

# Thriving together



**Sustainability  
Report**  
2023

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Gibraltar House, Winnipeg, Manitoba

# About this report

**WE ARE PLEASED** to share the latest progress on The North West Company Inc. (“North West” or “the Company”) Sustainability Report 2023 with our partners. Through this report, we provide accountability and transparency related to our strategies and actions to address core material Environment, Social and Governance (ESG) topics. The information included in this report is based on topics that are deemed material to the sustainability performance of North West and future plans on developing our progress on ESG and sustainability topics.

This report covers our fiscal year 2023, from February 1, 2023, to January 31, 2024. The information in this report relates to our corporate operations, which include our retail stores, distribution centres, subsidiaries and offices. Unless otherwise noted, all financial amounts in this report are presented in Canadian dollars.



# A Message from our CEO

**WE BELIEVE NORTH WEST** has a responsibility to make a positive impact in the communities we serve. This is central to our company's purpose. As we reflect on the last year, our teams demonstrated commitment to enhance our capabilities and ESG performance across our entire business. Through "Our Promise to Indigenous Peoples", we advanced our work towards Reconciliation and enhanced collaborative relationships with Indigenous Peoples in Canada. We are proud of the partnerships we have forged with Indigenous Peoples including partners, vendors and service providers, with whom we contributed \$54 million in 2023. In addition, we supported community events and causes ranging from traditional and cultural celebrations to sports teams with over \$2.9 million in monetary donations and employee volunteer time. Taking the momentum of this work, and the results obtained from our ESG materiality assessment, we developed our first Enterprise ESG Strategy

that will guide North West to achieve our aspiration to co-create an equitable and sustainable future with our partners.

At North West, we work hard to deliver on that ambition while creating business value and bringing essential products and services to underserved communities in northern Canada, Alaska, the Caribbean and the South Pacific. We have a unique opportunity to improve our business operations, while listening to the communities we serve and fostering collaboration opportunities with our partners. There is no doubt in my mind that engaging in meaningful dialogue and offering transparency are essential to achieving transformative change and building stronger partnerships.

I would like to extend my gratitude to our valued employees, customers and the communities we serve for their support and partnership on our journey towards sustainability, and allowing us to thrive together.

"We believe that listening to the communities we serve, meaningful dialogue and transparency are essential to achieving transformative change and building stronger partnerships, securing trust and ensuring the loyalty of our customers."



**Daniel G. McConnell**  
President and Chief Executive Officer



# About The North West Company

**THE NORTH WEST COMPANY** is a leading retailer to rural and developing small population communities in the following regions: northern Canada, rural Alaska, the South Pacific and the Caribbean. Our stores offer a broad range of products and services with an emphasis on food and a compelling value offer of being the best local shopping choice for everyday household and lifestyle needs. North West has a rich enterprising legacy as one of the longest continuing retail enterprises in the world. The Company traces its roots back to 1668 and many of our stores in northern Canada have been in operation for over 200 years.



STORES:

227



COMMUNITIES:

187



COLLEAGUES:

7,382

**OUR PURPOSE:**

**To help make a positive difference within each community we serve.**

**OUR VISION:**

**To bring to communities products and services that help people live better.**

**OUR MISSION:**

**To be a trusted community store.**



# Our Value Chain

**THE NORTH WEST COMPANY** offers a broad range of products and services across geographically and culturally diverse markets. The organization's leadership continuously assesses the strength of its customer value offer to ensure that specific markets, products and services are financially attractive.

North West delivers its products and services through the following retail, wholesale and complementary businesses in Canadian and International operations:

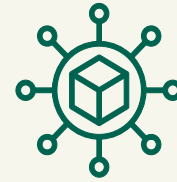
- Canadian operations include Northern stores, NorthMart stores, Quickstop convenience stores, Giant Tiger ("GT") junior discount stores, Valu Lots, Solo Market store, Pharmacy and Convenience stores, NWC Motorsports dealership, Crescent Multi Foods ("CMF"), North West Telepharmacy Solutions, Transport Nanuk Inc. and North Star Air Ltd. ("NSA").
- International operations include Alaska Commercial Company ("AC"), Quickstop convenience stores within rural Alaska, Pacific Alaska Wholesale ("PAW"), Cost.U.Less ("CUL") in the South Pacific and Caribbean and RiteWay Food Markets ("RTW") in the British Virgin Islands."



## Sourcing

We procure products and finished goods from manufacturers and distributors in our global supply chain (including Indigenous and local products). North West also manages indirect sourcing for services, technology and supplies needed to run our business operations. North West owns warehouses to centralize goods, manage inventory and logistics.

North West adapts its product sourcing to the varied community preferences and priorities of local communities.



## Distribution

North West relies on a complex and elongated outbound supply chain due to the remoteness of its stores (northern Canada, rural Alaska, the South Pacific and the Caribbean). The delivery of merchandise to a substantial portion of the Company's stores involves multiple carriers and multiple modes of transportation including trucks, trains, aircraft, ships and barges through various ports and transportation hubs.



## Retail

Based on customer needs and preferences, North West sells a broad range of products and services across geographically remote and culturally diverse markets.

North West also offers quality health and telepharmacy solutions in northern communities.



## Consumer

North West attends underserved, rural and remote developing small population communities, providing customers with products and services such as food, family apparel, housewares, appliances, outdoor products and services such as fuel, post offices, pharmacies, income tax return preparation, quick-service prepared food, prepaid card products, ATMs, cheque cashing and proprietary credit programs.

# Our approach to ESG

**ESG MATTERS CAN** significantly affect our business operations, reputation and financial outcomes. Addressing ESG in our operations, policies and strategy is foundational to ensure business success and long-term value creation. ESG goes beyond minimizing risks; it is an opportunity to innovate and create value for our business and the communities where we operate.

## Materiality & Engagement

We recognize the importance of engaging with partners on the path to improving our business operations. Listening to and learning from groups that are impacted by our activities is an essential component of our continuous improvement process and defining ESG material topics<sup>1</sup>. In the first quarter of 2023, we conducted an assessment to determine which ESG topics have the greatest impact on our business and which of those are most important to our partners. The survey included material topics from the SASB Standard “Food Retailers & Distributors”, as well as topics that are relevant for other retail companies. To perform

this materiality assessment, we launched an ESG survey with internal and external partners, including local community members, employees and non-government organizations (NGOs), measuring the level of importance and perception for each sustainability topic. The material topics represent the main ESG topics in our ESG Strategy Framework, highlighting risks and opportunities that can reasonably be expected to influence North West’s performance.



Kathy Laliberte, Ile a la Crosse, Saskatchewan

**Contributing to the United Nations Sustainable Development Goals (UN SDGs):** North West recognizes the importance of the United Nations (UN) 2030 Agenda for Sustainable Development, and the UN’s ambition to provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. Our purpose and our efforts look forward to contribute to 10 of the 17 SDGs.



<sup>1</sup>Material topics are environmental, social or governance topics on which North West has an impact, or may be impacted by.

# Our ESG Strategy

**OUR ESG STRATEGY** aims to achieving positive change through a shared-value framework that benefits **people**, our **planet** and supporting on creating strong **partnerships** for the future. Community and employee experience are at the heart of the ESG strategy, representing an opportunity to secure and enhance trust and loyalty of our partners, while also delivering business value. Through our ESG Strategy we

seek to improve the community experience by advancing positive changes in the communities we serve, supporting their journey for improved health, nutrition and overall quality of life. Also, employee experience supports to enhance a more diverse, equitable and inclusive working environment, where employees can further develop their skills and grow their careers to succeed in the organization.

Our ESG Strategy is embedded across our business operations and influences our unique business model to support underserved communities in remote geographical locations. Recognizing that we have a responsibility to promote health and nutrition in the communities we serve, supporting social equality and inclusion, and protecting the natural environment, we have identified and

selected material ESG topics for our ESG Strategy Framework. Our ESG Strategy defines a clear pathway to drive our efforts towards a more sustainable and equitable future, accelerating progress to benefit people, the planet and our business partnerships.

## North West's ESG Strategy Framework



**PEOPLE**  
 To help employees and local communities to advance towards a healthier, inclusive and equitable future

- Community Impact
- Customer Health & Nutrition
- DEI & Human Capital Development
- Health & Safety



**PLANET**  
 To protect the environment and address climate change

- Climate Action
- Food Waste
- Waste Management






**PARTNERSHIPS**  
 To maintain trust with our partners

- Responsible Business & Supply Chains
- Data Privacy & Security



The ESG strategy represents the start of our journey towards a more just, equitable and sustainable future. For North West, ESG is about increasing our positive impact for people and our planet while creating business value. As we start developing and implementing our action plans, we recognize that this is a continual learning process and that there are challenges we will need to overcome across our business operations.

 <p><b>PEOPLE</b></p>	 <p><b>PLANET</b></p>	 <p><b>PARTNERSHIPS</b></p>
<p>Help employees and community members advance towards a healthier, inclusive and equitable future, creating meaningful relationships and positive impacts in the communities we serve. We seek to promote food security, contribute to health and nutrition and accelerate diversity, equality and inclusion.</p>	<p>Protect the environment and address climate change by striving to reduce Green House Gas (“GHG”) emissions and waste across our business operations.</p>	<p>Maintain trust with our business partners by ensuring ethical and safe business practices in our supply chains and operations, including protecting personal and company information.</p>

## North West ESG vision and ambitions



**Our ESG Vision**  
 To co-create an equitable and sustainable future with our partners

Shannon Wood - Gods River, Manitoba

# Our Promise to Indigenous People

Our Promise to Indigenous Peoples is a cornerstone of our ESG Strategy. At North West, we acknowledge the company's longstanding relationship with Indigenous Peoples, our shared history and our responsibility in advancing Reconciliation.

Our Promise to Indigenous Peoples is a reaffirmed commitment to building more collaborative relationships that will enhance the inclusion and social well-being of Indigenous People of Canada. We fully commit to the spirit of reconciliation reflected in the Truth and Reconciliation Commission's Calls to Action and final report.

The Pillars of "The Promise" are the following:

- **Well-being & Security:** North West commits to working collaboratively with Indigenous Peoples to advance health and well-being in the communities we serve
- **Stronger Community Bonds:** North West commits to developing stronger community bonds by recognizing the past and committing to a better future
- **Inclusion & Economic Success:** North West commits to improving Indigenous inclusion in store and head office management while encouraging Indigenous economic development

At North West, we continuously work towards the accomplishment of these goals and embed "The Promise" in everything that we do.



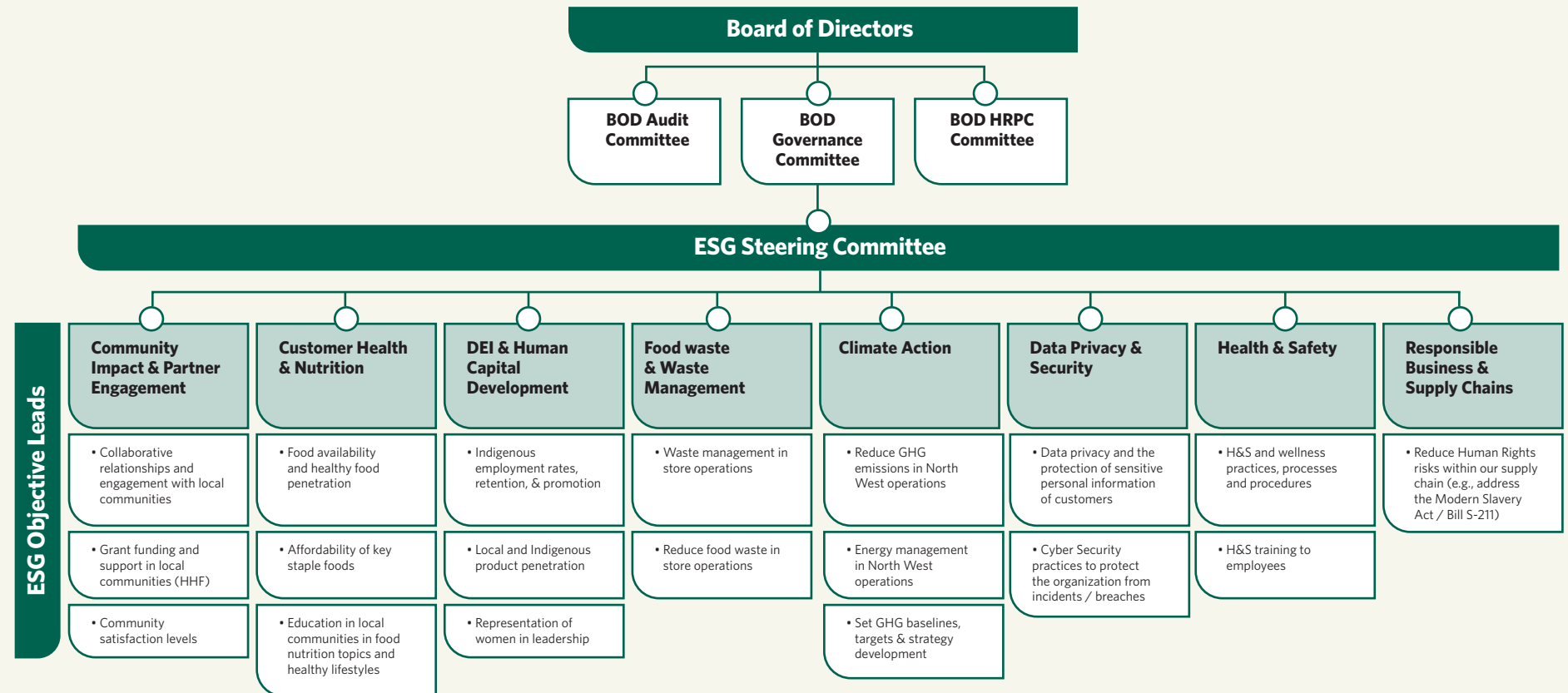
# ESG Governance

**NORTH WEST IS** committed to strong governance, including ESG oversight. We manage ESG topics in the context of our business strategy and take into consideration the interests of our many partners. Starting in 2023, North West began including ESG as part of the criteria for the Company’s short-term incentive program, linking sustainability performance to compensation, starting with the executive and senior leadership.

**The Board:** Comprised of the Board of Directors and Board subcommittees, the Board oversees and monitors North West’s ESG strategy, policies and practices. The Board sub-committees are responsible for risk and compliance, ensuring adequacy of ESG controls, ESG disclosure, alignment on policies/regulations and overseeing progress against ESG goals. In addition, the subcommittee oversees the achievement of ESG incentive plan goals in the organization.

**ESG Steering Committee:** The Steering committee is comprised of company executives and is responsible for ensuring the adoption

## North West ESG Governance Structure



of leading ESG practices and programs. It provides guidance to North West on ESG programs, as well as strategic direction on ESG activities, priorities, internal tracking and external disclosure frameworks. The committee ensures that ESG action plans are effectively



implemented, and that progress is made towards established targets and milestones.





**Objective Lead Committee:** This committee is comprised of ESG objective leads who are responsible for the development, implementation and achievement of specific

ESG KPIs and targets that align to their objective. Each objective lead is responsible for coordinating and executing action plans, tracking and reporting of KPIs, determining resources and organizing with internal North West groups as needed.

# Engaging our partners

**WE VALUE LISTENING** to and working with our partners as we move towards a more sustainable future and aim to continuously improve our collaboration and relationships. Our partners are represented by all groups and individuals impacted by our operations and corporate strategy:

PARTNERS	POINTS OF CONNECTION
 <p><b>Customers and communities</b></p>	<ul style="list-style-type: none"> <li>• Face-to-face interactions in our stores</li> <li>• Pharmacy and tele-pharmacy interactions</li> <li>• Customer service departments across various business divisions</li> <li>• Advocacy initiatives in communities</li> <li>• Community dialogue and community report events</li> <li>• Consultation meetings with Indigenous leaders</li> <li>• Indigenous children and youth programs through our Healthy Horizons Foundation (HFF)</li> <li>• Participation in conferences and community events</li> <li>• Newsletters</li> <li>• Social media</li> </ul>
 <p><b>Team members</b></p>	<ul style="list-style-type: none"> <li>• Weekly information meetings</li> <li>• Quarterly Business Conferences</li> <li>• Engagement Surveys</li> <li>• Wellness Checks</li> <li>• Training and capacity building</li> <li>• Performance assessments</li> <li>• Focus groups and pulse surveys</li> <li>• Employee Assistance Program (EAP) for counseling and mental health services</li> <li>• Employee communication channels (e.g., “Ask us” and “listen line”)</li> <li>• The North West Company intranet</li> </ul>

PARTNERS	POINTS OF CONNECTION
 <p><b>Shareholders and investor groups</b></p>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Quarterly earnings conference calls</li> <li>• Investor conferences</li> <li>• Individual investor meetings</li> </ul>
 <p><b>Vendors and suppliers</b></p>	<ul style="list-style-type: none"> <li>• Direct engagement and meetings</li> <li>• Training workshops and capacity building</li> <li>• Attendance at vendor showroom and facilities</li> <li>• Attendance at industry tradeshows</li> </ul>
 <p><b>Charities &amp; Non-governmental organizations (NGOs)</b></p>	<ul style="list-style-type: none"> <li>• Discussions and meetings</li> <li>• Programs and initiatives</li> </ul>
 <p><b>Government officials</b></p>	<ul style="list-style-type: none"> <li>• Industry initiatives</li> <li>• Letters and testimony (written or verbal)</li> <li>• Conferences and forums</li> </ul>

# Highlights of this Report

## PEOPLE



In 2023, we had **\$54 million** spent to support Indigenous partners, suppliers, vendors and service providers in Canadian operations.

We supported community events and causes ranging from traditional and cultural celebrations to sports teams with over **\$2.9 million** in monetary donations and employee volunteer time.

Healthy Horizons Foundation (HHF) provided **\$274 thousand** in funding to support programs in northern communities.

## PLANET



We **eliminated** the sale of Single Use Plastics (SUP) to comply with Canada's SUP regulation, including replacing plastic shopping bags in our stores with reusable shopping bags.

We **standardized** the processes for data collection and measurement of our direct GHG emissions (scope 1) and our indirect GHG emissions from purchased energy (scope 2).

We updated refrigeration systems in **11 stores**, improving refrigeration efficiency and optimizing food storage, all resulting in reduced food spoilage.

## PARTNERSHIPS



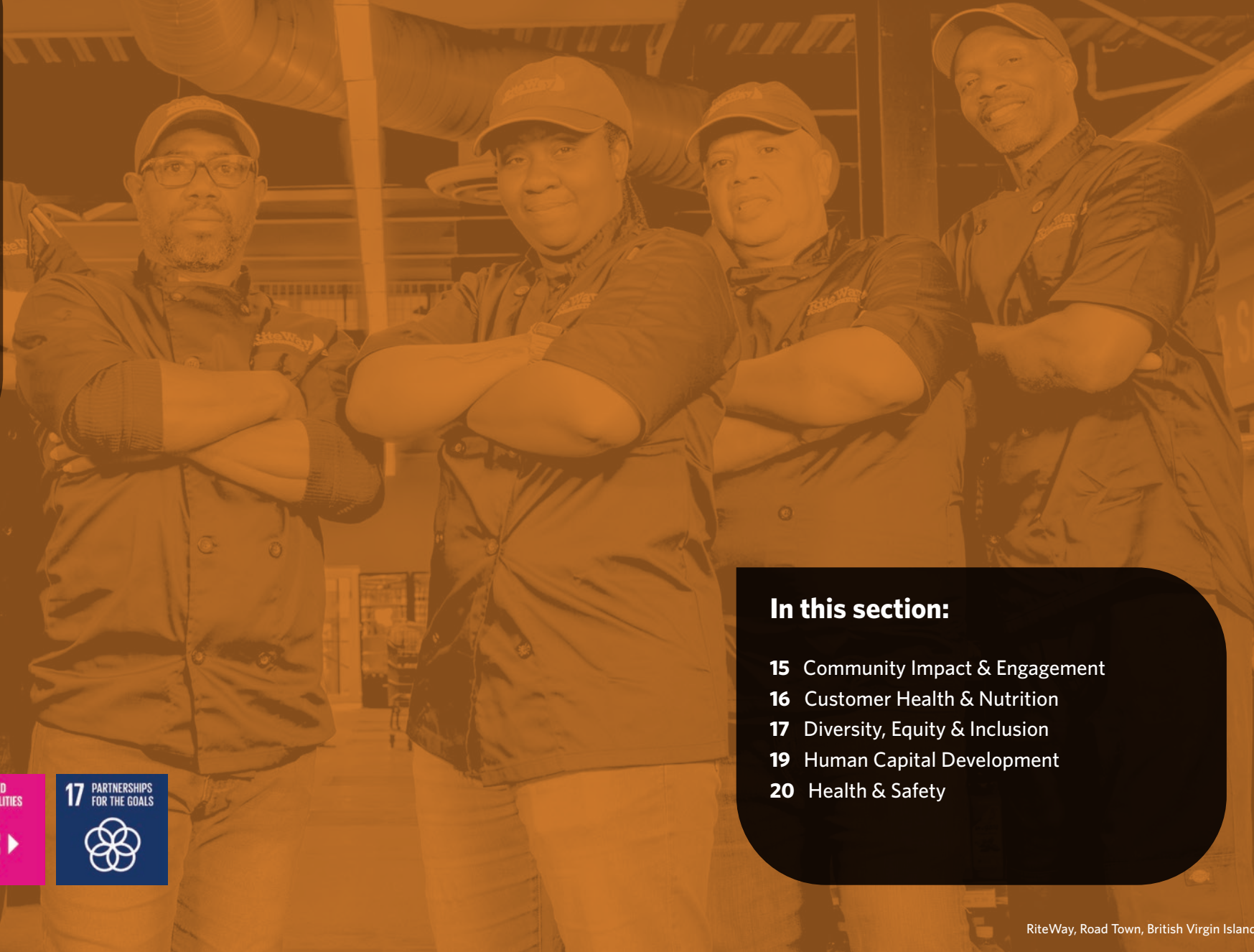
We have built a robust **Cyber Security Program** to improve the policies and processes that protect our systems and information.

We initiated work plans and strategies to address **Canada's Modern Slavery Act**, to fight against child labour and forced labour.

# People

Support our employees and local communities to advance towards a healthier, inclusive, equitable and promising future.

We want our employees, customers and communities to thrive. That is why we are helping to build a more just, safe, healthy and inclusive place for everyone.



Our work contributes to the following SDGs:



## In this section:

- 15 Community Impact & Engagement
- 16 Customer Health & Nutrition
- 17 Diversity, Equity & Inclusion
- 19 Human Capital Development
- 20 Health & Safety

# Community Impact & Engagement

**NORTH WEST'S GOAL** is to be a trusted partner in the communities we serve. As a key provider of goods and services in underserved markets, sustaining and growing our business offerings depends on our ability to improve customer satisfaction and foster meaningful relationships with Indigenous communities we are proud to serve. We believe that building strong, healthy and inclusive relationships depends on our ability to listen and support communities, understand their needs and work together to provide meaningful support and social benefits. In 2015, North West established HHF with the aim to empower youth to live healthy lifestyles in northern Indigenous communities. Since its inception, North West has invested over \$1.7 million in the Foundation. In 2023, HHF provided **\$274 thousand** in funding to support programs in northern communities. The focus of HHF is on youth programs and initiatives such as:

Our success is interdependent with that of the communities we serve

- Health and well-being – supporting a holistic approach to health (e.g., gym equipment, sports programs, healthy eating education, mental health supports).
- Culture and education – supporting Traditional Knowledge sharing and community celebration (e.g., land-based education programs for language revitalization, cultural events, powwows, sweat lodge)
- Food security, sovereignty and nutrition – supporting infrastructure, education and lifetime access to food (e.g., growing, harvesting, preparing, enjoying nutritious and fresh food).

Through “Our Promise to Indigenous People” corporate initiative, North West aims to build more collaborative relationships that will enhance the inclusion and social well-being of Indigenous communities. The Promise has



North Star Air's "Toys for the North" initiative

three strategic pillars: Well-being & Security, Stronger Community Bonds, and Inclusion & Economic Success. In 2023, we supported community events and causes ranging from traditional and cultural celebrations to sports teams with over **\$2.9 million** in monetary donations and employee volunteer time. In addition, through North Star Air (NSA), North West has supported **12** First Nation communities through the “Take Flight Aviation Program Grants” to develop skills and study the Aviation Program anywhere in Canada.

Since inception in 2014, the communities have earned over **\$9 million**.

North West is looking to increase community satisfaction levels and measure satisfaction through a Net Promoter Survey (NPS). In addition, we aim to improve our engagement processes with local communities, including bolstering our listening skills, effectively managing community feedback and improving internal procedures to better address and respond to the needs of local communities.

# Customer Health & Nutrition

**WE ARE COMMITTED** to providing reliable access to nutritious food products that meet the lifestyle needs of our customers and that are as affordable as possible. This is an important element of food security and overall health in remote communities. In addition to food and nutrition, we provide health services through pharmacy operations, telepharmacy solutions<sup>2</sup> and optical centres. In 2023, North West has implemented or continued to implement a number of programs specific to supporting customer health and nutrition:

## Policy advocacy:

In 2023, we advocated for a number of inclusive policies and programs that improve the quality of life in the communities we serve. This included the continued expansion of the [Nutrition North Canada \(NNC\)](#) program<sup>3</sup> which reduces the prices of healthy and staple foods through subsidies that are fully passed on to the consumer. NNC saw an increase of participating

We believe in the power of food to nourish families and improve health in local communities

communities and an increase of subsidy rates. These efforts along with our increased investment in our supply chain, healthy food categories and refrigeration equipment have all contributed to a meaningful increase in consumption of healthy foods.

Through our subsidiary Alaska Commercial Company (AC), we advocated for nutrition in rural Alaskan communities. In 2023, AC launched an online grocery ordering and delivery service for rural SNAP<sup>4</sup> recipients, supporting access to nutritious food through federal food aid payments. This was a significant breakthrough for Alaskan villages off the road system, offering better product value through food stamp transactions. Customers can now add SNAP debit cards as a payment option on the phone app or computer for online grocery ordering. The online platform allows residents to order grocery delivery not only in the **35** communities with an AC store, but also in



Cost.U. Less store in Hilo, Hawaii

nearby villages. Customers are able to order food online from their closest AC store using their SNAP benefits, and have the food delivered to their community via bush plane.

<sup>2</sup>North West Telepharmacy Solutions (NTS) is a pharmacist consulting service that provides pharmacist support to hospitals, family health teams, and patients across Canada.

<sup>3</sup>Nutrition North Canada (NNC) is a Government of Canada subsidy program that helps make nutritious food and some essential items more affordable and more accessible.

<sup>4</sup>Supplemental Nutrition Assistance Program (SNAP) is a US Federal government program that aims to provide food benefits to low-income families to supplement their grocery budget so they can afford the nutritious food essential to health and well-being.



**Supporting nutrition in rural communities**

North West continued supporting Ontario’s Northern Fruit and Vegetable Program (NFVP)<sup>5</sup>, which educates students on healthy eating and living a healthy lifestyle. North West has invested and provided healthy food products such as fruits and vegetables, benefiting **28** schools across **18** communities and supporting over **6,000** students for the 2023/2024 school year. Northern Store managers process the produce orders and provide a discount on items that are provided to schools and coordinate the food delivery each week.

in collaboration with food-recovery partners.

In addition to food and nutrition, we provide health services through pharmacy operations, telepharmacy solutions and optical centres.



**68**  
remote communities serviced



**20**  
retail pharmacies



**Over 100**  
full time pharmacists, regulated pharmacy technicians, pharmacy clerks, and pharmacy assistants

**Store operations**

As we aim to enhance our business operations and food product selection, North West strives to boost the availability of healthy foods and make key staple foods more affordable in our stores. We believe that promoting long-term health and nutrition will improve community health, increase customer loyalty and strengthen communities. In addition, we aim to empower communities through education about wholesome food offerings to foster a healthy tomorrow.

North West has a Food Donation Policy to provide guidance and establish a process for stores to donate nutritious food to communities



Pharmacy operations in Inuulisautinut Niuivrik store, Iqaluit, Nunavut.

<sup>5</sup> The Northern Fruit & Vegetable Program (NFVP) is a program funded by the Ontario Ministry of Health and coordinated by the Ontario Fruit and Vegetable Growers Association (OFVGA). The program is designed to guide children towards healthy eating habits during their school day, ensuring they have at least one healthy snack per week for a 6-month period.

# Diversity, Equity and Inclusion (DEI)

We aim to foster and maintain an inclusive, diverse and equitable working environment

**OUR AMBITION IS** to strengthen our actions to support an equitable, diverse and inclusive work environment that reflects the communities we serve. We recognize our responsibility to support under-represented groups and advance social equity within our business operations. In order to build inclusive workplaces and communities, we are starting by developing capacity and cultivating an inclusive mindset across the organization. With strong leadership and governance, we look forward to accomplishing our DEI objectives.

DEI governance lies with the People Team at North West, which leads and supports the implementation of DEI programs. In 2023, North West launched a DEI Survey with all employees to understand our current state on employee diversity. We also implemented a [Human Rights Policy](#), our commitment to building an inclusive workplace that values the contributions of people with disabilities, prohibits discrimination and harassment and

ensures that all individuals are treated justly and in a non-discriminatory manner. As we aim to create a more inclusive culture, develop diverse talent and advance diverse partnerships, initiatives that are currently under development are focused on increasing representation of women in leadership, Indigenous employment rates, retention and promotion, as well as local and Indigenous product penetration.

**Increase representation of women in leadership:** Our goal is to promote women’s full and effective participation in the workplace, including leadership at all levels of the organization and achieve gender equality. To achieve this goal, we aim to integrate DEI into talent hiring, development, retention and promotion programs. Specifically, we aim to design a company-wide strategy to foster retention and internal promotion (with a focus on gender inclusivity), launch an inclusive recruitment campaign, develop and launch a Gender Equality Training Program and a

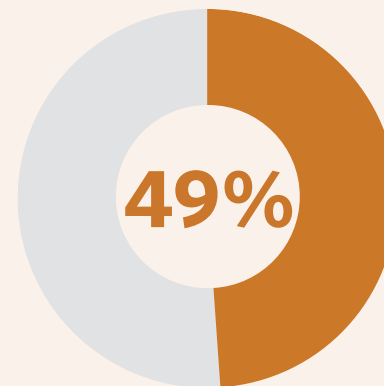


Cost.U.Less store, Hilo, Hawaii

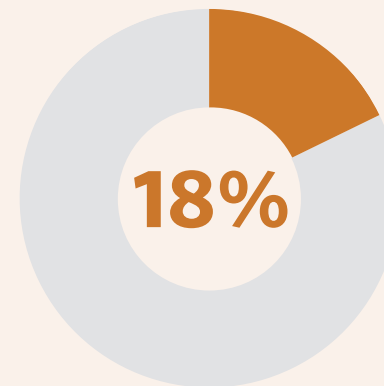
Women’s Development Program. In addition, we plan to build on the success of our previous campaigns and events such as our

“Annual Women in Leadership” panel event, that showcases accomplishment of women in leadership positions in our company.

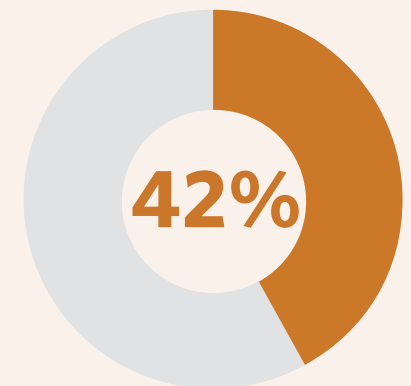
Female Representation of Global Employees



Female representation in leadership (Director+ positions<sup>6</sup>)



Female representation in Management positions



<sup>6</sup> Director +: anyone with a job family of Director or Executive

**Increase Indigenous employment rates, retention and promotion:**

As one of the largest private employers of Indigenous Peoples in Canada with over **2,300** self-reported Indigenous employees, we are deeply committed to training, employing and retaining Indigenous staff, to hiring and training locally in northern and remote communities, and to filling senior positions with local Indigenous employees. This approach is not only in line with our ESG objective to support diversity in the organization, but it also supports our commitment to addressing Reconciliation in Canada. As part of this objective, in 2023, we have engaged with Indigenous subject matter experts on this topic to help us formulate our next steps in advancing Indigenous inclusion within our workforce.

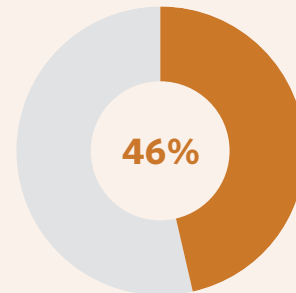
**Building Indigenous partnerships**

In 2023, we entered and continued **95** leasehold business partnerships with Indigenous communities and implemented approximately **400** projects with community contractors and businesses, creating positive impact in the communities we serve. As per our Indigenous Procurement Policy, we aim to work with as many communities as we can, either directly or indirectly through subcontractors.

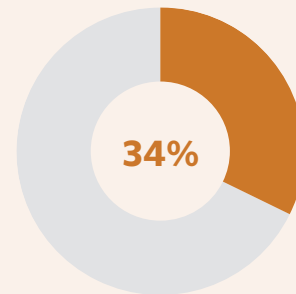
**Increase local and Indigenous product penetration:**

Our Indigenous Procurement Policy ensures that Indigenous businesses have equitable access to business development opportunities at North West. In 2023, we had **\$54 million** spent to support Indigenous partners, suppliers, vendors and service providers in Canadian operations. For example, one of our suppliers is Dreamcatcher Promotions, a **100%** Indigenous owned and operated apparel business to launch an Indigenous assortment across Northern/ NorthMart stores, and for MMIWG2S+ and Orange Shirt Day initiatives.

**BIPOC<sup>7</sup> representation of global employees**



**Indigenous<sup>8</sup> representation of global employees**



Northern store, Wasagamack, Manitoba

<sup>7</sup> Black, Indigenous and People of Colour (BIPOC): anyone other than White, Other or Undisclosed

<sup>8</sup> Indigenous: American Indian/Alaskan Native, Native Hawaiian/Pacific Island, First Nation Status, First Nation Non-Status, Inuit, Métis

# Human Capital Development

**OUR ABILITY TO** serve communities starts with the energy and skills of our employees. At North West, we invest in people so that they become engaged and committed with the organization, providing them the support, tools and resources to grow their career pathways and become good collaborators and leaders.

**Talent retention and attraction:** We offer exciting career opportunities across our business units and geographical locations: Canada, Alaska, Caribbean and South Pacific. To attract talent and develop our colleagues into high-performing leaders, we put a strong focus on training and development, employee retention, promotion strategies and recruitment campaigns.

**Learning and development:** We believe that people are our greatest asset and are committed to their continuous growth and development. In 2023, more than **14,000** individual training courses were completed

We aim to cultivate a work environment where all employees can grow and thrive

through our Learning Management System and in-person training, covering topics from health and safety, compliance and food handling to retail concepts, financial services, cultural awareness and DEI. We will continue to invest in digital and mobile learning, applying microlearning and gamification to enhance learner engagement and launch additional skilling programs to expand our reach and accessibility across all locations.

**Cultural Awareness Training:** We value our relationships with Indigenous Peoples and communities and want to ensure that our employees continue to learn about our history, lead in stores and engage in communities. In 2023, **159** Canadian retail store managers, department managers and office employees completed a two-day Indigenous Cultural Safety workshop. The program includes both virtual and in-person learning on topics including the history and realities of local Indigenous communities, cultural rules and



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behaviours, how to avoid misunderstandings and how we can strengthen relationships in the communities we serve. We have activated this program to include all current and future senior leadership roles. We are on target to achieve **100%** compliance for senior leadership positions, which includes the Board of Directors.

All of our employees must demonstrate integrity, professionalism and accountability at all times to meet the expectations of our enterprise-wide [Code of Business Conduct and Ethics](#). The code lays the foundation for how we work together, abide to regulations, ensure ethical behaviours and work in a respectful, transparent and fair way.

# Health, Safety & Wellness

**HEALTH & SAFETY (H&S)** is everyone's responsibility, that is why we make it a part of everything we do at North West. We believe that managing personal health, safety and wellness is critical to our company's success. We strive to maintain a safe work environment through consistent operating routines and by considering health and safety in all business operations.

We aim to reduce or eliminate hazards to prevent occupational incidents and injuries. To achieve this, we provide Health & Safety training to all new hires. We also have role-specific training for Transportation of Dangerous Goods, vehicle and machine operators, Leadership Safety Training, Workplace Hazardous Materials Information System (WHMIS) and first aid responders, including our fire marshals. Every North West location has a Health & Safety Committee (HSC) and Health & Safety representatives who work with our teams to ensure a safe

We aim to ensure safe shopping and working conditions for our customers and employees

environment. In addition, we strive to create a trusting environment where our teams can report safety related incidents without fear of repercussions. We also believe that mental and physical wellness is critical and have implemented a Virtual Everyday Wellness Site, where employees can gather knowledge and inspiration about fitness, nutrition, meal ideas and mental wellness. Coupled with these initiatives to improve mental health, we promote our Employee Assistance Program (EAP), which includes counseling and mental health services for employees and immediate family members.

## Health & Safety Metrics

As part of our compliance program, we monitor workplace injuries including near misses, critical injuries, lost time, health care and first aid injuries. We analyze compliance results in Health & Safety meetings, inspections and Safety Talks. In addition, we report monthly Health & Safety metrics to our Executive



Winnipeg Logistics Service Center, Winnipeg, Manitoba

team, assessing our safety performance by measuring and tracking accident frequency and lost time frequency throughout our operations. In 2023, we observed a **11%** reduction of total incidents in Canadian operations, compared to 2022. This reduction reflects our on-going efforts to ensure the safety and wellbeing of our employees.

Furthermore, our Health and Safety Policy aims to continuously improve to support and prevent harm to our employees, contractors, suppliers and local communities by providing a safe and healthy environment in all our facilities. Looking forward, North West aims to improve H&S and wellness practices, processes and procedures, as well as improving H&S training to employees. We aim to achieve a **5%** reduction of injury claims by 2024 and achieve **100%** participation in training programs

## OUR COMMITMENTS:

**Know IT**  
**Say IT**  
**Do IT**

for required employees. In addition, we are working on recognizing and reducing fatigue-related incidents in the workplace and creating a work-life balance program for high-risk environments. We are planning to develop a toolkit to combat workplace fatigue and launch a Wellness Awareness Campaign across all our brands. We also expect to develop and implement a First Aid Training Program for employees, implement a role-specific training program for vehicle and machine operators and implement a Safety Management program for selected management employees.

# Planet

## Help to protect the environment and address climate change

We recognize the impact our actions and business operations have on the planet. Our focus is to enable positive change so that future generations may thrive in a healthy and sustainable environment.

Our work contributes to the following SDGs:



### In this section:

- 24 Climate Action
- 27 Food Waste
- 28 Waste Management

# Climate Action

**CLIMATE CHANGE HAS** a devastating impact on the planet and presents one of the greatest challenges of our time.

North West believes addressing climate change requires action from industry, government and consumers to reduce the impact our collective use of carbon is having on the planet. All partners must work together to balance the growing need for energy with the need to lower our environmental impact. We recognize our accountability to take action on climate change by reducing our GHG emissions and building a sustainable future.

We aspire to reduce GHG emissions by focusing our efforts on areas of our business where we have direct control and select categories where we have indirect control. We also recognize that North West’s operations provide essential services to remote communities and that our investments in sustainable business practices must be balanced against the significant cost of investing in new, more energy efficient alternatives in remote markets.

We aim to address climate change and do our part to reduce GHG emissions in our business

North West supports the adoption of the IFRS Sustainability Disclosure Standards: General Requirements for Disclosure of Sustainability-related Information (IFRS S1) and Climate-related Disclosures (IFRS S2) in the coming years.

### Energy and GHG emissions

We have completed a GHG emissions inventory and inventory management plan for scope 1 and 2 emissions in line with the World Resources Institute and World Business Council for Sustainable Development’s GHG Protocol: A Corporate Accounting and Reporting Standard. Given the breadth of North West’s operations, which include retail operations in seven countries, aviation and shipping interests and a significant real estate portfolio, this was a tremendous accomplishment.



St. Thomas, U.S. Virgin Islands

## Sources of GHG Emissions

### Scope 1 (Direct)

Heating Fuel

35%

Aviation Fuel

34%

Other

8%

### Scope 2 (Indirect)

Facility Electricity Consumption

23%

Working with an independent third party, we standardized the processes for data collection and measurement of our direct GHG emissions (scope 1) and our indirect GHG emissions from purchased energy (scope 2). This work will enable North West to track and report on these emissions on an annual basis. We are continuing to work towards transparent and reliable climate reporting, including the establishment of a control environment that should enable us to report for Scope 1 and 2 carbon baseline in 2025 and enable us to measure the results of our reduction efforts.

This assessment confirmed our most significant sources of emissions were Scope 1, accounting for approximately **77%** of our direct carbon consumption. For North West, Scope 1 emissions include the fuel used to power aircraft operated by North Star Air and fuel to heat our facilities.

Scope 2 emissions accounted for approximately **23%** and include our consumption of electricity, although it is important to note that approximately 33% of our stores are located in regions where electricity is sourced from hydro power which generate little to no GHG emissions.

### Risk Mitigation

We aim to reduce our GHG emissions by continuing to implement energy-efficiency measures within our operations. North

West is developing a decarbonization plan that encompasses our significant sources of emissions, including:

- Following municipal building codes to ensure facilities are built and maintained to withstand environmental factors
- Optimizing energy consumption by incorporating energy saving specifications into stores, aircraft, warehouses and distribution centres
- Beginning the transition to natural refrigerant technologies in our operations and converting our systems to use lower impact refrigerants in our legacy systems
- Investing in renewable energy sources
- Provide ongoing environmental management and training

As a remote market retailer operating in a high-cost environment, North West is incentivized to optimize operations and be as efficient and cost-effective as possible. This includes reducing our GHG emissions by continuing to implement energy-efficiency measures within our operations as well as improving the efficiency of our logistics operations.

We are also constantly evaluating risks that could have a potentially material impact on



Sitka, Alaska

our business, supply chain and our operations. Our Enterprise Risk Management process includes the identification and mitigation of risks associated to climate change.



# Food Waste

**WHEN FOOD IS WASTED**, the resources used to produce it are also wasted. Food that is produced but not eaten ends up in landfills and creates methane, a powerful greenhouse gas<sup>10</sup>. In Canada, an estimated 35.5 million tonnes of food produced is lost or wasted each year with an economic impact greater than \$49 billion<sup>11</sup>. Globally, one third of all food produce goes to waste each year<sup>12</sup>, causing around 8% of global GHG emissions<sup>13</sup>. Food waste is an environmental, social and economic problem.

For North West and our partners, food waste is an important topic to address. We have implemented a Food Donation Policy in stores to provide guidance for stores to donate nutritious food to communities in collaboration with food-recovery partners. As food waste also occurs at the consumption level, North West has designed and placed communication material in stores to educate customers about food labels, explaining the difference between “best before” and “expiry date” labels.

In 2023, we also improved food storage and

We aim to reduce food waste across our value chain

the utilization of shipping materials to reduce the spoilage of food during transport. We invested in purchasing insulated pallet wrap to keep chilled product from freezing in the winter and avoid frozen product from thawing in the summer. We also invested in high-volume fans in our warehouses to improve temperature and humidity management and maintain optimal conditions to preserve products during the warm months of the year. In addition, we updated refrigeration systems in 11 stores, improving refrigeration efficiency and optimizing food storage, all resulting in reduced spoilage.

By next year, we aim to implement a series of improvements across our business operations, including supply chain optimization and a reduction of loss & shrink, which will create a significant positive impact to reduce food waste along our supply chains.



Cost U.Less., Grand Cayman

Looking forward, we aim to explore a variety of additional solutions that will support the reduction of food waste across our operations:

- Improved procurement practices to order and place the right amount of food in stores
- Enhanced cold chain management to avoid the spoilage of food products
- Implementation data tracking systems to analyze the product lifecycle
- Employee training to improve food manipulation and refrigeration practices in stores
- Improved inventory systems and monitoring technologies
- Increased collaboration and partnerships with local food recovery organizations, food banks and initiatives that use biowaste to create new value-added products or energy.

<sup>10</sup> Food loss and waste - Canada.ca

<sup>11</sup> The Avoidable Crisis of Food Waste (secondharvest.ca)

<sup>12</sup> Why the global fight to tackle food waste has only just begun (unep.org)

<sup>13</sup> Fight climate change by preventing food waste | Stories | WWF (worldwildlife.org)

# Waste Management

**WE ARE WORKING** to improve our waste management practices and support an efficient use of resources, reducing operational waste, costs and associated environmental impacts.

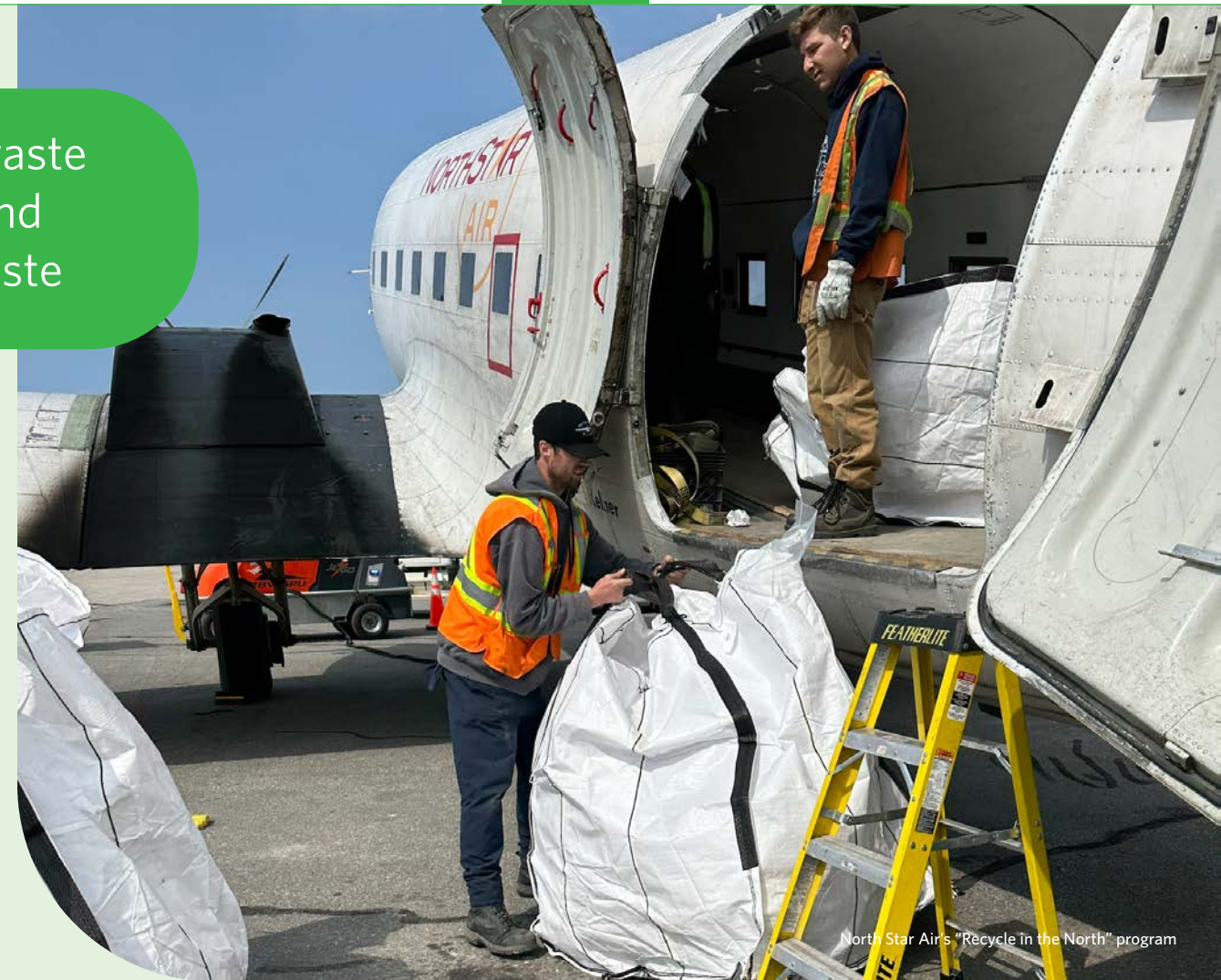
In 2023, we continued environmental management training for our employees and in our operating communities, covering topics such as spill management, fuel handling and water quality sampling. We eliminated the sale of Single Use Plastics (SUP) to comply with Canada's SUP regulation, including replacing plastic shopping bags in our stores with reusable shopping bags.

We also continued our efforts to support communities to recycle waste. Through North Star Air (NSA), we have been supporting a recycling program that started in March 2022 in Fort Albany in Northern Ontario. The program "Recycle in the North" is based on using free space on the return aircraft that delivers retail and grocery items to communities and to transport plastics back to a larger community for recycling. NSA carries plastics twice a week and provides easy access

We seek to improve our waste management capacities and reduce our operational waste

for off-loading, storage and pickup from a recycle bin in its hangar. The success of the program led to even more items being recycled, including cans, glass and paper. To date, NSA has transported hundreds of pounds of these recyclable items that would have otherwise ended up in remote landfill sites. NSA has received the go-ahead to implement their recycling program in its partner communities and has held numerous conversations with community Chiefs and executives to continue to implement this initiative. A "Recycle in the North" presentation to Matawa First Nation Chiefs is being planned for Spring 2024.

In addition, through our environmental program "Greener Tomorrow", we reinvested in communities to support local clean-ups and community recycling programs in 2023. Looking forward, we plan to improve our waste management and recycling programs and practices, setting indicators to measure our total waste generation and waste



North Star Air's "Recycle in the North" program

diversion rates from landfill. We will improve our internal policies and procedures and improve waste management training for our employees. Adopting a waste management hierarchy across all business operations and collaborating with waste management

organizations will be a fundamental step on our journey towards reducing waste and impacts on the environment.

# Partnerships

To maintain trust with our partners and the communities we serve

We strive to ensure that North West operates responsibly in a global supply chain, ensuring alignment to regulations and securing trust among communities, employees and partners

Our work contributes to the following SDGs:



## In this section:

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- 35 Data Privacy
- 36 Cyber Security

# Responsible Business & Supply Chains

**AT NORTH WEST**, we are committed to our accountability and responsibility for managing potential social risks within our supply chains. Through our Supplier Code of Conduct and Ethics and our Human Rights Policy, we will look for continuous improvement in our business relationships and ensure that our operations are compliant with human rights regulations. We are working towards enhancing our capabilities to improve our internal processes, policies, employee training and due diligence to comply with human rights practices and regulations.

Through our [Human Rights Policy](#), North West is committed to avoid and reduce human rights risks in our supply chains. We do not use, or condone the use of, any child labour in our operations and will not conduct business with any business or supply chain partner that uses or condones the use of child labour. In addition, North West has zero tolerance for any form of modern slavery, forced labour and human

We aim to reduce Human Rights risks within our supply chains

trafficking and will ensure our operations and those of our business and supply chain partners are free from these practices. Through our [Supplier Code of Business Conduct and Ethics](#), North West expects that our suppliers demonstrate integrity, professionalism and accountability at all times. All suppliers are required to comply with both the Code of Conduct and Ethics.

Additionally, we aim to address and comply with all legislation pertinent to supply chains and human rights issues, including Canada's Modern Slavery Act (formerly known as Bill S-211), "An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act". We are currently working with industry experts to assess our processes and develop a continuous improvement roadmap that will support coordinated actions to prevent child labour and forced labour in our supply chains.



# Data Privacy

**IN OUR BUSINESS**, in particular in our pharmacy operations, we hold and manage personal information of our employees and customers. We understand that we have a responsibility to manage information in a safe manner and that our customers and employees trust us to protect their private and confidential data.

Guided by our [Privacy Policy](#), we ensure that our employees adopt best practices to protect the information used in our operations, such as the name, address and date of birth of an individual. The Privacy Policy is a statement of principles and guidelines regarding the minimum requirements for the protection of personal information by all North West operations. The practices that we have adopted reflect requirements set out in provincial and federal legislation in Canada. This includes the Personal Information Protection and Electronic Documents Act (PIPEDA), which applies to the collection, use and disclosure of personal information in the course of commercial activities, including pharmacy services and retail stores.

We aim to maintain employee and customer's trust and confidence on how North West manages and protects personal information

Looking ahead, we aim to enhance our processes and capabilities to ensure data privacy. We will improve our Privacy Policy based on research activities on private and public sector legislation in Canada, the US, Caribbean and South Pacific. The policy will ensure it accurately reflects our data practices on what privacy rights are available to individuals and how we collect, use and share data. In addition, we aim to implement Privacy Awareness Training across the organization, with a special focus on employees who handle personal and sensitive information. In addition, we aim to conduct an annual review of our Privacy Policy and ensure a proper application of monitoring processes and metrics.



# Cyber Security

**IN THE PAST YEAR,** North West has built a robust Cyber Security Program to improve the policies and processes that protect our systems and information. The program supports the integration of cyber security practices according to the information we collect and use (including technical, administrative and operational procedures), to prevent loss, misuse or alteration. In addition, the Cyber Security Program establishes contingency procedures for employees to act appropriately and in a timely manner in the event that an incident occurs. Through our Cyber Security Program and its associated initiatives, we look to protect our systems and information.

- **Cyber Security Policy:** Provides a foundation of actions to protect the organization against cyber threats, protecting the Company's systems and ensures compliance to applicable regulations.
- **Annual Security Awareness Training:** Provides education about best practices and behaviours to improve the security of our systems and information. The training aims to minimize risk and create a "safety culture" among all employees.

We strive to safeguard  
The North West Company  
systems and information

- **Quarterly Phishing Simulation Tests:** Sensitizes employees and arms them with the skills to recognize and report phishing emails.
- **Incident Response Plan:** Increases organizational preparedness and resilience towards the management of incidents and actions for recovery.
- **Network security:** Multiple layers of defense protect the confidentiality, integrity and availability of the information processed, stored or shared by employees in their work environments.
- **Password protection:** Equips employees with practices and behaviours that ensure a higher safety level of account authentication, improving security and minimizing the risk of unauthorized access. One example of this is the use of two-factor authentication in our corporate office for sign-in verification.



# Looking forward

**AS WE CONTINUE** developing our ESG strategy, we are in process of improving our action plans to address the material topics that we have identified as critical for the organization and our partners. Elements such as data management, efficient governance structures, alignment to standards and internal capacity building are foundational to advance our ESG aspirations. Additional activities we will be undertaking to advance our sustainability journey:

- Align ESG reporting with standards and frameworks
- Improve data collection processes and centralize ESG information across the organization
- Create an ESG culture across the organization
- Develop internal policies to support ESG ambitions
- Anticipate changes in the regulatory landscape and ESG risk management
- Assurance and coordination of audits (for ESG standard compliance)
- Engage with third-party experts to support technical ESG objectives (e.g. GHG emissions, waste management)
- Scale ESG strategy across the organization, covering international banners (AC, CUL and RTW)
- Ensure a continuous improvement process for the development of the ESG Strategy

We recognize that making progress in our ESG commitments is a continuous improvement and learning process that requires integration and collective action across the organization.



# Forward-Looking Statements

This Sustainability Report contains forward-looking statements about North West, including its business operations, strategy and expected sustainability performance and condition pursuant to North West's Environmental, Social and Governance ("ESG") objectives and ambitions. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions. Although North West believes that the expectations reflected in such forward-looking information are reasonable, assessing forward-looking ESG metrics and risks, and climate metrics and risks in particular, is more complex and longer-term in nature than

traditional business metrics and risks. North West's ability to achieve its ESG objectives and ambitions is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond North West's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information and may require North West to adjust its ESG initiatives, activities or plans to reflect a changing landscape. Such risks and uncertainties include, but are not limited to, the accessibility and suitability of comprehensive and high-quality data; the need for active and continued participation of North West's stakeholders; the development of consistent, robust and comparable ESG metrics and methodologies, in particular in respect of climate change; the development of provincial,

national and international laws, policies and regulations in respect of ESG matters; and the factors discussed in North West's current Annual Information Form and most recent Management, Discussion & Analysis. Many forward-looking methodologies are new and evolving, and there is limited guidance from methodology providers on the calculation or comparability of these measures. North West regularly monitors the development of provincial, national and international ESG reporting regulations, standards and frameworks for their relevance and usability, as well as stakeholder expectations regarding these standards. North West expects its ESG disclosures to continue to evolve as reporting regulations, standards and frameworks mature. Forward-looking statements are not guarantees of future performance, and actual

events and results could differ materially from those expressed or implied by forward-looking statements made by North West due to changes in economic, political and market factors in North America and internationally. The forward-looking statements in this Sustainability Report are presented for the purpose of assisting investors and other stakeholders in understanding North West's ESG priorities, strategies and objectives, and may not be appropriate for other purposes. North West does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. All forward-looking statements contained in this Sustainability Report are made as of the date hereof and are qualified by these cautionary statements.





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