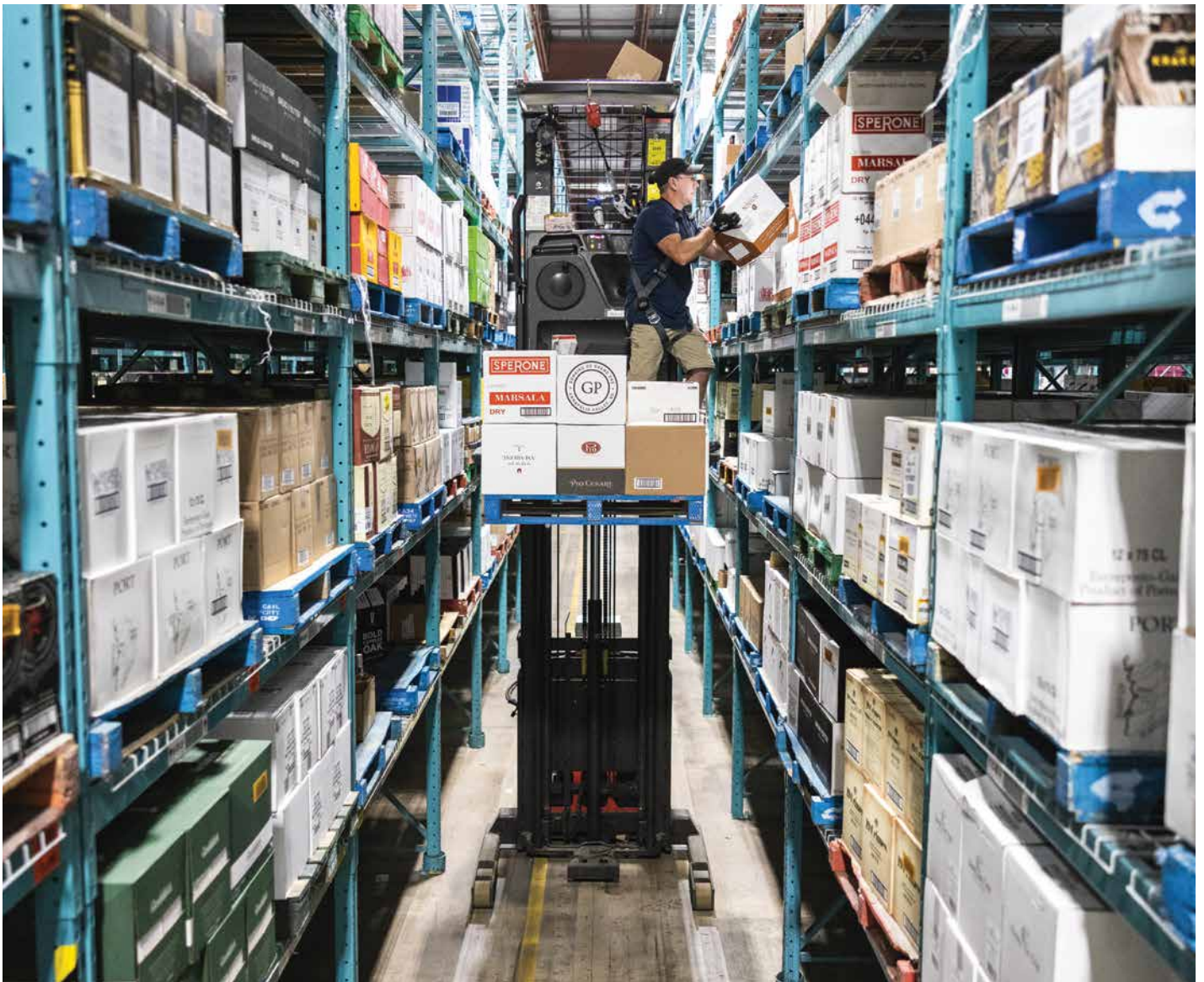




FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT REPORT

2024-2025



Introduction

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. We actively educate and bring awareness about responsible consumption and sales, responsible business practices, community investment and sustainability, with our shoppers, teams, community, and supplier partners.

This second annual report fulfills our disclosure obligations under Canada’s 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”). The report provides an update on progress against our year one commitments during the financial year April 1, 2024, to March 31, 2025. It has been reviewed and approved by our President and CEO and the Chair of our Board of Directors.

Acknowledgement of Risk and Commitment to Human Rights

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 recognize the complexity of global supply chains and condemn all forms of modern slavery, including forced labour and child labour, wherever they exist.

Organizational Structure, Activities, and Supply Chain

The NSLC is a provincial Crown Corporation responsible for the retailing and regulation of beverage alcohol and cannabis sales in Nova Scotia. The NSLC is governed by a Board of Directors and reports to the Minister of Finance and Treasury Board for the Government of Nova Scotia.

The NSLC operations include:

- 108 corporate retail stores
- Two e-commerce platforms with delivery services (mynslc.com and cannabis.mynslc.com)
- One Support and Distribution Centre (“head office”) in Halifax, Nova Scotia
- Over 1,900 employees

The NSLC also supplies beverage alcohol to 64 independently owned NSLC Authorized Agents (“Agency Stores”), four Private Wine and Specialty Stores (“PWSS”), and licensed establishments across the province.

The NSLC has a comprehensive and diverse global supply chain, providing goods and services to support operations at our retail stores and our Support and Distribution Centre.

Tier 1: Direct suppliers of goods and services, including beverage alcohol, cannabis, information technology, marketing materials, logistics providers, and more.

Tier 2: Indirect suppliers, including raw materials, packaging, agricultural inputs, and more.

In our first-year report, we captured and validated our Tier 1 suppliers using accounts payable vendor data and began mapping our Tier 2 suppliers — an area we recognized required further analysis. This year, we focused our efforts on deepening our understanding of Tier 2 suppliers, which will be reflected in the summary of our activities later in this report.

Due Diligence Approach

In our first-year disclosure (Fiscal Year 2023–2024), we identified five commitments to guide our understanding of supply chain risks related to forced labour and child labour, and to shape our mitigation strategies.

In response to these commitments, the organization prioritized three focus areas for Fiscal Year 2024-2025: **Governance**, **Supplier Accountability**, and **Supply Chain Risk Mapping**. These focus areas are informed by OECD Due Diligence Guidance. They are foundational to the NSLC’s overall human rights due diligence approach and reflect our long-term goal of embedding respect for human rights into our business practices. Further expansion of our progress against these efforts are detailed in the sections that follow.

Fiscal Year 2023 - 2024 Commitments Update				
#	Commitment	Priority Alignment	Action(s)	Status
1	Deepen our understanding of Tier 1 suppliers’ operational practices, standards, and policies, particularly those related to modern slavery.	Governance	<ul style="list-style-type: none"> ESG Framework alignment Strategic Planning alignment 	In progress
2	Improve our assessment of modern slavery risks across both Tier 1 and Tier 2 suppliers.	Supplier Accountability	<ul style="list-style-type: none"> KPMG Risk Assessment 	In progress
3	Collaborate with supplier partners to identify areas of risk, define accountability, and support remediation.	Supplier Accountability	<ul style="list-style-type: none"> Develop Supplier Code of Conduct 	In progress
4	Develop a Supplier Code of Conduct to clarify and strengthen expectations around responsible business practices.	Supplier Code of Conduct	<ul style="list-style-type: none"> Develop Supplier Code of Conduct 	Complete
5	Establish a formal roadmap for our Human Rights Due Diligence (HRDD) program, guided by the OECD Due Diligence Guidance for Responsible Business Conduct.	Governance	<ul style="list-style-type: none"> ESG Framework alignment Strategic Planning alignment 	In progress

Governance

Sustainability

The NSLC is continuing our sustainability journey by evolving from a Corporate Social Responsibility (CSR) approach to an embedded Environmental, Social, and Governance (ESG) model. This transition reflects our commitment to doing what is right for our teams, shoppers, communities, and the broader supply chain. Oversight of our ESG framework is provided by our CSR Committee with support from our ESG Steering Committee which is comprised of senior leaders from across the organization. Responsible business practices and supplier responsibility is a key priority area within our ESG Framework. We have intentionally aligned our Supply Chain Act commitments to this framework to ensure human rights due diligence is embedded within annual business planning and strategic initiatives.

Strategic Planning

Fiscal Year 2024–2025 marked the final year of the NSLC’s 2020–2025 Strategic Plan. As we began shaping our 2025–2030 Strategic Plan, we focused on understanding the evolving needs of our shoppers, suppliers, and team members. These insights—combined with broader shifts in our external environment—are informing future strategies that aim to keep the NSLC responsive and resilient.

A priority in this planning cycle was embedding our commitment to human rights and due diligence within the organization’s long-term goals. This is reflected in the Community focus area where we have shared our intention to integrate social impact into our organizational DNA. Over the next five years, our priority will be to define goals around sustainable business practices through efforts such as ethical decision making and transparent disclosures.

This integrated approach strengthens our vision of being a shopper-centric retailer, employer of choice, responsible steward, and industry partner—while investing in a sustainable future for Nova Scotia.

Supplier Accountability

In Fiscal Year 2024–2025, we developed the NSLC’s first-ever **Supplier Code of Conduct**—a foundational step in strengthening supplier accountability and setting clear expectations across our supply chain. The Code outlines requirements related to ethical conduct, respect for human rights, fair labour practices, and compliance with all applicable laws and regulations. It applies to all supplier partners, including vendors, agents, and their subcontractors.

The Supplier Code of Conduct is grounded in Canadian laws at all levels of government and reflects international standards such as the OECD Guidelines for Responsible Business Conduct. It is also informed by peer and industry best practice.

To ensure meaningful alignment and adoption of the new Code of Conduct, early stakeholder support was a priority. We held five engagement sessions with suppliers with representation from beverage alcohol, cannabis, and other goods categories. We also consulted our Local Industry

Committees for Beverage Alcohol and Cannabis to ensure they understood the intent of the code and agreed to the overall expectations.

We continued our collaboration with the Atlantic Regional Working Group composed of representatives from neighbouring provincial jurisdictions involved in beverage alcohol regulation. From this group, a Supplier Code of Conduct Subcommittee was established to coordinate on standards and approaches, driving consistency across the region.

Internally, we convened a cross-functional working group to guide the development and future implementation of the Supplier Code of Conduct. This group will continue meeting throughout Fiscal Year 2025–2026 as we prepare for the roll-out of the Supplier Code of Conduct, including communication, training, and compliance monitoring. Further details on our implementation progress will be included in our next annual disclosure.

Supply Chain Risk Mapping

In partnership with our Atlantic counterparts—Alcool NB Liquor (ANBL) and the Newfoundland Labrador Liquor Corporation (NLC)—the NSLC worked with KPMG to complete a comprehensive supply chain risk mapping and screening exercise. This initiative was identified as a shared priority among jurisdictions seeking to deepen their understanding of modern slavery risks.

Import data from January 2021 to October 2024 was obtained from the Canada Border Services Agency (CBSA) and consolidated for screening. The data included over \$405 million in direct imports across the three jurisdictions. It was analyzed using external risk indicators based on internationally recognized sources, including the International Labour Organization (ILO) and the United States Bureau of International Labor Affairs' List of Goods Produced by Child Labour or Forced Labour.

A vendor mapping and risk screening dashboard was developed with the results, and KPMG facilitated a virtual workshop with all jurisdictions. This workshop provided an overview of supply chain activities, geographic distribution, product-level analysis, and vendors flagged by the external risk criteria.

Key Findings

- Overall risk exposure is low, with **2.3% of total direct imports** (\$9.45M) flagged as carrying a potential risk of forced or child labour.
- Argentina emerged as the primary potential geographic risk, accounting for **90%** of the value of potentially at-risk direct imports.
- **Grapes represent the highest potential product risk**, also comprising 90% of the flagged potentially at-risk goods.
- **Guatemala** was identified as the second potential highest-risk country of origin.
- **Sugarcane** (sourced from Brazil and the Dominican Republic) and textiles from China were also flagged for potential risk of forced labour.

Next Steps

This exercise was not intended to identify confirmed instances of forced labour or child labour, but to provide insights that will inform our future human rights due diligence efforts, including the development of focused risk management strategies that align to OECD Due Diligence Guidance.

This screening exercise confirmed that the overall risk level within our direct supply chain for imported beverage alcohol product and other goods is low, but more importantly, it highlighted potential risk by geography and product type. This will provide direction for next steps in risk management, including engaging with suppliers in these high-risk categories to better understand their sourcing and labour practices.

Remediation Measures

The NSLC recognizes the importance of having trusted mechanisms in place to support transparency and accountability in our operations and supply chain. Our Confidence Line is a third-party, independent reporting service that allows anyone to anonymously report violations of the NSLC Business Code of Conduct. It can be accessed 24 hours a day, 365 days a year through a toll-free reporting line or through online reporting. Reports submitted through the Confidence Line are submitted to NSLC Compliance Officer(s) for review.

At present, the NSLC does not have a formal remediation framework in place for specific scenarios such as loss of income resulting from supply chain decisions. As part of our Human Rights Due Diligence (HRDD) roadmap, we will assess our accountability in potential remediation efforts to support individuals and uphold our commitment to ethical business practices. We recognize that having clear remediation processes is a critical part of a responsible due diligence system.

Training

The NSLC continues to build internal capacity and awareness to support our evolving approach to ESG responsibilities and human rights due diligence. Groups such as the ESG Steering Committee and the Bill S-211 Working Group will continue to drive organizational understanding and awareness around human rights due diligence.

The Bill S-211 Working Group responsible for advancing our response to Canada's Supply Chain Act collaborates closely with peers across the Atlantic provinces through a regional working group. Within that group, a subcommittee was formed to align on the development of Supplier Codes of Conduct. These collaborative efforts also supported the completion of our supply chain risk mapping and screening project, described in the *Supply Chain Risk Mapping* section of this report.

In fiscal year 2023-2024, members of the NSLC Bill S-211 Working Group and other key business unit representatives participated in a training session on Supply Chain Due Diligence and Modern Slavery. This year, our CSR Committee also completed an education session focused on *Canada's Supply Chain Act*, HRDD and the OECD Guidelines, governance and risk management of HRDD, traceability, reporting, and transparency.

As we prepare for the roll-out of our Supplier Code of Conduct, additional training will be provided to NSLC team members, and these efforts will be reported on in our next disclosure.

Assessing Effectiveness

The NSLC has regular and transparent communication with our suppliers to manage and mitigate potential supply chain risk.

This year, our approach was focused on building a strong foundation for effectiveness of our HRDD program. Our success for this year was measured against key commitments from our first annual report, and we will continue to measure our effectiveness against these commitments on our continuous journey of mitigating the risk of forced and child labour in our supply chain.

Key progress this year included:

- development of our Supplier Code of Conduct.
- completion of our supplier risk mapping and screening.
- evolution of our governance structure to support Human Rights Due Diligence planning.

We will continue to track progress on our commitments made in our first annual report.

Our Commitment to Continuous Improvement

This second annual report reflects the NSLC's continued efforts to understand and address the risks of forced labour and child labour within our supply chain. Over the past year, we made meaningful progress, including the development of our first Supplier Code of Conduct and the completion of a comprehensive risk mapping and screening exercise. These milestones have provided us with clearer insight into potential high-risk countries of origin and have laid a critical foundation for building our Human Rights Due Diligence (HRDD) Program.

The NSLC remains committed to responsible and sustainable business operations, guided by ethical decision-making and transparent disclosure. Through a continuous improvement mindset, we will build on this year's progress to strengthen our understanding of supply chain risks and further our ability to address and mitigate the risks of forced and child labour.

We are dedicated to working collaboratively with our supplier partners to foster a more resilient, responsible, and transparent supply chain for the future.

Attestation

Nova Scotia Liquor Corporation's "*Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2024-2025*" 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.

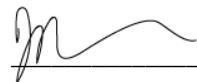
Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signed,

Tara Miller

Chair, Board of Directors, NSLC

May 29, 2025



I have the authority to bind Nova Scotia Liquor Corporation

Greg Hughes

President and CEO, NSLC

May 29, 2025



I have the authority to bind Nova Scotia Liquor Corporation