

Cultivate Leaders

Be Socially Responsible

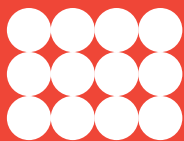
Enhance our Culture

Engage our Customers

2014-2017

Business Plan

Improve our Performance



NEWFOUNDLAND
LABRADOR
LIQUOR CORPORATION

Table of Contents

Message from the Board of Directors	1
Purpose of this Document	2
Scope	2
Description of the Business	
Planning Process	3
Mandate	4
Overview	4
Lines of Business (LOB)	8
Our Key Customers	10
NLC Values	11
NLC Vision	12
NLC Mission	12
Business Issues, Goals, Objectives, Measures, and Indicators	13
Appendix I – Business Planning	
Participants	17
Appendix II – NLC's Balanced Scorecard	18

FYE 2015 - April 6, 2014 - April 4, 2015

FYE 2016 - April 5, 2015 - April 2, 2016

FYE 2017 - April 3, 2016 - April 1, 2017

NLC's plan is aligned with business planning cycles that run Sunday to Saturday.



Message from the Board of Directors

On behalf of the Newfoundland Labrador Liquor Corporation's (NLC) Board of Directors, I am pleased to present NLC's Business Plan for the years 2014-17. This plan outlines NLC's direction and strategic priorities for the coming three years as well as the criteria by which the organization's results will be measured. Based on the objectives and measures established in the previous business plan, NLC has achieved tremendous success. This plan is expected to build on this success and further establish NLC as a leading retailer recognized for customer service, a progressive corporate culture, and excellent financial performance – all within the context of a demonstrated commitment to social responsibility.

The NLC is a Category II entity as defined by the *Transparency and Accountability Act*. NLC's 2014-17 Business Plan was developed with careful consideration to the strategic directions of Government as communicated by the responsible Minister. While NLC's current mandate is not directly linked to any of the stated strategic components of the Department of Finance, NLC contributes to the financial health of the province and, through its focus

on responsible consumption of beverage alcohol, also supports public health and social policy objectives.

As Chair of the Board, my signature below indicates the Board's accountability for the completion of NLC's Three Year Business Plan and the achievement of the goals and objectives outlined within it.

NLC is a unique entity within Government – established under the *Liquor Corporation Act* of 1973, NLC is a Crown Corporation operating in the private sector retail world competing for the discretionary income of consumers while also promoting a message of responsible consumption. It is a delicate balancing act, but one that NLC has executed successfully. I am confident that the 2014-17 Business Plan will provide a road map to continuing this success.

Glenn Tobin
Chairperson, Board of Directors
NLC



Purpose of this document

This document outlines NLC's approach over the next three years 2014-17 to enable it to progress towards the achievement of its mission and vision. It describes NLC's strategic priorities, performance criteria, and the environment within which NLC operates. It provides guidance for all staff in their

day-to-day decisions and actions. Finally, it provides a level of transparency and accountability that is meant to provide all stakeholders with confidence in NLC's ability to execute the strategy and associated initiatives that will determine NLC's success in the coming three years.

Scope

This submission provides a three year outlook on NLC's overall strategic direction but, because of the difficulty predicting future circumstances, does not identify the specific initiatives that will be undertaken after 2014. Specific initiatives and priorities in 2015 and 2016 will be determined as dictated by circumstances at the time and will be referenced in

NLC's annual reports. Further, this document focuses on high-level issues of concern at the Board level – it is not meant to cover operational or business unit level issues.

Description of the Business Planning Process

The Business Planning process approved by the Board was an inclusive participatory process that accepted input from a wide array of stakeholders. The process included the Board, the Executive Management Team, various Directors and Managers, as well as a number of customers of NLC's bottling division, Rock Spirits. Finally, the results and learnings gained from the development and execution of NLC's 2011-14 Business Plan were used to guide development of this plan. The process for developing NLC's 2014-17 Business Plan (the Business Plan) commenced in October 2013. The Business Plan will be reviewed regularly to ensure its relevance in guiding NLC's success in the coming three years.

The Board approved the business planning process as well as the content of the Business Plan. Input was provided regularly throughout the planning process.

The Executive held in-depth, professionally facilitated discussions that identified the key issues facing NLC and the environment in which it operates, and confirmed the Corporation's Mission, Goals and Objectives.

In total, 36 people were included in the Strategic Planning initiative. Group feedback was taken on several occasions to provide input on NLC's strategic issues, measures, indicators and corporate objectives.

A listing of the members of the Board, the Executive Management Team, and contributors to the Strategic Planning process are provided in Appendix I.

Mandate

The mandate of NLC is to manage and oversee the importation, sale, and distribution of beverage alcohol within the province of Newfoundland and Labrador. This also includes enforcement of all relevant legislation. This mandate is codified in legislation, namely the Liquor Corporation Act, the Liquor Control Act, and the Liquor Licensing Regulations.

While not specifically mandated in legislation, there is a clear expectation from the Government and the public that NLC take a leading role in protecting the public by promoting socially responsible distribution, sale, and consumption of beverage alcohol. This is a role NLC takes very seriously.

Overview

Organization

NLC directly employs approximately 577 employees (full time equivalents) and operates 24 Liquor Store locations and 3 Satellite Stores, located in most major centers throughout the province. In addition, the Corporation supplies 135 Liquor Express outlets, located primarily in rural areas of the province, and over 1,400 licensees. The Corporation operates a centralized warehouse facility in St. John's. Also, in St. John's NLC operates a bottling/blending plant which produced over 400,000 cases of spirits in fiscal 2014.

Management Structure

NLC is overseen by a Board of Directors consisting of a Chair, who reports to Government, and not more than six other Board members, one of whom is the President and CEO. Board members are appointed

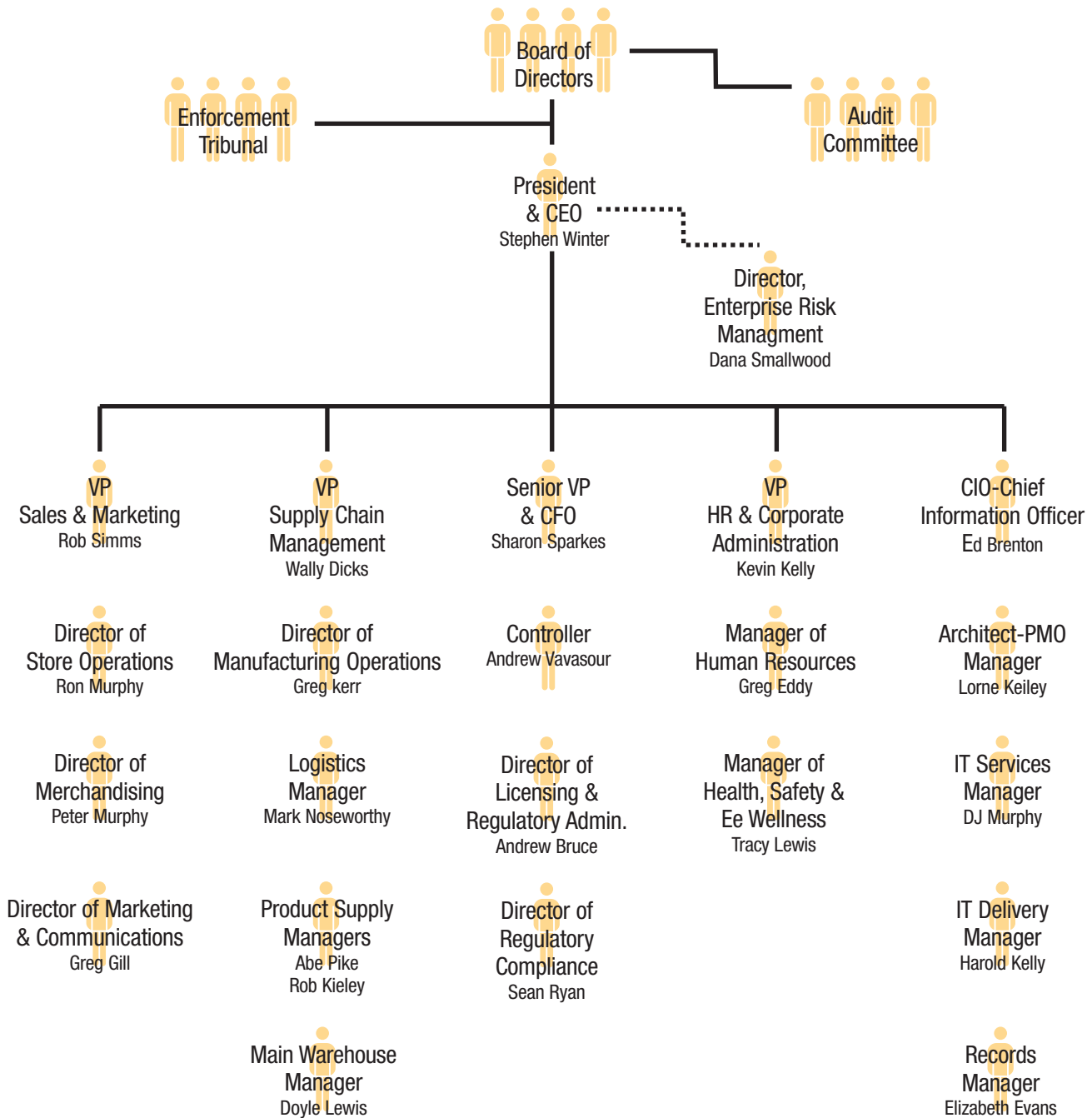
by the Minister of Finance – normally for a term of three years.

Reporting to the Board, and also appointed by the Minister of Finance, is the President & CEO of the Corporation. This individual is responsible for the day-to-day management of NLC and other duties as assigned by the Board.

The NLC's Executive Management team consists of the following: President & CEO, Senior Vice President & CFO, Vice President Supply Chain Management, Vice President Sales & Marketing, Vice President Human Resources & Corporate Administration, and Chief Information Officer. See Figure 1 for NLC's Organization Chart.

Figure 1

NLC Organizational Chart



Market/Customers

The primary customers of NLC can be broken down into three groups. These are:

- **End consumers** who purchase beverage alcohol for the purpose of consuming it personally. This would include individuals that shop **Liquor Store** and **Liquor Express** outlets.
- **Liquor Express outlets and licensees** that purchase beverage alcohol for the purpose of reselling it to the end consumer. These entities permit distribution of NLC product throughout the province. These operations must also comply with the legislation and regulations associated with the NLC's regulatory responsibilities.
- **Government** who looks to NLC to meet specific financial goals but in a manner that protects the public and ensures prudent application and enforcement of relevant legislation.

One of the key challenges to NLC, like any retailer, is the ability to adjust its product offerings and services to meet ever changing and increasingly demanding customer tastes and expectations.

Suppliers

Suppliers are critical to the NLC as they provide the products NLC retails through its Liquor Store outlets. Other suppliers provide NLC's manufacturing plant with the raw material needed to blend and bottle various types of beverage alcohol. Current relationships with suppliers are positive. Challenges include long lead times for the receipt of product from

foreign suppliers and hence increased inventory levels required to satisfy sales requirements.

Employees

NLC employs approximately 577 full time equivalent employees (FTEs) throughout the province, of which approximately 53% are female. Approximately 69% of NLC's employees are unionized; represented by the Newfoundland Association of Public and Private Employees (NAPE). The labour-management relationship is one of respect, collaboration, and open communication, as demonstrated by the NLC's most recent employee survey, where 81% of employees felt that NLC was a "great place to work". Average tenure within the organization is 7 years and average age is 40 years of age.

Emerging trends and demographics continue to influence human resources service delivery. NLC will remain committed to pursuing progressive employment practices and engaging our workforce. Continuing to build on the foundations of existing human Resource programs, going forward a focus on devising effective strategies for recruiting, assessing, developing, and retaining our talent pool will be a priority. Implementing best practices and systems to support recruitment and selection, performance management, succession planning and staff development are key as NLC strives to meet customer demands and improve operational efficiency. NLC will continue its commitment to promoting Occupational Health and Safety for all individuals on our premises. NLC will work toward zero injuries and reduced illness in the workplace by providing a healthy and safe work environment through regulatory compliance and the integration of proactive safe work practices into all operations.

Finance and Economics

In the past decade NLC sales and the disbursement to the province of Newfoundland and Labrador have grown annually. NLC is a significant revenue generator for Government, and, over the past three years, has grown the dividend to the Provincial Government. These increases have resulted from innovative retail programs, operational efficiencies, and price adjustments.



Not surprisingly, there is a direct correlation between the financial results of NLC and the economic well-being of the population. There are economic variables within Newfoundland and Labrador which directly influence NLC revenues. These variables include population size, movement of the population from rural parts to urban centers, unemployment rates, the reliance of many towns on one primary employer, tourism, and the age of the population. Changes in any of these variables have the potential to fundamentally alter the financial position of NLC. Finally, as with all beverage alcohol retailers and as NLC's experience has shown, weather has the potential to significantly impact sales and, consequently, financial performance.

Current economic indicators for the province are relatively stable. Of particular note, Retail Trade is expected to increase slightly in real terms, as is personal income. The population is stable with no significant expectation for growth. This is a challenging environment for NLC in terms of sales growth opportunity.

Technology Infrastructure

The operational improvements generated by new technology initiatives have been significant at NLC – this trend is expected to continue over the course of this plan. NLC will continue to focus on leveraging technology to provide easy access to information, increase accuracy and timeliness of critical data, automate processes, enable necessary communication with staff, and generally improve decision-making and operational efficiencies throughout the organization.

The significance of social media (e.g.: Facebook, Twitter, etc.) as a means of connecting with people continues to grow and simply cannot be ignored. NLC will continue to explore opportunities these forums may present to various facets of its operations.



Corporate Culture

NLC's culture is one where the status quo is constantly challenged in order to meet changing consumer demands and to continually improve operations. Improved communication to engage staff and to help staff understand organizational strategy, priorities, and expectations while also creating a sense of camaraderie will continue to be a priority over the course of this planning period. NLC will continue to be focused on customer service, employee engagement, and strong business performance.

A Unique Entity Within Government

NLC is unique relative to other Government entities. It is a retailer and wholesaler, operating in the private sector, competing for the public's discretionary income. The product offered by NLC is beverage alcohol – seen by many as a potentially harmful product. Hence, NLC must balance seemingly conflicting goals of revenue generation with responsible consumption. Further, NLC will continue to promote legislation that provides it the flexibility to conduct its operations in a manner required by the environment in which it operates.



Lines of Business

The lines of business (LOB) for NLC are:

- Retail Sales
- Wholesale Sales
- Blending/Bottling
- Regulatory Services

Retail Sales

The most visible component of NLC's operations to many is the retail sales of beverage alcohol through its 24 Liquor Store locations and 3 Satellite Stores locations throughout the province. Population dictates the location of corporate stores. Currently, these stores are located in the following localities:

- St. John's (8 stores)
 - 1 Satellite
- Mount Pearl (2 stores)
 - 1 Satellite
- Long Pond
- Bay Roberts
- Grand Falls-Windsor
- Corner Brook (2 stores)
- Port aux Basques
- Carbonear
- Placentia
- Marystown
- Clarenville
 - 1 Satellite
- Gander
- Stephenville
- Happy Valley-Goose Bay
- Labrador City

Liquor Store outlets carry an extensive selection of spirits, wine, beers, and ready to drink (RTD) alcoholic beverages, imported from within Canada and around the world, as well as, some locally produced spirits, wine and beer. **Liquor Store** staff are all direct employees of NLC. All aspects of store design, sales, marketing, merchandising and human resources fall under NLC jurisdiction.

Wholesale Sales

NLC's Wholesale operations supply 135 **Liquor Express** branded locations and over 1,400 licensees. **Liquor Express** accounts for 28% of NLC's annual provincial sales revenues while Licensees account for 6%. **Liquor Express** stores are normally located in areas in the province that do not have the population to support a corporate store and involve an arrangement whereby an individual or corporation competes for the right to sell beverage alcohol in a retail environment. **Liquor Express** stores have limited selection and service relative to a Liquor Store. **Liquor Express** operators receive a commission from NLC on the product they sell. Licensees include bars, lounges and restaurants that are licensed by NLC Regulatory Services to receive product that is resold to customers for profit.

Blending/Bottling

Rock Spirits is NLC's blending/bottling operation, it consists of a blending and bottling plant which employs over 50 people. NLC has developed recipes for various spirits, own the rights to certain brands, and blends and bottles product at its blending/bottling facility in St. John's. These products are sold in Newfoundland Labrador and are marketed to other liquor jurisdictions in Canada and the northeast United States. NLC also blends, bottles, and distributes spirits on behalf of other suppliers. NLC's manufacturing plant offers both high speed bottling as well as the ability to handle intricate bottling required of unique bottle shapes and sizes. NLC has made investments in its manufacturing operation to strengthen its position in regards to securing new contracts and to maintain and grow production under current contracts.



Regulatory Services

Regulatory Services is the division responsible for regulation of all licensed establishments in the Province in accordance with the *Liquor Control Act and Regulations*, the *Liquor Corporation Act* and the *Smoke Free Environmental Act*.

The division consists of two distinct units one which oversees all licensing and administrative matters and the other which ensures compliance with governing legislation.

Regulatory Services is committed to provide a service that is based on NLC vision and in keeping with the values set forth by the Corporation. Regulatory is actively involved in the design and implementation of NLC Social Responsibility Programs while implementing practices and initiatives that promote social responsibility in all areas of business within the Corporation and with our many stakeholders.

Regulatory Services is comprised of a team of dedicated, professional people who insist on excellence, initiative and accountability.

The Licensing and Regulatory Administration issues and maintains all liquor licenses in the Province. Licensing information is effectively stored and maintained to assure data accuracy promoting operational efficiency in support of Regulatory Compliance. The unit is accountable for the development, implementation, and maintenance of policies and procedures, as well as advising the Province on governing legislation. The unit provides exceptional customer service for license applicants through clearly defined processes, communications and education.

The Regulatory Compliance unit seeks educate all interested and vested parties in the relevant laws and regulations promoting voluntary compliance. Where voluntary compliance is not achieved this department is responsible to take steps to ensure violations are addressed and ultimately public safety is assured.

NLC is adopting the use of consolidated and harmonized sets of compliance controls and methodologies such as risk assessments, remediation, education programs and effective and efficient investigative methods to act when suspected infringement events occur. The approach is used to ensure that all necessary governance requirements can be met with the optimum level of resources.

Additional Information

For more information on NLC and its operations, see the NLC's website at www.nliquor.com

Our Key Customers

There are several customers critical to the NLC's success – all with differing needs and continually rising expectations. NLC is committed to customer service and delivering products and services that meet and exceed customer expectations.

Primary Customers

- **Retail customers** – the end consumer that impacts sales growth. As in any retail environment, individual consumer tastes vary with regard to specific products, however, attributes important to all customers include easy access to product, product selection, value, quality, and a retail staff that offer excellent service and demonstrated product knowledge. NLC customers are becoming increasingly sophisticated in their knowledge and tastes in beverage alcohol. They have come to expect an engaging, pleasant shopping experience. NLC's focus in this area appears to have been successful as NLC consistently scores very highly in retail customer satisfaction surveys.
- **The general public** (both consumers and non-consumers of beverage alcohol) who want assurance that sale, manufacture, and distribution of beverage alcohol is controlled to promote safe, intelligent consumption. NLC recognizes a responsibility to all people to reinforce the message, in word and act, that beverage alcohol should be enjoyed responsibly and in moderation. Further, people who are vulnerable to the negative effects of beverage alcohol must be protected. The public also has a growing expectation of good corporate governance by those entrusted to oversee the operation of the organization and its assets.
- **Wholesale customers** within the province such as Liquor Express stores and licensees play a crucial role in distribution and access to product within the marketplace. These customers provide NLC with a sales and distribution network which enables ease of access to product virtually anywhere in the province. Liquor Express customers are selected

by NLC through formal application while licensees are licensed establishments. Both of these customer types want a simple and straight-forward application process, fairness in the issuing of licenses and enforcement, clear information and guidance with regard to the legislation governing them, a reasonable selection of product, access to marketing and merchandising expertise and advice, and timely distribution and delivery.

- **Brewers and brewer's agents**, the latter being primarily convenience stores that are licensed by NLC to resell product sold to them by the brewers. These entities represent a significant source of revenue to NLC. Brewers, licensed by NLC to produce local product, must remit a commission to NLC on all product distributed directly to brewer's agents and licensees. This product is distributed to various brewer's agents and licensees throughout the province for resale. Brewers and brewer's agents expect NLC to establish fair pricing policies, to ensure a wide network for distribution and sale of product, and to ensure the relevant legislation and regulations are enforced appropriately.

Secondary Customers

- **Wholesale customers outside the province that provide sales opportunities beyond the province's borders.** These include the various liquor jurisdictions throughout Canada that purchase NLC and other local product for resale. These customers represent revenue growth potential if NLC can successfully market local brands to other liquor jurisdictions. These customers judge NLC on product availability, quality of product, and timely distribution.

Suppliers & Agents

- **Suppliers of raw material used by NLC in the manufacture of spirits.** The supply of raw material is critical for NLC to produce local product and, given the increased focus on expanding output of local product to the rest of Canada, these suppliers will likely grow in importance.

- **Suppliers & agents of the various beverage alcohol products sold and distributed by NLC and its agencies and licensees.** These are the organizations that provide NLC with the vast majority of the products it sells. NLC currently carries over 4,000 products – this range of selection is demanded by our customers and has earned NLC accolades from customers and other liquor industry officials from across Canada. Strong supplier relationships are critical to ensure NLC maintains access to the product mix needed to be successful. These organizations want fair pricing and payment terms, access to shelf space and marketing opportunities, and wide distribution.

Government – A Key Stakeholder

- **Government holds multiple roles within NLC's world.** It is the shareholder to whom NLC dividends flow for reinvestment to the benefit of the general population. It is also a customer that expects NLC to ensure that the sale, distribution, and manufacture of beverage alcohol is conducted in a socially responsible manner - governed by appropriate legislation and enforcement practices for the good of all.

NLC Values

Socially Responsible

Each NLC employee and Board member will advocate intelligent consumption by seeking to inform and educate customers and clients in the safe, responsible use of our products and by practicing intelligent consumption. NLC will also actively contribute to the communities within which it operates. Finally, NLC will also seek to operate in an environmentally friendly manner.

Professional

Each NLC employee and Board member will develop trusting relationships with our clients by demonstrating our values, being honest and forthright, honouring our commitments, and treating people with respect and dignity. NLC stores will be clean, attractive, well designed and functional. NLC staff will be knowledgeable, friendly, and will engage customers thoughtfully and courteously to ensure their needs are clearly understood and serviced.

Teamwork

Each NLC employee and Board member recognizes the importance of diversity and teamwork and will encourage input from all of our key stakeholders to promote better decision-making and to optimize

performance. We will recognize outstanding contributions and will look for opportunities to celebrate and develop strong relationships among our staff. We will ensure expectations are defined and communication clear.

Initiative

Each NLC employee and Board member appreciates that leadership is not position specific. Initiative will be encouraged, recognized and rewarded throughout the organization. Staff will be expected to use good judgment and will be empowered to make decisions. NLC employees and Board members believe initiative leads to greater success – individually and organizationally.

Accountability

NLC employees and Board members recognize that each individual is personally responsible for ensuring that expectations are understood and will take the appropriate actions to ensure that these expectations are met. These individuals will seek feedback to ensure that expectations are met, and where they are not, will take action to remedy the situation and prevent it from happening in the future.

NLC Vision

To be passionate about service in everything we do

NLC Mission

NLC is responsible for the importation, sale, and distribution of beverage alcohol within the province – with the expectation that it will generate revenue for the Government which will be reinvested for the benefit of the population. Furthermore, NLC strives to ensure its mandate is conducted in a socially responsible manner. In NLC's view, these are the outputs expected of it – and they are not expected to change. To achieve these outputs, NLC has adopted the following mission statement:

To be recognized as an exceptional organization, known for its passion in customer service, strong business performance, and progressive corporate culture.

NLC is committed to sustainable, socially responsible growth. Over the coming years NLC will continue to manage the business to the benefit of the people of Newfoundland and Labrador.

NLC will have further improved the customer experience, improved safety process and built on the foundation of social responsibility and delivered a sustainable distribution to the Province.



Business Issues, Goals, Objectives, Measures, and Indicators

In order to achieve its mission and vision, the Corporation has implemented a **Balanced Scorecard** to help ensure successful execution of its strategy (an explanation of Balanced Scorecard is found in Appendix II). The Balanced Scorecard identifies four perspectives from which the goals, key objectives, measures, and indicators will fall. These four perspectives are described below:

- Financial Performance – defines the financial performance expected of NLC by Government. Financial objectives are established with consideration to the impact of social responsibility initiatives which may impact profit maximization.
- Customer – defines key customer expectations that must be met if NLC is to be successful. NLC has several customers, some with conflicting expectations from NLC. Included in this perspective are both internal and external customers.
- Internal Processes – identifies the processes at which NLC must excel if it is to meet the expectations of its customers and stakeholders.
- Employee Learning and Growth – examines tools, technology, information, compensation, leadership, and corporate culture needed to ensure employees are successful in their individual roles, and that enable NLC to achieve its Vision.

Strategic Issues

For the 2014 – 2017 planning period NLC has identified Strategic Issues which permeate the four perspectives. These Strategic Issues are:

1. Improve financial performance
2. Improved the customer service experience.
3. Reinforce Safety culture
4. Be a leader in Social Responsibility

Issue 1 Improve financial performance

NLC continues to deliver significant financial return to its shareholder, growing this over the next three years will be challenging. Much of NLC's current success has been delivered by improved retail space, enhanced customer services, and knowledgeable staff in a favorable economic environment.

Current economic indicators for the province are relatively stable and overall retail trade is expected to increase slightly in real terms, as is personal income. However stagnant population growth creates a challenge for NLC in terms of socially responsible sales growth opportunity.

NLC's consumer base is aging – it is acknowledged that consumption of beverage alcohol drops as an individual ages. Further, consumers are becoming more value conscious – moving to economy products which produce less dollar profit on a per unit basis. Changes in household purchasing patterns suggest that consumers are consciously consuming less beverage alcohol as part of a lifestyle choice.

NLC measures financial performance not by profit maximization, but rather optimizing shareholder value – that is, delivering appropriate financial return while maintaining a strong emphasis on socially responsible operations. Society's expectation for a demonstrated commitment to protecting and educating consumers of the dangers associated with the products NLC sells and distributes invariably negates a profit maximization strategy. Also, as with most business entities, NLC strives to continually improve operational efficiency and asset utilization.

NLC's sole shareholder is the Government of Newfoundland and Labrador. Government, in this case, represents the populace of the province. The critical expectations the Government has of NLC

revolve around two issues – financial return and helping to protect the public from the social ills arising from irresponsible consumption of beverage alcohol. Consequently, NLC does not seek a pure profit maximization approach but, rather one that balances operations to satisfy these two seemingly contradictory needs. NLC has established a sales and distribution network that permits consumer to access a wide variety of products in a safe, controlled environment that protects the public but also that enables NLC to generate a reasonable financial return which is reinvested for the public good.

NLC will achieve this goal by focusing on exceptional consumer service to grow sales, increasing efficiencies to reduce costs and deliver balanced financial return in a socially responsible manner.

Goal 1: By April 1, 2017, NLC will have improved its financial performance.

Measure: Improved financial performance

Indicators:

- Grown sales
- Achieved balanced financial return
- Improved operational efficiency

Objectives:

1. By April 4, 2015, NLC will have improved financial returns to its shareholder.

Measure: Deliver a balanced financial result

Indicators:

- Increased sales by 2.8%
- Increased dividends by 2.3%
- Improved Sales per Worked hours (SPWH) by 3%
- Improved core inventory turns without restricting sales growth

2. By April 2, 2016, NLC will have maintained financial returns to its shareholder.

3. By April 1, 2017, NLC will have improved financial returns to its shareholder.

Issue 2 Improved Customer Service Experience

NLC's success rests on its ability to meet and exceed customer expectations. NLC's customer promise focuses on an inviting shopping environment, knowledgeable staff, excellent product selection and effective product promotions.

Research indicates that consumers seek a pleasant and rewarding shopping experience, one that has sales people that are polite, caring, and genuinely interested in helping the customer; sales people that have excellent product knowledge and offer good advice to the customer; attractive store design; and a reasonably fast shopping process. NLC's efforts to deliver exceptional customer service through professional and well trained staff will continue to be a key differentiator for the business over the course of this planning period.

NLC caters to a variety of customers – each with different needs and expectations. While NLC will continue to analyze customer buying patterns and sales trends, it will also look to an improved Point-of-Sales (POS) system to implement new promotional tools that ensure the most profitable product mix which will help to increase customer satisfaction.

To deliver on NLC commitment to improve the customer service experience, NLC has identified the following objectives: install a new POS solution; build product knowledge capacity; and start the discovery process for the store of the future.

Goal 2: By April 1, 2017, NLC will have improved the customer service experience.

Measure: Implemented initiatives

Indicators:

- Installed new POS solution
- Built product knowledge capacity in staff
- Started discovery process for store of the future

Objectives:

1. By April 4, 2015, the NLC will have implemented initiatives to improve the customer service experience

Measure: Implemented initiatives**Indicators:**

- Installed POS
 - Trained additional 20 employees in the International Sommelier Guild (ISG) level II, advanced wine knowledge course, across the province
2. By April 2, 2016, NLC will have implemented further initiatives directed at improving the customer experience.
 3. By April 1, 2017, NLC will have improved the customer service experience.

Issue 3 Reinforce Safety culture

Safety commitment starts with every employee at NLC and it is a key theme throughout all business units. Achieving excellence in safety is a shared commitment throughout the organization. For NLC, safety excellence is more than a way of operating; it is an integral part of our identity and the central theme of our strategy for the future.

NLC has established a strategic framework that guides safety initiatives. It is supported by strong leadership commitment with a supportive corporate culture, established safe work practices and procedures; union management alignment with shared responsibility and reporting, NLC's safety performance has improved over the last number of years. Between 2011 and 2013, the total number of injuries decreased by 27 per cent, with the number of lost-time injuries down 43 per cent during the same period. As well, the company has seen its safety culture mature with NLC employees identifying and addressing unsafe conditions and behaviours and accepting personal responsibility for their safety and the safety of others.

To deliver on NLC commitment to improve safety culture, NLC has identified the following objectives: enhancement of safety programs; improved communications of safety programs and initiatives; and active approach to safety based on analytics.

Goal 3: By April 1, 2017, NLC will have enhanced its organizational programs aimed to strengthen a culture of safety.

Measure: Enhanced organizational programs**Indicators:**

- Enhanced current and developed new safety programs
- Improved communication of safety programs and initiatives
- Implemented a proactive approach to safety that is based on intelligent data analysis

Objectives:

1. By April 4, 2015, the NLC will have implemented programs aimed to improve our safety culture.

Measure: Implemented program**Indicators:**

- Development of on-line OHS audit tool to enhance current program.
 - Refreshed safety communications materials
 - Develop and deliver training for safe knife usage
2. By April 2, 2016, NLC will have implemented further programs targeting an improved safety culture.
 3. By April 1, 2017, NLC will have enhanced its organizational programs aimed to strengthen a culture of safety.

Issue 4 Be a Leader in Social Responsibility

NLC customers, and the public at large, have clear expectations of NLC to operate in a socially responsible manner. This includes ensuring safe sale and distribution of NLC products, but also includes ensuring that those charged with selling beverage alcohol comply with Provincial legislation.

Due to the increasing number of regulations and need for operational transparency, NLC is increasingly adopting the use of consolidated and harmonized sets of compliance controls and methodologies such as managing risks, remediation, educational programs and effective and efficient investigative methods to act when an adverse event occurs. This approach is used to ensure that all necessary governance requirements can be met with the optimum level of resources.

Regulatory is committed to provide a service that is based on NLC vision and in keeping with the Values set forth by the corporation. Regulatory is actively involved in the design and implementation of NLC Social Responsibility Programs while implementing practices and initiatives that promote social responsibility in all areas of business within the corporation and with our many clients.

NLC will implement initiatives, individually or in partnership with other organizations, that reach out to the public, engaging and educating them. NLC's role of "*educator and promoter of responsible consumption*" and its commitment to the communities in which it operates goes hand in hand with the sale of our products – programs will be strategically aligned so that NLC's reputation as a socially responsible organization is just as evident as its reputation as an excellent retailer. Additionally, NLC marketing and media messaging will continue to have integrated social responsibility messaging.

To deliver on NLC commitment to an enhanced socially responsible culture, NLC has identified the following objectives: Implementation of risk based inspections; enhanced Social Responsibility (SR) programs; and improved communications of SR programs and initiatives.

Goal 4: By April 1, 2017, NLC will have implemented programs to enhance our leadership role in social responsibility.

Measure: Implemented programs

Indicators:

- Implemented risk based inspection schedules
- Enhanced SR initiatives
- Implemented communications plan for licensees

Objectives:

1. By April 4, 2015, NLC will have implemented initiatives to enhance our leadership role in social responsibility.

Measure: Implemented initiatives

Indicators:

- Risk-based inspections are carried out in accordance with plan
- Communications plan initiated
- SR programs are enhanced and new ones implemented

2. By April 2, 2016, NLC will have further developed and enhanced its SR programs.

3. By April 4, 2017, the NLC will have implemented programs to enhance our leadership role in social responsibility.

Appendix I – Strategic Planning Participants

Executive

- Steve Winter
- Sharon Sparkes
- Rob Simms
- Wally Dicks
- Kevin Kelly
- Ed Brenton

Directors

- Peter Murphy
- Greg Gill
- Greg Kerr
- Andrew Vavasour
- Dana Smallwood
- Andrew Bruce
- Greg Eddy

Managers

- Ross Trimm
- Keith Pearson
- Wade Edwards
- Paul Kennedy
- Kristina Stevenson
- Peter Dunford
- Sean Sloane
- Michael Williamson
- Tracy Lewis
- Doyle Lewis
- Stephanie Barrett
- Vicki Young
- Terry Webster
- Abe Pike
- Nancy Powell

NLC Board of Directors

- Glenn Tobin, Chairperson
- Andrea Marshall, Vice Chairperson
- Steve Winter, President & CEO of NLC
- Peter Au, Director
- Marjorie Gaulton, Director
- Dick McCrate, Director
- Brian McCormack, Director

Appendix II – NLC’s Balanced Scorecard

The Balanced Scorecard is a proven performance management system adopted by NLC. It is particularly effective because it leads an organization to identify those areas that it feels will ensure the success of the organization going forward and is an excellent tool to communicate corporate, departmental, and individual initiatives and performance measures.

One of the tools used in the Balanced Scorecard is a Strategy Map – this “map” is an illustration of the key objectives (or “focus areas”) that are thought to be critical to the Corporation’s success. Anyone viewing an organization’s Strategy Map would see exactly how the organization intends to achieve success – for employees, this should make it easier to understand why various initiatives are being implemented and how they build on one another to ensure corporate success. In fact, all employees should be able to see how their individual job responsibilities add value to their department’s objectives, and how their department’s objectives contribute to NLC’s overall success. When employees understand the expectations placed on them and their department, then there is a much greater likelihood of the Corporation’s strategy actually being executed and its objectives being achieved.

The Balanced Scorecard is considered “balanced” because it encourages the organization to look at key success factors from four perspectives, not just a single perspective. With the Balanced Scorecard,

organizations look to identify key performance indicators in finance, customer service, internal business processes and employee learning and growth.

- Financial – if NLC is successful, what does this look like, financially, to our shareholders (ie: Government)?
- Customer – to achieve our Vision, what must we provide to our customer?
- Internal Processes – to meet the expectations of our shareholder and customers, at what business processes must we excel?
- Employee Learning and Growth – to achieve our Vision, how do we sustain our ability to change and improve; to enable employees to be successful in their roles?

NLC’s Strategy Map contains defined objectives. Each of these objectives also has key performance measures attached to it – these measures help us to gauge our success in achieving the objective. These objectives outline the key indicators of NLC’s future success. Going forward, corporate and departmental initiatives will be designed to support the achievement of these objectives as will individual job responsibilities and expectations.