced labour or child labour and any loss of income experienced by vulnerable families because of measures taken to eliminate it. That makes remediation more than a contractual issue.

HR can help develop options that respond to the people affected. Depending on the facts and local law, those options may include repayment of recruitment fees, payment of withheld wages, return of identity documents, safe transfer to another employer, reinstatement, access to support, changes to the labour broker, and protection against retaliation. Legal must assess the organization’s role and obligations.

Procurement must preserve leverage and funding. HR keeps the remedy connected to the harm.

Immediate suspension or exit may still be necessary when severe harm is continuing or a supplier refuses to cooperate. The decision should document the worker impact, the reason for the chosen action, the plan to reduce additional harm and how the result will be checked. A supplier termination letter isn't evidence that workers were made whole.

Put a dollar value on the evidence gap

The statutory fine under the Supply Chains Act can reach $250,000 for specified offences, and directors or officers who directed, authorized, assented to, acquiesced in or participated in an offence can also face liability. The fine is only one line in the exposure. Goods linked to forced labour or child labour are prohibited from importation under the Customs Tariff, and border action can create storage, export, replacement and delay costs. Customers may also suspend an order or demand an investigation.

Exposure	A practical calculation
Delayed supply	Daily contribution margin at risk multiplied by expected days of interruption.
Replacement supply	Price premium, expedited freight, requalification, testing and changeover costs.
Response	External counsel, audit and investigation fees plus internal leadership time.
Worker remedy	Recruitment-fee repayment, unpaid wages, support, safe transfer and follow-up.
Commercial loss	Probability-weighted value of cancelled orders, lost tenders or customer credits.
Regulatory exposure	Potential penalties and the cost of responding to an order or information demand.

Consider a purely illustrative example. A product line generates $12 million in annual contribution margin. A 14-day interruption puts about $460,000 of that margin at risk. Add $240,000 for replacement supply and expedited freight, $75,000 for legal and audit work, and $80,000 for worker remediation, and one event approaches $855,000 before customer penalties or reputational effects.

A $50,000 annual evidence and monitoring program would break even if it reduced the annual probability or impact of that event by about 5.8 percentage points. That isn't a forecast and it doesn't prove a program will achieve that reduction. It gives HR, Procurement, Legal and Finance a common way to compare the cost of control with the cost of weak evidence.

Create an operating rhythm before the next report

The annual report should be the output of a year-round control process. Waiting until the filing window turns evidence gathering into a document chase and leaves little time to repair a weak control. A practical rhythm includes the following steps.

1. Assign an HR, Procurement and Legal owner to each material workforce-related

claim and evidence source.
2. Define supplier changes that require a new risk review, including new labour brokers, subcontractors, sites, high-volume orders and compressed lead times.
3. Sample evidence during the year and track exceptions, corrective actions, worker outcomes and overdue items.
4. Begin the disclosure review early enough to resolve contradictions before the governing body receives the report.
5. Give approvers a short evidence summary that shows what was tested, the material limitations and the actions planned for the next reporting year.

The governing body doesn’t need every worker interview or supplier document. It does need enough information to challenge the material claims and understand the limits. Legal can shape that approval record, while HR and Procurement make sure the facts behind it are current.

Questions HR should ask before sign off

- Can we trace every workforce-related statement to dated evidence and a named owner?
- Does the evidence cover labour agencies and subcontractors, or only the direct supplier?
- Have workers been heard through a process they could use safely?
- Could our own price, volume or deadline decisions be increasing labour risk?
- Were corrective actions verified with evidence from outside the supplier’s management team?
- Does the report state material limits instead of implying visibility we don’t have?
- Could we answer a customer or importer information request within days rather than months?

HR’s contribution isn’t to make a disclosure sound more humane. It is to help the organization understand and substantiate the human conditions behind its claims. When HR, Procurement and Legal work from the same evidence register, the report becomes more accurate, the board receives a clearer record, and the organization is better prepared for the next supplier concern, customer request or import challenge.