TPTN

WRITTEN SUBMISSION

Potential Supply-Chain Due Diligence Measures: Evidence Reuse, Regulatory Coherence, and Proportionate Digital Implementation

Practitioner input on operationalizing due diligence without creating duplicative compliance infrastructure

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Consultation: Public consultation on potential due diligence and civil liability measures to fight labour exploitation in supply chains (Employment and Social Development Canada, Labour Program)

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Scope: This submission addresses the digital implementation, evidence-management, interoperability, administrative-proportionality, and regulatory-coherence aspects of a potential due-diligence regime, including its interaction with the forced-labour import prohibition and Bill C-35. It does not take a position on civil liability, on remediation standards, or on the substantive choice between the proposed scope options for a due-diligence regime, all of which fall outside the contributor's area of trade-execution and digital-governance practice.

1. Purpose and Standing

This submission is provided as practitioner input on the operational implementation of cross-border compliance requirements. It reflects more than 25 years of operating experience in global trade, cross-border documentation workflows, and compliance execution. The perspective is further informed by the contributor's public-review contributions to the UN/CEFACT United Nations Transparency Protocol concerning identity resolution, selective disclosure, and evidentiary integrity;[5] participation as a Participating Expert in the UN/CEFACT eCMR Working Group; membership on the Standards Council of Canada Canadian Mirror Committee for ISO/TC 309 (Governance of Organizations); and participation in Digital Governance Standards Institute technical committees, including Artificial Intelligence and Digital Trust and Identity. These references are provided solely to establish relevant practitioner standing and do not imply endorsement by any organization.

The submission is deliberately scoped. It concentrates on the implementation questions the consultation raises, chiefly how a future due-diligence regime and the existing forced-labour import prohibition should interact without imposing duplicative evidentiary demands, and how obligations can be operationalized proportionately. It expressly does not address the appropriate scope of civil liability, the substantive labour-rights coverage a regime should adopt, or the level of any obligation, which are matters of policy and law outside the contributor's practice. Nothing in this submission should be read as asserting an existing relationship, endorsement, or commitment on the part of any department or official. It is contributed on the merits, for the public record.

2. Distinct Obligations Should Not Require Duplicative Evidence Systems

A due-diligence regime and the forced-labour import prohibition perform different legal functions. A due-diligence obligation is a proactive requirement to identify, prevent, mitigate, and account for adverse impacts across a regulated party's operations and supply chains. The import prohibition is a border measure applied to specific goods. The consultation paper is right that these are distinct but complementary measures whose interaction must be considered carefully.[1]

The central implementation risk is that two regimes requiring businesses to demonstrate substantially overlapping supply-chain facts will lead businesses to build and maintain two disconnected evidentiary architectures, one for periodic due-diligence reporting and one for responding to import-related information requests. That outcome would raise cost without raising protection. The more effective design separates the legal obligation from the underlying supply-chain evidence. The obligations differ and should remain distinct in law. The underlying evidence concerning supplier identity, production facilities, chain of custody, audits, due-diligence activity, certifications, risk assessments, mitigation, and provenance can substantially overlap across the two regimes and can be structured so that it is collected and maintained once and drawn upon for each authorized purpose. Expressed as a principle, and as the common thread with the parallel submission on the Bill C-35 regulatory approach: collect once, evidence many times. This is a statement about evidence, not about legal conclusions; the reuse of underlying evidence must never be treated as automatic satisfaction of a distinct legal test.

3. Selected Implementation Responses

The following responses address the areas where the contributor has genuine standing. They do not extend to the substantive scope options, coverage thresholds as questions of policy, remediation standards, enforcement severity, or civil liability.

Government support for identifying and addressing adverse impacts. Where the consultation asks how the Government can support regulated parties, the most useful supports are implementation supports rather than substantive rules: common evidence definitions; structured, machine-readable reporting formats and reference models; clear guidance distinguishing evidence collection from legal determination; implementation profiles that a smaller or less-resourced entity can follow; and guidance on retention, provenance, and verification. Support of this kind lowers the cost of compliance while improving the consistency and comparability of what regulated parties actually submit.

Administrative flexibility in due-diligence and reporting obligations. Where the consultation asks what flexibilities could lessen the operational or administrative impact of obligations, the strongest lever is structural rather than a reduction in substantive expectations. A regime should allow reuse of evidence already collected or maintained for another legitimate purpose, with its source, status, and any verification information preserved; avoid requiring re-entry of the same information in different forms; define a common data core that persists across reporting cycles; apply proportionate, risk-based escalation of documentation depth; permit phased implementation; and remain compatible with the enterprise systems and intermediaries that businesses already use. One point deserves emphasis because it is easily missed: reporting frequency is not the only administrative variable. A report required only every second year can still be expensive to produce if the underlying evidence must be reconstructed from scratch each time. The larger and more durable efficiency comes from persistent, structured evidence capable of supporting recurring obligations, rather than from lengthening the interval between reports.

Government's role in supporting compliance. Where the consultation asks what role the Government and a competent authority should play in supporting compliance, this submission addresses only the implementation dimension and takes no position on enforcement tools, penalties, inspections, complaints mechanisms, or publication of non-compliance. On implementation, a competent authority can materially improve both compliance rates and evidentiary quality by publishing clear evidence specifications, submission standards, validation guidance, digital reference models, and structured reporting templates, and by providing test or conformance environments where appropriate. Clear, machine-readable specifications reduce ambiguity for regulated parties and make submitted information more consistent and more usable for the authority.

Indirect SME burden. Under proposed coverage Option 1,[1] due-diligence obligations would apply to businesses with operations abroad that are incorporated, headquartered, or principally based in Canada and that have at least $40 million in annual worldwide revenue or an average of at least 250 employees worldwide. Other coverage options contemplate different thresholds and approaches. Regardless of where the final threshold is set, smaller firms can still be drawn into the regime in practice because regulated entities will pass documentation and evidence demands down their supply chains to suppliers of any size. A smaller Canadian or foreign supplier can therefore become a de facto participant in the regime through customer requirements even where it is formally out of scope. Two design choices reduce this cascade effect: a common minimum evidence model that suppliers can satisfy once and reuse across customers, rather than a proliferation of bespoke customer-specific formats; and interoperability, so that evidence provided to one buyer or authority can be understood and reused by others. Proportionality and interoperability therefore matter to SMEs even when statutory coverage initially targets larger entities.

4. Interaction with the Forced-Labour Import Prohibition and Bill C-35

The consultation asks how a potential due-diligence regime and the forced-labour import prohibition, including the measures proposed in Bill C-35,[2] could interact, and how to avoid unintended consequences between the two regimes. This is the core of the present submission.

The recommended design is a common evidence foundation with distinct statutory purposes. The consultation paper already anticipates the connection, noting that undertaking due-diligence actions could help a regulated entity avoid running afoul of the import prohibition, that the regimes could exchange information between competent authorities to better target high-risk areas or products, and that authorities could consider annual due-diligence reports when assessing whether goods are at risk of being produced with forced labour. Each of these interactions works better when the underlying evidence is structured and reusable rather than re-created separately for each regime. Structured due-diligence evidence concerning supplier mapping, identified risks, verification, mitigation, and audits could, where lawfully available and relevant, help a regulated entity respond to an information request under the import regime without reassembling its evidentiary record from the beginning; conversely, evidence gathered in relation to import transactions could contribute to organizational due-diligence records where appropriate.

One safeguard must hold throughout. Reuse of evidence is not equivalence of legal conclusions. Completing due-diligence obligations should not be treated as proof that particular goods are admissible under the import prohibition, and providing information under the import regime should not be treated as discharging a due-diligence obligation. Evidence may be shared and reused where authorized; the legal test and the decision authority remain specific to each regime.

Four unintended consequences are worth flagging so the design can pre-empt them. The first is duplicative reporting, where the same underlying evidence must be submitted in incompatible formats to different authorities. The second is conflicting definitions, where different federal regimes define suppliers, facilities, risks, or acceptable evidence differently, so that evidence prepared for one regime cannot be used for another. The third is over-disclosure, where evidence collected for one purpose becomes unnecessarily public or broadly accessible, exposing commercially sensitive relationships or information whose disclosure could create risks to workers or sources. The fourth, developed above, is the indirect SME cascade. Common definitions, interoperable formats, purpose-bound access, and a shared minimum evidence model address all four at once.

5. International Interoperability

Canadian companies increasingly face overlapping supply-chain evidence expectations, not only from Canadian regimes but from customers, investors, and foreign regulatory frameworks. The consultation paper itself notes that Canadian businesses may face growing pressure to demonstrate effective due diligence as trading partners adopt comparable requirements. Canada's framework should therefore favour internationally interoperable evidence,[4] structured so that it can be reused or mapped to compatible foreign requirements where appropriate, rather than a Canada-specific reporting structure that obliges businesses to reconstruct the same underlying information for each jurisdiction. This extends the collect-once principle from a domestic coherence measure, between the import regime and a due-diligence regime, to an international competitiveness measure, reducing the compliance cost that Canadian firms bear when the same facts must be evidenced repeatedly for different markets. The objective is regulatory interoperability and competitiveness, not alignment to any particular foreign instrument.

6. An Illustrative Canadian Design Approach

To indicate that the evidence-architecture approach discussed above is being actively examined by Canadian practitioners, one Canadian-developed design approach is noted briefly. It is offered only as illustration, not as a recommendation for adoption, and it is not the subject of this submission.

TransPacific Trade Nexus (TPTN) is a Canada-first, pre-production design-stage approach to the structured, attributable, and auditable handling of trade evidence. It is at clickable-prototype maturity using synthetic data, with no production system, executed pilot, or live integration claimed or implied. Its design contemplates structured labour-standard and responsible-sourcing evidence, auditability, selective and role-scoped access, reusable trade records, human-governed use of AI-assisted functions, and cross-system interoperability. These are relevant to the coherence and proportionality questions above because they are characteristics a reusable, purpose-bound evidence architecture would need. Responsible-sourcing and labour-related evidence handling have been longstanding design requirements of this architecture, but their implementation remains design-stage and subject to build and pilot validation. Stronger identity and delegated authority, evidence portability, amendment history, and regulator-grade retrieval likewise remain design-stage and subject to build and pilot validation. To be unambiguous: TPTN does not detect or determine the presence or absence of forced labour or labour exploitation, and it does not determine whether a legal due-diligence obligation has been satisfied. Its architecture is designed to support structured handling of relevant evidence, surface documentation gaps and inconsistencies, preserve provenance and audit history, and route consequential determinations to accountable human or institutional authorities.

7. Recommendations

1. **Design due-diligence reporting around reusable structured evidence.** Structure the evidence underlying due-diligence obligations so that it is collected and maintained once and can support recurring obligations, rather than reconstructed report by report.
2. **Establish interoperability with the import prohibition at the evidence layer.** Design the due-diligence regime and the forced-labour import prohibition, including Bill C-35, to share a common, interoperable evidentiary foundation, while preserving distinct legal tests and decision authority for each and avoiding duplicative evidence silos.
3. **Pre-specify proportionality, access, and data-governance rules.** Define proportionate, risk-based evidence expectations, purpose-bound and role-scoped access, and data-governance safeguards, with particular attention to indirect burden on SMEs drawn in as suppliers and to interoperability with compatible international requirements.

This submission takes no position on civil liability or on the substantive scope of a due-diligence regime. It addresses how, if such measures are adopted, they can be implemented through a coherent, reusable, and proportionate evidence architecture rather than a second disconnected compliance regime.

Respectfully submitted,

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References and Notes

[1] Employment and Social Development Canada, Labour Program, *Public consultation on potential due diligence and civil liability measures to fight labour exploitation in supply chains* (2026). Cited for the consultation's context, proposed coverage options, interaction questions, and unintended-consequences considerations.

[2] Parliament of Canada, Bill C-35, *An Act respecting the prohibition of the importation of goods produced by forced labour*, 45th Parliament, 1st Session, introduced June 12, 2026. Referenced only as to the regime it would establish.

[3] *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (in force January 1, 2024).

[4] UN/CEFACT Buy-Ship-Pay Reference Data Model; World Customs Organization Data Model. Referenced at the data-semantics and interoperability layer relevant to internationally reusable trade evidence.

[5] UN/CEFACT United Nations Transparency Protocol (UNTP), public review. Contributor comments #672 (Identity Resolution Across the Full Trade-Actor Ecosystem), #673 (Selective Disclosure and Minimum Necessary Data by Transaction Type), and #674 (Auditability and Evidentiary Integrity Across Credential Chains).