



2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

This joint report has been prepared by The North West Company Inc., NWC GP Inc., The North West Company LP, North West Company Holdings Inc., and North Star Air Ltd. (collectively, “**North West**”) in response to the requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for our fiscal year ending January 31, 2024.

North West acknowledges the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation and training processes. We are also committed to promoting labour practices that protect the safety and human rights of workers, as well as preventing and mitigating the risks of forced labour and child labour in our operations and supply chains.

North West supports the fundamental human rights principals set forth in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. We acknowledge our responsibility to respect human rights and avoid complicity in human rights abuses.

North West does not knowingly use child labour or forced labour in any of our operations nor do we knowingly accept commodities, products and/or services from suppliers that employ or use forced labour or child labour.

Organizational structure, activities, and supply chain

Structure

North West is a retail and wholesale company that services rural and smaller population communities, including in Northern Canada, Alaska, the Caribbean and the South Pacific. Our head office is located in Winnipeg, Manitoba. We are incorporated under the *Canada Business Corporations Act* (“CBCA”) and governed by the laws of Canada. As of January 31, 2024, we employ 7,382 people across our Canadian and international operations.



North West directly or indirectly controls the following entities that sell, produce, or distribute goods in Canada or outside of Canada, or import goods into Canada:

- The North West Company LP (Manitoba)
- The North West Company (International) Inc. (Delaware)
- Cost-U-Less Operating Assets and Subsidiaries
- North Star Air Ltd. (Ontario)
- Roadtown Wholesale Trading Ltd. (British Virgin Islands)
- Alaska Commercial Company

North West has 227 stores in 187 different communities. While our headquarters are located in Canada, North West also operates in the U.S., the U.S. Virgin Islands, Guam, American Samoa, the Cayman Islands, Barbados, Fiji, St. Maarten, and the British Virgin Islands. For the fiscal year ending January 31, 2024, approximately 56% of North West's consolidated sales came from our Canadian operations, with the remainder coming from our international operations.

North West is a publicly traded company with shares listed on the TSX under the symbol NWC.

Activities and Supply Chain

This report describes North West's business activities with respect to the sale and distribution of goods in Canada and outside of Canada and importation of goods into Canada. A detailed description of our operations and business activities is provided in our 2023 Annual Report and Annual Information Form, which can be found at <https://www.northwest.ca/investors/annual-filings>.

Distribution

North West has a complex outbound logistics network due to the remote locations of many of our retail stores. We own warehouses to centralize goods and manage inventory and logistics. In Canada, our distribution operations include both an owned and a third-party distribution center in Winnipeg.

Our five major distribution centers are located in Winnipeg, Manitoba, Anchorage, Alaska, San Leandro, California, Port of Tacoma, Washington, and Fort Lauderdale, Florida.

The delivery of merchandise to most of our stores involves multiple carriers and modes, including trucks, trains, aircraft, ships, and barges through various ports and hubs. We partner with Transport Nanuk Inc. and own North Star Air Ltd., which are water and air-based transportation businesses that support the delivery of goods to our stores and consumers in Northern Canada.



Retail and Consumer

North West sells goods directly to end use consumers through a number of retail stores, discount centers, direct-to-customer food distribution outlets and wholesale businesses. Our northern retail stores service communities with populations between 500 and 8,000 people. On average, our stores are 6,500 square feet.

Within Canada, our retail banners are:

- Northern Stores, which sells food, general merchandise and other sales which include financial services, pharmacy and fuel to remote Northern Canadian communities
- Northmart Stores, which sells an expanded selection of foods, apparel, health products and services for larger northern markets
- Quickstop Convenience Stores, which sells ready-to-eat foods, fuel and related services in Northern Canada
- Giant Tiger Junior Discount Stores, which sells family apparel, household goods and food in northern markets
- Valu Lots, which provides discount centers and direct-to-customer food distribution outlets for remote communities
- NWC Motorsports Dealership, which sells and provides services, parts and accessories for snowmobiles, boats, all-terrain vehicles and engines to remote communities
- Crescent Multi Foods, which distributes fresh produce and meats to independent grocery retailers in Saskatchewan, Manitoba, and northwestern Ontario

Internationally, our retail banners are:

- Alaska Commercial Company Stores, which sells food and general merchandise to communities across remote and rural Alaska
- Quickstop Convenience Stores, which sells ready-to-eat foods, fuel and related services in rural Alaska
- Pacific Alaska Wholesale, a distributor to independent grocery stores, commercial accounts, and households in rural Alaska
- Cost-U-Less, a mid-size warehouse stores offering discount food and general merchandise to communities in the South Pacific and the Caribbean
- Rite-Way, a food markets and wholesale operations in the British Virgin Islands

We are committed to supporting local vendors in the communities we serve wherever possible. We procure approximately 75% of our cost of goods sold through distributors, and approximately 25% directly from manufacturers. We import goods into Canada directly from manufacturers, which accounts for approximately 5% of our total cost of goods sold.



Steps to prevent and reduce the risks of forced labour and child labour

In our fiscal year ending January 31, 2024, North West took the following steps to prevent and reduce the risks of forced labour or child labour in our operations and supply chain:

- Developing an action plan for addressing forced labour and child labour where risks are identified
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in our activities and supply chain
- Setting the expectation that our direct suppliers and contractors to have in place policies and procedures for identifying and prohibiting the use of forced labour and child labour in their activities and supply chains
- Developing and implementing anti-forced labour and anti-child labour contractual clauses for our direct suppliers
- Building on our previous work to adopt a *Supplier Code of Conduct and Ethics*, by developing anti-forced labour and child labour standards and codes of conduct
- Using our grievance mechanism, a Whistleblower hotline, to ensure that complaints or concerns relating to forced labour and child labour are heard and adequately addressed
- Developing and implementing training and awareness materials on forced labour and child labour

Policies and due diligence processes

Overview

North West's due diligence processes involve incorporating responsible business conduct into our governance structure, policies, and risk management systems. As part of our ongoing commitment to human rights, we continue to develop our approach to responsible business conduct.

Governance and Management Oversight

North West is committed to good corporate governance and has established roles that are responsible for overseeing business ethics and human rights.

The Board of Directors oversees and monitors the company's approach, policies and practices related to ESG matters, including the human rights of workers impacted by our operations.

The ESG Steering Committee oversees and guides the company's ESG initiatives.

The VP Merchandising is responsible for day-to-day oversight North West's approach, policies and practices related to supply chain risks.



The Human Resources and Legal teams are responsible for managing compliance, training and monitoring of human rights, which includes identifying, preventing and monitoring the risks of forced labour and child labour. The Human Resources team is responsible for periodically providing training to employees and contractors on North West's commitment to and compliance with labour, employment, safety and human rights obligations and policies.

Our Human Resources and Legal teams are available as first points of contact in the event of a suspected breach of employment, labour or human rights requirements.

The VP Legal is responsible for the escalation of any complaints relating to employment, labour or human rights issues and for managing any reported *Code of Conduct* violations.

Each Store Manager is responsible for understanding and complying with North West's legal obligations and policies relating to workers in our retail operations.

Policies

North West has adopted and is implementing policies relevant to the prevention and mitigation of forced labour and child labour in our operations and supply chains.

The *Code of Business Conduct and Ethics* applies to our directors, officers, and employees. The *Code of Business Conduct and Ethics* sets our expectations of ethical business behaviour, including respect and recognition of basic human rights of workers in our operations and supply chains.

Our *Human Rights Policy Statement* commits the company and our subsidiaries to high standards of ethical business behaviour. This includes respecting and supporting the fundamental principles of human rights as set out in the United Nations Declaration of Fundamental Principles and Rights at Work. The *Human Rights Policy Statement* describes our zero-tolerance approach to forced labour and child labour in our operations or supply chain.

Our *Young Worker Policy* provides guidelines regarding the minimum age of hiring workers at our retail operations, to comply with legal requirements across different the various jurisdictions we operate in, as well as set our expectations regarding establishing safe working conditions that do not interfere with the education or schooling of young workers.

The *Supplier Code of Business Conduct & Ethics* sets the expectation that our suppliers will not use forced labour or child labour in any of their facilities. Each supplier is responsible for ensuring that its employees, representatives and subcontractors comply with the *Supplier Code of Conduct*.

Our *Whistle Blower Policy* provides a mechanism for any violations of the *Code of Conduct* or *Human Rights Policy Statement*, including instances of forced labour or child labour, to be reported and remediated appropriately.



Due diligence processes

North West has established an Enterprise Risk Management (ERM) Framework to enable us to prioritize key risks, formalize risk-related accountabilities and oversight, develop and implement strategies to manage risk, and reinforce our culture around risk management. Risk factors considered in our ERM Framework include employment and labour compliance, local and ethical sourcing. An ERM assessment is completed annually, with quarterly updates presented to our Audit Committee and Board of Directors who are accountable for overseeing risk management and ensuring that processes are in place to identify and manage the principal risks of the business.

North West has started to engage with our direct suppliers to assess, mitigate and prevent the risks of human rights violations. All of our new direct suppliers are required to agree to our *Supplier Code of Conduct* and *Human Rights Policy Statement* as part of their onboarding process. As noted above, our *Supplier Code of Conduct* includes zero tolerance for forced labour or child labour in the supplier's operations or subcontractors. These suppliers, upon request, are required to sign a statement of compliance with the *Supplier Code of Conduct*. North West reserves the right to conduct audits on our direct suppliers to ensure compliance with these policies.

Forced labour and child labour risk

To date, North West's risk management approach has focused on risks to workers in our own operations, including respecting the safety and human rights of workers and protecting young workers in our retail stores and distribution operations.

We acknowledge that understanding the risks of forced labour and child labour in our supply chains is critical to targeting our actions and engagement with our suppliers. In line with the UN Guiding Principles, identifying and prioritizing the most salient risks connected to our operations and business relationships is key to preventing and mitigating forced labour and child labour. We are committed to improving our understanding of the risks in our supply chain, including by engaging in research, mapping our supply chain against publicly available information, and seeking feedback from workers, manufacturers, distributors and communities.

We recognize risks of forced labour and child labour in the global supply chain include vulnerable populations, such as domestic and foreign migrant workers, temporary workers, and young workers, and region-specific risks, such as countries with large populations of migrant workers, weaker employment law enforcement, where charging workers for recruitment fees is a common practice, or where prevalence of modern slavery has been documented.



Remediation measures and remediation of loss of income

North West's approach to remediation is guided by our *Human Rights Policy Statement*. In developing this policy, North West consulted with employees, local community members, customers and NGOs in order to ensure that relevant human rights concerns of affected groups were identified and adequately addressed in the policy statement.

North West also encourages the reporting and investigation of human rights violations through our Whistleblower hotline. The hotline is available to workers, community members and customers to report any potential violations of company policies. North West does not tolerate direct or indirect acts of retaliation made in response to a good faith report.

North West has the right to suspend, terminate and/or remove a supplier from North West's vendor list in the event of a violation of our Supplier Code of Conduct. North West is committed to using this leverage to engage and work with suppliers to properly remedy any human rights violations that suppliers discover in their operations or supply chains. To date, North West has not taken any substantive remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

Our *Human Rights Policy Statement* includes training as a component of our approach to respecting and supporting the fundamental principles of human rights for workers and others impacted by our operations.

North West has developed an online human rights training module that is available to all employees. It is mandatory for certain groups of employees, and North West keeps a record of the employees who have completed it. This training module provides a basic overview of human rights and employee responsibilities. It also covers North West's policies on hiring, on-boarding employees, and our *Code of Conduct*.

Assessing effectiveness

To assess the effectiveness of our approach to ESG risks, including human rights, we rely on input from relevant internal and external stakeholders, including investors, customers, employees and members of our communities. North West, on at least an annual basis, benchmarks our ESG engagement against peers.

We track any reports made to our whistleblower hotline. This is an important channel of feedback for North West to assess our effectiveness in preventing and mitigating the risks of forced labour and child labour.



Approval and attestation

This report has been approved by the Board of Directors of The North West Company Inc. In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for the entity or entities listed above. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated in the City of Winnipeg, Manitoba, this 10th day of April, 2024.



Brock Bulbuck,
Chairman of the Board

Daniel McConnell
Board Member, President & Chief Executive Officer

We have the authority to bind The North West Company.