

BUSINESS PLAN 2023 – 2026



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MESSAGE FROM THE PRESIDENT & CEO

It is my pleasure to share Newfoundland Labrador Liquor Corporation's (NLC) 2023–2026 Business Plan which has been prepared under the direction of NLC's Board of Directors and in accordance with the requirements of the **Transparency and Accountability Act**. The priorities outlined within the plan consider the strategic directions of the Provincial Government, as well as feedback from internal and external stakeholders.

This document will serve as a roadmap to how we fulfill our mandate to oversee the importation, sale, and distribution of beverage alcohol and cannabis; to be an exceptional retailer, wholesaler, and manufacturer of beverage alcohol; to be a leader in social and corporate responsibility; and to set new benchmarks in financial returns to the people of Newfoundland and Labrador.

We are proud of our accomplishments and are committed to balancing purpose and profit. For the 2020-2023 period covered by our most recent Business Plan, NLC delivered dividends totalling \$613.0 million to the NL Government to fund key public services in the Province, an increase of approximately \$81 million from the previous three-year period. We launched a renovation plan to upgrade and modernize our corporate Liquor Stores, and played a leading role in the development of a legal cannabis industry in the Province to provide safe and secure access to cannabis. We renewed and strengthened our relationship with our NLC team members, and we laid the groundwork for a new Corporate Responsibility program to allow for greater trust and transparency with Newfoundlanders and Labradorians.

We remain focused on bringing NLC's vision to life and improving the experience for our customers, regardless of when, where, or how they interact with us. In our role as wholesaler, we will continue to engage our partners and suppliers to provide Newfoundlanders and Labradorians with quality products and quality connections. We are committed to driving meaningful and equitable change in our communities, leveraging our reach and footprint across the Province, and strengthening the industry in areas including Social Responsibility, Community Giving, Sustainability, Workplace Culture, and Governance.

NLC employees are the heart of our business, demonstrating pride and ownership in the roles they fulfill and the communities in which they live and work. In order to provide exceptional customer experiences we must first ensure an exceptional employee experience. We will continue to work towards achieving a value-led, safe, inclusive, healthy, and responsible culture where every employee feels valued, respected and heard.

I look toward the upcoming years with anticipation and I am confident that NLC will meet - and exceed - its ongoing commitment to support the Province and its people.

Sincerely,



Bruce Keating, President & CEO

– *Mandate* –

NLC’s legislative mandate, as outlined in the **Liquor Corporation Act**, the **Liquor Control Act**, and the **Cannabis Control Act**, is to manage and oversee the responsible importation, sale, and distribution of beverage alcohol and cannabis within Newfoundland and Labrador.

CORPORATE GOVERNANCE

As a Category Two entity, NLC’s Board of Directors are appointed by the Lieutenant Governor in Council, and provide oversight and strategic direction to NLC’s executive management team, which in turn is responsible for the day-to-day activities of the Corporation. Together, the Board and the Executive make a united effort to provide best practice regulations, as well as retailing and wholesaling of beverage alcohol and cannabis to the Province, governed by a strong sense of corporate responsibility, transparency and accountability to the people of Newfoundland and Labrador.

In accordance with the **Liquor Corporation Act**, NLC is governed by a Board of Directors of up to nine people. The independent directors are chosen and appointed for specific terms by the Government of Newfoundland and Labrador, following recommendation by the Independent Appointments Commission, which is an independent body established by Government to provide merit-based recommendations for appointments to approximately 160 Agencies, Boards and Commissions. NLC’s President and Chief Executive Officer as well as the Deputy Minister of the Department of Finance are also members of the Board, serving in a non-voting capacity.

The Board of Directors operates within a highly regulated environment. The **Liquor Corporation Act**, **Liquor Control Act and Regulations**, the **Cannabis Control Act and Regulations** and other similar legislation provide direction to the Board in guiding NLC’s business affairs. The Corporation’s by-laws, vision, mission statement and values further direct both the Board and management in decision-making. The Board’s strategy, periodic three-year business plans, and annual operating plans and budgets are subject to the approval of Government. The Corporation’s annual financial statements are subject to audit by the Province’s Office of the Auditor General, which also has the authority to examine specific areas of NLC’s operations and activities through special audits.

The Board must provide prudent fiscal direction and guidance to the management team, ensuring effective budgeting and financial management, as well as management of enterprise risks. These processes fulfill the Board’s commitment to provide overall governance.



ABOUT NLC

NLC is a Crown Corporation of the Government of Newfoundland and Labrador with responsibility through the **Liquor Corporation Act**, the **Liquor Control Act**, and the **Cannabis Control Act** for the importation, sale, distribution and management of beverage alcohol and cannabis, and for the delivery of programs that promote safe, responsible consumption of alcohol and cannabis.

NLC is one of the largest retailers in the Province. Through 29 corporate retail locations, private order services, over 140 agency stores, more than 600 Brewer's Agent outlets, and over 1,400 restaurants, lounges and other licensees, NLC offers over 4,000 products per year to consumers and its retail partners from more than 20 countries. It also regulates and distributes to over 40 licensed cannabis retailers across the Province, and offers customers a secure, legal online environment for cannabis purchases via ShopCannabisNL.com. NLC operates a 77,000 square foot distribution centre, as well as a manufacturing operation, Rock Spirits. The facility which houses a world-class blending and bottling plant, ships to more than 30 countries around the world and has been in operation for over 65 years.

NLC operates with the expectation that it will generate revenue for the Government of Newfoundland and Labrador, with 100% of its profits reinvested in the Province to fund key public services. NLC aspires to build trust in everything it does - with customers, employees, retailers, commercial partners and communities, along with Government, to ensure a stronger Newfoundland and Labrador.



NLC LINES OF BUSINESS AND PRIMARY CLIENTS

QUALITY PRODUCTS, QUALITY PEOPLE, QUALITY CONNECTIONS

With a workforce of over 600 employees, NLC's commitment to service excellence can be found in almost every community in the Province. We take pride in our efforts to provide convenient, authentic, and exceptional experiences for our customers through every line of our business – our retail locations, corporate office, Rock Spirits manufacturing plant, distribution centre, and Regulatory Services.

Our primary clients include retail and wholesale customers. We also work directly with local producers, suppliers, agents, and licensed producers, as well as liquor jurisdictions across Canada. Within Rock Spirits, we are a co-packaging partner with beverage alcohol brand owners from across the globe.

We will continue to deliver on expectations through our focus on quality products, quality people, and quality connections.

— *Quality Products* —

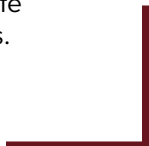
In ensuring the safe and legal importation, sale, and distribution of alcohol and cannabis products in the Province, supporting local beverage alcohol producers, and expanding our product selection to meet evolving customer standards.

— *Quality People* —

In attracting and hiring purpose-driven talent, providing our employees with the knowledge and tools needed in order for them to thrive, instilling a culture of inclusion, diversity and belonging, and committing to customer safety through responsible retail practices.

— *Quality Connections* —

In choosing to do business with socially responsible partners, educating the public on safe consumption and responsible choices, and making a positive impact in our communities.



RETAIL BEVERAGE ALCOHOL

Owned and operated by NLC, our retail liquor store locations are the most visible component of our operations, offering a variety of beverage alcohol options to retail customers for the purpose of personal consumption. Our retail stores carry an extensive selection of spirits, wine, beer, and ready-to-drink (RTD) alcoholic beverages, imported from other Canadian provinces and around the world. We also carry locally produced spirits, wine, beer, and RTD alcoholic beverages.



**24 retail
store locations**



**5 satellite
store locations**



63%
**of NLC's beverage
alcohol sales**

WHOLESALE BEVERAGE ALCOHOL

Liquor Express (LE) stores which serve consumers in primarily rural areas, are privately owned and operated entities that have entered into a contract to sell beverage alcohol. These entities receive a commission from NLC on its product sales.

Licenses include breweries, wineries, distilleries, lounges, and restaurants, licensed by NLC Regulatory Services to purchase product that is resold to their customers.

144 
**privately owned
LE locations**

1400+
Licenses
*{restaurants, lounges,
and other licensed
establishments}*



37%
**of beverage alcohol
sales for LE and
licensees**

CANNABIS

NLC is responsible for the regulation, importation, product selection, and distribution of cannabis in the Province. We are also responsible for price setting and online retailing of cannabis in Newfoundland and Labrador. NLC's Merchandising department ensures that a stable and reliable supply of safe and secure product is available in the Province.

Physical sales of cannabis are conducted through Licensed Cannabis Retailers, which are privately owned entities that have entered into licensing agreements with NLC. Online sales are conducted through NLC's e-commerce enabled cannabis website, ShopCannabisNL.com.



41

**privately owned
locations**

PRODUCTION OF BEVERAGE ALCOHOL

Rock Spirits is NLC's manufacturing operation, which develops formulations for spirits in its own portfolio, including the nationally-renowned Screech Rum, and RTD products. The facility also blends, bottles, cans, and distributes spirits, beer, and RTD products on a collaborative basis with beverage alcohol partners from across North America.


Rock Spirits has developed strong relationships with alcohol suppliers from across the globe to source the best quality neutral grain spirit, rum, and whisky, and enhance the natural flavor characteristics of the distilled spirits with blending and flavouring techniques. Customers range from start-up entrepreneurs to some of the biggest names in the global market, including several brands that have received awards on the international stage.



63
products
bottled/canned



379,000
cases bottled/canned



82%
of cases are
exported out of
the Province

REGULATORY SERVICES

NLC takes great responsibility in ensuring the safe access, distribution, and regulation of alcohol and cannabis for the people of the Province. Our Regulatory Services Division is responsible for enforcing regulation of all licensed establishments in the Province in accordance with the **Liquor Control Act and Regulations**, the **Liquor Corporation Act**, the **Smoke Free Environment Act**, and the **Cannabis Control Act and Regulations**. There are two divisions within Regulatory Services: Licensing and Regulatory Administration, which oversees all licensing and administrative matters, and Regulatory Compliance and Enforcement, which ensures compliance with governing legislation.

 **4,468 inspections**
{2022 - 2023 fiscal year}

For more information on NLC and its operations,
visit nliquor.com, ShopCannabisNL.com and nliquorcorp.com.

Our Mission — WHY WE EXIST

We are a customer-focused, responsible retailer, distributor, and regulator of beverage alcohol and cannabis, committed to delivering value to the people and communities of Newfoundland and Labrador.

Our Vision — WHO WE ASPIRE TO BE

To be a trusted retailer and collaborative community partner, providing elevated experiences through great people and great products.

Our Values — WHAT WE STAND FOR

Social Responsibility: We promote the responsible sale and use of beverage alcohol and cannabis.

Health, Safety and Wellness: We provide a safe, healthy, inclusive, and respectful space for our employees and community.

Customer Service: We strive to understand our customer and community needs to deliver the highest-level service.

Teamwork: We value diversity, lift each other up, and help each other succeed.

Integrity: We are trustworthy, responsible, and accountable for our actions.

Excellence: We are proud of what we do and are empowered to continuously improve.



To our customers

A COMMITMENT TO A STRONGER FUTURE, TOGETHER.

The past three years have provided both challenges and opportunities, and generated great shifts in how we do business. Through the COVID-19 pandemic, our teams came together and pivoted to meet the demands of our customers, while ensuring that health and safety was paramount. We provided easier access to online purchasing and offered contactless pick-up options in many of our retail locations.

Changing demographics have also meant changes to consumption patterns and customer purchase choices. Our vast landscape along with a relatively new cannabis market means that we have greater opportunity to grow the legal cannabis market and provide greater access to safe, quality products throughout the Province.

Now, more than ever, it's important to meet our customers at every level and wherever they are, from our city centres to our rural communities. We will continue to enhance the customer experience at our retail locations through our knowledgeable and enthusiastic staff. At the same time, we will improve our online offerings and update our online stores to be more user-friendly and informative. With a focus on customer trends, demand, and continuous improvement, NLC will continue to meet and exceed our customer expectations.

Together, we will seek out new partnerships and opportunities that aim to give back to the community, place emphasis on sustainability, and ensure real change. It's our responsibility.



STRATEGIC THEMES, GOALS, OBJECTIVES, AND INDICATORS

Over the next three years, NLC’s strategic priorities will focus on the following five themes:



Compelling Workplace

NLC promotes a workplace that fosters diversity and inclusion, where employees feel valued, are encouraged to maintain a healthy and safe work life, are respected and appreciated for their work, and are provided opportunities to succeed.



Corporate Social Responsibility

NLC establishes itself as a trusted corporate citizen through the implementation of initiatives embodying social responsibility, community giving, sustainability, workplace culture, and governance.



Exceptional Customer Experience

NLC ensures enhanced customer satisfaction through relationships, communication, products, programs, and services.



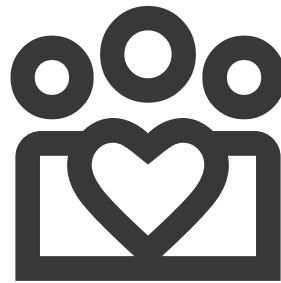
Operational Excellence

NLC improves efficiency through investments in people, innovation, technology, and collaboration.



Grow the Business

NLC meets or exceeds its performance expectations while realizing new opportunities in beverage alcohol and cannabis.



Strategic Theme 1

COMPELLING WORKPLACE

Our employees are the backbone of our organization and the reason for our success. NLC will support our team members from the point of hire and provide them the tools and opportunities needed to thrive.

We will continue to build on a culture that embraces diversity, inclusion and belonging, encourages a healthier work life balance, and empowers employees to achieve their own goals.

We will seek out professional development opportunities that are tailored to employee needs, and will work to implement progressive policies and practices whereby individual satisfaction and achievements are reflected in the results of the organization.

Open communication, meaningful conversations, and two-way feedback are critical to ensuring our employees feel valued, heard, and celebrated. We believe in our people and are proud of what we will accomplish together in order to provide quality connections and authentic customer experiences.

GOAL

By April 4, 2026, NLC will be a more compelling workplace.

GOAL INDICATORS

- Employee Engagement Index score
- Voluntary turnover rate
- Absenteeism rate
- Occupational health and safety inspection score

2024 OBJECTIVE

By April 6, 2024, NLC will have improved employee health, safety, and well-being.

OBJECTIVE INDICATORS

- Employee satisfaction survey score of 75%
- Voluntary turnover rate of less than 4%
- Average absenteeism rate of less than 9 days per year
- Occupational health and safety inspection score of 95%

2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to employee health, safety, and well-being.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to employee health, safety, and well-being.



Strategic Theme 2

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility plays a pivotal role in our everyday decisions and interactions. We take our mandate seriously and are committed to ensuring the safe and responsible sale, distribution, and regulation of beverage alcohol and cannabis. This will only become more apparent as we carry out our comprehensive Corporate Responsibility Program in the upcoming year and beyond.

Public confidence in NLC's operations is vital, and requires a focus on sound governance practices, transparency, and accountability. NLC will integrate practices that promote these elements directly into its operations.

Our retail staff will receive enhanced training in challenges and refusals to keep products away from minors. We will create educational campaigns along with tips and tools stressing the importance of making wise choices and consuming beverage alcohol and cannabis products responsibly.

Sustainability and our part in it will become more imperative. We will look for new ways to do business to better serve our customers and our planet. Reducing our carbon footprint will be a collaborative affair, as we will prioritize working with partners and suppliers who are committed to doing the same.

Doing better also means giving back to the community in ways that are more meaningful. Our employees will lead the way through employee engagement campaigns and volunteer initiatives. We will champion causes that reflect our corporate values and ensure that diversity, inclusion, and belonging are at the core of our decisions and actions.

GOAL

By April 4, 2026, NLC will have improved corporate social responsibility.

GOAL INDICATORS

- Effective Challenges and Refusals program
- Satisfactory risk-based establishment inspections
- Delivery and execution of Corporate Responsibility Plan
- Inclusion of Public Trust Index

2024 OBJECTIVE

By April 6, 2024, NLC will have implemented improvements to programs and standards to enhance public trust.

OBJECTIVE INDICATORS

- 9% of transactions challenged
- 95% of risk based licensed establishments inspected satisfactorily
- Completed development of Corporate Responsibility Plan
- Established public trust index baseline score

2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to programs and standards to enhance public trust.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to programs and standards to enhance public trust.



Strategic Theme 3

EXCEPTIONAL CUSTOMER EXPERIENCE

Quality products, quality people, and quality connections will be our focus in ensuring authentic experiences for our customers. Delivering on this promise means continually evaluating and renewing our product availability and offerings to fit a variety of customer preferences. Our trained and knowledgeable staff will provide sound advice and positive interactions when helping customers find the right product for every moment or occasion.

NLC will commit to providing more localized experiences. We will engage local retailers to help bring their products to life in-store and online, and we will highlight the strength and stature of our Rock Spirits facility and taste profiles of their products.

We will continue to refresh and modernize both our storefront beverage alcohol locations and our digital capabilities, ensuring seamless and accessible purchase experiences. We will also seek out new partners to expand licensed cannabis retailers across the Province.

Adapting to our customer needs is important and listening is key. We will seek honest feedback from our customers and our partners in order to meet them where they are and exceed their expectations.

GOAL

By April 4, 2026, NLC will have enhanced the customer experience.

GOAL INDICATORS

- Customer satisfaction survey scores
- Continuation of store renovation program
- Increased number of Licensed Cannabis Retailers (LCRs)

2024 OBJECTIVE

By April 6, 2024, NLC will have improved customer satisfaction by increasing access to core products and services.

OBJECTIVE INDICATORS

- Established customer satisfaction base line survey score
- Completion of 100% of planned store renovations
- Achieved targeted increase of 10 LCRs

2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to customer satisfaction by increasing access to core products and services.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to customer satisfaction by increasing access to core products and services.



Strategic Theme 4

OPERATIONAL EXCELLENCE

NLC will continue to improve operational excellence by engaging key stakeholders and partners at all levels of the organization. We take pride in our ability to adapt to a continually changing environment and industry, and we recognize the importance of teamwork in executing effective and timely solutions.

We will strive to increase operational efficiency and effectiveness, simplify and modernize our business processes, follow best practices, and seek out new avenues for cost-effective measures. Transparency and accountability will be a priority in establishing greater project governance principles and practices.

Streamlining operations at the retail level will ensure that managers can focus on putting their customers and staff first. Leveraging new technology will be essential to increasing efficiency and workplace safety and well-being, as well as providing solutions that enhance the customer experience.

GOAL

By April 4, 2026, NLC will have improved operational excellence.

GOAL INDICATORS

- Improved inventory turns
- Achieved costs as a percentage of sales targets
- Delivery of key technology and data security initiatives

2024 OBJECTIVE

By April 6, 2024, NLC will have improved operational efficiency through intelligent application of technology.

OBJECTIVE INDICATORS

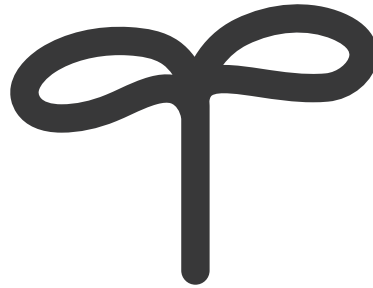
- Improved inventory turns to 4.8
- Achieved net operating expenses as a percentage of sales of 19%
- Completed 100% of Strategic Information Technology initiatives as per plan

2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to operational efficiency through intelligent application of technology.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to operational efficiency through intelligent application of technology.



Strategic Theme 5

GROW THE BUSINESS

NLC commits to delivering on its financial obligation to the Government of Newfoundland and Labrador and to the people of the Province by generating earnings through strategic investments and responsible fiscal management, expansion of our current customer base and further development of the cannabis market.

Achievements will be driven by a focus on exceptional customer service, convenient access, quality products and promotions, and effective distribution and retailing channels. NLC will also look to expand the contribution of Rock Spirits through increased export of their products while attracting additional contract bottling and canning opportunities.

GOAL

By April 4, 2026, NLC will have grown the business.

GOAL INDICATORS

- Achieved revenue targets
- Achieved sales targets
- Achieved net earnings
- Achieved dividend

2024 OBJECTIVE

By April 6, 2024, NLC will have grown the business and expanded the customer base.

OBJECTIVE INDICATORS

- Achieved revenue targets of \$440.9 million
- Achieved sales targets of \$369.6 million
- Achieved net earnings of \$208.0 million
- Achieved dividend of \$207.5 million

2025 OBJECTIVE

By April 5, 2025, NLC will have grown the business and expanded the customer base.

2026 OBJECTIVE

By April 4, 2026, NLC will have grown the business and expanded the customer base.



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