

# 2025 Report on the Fight Against Forced Labour and Child Labour



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### What is forced labour?<sup>1</sup>

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?<sup>1</sup>

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;
- constitute the worst forms of child labour as defined in article 3 or the *Worst Forms of Child Labour Convention*, 1999, adopted at Geneva 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



The wine and spirits world is one of sharing, pleasure and enthusiasm. This being the case, my hope is that all involved in it, wherever they are found in our supply chain, work in this spirit and are treated fairly and respectfully in an environment that meets international human rights and labour standards.

Last year, in pursuit of this goal, we at the Société des alcools du Québec dug deeper in our analysis of the ethical dimension of our supply chain. We refined our understanding, improved our due diligence process and began collecting information from partners in target countries. Our commitment is clear: prevent or reduce the risks of forced labour and child labour being used in our supply chain.

This report provides an overview of the actions taken by the SAQ in the fight against forced labour and child labour during the fiscal year ended March 29, 2025. Approved by the company's Board of Directors on May 22, 2025, it provides proof of our commitment to working with our partners to ensure the well-being of the individuals and communities involved in the beverage alcohol trade.

A handwritten signature in black ink, appearing to read 'J. Farcy', written over a horizontal line.

**Jacques Farcy**  
President and Chief Executive Officer

# Structures, operations and supply chain

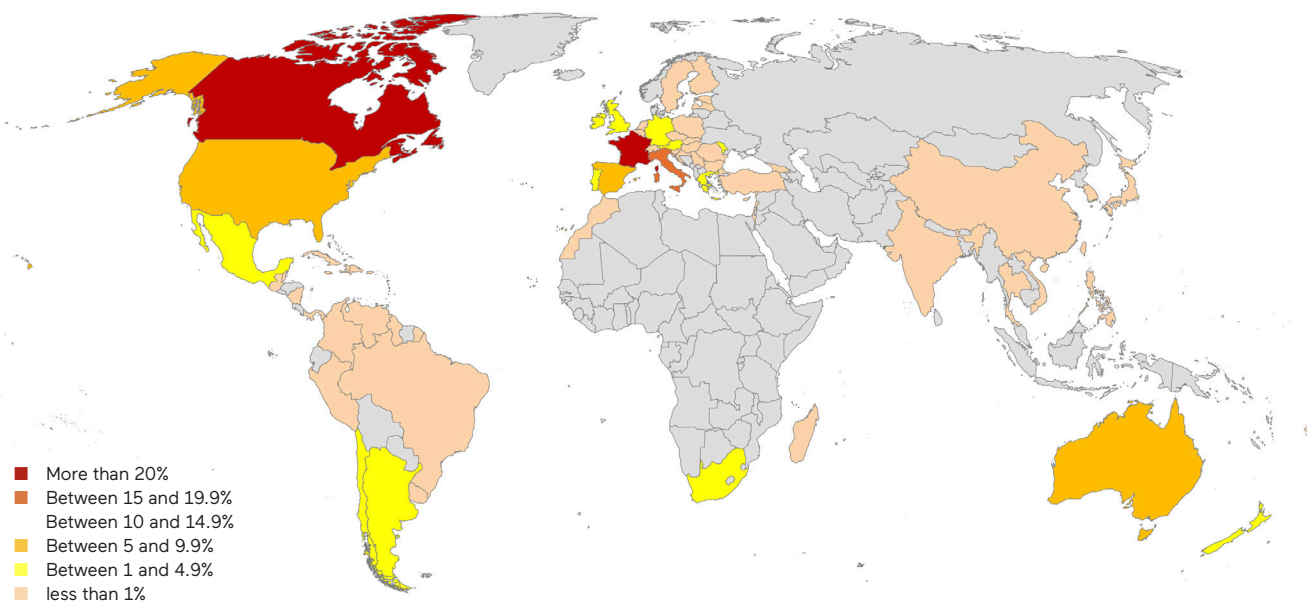
The mission of the Société des alcools du Québec (SAQ) is to sell beverage alcohol responsibly while making a broad range of quality products available in every region of Quebec. In carrying out this mission, we are respectful of communities and the environment and strive to create value for Quebecers while delivering an unmatched customer experience.

To do this, we import—from 6,026 suppliers in 77 countries—beverage alcohol products that we warehouse, distribute and sell in our 408 stores, online and to our business partners.

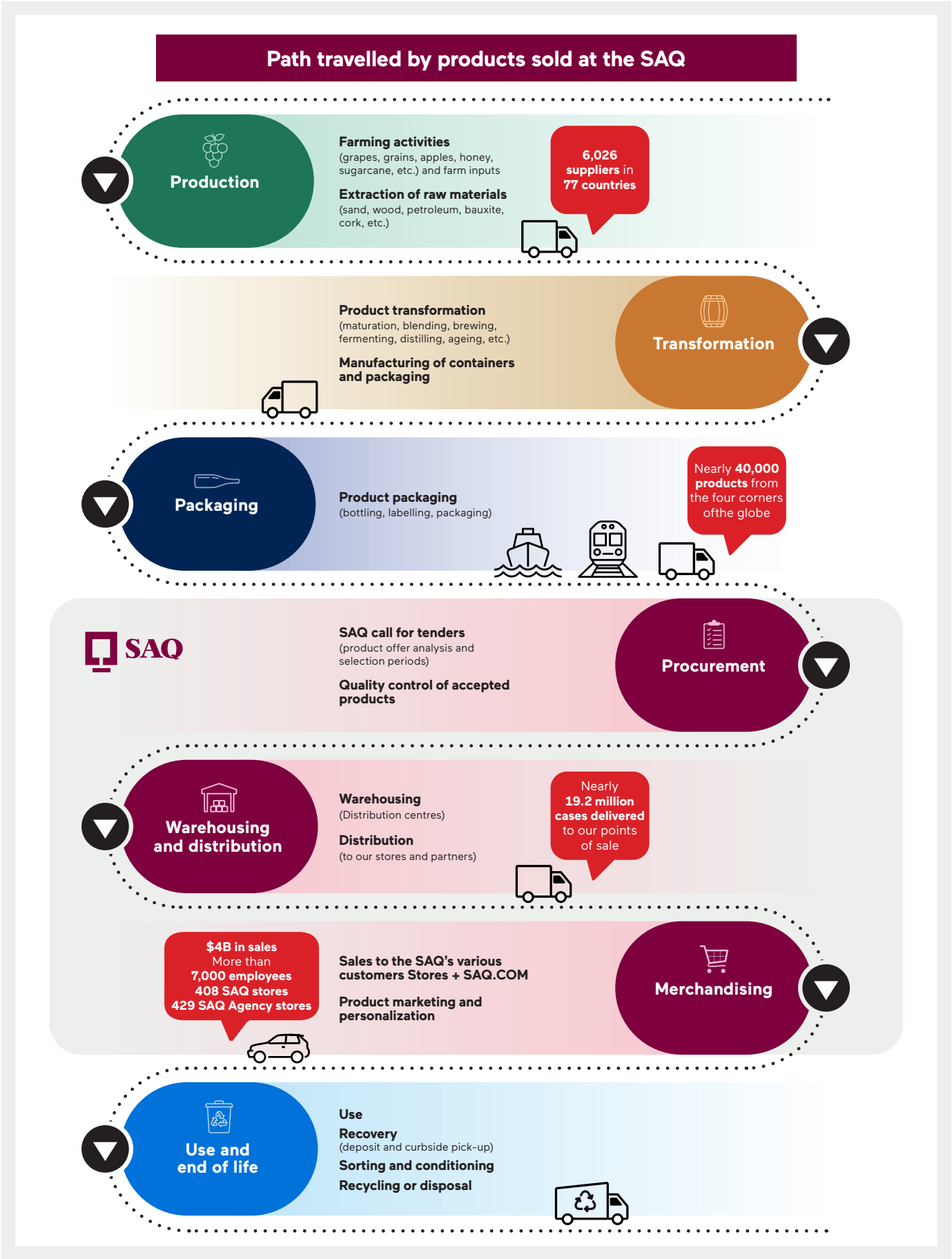
A government corporation, the SAQ has only one shareholder, the Ministre des Finances du Québec.

The SAQ 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 2024-2025



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](#); 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:

- **updating** our [Supplier Code of Ethics and Conduct](#) to further spell out our requirements around forced labour and/or child labour;
- **ensuring** that, by agreeing to the terms and conditions of doing business with the SAQ, our suppliers undertake to comply with our official policies and codes and expressly acknowledge having read them;

- **drafting** and **adopting** the Handling of Claims of a Forced Labour and/or Child Labour Situation of the Supply Chain of the Société des alcools du Québec procedure, including the imposition of sanctions to remedy confirmed cases;
- **broadening** and **enhancing** the terms of reference of the Ethics Committee, making it responsible for evaluating confirmed cases of forced labour and/or child labour and determining the appropriate actions to take to stop them;
- **mapping** our supply chain;
- **beginning** to map risks;
- **informing** our partners about our due diligence process;
- **cataloguing** and **updating** the list of credible certifications audited by a third party that specifically pertain to forced labour and/or child labour in detail and go beyond compliance with the applicable national laws and regulations;
- **beginning** to gather information from 90 suppliers of beverage alcohol products in six target countries (Chile, South Africa, Argentina, Moldova, Mexico and Jamaica) identified as being “at risk” in areas such as the respect for human rights, the political situation or the economic environment in the country. The goal of this initiative was to identify certified suppliers, confirm the existence of their human rights policies and procedures and learn more about their employee recruitment process;
- **monitoring** international news reports to identify potential cases of forced labour and/or child labour in our supply chain; and
- **collaborating** with other beverage alcohol monopolies to share information gathered and best practices.

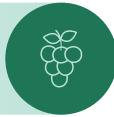


# Risks related to forced labour and child labour

Last fiscal year, the SAQ began cataloguing the risks of forced labour and/or child labour by referring to various relevant reports and articles on the activities of the international trade in beverage alcohol products. When completed, the resulting profile will allow us to embark on a deeper reflection as to the SAQ's actual risks and the mitigation measures to put in place.

Here, broadly, are the main potential risks identified:

## Production



The risks related to the various stages of the production process are found mainly in farming and raw material extraction activities.

The use of subcontracted labour, hiring of migrant workers and occurrence of forced labour and/or child labour situations may have been documented in these industries, particularly in sugar cane farming for rum production and in silica sand extraction for use in manufacturing glass containers. The SAQ has no direct dealings with suppliers at this level.

As more specifically concerns winegrowing, the hiring of migrant workers and the use of recruitment agencies are the main risks identified among direct and/or indirect suppliers, some of which the SAQ may have direct links with. Efforts to raise awareness in target countries have begun and are ongoing.

## Transformation



Though the transformation process can be demanding for workers, no risk related to exploitation or to child labour have been documented by the SAQ. The main risks in this stage relate to employee health and safety.

## Packaging



Aside from occupational health and safety issues, no risk of forced labour and/or child labour was identified in this step of our supply chain in the documentation we consulted.

## Shipping



The ocean transport industry is governed by several international regulations, most notably the Maritime Labour Convention (MLC). Nonetheless, the use of migrant workers and forced labour reportedly remains a real problem in the industry according to the International Labour Organization (ILO)<sup>2</sup>. For its ocean transport agreements, the SAQ does business with freight forwarders and so does not have direct links with the shipping lines.

## Procurement



Various vulnerability indices (geopolitical, quality of governance, presence of armed conflicts, children's education, etc.) rank countries based on their risk level or vulnerability regarding the protection and respect of human rights. The selection of products from higher-risk countries potentially increases the probability of finding forced labour and/or child labour situations in our supply chain. An awareness campaign aimed at the SAQ's buyers has been launched and should be maintained on a continuous basis.

In the course of doing business, the SAQ also acquires goods such as uniforms, office supplies and furnishings for its stores and administrative centres. Nearly none of the related agreements are covered by this report as the SAQ deals with distribution company services based in Quebec or elsewhere in Canada that are responsible for their own supply chain. The risks related to goods acquisition for our own business operations are thus not material enough to be considered herein. The SAQ nonetheless ensures that it has responsible procurement practices in place in line with the Quebec government's responsible procurement process.

2. Global Compact - Network Australia, *Modern Slavery within Maritime Shipping Supply Chains*, Decembre 2022.

## 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

Although no training was provided in fiscal 2024–2025, all members of the SAQ's human rights monitoring and coordinating committees have watched a webinar on due diligence from a human rights standpoint.

## 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 2024–2025 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 22, 2025



**Person responsible for the report**

Marie-Hélène Lagacé

**Drafting**

Geneviève Ferron

Maria Morin

**Translation**

Craig Schweickert

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