



STRATEGIC PLAN 2020-2025



AN INTRODUCTION TO A NEW CHAPTER

CELEBRATING *the good*

At the NSLC, we take pride in providing Nova Scotians with exceptional customer service and responsible sales of beverage alcohol and cannabis in our retail network and online. Our legislated mandate for beverage alcohol has remained the same since we opened our doors in 1930 but the way we operate our business has changed. This mandate was broadened to include cannabis on October 17, 2018 when the regulations under the federal Cannabis Act came into force.

Through these shifts, our anchor has always been our people. Our aim is to create exceptional employee experiences, which in turn create exceptional customer service across all our retail touchpoints. We work hard to be an employer of choice and a jurisdiction known across the country for taking a leadership position in corporate social responsibility and a willingness to find innovative ways to work with our business partners and local industry.

Our customers tell us through research that they are pleased with the service we provide, but that is not enough for us. We are proud of what we have accomplished during our last five-year strategic plan and recognize that the 1800 Nova Scotians we employ are the heart of the business and the key to our success. They represent everything we are proud of and are responsible for generating all the good we do. For this reason, this strategic plan will focus on our people, our commitment to corporate social responsibility and continuing to deliver exceptional customer experiences. We are determined to take the good we do to the next level by collaborating, learning more about how to better serve our customers, partnering with local industry, and looking for ways to share the good we do with the people of Nova Scotia.

EVOLVING WHO WE ARE

During the life of this plan, the entire organization will be focused on creating good connections – with our people, our customers, and our business partners. We will also be celebrating good choices, whether it's a unique product offering or the decision to hail a cab at the end of a night out with friends. Ultimately, we're about the good we contribute to the Province of Nova Scotia, whether through responsible sales, the impact we have on the communities we serve, or by the financial contribution we make that helps create a stronger Nova Scotia.

We are proud of what we have accomplished so far and look forward to the challenges and opportunities that lie ahead during the life of this strategic plan. We are confident we have the right leadership, people, and commitment to corporate social responsibility to ensure we can deliver strong results.

TOGETHER, OUR PROMISE IS TO:

KEEP *the good* GOING

OUR LEGISLATIVE MANDATE

As a Crown Corporation, we support 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, as our Shareholder, to support key public services.

Our legislative mandate is outlined in the Nova Scotia Liquor Control Act and Cannabis Control Act. Our role as outlined 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. The Cannabis Control Act (CCA), gives us the authority purchase, possess, sell, and distribute cannabis.

LIQUOR CONTROL ACT (LCA) OBJECTIVES:

CUSTOMER:

Attainment of acceptable levels of customer service

RESPONSIBILITY:

Promotion of social objectives regarding responsible drinking

LOCAL:

Promotion of industrial or economic objectives regarding the beverage alcohol industry in the province

FINANCIAL:

Attainment of suitable financial revenues to government

PROVINCIAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Promote social objectives respecting the responsible consumption of cannabis; and
2. Control and carry out the purchase, possession, distribution and sale of cannabis in accordance with the CCA

FEDERAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Protecting the health of young persons by restricting their access to cannabis
2. Protecting individuals from inducements to use cannabis
3. Providing access to a quality-controlled supply of legal cannabis

OUR BRAND FRAMEWORK

Our Purpose, Vision and Values will serve as the foundational elements of this plan.

OUR PURPOSE | WHY WE EXIST

TO COME TOGETHER
FOR *the good* OF
NOVA SCOTIA

OUR VISION | WHO WE ASPIRE TO BE

“ To be recognized as a trusted retailer, partner, employer and responsible industry steward that is helping create a stronger Nova Scotia. ”

OUR VALUES | WHAT WE STAND FOR

Together, WE ARE:

- i KNOWLEDGEABLE**
We learn & share what we know
- + OPTIMISTIC**
We celebrate & contribute to the good we do
- ✓ RESPONSIBLE**
We keep our purpose at the heart of our business
- ♥ RESPECTFUL**
We take care of ourselves, each other & our communities
- ! ENGAGED**
We make a positive impact & create meaningful connections

OUR COMMITMENT TO BEING A CUSTOMER-FIRST ORGANIZATION

We are challenged to offer value to our customers while delivering a consistent and high level of service in our stores across the province, as well as online.

More than ever before, we are exposed to forces that influence our business and the purchasing decisions of our customers. Expectations for how product is accessed in an era of personalization and convenience is in a constant state of change. A customer-focused orientation for retailers is now table-stakes and evolving preferences and demographics, together with technology innovation, will shape the retail landscape. All these forces add increased complexity to our business and challenge the status quo.

Nova Scotia retailers will continue to be faced with changing demographics, increased expectations, and shifting preferences. We are tasked with understanding our customers at a new level so we can anticipate their expectations and change the retail experience to meet the demand. Our team will come together to do just that.

Here is what we know to be true regarding shifting customer expectations and demographics:

- Customers want authentic experiences and to be treated as individuals.
- There is a growing and continued preference for local, craft and sustainable products.
- People want to engage with companies that operate in alignment with their values and that they believe are responsible corporate citizens.
- A 'better for me' mindset will drive growth in products that support health and wellness and will create shifts in customers' purchasing choices.
- Customers expect retailers to meet them on their terms. Convenience and ease are the expectation across all channels.
- Mobile, social media, and use of technology are on the rise. The paradox is that while people are more connected than ever before digitally, social isolation is actually on the rise. People are looking for opportunities to unplug and connect.
- Experiential retail is the norm for best-in-class retailers, in terms of offering customers shopping experiences that connect, entertain, and engage them in novel ways.

UNDERSTANDING THE NOVA SCOTIAN CUSTOMER

Nova Scotia demographics have been changing and this has had an impact on beverage alcohol consumption patterns. Our population is aging, urbanization is a continuing trend, and health considerations are an increasing factor in our customers' purchase decisions. Social occasions are also shifting to reflect more at-home occasions, having an impact on our sales to bars and restaurants.

In addition, cannabis is still a new category for us as a retailer and we are still learning about our customer base and the Nova Scotia cannabis market in general. While we have made progress, much more needs to be done to better understand the customer and further divert sales from the illegal market.

In pursuit of our goal to offer a consistent experience to all Nova Scotians, we have invested in our retail network across the province, not just in areas where population is increasing. The bricks-and-mortar retail experience is not going away for us. The in-store experience is part of a broader eco-system where digital realities are continuing to create disruption and is an inherent part of the customer journey.

While other retailers have enjoyed an increase in online shopping, our experience with this channel has been modest, especially as it relates to cannabis sales. This is not unique to Nova Scotia and is a consistent theme with cannabis retailers across the country. Sales through this channel are important because it helps make the product more accessible in areas not serviced by a store, making it more difficult to have an impact on illicit market sales. This presents us with an opportunity to find ways to remove the barriers and create awareness of this sales channel with our customers. More broadly, we need to look at how customers want to shop with us and explore new ways to meet customers on their terms, balancing our responsibility mandate.

In addition, shopping experiences must offer more than material goods alone. Customers want to spend their money with retailers they feel are good corporate citizens, involved in their community, and are good environmental stewards. Customer preferences are constantly changing regarding how they want to access products and services. We must look for opportunities to exceed their expectations by finding innovative ways to add more access points and increase our ability to pivot as required to meet their needs.

CUSTOMERS WANT TRUST, EASE AND CONNECTION IN AN ERA OF DISRUPTION.

THIS IS HOW WE WILL

COME TOGETHER FOR *The good* OF NOVA SCOTIA

We will continue to work hard to create exceptional experiences for our customers and take our role as the responsible steward of beverage alcohol and cannabis sales in Nova Scotia seriously. The foundation for both these responsibilities is anchored in trust and connection – and this starts and ends with our people and our customers.

OUR STRATEGIC PRIORITIES

CUSTOMER

We will be steadfast in our commitment to become a truly customer-first organization by building on the foundation of trust we have established through authentic retail engagements and our focus on corporate social responsibility. We will work together to evolve our strategies and how we come together to execute them. We will put customers first and create moments of engagement across all channels while ensuring Nova Scotians can purchase the products they want, where they want them through an evolved channel and distribution strategy balancing digital and physical touchpoints. This starts with listening to our customers, our vendor partners, and each other and acting on what we hear. How we evolve the shopping experience to meet customers on their terms is a challenge with no one solution.

PEOPLE

We believe that the strength of our team will make it possible to deliver authentic, consistent, and exceptional customer experiences. We will empower our people to continue to build relationships with Nova Scotians by offering consistent, knowledgeable, and reliable service. Supporting all employees through their entire employment life cycle will be a priority during the life of this plan.

RESPONSIBILITY

Our corporate social responsibility mandate is at the heart of the organization, and we commit to taking our programs and initiatives to the next level by weaving the responsibility theme throughout the organization. We believe in responsibly offering the products we've been entrusted to sell. Our retail team challenges more than two million customers for ID every year, helping to keep our products out of the hands of minors. We will work hard to support our customers in their celebration of life's moments and help them choose products responsibly. We will continue to support our communities and ensure responsible environmental and industry stewardship for Nova Scotia. To celebrate the good we do for our province, we plan to develop programs and initiatives our employees are proud of and share our corporate story outside the organization in new and different ways.

LOCAL

The buy-local movement continues to increase in popularity and demand by customers. We will always look for opportunities to collaborate with local industry and support them as they work to bring their products to market. By finding new and innovative ways to work together, sharing best practices, and leveraging expertise, we will continue to support them in our capacity as a retailer.

FINANCIAL

We will remain steadfast in our commitment to supporting our focus areas and making a positive impact in the communities we serve through partnerships, environmental stewardship, volunteering, supporting local industry, and by our financial contribution. There's so much good to celebrate with our employees, customers, and business partners, but this is just the beginning of the story.

OUR STRATEGIC PRIORITIES

A detailed action plan has been developed to support these strategic priorities and address key issues, risks and opportunities. This will ensure we deliver on the objectives identified in this plan.

CUSTOMER

Deepen our customer focus through a customer-first approach across the organization

We will continue the journey to become a truly customer-first organization by better defining what exceptional customer experiences look like in a changing landscape. We will do this by listening to our customers, collecting insights, and aligning ourselves to deliver on the findings.

STRATEGIC ACTIONS:

1. Listen to our customers, understand and respond to their needs to drive exceptional customer experience
2. Ensure all Nova Scotians can responsibly purchase the products they want through an evolved channel and distribution strategy
3. Empower our people, as our best asset, to deliver consistent, authentic and exceptional customer experiences
4. Continue to create moments of Discovery and Engagement across all channels

METRIC: Customer Satisfaction Score 90%

Additional leading measures will be identified and leveraged as part of our strategy to create feedback loops and actionable insights in the first year of the plan.

OUR STRATEGIC PRIORITIES

PEOPLE

Create exceptional employee experiences to drive exceptional customer experiences

Our people are the heart of what we do, why we do it and are the key to our ongoing success. We will look for ways to support them through their employment lifecycle to create increased engagement, enabling them to better serve our customers.

STRATEGIC ACTIONS:

1. Build programs and a culture that attracts, develops, and retains talent and celebrates their contributions
2. Build a purposeful leadership orientation within the organization

METRIC: Employee Engagement 80%

Additional leading measures will be identified and leveraged to assess employee feedback and engagement at an operational level in the first year of the plan.

OUR STRATEGIC PRIORITIES

A detailed action plan has been developed to support these strategic priorities and address key issues, risks and opportunities. This will ensure we deliver on the objectives identified in this plan.

RESPONSIBILITY

Fully integrate corporate social responsibility into our organizational DNA

We commit to enhancing our efforts and celebrating our commitment to our legislated mandate, through continued engagement with our people, partners, and stakeholders.

STRATEGIC ACTIONS:

1. Deepen the CSR function across the organization and build ambassadorship among our partners, people, and stakeholders
2. Strengthen our community partnerships to drive knowledge and awareness of moderate consumption
3. Celebrate the Good – demonstrate the value of the NSLC as a leading corporate citizen
4. Balance social, environmental, and business needs to create sustainable success
5. Clarify and evolve our role within the regulatory framework as a responsible steward of the Nova Scotia industry

METRIC: CSR Scorecard

Additional leading measures will be identified and leveraged to assess People & CSR health at an operational level as a more holistic measure of the business in the first year of the plan.

OUR STRATEGIC PRIORITIES

LOCAL

Build strong partnerships for mutual success

We commit to collaborating with local manufacturers and producers to offer support and expertise and find innovative ways to help bring their products to market in our capacity as a retailer.

STRATEGIC ACTIONS:

1. Sustainably grow our trusted local partnerships
2. Share best practices to support industry evolution and knowledge

METRIC: NSLC sales growth in key category areas

FINANCIAL

Deliver consistent returns to the people of Nova Scotia, while balancing our legislative responsibilities

We commit to managing the business efficiently and effectively, maximizing investments in our key focus areas and controlling expenses to the best of our ability to deliver \$1.2B in earnings over the five years of this plan.

STRATEGIC ACTIONS:

1. Invest strategically in our technology and network to support the foundations of our business and positive customer and employee experiences
2. Balance investments in our key focus areas with operational efficiency to drive ease of doing business and ensure consistent returns
3. Enable business strategy across our key focus areas - Customer, People, Local and Responsibility

METRIC IN YEAR FIVE: Sales \$798.8M, Average Retail Transaction \$34.79, Net Income 32%

NOVA SCOTIA LIQUOR CORPORATION

93 Chain Lake Drive, Halifax NS, B3S 1A3

Tel: 902.450.6752 | myslcc.com

