

2026 Report on the Fight Against Forced Labour and Child Labour



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What is forced labour?¹

Labour or services provided or offered to be provided by a person under circumstances that:

- could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or
- constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

What is child labour?⁽¹⁾

Labour or services provided or offered to be provided by persons under the age of 18 years and that:

- are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
- are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them;
- interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school permanently or requiring them to attempt to combine school attendance with exclusively long and heavy work; or
- constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted in Geneva by the Office of the United Nations High Commissioner for Human Rights on June 17, 1999.

1. *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, (SC 2023, c. 9), Definitions.

Message from the President



At the Société des alcools du Québec (SAQ), fighting forced labour and child labour is not just a legal obligation, it is a moral commitment that reflects our core values.

For the past three years, we have been rigorously analyzing our supply chains and identifying where the main risks of forced labor and child labor lie. In 2025, we continued our due diligence efforts and completed a prioritization exercise that will result in a concrete action plan.

We know that the fight against forced labor and child labour requires constant vigilance and international collaboration. That is why we will continue to raise awareness among our teams, work closely with our partners and report on our progress with transparency.

Thank you to everyone who shares this vision and who, through their work, makes the SAQ a responsible and compassionate organization.

A handwritten signature in black ink, appearing to read 'J. Farcy', written in a cursive style.

Jacques Farcy
President and Chief Executive Officer

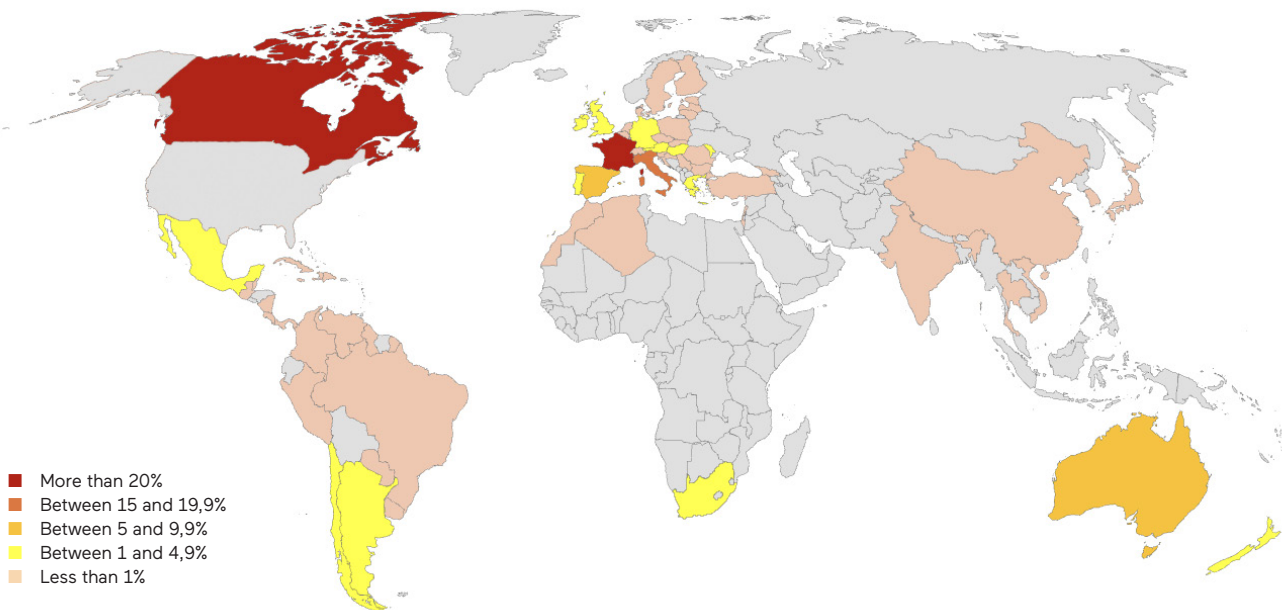
Structures, operations and supply chain

The mission of the Société des alcools du Québec (SAQ) is to sell beverage alcohol responsibly while making a broad range of quality products available in every region of Quebec. To do this, we import—from 5,900 suppliers in 77 countries—beverage alcohol products that we warehouse, distribute and sell in 401 stores, online and to our business partners.

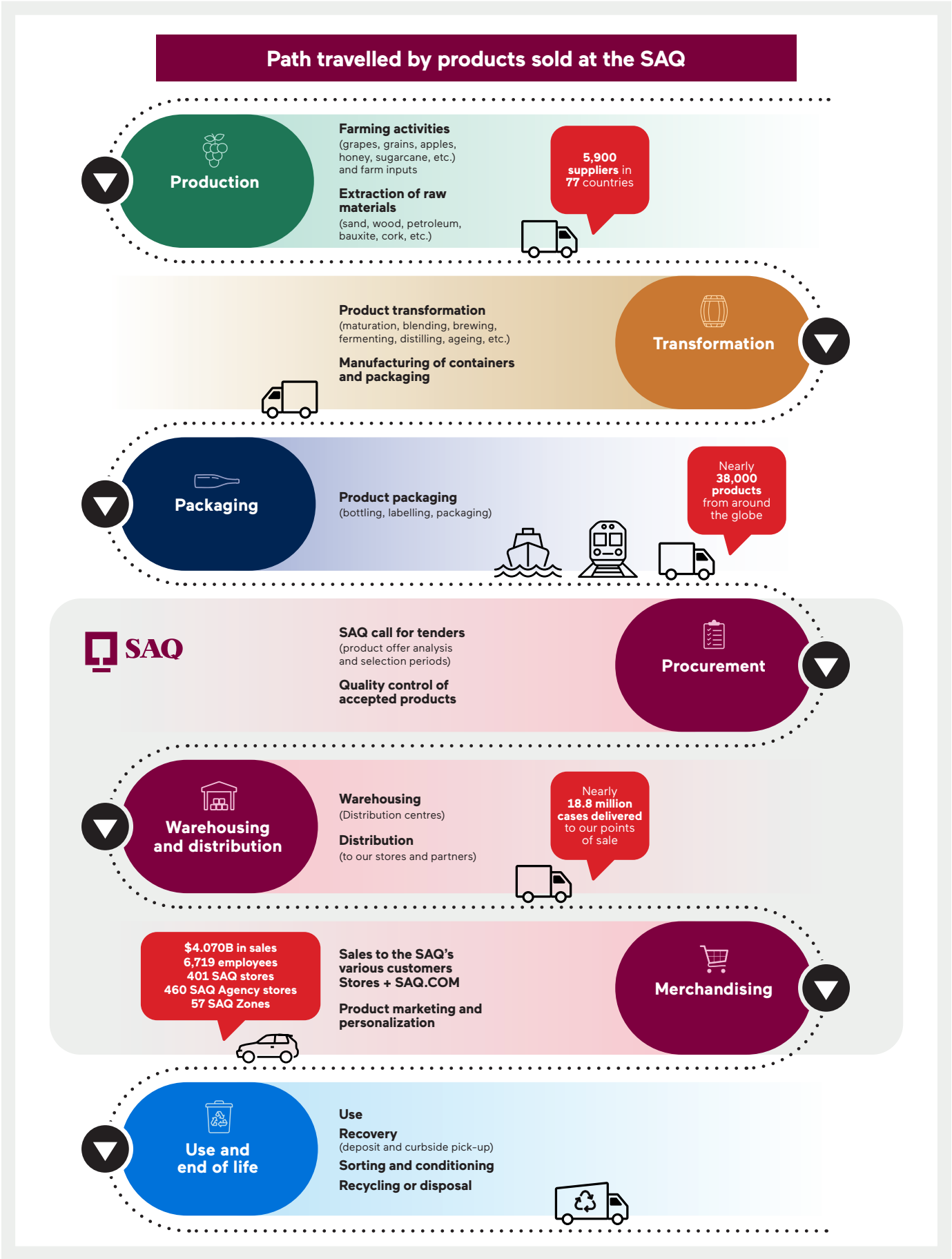
A government corporation, the SAQ has only one shareholder, the *Ministre des Finances du Québec*. The company maintains a close and trusting relationship with its partners. However, it does not necessarily deal directly with the producers of the raw materials used to make the products it sells.

For example, the grapes used to make a wine may come from more than one vineyard or even more than one country. The origins of the component ingredients of spirits and coolers, including molasses, sugar and aromatics, are much more complex. Some beverage alcohol producers may even buy ingredients on international exchanges; nor does the SAQ have business dealings with container manufacturers or their supply chains.

Origin of beverage alcohol products bought by the SAQ in fiscal 2025-2026



Note: The overrepresentation of Canada is due to the fact that some foreign suppliers have places of business in Canada



Due diligence policy and process

At the SAQ, we support fair labour practices and the well-being of people in every part of our business, from the extraction of raw materials to the shipping and sale of the end products. We act responsibly, ethically and with integrity in all our business dealings and we expect the same of our partners, wherever they are located on the planet. Compliance with international standards of human rights and labour rights, as set forth in the following documents, is a non-negotiable:

- the Universal Declaration of Human Rights;
- the United Nations Guiding Principles on Business and Human Rights;
- the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work; and
- the ILO Indicators of Forced Labour.

We also inform our stakeholders about our corporate values and expectations by sharing with them the following documents and tools:

- our [Employee Code of Ethics and Conduct](#) (in French only) and [Supplier Code of Ethics and Conduct](#), which are updated from time to time. The latter code is an integral part of the contractual documents binding any company that does business with the SAQ;
- our [Responsible Procurement Policy](#);
- our [procedure for addressing allegations of forced labour and/or child labour in the SAQ's supply chain](#); and
- our completely confidential [whistleblower hotline](#), available 24 hours a day, seven days a week, via the Internet or by telephone.

Last fiscal year, we improved our due diligence process by:

- **continuing** our assessment of the risks of forced labour and/or child labour, primarily in alcoholic beverage production activities;
- **conducting** a prioritization exercise aimed at focusing our due diligence efforts on the most likely risks;
- **monitoring** international news to identify potential cases of forced labour or child labour in our supply chain;
- **initiating** an investigation into a possible situation in which one of our suppliers may have had an indirect business relationship with a service provider accused of exploiting migrant workers; and
- **developing** and **holding** an information and awareness session for members of our Internal Ethics Committee regarding Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, issues related to working conditions in our industry and their role in applying the SAQ's due diligence process.

Risks related to forced labour and child labour

Risk mapping and analysis

As part of our 2025 Report on the Fight Against Forced Labour and Child Labour, we identified the segments of our supply chain most exposed to the risk of poor working conditions, primarily those related to forced labour and child labour. Our work over the past year has enabled us to continue gathering information on these risks and assessing our beverage alcohol production activities. We also conducted a prioritization exercise to identify the locations around the world where the risks of forced labour and/or child labour are highest. To achieve this, we created a matrix that assesses risks by combining their severity and likelihood of occurrence. This prioritization will allow us, in the coming years, to focus our due diligence efforts on suppliers located in the regions most at risk.

Difficult working conditions

The agricultural and wine sectors often offer low wages and difficult working conditions. These sectors consequently face a shortage of local and seasonal labour and are increasingly dependent on companies that provide staffing services to meet their temporary needs, which increases the risk of exploitation². Cases of human rights violations and exploitation of migrant workers in vineyards have been reported in recent years, particularly in countries where the risk is generally considered low according to various vulnerability indices. Although we have not identified any direct or indirect suppliers involved in cases of exploitation, we continuously monitor our industry, and measures are in place to address confirmed instances of forced labour and child labour.

2. Fairtrade Risk Map, riskmap.fairtrade.net/commodities/wine-grapes

MILEHAM, Arabella. "How Can the Wine Industry Tackle 'Systemic' Problems of the Labour Exploitation?", *The Drinks Business*, June 4, 2025.

BAYLEY, James. "How the Wine Industry is Addressing Labour Standards in Vineyards", *The Drinks Business*, April 9, 2025.

MAZZEO, Jacopo. "The Wine Industry's Human Rights Challenge", *SevenFiftyDaily*, March 18, 2024.

Remedial measures

Having found no confirmed cases of forced labour and/or child labour involving its suppliers, the SAQ has not implemented any remedial measures.

Remediation for lost income

Having found no confirmed cases of forced labour and/or child labour involving its suppliers, the SAQ has not implemented any compensatory measures.

Training

During the 2025–2026 fiscal year, a mandatory information session was prepared and presented to the members of our ethics committee responsible for evaluating cases of forced labour and child labour brought before it and imposing the necessary sanctions. The main objectives of this meeting were to explain the essence of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, to outline the risks in our supply chain, present the initiatives implemented by the SAQ and clarify the role of the trained teams. Five staff members took part in this meeting.

Evaluating the effectiveness of the measures

The SAQ does not currently have policies and procedures for evaluating the effectiveness of the measures it is implementing to prevent and reduce the risks of forced labour and/or child labour in its supply chain. However, it does have a monitoring committee that keeps watch on situations where human rights are not being respected. It also has an ethics committee that ensures the Handling of Claims of a Forced Labour and/or Child Labour Situation in the Supply Chain of the Société des alcools du Québec procedure is applied and that decides on the course of action to take with—and the sanctions, if any, to be imposed on—suppliers involved in a forced labour and/or child labour situation.

Report certification

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and, more specifically, with section 11 of the Act, I hereby attest that I have examined the information contained in this report on behalf of the Société des alcools du Québec.

To my knowledge and after carrying out due diligence, I hereby confirm that the information contained in this report is true, accurate and complete in all material respects for the purposes of applying the Act for the fiscal 2025–2026 reporting year.

I have the authority to bind the Société des alcools du Québec.



Jacques Farcy
President and Chief Executive Officer
Member of the Board of Directors

May 28, 2026

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