



# Helping People Live Better

2019 SUSTAINABILITY REPORT



**GOALS OF THE 2019 SUSTAINABILITY REPORT**

Our 2019 Sustainability Report represents an important next step in our ongoing effort to provide a transparent account of our corporate responsibility strategies, activities, tactics, and performance.

Building on the vision outlined in last year’s Sustainability Roadmap, the 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 communities we serve, and to how these conditions affect our approach to sustainability; 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 Actions taken by our company in 2019 to advance these priorities. Finally, the Report offers a glimpse at future Sustainability plans with a Next Steps section for each Pillar.

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## A LETTER FROM OUR CEO



It's been less than a year since we published our Sustainability Roadmap – our first step toward telling a different side of a story that began more than 350 years ago at a trading post in the Cree Nation of Waskaganish, Northern Quebec.

Now we take our next step as we publish our first annual Sustainability Report.

Guided by our Sustainability Pillars, we made important

strides in 2019, continuing to progress in each of the four areas we identified as priorities for our company.

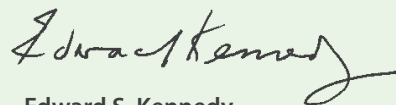
- Understanding that **stronger community** economies are critical to our mission as a company, we adopted an Indigenous Procurement Policy (see p. 6) to build on our successes with local suppliers and improve supply chain access for promising young businesses in our operating communities.
- Knowing that **better quality of life** is essential for our **customers**, we continued to support programs like Health Happy and Nutrition North Canada (see p. 10), giving the people we serve access to quality and more affordable food options.

- Seeing that our customers are better served by a workforce of talented and **empowered employees**, we opened an 11,000 square foot training center (see p. 15) whose workshops teach our Managers in Training to be more effective and culturally sensitive leaders.
- Operating with a deep **respect for the** irreplaceable **environment** in which our businesses operate, we invested in high efficiency equipment that realized more than ten million kilowatt hours in energy savings, while also installing solar panels in our NorthMart store in Inuvik, NWT that will further shrink our company's carbon footprint (see p. 20).

We are proud of these accomplishments, which represent the tireless work of hundreds of people both inside and outside our company. But we are not satisfied.

As we look ahead to our second annual Sustainability report, we prepare to take even greater strides forward as we further develop the governance structure, policies, and measures that will help us achieve our goals and be more accountable to our stakeholders.

In the meantime, we will continue to find ways to deliver on our promise to **Help People Live Better** – every day and everywhere we do business.



**Edward S. Kennedy**  
President & CEO

PILLAR

1

# Stronger Communities



Arviat, NU

## Overview



**Developing a trusting and respectful bond with communities** is important to any company,

but it is critical when your company operates in small communities whose people deeply value partnership and collaboration.

We take a common sense approach to cultivating relationships with our communities, making deep commitments to observe, listen to, respect, and support the people who live and work there.

As a business that is often among the largest contributors to the local economy, we also recognize that our activities, voice, and philanthropic efforts can have a substantial impact on community quality of life; as a result, we prioritize investments, advocacy opportunities, and activities that support long-term community wellbeing and resiliency.

### AT A GLANCE

# 100%

participation of new store management trainees in an Indigenous Cultural Awareness program

# \$1.7 million

in donations and sponsorships to local events and sports teams

# \$146,000

in grants from our Healthy Horizons Foundation (HHF)

# 90

Entered into or continued 90 store lease and business partnerships with Indigenous communities with an estimated contract value of \$76 million.

### Commitments

The commitments in our Stronger Communities Pillar include:

- **Collaboration** – Provide significant social benefit to our communities by soliciting opinions from and seeking opportunities to work jointly with local leaders, groups, and individuals.
- **Advocacy** – Secure advice and support issues that will improve quality of life in the communities we serve.



## Commitments, Goals, Performance and Next Steps

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

GOALS	ACTIONS STEPS TAKEN IN 2019
Work with communities and entities to develop transformative business and partnership opportunities.	- Adopted an Indigenous Services Procurement Policy (see p. 6) to ensure equitable access to opportunities, including major capital development projects.
Build mutually beneficial partnerships within communities that support economic self-reliance.	- Entered into or continued 90 store lease and business partnerships with Indigenous communities; these opportunities often finance larger real estate investments.
Develop store managers who are informed about the history, cultures, and realities of their communities.	- Achieved 100 percent participation of new Northern/ NorthMart store management trainees in an Indigenous Cultural Awareness program through our new Training Centre.
Support important community events and causes, particularly those that align with NWC's Commitment to Reconciliation.	- Contributed more than \$1.7 million (more than one percent of pre-tax income) in donations and sponsorships to local events and sports teams. - Provided an additional \$146,000 in grants from our Healthy Horizons Foundation (HHF), including support for school nutritional and literacy programs in Indigenous communities.

### SUCCESS STORIES

#### Grand re-opening nearly doubles workforce at Sandy Lake store

The Northern Store in Sandy Lake, ON re-opened in September, celebrating with a ribbon-cutting ceremony and a gift presentation to Chief Delores Kakegamic. The store added 30 new positions, nearly doubling its employee count.



"We're proud to offer a larger, renovated store for the community, and more opportunities for employment here at the company," said Michael Beaulieu, Vice President, Sales & Operations for The North West Company.

Local construction crews, freight handlers, and other service providers completed the \$7.2 million renovation project, which included expansion of the facility and other upgrades.

**Commitment:** Advocate on issues that improve quality of life in the communities we serve.

**GOALS**

**ACTIONS STEPS TAKEN IN 2019**

**Build strong relationships with communities that are based on the recognition of rights, respect, cooperation and partnership.**

- Drafted a Commitment to Reconciliation with Indigenous Peoples based on Calls to Action from The Canadian Truth and Reconciliation Commission.
- Became a partner in Winnipeg's Indigenous Accord, a shared commitment on the journey toward Reconciliation.
- In addition to regular interaction with leadership in most of our communities, a total of 82 in-person community reports were presented with community leaders and members to foster dialogue, elicit feedback and discuss the socio-economic impacts of our stores and activities.
- Continued to install shelf tags and signage in more than 30 languages and dialects as part of QR codes were also provided to enable shoppers to hear correct pronunciations and promote Indigenous languages.

**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.**

- Donated food and support to local food banks as part of our Food Donation policy. We also offer substantial food discounts for school meal programs in all communities where we operate.
- Continued to work with regional Working Groups on Food Security.

**NEXT STEPS**

Priorities in 2020 and beyond include continuing to:

- Cultivate business development prospects, including opportunities for community and regional joint ventures.
- Strengthen our advocacy role on public policy issues that affect the customers and communities we serve, especially where there is incomplete or incorrect

information available, or where important local voices are underrepresented.

- Using an advocacy approach that is collaborative with Indigenous communities, respecting local approaches to determining what is in the best for their community and providing assistance where invited.
- Incorporate the principles and spirit of TRC Calls to Action as they relate to building stronger communities.

**SUCCESS STORIES**

**Donations help tackle food security across the North**



From Kuujuaq, QC to Wabasca, AB and everywhere in between, the North West Company Food Donations Policy is making a big impact on food security in

remote Northern communities, where Northern and NorthMart stores serve as hubs for food drives and other local efforts.

"The support is needed and greatly appreciated," says Treena Gladue, a Wabasca food bank supporter who also coordinates the local women's emergency shelter. "We're grateful to The Northern Store for their generous donations."

In addition to giving non-perishable food items to people in need and serving as a

resource for those who find themselves short of food, Northern and NorthMart stores across Canada support school breakfast programs by offering discounts to organizers that enable them to provide more nutritious meals for children.

"I'm sure parents everywhere appreciate what these stores are doing," says Mary Thomassie, the Vice President of the Inuit Women's Association of Nunavik, "It is so helpful for kids to get a good breakfast so they can have more strength in school."

# NWC launches new Indigenous Procurement Policy



The North West Company added an important piece to its supply chain strategy puzzle this year when it developed its first formal Indigenous Procurement Policy. Scheduled for rollout in Q1 2020, the policy is designed to encourage greater participation by qualified, competitive Indigenous businesses within The North West Company supply chain.

“We work closely with our communities every day, and we want to enhance our partnership opportunities together,” says Gary Merasty, Executive Vice-President and Chief Development Officer for North West. “One of the best ways to do that is through procurement.”

A key component in an evolving approach to community investment

*“The Indigenous economy is growing and we want to play a role in that. The best way to do that is to ensure that Indigenous businesses play a meaningful role in our business.”*

and supply chain management, the policy builds on existing NWC efforts while also bolstering the company’s response to TRC Calls to Action, which identify creating opportunities for Indigenous owned businesses as a key path to economic reconciliation.

“We are proud to make substantial investments locally in securing goods and services with Indigenous suppliers for our construction and development

projects,” says Merasty, noting that annual NWC capital investments in recent years have averaged about \$100 million. “By introducing this policy, we’re building on successes we’re already experiencing.”

Some of those successes in recent years include securing millions of dollars in annual business with Arctic Beverages, the only First Nations-owned Pepsi franchise in Canada. Other Indigenous businesses represented in the current NWC supply chain include Neechi Gear, Native Canadian Chip Corporation, Pansawan Dry Meat, Creative Fire, Air Inuit, Canadian North, Nunavut Eastern Arctic Shipping Inc.

The next step, says Merasty, is to develop a fulsome Indigenous Source List that identifies qualified suppliers in such areas as construction, logistics, professional services, and food production. “We envision a robust database used by all divisions of our company,” says Merasty. “We want to know who can help us across the full scope of our business.”

Armed with a greater understanding of the capabilities that exist within Indigenous business communities, the company can eventually develop more concrete commitments and targets for Indigenous representation within the North West supply chain. The process can also help the company identify aspiring businesses that could grow into effective North West suppliers.

“The Indigenous economy is growing and we want to be play a role in that,” says Merasty. “The best way to do that is to ensure that Indigenous businesses play a meaningful role in our business as partners.”



# Store signage preserves and promotes Indigenous language use



To support the revitalization and preservation of Indigenous languages, Northern/NorthMart provides Indigenous translations on shelf labels and signs across more than 80 grocery categories and everyday items. The ambitious translation project, included 130 communities across northern Canada and Alaska with over 30 different languages or dialects.

The program, believed to be the first offered by a major Canadian retailer, incorporates languages actively used

***“Languages are being lost, and we have to do our utmost to preserve and protect them.”***

in the community to enhance customer shopping experiences and promotes the use of local languages and dialects.

“Languages are being lost, and we have to do our utmost to preserve and protect them,” says Grand Chief Garrison Settee, Manitoba Keewatinowi Okimakanak.

“Promoting language in a place like NorthMart is a great way to start.”

Spanning more than 80 grocery categories and everyday items, the program includes translations in more than 30 languages and dialects, plus QR codes linked to audio files so non-Indigenous language speakers can hear proper pronunciation.

The translation project encompassed First Nations, Métis and Inuit languages.

“The signage is very helpful to Elders in particular,” said Georgia, an Elder from Igloodik, NU. “I’m happy to see store signs written in the Inuktitut language.”

PILLAR

2

# Better Quality of Life for our Customers



## Overview



**As a business that provides essential services to developing communities and economies,** The North West Company plays a central role in enhancing quality of life for local residents.

Understanding our customers often struggle with the high costs associated with living in small, remote communities, we make every effort to make our goods and services affordable, and to advocate for programs that maximize customer purchasing power.

We also look for opportunities to improve community wellbeing, whether by

offering wholesome food alternatives, delivering improved healthcare services, or participating in initiatives that encourage healthier lifestyle choices. Through effectively collaborating with the communities we are proud to serve, we seek to jointly bring "solutions" forward that help to address local challenges.

### AT A GLANCE

# 9.2

percent sales increase of healthy food items in our retail stores – the result of our Health Happy program

# 3.3\*

percent lower retail prices since 2011 despite a 21 percent inflation rate over the same period, thanks to our participation in and advocacy for NNC

\*comparable products

# 200,000

store labour hours saved through our Pure Retail initiative, freeing up time for associates to assist customers

### Commitments

The commitments in our Better Quality of Life for our Customers Pillar include:

- **Accessibility** – Provide reliable access to everyday products and services that are as affordable as possible and that meet the lifestyle needs of our customers.
- **Advocacy** – Advocate for policies and programs that are geographically fair and socially just.



## Commitments, Goals, Performance and Next Steps

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

GOALS	ACTIONS STEPS TAKEN IN 2019
<p>Enhance the in-store experience for customers through our Pure Retail initiative</p>	<ul style="list-style-type: none"> <li>- Implemented our Pure Retail Initiative, which saved more than 200,000 store labour hours, freeing up management and associates to better serve customers and offsetting to other store cost increases.</li> </ul>
<p>Promote and invest in affordable and accessible healthy food options for customers in our stores.</p>	<ul style="list-style-type: none"> <li>- We offer up to 800 items (depending on store size) – including affordable “better nutrition” food options – to store locations in Canada and Alaska via our Health Happy program; sale of these items increased by 9.2 percent overall.</li> <li>- Accounted for more than 50 percent of subsidized tonnage shipped via Nutrition North, which helps reduce the cost of nutritious foods in remote Canadian communities. Investments by North West have enabled the program to generate retail savings of 3.31 percent since 2011 despite an inflation of 21 percent over the same period.</li> </ul>

### SUCCESS STORIES

#### Health Happy Program makes healthy food more affordable

Wholesome food options are on the menu at our Northern and NorthMart stores thanks to the Health Happy program – and local customers are turning to them more than ever.

“We’ve seen a nearly 10 percent increase in the consumption of healthier foods since we introduced these products in our stores year over year,” says Alex Yeo, President, Canadian Retail, The North West Company. “Our teams worked hard to source new items to appeal to a range of customer dietary preferences.”



Up to 800 low sugar, salt, fat, and caffeine products were added per store to locations in Northern Canada and Alaska when the program was first introduced.

“It’s vital to provide wholesome foods for our customers and their families,” says Yeo. “We are committed to offering them the healthy choices they want and need.”

**Commitment:** To advocate for policies and programs that enhance the quality of life for our customers.

**GOALS**

**ACTIONS STEPS TAKEN IN 2019**

Advocate for improvements to the Nutrition North program and other social programs that impact our operating communities.

- In conjunction with other Northern stakeholders, advocated for a seasonal transportation subsidy for Nutrition North Canada eligible communities, resulting in lower sealift and winter road prices for remote communities.
- Supported calls by Indigenous communities to index social payments to northern cost of living realities; to expand access to quality healthcare for all northerners.

**NEXT STEPS**

Priorities in 2020 and beyond include continuing to:

- Identify ways to deliver focused healthcare services and in addition to onsite prescription drug dispensing; we will also continue to be leaders in remote tele-pharmacy delivery to smaller communities.
- Advocate for the most effective use of Nutrition North Canada program dollars; this includes minimizing food waste in the supply chain, managing transportation costs, and adding the healthier food

products that customers want as part of their traditional and everyday lifestyles.

- Develop cost-reducing air cargo, Pure Retail, and other initiatives to further reduce prices and earn more business from our customers.
- Partner with communities to educate public policy makers about the realities confronting consumers in developing communities.
- Implement our Indigenous Procurement Policy to expand our base of Indigenous Suppliers and provide more opportunities for Indigenous business who reinvest in their own communities.

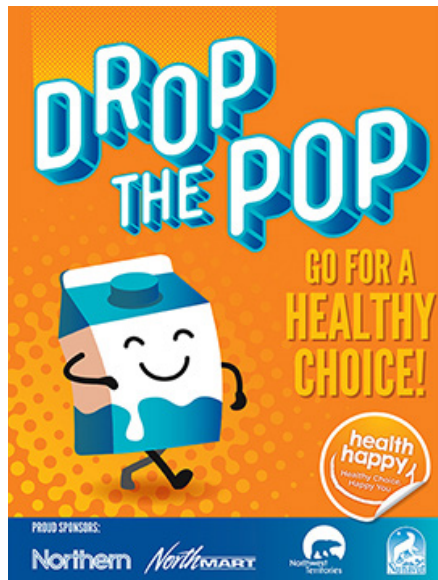
**SUCCESS STORIES**

**Drop the Pop helps youth make healthier drink choices**

Northern and NorthMart stores encouraged young consumers and students to “Drop the Pop” this past April, swapping sugary soda for healthier drink choices.

“We understand the importance of providing healthy food and drink options to local families, which is why we have supported Drop the Pop throughout the years,” says Alex Yeo, President of Canadian Retail at The North West Company. “We want to help children and their families to live better, and we hope our contributions help to reinforce healthier habits.”

A school-based initiative led by the territorial government, Drop the Pop is designed to increase awareness about



the negative health impacts of sugary beverages, and to encourage families to

*“Drop the Pop” is designed to increase awareness about the negative health impacts of sugary beverages, and to encourage families to make healthier drink, food and lifestyle choices*

make healthier drink, food and lifestyle choices. Northern and NorthMart stores donated cartons of two percent milk to more than 9,000 students in 40 schools across Nunavut during the campaign in support of health-themed school activities developed by the Nunavut’s Health Department.

“This is the 12th year that North West has collaborated with the Government of Nunavut and the community schools to encourage healthier lifestyle habits for local youth,” says Yeo. “It’s an important initiative, and it’s working.”

PILLAR

3

# *Empowered Employees*



## Overview



**As a company that operates in smaller developing communities, attracting and retaining the talent needed to provide our essential services is critical.** We meet that challenge by providing our employees with the

best work experience and opportunities available in the area, and by investing in their success.

Recognizing that solutions can emerge from any level of the organization, we strive to create a culture in which great ideas are acknowledged, shared and encouraged. Our management approach is geared to making job effectiveness and satisfaction as high as possible.

Ongoing professional training and flexible work hours are staples of our approach to attracting and retaining employees, as well as learning from and adapting with the diverse cultural and lifestyle practices of our employees.

We provide robust and evolving policies and governance practices for workplace health and safety and for Diversity and Inclusion – two of our top priorities as a company. As a large employer in most communities we serve and the largest private sector employer of Indigenous Peoples in Canada, we strive to ensure opportunities for all so we can better serve the communities we are a part of.

### AT A GLANCE

# 8,038\*

associates across Northern Canada, Western Canada, rural Alaska, the South Pacific islands and the Caribbean

\*As of December 2019

# 3,400

associates in Northern Canada, one of the largest Indigenous employers in Canada (over 1,600 self-reported Indigenous employees)

# 11,000

square foot centralized Northern/NorthMart Store Management training program launched in Winnipeg.

# 100

percent of associates have access to support programs including counselling and mental health services for them and their immediate families

### Commitments

The commitments in our Empowered Employees Pillar include:

- **Providing a superior work experience for employees** – Enhance employee productivity, welfare and satisfaction by investing in their success and imparting our company values of customer service, trust, enterprising ideas, passion for what we do, accountability, and personal balance.
- **Diversity and Inclusion** – Cultivate a diverse, inclusive, and culturally safe workforce.



## Commitments, Goals, Performance and Next Steps

**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	ACTIONS STEPS TAKEN IN 2019
<p>Offer programs to accommodate the needs of employees with diverse cultural backgrounds and lifestyles.</p>	<ul style="list-style-type: none"> <li>- Continued to offer flexible work hours to employees to accommodate cultural and lifestyle practices</li> <li>- Continued to offer sabbatical options to employees once they complete five years of service to the Company.</li> </ul>
<p>Support associates with access to professional, confidential support services and programs.</p>	<ul style="list-style-type: none"> <li>- Continued to offer access to the Employee Assistance Program (EAP), which includes counseling and mental health services for employees and members of their immediate families.</li> </ul>
<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"> <li>- Continued to employ a Workforce Health &amp; Safety Team to enhance safety throughout the company.</li> <li>- Continued to offer programs designed to eliminate or reduce hazards at all of our locations, including a comprehensive and continuous occupational injury and illness prevention program for all team members.</li> <li>- Continued to offer training in First Aid, Fire Emergency Planning, Violence Prevention, Safe Work Procedures, and other Health &amp; Safety areas for management trainees.</li> </ul>
<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"> <li>- Launched a central Store Management training program in Winnipeg, achieving a 100 percent participation rate among new hires.</li> </ul>





**Commitment: Cultivate a diverse, inclusive, and culturally safe workforce.**

GOALS	ACTIONS STEPS TAKEN IN 2019
<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"> <li>- Launched a Corporate Indigenous Cultural Awareness Program, which offers onboarding and ongoing training to associates and managers throughout the company.</li> <li>- Delivered Cultural Awareness session to Gibraltar House Corporate Office</li> </ul>
<p>Recruit, engage, retain, and improve advancement opportunities for Indigenous workers</p>	<ul style="list-style-type: none"> <li>- As the largest private employer of Indigenous peoples in Canada, 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.</li> </ul>

NEXT STEPS	
<p>Priorities in 2020 and beyond include continuing to:</p> <ul style="list-style-type: none"> <li>- Evaluate strategies that help us address employee recruitment challenges, retain quality talent, and bridge employment gaps in line with TRC Calls to Action.</li> </ul>	<ul style="list-style-type: none"> <li>- Evolve our companywide approach to health and safety, revising our policies and practices as needed to align with industry-recognized best practices.</li> <li>- Lay the groundwork for an increasingly customer-centric culture, evaluating indicators for success that are specific, relevant and timely.</li> </ul>

**SUCCESS STORIES**

**NWC Training Centre Opens in Winnipeg**

How do you train managers to provide consistent, high quality service to customers across a territory that covers nearly four million square kilometers?

By bringing them all to one place.

For The North West Company, that one place is our new Training Centre – an 11,000 square foot facility in Winnipeg, MB that includes a simulated store with

grocery and general merchandise displays that replicate an in-store experience in northern Canada.

“The store is designed to help prepare new managers for day-to-day store operations in our Northern communities, which offer some specific and unique challenges,” says Alex Yeo, President of Canadian Retail at The North West Company. “It’s a way to get everyone on the same page when serving our customers throughout the North.”

Initial efforts at the Training Centre will target retail Department Managers in Training (DMIT) and Managers in Training (MIT) at Northern and NorthMart stores, eventually rolling out to other NWC banners. Specialty courses offered at the Centre cover topics such as retail operations, store systems, leadership, Indigenous Cultural awareness, and health and safety.

“We’re thrilled to have this new facility,” says Yeo. “It allows us to invest in our people in a way that also creates a better experience for our customers. It’s a win-win.”

**Cultural Awareness Workshop helps nurture community relationships**

Authentic relationships are built on respect and understanding – two values at the heart of The North West Company’s newly launched Cultural Awareness Workshop.

“To serve a community of Indigenous peoples, you have to know their heritage,

their history, and their current realities,” says Beth Millard-Hales, Vice-President, Human Resources, The North West Company. “This Workshop will help our employees to develop and elevate that understanding.”

Drawing on the vast experiences of long-time store managers and other North West Company leaders and building on the concept of Indigenous Cultural Safety Practices, the Workshop’s goal is to

deepen relationships between company employees and the community members and customers they serve.

“Cultural awareness has become a significant priority for many organizations, including The North West Company,” says Harley Eagle, Dakota/Ojibway Indigenous and Cultural Safety Consultant. “The lessons taught at this Workshop provide important elements for leaders to consider when interacting with their communities.”

PILLAR

4

# Respect for the Environment



*Solar panel installations in Inuvik*

## Overview



**The North West Company retail stores operate in some of the most pristine and beautiful environments on Earth; we strive to do our part to keep them this way.**

Our approach to protecting the environment is multifaceted, reflecting the complexity of the challenges that face us as a company that operates in remote regions serving diverse and often low-income communities.

Several key objectives lie at the heart of our environmental strategies, including improving the

efficiency of our operations; developing a robust system of environmental policies ensuring that we comply with or exceed all relevant local and federal laws and mandates; cultivating relationships with innovative local suppliers who can assist us in our environmental goals; and training our employees to act in an environmentally responsible manner.

Each of these objectives is informed by a deep commitment and respect for our planet, and for the people whose realities are shaped by the land around them. North West's long term success is shaped by the environmental sustainability where we operate.

*Image credit: Arctic Hare by Steve Sayles*

### AT A GLANCE

# 10.2 million kWh

in annual energy savings per year resulting from the installation of high-efficiency equipment and energy conservation measures in our stores. (Total store usage: 106.3 million kWh\*)

\*excludes non-store infrastructure

# 47

percent reduction in non-renewable energy costs by installing solar panels at our NorthMart store in Inuvik, NWT

# \$2.8 million

re-invested in community well-being projects since 2011 as a result of Greener Tomorrow plastic bag fees collected from northern communities

# 100

percent of new construction projects that will meet or exceed National Building Code energy efficiency standards as a result of NWC's newly-adopted environmental policy

### Commitments

The commitments in Respect for the Environment Pillar include:

- Minimize our environmental footprint
- Provide sensible, eco-friendly energy and product options whenever possible to communities we serve.



## Commitments, Goals, Performance and Next Steps

**Commitment:** *Minimize our environmental footprint*

GOALS	ACTIONS STEPS TAKEN IN 2019
<p>Promote energy initiatives in stores with cumulative 4 year investment of \$3.8 million.</p>	<ul style="list-style-type: none"> <li>- Adopted a policy that 100 percent of new construction projects will meet or exceed National Building Code energy efficiency standards and specifications.</li> <li>- Lowered annual net energy costs by \$2.6 million (10.2 million kWh) and greenhouse gas emissions by 5587 tonnes – 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 2020: \$3.1 million; 11.3 million kWh or 6296 tonnes.)</li> </ul>
<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"> <li>- Continued to partner with providers of alternative, clean energy sources, including Gwich'in Tribal Council for solar equipment installations in our NorthMart store in Inuvik, NWT; by replacing a non-renewable fuel source, we expect a 47 percent decrease in carbon energy costs compared to pre-installation levels. (Targeted reductions in 2020: 121,000 kWh or 90 tonnes.)</li> </ul>
<p>Provide ongoing environmental management and training</p>	<ul style="list-style-type: none"> <li>- Continued to set practices, policies, and programs to comply with local and federal legislation through our Environment Management Committee and systems.</li> <li>- Continued to focus our Environmental training for associates on ensuring safe and responsible environmental practices in the communities where we operate.</li> </ul>
<p>Meet ROI investment requirements for our renewable energy program in NWC store locations.</p>	<ul style="list-style-type: none"> <li>- Added solar rooftop panels to our St. Thomas Cost-U-Less store. (Targeted reductions in 2020: 117,000 kWh or 83 tonnes.)</li> <li>- Continued to evaluate expansion opportunities for this technology in other company locations.</li> </ul>

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

GOALS	ACTIONS STEPS TAKEN IN 2019
<p>Offer environmentally preferable solutions to single-use plastic bags</p>	<ul style="list-style-type: none"> <li>- Continued to encourage reusable bags by eliminating single-use plastic bags in 15 communities and working with 60 communities to significantly reduce the use of plastic bags with our "Greener Tomorrow" program; since 2011, the program has collected more than \$2.8 million in fees, which have been reinvested in Greener Tomorrow communities.</li> </ul>
<p>Reduce waste throughout our operations and supply chain.</p>	<ul style="list-style-type: none"> <li>- Continued to look for ways to eliminate perishable food waste within store supply chains, including wrapping and shipping materials and technologies.</li> <li>- Continue to operate 85 refillable container water-vending systems, which recycle water, reduce plastic bottle waste, and provide a cost-effective water source for customers.</li> <li>- Minimize waste of safe-to-eat food products that are past their 'best before' date through customer discounts and donations, recognizing the enormous waste created by unnecessarily discarding these items in favor of "fresher" products that must be shipped to remote areas by more costly air transportation.</li> </ul>

**NEXT STEPS**

Priorities in 2020 and beyond include continuing to:

- Implement a comprehensive energy conservation program across all of our stores, with a focus on northern locations; this program will use proven processes and technologies to minimize energy consumption without compromising the customer experience.
- Aggressively pursue partnerships that can provide alternative energy solutions for our operations, with a focus on regions where government support makes these interventions financially viable; as we gain

insight about the impact of these solutions, we will develop specific objectives to reduce carbon emissions.

- Leverage influence on suppliers to reduce packaging; this will also reduce transportation and disposal costs for remote communities.
- Assess local approaches to food production, including greenhouse-growing techniques, with an eye toward sourcing food less expensively from nearby suppliers.
- Launch local bottling in communities to reduce carbon emissions associated with shipping in product.



**Greener Tomorrow turns plastic into cash for northern residents**

Northern and NorthMart’s northern customers who supported reusable bag use will have a nice return heading their way this year – \$379,000 in plastic bag fees coming back to their communities through the Greener Tomorrow program.

“Greener Tomorrow is a great program because it addresses a significant environmental cost while also contributing to the long-term well-being of the community,” says Alex Yeo, President of Canadian Retail at The North West Company. “It’s a good way to invest in the future.”

The program, which began in northern Quebec and has expanded into northern



Ontario, Manitoba, Alberta and Saskatchewan, was developed in part to offset high disposal and recycling costs in small, remote locations like the ones that North

West retailers serve. Each household receives two reusable shopping bags at the outset of the program; customers are assessed a plastic bag fee at the point of sale once the program is implemented.

This year’s fee pool was used to support a range of community investments, including recycling programs, community clean-up events, park maintenance, breakfast and on-the-land programs, environmental education, sports and wellness initiatives, solar energy, and greenhouse and seeds programs.

“Greener Tomorrow is all about the willingness and commitment of the people – their desire to improve their own community,” says Yeo. “It’s about them helping themselves.”

**Solar panel installations combat ‘carbon stranding’ in Inuvik**

The sun is shining on a new “green” partnership between the North West Company and Gwich’in Tribal Council that will help reduce the carbon footprint in Inuvik, NWT.

North West teamed up with Nihtat Corporation, a Gwich’in development corporation focused on Inuvik and the Beaufort Delta, to install 640 solar electricity panels on the roof of the Inuvik Northern store. The project will reduce the store’s energy costs, support renewable

energy and provide the local community with development opportunities.

“Green initiatives are important to the North West Company, so when the opportunity to partner with Gwich’in Tribal Council to bring solar panels to Inuvik came up, we knew it was a win-win scenario,” said Gary Merasty, Executive Vice President and Chief Development Officer, The North West Company.

Along with the 390-watt solar panels, the project includes micro inverters, smart bi-directional metering and remote performance monitoring. These additions to the North Mart Inuvik store are projected to save \$60,000 in electricity

expenses every year – a 47 per cent drop in costs.

“We see this the Northmart Inuvik Solar Project as an example of how 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.” said Grant Sullivan, President Nihtat Energy Ltd.

The project reached completion in August 2019 and has already saved thousands in electricity costs.

**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](http://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, 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);*
- *Set 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.

We began taking steps to improve communications with our stakeholders in 2017 when we launched The North West Newsletter for community leaders and government officials that highlights components of our Four Sustainability Pillars. This and future Sustainability Reports will extend this outreach to other important North West stakeholders, including suppliers, investors, governments, and other interested community members.