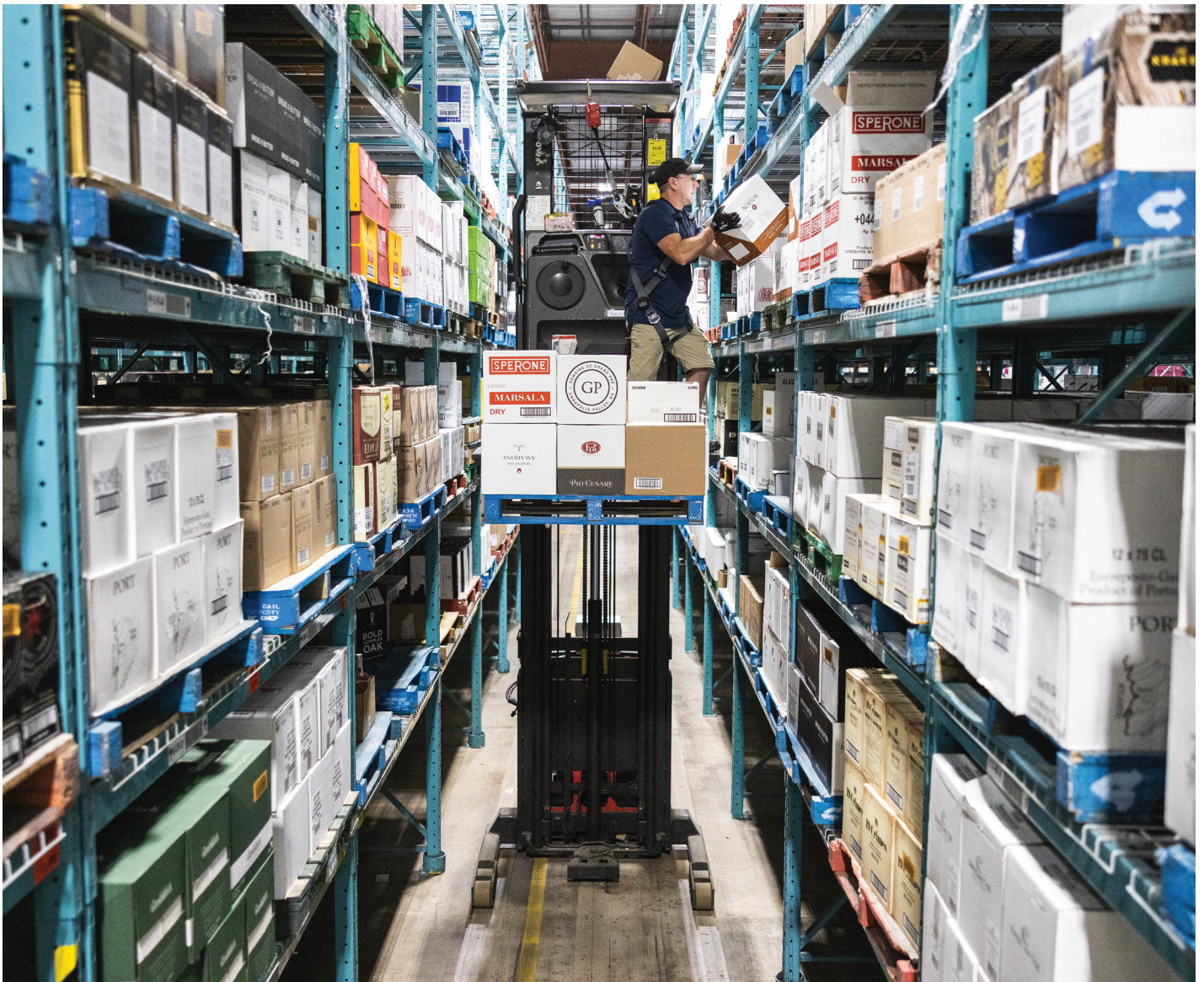




# FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT REPORT

2023-2024



## INTRODUCTION

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As a retailer and regulator of beverage alcohol and cannabis sales in Nova Scotia, the Nova Scotia Liquor Corporation (NSLC) takes its role as a responsible industry steward seriously. Responsibility is core to who we are, and we spend the time to educate and bring awareness on responsible consumption and sales, responsible business practices, community investment and sustainability, with our shoppers, teams, community, and supplier partners.

### Acknowledgment

The NSLC believes all human beings deserve to be treated with integrity and respect. We expect that the basic rights and dignity of workers in our operations and throughout our supply chain are upheld, and that their treatment is compliant with all applicable laws and regulations. We understand that global supply chains are complex, and we acknowledge and condemn modern slavery in the forms of forced labour and child labour that exist today.

### Our Commitment

At the NSLC, we are committed to responsible and sustainable business operations through ethical decision-making and transparent disclosures. We are taking the time to better understand our supply chain and identify where risks exist and determine how to best address them to build a more resilient and transparent supply chain.

We will continue to address the real and potential adverse impacts of activities through our supply chain by establishing due diligence processes with guidance from the [OECD Due Diligence Guidance for Responsible Business Conduct](#).

As part of our commitment to transparency and accountability, this report includes our activities for our previous fiscal year, which covers the period of April 1, 2023, to March 31, 2024. The report has been developed to meet our reporting obligations under Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (“Supply Chains Act”) and has been reviewed and approved by our President and CEO and the Chair of our Board of Directors.

## NSLC OVERVIEW

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### NSLC STRUCTURE

As a provincial Crown Corporation, the NSLC supports Nova Scotians and the priorities of the Government of Nova Scotia by:

- working together to contribute to economic growth,
- offering support to our large base of employees, and by
- providing exceptional and responsible customer service.

We do this with fiscal sustainability and service delivery top of mind, while directing 100% of our profits to the Province of Nova Scotia, our Shareholder, to support key public services. Our legislative mandate is outlined in Nova Scotia’s *Liquor Control Act* and the *Cannabis Control Act*.

## **LIQUOR CONTROL ACT**

Our role as outlined in the *Liquor Control Act* (LCA) includes responsibility for the receipt, distribution, regulation, and control of beverage alcohol in Nova Scotia. Safe and responsible distribution and sale of beverage alcohol, including the prevention of alcohol sales to minors, is fundamental to our mandate.

## **CANNABIS CONTROL ACT**

The *Cannabis Control Act* (CCA), gives us the authority to purchase, possess, sell, and distribute cannabis in Nova Scotia. We are the only authorized retailer of non-medical cannabis in Nova Scotia.

## **BOARD OF DIRECTORS**

The NSLC is governed by a Board of Directors appointed by Order in Council who meets at least quarterly and is accountable to the provincial government in setting the strategic direction of the business and overseeing the NSLC’s financial performance. The NSLC’s Board of Directors uses three standing committees to provide oversight and business stewardship:

- Audit and Risk Committee
- Governance and HR Committee
- Corporate Social Responsibility (CSR) Committee

## **EXECUTIVE COUNCIL**

The NSLC’s Executive Council is responsible for the day-to-day management of their respective Business Units as well as developing the overall direction of the NSLC based on long-range strategic planning and goal setting. This includes the development of the annual business plan and budget for approval by the Board of Directors.

## **NSLC Activities**

We are proud to be a retailer and regulator of beverage alcohol and cannabis sales in Nova Scotia, providing exceptional customer service and responsible sales of our products.

Our operations include:

- 110 corporate retail stores across the province
- two websites ([myNSLC.com](https://myNSLC.com) and [cannabis.myNSLC.com](https://cannabis.myNSLC.com)) with home delivery options
- one distribution centre for beverage alcohol and one third-party distribution centre for cannabis

- one head office in Halifax, Nova Scotia
- 1,900 plus employees in both unionized and non-unionized roles across the province

Additionally, we supply beverage alcohol to 63 independently owned NSLC Authorized Agents (Agency stores), four Private Wine and Specialty Stores (PWSS), and licensed establishments in the province.

Our distribution centre fulfills orders for:

- NSLC corporate retail stores
- Agency stores
- PWSS
- Licensed establishment network

We issue beverage alcohol permits to local manufacturers allowing them to produce and operate their own onsite retail stores, of which, there are more than 160 operating within Nova Scotia. Outside of our retail network and online sales, we have a special orders process for customers who would like to receive products that we do not regularly stock.

Our operations are diverse and require a comprehensive supply chain to meet our needs and fulfill our responsibilities. Our supply chain consists of a global network of more than 2,000 suppliers providing goods and services to run our head office, distribution centre, and retail operations.



As a public sector entity, the [Nova Scotia Public Procurement Act](#) (the *Procurement Act*) governs the way we buy goods and services. The *Procurement Act* does not apply to the purchase of beverage alcohol and cannabis products. Our procurement and tendering activities are conducted in a fair and transparent manner to obtain the best value in terms of delivery, products, services, site selection and technical expertise.

Our Corporate Affairs business unit manages all procurement efforts, exclusive of beverage alcohol and cannabis inventory, to ensure that employees involved in the procurement of material goods, facilities and services are following all policies and procedures. Our procurement policies are consistent with other provincial government departments, Agencies and Crown Corporations in accordance with the *Procurement Act* and any other relevant standards.

Our Insights and Customer Engagement business unit, with support from our Supply Chain business unit, manages all purchasing and listing efforts in relation to beverage alcohol and non-medical cannabis products. Suppliers have access to up-to-date information on advertising, product testing, program information and applications, results and reporting, and pricing on our website, [myNSLC.com](https://myNSLC.com).

## Our Supply Chain

In 2023-2024, we completed a value chain mapping exercise, which provided us with a greater understanding of the intricacies of our business and operations.

*Definitions: **Tier 1 Supplier** - our direct suppliers; **Tier 2 Supplier** - our supplier's suppliers or companies that subcontract to our tier 1 suppliers; **Goods** - tangible, physical products; **Services** - intangible, action or task provided by another.*



\*where applicable

### TIER 1 SUPPLIERS

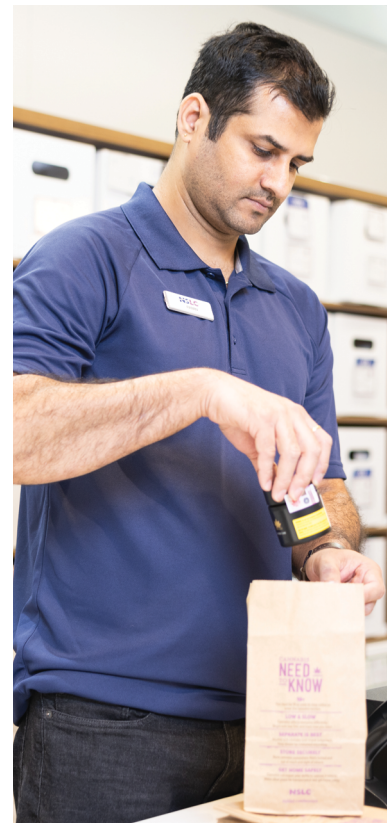
Our **Tier 1 suppliers** (direct) are those from whom we directly procure, whether it is goods or services. These suppliers have been captured and validated through our accounts payable vendor data.

Our **Tier 1 goods suppliers** include:

- beverage alcohol and federally licensed cannabis suppliers
- paper bags and beer carriers
- uniforms
- in-store print marketing and promotional material
- promotional items
- office supplies (e.g., coffee, paper, cleaning supplies, equipment)
- Information Technology (IT) equipment

Our **Tier 1 service suppliers** include:

- transportation and logistics providers (inbound and outbound)
- IT services
- postal and courier services
- real estate and property management companies (e.g., landlords)
- waste management services
- cleaning services
- utility providers
- marketing and insights agencies
- compliance and audit services



## TIER 2 SUPPLIERS

We have started to map our **Tier 2 suppliers** (indirect). We will work with our Tier 1 suppliers to better understand their respective supply chains and where they source from.

We know our Tier 2 suppliers include:

- raw materials such as agricultural and horticultural products (e.g., sugarcane, hops, barley, grapes) used to manufacture beverage alcohol
- product packaging (e.g., bottles and cans)
- shipping materials (e.g., wrap, boxes and pallets)
- product manufacturers and distributors

## COMMITMENTS

1. We are committed to obtaining a deeper understanding of our Tier 1 suppliers' operational practices, standards, and policies, particularly as they relate to forms of modern slavery.
2. We are committed to better assessing the risks of modern slavery in our supply chain for both Tier 1 and Tier 2 suppliers.
3. We will work with our supplier partners to determine areas of risk, accountability, and remediation.

## BUILDING TRANSPARENCY AND RESILIENCY IN THE SUPPLY CHAIN

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### Roadmap

We are on a sustainability journey at the NSLC, evolving our corporate social responsibility (CSR) efforts to an embedded sustainability and environmental, social, and governance (ESG) framework. This is good for our teams, shoppers, and communities, as it is the right thing to do. Our CSR Committee has oversight of our ESG framework.

### MATERIALITY ASSESSMENT & ESG FRAMEWORK

In 2023-2024, we completed an internal materiality assessment and developed our first ESG framework. Within the framework, we committed to responsible and sustainable business operations through transparent and ethical decision making and disclosures. We identified extended supplier responsibility as a priority in our ESG materiality assessment, and as part of this, will work to understand the risk of modern slavery and forced labour in our supply chain.

### CODE OF BUSINESS CONDUCT

Our [Code of Business Conduct](#) highlights our commitment to conducting business in a manner

that is responsible, accountable, and demonstrates integrity. It guides the conduct of all NSLC employees, our Executive Team, and our Board of Directors. Introducing a Supplier Code of Conduct is a priority on our ESG roadmap and will help to define expectations and requirements for each of our goods and services providers through the lens of responsible business practices.

## PROCUREMENT DOCUMENTS

Our procurement documents, such as requests for proposals (RFPs) and vendor contracts, include clauses for fair wages, training, safety, standards of work, and legal or unethical conduct. In some of our RFP documents, we ask proponents how they consider the environmental factors related to the goods they supply and the means with which they mitigate adverse impacts in their own operations and value chain.

### COMMITMENT

4. We will develop a formal Supplier Code of Conduct to clarify and strengthen requirements for doing business with us, with an emphasis on responsible business practices.

## Governance

### NSLC WORKING GROUP

In Fiscal Year 2023-2024, we established an internal working group to facilitate response and planning for the *Supply Chains Act*. Our working group is cross-functional with representation from key business units, including:

- CSR (Responsibility and Sustainability)
- Communications
- Supply Chain
- Internal Audit
- Insights and Customer Engagement (Marketing, Beverage Alcohol Category Management, Cannabis Category Management, and Strategy)
- Corporate Affairs (Regulatory Affairs, Policy, and Procurement)

The working group meets regularly to plan and discuss progress on due diligence processes, has completed the supply chain map exercise, and has assessed the NSLC against the [Modern Slavery Benchmarking Tool](#).

### REGIONAL WORKING GROUP

We also led the development of a regional working group consisting of representatives from the NSLC and neighbouring Atlantic jurisdictions. The regional working group meets to share information, discuss due diligence approaches and next steps, and find opportunities for alignment. The NSLC has also engaged with several provincial liquor boards outside of Atlantic Canada for insight into their approach and response to the new *Supply Chains Act*.

## ADDITIONAL ACTIONS

In addition to meeting with our liquor and cannabis jurisdictional partners, we completed an industry scan to understand best practices around responsible supply chains and human rights due diligence programs. We have looked at various examples of Supplier Codes of Conducts and engaged with other Canadian liquor boards to receive copies of their policies to help inform our future approach. We also sent a survey to more than 300 of our supplier partners to understand their awareness of the *Supply Chains Act*.

### COMMITMENT

5. Going forward, we will develop a formalized roadmap informed by the [OECD Due Diligence Guidance for Responsible Business Conduct](#) to determine our next steps in building a human rights due diligence program (HRDD) for the NSLC.

## MODERN SLAVERY SUPPLY CHAIN RISK AND REMEDIATION

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Global supply chains are complex, which contributes to difficulties in identifying risks of modern slavery.

### Acknowledgment

We acknowledge that modern slavery in the forms of both forced labour and child labour exist today. Given that some of our suppliers rely on known high-risk sectors such as agriculture, textiles, and migrant workers, we will take steps to better understand and identify these risks and evolve our human rights due diligence processes.

### Remediation

The Confidence Line is a third-party service that is separate from the NSLC and allows anyone to anonymously report violations of the NSLC Code of Business Conduct. This service can be accessed 24 hours a day, 365 days a year through a toll-free reporting line or through online reporting. Submitted reports are sent to our Compliance Officer(s) for review.

Where the NSLC does not have remediation of loss of income measures in place, the organization will assess its accountability and requirements as part of the roadmap.

## MODERN SLAVERY TRAINING

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Our internal working group and other business unit representatives completed a mandatory 90-minute training session on Supply Chain Due Diligence and Modern Slavery. In total, 13 NSLC employees participated in this training. The human rights focused training included:

- an overview of the stark reality of modern slavery



- a brief history of human rights due diligence
- a summary of the requirements of Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (“Supply Chains Act”)
- suggestions for NSLC’s approach
- considerations of risks

The training was informative and disclosed the serious issues that can occur in any supply chain. The training validated the importance of disclosure reporting and developing human rights due diligence programs. We recognize that we are at the start of our journey in addressing and preventing forced labour and child labour within our supply chain and that this report is an important first step.

## ASSESSING EFFECTIVENESS

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The NSLC has regular and transparent communication with our suppliers to manage and mitigate potential supply chain risk. While there are no formal assessment activities in place to address forced labour and child labour, such as tracking relevant key performance indicators, the NSLC commits to reviewing assessment actions to measure and track our success in preventing and reducing risk of modern slavery in future.

## REITERATING OUR COMMITMENT

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We recognize that the development and publication of this report is only our first step in understanding and addressing forced labour and child labour within our supply chain. We are taking the time to better understand our supply chain and identify where risk exists and determine how to best address it, and through this foundational work will develop our roadmap. We commit to working in partnership with our suppliers to create a more resilient and transparent supply chain.

## ATTESTATION

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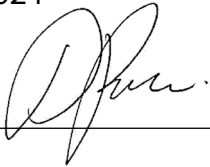
Nova Scotia Liquor Corporation's "*Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2023-2024*" was developed to meet our reporting obligations under Bill S-211, *An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to Amend the Customs Tariff*. The report has been reviewed and approved by our President and CEO and the Chair of our Board of Directors.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I 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.

David Pace

Chair, Board of Directors, NSLC

May 28, 2024

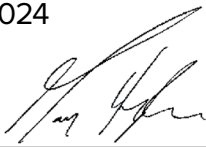


\_\_\_\_\_ I have the authority to bind Nova Scotia Liquor Corporation

Greg Hughes

President and CEO, NSLC

May 28, 2024



\_\_\_\_\_ I have the authority to bind Nova Scotia Liquor Corporation