

The North West Company

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2020 SUSTAINABILITY REPORT

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A Letter from our CEO

As a provider of products and services ranging from food to health care, The North West Company fills an essential role in many remote communities – particularly during a crisis. It is a role that we are honoured to embrace, and to which we remain steadfastly committed.



During 2020, that role was tested as never before, with new opportunities and risks emerging for our company's sustainability efforts as unprecedented conditions unfolded.

In response to the urgency of COVID-19, we stepped up our efforts in food security, working with large and small organizations to deliver programs and ramping up donations in response to the pandemic. Overall, we added \$5.5 million in donations to

relief efforts and continue to look for ways to build **stronger communities**.

COVID-19 also radically altered the nature of in-community and at-home activities, lifting local demand for durable goods and other discretionary general merchandise along the way. Our dedicated associates and supplier partners worked tirelessly to meet this demand, adapting quickly to new work conditions, especially on the front lines. Innovative solutions to safety and product supply challenges were needed, and we continued to deliver **better quality of life for our customers**.

Beyond our COVID-19 responses, events in 2020 in Canada and the United States caused us to deeply reflect on the issue of racism, both within our company and within our society. We were starkly – even shockingly – reminded that for Indigenous peoples and other people of color, racism is a pervasive, painful and dangerous reality. More than ever, the events of 2020 show us that the

time to act is now. We have redoubled our efforts to deeply listen to our over 6,900 diverse associates – always with care, an open mind, and a drive to **empower our employees**.

That duty of care extends to our public and internal response to the Canadian Truth and Reconciliation Commission as well, and to the harms caused by Indigenous Residential Schools in Canada and the Canadian Final Report into Missing and Murdered Indigenous Women and Girls. Acknowledging and moving on from these atrocities remains a priority for our company.

Lastly, we continued to look for ways to address the environmental challenges we face as a company that operates in remote regions and developing communities, understanding that one-size fits all solutions are neither practical nor realistic for our business realities.

We continue to evaluate solutions that will bring meaningful changes that reflect our abiding **respect for the environment**, including the expansion of our solar panel partnership in Northern Canada.

The many challenges we faced this year – and the many more still to come – remind us of the importance of teamwork and vision in solving problems. These powerful principles have driven the development of our sustainability efforts and reporting since day one, ushering us from modest beginnings to a cohesive, robust, and value-adding program that, as we saw in 2020, can enhance lives. As we look to 2021, we are more motivated than ever to build on the essential role we play in helping people live better – every day, and everywhere we do business.

A handwritten signature in dark ink, reading "Edward S. Kennedy". The signature is fluid and cursive.

Edward S. Kennedy
President & CEO

Goals of the 2020 Sustainability Report



Our 2020 Sustainability Report represents our ongoing effort to provide a transparent account of our corporate responsibility strategies, activities, tactics, and performance. In a year filled with challenges and obstacles, we will also highlight the extraordinary efforts we have undertaken by our teams to offer our customers a safe in-store shopping experience. As an essential service provider, The North West Company and its front-line associates have taken seriously the duty to ensure goods and services remain accessible to underserved communities in a safe manner.

The Sustainability Report has three key goals:

- *To track progress on issues related to our four Sustainability Pillars;*
- *To provide further insight to the unique conditions faced by the small, remote, and emerging economies we serve, and to show how these conditions affect our approach to sustainability. This includes insights into our heightened role as an essential services provider in remote communities during the pandemic; and*
- *To reveal the management structures, policies, and practices that shape our current approach to sustainability and will inform our sustainability and reporting efforts in the years to come.*

Structured into sections for each of our four Sustainability Pillars, the Report defines Commitments and Goals for each of these performance areas, along with Action Steps taken by our company in 2020 to advance these priorities.



2020 SUSTAINABILITY REPORT

PILLAR 1:

Stronger Communities



St. Thomas, U.S. Virgin Islands

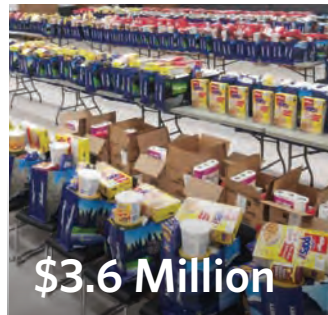
Each day of the pandemic brings uncertainties that impact our customers, employees, and communities, and affect the way we conduct our business. As the key provider of everyday needs in many of the rural and remote markets that we are proud to serve, we are an essential service and a trusted community partner.

As part of our commitment to helping people live better lives throughout Canada, Alaska, the Caribbean and South Pacific, we recognize that our philanthropic giving has substantial impact on quality of life in the communities we serve. The North West Company continues to prioritize community support, advocacy, and activities that promote long-term community well-being, especially through the challenges of current conditions.

In Canada, our store operations reach more than 122 Indigenous communities, and we are committed to working with all of them to build solid relationships that focus on the recognition of rights, mutual respect and cooperation. The Calls to Action established by the Canadian Truth and Reconciliation Commission guide us on a journey of reconciliation with Indigenous Peoples as part of our path to sustainability.

2020 AT A GLANCE

\$3.6M donated to support residents in over 120 communities in Northern Canada to alleviate food insecurity during the global pandemic, with our partners, the Spratt Foundation and Second Harvest.



10,000+ meals provided in partnership with the Northwest Arctic Borough School District, including healthy breakfasts, lunches and snacks to 400 children in villages near Kotzebue, AK.



3,500+ people served by our new, Northern store location in Pelican Narrows, SK. With the support of the Chief and Council of the Peter Ballantyne Cree Nation, this facility improves the community's access to fresh food, financial services and everyday needs items.



\$1.5M granted to the Healthy Horizons Foundation in the wake of COVID-19 to promote nutrition, education, and active-living programs for youth in communities served by Northern and NorthMart locations.

COMMITMENTS, GOALS, PERFORMANCE, AND NEXT STEPS:

Commitment: Provide significant social and socio-economic benefit by soliciting opinions from and seeking opportunities to collaborate with community leaders, groups and individuals.

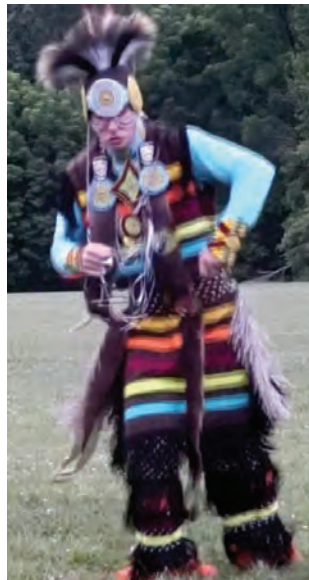
GOALS	ACTION STEPS TAKEN IN 2020
<p>Relieve food insecurity pressures by participating in regional Food Security Work Groups, by advocating for a stronger charitable meal system, and by extending the reach of hunger relief and nutrition programs.</p>	<ul style="list-style-type: none"> • Enabled a \$3.6M pandemic relief donation to over 120 communities in Northern Canada to promote food security. • Jointly advocated with 41 Indigenous leaders in Alaska and worked with Senator Lisa Murkowski’s office to ensure eligibility under the USDA Farmers to Families Food Box program, which leveraging our store network, delivered over 123,000 boxes or 2.9 million pounds of food to families across rural Alaska.
<p>Build strong relationships with communities that are based on the recognition of rights, respect, cooperation and partnership.</p>	<ul style="list-style-type: none"> • Engaged in ongoing consultation with political leadership at the national, regional and community level on a daily basis as the events surrounding COVID-19 unfolded. • Produced monthly update letters to each community leader including Chiefs and their Councils, Mayors and Pandemic Committees and other stakeholders. These update letters discussed the current state of our stores’ operations, including safety protocols, pricing, staffing, product supply and strategies for circumstances impacting the community.
<p>Work with communities and entities to develop transformative business and partnership opportunities, and build mutually beneficial partnerships within communities that support economic self-reliance.</p>	<ul style="list-style-type: none"> • Entered into or continued 85 leasehold business partnerships with Indigenous communities; compounding economic benefit to remote economies. • Collaborated with the Native Village of Kotzebue, AK to supply large shipments of cleaning and sanitation supplies as the Pandemic unfolded. • Worked with schools in Kotzebue, AK and four nearby communities to supply food for daily breakfast/lunch bags in July 2020 which fed 1,300 students.

Develop store managers who are informed about the history, cultures, and realities of the communities they serve.

- Achieved 66% participation of new Northern and NorthMart store management trainees in an Indigenous Cultural Awareness program through our Training Centre.

Support important community events and causes, particularly those that align with North West's Commitment to Reconciliation.

- Contributed more than \$5.5 million (more than one percent of pre-tax income) in donations, including support during the pandemic.
- Continued to support the City of Winnipeg's Indigenous Accord, sharing commitment on the journey toward Reconciliation.



The North West Company enables \$3.6M food donation

The North West Company partnered with The Spratt Foundation and the largest food rescue organization in Canada, Second Harvest, to extend a combined \$3.6 million donation of food support to struggling Canadians.

“The North West Company was a natural partner thanks to the longstanding relationships they have built with Northern communities across Canada”, said Juliana Spratt, Chief Giving Officer of the Spratt Foundation. “By utilizing North West’s extensive community relationships and network of Northern/NorthMart stores, they have been able to provide

food support in a timely manner to those who need it most.”

In addition to a \$600,000 contribution from The North West Company, the partnership leverages North West’s business, logistics, grocery retail expertise, and relationships with local social assistance organizations and food support programs to ensure equitable distribution of the donation to residents in the North.

More than 120 communities in Northern Canada experience food insecurity – a problem compounded by the economic toll of the global pandemic.

“This partnership means that we can help more families access fresh

food and overcome many of the geographical and logistical challenges of getting support to those who need it,” said Lori Nikkel, CEO of Second Harvest. “We are grateful for the support of The Spratt Foundation and The North West Company as we try to support all regions of the country.”

“Our communities and families sincerely appreciate and thank The Spratt Foundation, Second Harvest and The North West Company for their generosity of spirit during these trying times,” said Grand Chief Garrison Settee, Manitoba Keewatinowi Okimakanak.

New Northern store brings joy to Pelican Narrows, SK

For the over 3,500 residents of Pelican Narrows, SK, a new Northern store provides greater and safer access to food and everyday essentials and forges stronger ties with the people of Peter Ballantyne Cree Nation.

Opened in November 2020, the new Northern store fills a retail gap in this community that has been without a general store since the previous one burned down in 2015. The new store will include grocery and pharmacy

services, a Tim Hortons outlet and a convenience store and gas bar.

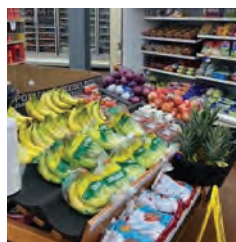
According to Peter Ballantyne Cree Nation Vice Chief Weldon McCallum, the new location will allow residents to shop in their own community rather than making the nearly 400 kilometer trip to Prince Albert. The trek becomes riskier during the winter months, particularly during a worldwide health crisis.

Despite the challenges of opening a store during a pandemic, The North West Company team - in partnership with Chief Peter Beatty and Pelican

Narrows Council—found innovative ways to ensure the opening would happen promptly and safely. Although leadership chose to forego large gatherings, speeches, presentations and Elder’s prayers to ensure the safety and well-being of residents, each household in the community was given a holiday food hamper to mark the opening of the new store.

“Our immediate goal was to make sure people in Pelican Narrows had safe access to food in the community,” says Rob Thursby, The North West Company’s Director of Sales & Operations. “We’ll have plenty of time to celebrate later.”

Pelican Narrows Vice Chief Weldon McCallum is pleased with the strong relationship between The North West Company and Peter Ballantyne Cree Nation. “This store will bring much-needed necessities to our community that are essential to our membership,” he said. “It was a long five years without a grocery outlet and our community is happy and excited to welcome the new Tim Hortons and medical pharmacy outlets, the first of their kind in our Peter Ballantyne Cree Nation Reserves.”





2020 SUSTAINABILITY REPORT

PILLAR 2:

Better Quality of Life for Our Customers



The global pandemic reinforced The North West Company's role as a provider of essential products and services in the rural and remote communities in which we operate. Our teams worked tirelessly to meet and exceed the expectations of our customers, committing substantial time and resources to ensure that our supply chain and retail network could consistently deliver better quality of life for our customers.

We are especially proud of how we have risen to higher levels of community responsibility while keeping our focus on fast-shifting customer needs. At all North West retail locations, our COVID-19 response included enhanced cleanliness and sanitization procedures, requiring the wearing of face masks, proper physical distancing, and offering curbside pickup and home delivery services in high-risk communities.

Our efforts are balanced between immediate reactions to the pandemic and work that will make us a more compelling shopping choice in the years ahead. As we confront the changes the pandemic brings, we continue to strive to be a reliable and safe presence in the communities we serve.

2020 AT A GLANCE



Building partnerships

We worked with a vast array of new suppliers, 66 transportation partners, 120 community leaders and government officials to ensure a steady and reliable source of most products, despite supply chain disruptions across the industry for our stores.



Additional air cargo capacity

We leveraged our air cargo service, "North Star Air" (NSA), the largest dedicated provider in northern Canada to meet increased demand. NSA added significant aircraft capacity to handle increased demand, including bringing an additional owned ATR-72 500 aircraft into service in May.



100+ remote pharmacists working in The North West Telepharmacy service, the largest of its kind in Canada. The service provides extended online coverage for smaller hospitals, health centres and health telephone lines.



19 in-store pharmacies

19 in-store pharmacies delivered extended treatment services, helping to alleviate demands on other community health providers during the COVID-19 outbreak.

COMMITMENTS, GOALS, PERFORMANCE, AND NEXT STEPS:

Commitment: Provide reliable access to everyday products and services that are as affordable as possible and that meet the lifestyle needs of our customers.

GOALS	ACTION STEPS TAKEN IN 2020
<p>Promote and invest in affordable and accessible healthy food options for customers in our stores.</p>	<ul style="list-style-type: none"> ▪ Advocated for a \$25M expansion of the Nutrition North Canada program in response to the global pandemic. Investments by the Government of Canada and The North West Company have enabled the program to generate significant retail savings since 2011, despite annual inflation rates over the same period. ▪ Northern and NorthMart stores committed to keeping retail prices stable for a 60-day period amid initial pandemic-induced, industry-wide shortages and supply disruptions. Our efforts to keep prices stable is an ongoing effort. ▪ North West initiated a \$10M annualized investment to help further reduce prices over a 12-18-month period. ▪ North West continued to promote better nutrition and healthier food options to stores in North America through our Health Happy program, increasing sales of more than 800 items by 9.27%. ▪ Alaska Commercial Company (ACC) assembled and delivered 30,000 boxes of fresh produce and 30,000 boxes of dairy items to 86 communities across rural Alaska.



<p>Enhance the in-store experience for customers through our Pure Retail and COVID-19 response initiatives</p>	<ul style="list-style-type: none"> • Improved process efficiencies and reduced store-labour hours, enabling retail management and associates to better serve customers and reduce costs through the <i>Pure Retail</i> planning initiative. • Introduced e-commerce and curbside pickup at all store locations to promote community safety and enhance the customer shopping experience. • Provided Elders in remote communities with free delivery service during COVID-19 lockdowns. • Based on community and customer requests, key items were rationed to ensure more customers were able to purchase staple goods. • Partnered with more than 180 suppliers, transporters and community organizations to ensure a reliable supply chain for our customers. • Pharmacists adapted their practice to limit exposure and keep communities safe by expanding operating hours through evenings and weekends, prescribing for minor ailments, administering flu shots, and delivering medications to patients at checkpoints.
<p>Ensure that Indigenous peoples have equitable access to business development opportunities at North West</p>	<ul style="list-style-type: none"> • Employed an Indigenous Procurement Policy to promote Indigenous business development opportunities.
<p><i>Commitment: Supported calls from northern communities to provide access to quality health care for northern, remote communities.</i></p>	
<p>GOALS</p>	<p>ACTION STEPS TAKEN IN 2020</p>
<p>Advocate for improvements to the Nutrition North program and other social programs that impact our operating communities.</p>	<ul style="list-style-type: none"> • Advocated for priority access to essential grocery items and cleaning supplies for Northern communities in response to industry-wide shortages at the onset of the pandemic, and in consultation with stakeholders in the North. • Heeded customer demand for greater access to quality health care for northern, remote communities. • With northern Indigenous community support and guidance, we campaigned for higher Nutrition North Canada and seasonal transportation subsidies for a range of food items. This resulted in items becoming more accessible and affordable for our customers in the North.



Making an Impact, Our Response to COVID-19

The global health crisis resulting from COVID-19 pushed North West to develop innovative solutions to ensure the health and safety of our employees, customers and communities, and to maintain a stable supply of essential goods and services to our markets.

“We worked hard to meet the initial demand surge on core items and froze prices we could control at the outset of the pandemic,” said Edward S. Kennedy, North West President and CEO. “We worked with a vast array of new suppliers, 66 transportation

partners, 120 community leaders and government officials to ensure a steady and reliable source of most products, despite supply chain disruptions across the industry.”

As communities faced the challenges of in-store shopping restrictions, The North West Company acted quickly to rapidly deploy e-commerce solutions for all stores in a matter of 14 days. Once activated, the online platform was widely used among community members, enabling them to continue accessing everyday goods with minimal interruption.

“We have had to adapt our business to accommodate many new

“We worked with a vast array of new suppliers, 66 transportation partners, 120 community leaders and government officials to ensure a steady and reliable source of most products, despite supply chain disruptions across the industry.”

**– Edward S. Kennedy,
President & CEO,
The North West Company**



“Lockdowns closed many businesses and limited access to the community for several weeks. We just wanted to make sure everyone could safely access the things they need to get by.”

- Jana Wilson, Northern Store Manager, Portage La Loche, SK

regulations,” said Jana Wilson, Northern Store Manager in Portage La Loche, SK. “Our team worked diligently to ensure the store remained open, knowing that retail options for customers are limited.”

Raising cleanliness, sanitation, and COVID-safety standards was also a priority at all North West retail locations. Enhanced safety measures were introduced that promoted physical distancing and mandated face mask wearing inside all stores. Plexiglass shields were installed at checkout counters and in areas with high volumes of customer and

employee interaction, and curbside pickup and home delivery services were offered to those in need.

“These changes helped us face the challenges of the pandemic – especially in small communities like Portage La Loche, which faced the worst of the pandemic,” said Wilson. “Lockdowns closed many businesses and limited access to the community for several weeks. We just wanted to make sure everyone could safely access the things they need to get by.”

The global pandemic affected every store operation, including our stores in Alaska, the Caribbean Islands and

South Pacific. “Grand Cayman was the first island to fully lock down and we shut our borders to the cruise industry,” said Mary Pandazedes, Cost-U-Less Store Manager in Grand Cayman. “Our store formed an alliance with the other supermarkets in Cayman and together we met regularly with the government as well as the chamber of commerce to discuss what needed to be done to enact protocols to keep the community safe.”

The safety measures rolled out in our stores were implemented quickly and effectively, reducing transmission while minimizing store closures. Of the 59,500 possible store open days, we were only closed 401 days due to lockdowns and deep store cleaning following a COVID-19 occurrence or contact tracing. Among our 6,900 associates, only 117 cases were identified and less than 10 were traced to a North West workplace.



2020 SUSTAINABILITY REPORT

PILLAR 3:

Empowered Employees



Garden Hill, MB

The challenges of a global health crisis brought our team of employees together as we worked to find new ways to support our customers and the communities we serve.

To safeguard the wellbeing of our employees and partners, we enhanced safety measures in our stores and throughout our operations, with a particular focus on protecting the frontline and distribution workers who keep our stores safe, clean and well-stocked for customers. We also increased employee rewards for workers in high-risk environments.

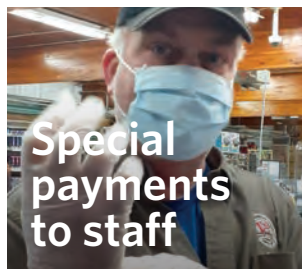
Beyond COVID-19, a major focal point of employee empowerment continues to be addressing issues of racism and racial inequity. We are proud to embrace the diversity present in our team with Indigenous, Black, and other people of colour – a point that we celebrate as a company. We remain deeply committed to listening and learning from each other with care, an open mind and a willingness to learn. Together, we can make the changes needed to drive racial equity at every level of our operations, and in all the communities we serve.

2020 AT A GLANCE

\$6.4 million in hourly premiums of between \$2.00 and \$3.35 for 4,751 front-line employees in communities with outbreaks.



\$3.7 million in additional special payments to hourly staff throughout 2020.



Recruited over 180 "Go Team" associates for rapid assignment to stores needing relief or additional key role staffing



Engaged employees from Canada and Alaska in an Indigenous Cultural Awareness Program designed to improve understanding and build stronger relationships between associates. Facilitated access to online cultural awareness training and established a library of Indigenous books and publications to be shared throughout the company.



Engaged with 6,295 North West associates to share perspectives on discrimination and racism on a dedicated digital platform.

COMMITMENTS, GOALS, PERFORMANCE, AND NEXT STEPS

Commitment: Cultivate a diverse, inclusive and culturally safe workforce

GOALS	ACTION STEPS TAKEN IN 2020
<p>Raise company wide awareness about and sensitivity to the unique history, culture, and relations of Indigenous peoples in locations where we operate.</p>	<ul style="list-style-type: none"> ▪ Launched an online forum for 6,295 employees to share their perspectives on racism and discrimination in an open, safe manner. ▪ Updated our Indigenous Cultural Awareness Program to reinforce corporate values to new and existing associates and managers, at all levels of the organization. ▪ Delivered Cultural Awareness sessions to employees from our Canada and Alaska operations, including Gibraltar House Corporate Office.
<p>Recruit, engage, retain, and improve advancement opportunities for Indigenous workers.</p>	<ul style="list-style-type: none"> ▪ As the largest private employer of Indigenous peoples in Canada (with over 2,147 self-reported Indigenous employees), we are deeply committed to training, employing and retaining Indigenous staff, to hire and train locally in Northern and remote communities, and to fill senior positions with local Indigenous employees.



Commitment: Enhance employee effectiveness, welfare, and satisfaction by imparting our Company values of customer service, trust, enterprising ideas, passion for what we do, accountability and personal balance.

GOALS	ACTION STEPS TAKEN IN 2020
<p>Reinforce workplace health, safety and ethical practices through policies and practices that set clear expectations across the Company.</p>	<ul style="list-style-type: none"> ▪ Invested in safety measures and established rigorous cleaning routines in all of our facilities, including but not limited to: <ul style="list-style-type: none"> - Enhanced cleaning procedures and provided hand sanitizer at each check lane - Installed plexiglass partitions at check lanes and in high-volume areas throughout our stores. - Provided reusable and disposable face masks for employees while encouraging healthy hygiene habits. - Required team members and customers to wear masks or face coverings while in our stores. - Promoted physical distancing procedures in our stores. - Hired hundreds new employees to provide relief and ensure continual service to our customers during and in the aftermath of COVID-19 outbreaks. ▪ Continued to employ a Workforce Health & Safety Team to enhance safety throughout the company. ▪ Instituted programs designed to eliminate or reduce hazards at all of our locations, including a comprehensive occupational injury and illness prevention program for all team members. ▪ Continued to sponsor training in First Aid, Fire Prevention, Emergency Planning, Violence Prevention, Safe Work Procedures, and other key Health & Safety areas for North West management trainees.
<p>Offer programs to accommodate the needs of employees with diverse cultural backgrounds and lifestyles.</p>	<ul style="list-style-type: none"> ▪ Continued to offer flexible work hours to accommodate cultural and lifestyle practices for employees. ▪ Continued to offer sabbatical options for eligible employees with more than five years of service.
<p>Support associates with access to professional, confidential support services and programs.</p>	<ul style="list-style-type: none"> ▪ Enabled a work-from-home option for office associates and promoted our Employee Assistance Program (EAP) that includes counseling and mental health services for employees and members of their immediate families.
<p>Provide training programs to equip associates with the skills they need to improve career prospects and move to jobs with greater responsibility and higher pay.</p>	<ul style="list-style-type: none"> ▪ Continued to support a central Store Management training program in Winnipeg, achieving a 66% participation rate among new hires.



Innovations in Racial Understanding Build Strength to Learn and Heal



Issues of racial equity and injustice in the U.S. and Canada took center stage in 2020, as many shocking images and stories came to light.

These stories reminded us of the painful experiences and challenges that face Indigenous Peoples and other people of colour, every day. We were inspired to reflect on what more we can do to create and affect

the changes needed to close this chapter in our history.

On June 23, 2020 we launched Facebook Workplace - an online platform and a safe space where all North West employees can come together to share their experiences and perspectives on race and cultural equity. The platform encourages employees to actively listen, share information, and learn from each other. More than 800 people have joined the platform since the launch,

“Our diversity is our strength when it is based on mutual respect, fairness and equality.”

**- Edward S. Kennedy,
President & CEO,
The North West Company**



“The Workplace platform is a helpful outlet for creating dialogue - a place where staff are able to share their perspectives and personal experiences with racism.”

**- Steve Boily,
VP of Information Services,
The North West Company**

generating more than 50 active discussion threads.

“The Workplace platform is a helpful outlet for creating dialogue - a place where staff are able to share their perspectives and personal experiences with racism,” said Steve Boily, The North West Company’s VP of Information Services, whose team played a major role in rolling out the

company wide project. “I am glad we have this tool to address this very important and difficult issue.”

Early platform discussion threads have covered a range of topics that include cultural biases, systemic racism, personal stories about race, and tips for how to learn, heal and grow together. Suggestions within the threads have led many readers

to explore additional learning resources, including books, podcasts, websites, and even online courses on Indigenous cultural awareness.

Boily notes that North West will survey employees to gain further insights for its Diversity and Inclusion program.

Previous North West Diversity and Inclusion survey results have led to the institution of company-wide initiatives such as the Indigenous library.

“We have a duty to educate ourselves, uncover systemic biases, listen to each other, and confront injustices whenever and wherever we see them, inside and outside our operations.”



2020 SUSTAINABILITY REPORT

PILLAR 4:

Respect for the Environment



St. Thomas, U.S. Virgin Islands

With stores in northern Canada, Alaska, the Caribbean and the Pacific Islands, North West's retail operations are exposed to extreme conditions that range from blizzards and extreme cold to hurricanes, typhoons and cyclones. Climate change will have a disproportionate effect on many of these remote locations - a big reason why we are committed to acting responsibly to minimize the environmental impact of our operations.

The reality of working in remote communities is that they are costly to serve in an environmentally responsible way. We strive to incorporate eco-friendly practices across our business - from designing energy efficient buildings to limiting product packaging and waste. We cultivate strong relationships with innovative, local suppliers who share our passion for sustainability and environmental preservation.

2020 AT A GLANCE

86 refillable container water-vending systems in operation, which recycle water, reduce plastic bottle waste, and provide a cost-effective drinking water source for customers.



\$2.7 million re-invested in community well-being projects as a result of plastic bag fees collected from northern communities.



Saved more than 8.6M kWh of energy by installing high-efficiency equipment and energy conservation measures across our stores. (Total store usage: 107M kWh*)

*excludes non-store infrastructure

COMMITMENTS, GOALS, PERFORMANCE, AND NEXT STEPS

Commitment: Minimize our Environmental Footprint.

GOALS	ACTION STEPS TAKEN IN 2020
<p>Promote energy saving initiatives in stores with cumulative 5 year investment \$4.3 million.</p>	<ul style="list-style-type: none"> • 100 percent of new construction projects to meet or exceed National Building Code energy efficiency standards and specifications. • Lowered net energy costs by \$2.6 million (7.7 million kWh) and greenhouse gas emissions by 4,670 tonnes per year – the result of installing of LED lamps, energy efficient refrigeration equipment, and other energy-saving devices in our stores; these measures are part of an ongoing suite of energy conservation policies, programs, and actions implemented in northern locations using proven processes and technologies. (Targeted reductions in 2021: \$3 million; 8.6 million kWh or 5,300 tonnes.)
<p>Cultivate partnerships that can provide alternative energy solutions for our operations, with a focus on regions where government support makes these interventions financially viable.</p>	<ul style="list-style-type: none"> • Saved an estimated 120,000 kWh through an expanded partnership with Gwich'in Tribal Council for a new solar equipment installation in our NorthMart store in Inuvik, NT. • Saved an estimated 213,000 kWh by installing a new rooftop solar PV system in our Cost-U-Less store in St. Thomas, U.S.V.I.
<p>Provide ongoing environmental management and training.</p>	<ul style="list-style-type: none"> • Coordinated policies and programs via our Environment Management Committee, including enhanced environmental training for associates in our operating communities.
<p>Meet ROI investment requirements for our renewable energy program in North West store locations.</p>	<ul style="list-style-type: none"> • Planned installation of rooftop solar panels at our 4th store in Iqaluit, NU, in 2021. • Identifying expansion opportunities of this program to other North West store locations in 2021.

Commitment: Provide sensible, eco-friendly energy and product options whenever possible to the communities we serve.

GOALS	ACTION STEPS TAKEN IN 2020
<p>Offer environmentally preferable solutions to single-use plastic bags.</p>	<ul style="list-style-type: none"> Worked with partners in 67 communities to reduce the use of plastic bags via our Greener Tomorrow program. Since 2011, proceeds from the program have resulted in more than \$2.7M in reinvestment to Greener Tomorrow communities.
<p>Reduce waste throughout our operations and supply chain.</p>	<ul style="list-style-type: none"> Implemented procedures to eliminate perishable food waste in the retail supply chain by improving food storage, shipping materials and technologies. 86 refillable water vending machine systems in operation at our stores. These systems recycle water, reduce plastic bottle waste, and provide a cost-effective source of drinking water for customers in remote communities. Promoted the sale of safe-to-eat food products that are nearing the end of their shelf life. Unnecessarily discarding these items in favour of fresher products that must be air shipped to remote areas creates more food waste and uses more fossil fuels.





Green Partnership Supports Indigenous Business Development

Inuvik NT

In 2020, The North West Company expanded its green partnership with the Nihtat Corporation, a Gwich'in economic development initiative. Through this

partnership, North West will install 1,046 rooftop solar electric panels on its Iqaluit NorthMart Store warehouse in April 2021.

The project aims to reduce the energy costs, support renewable energy and provide the community with economic development opportunities.

"Green initiatives are important to The North West Company," said Gary Merasty, Executive Vice President and Chief Development Officer of

The North West Company. "When this opportunity to further expand the partnership with Gwich'in Tribal Council to bring solar panels to Nunavut came up, we knew it was a win-win."

Along with the 390-watt solar panels, the project includes micro inverters, smart bi-directional metering and remote performance monitoring. These additions to the NorthMart Iqaluit store are projected to save over 1.1 million kilowatt hours in the first year – a 79 percent drop in energy consumption.

"We see this solar project as an opportunity," said Grant Sullivan, President, Nihtat Energy Ltd.

The project aims to reduce the energy costs, support renewable energy and provide the community with economic development opportunities.

"The Nihtat Gwich'in and The North West Company can work together to develop a clean energy alternative for our community that supports Indigenous business development in the renewables sector, while also reducing fossil fuel consumption,"

OVERSIGHT OF THE SUSTAINABILITY REPORTING

The Governance and Nominating Committee (“Governance Committee”) of The North West Company Board of Directors oversees our sustainability initiatives.

- *North West’s Chief Development Officer provides regular updates to the Governance Committee on sustainability issues and initiatives.*
- *For more information on North West’s sustainability initiatives including references to applicable corporate disclosure, please visit our website at www.northwest.ca/sustainability*

MANAGING OUR APPROACH

Stepping back from the Sustainability practices already established at North West, we recognize that governance, performance measurement and stakeholder communication stand out as areas for improvement.

A first step in making these improvements is to modify existing roles at the company, adding new governance and reporting structures at the Executive and Board levels. This process is already underway and will be detailed in future publications.

This Sustainability Report, along with our Roadmap before it, have established clear Executive and Board accountability for Sustainability performance at The North West Company.

This Sustainability Report, along with our Roadmap before it, have established clear Executive and Board accountability for Sustainability performance at The North West Company, and represent an agreed upon framework for ongoing Sustainability efforts; a broad model for this framework is our comprehensive internal Risk Management approach.

Senior Management is currently engaged in advancing our Sustainability program, leading regular presentations and reviews with the Board Governance Committee.

Next steps

Many of our Sustainability performance measures already exist, but are not yet organized or communicated in a clear and succinct way. In the year ahead, we will continue to:

- *Improve areas where measures are imprecise or practical targets are not yet in place;*
- *Identify meaningful key performance indicators (KPIs);*
- *Continue to establish baselines for performance; and*
- *Ensure that information systems are in place to accurately capture the information we need.*

Sharing what we know

Communication is perhaps our biggest opportunity: we recognize that we have an important and largely positive story to tell, and that our customers, communities and employees want to better understand how we think, what we are planning, and how we will account for the impact on people and places that our business creates.

The North West Newsletter is a communication tool that highlights components of our Four Sustainability Pillars to many community leaders and government officials. This and future Sustainability Reports will extend this outreach to other important North West stakeholders, including suppliers, investors, governments, and other interested community members.

ESSENTIAL



www.northwest.ca/sustainability