

# Better guidance equals better reporting: Navigating the Supply Chains Act for year 2 reporting

November 22, 2024

[Updated guidance for entities](#) (Guidance) has been published with respect to the reporting obligations under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Supply Chains Act). The revisions provide significant clarification in several areas where there was previous uncertainty, including with respect to the **definition of “assets” and the type of activities that will trigger a reporting obligation**. The Guidance also includes tips for avoiding common errors observed by Public Safety Canada during the first reporting period ending May 31, 2024.

## Change in “asset” definition

Foreign parent companies without a nexus to Canada other than the ownership of shares of their Canadian subsidiaries now have clarity that Public Safety Canada will not consider them “entities” under the Supply Chains Act. Whether an organization is an “entity” under the Supply Chains Act depends on whether it has a place of business in Canada, does business in Canada, or has assets in Canada. As a much-welcomed development, the Guidance clarifies that for the purposes of determining if an organization has “assets in Canada”, “assets” refers only to tangible property and does not include intangible property like intellectual property, securities, or goodwill. Previously, Public Safety Canada had suggested that assets would be interpreted very broadly to include any property owned by an organization, including money, land, investments, and even goodwill.

## Clarifications on activities triggering report requirement

Once an organization determines it is an “entity”, its second step is determining whether it has reporting obligations based on its activities. The Supply Chains Act provides that entities (i) producing, selling, or distributing goods in Canada or elsewhere, (ii) importing goods produced outside of Canada, or (iii) controlling another entity that produces or imports goods into Canada must submit a report.

Though previously implied by the former guidance document, the Guidance now expressly indicates that Public Safety Canada will not enforce the Supply Chains Act against entities solely involved in distributing and selling (or whose good production or importation activities constitute very minor dealings). We expect this express carve-out will make it simpler for organizations to determine they do not have reporting **obligations, even if they are unsure whether they meet the definition of “entity” under the first stage.** Entities who reported in 2024 and are primarily engaged in selling or distributing goods in Canada may wish to reevaluate whether they have reporting obligations for the next reporting period.

To further assist entities determine whether they are engaged in captured activities, the Guidance also clarifies:

1. **“Goods”** refers only to tangible physical property. The term does not include real property, electricity, software services, or insurance plans;
2. an entity is **“importing goods”** when it causes the goods to be brought into Canada. Public Safety Canada does not generally consider customs brokers, express couriers, trade consultants, or third parties authorized to transact business on behalf of the importer or to account for goods in lieu of the importer **to be the “importing” entity;**
3. although there is no threshold for the minimum value of produced or imported goods that requires an entity to report, there is a **“very minor dealings”** exclusion **that entities may interpret “in accordance with generally accepted principles of de minimis and evaluated within the context of each entity’s business” to determine** whether their activities are not significant enough to require reporting; and
4. an entity may consider the [Office of the Superintendent of Financial Institutions’ guidance](#) on the concept of **“control”** to assess whether it controls an entity that produces or imports goods.

## Common mistakes to avoid

The Guidance highlights common errors that Public Safety Canada observed in the first reporting period. An entity should ensure its report:

- is **separate from the online submission questionnaire – completed questionnaire alone does not meet the Supply Chains Act requirements and cannot be used as a compliant submission;**
- is **only labelled “revised” if the entity has already submitted a report to the Minister of Public Safety in the same year and the resubmitted report contains changes;**
- includes the mandatory attestation confirming the report was approved by the appropriate governing body or bodies, as evidenced by the signature(s) of one or more members of each governing body that approved the report;
- is **signed with a wet ink or electronic signature (typing “signed” in the signature box does not constitute a signature);**
- is submitted in PDF format only; and
- does not include personal information of employees or any other person other than the name and title of the official(s) signing the report.

Further, only federal government departments, agencies, or Crown corporations and their wholly-owned subsidiaries should indicate they are reporting as a “government

institution”. Provincial and municipal governments and publicly-funded universities and hospitals are not “government institutions” under the Supply Chains Act.

## Contact us

For more information on modern slavery reporting requirements, the Guidance, or how to strategically implement adequate policies and practices, please reach out to any of the authors or key contacts below, or any lawyer from BLG’s [International Trade and Investment](#) or [International Business & Human Rights](#) groups.

By

[Benedict S. Wray](#), [Laura Levine](#), [Benjamin Fuhrmann](#)

Expertise

[Capital Markets](#), [Corporate Commercial](#), [International Business & 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](https://www.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](https://www.blg.com/en/privacy).

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.