



**2024 Report pursuant to the  
*Fighting Against Forced Labour and Child Labour  
in Supply Chains Act (S.C. 2023, c. 9)***

## Introduction

This report is prepared by CANAC-MARQUIS GRENIER LTÉE (“Canac” or “we”) for the fiscal year ending December 31, 2024, and describes the measures taken to prevent and reduce the risk of forced labour and child labour throughout our supply chains. We are submitting this second report in accordance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9 (the “Act”). We also continue to demonstrate our commitment to ethical sourcing and corporate responsibility in order to continuously improve our business practices.

## Measures taken to prevent and reduce the risk of forced labour and child labour

### Our commitment

At Canac, our priority is to demonstrate integrity and commitment to our core values and principles, which also apply to our employees and suppliers. As a family-owned business working with local and international suppliers, we seek to ensure fair and ethical treatment of all workers in our global supply chains. We are also committed to addressing the challenges of supply chain compliance by placing corporate social responsibility at the center of our decisions and work procedures.

### Our actions

During the reporting period, we implemented the following measures to prevent and reduce the risk of forced labour and child labour in our commercial activities and supply chains:

- Mapping activities: analysis and optimization of our internal processes for supplier selection and data management to identify opportunities for improvement and ensure the integrity of information.
- Conducted a prioritization exercise to focus due diligence efforts on the most serious risks of forced labour and child labour.
- Development and implementation of an action plan to fight against forced labour and child labour by applying the procedures defined in our due diligence process to minimize risks.

- Strengthening of our action plan by incorporating specific contractual clauses into our agreements with suppliers.
- Deploying monitoring procedures to assess the social compliance performance of our first-tier suppliers, accompanied by the management of a checklist dedicated to the prevention of forced labour and child labour.

Details of the above measures are presented in this report.

## A) Additional information

### Structure and activities

CANAC-MARQUIS GRENIER LTÉE (Canac) is a private company governed by the Quebec Business Corporations Act, with its head office in Quebec City. During the high season, Canac has more than 5,000 employees, spread between its head office and 34 stores across the province.

As the first independent hardware and building materials store in Quebec City, Canac has 150 years of industry expertise. Through its Emploi-Québec-recognized training center, the company perpetuates the spirit of old-fashioned hardware stores by ensuring that its employees provide accurate advice tailored to customer needs.

With a diverse product line, Canac is committed to offering the best quality-price ratio to contractors, businesses, and individuals looking to renovate or decorate their space. Since its acquisition by the Groupe Laberge in 1985, Canac has continued to grow by opening new stores and modernizing existing locations to meet the evolving needs of its customers.

### Supply chains

Canac's supply chains cover a wide range of industries, including hardware, building and interior finishing materials, household products, decoration, and gardening supplies. During the period covered by this report, more than 27,000 distinct products were marketed in our stores.

In 2024, more than 80% of our total direct purchases in Canadian dollars came from suppliers based in Canada. The remaining products, representing less than 20% of our total purchases, were imported from US suppliers (approximately 10% of our imports) and manufacturers located in Europe and Asia.

All of our direct suppliers are subject to a rigorous selection and approval process, ensuring their compliance with Canac's worker health and safety requirements.

## B) Due diligence policies and processes

### Supplier Code of Conduct

Our [Supplier Code of Conduct](#) sets out the minimum standards we expect all our suppliers to meet, but it is not intended to replace international standards of intergovernmental cooperation or international and local legislation. Human rights standards are a set of rights that recognize the inherent dignity, freedom, and equality of all human beings, as set out in the United Nations International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

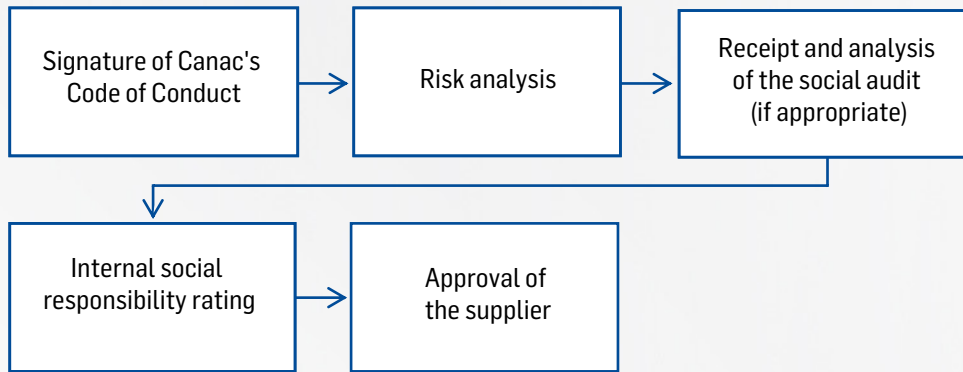
In addition to maintaining and implementing the policies already established in 2023, we continued our due diligence efforts by taking the measures mentioned below in 2024.

#### B.1) Mapping our internal processes and setting priorities

In 2024, we conducted a detailed mapping of our supplier selection and data management processes to strengthen the integrity of information about our active suppliers and imported products. This update has improved the traceability of products imported by Canac and enabled us to rigorously apply our due diligence process, taking into account the level of risk associated with their origin, in accordance with Amfori's globally recognized criteria.

#### B.2) Implementation of an action plan including contractual clauses against forced labour and child labour

During the period covered by this report, we implemented the procedures established as part of our due diligence process defined in 2023. As a result, all our suppliers have signed up to our Supplier Code of Conduct and undertake to comply with it upon acceptance of an order. In addition, we have required those located in regions identified as being at higher risk to be audited by an internationally recognized organisation, such as Sedex or BSCI. These social audits include site visits, interviews, and thorough document reviews, with a particular focus on respect for workers' rights, workplace safety, and adequate compensation.



In this regard, we have maintained close communication with each of our suppliers, who have outlined their policies and commitment to complying with Canac's fundamental rights requirements. In addition, all new business relationships with Canac begin with a commitment from the supplier to adhere to our efforts to reduce the risk of forced labour and child labour.

B.3) Implementation of procedures to monitor the social compliance performance of our first-tier suppliers and maintenance of a compliance checklist for forced labour or child labour

We have established an internal rating system for all audited suppliers, allowing us to track the overall performance of our business partners located in high-risk regions. Each year, these audits are re-evaluated to identify areas for improvement and strengthen our standards.

## Reporting policy

All Canac employees are also required to report any suspected forced labour or child labour in our supply chains. To do so, Canac provides them with several channels through which they can report any potential violations of this policy, either confidentially or not:

- Employee engagement: Canac employees can report concerns by contacting the compliance officer directly or by calling a confidential phone line.  
Email: [compliance@canac.ca](mailto:compliance@canac.ca)
- Supplier engagement: Through formal and ongoing communication, our suppliers are required to report any concerns or incidents related to forced labour or child labour directly to our purchasing or compliance team.



## C) Risks related to forced labour and child labour

Given the centralization of our core operations in Canada and the rigorous enforcement of our policies and processes to ensure compliance with Canadian laws, we believe that the risk of forced labour within our company is very low. With respect to our supply chains, we consider that our first-tier suppliers, located in Canada and the United States, also present a low risk of forced labour, as both countries have robust legislative and regulatory frameworks in place to prevent and punish such practices.

Given the complexity and global nature of our partners' supply chains, our Code of Conduct also requires their subcontractors to comply with Canac's strict requirements regarding workers' rights. A supplier's refusal to comply with this requirement would result in the termination of our business relationship.

We identify a higher risk among some of our suppliers operating in regions or sectors where the prevalence of forced labour and child labour is higher than in Canada and the United States. According to Amfori, these suppliers are located in countries with an average World Governance Index (WGI) score between 0 and 60, which may indicate less effective labour rights regulation and enforcement mechanisms. As mentioned above, we are closely monitoring these situations and implementing due diligence measures to limit the risks of forced labour and child labour in our supply chain. Specifically, all suppliers located in higher-risk regions have been subject to a social audit conducted by a third party specializing in the protection of workers' rights, and we also ensure their long-term compliance by monitoring the specific recommendations issued by these organisations.

## D) Mitigation measures

To date, we have not identified any cases of forced labour or child labour in our operations or supply chains. We have therefore not had to take any measures to remedy such incidents. However, we have established action plans to prevent harm related to forced labour and child labour:

- In case of suspicion, review the documentation provided by the supplier's management team or any other documentation related to the case in order to identify and understand the problem.
- Work in collaboration with highly qualified third-party organisations to identify the causes of the problem and implement an appropriate and case-specific remediation or termination plan.

- Analyze local laws to properly address the issue with the relevant parties, including local authorities, and inform them of the results.
- Canac will officially communicate with the factory representative to undertake the corrective action plan, which will include solutions and preventive policies.

## **E) Remediation for loss of income for vulnerable families**

To date, we have not identified any cases of forced labour or child labour in our operations or supply chains. Therefore, no specific measures have been necessary to compensate vulnerable families for any loss of income related to the elimination of such practices.

## **F) Training**

Mandatory training for employees responsible for purchasing and imports has been provided on the due diligence measures to be followed to reduce the risk of forced labour and child labour in our supply chains. This training complies with the requirements of the Canadian federal government. The main objectives were:

- Understand the organisation's legal obligations and responsibilities related to the risk of forced labour and child labour in supply chains.
- Know the due diligence measures to be applied before starting a new business relationship with a supplier.
- Learn how to identify and report potential cases of forced labour and child labour.

## **G) Effectiveness assessment**

As part of our annual review of policies and procedures related to the fight against forced labour and child labour, we conduct a thorough verification of data associated with our active suppliers to ensure its integrity.

We have also implemented an internal rating system for our suppliers based on their level of risk and the findings of their social audits. This rigorous monitoring allows us to measure their progress in social compliance and ensure that they effectively implement any necessary corrective measures.

In addition, we closely monitor the training provided to our staff on labour rights and ensure that our confidential reporting mechanism remains accessible and well known.

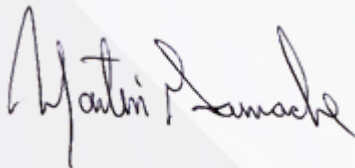
These initiatives help us assess the impact of our preventive actions and identify areas for improvement to strengthen our commitment to ethical and responsible practices.

## Approval and attestation

This report has been approved in accordance with paragraph 11 (4) (a) of the Act by Canac's board of directors.

In accordance with the requirements of the Act, and in particular section 11, I certify that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge and after exercising due diligence, I certify that the information contained in the report is true, accurate, and complete in all material respects for the purposes of the Act for the reporting period mentioned above.

I am authorized to act on behalf of CANAC-MARQUIS GRENIER LTÉE.



By:

Full name: Martin Gamache

Title: General manager

Date: 21/05/2025