

2020

ANNUAL REPORT



CHICKEN FARMERS OF CANADA



CHICKEN FARMERS OF CANADA

2020

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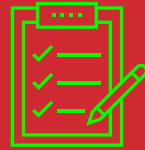
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ABOUT US

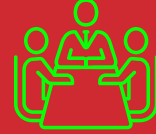


OUR MANDATE

Chicken Farmers of Canada (CFC) has two primary mandates. Our main responsibility is to ensure that our 2,877 farmers produce the right amount of fresh, safe, high-quality chicken to meet Canada's needs. This evolving risk management system we operate under is commonly known as supply management.

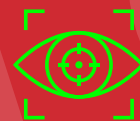
This system allows farmers across the country to match their production to Canadian demand. By using this system, consumers are assured a reliable supply of fresh, high-quality food at a reasonable price. Supply management supports a healthy, sustainable sector whose farmers are able to reinvest with confidence in their communities and businesses.

Our second responsibility is to represent the interests of chicken farmers and the Canadian chicken industry. CFC plays a key role in developing, partnering or managing programs for Canada's chicken farmers that prove our producers continue to grow the high-quality chicken that Canadians trust. Through programs such as our Raised by a Canadian Farmer Sustainability Excellence, Raised by a Canadian Farmer On-Farm Food Safety Program, Raised by a Canadian Farmer Animal Care Program, and other biosecurity initiatives, CFC works closely with government partners and industry stakeholders to keep the industry innovative and responsive.



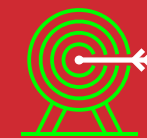
OUR BOARD

Our directions and policies are determined by a 15-member Board of Directors comprised of farmers appointed by the provincial chicken marketing boards. Non-farmer directors — one from the restaurant industry, another from the further processing industry, and two representing the primary processing industry — are appointed by their respective national associations. This way, CFC and its stakeholders work together on behalf of Canada's chicken industry, from farmer to consumer.



OUR VISION

Canadian Chicken: Consumers' preferred and trusted protein.



OUR MISSION

To lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.

People care deeply about their food, about knowing where it comes from and that what they're serving to their family and friends is of the highest quality; our farmers and their families are no different. So, when we say that the Canadian chicken industry is good for Canadians, it's because we know that we're raising our chickens to the highest standards: yours.

Canadians want Canadian chicken, so we deliver them fresh, locally-raised food, just the way they like it. Our farmers are a stabilizing force in rural Canada, where they can – and do – reinvest with confidence in their communities, but their contribution is much wider. In sum, we are part of Canada’s economic solution, and do so without subsidies, and are very proud of both.

The chicken sector in Canada makes a valuable contribution to the economies of rural and urban communities from coast to coast. In addition to 2,800 chicken farmers and 191 processors, the sector generates employment in not only farming and processing, but veterinary work, transportation, retail, restaurants and more.

In total, the sector:

SUSTAINS

101,900

jobs

CONTRIBUTES

\$ 8 BILLION

to Canada’s Gross Domestic Product

PAYS

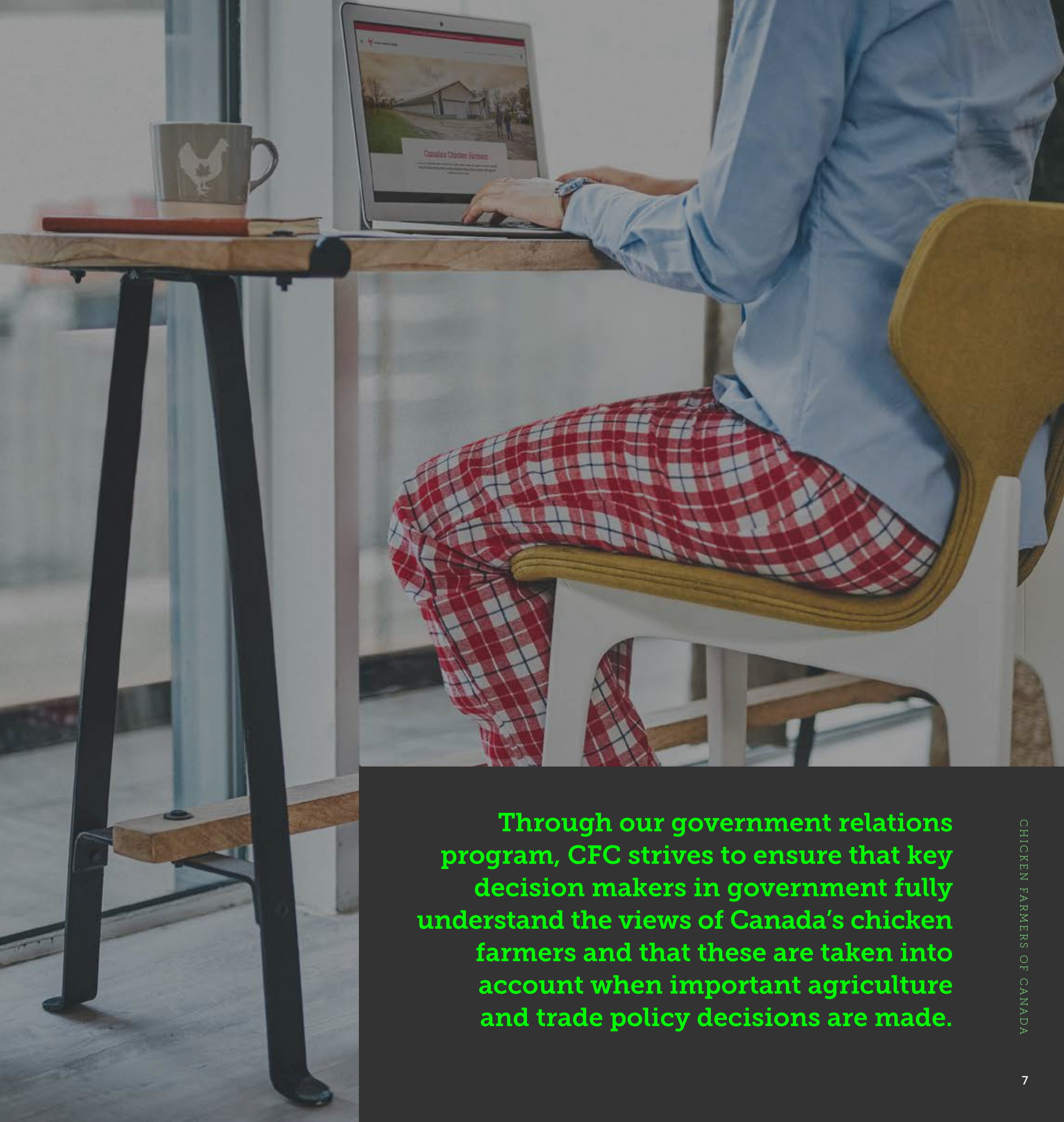
\$1.9 BILLION

in taxes

PURCHASES

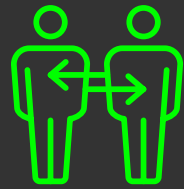
3 MILLION

tonnes of feed, supporting other farmers in turn



Through our government relations program, CFC strives to ensure that key decision makers in government fully understand the views of Canada’s chicken farmers and that these are taken into account when important agriculture and trade policy decisions are made.

REPORT FROM THE CHAIR & EXECUTIVE DIRECTOR



The Canadian chicken industry faced enormous challenges in 2020, and we believe that our character – our true character – was revealed as we faced them. And it was a good reveal. We have shown ourselves to be a strong, inclusive, and collaborative group committed to delivering on consumers' expectations for excellence.

But most of all, it has highlighted the need for us to not only maintain, but grow the public trust in our products, in our system, and in our farmers.

The public trust relies on the fact that chicken farmers play a critical role in raising safe, high-quality chicken. Canadians trust that the health and safety of birds, our farmers, and our industry partners, will always be our priority. In mid-April, the CFC Board of Directors adjusted its May/June allocation to reduce production to address the concerns of our value chain partners. The result was an allocation reduction of 10.5% nationally. At the end of April, the CFC Board of Directors also adjusted its July/August allocation by 9.75% nationally.

When COVID hit, our entire sector worked hard to determine how to adjust production levels so that we could respond to fluctuations in our sector. These allocations, and those that came after, have helped us mitigate, to the best of our ability, the need to depopulate flocks on farm. And it has provided the system with a little room to breathe.

As a sector, we have a great responsibility to make sure that each of us is committed to setting an allocation that meets the needs of Canadians – one that we're able to deliver seamlessly, one that is realistic, and one that is driven to truly deliver. This means that we have to keep meeting, that we have to keep talking – openly

and honestly – with each other, even when getting to a number seems difficult.

Throughout this pandemic, we have been able to maintain the integrity of the chicken supply chain. By having our sector's decision makers meet regularly to discuss COVID-19, we were able to maintain fluidity in the evolving situation and take the necessary steps to ensure that the entire value chain operates effectively and keeps supply lines moving to consumers.

We have demonstrated that our supply management system is nimble and that we can adjust to meet the needs of our consumers, and of our value chain partners. We have demonstrated our collaborative nature, our strength.

Make no mistake, the work we do on our farms absolutely contributes to the credibility we have with consumers. And it's wrapped into the *Raised by a Canadian Farmer* brand, which has consumers' trust and stands for excellence – in all aspects of who we are and what we do. It means delivering an excellent product – and it means being the type of farmers that Canadians trust to demonstrate that commitment to excellence in food safety, animal care, and sustainability.

Our brand goes beyond just identifying Canadian product. It represents the covenant we have with consumers, the public trust that is critical to everything we do.

2020 marked year two of our five-year strategic plan, in which we made it our mission to lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians. That trust strengthening is paramount to our success, and the work we have done this past year continues to build on that trust.



The Canadian chicken industry faced enormous challenges in 2020, and we believe that our character – our true character – was revealed as we faced them.

As we began to realize that the pandemic would have more and more people using our products from home, we expanded our branding program for the second half of the year. We also joined several large-scale campaigns designed to promote the foodservice sector, which represents 40% of our production. We asked people, if they had the means, to consider ordering from their local restaurants. It was important for us to do this – as this pandemic has had devastating effects on the foodservice sector.

On the International Trade front, recent trade agreements have led to a further erosion of our Canadian chicken market. We started 2020 in advocating for the government to deliver on the mitigation program following the deal we received in the CPTPP.

We spent a great deal of time, since April of 2019, meeting with members of parliament, government officials to ensure that they would honour their commitment to offer full and fair support to supply-managed farmers to ensure the long-term sustainability and competitiveness of our sectors.

And then finally, towards the end of 2020, we finally heard back. The government announced investment programs and market development initiatives to offset the impact of these market losses. We believe that this is step in the right

direction towards supporting farmers as they make ongoing improvements to their operations and enhance the long-term efficiency and sustainability of their farms.

We thank Agriculture and Agri-Food Minister Marie-Claude Bibeau and her team for championing poultry and egg farmers and will continue to work with officials on the development and implementation of these programs.

We'd like to thank you for helping us in our advocacy efforts on this issue. True character also acknowledges the help one gets from the people with whom they work. And throughout this last challenging year, you have demonstrated your commitment to the Canadian chicken sector and to ensuring that our objectives were met. Directors were able to pivot. Solid work was being done at the Board level, supported by the efforts of the CFC Committees, and our dedicated staff.

A special note goes out to the Executive Committee as well for the extra efforts they put in and for their participation, guidance, advice, perspective, and dedication to Canada's chicken sector.

We all know that true character is not only doing the right thing when no one is looking, it's doing the right thing when everyone is looking. That's who we are as a Canadian chicken sector. That's the stuff we're made of.

BENOÎT FONTAINE
Chair

MICHAEL LALIBERTÉ
Executive Director

BOARD OF DIRECTORS AND COMMITTEES



Each year, Chicken Farmers of Canada's Board of Directors and Executive Management Team take the opportunity to celebrate the successes of the previous year and set priorities for the next.

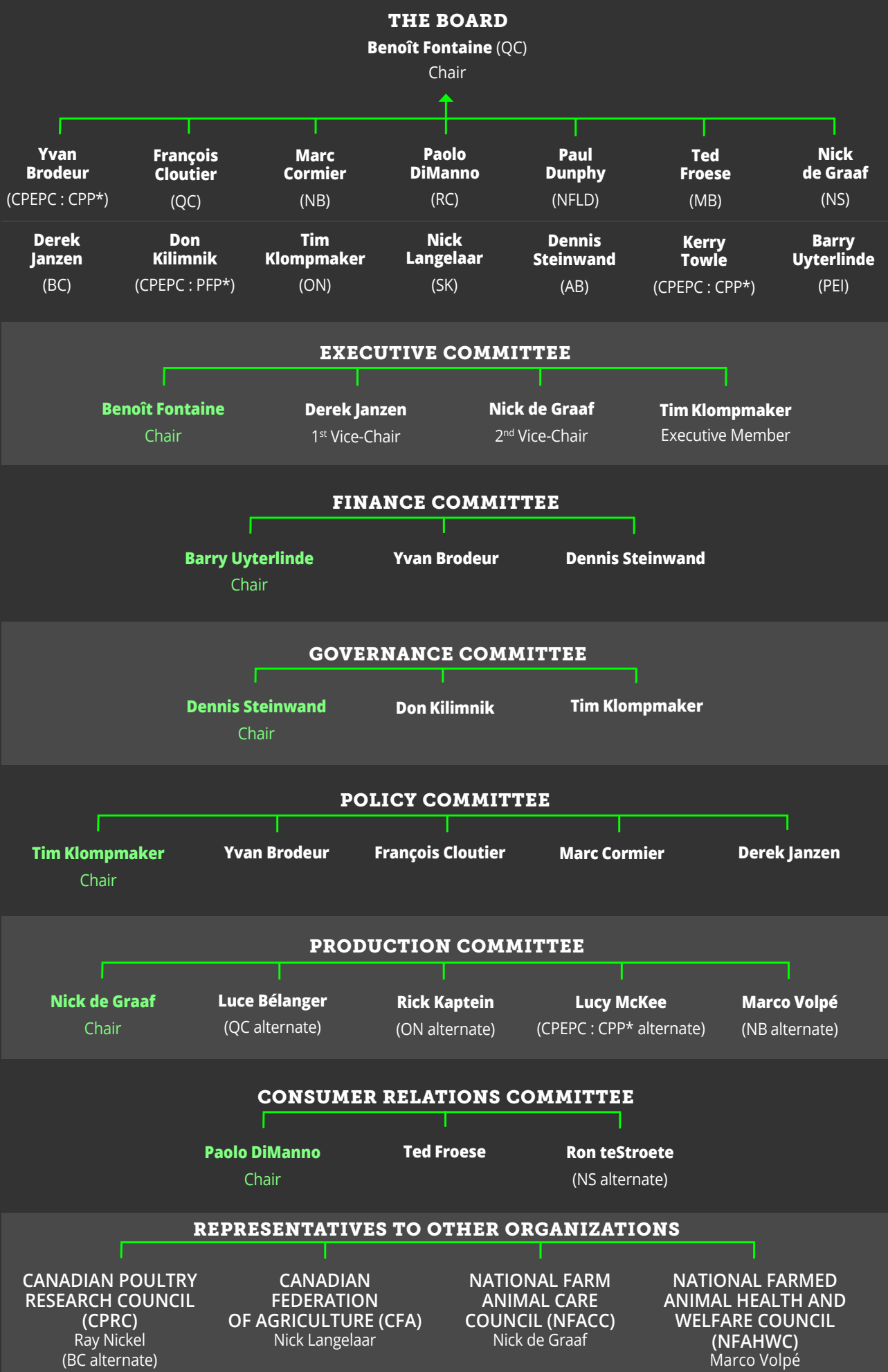
Retiring Director

CFC recognizes Craig Evans (CPEPC: CPP) who retired from the Board in 2020. In addition to serving on the CFC Board as the CPEPC representative since 2017, Craig was a long-time member of the Policy Committee.

This past year, with working with the value chain, expanding the Brand, so many Zoom meetings, and making drastic changes to allocation has really challenged Directors. It wouldn't have been the success it was without their hard work and support. CFC would like to thank Craig for his hard work and effort over the years.

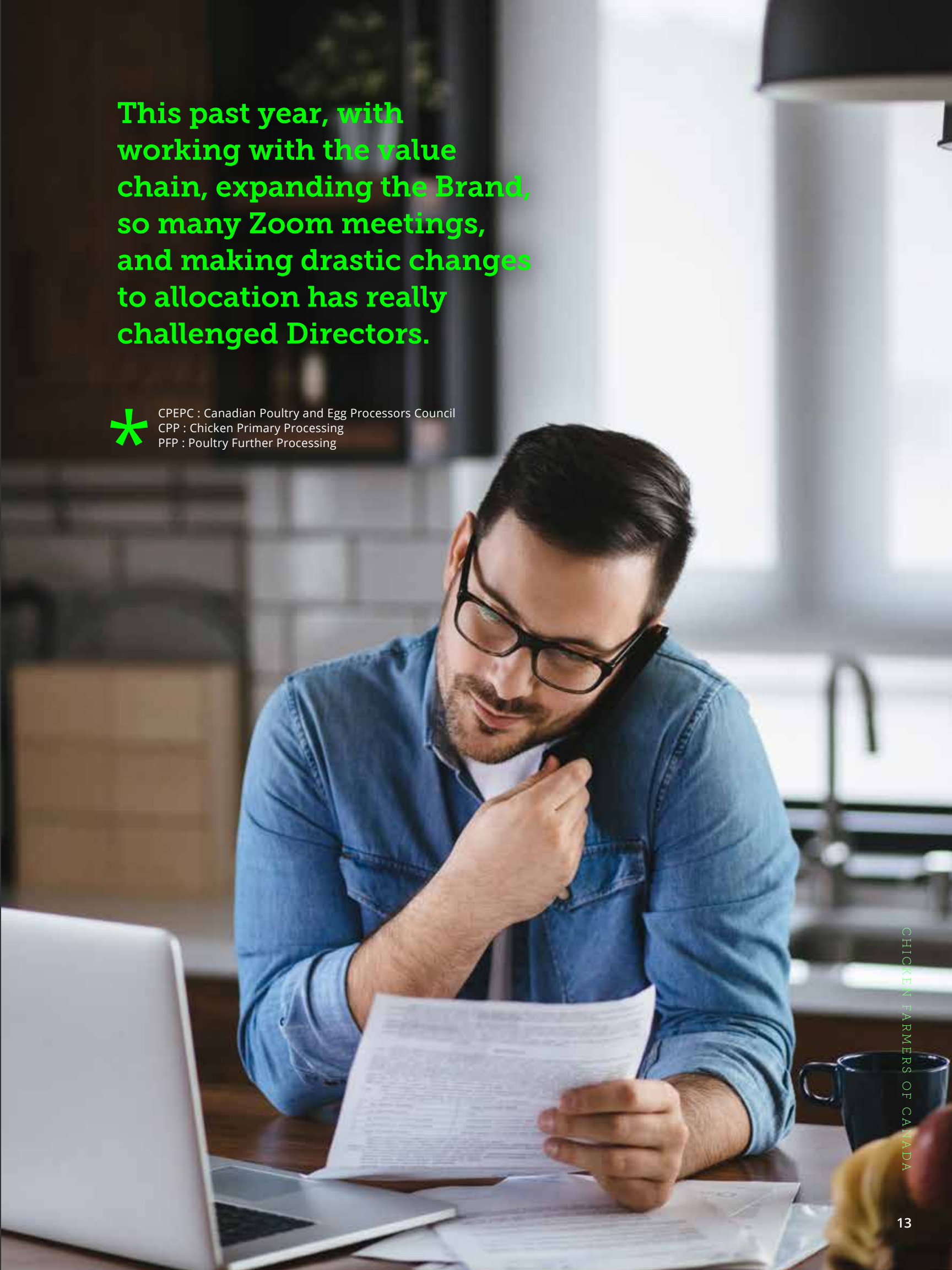
It wouldn't have been the success it was without their hard work and support.

BOARD OF DIRECTORS AND COMMITTEES ORGANIZATION CHART

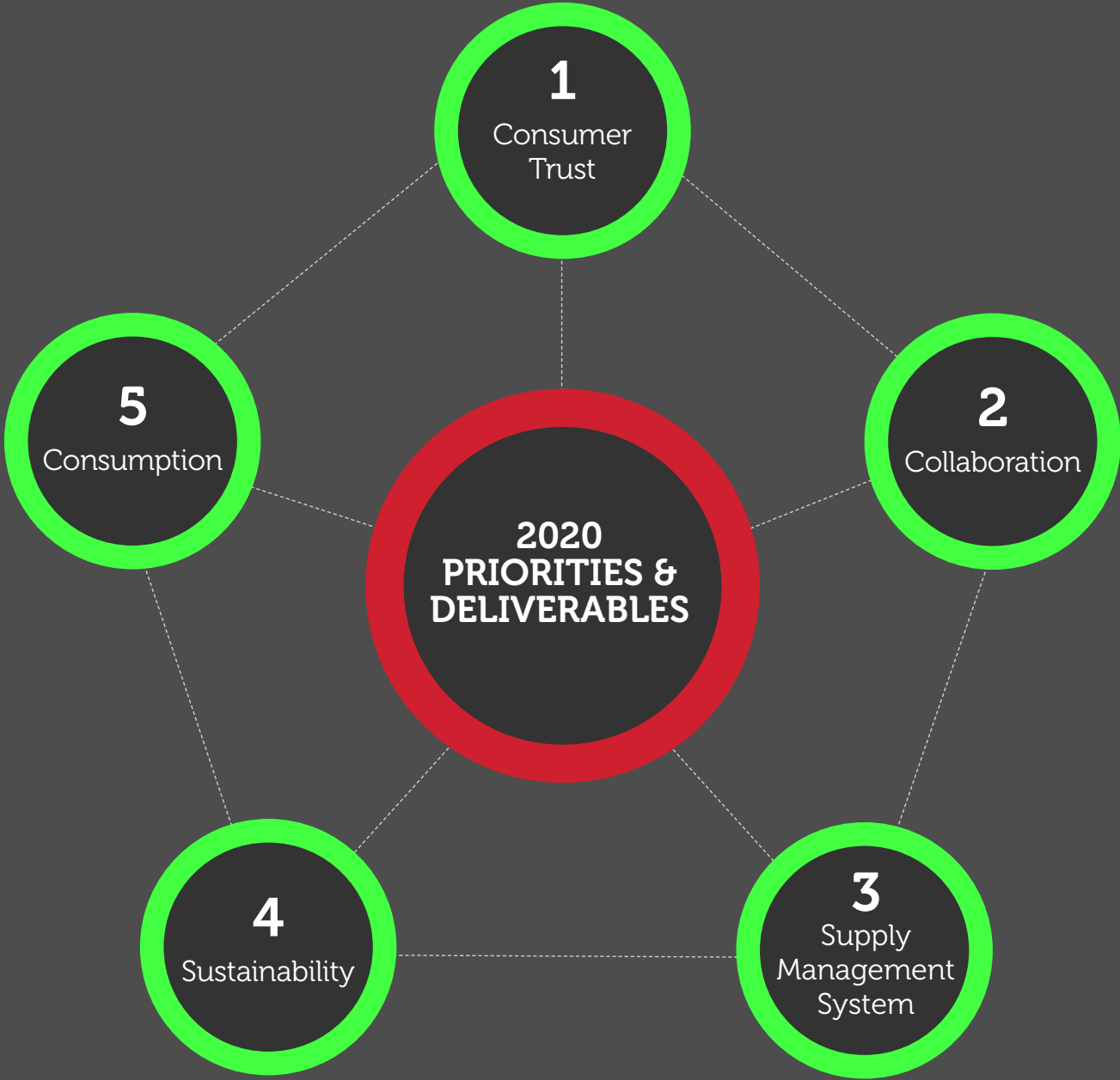
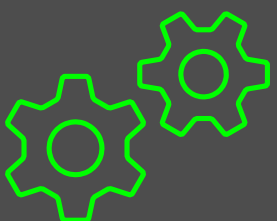


This past year, with working with the value chain, expanding the Brand, so many Zoom meetings, and making drastic changes to allocation has really challenged Directors.

* CPEPC : Canadian Poultry and Egg Processors Council
CPP : Chicken Primary Processing
PFP : Poultry Further Processing



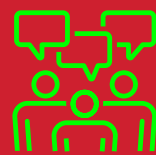
STRATEGIC PLAN KEY RESULT AREAS



To lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.



CONSUMER TRUST



CONSUMER RELATIONS

The issue of public trust, and of maintaining the level of trust that Canadians have in Canada's chicken farmers, is the basis for this Key Result Area (KRA). The goals of this KRA are to ensure that consumers continue to love and trust Canadian chicken farmers, to expose and eliminate myths, and to provide assurance to consumers that Canadian chicken is chicken they can trust.

HOW TO VIDEOS

In 2020, Chicken Farmers of Canada (CFC) created ten new how-to videos for the chicken.ca website and YouTube channel, including six recipe and four pathogen reduction videos. The videos are quick and easy with a duration of thirty seconds to a minute. They are also regularly featured on CFC's social media platforms. Our how-to videos can be viewed or on our YouTube Channel.

CHICKEN.CA WEBSITE

Site usage of **chicken.ca** increased in 2020, but not by as much as in 2019. This was due to a Google algorithm update in August which affected Search Engine Optimization and keyword rankings. This led to some work later in the year on a re-design, in order to make the site cleaner, crisper, and more focused in order to bring the more popular content to the forefront and highlight the best pages for visitors.

This was done by optimizing the content/developing new content that has more of an editorial voice in order to expand the capability to come up higher in the organic searches. Organic searches are those that provide search results that cannot be influenced by paid advertising and results are ranked solely according to their relevance to the search term. Chicken Cooking Times continues to be the most searched page.

The revamped site will also perform better on mobile devices – the majority of site visitors are using mobile devices – and provides more general support for the Raised by a Canadian Farmer brand. The chicken.ca site revamp will be launched early in 2021.

Other spikes in web traffic occurred when the consumer newsletters featuring our national consumer contest were sent out, and generally, throughout all the contest periods.

Recipes also continue to be a key driver, with searches reflecting those recipes that are popular during a given time of year.

In addition to our usual website content updates, we created a section on chicken.ca, called "Cooped-Up," which was created as a resource for people during the COVID-19 lock-down. In this section, we shared recipe ideas, such as recipes to make with pantry staples and appetizers to enjoy with your family on movie or game night. You can view all of the Cooped Up content [here](#).

SOCIAL MEDIA

Our gains in social media continue to be impressive. We continued to create new and engaging content on social media and our overall engagement rate with consumers increased significantly, allowing us to dialogue with consumers about the benefits of Canadian chicken.



We engaged five brand ambassadors, including three traditional bloggers and two Instagram influencers. Each month, they created popular chicken recipes, featured the *Raised by a Canadian Farmer* brand and shared positive messaging about the Canadian chicken industry, all while increasing traffic to our website.

Our Facebook impressions and subscriptions increased significantly.

Our Instagram followers increased by

75.9%

Our Pinterest account has an average of over

1 million

monthly viewers

Our YouTube channel is at over

3,944,375

views

We also held our annual quarterly evening Twitter parties. These have been extremely successful for us in raising awareness of the brand. Our English Twitter parties generated an average of over 38 million impressions and our French average over 300k impressions.

SLOW GROWTH CHICKEN

Several years ago, the Global Animal Partnership (GAP) had commissioned, in partnership with the University of Guelph and the Ontario Ministry of Agriculture and Food (OMAF), a study from the University of Guelph comparing slower-growing chickens to conventionally raised chickens for welfare attributes. Sixteen strains were studied. The study took about three years to accomplish.

Once completed, GAP issued a statement and some findings from the broader study – which was endorsed by the University of Guelph. As we expected, the animal rights/vegan activists have begun leveraging the GAP statement and findings with retail and foodservice. Humane Society International, for example issued a press release and they, along with other activist groups, have reignited their tactics to pressure foodservice and retail companies to press for changes in the chicken farming and processing sectors.

CFC and its stakeholder partners have worked alongside our U.S. chicken partners, the National Chicken Council (NCC) and the U.S. Poultry and Egg Association, to access the study and have a more fulsome understanding of this research.

To be clear, the Canadian chicken sector welcomes all new research, as it helps to form the basis for our codes of practice, which are always evolving. With respect to the new research from the University of Guelph, once we have examined this research more thoroughly, we will be able to address the most recent claims and findings more directly.

Our data suggests that current conventional growth rates do not inevitably lead to poor welfare outcomes. Chickens raised for meat today are stronger and healthier than ever, with demonstrated lower mortality levels, as well as vastly improved leg and heart health. Today's broiler chickens are the product of years of research. It's important to remember that chickens raised to current standards feed the world and broiler birds reach market weight in less time and using less feed, resulting in more affordable food.

The environmental impact of raising chickens is an important consideration. At this time, the Canadian chicken sector has a lower carbon footprint than that of other livestock in North America and has lowered that carbon footprint by almost 40% in the last 40 years. Water consumption has been reduced by 45% in the same timeframe and 62% of the sector's total energy use comes from renewable sources.

Introducing a switch to slow-growing broilers would have negative environmental impacts and reverse those hard-fought gains. There is well-founded concern that widespread implementation in Canada of slow-growing broilers would have significant negative environmental and affordability impacts and should be evaluated with caution. Neither of these impacts can be ignored.

Introducing a switch to slow-growing broilers would have negative environmental impacts and reverse those hard-fought gains.

For example, if just 1/3 of the Canadian chicken sector converted to a chicken that grows two weeks longer than conventional chicken, it would mean:

668,509,777

extra liters of water consumed, per year

Enough to fill 267 Olympic swimming pools, or **4,000,000** bathtubs

212,527,411

extra kilos of feed consumed, per year

Which is **20 times** as heavy as the Eiffel tower and equal in mass to almost 2 CN Towers.

393,243,406 kg

of additional manure produced, per year

Enough to fill 157 Olympic swimming pools and works out to **1,077,379 kg** produced per day

\$390,794,112

increase in production cost

These are cost increases that will be shared among the farmer, the processor, the retailer, and ultimately, the consumer

103,776 acres

of additional land required for feed

That's **4,520,482,560** square feet, or **300,000** average sized hockey rinks



There is only one Animal Care Program that reaches all 2,800 chicken farms in Canada; no other program can achieve this reach. It has a solid, credible, and science-based foundation and is like nothing else in the world. It is based on the Code of Practice developed through the National Farm Animal Care Council (NFACC). NFACC is a world leader in bringing together stakeholders with different perspectives – farmers, scientists, veterinarians, processors, retail associations, restaurant associations, transporters, animal welfare associations, and provincial/federal governments – to develop robust and sound Codes of Practice. Everyone gets a say, and the experts, the ones who truly know best, are the architects.

NFACC is the only process by which changes can be made to the Canadian broiler chicken sector. Groups with questions or concerns about how

chickens are raised and processed in Canada should address them via the NFACC consultative process.

The Canadian chicken sector is proud to offer one of the widest variety of choices for consumers. They can choose conventional, vegetarian grain-fed, organic, slower growing and others. By offering these choices, we can maintain our excellent environment record and continue to deliver the excellent, nutritious, and versatile products, at a variety of price points.

PLANT-BASED PROTEIN

CFC is aware that the growth of plant-based protein alternatives is a concern for the Canadian chicken sector. To better understand this issue, particularly how it's perceived by consumers, CFC commissioned research from Leger Marketing in March of 2020.

Here are some key findings:

- » Four-in-ten have eaten plant-based meat alternatives in the last 6 months.
- » Six-in-ten (62%) are likely to try plant-based meat alternatives again in the next 6 months – this percentage is higher among 18-34 (70%) and 35-44 (67%), compared to those 45 and older.
- » Three-in-ten (29%) say they are currently eating plant-based meat alternatives weekly. The main reasons for eating plant-based meat alternatives include:
 - » Trying to eat less meat (34%);
 - » Environmental and animal welfare reasons (30%);
 - » Curious after seeing a lot of advertisements and promotions (30%);
 - » Believe that these alternatives are healthier (23%).
 - » Respondents are quite divided when it comes to if plant-based meat alternatives are healthier for them or not. About half (47%) do not believe they are healthier for them, and about the same number (46%) believe plant-based meat alternatives are healthier than eating meat itself.

On another side, consumers want transparent communications about these products and do not believe that the names of the meats being mimicked should be used:

- » Eight-in-ten agree that retailers and restaurants should be transparent about the nutritional facts (88%) and environmental impact (80%) of the plant-based meat alternatives they sell.
- » Three-quarters believe that it is important to be factual when naming plant-based meat alternatives, including when marketing them.
- » More than half (55%) believe it is deceiving to consumers when retailers and restaurants use the name of meats when referring to plant-based meat alternatives, and a similar number (53%) believe plant-based meat alternatives should not use meat names at all.

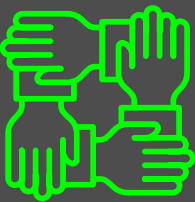
The impact of meat on the environment appears to be a motivator, as well:

- » Six-in-ten (58%) believe plant-based meat alternatives are better for the environment, and 56% believe the increase of plant-based meat alternatives can have a positive effect on the environment.
- » Those 18-34 vs 35+ are significantly more likely to be driven by environmental impact

Six-in-ten respondents have eaten these products at restaurants, while more than half have eaten them at home.

The research will help CFC set the foundation for a more proactive 2021 strategy aimed at ensuring that consumers are well informed of the health attributes of chicken, the importance of reading labels, and the environmental success story of the Canadian chicken industry.





SWIMMING CANADA

In 2020, Chicken Farmers of Canada continued to highlight the importance of its long-term partnership with Swimming Canada (SNC), especially with the scheduled 2020 Olympics and Paralympics. In February, CFC staff took 10 para-athletes to visit a farm in rural Quebec. This successful visit was filmed and turned into a quick promotional **video** to showcase the continued strength of the partnership. This visit also helped educate the athletes on where their chicken comes from, how it's raised, the importance of protein to their training and so much more.

In preparation for the Olympics and Paralympics, CFC and SNC created a commercial to air during the Canadian swimming trials and the Olympic Games, on both social media and television. Featuring National Team Swimmer Montana Champagne, the commercial showcases his talents in the pool as well as his culinary skills in the kitchen. CFC and SNC hope to release the commercial in early 2021.

CFC and SNC also created three new special edition Pool Peeps for the Olympic and Paralympic Games. Representing all aspects of swimming, each Pool Peep also received a backstory and a medal, to commemorate the Olympic Games.

Keep an eye out for this adorable trio!



SWIMMING CANADA AND CHICKEN FARMERS OF CANADA COMMERCIAL SHOOT



CHICKEN FARMERS OF CANADA
YOUNG FARMERS PROGRAM

CFC welcomed five new participants to the Young Farmer's Program in 2020:

- » Andre van Kammen from British Columbia
- » Taylen Van Den Driessche from Manitoba
- » Evan Lambrecht from Ontario
- » Marika Lemieux from Quebec
- » Amy VanderHeide from Nova Scotia

The young farmers began their year by travelling to Prince Edward Island to attend the annual Canadian Young Farmers Forum conference. At the conference, they met fellow young farmers, attended interesting seminars and sat down with the Premier of Prince Edward Island, the Hon. Dennis King.

Once the pandemic hit, the program shifted training to being more virtual by delivering seminars via Zoom. A seminar on allocation was held in June led by CFC staff and several social media training sessions were conducted throughout the fall with a public relations consultant. The social media sessions included basic social media 101, telling your story, elevator pitches and the use of Instagram live for farm tours.

Due to the COVID-19 pandemic, the 2020-2021 program was extended into late 2021, in order to provide them with the opportunity to participate in in-person events when public health deems it safe to do so.

PUBLIC RELATIONS CAMPAIGN

2020 began with the promotion of the new Day In The Life videos that were filmed in 2019 in British Columbia and **Manitoba**. This two-month campaign highlighted the stories and families from these videos, showing Canadians who their chicken farmers really are. During the month of February, CFC also took part in FCC's Agriculture Day, a chance to highlight the hard work farmers do every day to feed Canadians.

In March, the pandemic hit, and CFC shifted its priorities to adapt. Taking an optimistic and positive approach, CFC promoted the theme of generational farming for the months of March and April. This showcased the **Day In The Life videos** as well as messaging to support our farmers and Canadian consumers. It also allowed CFC to educate the public on family farms and supply management. From May to July, CFC kept up with the positive messaging and asked farmers to submit content on how these times have affected them at home. The content also included promoting local initiatives, opportunities within the agriculture sector and how families have adapted while staying at home.

DAY IN THE LIFE PICTURES

August to September saw the launch of the very first #WomenInAg campaign. CFC reached out to its provincial boards to round up **videos of female farmers across the country** explaining why they are proud to be chicken farmers and #WomenInAg. CFC appreciated the video support from Minister of Agriculture and Agri-Food, Hon. Marie-Claude Bibeau, and Conservative Member of Parliament, Candice Bergen who also participated in this campaign. These videos were promoted on all social media platforms, including YouTube ads, and were incredibly popular. In addition to the videos, CFC collected information about various resources available to women in agriculture, including grants, programs, conferences, and scholarships. Lastly, this campaign also included an infographic with statistics about women in agriculture and the Canadian chicken sector. This infographic was shared on Instagram and Twitter. This campaign was the most successful of 2020 and CFC plans to repeat it in 2021.

Mental health was the topic of discussion during September and October, where CFC was proud to take part in such an important discussion. Particularly during the COVID-19 pandemic, CFC recognizes the isolation and stress that is placed

upon farmers and is here to help. From planting, to harvesting, checking on the chicks and making sure the barn technology is running smoothly, there is often no time left in the day to think of yourself and so CFC called upon farmers to submit a picture of something that made them feel calm for the #TakeABreak campaign content.

This campaign had the goal of sharing calm, serene pictures on The Inside Coop network, so that when farmers would scroll, they would be reminded to take a break. This was coupled with two informative infographics, created with information provided by Health Canada and **DoMoreAg**, a not-for-profit organization that promotes mental health within the agriculture community. Lastly, CFC staff collaborated with a registered psychotherapist to create a resources page on **chickenfarmers.ca**. Under the Meet Your Farmers tab, farmers can find a resources page with any information they need regarding mental health.

THE INSIDE COOP PODCAST

CFC is proud to announce it launched its very own public podcast called The Inside Coop **Podcast** in 2020. This podcast aims to educate the public on the happenings in the Canadian chicken sector such as sustainability, mental health, giving back to the community and so much more. The first season consisted of five episodes and were released in December. CFC will be producing a second season in 2021.

General Mental Health Infographic

- CFC REACHED:
- ± **3,660,000**
YouTube channel views in 2020
 - ± **1.8 million**
TheInsideCoop Twitter users – a 12% improvement from 2019
 - ± **2.2 million**
The.Inside.Coop Instagram users – 196.6% improvement from 2019

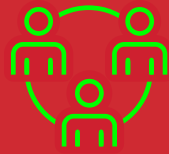


Particularly during the COVID-19 pandemic, CFC recognizes the isolation and stress that is placed upon farmers and is here to help.



BEHIND THE SCENES OF A DAY IN THE LIFE VIDEO.

COLLABORATION



In its mandate to fulfill its mission, Chicken Farmers of Canada (CFC) works with the entire value chain on a continuous basis to ensure the ongoing strength, stability, and sustainability of Canada's chicken industry. The basis of this KRA is centered around meaningful collaboration with industry stakeholders to gain alignment on matters of mutual interest. This commitment reflects the need to build trust, recognizing the need to align on innovation, opportunities, and challenges, while delivering unified communication and coordinated strategies.

THE CHICKEN INDUSTRY VALUE CHAIN

Since the start of the COVID-19 pandemic, CFC has shown flexibility and the ability to adapt to ensure continuous collaboration with the industry value chain. We maintained a strong collaborative relationship with the provincial chicken boards through regular communication and frequent meetings with the provincial board managers by video conference. The Executive Committee also traveled to meet directly with a few provincial boards to share our strategic plan before the pandemic, and has met with a few other boards virtually to review the CFC annual priorities, and to discuss issues and the priorities at the provincial level.

Significant efforts are being made to keep Farm Products Council of Canada up to date through regular meetings, and the Council has provided an update at each Board allocation meeting.

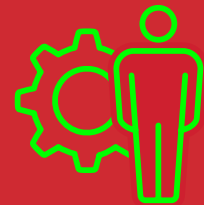
We also met regularly with other participants in the value chain, including the Canadian Poultry and Egg Processors' Council, and the Canadian Hatching Egg Producers, on key issues, such as animal care, import controls, antimicrobial resistance, and other matters.

While technology has permitted the industry to continue operating through the pandemic, CFC is looking forward to resuming travel for meaningful in-person communication and collaboration for the betterment of the chicken industry.

The basis of this KRA is centered around meaningful collaboration with industry stakeholders to gain alignment on matters of mutual interest.

Since the start of the COVID-19 pandemic, CFC has shown flexibility and the ability to adapt to ensure continuous collaboration with the industry value chain.

SUPPLY MANAGEMENT SYSTEM



OPERATING AGREEMENT & ALLOCATION

All signs were pointing towards another year of moderate and steady growth when the Chicken Farmers of Canada (CFC) Board set the medium-term growth target at +2½ for the upcoming block of allocation periods, A-163 to A-169, in late 2019. This target is non-binding but gives the Canadian chicken value chain an indication of what is expected in terms of growth for the year ahead.

The allocations for periods A-163 (May 10 – July 4, 2020) and A-164 (July 5 – August 29, 2020) were set in early February. Soon after, the CPEPC Chicken Primary Processing Sector filed a complaint with Farm Products Council of Canada (FPCC) because in their views the allocations were too high. In early March, CFC sent a letter in response to the complaint and FPCC facilitated an informal discussion. In the middle of this, the COVID-19 crisis emerged which forced the industry to change gears quickly. Discussions around the rapidly changing market conditions between representatives from CFC and CPEPC resulted in CPEPC withdrawing the complaint and reduced allocations for the two periods.

On April 14, the board significantly reduced the allocation for period A-163, considering the sharply decreased sales in the food service sector and COVID-related processing capacity issues. Allocations for provinces in Central and Eastern Canada were cut more than the provinces in the West because of the differences in the regional impact of COVID.

Two weeks later, the board also reduced the A-164 allocation, and, similar to A-163, reductions were done on a regional basis with the provinces in Central and Eastern Canada cutting back more than provinces in the West. The board also agreed to look at market conditions a few weeks later to adjust if needed.

Demand from the food service sector was still significantly less than before the pandemic but quick service restaurants were showing signs of recovery and chicken sales at retail, along with sales of other meat proteins, were very strong. On May 21st the allocation was revised slightly upward but still represented a 10% reduction from what was produced in the same weeks of 2019.

In setting regional allocations for periods A-163 and A-164, the board used its discretion which is built into the Operating Agreement, and directors felt that this was warranted by the special situation and market conditions. The Board agreed to a recovery framework that will allow the provinces in Central and Eastern Canada to grow the kilograms they weren't allocated because of the regional allocation approach in periods A-163 and A-164 once markets have recovered.

Demand from the food service sector was still significantly less than before the pandemic but quick service restaurants were showing signs of recovery and chicken sales at retail, along with sales of other meat proteins, were very strong.



The allocation for period A-165, which covers the August 30 to October 24, 2020 timeframe, was set in mid-June. Despite a push from the Western provinces and primary processors for another regional allocation approach, the board settled on a national allocation at 2% below base. Although still a decrease, directors were more positive than in previous months because of the gradual re-opening of restaurants, strong retail sales and improving wholesale prices.

The next allocation, A-166 (October 25 – December 19, 2020), resulted in a national allocation at 1% above base but still below production the year before. This allocation was a compromise between optimism, demonstrated by volume recommendations well above base, and a far more cautious approach and calls for an allocation below base.

The allocation for A-167 (December 20, 2020 – February 13, 2021) was a repeat of the previous allocation in terms of allocation requests and recommendations. After lengthy discussions and a push from the primary processors to set the allocation on a regional basis, the board decided on a national allocation at ½% above base. Quick service restaurants outperforming the struggling food service sector was an important contributor to the sense of cautious optimism for this period. Directors discussed requests for reconsideration of the allocation at two occasions but the requests for allocation reductions did not receive enough support.

In late November, CPEPC, the Association of Ontario Chicken Processors (AOCP) and the Conseil Québécois de la transformation de la volaille (CQTV) initiated an application for judicial review of FPCC’s decision dated November 19, 2020 regarding approval of the CFC’s proposed amendments to the Canadian Chicken Marketing Quota Regulations for period A-167. It will likely be well into 2021 before the Federal Court will render its decision.

At the last allocation meeting of the year, the board set the allocation for period A-168 (February 14 – April 10, 2021). While all provinces and industry stakeholders agreed with an allocation below base, they had different views on the extent of the cut. Acknowledging the worsening COVID situation and stricter

lockdowns, the board decided to set the allocation at 2½% below base nationally. Just before Christmas, CPEPC’s primary processing sector sent a letter citing absenteeism issues at processing plants, high number of COVID cases and challenging market conditions, and requesting an emergency meeting regarding the A-168 allocation.

The board met in early January 2021 and after listening to extensive arguments in favour of and against a regional allocation and a significant cutback, the board decided to decrease the already set allocation by one percent to 3½ below base nationally. A few days later, directors convened again to discuss and approve a request from Ontario to further adjust its allocation to 8% below Ontario’s base while maintaining the other nine provinces’ allocations at 3½% below base.

Aside from setting the allocations for A-163 and A-164 at the same meeting in early February, the board reverted back, for the time being, to setting one allocation one at the time to be able to quickly respond to the rapidly changing market conditions.

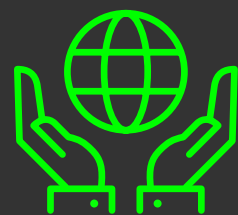
All provinces in Atlantic Canada, except for Prince Edward Island, were allocated kilograms under the Atlantic Canada Safeguard Agreement (ACSA) for period A-166 that was set above base. The allocation for A-167 was also set above base but not high enough to trigger additional kilograms for the Atlantic provinces. The process of incorporating the ACSA into the Operating Agreement by means of making it an addendum that was started in 2018, continued into 2020, and at the end of 2020 most signatories had signed the addendum. This process is expected to be concluded in 2021.

As in the past, CFC participated in three Canadian Hatching Egg Producers’ (CHEP) advisory committee meetings. These meetings take place in March, July, and November. The committee’s mandate is to advise the CHEP board of directors on expected demand for chicken in the next 1-2 years and the production required to meet that demand, helping CHEP in producing the right number of hatching eggs for the Canadian market. The committee recommended a reduced allocation for 2020 reflective of the COVID-related chicken production cuts and modest increases for 2021.

Development of the small-scale farmers policy was scheduled to continue in 2020 but was put on hold as other allocation issues took priority. Work is expected to resume in 2021.



TRADE, IMPORTS AND STANDARDS



Protecting the integrity of the import control pillar of supply management for chicken, CFC's third Key Result Area, requires monitoring trade negotiations and ensuring that our sector is provided full and fair mitigation in response to all trade-related impacts on our sector. It also depends on engaging with the Canadian government to close the import control loopholes presented by the import of broiler meat that has been mislabelled as spent fowl, and the inappropriate Duties Relief Program criteria. Like all other aspects of life, the global pandemic has impacted the international trade scene, slowing down negotiations and shifting priorities for CFC and the Canadian government towards COVID-19 related measures.

THE CANADA-UNITED STATES-MEXICO AGREEMENT (CUSMA)

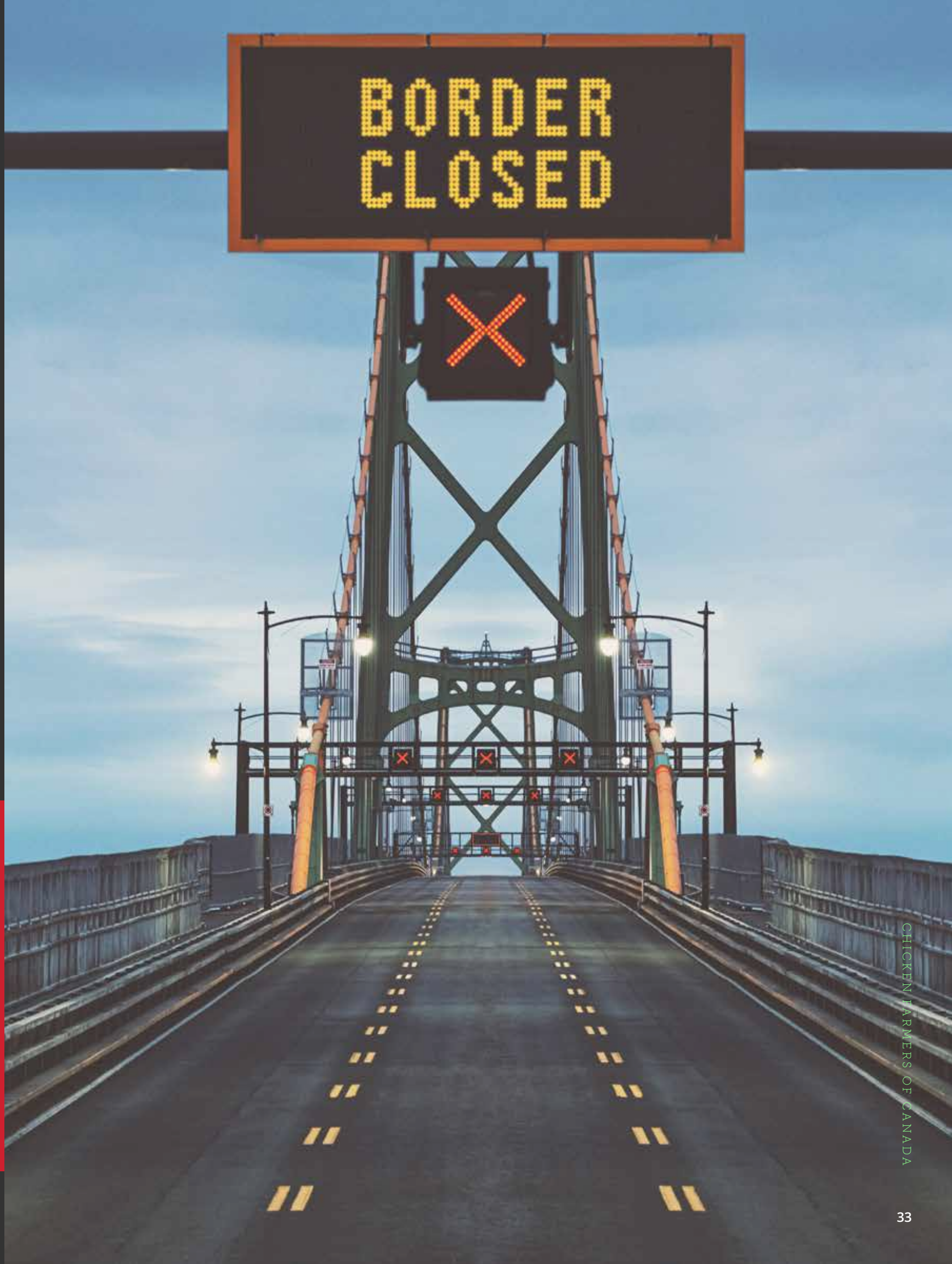
Though formally signed on November 30, 2018, the Canada-United States-Mexico Agreement (CUSMA) entered into force on July 1st, 2020. The mid-year implementation required Global Affairs Canada (GAC) to adjust the import tariff rate quota allocations to comply with the market access provided under CUSMA, which was prorated to 23.5 Mkg. The CUSMA-related changes to the specially defined mixtures definition for products not subject to import control have not impacted the TRQ allocation this year as GAC decided to only consider them for the 2021 TRQ allocation. Once the CUSMA's 16-year implementation period is finalized, the U.S. will have secured a total 62.9 Mkg of country-specific duty-free access into the Canadian chicken market, cementing its status as Canada's number one source of chicken imports. CFC expects the Government of Canada will work with the chicken sector to develop programs that will help mitigate the impacts of this concession.

CANADA – MERCOSUR TRADE NEGOTIATIONS

Due to the pandemic, formal trade negotiations between Canada and Mercosur, the South American customs union composed of Argentina, Brazil, Paraguay, and Uruguay, have been mostly on hold throughout this year. Countries were scheduled to meet for Round 8 in Brasilia in March 2020, but the in-person gathering was canceled. While there has been virtual technical engagement on non-contentious issues such as definitions, negotiations on issues such as market access will only occur once in-person meetings can resume.

CFC continues to pay careful attention to these trade talks as Mercosur includes Brazil, the world's largest exporter of chicken that controls 33% of the global market, and up-and-coming Argentina, which is expected to increase its exports from the 124 Mkg it exported in 2018 to an estimated 165 Mkg in 2021. Brazil dominates the global trade in broiler meat with

Like all other aspects of life, the global pandemic has impacted the international trade scene, slowing down negotiations and shifting priorities for CFC and the Canadian government towards COVID-19 related measures.



nearly 3.9 billion kilograms of exports in 2020. It is already Canada's second largest source of chicken imports after the U.S., with 10.8 Mkg of imports in 2020. It is imperative that Canada maintains its tariff rate quota and over quota tariff at current levels to ensure the integrity of its import controls and the ongoing development of our domestic chicken sector.

Furthermore, as Canada continues to engage with Mercosur in the negotiation of a free trade agreement, the trade pact concluded between the Latin American trade bloc and the European Union has been coming under increasing scrutiny within Europe due to the mounting evidence linking Mercosur member Brazil's agricultural exports to its destructive environmental policies. France, the Netherlands, Austria, Belgium, Ireland and Luxembourg have already stated their opposition to the deal based on its potential to accelerate climate change through agriculturally driven environmental degradation. The question now is whether Canada believes that the value of its possible trade deal with Brazil and its Mercosur partners, which would encompass an estimated \$9.9 billion worth of bilateral merchandise trade, will grant it greater leverage in Brazil's environmental policies than did the deal Mercosur signed with the 27 members of the EU, which covers the bilateral trade of approximately \$120 billion worth of goods.

CANADA - UK TRANSITIONAL TRADE AGREEMENT

On December 9, the Canadian government signed the Canada-UK Trade Continuity Agreement, a transitional trade agreement with the United Kingdom. Once fully ratified and implemented, this transitional pact will dictate the terms of trade between Canada and the UK following its departure from the European Union and consequently the Comprehensive Economic and Trade Agreement (CETA), the free trade agreement between Canada and the European Union. The transitional agreement replicates the provisions negotiated under CETA in order to ease any trade disruptions resulting from the UK no longer being covered by CETA. The Canadian government intends to eventually launch official trade negotiations with the UK, complete with a public and industry consultation process. As with CETA, the new transitional agreement does not provide access into the domestic chicken market.

Despite the pandemic, activity at the World Trade Organization has been on the rise.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The Regional Comprehensive Economic Partnership (RCEP), the new free trade agreement between fifteen Asia-Pacific nations (Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam), was signed on November 15. Initially launched to serve as a counterpoint to the original US-led Trans-Pacific Partnership (TPP), the RCEP is the largest free trade agreement in history, whose members make up nearly a third of the world's population and account for 29% of global gross domestic product. Although the RCEP does not involve Canada directly, some trade observers speculate that its signing could prompt the incoming Biden administration to reconsider the U.S.'s involvement with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

29% of global gross domestic product

WORLD TRADE ORGANIZATION

Despite the pandemic, activity at the World Trade Organization (WTO) has been on the rise. Canada has been playing a key role in leading the Ottawa Group to promote pragmatic organizational reforms, while the Chair of the Agriculture Committee has prioritized creating consensus around some partial agreements to be presented at the next WTO Ministerial Meeting (MC12), which had been scheduled to take place in Kazakhstan on 8-11 June 2020 but was postponed due to the COVID-19 outbreak. Currently, the WTO is considering holding the ministerial in December 2021, although even this will ultimately depend on the success of global efforts to quell the pandemic.

Initially launched to serve as a counterpoint to the original US-led Trans-Pacific Partnership (TPP), the RCEP is the largest free trade agreement in history.

\$691 million for investment and market development

ANNOUNCEMENT OF CPTPP MITIGATION SUPPORT

On November 27, the Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food Canada, announced that \$691 million would be made available for investments and market development programs to help the poultry and egg farmers mitigate the impacts of the concessions made into their markets in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This announcement draws on the hard work of the joint government-industry poultry and egg working group, which put forward program recommendations in April 2019.

These recommendations include the development of an investment program to support farmers as they finance further improvements to their operations, the establishment of a market development fund to help promote Canadian-raised chickens, a TRQ allocation methodology that would minimize market distortions, the requirement that imports meet Canada's high production standards, and ensuring the domestic market is no longer subject to leakages or illegal imports. For instance, the rules guiding the Duties Relief Program must be amended to suit the realities of the chicken sector through the banning of substitutions and the marination of imported

Despite the challenges posed by the pandemic, CFC directors and staff have managed to continue working with government representatives and officials to resolve the import control issues troubling the Canadian chicken sector.

chicken, and by reducing the permitted time to re-export from the current 4-year deadline. As well, the issue of broiler meat being fraudulently imported as spent fowl can be resolved through the implementation of the DNA test that distinguishes between broiler meat and spent fowl, which would ensure accurate tariff classification.

Canada's chicken farmers are grateful to the government for stating its commitment to ensuring no further concessions are granted into the Canadian chicken market. It is imperative that this commitment is maintained during ongoing and future trade negotiations, as well during any discussions at the WTO.

IMPORT CONTROLS

Despite the challenges posed by the pandemic, CFC directors and staff have managed to continue working with government representatives and officials to resolve the import control issues troubling the Canadian chicken sector. These include the misuse of the Duties Relief Program (DRP) and the ongoing importation of broiler meat as mislabelled spent fowl.

DUTIES RELIEF PROGRAM (DRP)

The Canadian Border Services Agency's Duties Relief Program (DRP) allows Canadian companies to import inputs that are destined for re-export without having to pay the applicable customs tariffs. Designed primarily for manufacturing goods, the rules governing the DRP do not provide adequate safeguards to mitigate the potential for leakages into the domestic market that is presented when chicken is imported into Canada for further processing and subsequent re-export. Particularly, the ability to marinate, substitute and hold imports for four years before re-export can result in damaging distortions to the domestic market. CFC continues to advocate for amendments to the DRP as it applies to chicken and other supply management products that would echo the regulations of the Import to Re-export Program (IREP), which is administered by Global Affairs Canada (GAC), under which marination and substitution are not permitted, and re-exportation must take place within three months of importation.

MISLABELLED BROILER MEAT IMPORTED AS SPENT FOWL

While broiler meat is subject to import controls, spent fowl can be imported into Canada in unlimited amounts duty free or at very low rate of duty. Because these two products are impossible to distinguish visually, some Canadian importers have been fraudulently importing broiler meat by mislabelling it as spent fowl. Not only has this translated into revenue losses for the domestic chicken sector, job losses to the economy, and lost duty revenue for the government, it has also put Canadian consumers at risk due to broken chain of food system traceability.

The volume of imports is generally reported on in an eviscerated equivalent basis, a calculation that doubles the weight of boneless parts, to take into consideration both bone-in and boneless products. However, the bulk of spent fowl imports has been shifting to bone-in parts, which is the front half of the bird including breast and wing. These now represent 52% of all imports. Therefore, although 2020 imports in eviscerated equivalent decreased 4% from the 88.3 Mkg it was in 2019 to 85 Mkg in 2020, the actual volume of imports increased 4% from 67.8 Mkg to 70.3 Mkg over the same period.

In a year that saw a significant decline in domestic chicken production, it is troubling to see such a steady increase in spent fowl imports. The continued growth in spent fowl imports highlights the importance of fully implementing the DNA test to ensure no more mislabelled imports occur, which would serve to bolster food safety and generate economic activity in Canada.

TRQ UPDATE

In 2020, Canada's total market access commitment for chicken imports under all Tariff Rate Quota (TRQs) from WTO, NAFTA/CUSMA and CPTPP trade agreements was 103.7 Mkg up from the 102.5 Mkg it was in 2019.

The uncertainty of the date for the entry into force of the CUSMA agreement forced GAC to proceed with a partial TRQ allocation at the beginning of the year. After the announcement of the July entry into force of CUSMA, the annual TRQ allocation was completed. Overall, in 2020, 39.8 Mkg was allocated under the WTO TRQ, the NAFTA and CUSMA provisions together represented a TRQ of 52.1 Mkg, and the CPTPP TRQ was 11.8 Mkg.

Despite the change of the specially defined mixtures (SDM) definition implemented as part of the CUSMA agreement on July 1st, GAC decided to provide import allocations for the full year to manufacturers of products that are now subject to Canada's import control regulations. Products such as wings packaged with bags of sauce, which used to be classified as SDM, were generating import TRQ. The definition of SDM was clarified under the CUSMA to reflect Canada's WTO schedules and to stop the tariff engineering that had been conducting through the addition of sauce packages simply to take advantage of tariff classifications. Failing to implement this new definition with the entry into force of CUSMA on July 1st resulted in the issuance of 7.4 Mkg of supplementary import to compete. Fortunately, the new SDM definition has been implemented for the 2021 allocation.

Canadian importers did not use any of the CPTPP TRQ as fellow CPTPP members are either not significant exporters of chicken, do not meet Canadian requirements to export chicken, or have not yet ratified the agreement. Global import allocations for chicken products under the WTO and NAFTA/CUSMA TRQ represented 91.9 Mkg, of which 90.5 Mkg was imported during the year. The 7.4 Mkg of supplementary imports to compete brought total imports up to 97.9 Mkg or 106.5% of the initial global allocation.

Volumes of chicken meat imported through the Import to re-export Program (IREP) and Duties Relief Program (DRP) were also above last year's

volumes. 23 Mkg of eviscerated equivalent was imported under IREP, a 4.36% increase over last year and 14.2 Mkg under DRP, 13% above what was imported through the program in 2019. Unfortunately, DRP regulations still allow for the marination of products, the possibility of substitution between broiler and spent fowl meat and provide a four-year timeframe to re-export. These permissive regulations heighten the risk for leakages that distort the Canadian market; they must be amended to aligned with the regulations guiding the IREP.

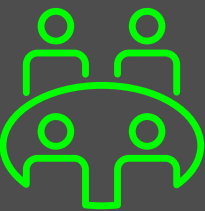
GAC's Tariff Quota Advisory Committee (TQAC) held several meetings this year to develop allocation policies for the 2021 TRQ allocation which will include distinct processes for each of the WTO, CUSMA and CPTPP TRQs. Although CFC's preference was to allocate all eligible requests for the manufacturers of products not subject to import control (non-ICL) from the WTO TRQ, representatives of import quota holders convinced GAC to supply non-ICL requests with both WTO and CUSMA TRQs. CFC is concerned that supplying non-ICL requests from WTO and CUSMA TRQ will result in pressure for supplementary imports as most manufacturers prefer WTO TRQ as it allows importation from any country. The 2021 TRQ allocation methodology should be a one-year transition as GAC intends to re-launch the Phase II of the TRQ comprehensive review that was put on hold due to the pandemic.

IMPORTS BY TYPE (KG)

	2020	2019
Global Imports	90,618,752	91,724,218
Supplementary Import Permits	-	-
Imports to compete (supplementary)	7,459,917	4,721,101
Imports to Re-Export (IREP)	23,267,108	19,570,402
Duties Relief Program (DRP)	28,466,000	25,184,000
Total	149,811,777	141,199,721
Imports of Spent Fowl	84,971,142	88,304,498

Source: Global Affairs Canada, AAFC

GOVERNMENT RELATIONS



A YEAR ON PARLIAMENT HILL... IN PERSON, AND VIRTUALLY!

LOBBYING EFFORTS

The COVID-19 pandemic and rolling lockdowns didn't stop Chicken Farmers of Canada from tackling its lobbying agenda in 2020.

Early in the year, prior to the world going indoors, CFC hosted a mini-advocacy day to meet with newly elected Members of Parliament to introduce them to the Canadian chicken sector and discuss our issues. At that time, the CFC Board of Directors was keen on addressing the CPTPP mitigation measures and how despite government's repeated promises for an announcement, there had not been one yet. Given that the pandemic arrived shortly after this advocacy day, CFC was grateful to have had the opportunity to sit down with Parliamentarians to discuss the sector in person.

While originally intended for the late spring in Ottawa, CFC opted to hold its annual lobbying activity at the end of November, spreading virtual meetings with Parliamentarians out over a week in order to best engage with representatives across the country.

Directors, Alternates, and Provincial Board representatives spoke with Parliamentarians from all parties and levels of government about the Canadian chicken sector – namely the CPTPP mitigation measures and how supply management has helped ensure food security during the COVID-19 pandemic. Participants were relieved to see the government announce \$691 million in support for poultry and egg farmers announced at the end of the week.

Instead of spreading out over the Parliamentary Precinct, all meetings were conducted on Zoom which was great for flexibility, but not the same as meeting a new MP in person. The ever-popular CFC Hill reception was missed by all!

CFC staff and Executive Committee members also spent time throughout the year to address our issues outside of the advocacy day and lobby week. Ongoing issues such as the CPTPP mitigation measures, food security and government assurances should depopulation occur, import control issues, and TRQ administration, among others, were consistently addressed with elected and government officials.

CFC thanks all elected officials and their staff for their ongoing support and advocacy for the Canadian chicken sector.

PARLIAMENTARIAN COOPED UP RECIPE CONTEST

CFC held a "Cooped Up" Recipe Contest for MPs and Senators later in the summer of 2020. The contest asked Parliamentarians to submit their favourite chicken recipe and then tag 3-5 of their Parliament Hill colleagues on Twitter to do the same. By participating in the contest, not only did Parliamentarians compete for the best chicken recipe, but they also helped support Canada's food banks! CFC started with \$12,000 to donate to three food banks across Canada and with each MP or Senator that submitted a recipe, CFC added an additional \$100 to the pot. In total, CFC donated \$14,000 amongst three different food banks from each region of Canada: Feed Nova Scotia, Feed Ontario, and Food Banks of Saskatchewan.

Check out the video here!



The COVID-19 pandemic and rolling lockdowns didn't stop Chicken Farmers of Canada from tackling its lobbying agenda in 2020.

COMMITTEE APPEARANCES

CFC always appreciates Parliament's willingness to hear from a variety of stakeholders on topics of importance to Canadians. Throughout 2020, CFC was invited to submit briefs to or appear before a number of committees to discuss issues such as the Canada-United States-Mexico Agreement, the impact of the COVID-19 pandemic on the chicken sector, and of note, the impacts of the CPTPP on poultry and egg farmers. While our representatives didn't always get the opportunity to appear, CFC particularly thanks the House Standing Committee on Agriculture and Agri-Food, the House Standing Committee on Finance, the House Standing Committee on

International Trade, and the House Standing Committee on Industry for considering the Canadian chicken sector when drafting reports to Parliament.

REACHING THE FINISH LINE ON THE CPTPP MITIGATION FILE

Chicken Farmers of Canada, Egg Farmers of Canada, Tukey Farmers of Canada, and the Canadian Hatching Egg Producers (SM4) worked with the federal government since early 2019 to address the losses poultry and egg farmers face from the access granted in the CPTPP. Agriculture and Agri-Food Canada concluded the work of the Poultry Working Group in spring 2019,

and the poultry and egg sectors came up with several recommendations that government could implement that would help mitigate the losses stemming from the CPTPP.

The federal government promised an announcement for farmers before the 2019 election and did not deliver. As a result, CFC focused most of its efforts in 2020 on getting the government to finally deliver on its promise. The Governor General did include full and fair compensation for dairy, poultry, and egg farmers in her December 2019 Speech from the Throne, and it was also included in the Minister of Agriculture and Agri-Food's mandate letter for the upcoming Parliamentary session, and CFC held them to that commitment.

Into 2020, the poultry and egg groups employed several different outreach tactics to encourage Parliamentarians to advocate for farmers. From meetings with MP, Senators, and Ministers' offices, to correspondence to the Prime Minister and Minister of Finance, to including our messaging in any communications with government, the poultry and egg groups worked hard to deliver for farmers. CFC particularly appreciated the work of members of the House Standing Committee on Agriculture and Agri-Food for their strong advocacy on this file.

Prior to prorogation in the summer, members called an emergency meeting of the committee in order to study the issue and press the Minister on when she would be delivering the support programs. Unfortunately, prorogation prevented the appearance from happening until much later, following the announcement.

On Saturday, November 28, 2020 Agriculture and Agri-Food Minister Marie-Claude Bibeau announced \$691 million in investment programs and market development initiatives for Canada's poultry and egg farmers to offset the impact of market losses from the CPTPP. This investment in the poultry and egg sectors was a step in the right direction towards supporting farmers as they make ongoing improvements to their operations and enhance the long-term efficiency and sustainability of their farms.

Chicken Farmers of Canada thanks Minister Bibeau and her team for championing poultry and egg farmers and will continue to work with officials on the development and implementation of these programs.



MICHAEL LALIBERTÉ, BARRY UYTERLINDE, MINISTER LAWRENCE MACAULAY, LAUREN KENNEDY, AND BENOÎT FONTAINE



MINISTER BIBEAU AND NICK LANGELAAR

The Canadian Federation of Agriculture was busy in 2020, advocating on behalf of its members and drawing government’s attention to issues of concern to farmers, particularly on the support needed to weather the pandemic.

CANADIAN FEDERATION OF AGRICULTURE

The Canadian Federation of Agriculture (CFA) was busy in 2020, advocating on behalf of its members and drawing government’s attention to issues of concern to farmers, particularly on the support needed to weather the pandemic.

CFA hosted their Annual General Meeting at the end of February, bringing together farm leaders from across the country as well as industry stakeholders and government representatives to help set the priorities for Canadian agriculture in the coming year.

The theme for the 2020 CFA AGM was “Producing Prosperity for the Next Decade”, looking at the future of farming and the obstacles and opportunities that it would provide.

During the AGM, CFA held a press conference that detailed the impacts that the Wet’suwet’en rail blockades were having on Canadian agriculture at the time. The press conference included representatives from farm groups all over Canada, including Chicken Farmers of Canada.

Once the pandemic hit, the CFA began holding regular conversations with government officials to address issues pertaining to the Temporary Foreign Workers program, changes to Business Risk Management programs that would help mitigate the impacts of the pandemic, and overall government support to help farmers through this unprecedented time.



CFA PRESS CONFERENCE

The CFA also developed a public campaign aimed at getting public support for farmers for urban Canadians. Pegged the “Food for Thought” campaign, CFA disseminated a number of videos and advertisements featuring farmers in targeted regions in an effort to get consumers thinking about what would happen to the food supply without further government support. The campaign also issued a call to action asking consumers to write their MPs about supporting Canadian farmers.

CFA appeared consistently throughout the year before the House of Commons Finance, Industry, and Agriculture and Agri-Food Committees to discuss these issues and more.

SUPPORTING OUR COMMUNITY IN OTTAWA AND ACROSS CANADA

A component of public affairs at CFC is engaging with outside partners in order to promote the Canadian chicken sector and its contribution to Canada.

Once again, CFC sponsored the Federation of Canadian Municipalities (FCM) alongside Egg Farmers of Canada, Turkey Farmers of Canada, and the Canadian Hatching Egg Producers. Given FCM’s annual conference in early June was cancelled, the poultry and egg groups had the opportunity to participate in their virtual sustainability conference in the fall. The FCM Sustainable Communities Conference was a virtual event focused on discussing and sharing best practices for making Canadian communities more socially, environmentally and economically vibrant.

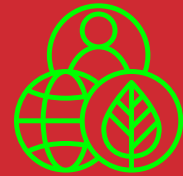
CFC also continued its partnership with the Parliamentary Internship Programme in 2020. The Parliamentary Internship Programme welcomes ten young professionals to Parliament Hill to work for both government and opposition MPs from September through June each year.

The SM4 had a virtual booth at the conference where delegates could learn about supply management, sustainable farming, and how the poultry and egg sectors were managing throughout the pandemic.

During their internship, Parliamentary interns meet with senior policymakers, diplomats, journalists, scholars, politicians, and leaders in civil society. The interns take part in academic seminars, write an innovative academic research paper, share their knowledge of Parliament with young Canadians, and take part in legislative study. CFC is pleased to help contribute to interns Parliament Hill experience and help educate them on Canadian agriculture.



SUSTAINABILITY



CFC's sustainability journey is a process of continual improvement. Based on science, it covers the implementation of On-Farm Food Safety Program, the Animal Care Program, and the reduction of antibiotic use. But there will always be more to do, and we will continually evolve and improve our practices to deliver on the expectations of Canadian consumers.

CFC's key values of sustainability are:

- Protecting bird health and welfare
- Producing safe chicken for Canadians
- Preserving the health of the land and of our farms
- Investing in research and innovation
- Enhancing governance

This KRA provides Chicken Farmers of Canada with the tools to reflect and address shared Canadian values for sustainability excellence.

FOOD SAFETY

THE BRAND – HOW THE ON-FARM PROGRAMS SUPPORT RBCF

The *Raised by a Canadian Farmer* brand is synonymous with origin and quality – but now, when consumers choose chicken with our logo, they know that they're getting the best from their local farmers.

The use of our logo across CFC platforms also gives farmers recognizable symbols that they can use to demonstrate the innovation, pride, and hard work they put in every day to implement some of the highest standards in food safety and animal care, and it proudly confirms their commitment to keeping their work environmentally, economically, and socially sustainable.

Farmers are consumers, too. They take great pride in being able to bring Canada's number one

protein to tables from coast to coast, including their own. It makes sense that the *Raised by a Canadian Farmer* brand becomes a part of what they do as farmers, so they can show Canadians that they are committed to doing everything they can to maintain our hard-earned trust.

ANTIMICROBIAL USE STRATEGY

Chicken Farmers of Canada's Antimicrobial Use (AMU) Strategy has proven to be a sustainable means of meeting consumer expectations, protecting the health and welfare of birds, and preserving effective treatment options.

CFC has implemented a stepwise approach to eliminate the preventive use of antimicrobials of human importance (Category I-III) in response to the importance of antimicrobials and the threat that antimicrobial resistance presents.

CFC's strategy recognizes the importance of responsible antimicrobial use in animal agriculture and is focussed solely on eliminating the preventive use of antimicrobials of importance to humans. The strategy does not touch the use of antimicrobials for treatment, preventive use of ionophores, or the use of chemical coccidiostats.

The success of CFC's AMU strategy to date can be measured with the reduction in antimicrobial resistance (AMR) once Category I and II preventive uses were eliminated. This success has been reported on by the Public Health Agency of Canada's CIPARS (Canadian Program for Antimicrobial Resistance Surveillance) surveillance program – revealing that the industry reduction efforts have positively impacted a lower level of AMR in targeted bacteria.

The benefits of supply management regulations are highlighted in the success of the strategy in that the reduction strategy has been implemented and enforced via CFC's On-Farm Food Safety Program (OFFSP).

The success of CFC's AMU strategy to date can be measured with the reduction in antimicrobial resistance (AMR) once Category I and II preventive uses were eliminated.

For continued success of the strategy, CFC has been working with federal government departments to ensure Canadian farmers have the same access to vaccines, feed additives and water products with the same labeling as international markets. This initiative continues, in conjunction with other national trade associations, to provide Canadian farmers the ability to be competitive and the opportunity to use a variety of products to meet the goals of the AMU strategy.

Throughout 2020, CFC continued to assess the implementation of the goal to eliminate the preventive use of Category III antimicrobials. While considering key aspects of animal welfare and sustainability, CFC delayed consideration of this goal due to the impacts of COVID-19.

Given that animal welfare and sustainability remain unresolved, CFC has delayed the original 2020 implementation goal. In doing so, CFC has re-affirmed that the strategy remains a key priority for the Canadian chicken sector and

further consultations with the industry will be ongoing to ensure that the sector is taking a responsible, pragmatic approach to antimicrobial use reduction.

PATHOGEN REDUCTION INITIATIVE

CFC's On-Farm Food Safety Program (OFFSP) has been designed to promote the production of safe food for Canadians, focusing on the reduction of on-farm pathogens. The OFFSP remains a cornerstone of chicken farmers' strategy for pathogen reduction.

In fact, all members of the Canadian chicken supply chain have been diligently focused on pathogen reduction. The industry has been exploring tactics to reduce pathogens, with special attention given to *Salmonella*. Together, the industry is looking to assess the current pathogen levels, establish reduction targets, and identify and implement strategies to monitor and reduce pathogen levels.

To this end, early 2020 results from the Public Health Agency of Canada indicate that there was a reduction in the number of human illnesses due to *Salmonella enteritidis*.

To continue the pathogen reduction initiative, a significant effort was undertaken in 2020 to assess the baseline on-farm prevalence of *Salmonella enteritidis* across Canada. With the coordinated effort of all provincial boards, samples were collected in all provinces, mostly in conjunction with on-farm OFFSP audits. With minor delays due to COVID-19, the surveillance project is expected to wrap up in early 2021. Once complete, work will begin on analyzing the data and evaluating the results.

As with the AMU strategy, CFC has been requesting federal departments provide access to, and allow labelling of, products that have an impact on lowering pathogen levels, such as *Salmonella*. Products of this nature present another layer of opportunity to meet federal government, provincial government, and industry targets.

Federal and provincial governments have highlighted pathogen reduction as a significant priority for the coming years. Moving forward, CFC will continue collaborating with industry partners and meeting with government stakeholders on this important initiative.

Quick timeline of the strategy:

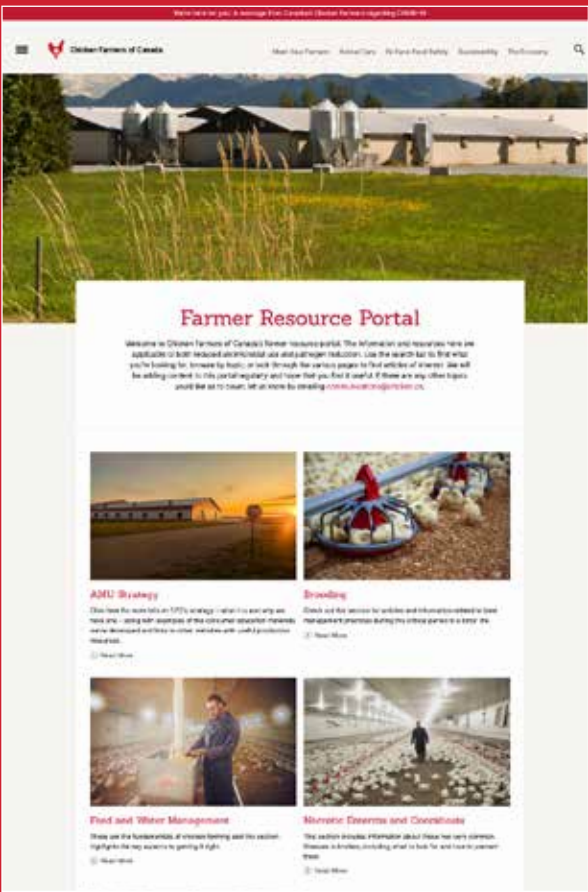
- ▶ Preventative use of Category I antimicrobials was removed in 2014, followed by the removal of Category II preventive use at the end of 2018.
- ▶ The effectiveness of this has been demonstrated by the government's Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) surveillance program.
- ▶ A goal has been set to further reduce antimicrobial use (AMU) by eliminating preventive Category III use, contingent on a re-assessment of industry's readiness for such a change.
- ▶ Following an assessment that took place throughout 2019 and 2020, CFC has reaffirmed its commitment to its Antimicrobial Use Strategy and to eliminating the preventive use of Category I, II, and III antibiotics.

NEW FARMER AMU PORTAL

As Canadian chicken farmers implement the AMU strategy and focus on pathogen reduction efforts, lessons-learned from other farmers and new opportunities are important to consider. To help navigate these issues, CFC has rolled out a new web platform on the **chickenfarmers.ca** website.

The Farmer's Resource **Portal** was launched in 2020 and features a variety of topics associated with antimicrobial and pathogen reduction. Content includes AMU magazines, articles from industry sources relevant to AMU and pathogen reduction and stories from fellow farmers on their lessons-learned when approaching AMU reduction.

There are informative case-studies and even a podcast series that delve into the opportunities that exist to help successfully implement these strategies.



FOOD SAFETY

CFC's On-Farm Food Safety Program (OFFSP) continues to represent the hard work that farmers perform each day from coast to coast to promote the production of safe food.

Even with disruptions due to COVID-19, farm audits and oversight of the implementation of the OFFSP continued through 2020. The OFFSP is a coordinated program managed collaboratively between CFC and the provincial boards.

The OFFSP has been formally recognized by the federal, provincial and territorial governments, and CFC continues to undergo audits and reviews to maintain this recognition. As part of this process, CFC is required to perform a review of the HACCP model and the producer manual on a minimum 36-month frequency. CFC's current manual was released in 2013 with AMU updates in 2017.

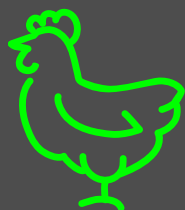
CFC performed an updated review of the OFFSP in 2020 by reviewing scientific literature, involving stakeholders in the review and exploring different options to meet food safety objectives.

Proposals for the updated manual include changes to harmonize with current government regulations, to clarify existing requirements, to reduce duplication with the Animal Care Program and to provide greater flexibility for washing, disinfection and downtime options.

Moving forward, the proposals will be presented to CFC Directors for consideration in early 2021. These will subsequently be submitted to the Canadian Food Inspection Agency for review and approval of the proposed changes to maintain the OFFSP recognition status. Once those processes are complete, the new manual will be distributed for implementation. Communication with farmers and stakeholders on these updates will continue in 2021.

Even with disruptions due to COVID-19, farm audits and oversight of the implementation of the OFFSP continued through 2020.

ANIMAL CARE, POULTRY
RESEARCH, AND SUSTAINABILITY



The *Raised by a Canadian Farmer* Animal Care program has been in place since 2009, and it remains the only program capable of ensuring that animal care standards are implemented and audited on all chicken farms across Canada.

- » The program foundation is the Code of Practice and has been recognized the National Farm Animal Care Council
- » There are annual farm audits and third-party audits to ensure accountability on every farm
- » The program is mandatory on all 10 provinces with strict enforcement measures in cases of non-compliance
- » The program is reviewed regularly and is continuously improving and evolving

NFACC

National Farm Animal Care Council (NFACC) is the national lead for farm animal care and welfare in Canada that determines what the national animal welfare standards should be based on the latest science and practical experience. It is the only organization in the world that brings together animal welfare groups, enforcement, government and farmers under a collective decision-making model for advancing farm animal welfare.

Chicken Farmers of Canada has been a member of NFACC since 2006, and Nicholas de Graaf, the Director from Nova Scotia, is CFC’s representative on the NFACC Board.

The Livestock and Poultry Transportation Code of Practice revision process continued through 2020. The code revision began in 2018 following

a full scientific review of priority welfare issues and is projected to be completed in spring 2023. This is a complex undertaking as it involves multiple commodities and requires the experience and expertise of numerous stakeholders. CFC has been active participants on two working groups: The Poultry Catching & Transport Working group and the Hatchery Transport Working Group. In addition, Nick de Graaf is the poultry sector representative on the overarching Code Development Committee for the Transport Code, the decision-making committee. The updated Transport Code is expected to be completed in 2023.

THIRD PARTY AUDITS

The *Raised by a Canadian Farmer* Animal Care and On-Farm Food Safety Programs are third-party audited by NSF International. NSF is an internationally recognized third-party certification body that uses PAACO (Professional Animal Auditor Certification Organization) certified auditors and is accredited by the American National Standards Institute to ISO 17065.

Every year, third party audits are conducted at the national office, three to four provincial board offices, on a sample of farms in every province, and on CFC’s on-farm auditors. Since March 2020, most provincial board offices temporarily shut down scheduled on-farm audits and limited scheduling of NSF witness audits. The audits went ahead at CFC for the Animal Care Program and the On-Farm Food Safety Program, as well as at the Manitoba, Quebec, and New Brunswick provincial offices.

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The updated Transport Code is expected to be completed in 2023.

CFC's partial audit with NSF International took place November 13th and resulted in no corrective actions. The provincial office audits were completed in October and in December. All on-farm third-party audits had to be delayed and will be conducted in 2021 instead.

For the fifth year in a row, NSF's assessments of the *Raised by a Canadian Farmer* Animal Care Program demonstrated the credibility of the program and the confidence that processors, retailers, and restaurants need to support one national approach.

With the postponement of the on-farm audits due to Covid, and NSF's experience over the past four years with using Google GlassR to conduct food processor audits, a pilot study was planned to evaluate the Google GlassR with Eye SucceedR system as an alternative to on-farm witness audits. Cybersecurity, on-farm functionality, and comparing virtual to in-person audits will be the three key areas for evaluation. The mock witness audits are expected to take place January 2021.

If the system is deemed safe and effective, this pilot study could lead to the substitution of NSF in-person audits with virtual audits when in person audits are not feasible. This demonstrates the importance of reestablishing on-farm audits and our commitment restoring on-farm audit capacity.

POULTRY RESEARCH

Chicken Farmers of Canada is a founding member of the Canadian Poultry Research Council (CPRC) which fosters innovation, science, and education in poultry research. Since its inception, over \$8.5 million member contributions have provided support to research, these contributions have leveraged to over \$40 million. CFC has contributed over \$400,000 for poultry research in 2020 with equivalent commitment for future years. The spring of 2020, Rick Kaptein of Ontario passed the torch as representative for CFC on the CPRC Board of Directors to Ray Nickel of British Columbia.

POULTRY CLUSTER III

Canada's poultry sector has \$12 million investment in research projects as part of the third cluster funding – co-funded by Agriculture and Agri-Food Canada. The projects will take place at 12 Canadian universities, two AAFC

Since CPRC's inception, over **\$8.5 million** member contributions have provided support to research, these contributions have leveraged to over **\$40 million**

CFC has contributed over **\$400,000** for poultry research in 2020 with equivalent commitment for future years.

research station locations and involve more than 55 individual researchers. Projects in this five-year program (2018–2023) are focused on:

- » Antimicrobial stewardship
- » Food safety
- » Poultry health
- » Poultry welfare
- » Sustainability

A key initiative that resulted from this cluster was the Knowledge and Technology Transfer (KTT) of poultry cluster research discoveries. Led by the Poultry Industry Council, KTT aims to enhance communication between researchers and poultry agencies across Canada, a website dedicated to results from the Cluster projects can be found **here**. The site includes research stories written for a number of these projects currently and will continue to develop more.

The new bilingual site is intended for anyone interested in research results – farmers, industry, researchers and students. Projects are organized according to the key research areas mentioned earlier. Within each area, users can filter information to view research that's applicable to breeders, layers, broilers, turkeys, hatcheries, processors or all.

For the fifth year in a row, NSF's assessments of the *Raised by a Canadian Farmer* Animal Care Program demonstrated the credibility of the program and the confidence that processors, retailers, and restaurants need to support one national approach.

APRI RESEARCH CHAIR

In 2018, Chicken Farmers of Canada partnered with the Atlantic Poultry Research Institute, Dalhousie University and the province of Nova Scotia to establish the Industry Research Chair position focusing on Sustainable Antibiotic Reduction. Since then, Dr. Deborah Adewole has been fulfilling the role of Poultry Industry Research chair at Dalhousie University's Faculty of Agriculture in Truro, Nova Scotia. Dr. Adewole is primarily responsible for research and technology development in nutrition/ nutrigenomics, related to the production of chickens without antibiotics.

Program goals are:

- 1. Investigating the prebiotic effect of fiber ingredients for improved gut functionality of broiler chickens.
- 2. Researching the use of phytogenic extracts and other bioactives for preventing infections and myopathies in poultry.
- 3. Investigating the delivery routes for bioactive compounds (probiotics, essential oils, and organic acids) for improved gut health of broiler chickens.
- 4. Conduct a surveillance of enteric pathogens and their resistance to antibiotics in broiler chicken farms in Atlantic Canada and relationship with flock health.

Dr. Adewole is the principle investigator for number of projects that are set to report on dietary strategies to reduce antibiotic use in chicken production. Research conducted under Dr. Adewole has the potential to address relevant issues to the Canadian broiler chicken industry.

Research projects nearing completion and projected to begin next year:

- » Nutritional strategies to prevent oxidative stress in white striping and wooden breast (WS/WB) myopathies of broiler chickens.
- » In-ovo delivery of bioactive substances to promote gut health in broiler chickens raised without antibiotics.
- » Prebiotic effects of dietary fiber ingredients on gut health of broiler chickens.
- » Effect of red osier dogwood (*Cornus stolonifera*) extract on gut microbiota, morphology, immune response and Salmonella counts in broiler chickens challenged with *Salmonella enteritidis*.

SUSTAINABILITY

For Canadian chicken farmers, sustainability means protecting animal health and welfare, producing safe food for Canadians, preserving the health of the land and of Canadian farms, and contributing to the economy by providing affordable food to Canadians.

NATIONAL INDEX ON AGRI-FOOD PERFORMANCE

The Life Cycle Assessment (LCA) completed in 2018 provided great insight into the poultry sectors strengths as well as areas for improvement. In 2020, to renew our dedication to continual improvement, CFC joined a coalition of partners in the Canadian agri-food sector to develop the national index on agri-food performance – a set of performance and progress indicators to ensure Canada's position as trusted leader in the worldwide food industry. With this new partnership, CFC will participate in a dialogue to develop the standards used by stakeholders in the agri-food sector to guarantee sector competitiveness, demonstrate societal benefits, and improve policy.

When it comes to environmental sustainability, Canadian chicken has a lower carbon footprint than that of other livestock raised in North America. This was just one of the positive findings from the life cycle assessment completed in 2018 that provided a comprehensive evaluation of the environmental and social performance of our industry. Promotion of these and other key results from the study was a focus for 2019;

to continue communicating with retailers, restaurants, and consumers about the value provided through the *Raised by a Canadian Farmer* brand and to maintain public trust.

To this end, videos and infographics were developed in 2019 and promoted through social media into 2020. Numerous advertorials and Eblasts were written and published in magazines for Retail and Restaurants in 2020 along with a podcast on sustainability of the Canadian chicken ([click here](#)).

SLOW-GROWTH ENVIRONMENTAL IMPACTS MODEL

Based on a study conducted by Elanco Animal Health in 2016 – The Sustainability Impacts of Slow-Growing Broiler Production in the U.S. – CFC worked with several provincial boards to estimate the environmental impact of switching 1/3rd of Canadian broiler production to a slow growth breed. The estimates from this model was used to develop key messaging for foodservice and retail.

Model estimates include:

- » **668,509,777** extra liters of water consumed, per year
Enough to fill **267** olympic swimming pools, or **4,000,000** bathtubs
- » **212,527,411** extra kilos of feed consumed, per year
- » **393,242,406** kg of additional manure produced per year
- » **103,776** acres of additional land required for feed

When it comes to environmental sustainability, Canadian chicken has a lower carbon footprint than that of other livestock raised in North America.

Slow Growing Chickens

ENVIRONMENTAL IMPACT

What's a Slow Growing Bird?

Essentially, it's a breed of chicken that grows about two weeks longer than a conventional chicken.

Conventional breeds used in the chicken industry produce healthy and sustainable chicks without compromising their welfare.

THERE IS WELL-FOUNDED CONCERN, HOWEVER, THAT THE WIDESPREAD IMPLEMENTATION IN CANADA OF SLOW-GROWING BROILERS WOULD HAVE SIGNIFICANT NEGATIVE ENVIRONMENTAL AND AFFORDABILITY IMPACTS AND SHOULD BE EVALUATED WITH CAUTION.

668,509,777 extra liters of water consumed, per year

Enough to fill 267 olympic swimming pools, or 4,000,000 bathtubs

4,000,000

212,527,411 extra kilos of feed consumed, per year

That is 20 times as heavy as the Eiffel tower and equal in mass to two CN Towers

20x

393,243,406 kg of additional manure produced per year

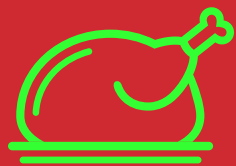
Enough to fill 157 olympic swimming pools and works out to 1,077,379 kg produced per day

103,776 acres of additional land required for feed

That's 4,520,482,560 square feet, or 300,000 average sized hockey rinks

You can choose slow growing birds, organic, free-range, vegetarian-grain-fed, specially breed or conventional chicken - By offering these choices, we can maintain our excellent environmental record and continue to deliver an excellent, nutritious, and versatile product to consumers.

CONSUMPTION



The objective of this KRA is to sustainably grow consumer demand for Canadian chicken. This will require a deeper understanding of consumers, consumer values, and through understanding shifting trends. It will build on the success of the *Raised by a Canadian Farmer* brand, enable the industry value chain to respond to evolving consumer wants and needs, and will lead to ongoing sustainable growth. The goal is to stay as Canada's #1 meat protein, the preferred choice of consumers, and the most trusted.

RAISED BY A CANADIAN FARMER BRANDING PROGRAM

The *Raised by a Canadian Farmer* brand continues to grow in the hearts and minds of Canadian consumers. Based on our 2020 consumer survey, logo awareness rose steadily between 2015–2019. Though it did not increase this year, awareness levels for 2019 and 2020 are statistically higher than any other year on record. In addition, as was our goal for 2020, demographically, millennials were more aware of the logo than any other age group.

We continue to run four annual advertising campaigns including TV, digital and print. The likability of our current advertising campaign is significant, with a rating of almost 80%. After watching the ad, and consistent with other years, 87% of Canadians believe that it is important that Canadian chicken be labelled as Canadian. Three-quarters agree that it is important that they buy Canadian chicken, that Canadian chicken is raised by farmers they can trust.

Our traditional advertising efforts included four phases of television and digital advertising, which increased the profile of the brand throughout

Canada. Consumers engaged with the brand via contesting, social media, and other digital avenues. In addition, the subscription base for our consumer newsletters increased to over 74,000 people.

Our brand creative was used again in 2020 to further the reach of *Raised by a Canadian Farmer* beyond the primary audience of Women 25–54 to continue to include millennials, as well as develop a more contemporary and distinctive image to support on-going brand-building.

The new creative aired nationally across three media outlets: Rogers Media, Québecor Groupe Média (TVA) and Ricardo Media, using multiple, integrated platforms of TV, digital, email marketing, and print.

The *Raised by a Canadian Farmer* brand is part of all promotional and communications efforts at CFC. It is incorporated within all public communications and remains a key element in the naming and promotion of programs.

The brand is synonymous with origin and quality – but now, when consumers choose chicken with our logo, they know that they're getting the best from their local farmers.

Consumers engaged with the brand via contesting, social media, and other digital avenues. In addition, the subscription base for our consumer newsletters increased to over **74,000** people.



The use of our logo across Chicken Farmers of Canada (CFC) platforms also gives farmers recognizable symbols that they can use to demonstrate the innovation, pride and hard work they put in every day to implement some of the highest standards in food safety and animal care, and it proudly confirms their commitment to keeping their work environmentally, economically and socially sustainable.

Farmers are consumers, too. They take great pride in being able to bring Canada’s number one protein to tables from coast to coast, including their own. It makes sense that the Raised by a Canadian Farmer brand becomes a part of what they do as farmers, so they can show Canadians that they are committed to doing everything they can to maintain our hard-earned trust.

During our mid-year brand advertising initiatives, we expanded the campaign to target the COVID-19 stay-at-home market. The campaign focused on TV and digital news platforms to introduce a new market segment for CFC – Adults 25–54 leveraging increased Canadian news viewership building on COVID-19 consumer trends. This target group was supported with news programming in English and French on CTV News Channel, video on demand (VOD) and CTV network and TVA’s 24/7 news channel, LCN. Our

traditional target groups of women 24–54 and Adults 18–34 were supported with TVA and Corus specialty channels.

These, and others, are also available on the Chicken Farmers of Canada YouTube channel: <https://www.youtube.com/user/chickenfarmers1/featured> – click on playlists to see them by type.

As part of the brand expansion, we also allocated funds to increase our social media presence. A four-month Instagram campaign, which started in August through to November, was created using the hashtag #CDNChickenChallenge / #defipouletcan (FR). CFC hired three different Instagram influencers per month to create chicken recipes, feature the brand logo, and explain to their followers why they should choose to purchase products with the logo, including key messages about the industry.

Each month they also hosted a contest to WIN a \$500 gift card. Their followers were asked to follow the chickendotca Instagram account to be eligible to win. As was our goal, the majority of influencers were men as we took this opportunity to expand our audience reach from our current audience of women 25–54. The campaign was very successful, and a lot of positive comments were received.

Here are some samples of the 15-second commercials:

Chicken and rice... oh so nice
Chicken Farmers of Canada 2020 15 second ad



BRAND PARTICIPANTS

To date, we have 40 active brand participants using the logo.



OPERATIONAL ACTIVITIES



MARKET WATCH

Canada's chicken farmers produced 1,272 million kg (Mkg) in 2020. After ten years of continued growth, the Canadian chicken industry saw a 2% decrease compared to 2019, due to the COVID-19 pandemic.

Preliminary estimates show that the per capita consumption (PCC) of chicken in 2020 was 34.4 kg per person, a 0.7 kg decrease from the year before. Meanwhile, the PCC for beef in 2020 is estimated at 25.4 kg per person, 0.1 kg below 2019, and the PCC estimate for pork is 20.5 kg per person, 1.7 kg less than 2019.

The average live price paid to Canadian farmers in 2020 was \$1.615 per kg, which represented a \$0.028 increase over 2019. Frozen chicken inventories on January 1, 2020 were 56.4 Mkg. The closing inventories for the year were 59.1 Mkg. Storage stock volumes usually show a regular seasonal trend, lowest from May to September and highest early and late in the year, but due to the pandemic, inventories in the May and June 2020 were the second and third highest (57.3 Mkg and 57.2 Mkg respectively) as the sudden drop in demand at foodservice forced a significant amount of product in cold storage.

After ten years of continued growth, the Canadian chicken industry saw a **2% decrease** compared to 2019, due to the COVID-19 pandemic.

PROVINCIAL PRODUCTION

The year 2020 included eight periods, from period A-160 (November 24, 2019 – January 18, 2020) to A-167 (December 20, 2020 – February 13, 2021). Domestic allocations relative to base allocations ranged from 10.5% below base in period A-163 (May 10, 2020 – July 4, 2020) to 3% above base in period A-161 (January 19, 2020 – March 14, 2020). Allocations for periods A-163 to A-167 were heavily impacted by the COVID-19 pandemic and the demand and plant capacity issues that came with it. The deepest cuts were made in periods A-163 and A-164 and allocations in both periods were set on a regional basis with the larger adjustments in Central and Eastern Canada than in Western provinces.

Canadian chicken farmers produced 1,272 Mkg of chicken in 2020. This is 2% (26.2 Mkg) less than the year before. Production under CFC's Market Development Program was an estimated 38.4 Mkg, representing a 2.1 Mkg decrease compared to 2019. Meanwhile, production under the Specialty Production Program remained unchanged from last year at 9.4 Mkg.

Monthly production year-over-year changes clearly showed the impact COVID-19 had on the industry. Production only increased in the first four months, versus 2019. March 2020 had the largest monthly increase with a 4.6% increase in production (vs. March 2019). The allocation cutbacks caused production in the summer months, usually the time of the year with the highest production, to be the lowest.

PRODUCER PRICES

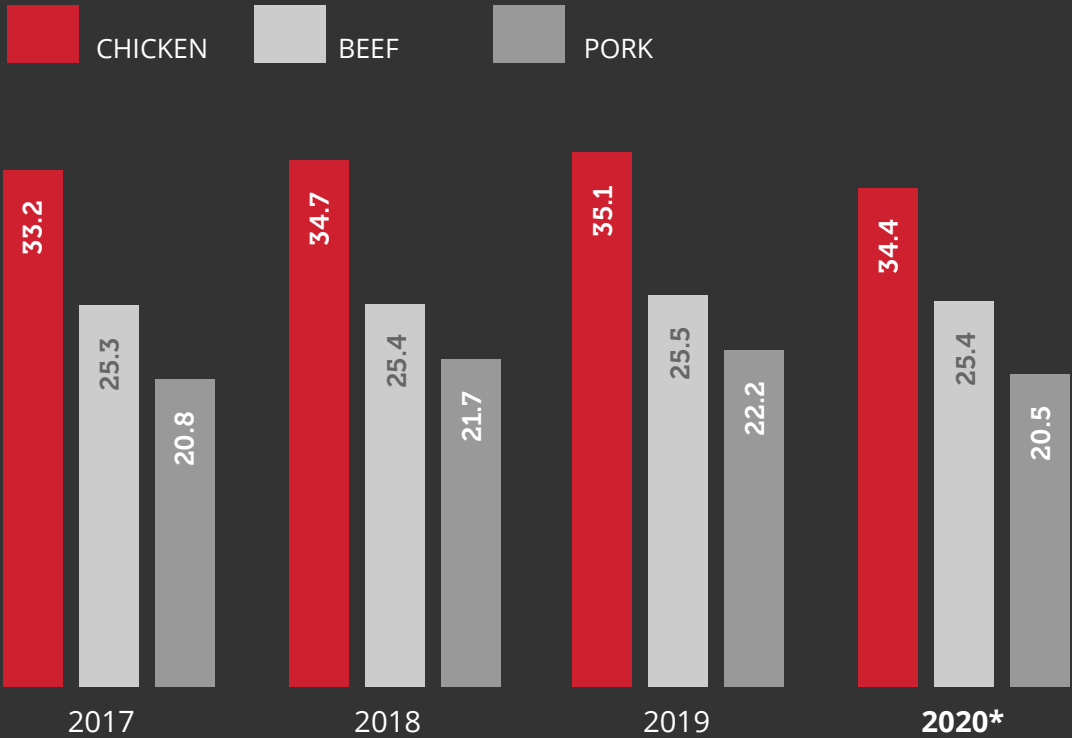
The production-weighted average producer live price for 2020 was \$1.615 per kilogram, which represents a 2.8 cent increase over 2019. At the national level, up until period A-166, live prices were the highest from May to August, peaking during period A-164 (July 5, 2020 – August 29, 2020) at \$1.629. Live prices were the lowest in fall and winter with period A-165 being the lowest at \$1.594.

Feed prices are a large input cost in chicken production, and fluctuations in corn, soybean and other grain prices translate into changes at the producer price level. Feed prices were stable up to the fall when corn and soybean prices started to increase sharply because of exceptional export demand for U.S. corn and soybeans. The impact of the increases will result in higher producer prices starting period A-167.

WHOLESALE PRICES

Express Markets Inc. (EMI), a price discovery company, provides wholesale complex pricing for four main categories of chicken cuts: breasts, wings, legs, whole birds, along with a market composite. The market composite averaged \$3.55/kg in 2020, 6 cents lower than in 2019. The breast meat complex saw the most significant decrease at 30 cents to \$5.18/kg. The whole bird complex decreased slightly by one cent and averaged \$3.73/kg in 2020. The wing complex gained 26.1 cent over 2019 due to solid demand from foodservice and COVID-related import supply issues. The leg complex increased 3 cents per kg and averaged \$2.52/kg in 2020.

Per Capita Consumption (kg)



* Estimate

Provincial Production of Chicken (000 kg eviscerated)

Province	2020	2019	% change
British Columbia	186,853	187,216	-0.19%
Alberta	127,279	127,198	0.06%
Saskatchewan	47,955	47,212	1.57%
Manitoba	52,182	52,911	-1.38%
West	414,269	414,537	-0.06%
Ontario	428,736	438,747	-2.28%
Quebec	333,354	347,342	-4.03%
Central	762,089	786,089	-3.05%
New Brunswick	33,808	33,251	1.68%
Nova Scotia	41,062	42,727	-3.90%
Prince Edward Island	4,498	4,428	1.58%
Newfoundland & Labrador	15,823	16,693	-5.21%
Atlantic	95,191	97,097	-1.96%
CANADA	1,271,549	1,297,724	-2.02%

Allocation Growth Over Base*

Province	Base Allocation (Mkg)	Domestic Allocation (Mkg)	% Growth Over Base
British Columbia	210.3	208.6	-0.83%
Alberta	150.8	150.4	-0.26%
Saskatchewan	52.5	52.0	-1.08%
Manitoba	61.5	60.8	-1.00%
Ontario	519.9	509.8	-1.95%
Quebec	401.7	392.5	-2.29%
New Brunswick	41.2	40.1	-2.57%
Nova Scotia	51.6	50.2	-2.59%
Prince Edward Island	5.5	5.4	-2.22%
Newfoundland & Labrador	20.3	19.8	-2.53%
CANADA	1,515.2	1,489.6	-1.69%

* Allocation Period: A160-A167

Prices for all cuts took a significant hit in the early days of the pandemic when most of the country went into lockdown and foodservice sales declined sharply. Prices recovered during

the spring and summer months and decreased seasonally towards the end of the year except for wing prices that remained exceptionally strong throughout the rest of the year.

RETAIL PRICES

Meat prices at retail experienced significant up and downs in 2020. In the early weeks of the pandemic, retail demand and sales surged when restaurants closed and transitioned into take-out and delivery mode. Products destined for foodservices were not packaged suitably for sales at retail and it took suppliers some time to retool and adjust their product offerings. Several beef, pork and chicken plants experienced reduced capacity, impacting the product mix, and some plants had to close on a temporary basis. Chicken prices were the lowest in the summer months while beef and pork prices peaked.

The retail price of chicken, as reported by Statistics Canada, averaged \$7.43 per kg in 2020, one cent lower than the 2019 reported price. Prices increased during the first quarter of 2020 but dropped in the following three months. During this timeframe, several beef and pork plants experienced temporary closures causing some supply issues and retailers increased featuring of chicken items.

Statistics Canada retail prices for pork monitor both bacon and pork chops. One kilogram of pork chops cost an average \$11.99, one cent more than in 2019. Meanwhile, 500 grams of bacon cost Canadian consumers \$7.15, up three cents from 2019.

Beef prices at retail showed increases for both the high-end cuts such as sirloin steak and prime rib and the cheaper cuts such as round steak, blade roast and ground beef. Prime rib, the most expensive cut monitored by Statistics Canada, cost an average \$35.70 per kg in 2020,

Prices increased during the first quarter of 2020 but dropped in the following three months. During this timeframe, several beef and pork plants experienced temporary closures causing some supply issues and retailers increased featuring of chicken items.

\$3.05 (9.3%) more than in 2019. Ground beef, the most affordable beef cut in the line up, averaged \$11.75 per kg, 34 cents (3%) more than the previous year.

The Consumer Price Index (CPI) for fresh and frozen chicken averaged 169.8 in 2020, up 5.4 points from 2019. All meat CPI's except for turkey experienced significant increases in 2020. The CPI for beef increased by 12 points and the CPI for pork increased by 6.8 points, bringing the yearly average index to 196.3 and 149.2, respectively.

IMPORTS

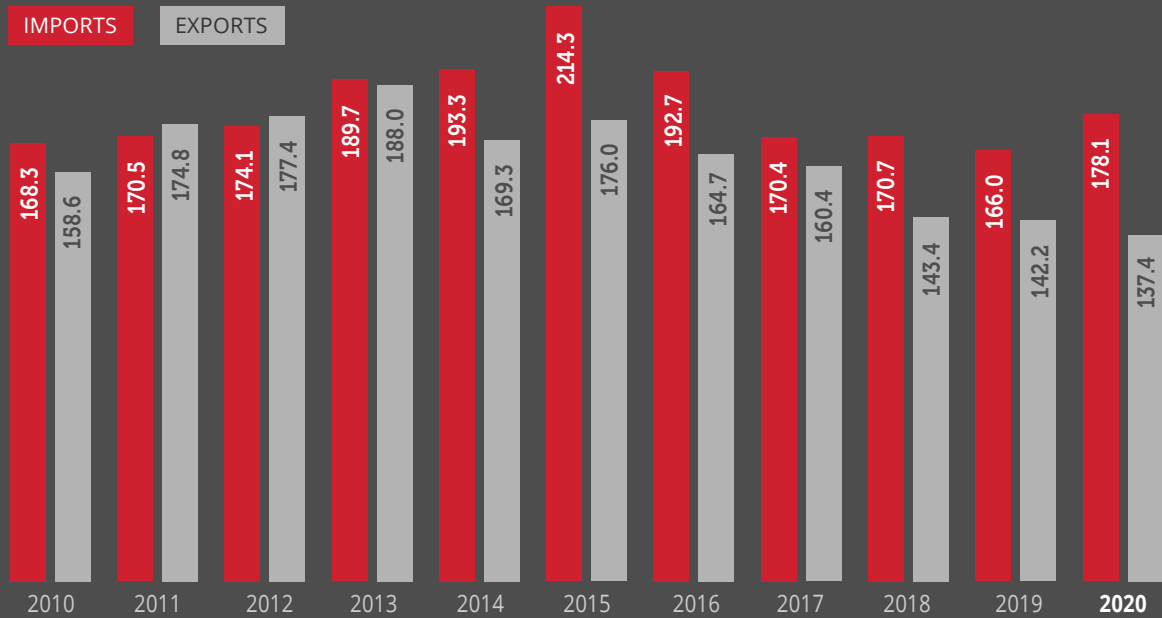
The Tariff Rate Quota (TRQ), managed by Global Affairs Canada (GAC), was set at a level of 91.9 Mkg in 2020, with a 0.5 Mkg holdback, which brought the volume to 91.4 Mkg. Actual TRQ import volumes reached 90.6 Mkg.

Boneless chicken parts accounted for 39% of the total volume imported in 2020 while imports of bone-in chicken parts represented 42%. Processed chicken made up 18% of the total volume, while live and whole eviscerated volumes represented marginal volumes. Imports experienced a modest shift from boneless to bone-in chicken items due to deboning capacity issues in the U.S.

The United States (U.S.) is Canada's largest supplier of chicken imported under the TRQ at 61.8 Mkg, representing 68.2% of total TRQ issuance. A total of 22.9 Mkg of permits for imports from the U.S. were issued under CUSMA after the agreement came into effect on July 1, 2020. As in previous years, Brazil and Thailand are the second and third largest chicken exporters to Canada at 13% and 10%, respectively, but amounts were lower than in previous years due to COVID-related logistics issues. Four European countries (Hungary, Germany, Great Britain, and Belgium) together accounted for 9% in total TRQ permits. Canada also imported small quantities of chicken from Argentina, Chile, and Israel in 2020.

GAC is also tasked with managing and monitoring the Import to Re-Export Program (IREP). The program allows the further processing industry to import chicken duty-free, with the agreement that they will further process the product and re-export it. A total of 23.3 Mkg of chicken was imported through IREP in 2020, a 3.7 Mkg increase from 2019.

Canadian Chicken Imports and Exports (million kg, AAFC)



The Canadian Border Services Agency (CBSA) manages a similar program called the Duties Relief Program (DRP). Those participating in the program are allowed to import chicken and have a four-year timeframe to re-export the chicken as a further refined product. Volumes imported under the DRP were on a steady decline from the 2015 peak volume of 96.3 Mkg to 25.2 Mkg in 2019, but increased 13% in 2020, reaching 28.5 Mkg.

Spent fowl imports reached 85 Mkg in 2020, 3.4 Mkg less (3.8%) than in 2019. Imports of bone-in parts (fronts), increased significantly by 46% to 44.2 Mkg and made up more than half of total spent fowl imports. Decreases in imports of boneless breasts (30%) and live bird (40%) more than offset the increase in bone-in parts imports.

EXPORTS

Agriculture and Agri-Food Canada data shows that 137.4 Mkg of chicken was exported in 2020, representing a decline of 4.8 Mkg (-3.4%) from 2019. The boneless parts category under Chapter 16 (Preparations of Meat), the product most exported, enjoyed the largest volume growth of 1.4 Mkg over 2019. Bone-in legs, the product with the second largest export volume, experienced a significant decline of 2.4 Mkg. Exports of boneless and bone-in parts decreased by 1.2 Mkg and 1.1 Mkg, respectively. The U.S. remained the

most important export destination in 2020, but Canada also shipped chicken to the Philippines, Taiwan, Jamaica, Armenia, Tajikistan, Cuba, Haiti, Liberia Trinidad and Tobago, and several other destinations.

STORAGE STOCKS

Total frozen storage stock volumes started 2020 at 56.4 Mkg and ended the year 2.7 Mkg higher at 59.1 Mkg, reaching the highest number of frozen inventories recorded. Further processed chicken and cut-up chicken accounted for more than 90% of total inventories. Further processed chicken (+2 Mkg) and the whole birds (+1.2 Mkg) drove the stock increase. Inventories in the miscellaneous chicken category remained stable and cut-up chicken inventories decreased by 0.5 Mkg. Frozen inventory decreases in Western provinces partially offset increases in Central and Eastern Canada.

INTERPROVINCIAL MOVEMENT

CFC, along with the provincial chicken marketing boards, monitors the interprovincial movement (IPM) of live chicken. IPM data comes on a weekly and monthly basis and is reviewed by external auditors every four periods. Total IPM decreased by 21.2 Mkg (21.3%) in 2020 to 78.5 Mkg. The majority of IPM volumes are destined for New Brunswick, which saw a volume of 51.4 Mkg, accounting for 65.5% of all IPM in Canada. A

Interprovincial movement of live chickens (in kilograms live weight)

	TO					
	NB	NS	ON	QC	SK	TOTAL
NS	19,132,641	-	-	-	-	19,132,641
PEI	911,072	4,069,653	-	-	-	4,980,725
QC	31,393,036	-	1,609,017	-	-	33,002,053
ON	-	-	-	20,504,402	-	20,504,402
AB	-	-	-	-	873,139	873,139
FROM TOTAL	51,436,749	4,069,653	1,609,017	20,504,402	873,139	78,492,960

large portion of the IPM, 20.5 Mkg (26%) flows into Quebec. Furthermore, Quebec and New Brunswick were the biggest IPM partners, with 31.4 Mkg going from Quebec to New Brunswick, 40% of total IPM in 2020.

shut down in late spring, chicken retail sales surged by 19.4% over 2019 equivalent weeks. Retail sales of beef, pork, and other meats (including turkey) also performed strongly in 2020.

Canada's foodservice sector was heavily impacted by the COVID-19 pandemic. According to Statistics Canada, total foodservice sales in 2020 were 28% lower than in 2019, the first decrease after 20 years of continued increases. Sales at special foodservices and drinking places were impacted the most at 48% below 2019 as most in-person events were restricted or cancelled. The limited service eating places type of restaurants (which includes fast food restaurants) quickly expanded its take-out and delivery options and was the least impacted at 13% lower sales than in 2019. Sales at full-service restaurants decreased 37% compared to 2019.

RETAIL AND FOODSERVICE TRENDS IN 2020

According to Nielsen, total fresh chicken sales at retail reached 300 Mkg, a 5% increase over 2019. In dollars, total fresh chicken retail sales represented 2.82 billion dollars, 7.7% higher than 2019. Nielsen tracks retail sales at most major grocery chains and Walmart but does not include sales at Costco. Monthly data shows that consumers stockpiled large volumes of chicken in mid-March when the lockdown started, as demonstrated by an 11% increase compared to the same weeks in 2019. When several beef processing plants temporarily

Industry Snapshot

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD	TOTAL
Number of producers	311	252	68	122	1289	650	39	92	8	6	2,837
Average farm size (000 kg live weight)	817	685	959	582	450	696	1,179	607	765	3,588	608
Federally-inspected plants	8	4	2	2	10	10	2	1	0	1	40
Provincially-inspected plants	19	70	1	3	9	5	1	10	6	5	129
Average producer price (\$/kg live weight)	1.697	1.656	1.639	1.639	1.575	1.585	1.668	1.690	-	-	1.615

MONITORING & ENFORCEMENT



Chicken Farmers of Canada's (CFC) responsibility is to provide an effective national monitoring and enforcement policy for the orderly marketing of chicken.

AUDITING THE SYSTEM

Audits of provincial commodity boards, market development licensees, specialty production licensees, and interprovincial licensees are carried out every four allocation periods. CFC also conducts special audits as needed.

In 2020, staff and CFC's external auditors completed the audits of provincial chicken boards for compliance with the policies and regulations for periods A-154 to A-157, which runs from December 23, 2018 to August 3, 2019,

and initiated the audits of periods A-158 to A-161, which runs from August 4, 2019 to March 14, 2020 and will be completed in March, 2021.

Live marketing reporting audits, including interprovincial movement of live chicken, and market development and specialty production licensees' compliance with policies and regulations, were conducted by the external auditors for periods A-158 to A-161.

The audit report for periods A-154 to A-157 was presented to the Board of Directors in June 2020 and the audit report for periods A-158 to A-161 is expected to be presented to Directors in March 2021.

OVERMARKETING ASSESSMENT

The following assessments were presented and approved by the Board of Directors in 2020:

AUDIT PERIOD	PROVINCIAL BOARD	LEVY ASSESSED
A-154/A-155	Alberta	\$157,160
A-154/A-155	Manitoba	\$108,898

The above levies have been paid in full.

MARKET DEVELOPMENT

The following Market Development assessments were issued to three primary processors for marketing production received other than in accordance with the Market Development Policy and the licence they hold:

QUOTA PERIOD	LEVY ASSESSED	KG LIVE WEIGHT EQUIVALENT	ASSESSMENT
A-156	\$7,903	7,903	January 2020
A-160	\$63,848	63,848	November 2020
A-161	\$13,985	13,985	November 2020

The above levies were paid in full.

Chicken Farmers of Canada's responsibility is to provide an effective national monitoring and enforcement policy for the orderly marketing of chicken.

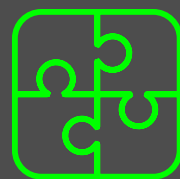
SPECIALTY PRODUCTION

There were no levies assessed in 2020.

INTER-PERIOD QUOTA TRANSFERS

There were no inter-period quota transfers in 2020.

CORPORATE SOCIAL RESPONSIBILITY



Chicken Farmers of Canada (CFC) firmly believes that it's important to give back to our communities and support those that are less fortunate. We believe that every Canadian should have access to a healthy source of protein, and we believe that we can make a contribution to help make that happen.

We have been proud partners and supporters of the Ottawa Food Bank since 2007 and continue to find new ways to work together to fight hunger in Canada's capital. Each year, through the Chicken Challenge food donation program and staff donations, we continue to support the mission of the Ottawa Food Bank.

The annual *Chicken Challenge* program provided close to \$44,000 worth of chicken products to the Ottawa Food Bank. This was the eleventh successful year of this program, which solicits bids for chicken products from a Canadian processor to be donated to the food bank.

In March, CFC responded to an emergency call from the Ottawa Food Bank for donations with \$20,000. This goes along with \$5,000 that was collected through yearlong staff donations and 50% matching CFC donations. In December a further \$5,000 was donated on top of the \$20,000 from March. Altogether, over \$74,000 was donated to the Ottawa Food Bank in 2020.

This brings the total contribution to the food bank since we became partners and supporters to almost **\$674,000!**

Other Causes

CFC sponsored and supported several other causes and organizations throughout the year. These included:

\$14,000

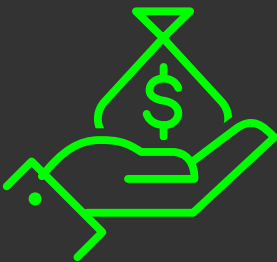
for Cooped Up MP recipe contest for three foodbanks (in NS, ON, and SK)

\$7,500

for Canadian Young Farmers Forum

\$5,000

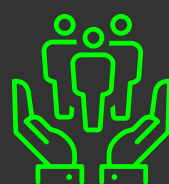
to sponsor Canadian alpine ski racer, Valérie Grenier



Altogether, over \$74,000 was donated to the Ottawa Food Bank in 2020.



STAFF CHANGES AND UPDATES



NEW TO THE COOP

We welcomed the following individuals to CFC in 2020, in the following capacities:

Nileeka Irugalbandara –
18-month term – maternity leave coverage
Communication & Policy Officer
February 2020

Mengrou Wang
Market Analyst
July 2020

Yanick Tabuteau
Translation & Office Coordinator
July 2020

LEAVING THE COOP

The following individuals left CFC in 2020:

Siobhan Morgulis –
12-month term – maternity leave coverage
Translation & Office Coordinator
February 2020

Judith Cormier
Translation & Office Coordinator
July 2020

**We thank all past
CFC employees for
their service.**

CFC Office Move – New Address

**After 20 years at 350 Sparks Street,
CFC moved to their new office location
at 50 O’Connor in June 2020.**

The office move came, in part due to the long-term office lease terminating at 350 Sparks Street, as well as downsizing overall square footage and to provide a more open concept space, for increased staff collaboration, productivity, and to improve overall office culture.

**The move was delayed from the original
date in April due to COVID-19.**



In conjunction with the CFC office move/address change, CFC also changed their corporate logo in 2020. CFC launched a new logo, one that revitalizes its corporate look and demonstrates, visibly, its ability to adapt and change.

This new logo incorporates the distinctive chicken from the *Raised by a Canadian Farmer* brand logo, as well as other key brand markers. The main goal for the new logo is to ensure that there is a visible and identifiable connection between the corporate identity and the brand.

This new logo will enshrine the consistency with the brand, not to be identical, but in such a way as to help people understand what we do. And in turn, this will help support the brand and make it easier to promote. The new logo is the 5th since the organization was founded in 1978.


COVID-19/RETURN TO WORK- PLACE GUIDELINES

Given the circumstances surrounding COVID-19, the CFC office was closed to staff in late March 2020. CFC staff were equipped to work from home following the CFC office closure.

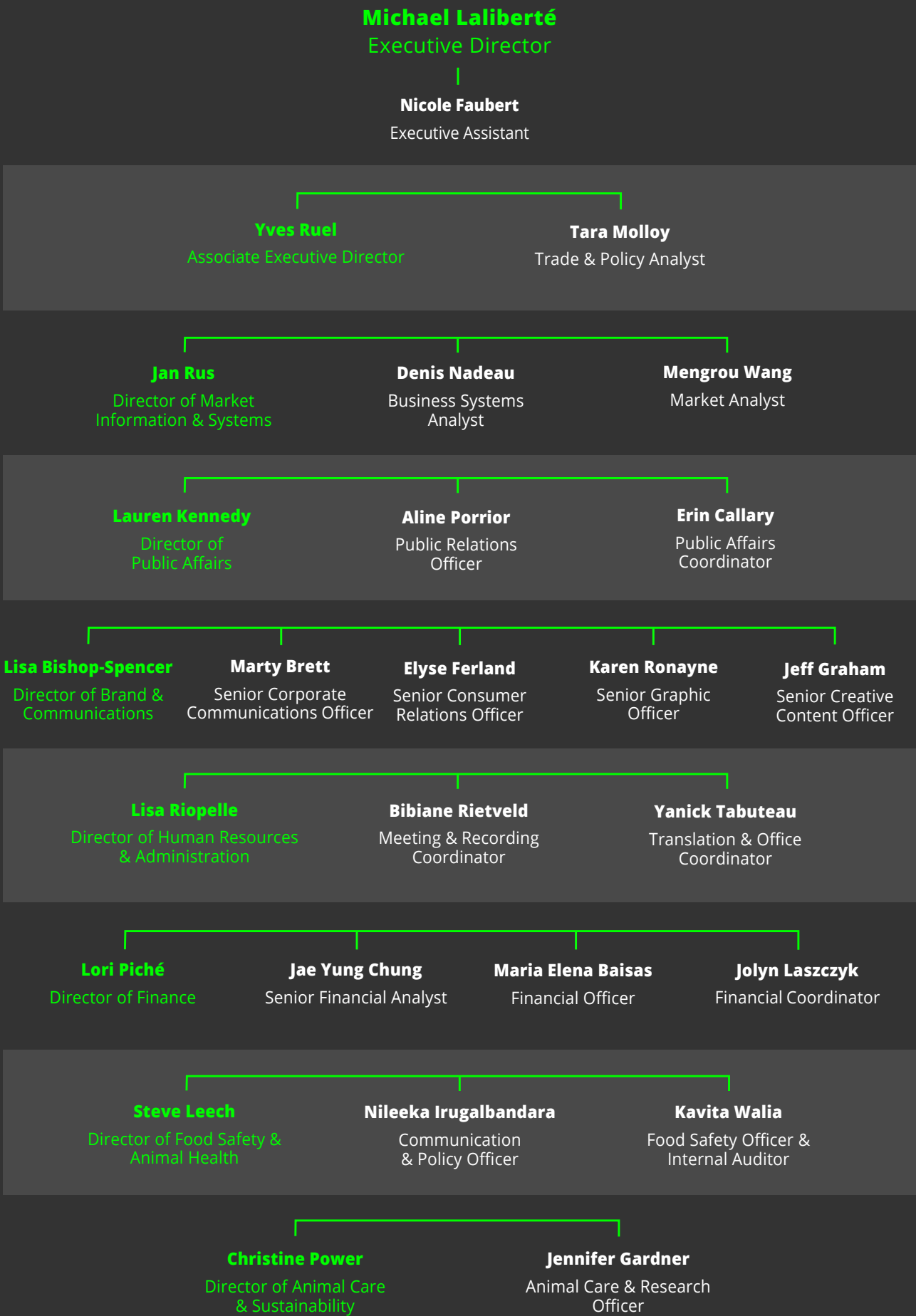
Upon further discussion and following the office move, the CFC office was reopened to staff in late June 2020. CFC staff were provided the option to continue working from home while a limited number of staff voluntarily worked in the CFC office on a rotation basis, while following all government protocols.

Return to the workplace guidelines were put in place, in adherence with the provincial regulations and recommendations from health authorities and were implemented to prepare for a safe return to the workplace. The purpose of these guidelines was to detail CFC’s plan for the transition into the physical office space and the resumption of regular business operations. The guidelines covered the following topics: occupation health and safety, managing illness, phased return to work approach, PPE and safeguarding, new measures/requirements for the workplace, and additional support and resources.



 <div>Tara Molloy</div>	 <div>Bibiane Rietveld</div>	 <div>Jae Yung Chung</div>	 <div>Aline Porrior</div>	 <div>Maria Elena Baisas</div>	 <div>Jeff Graham</div>
 <div>Kavita Walia</div>	 <div>Lori Piche</div>	 <div>Marty Brett</div>	 <div>Mengrou Wang</div>	 <div>Michael Laliberté</div>	 <div>Nicole Faubert</div>
 <div>Yves Ruel</div>	 <div>Lauren Kennedy</div>	 <div>Steve Leech</div>	 <div>Erin Callary</div>	 <div>Lisa Riopelle</div>	 <div>Elyse Ferland</div>
 <div>Nileeka Irugalbandara</div>	 <div>Lisa Bishop-Spencer</div>	 <div>Jennifer Gardner</div>	 <div>Jan Rus</div>	 <div>Karen Ronayne</div>	 <div>Denis Nadeau</div>
 <div></div>	 <div>Yanick Tabuteau</div>	 <div>Christine Power</div>	 <div>Jolyn Laszczyk</div>	 <div></div>	 <div></div>

STAFF ORGANIZATION CHART



At the end of 2020, while dealing with the 2nd wave, CFC continued to work mostly remotely, and all staff business travel was cancelled or postponed.



AUDITOR'S REPORT & FINANCIAL STATEMENTS



TEL./TEL: 613-237-9331
TELEC./FAX: 613-237-9779
WWW.BDO.CA

BDO CANADA S.R.L./S.E.N.C.R.L./LLP
180 KENT STREET
SUITE 1700
OTTAWA ON K1P 0B6 CANADA

INDEPENDENT AUDITOR'S REPORT

To
The Minister of Agriculture and Agri-Food Canada
The Farm Products Council of Canada
The members of Chicken Farmers of Canada

OPINION

We have audited the financial statements of Chicken Farmers of Canada (CFC), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CFC as at December 31, 2020, and its statements of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of CFC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CFC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CFC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CFC's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CFC internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CFC ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CFC to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

BDO Canada LLP
Ottawa, Ontario
February 26, 2021

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STATEMENT OF FINANCIAL POSITION

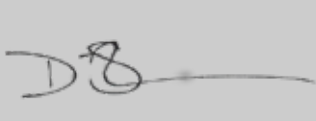
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 3,256,608	\$ 2,300,584
Short term investments (Note 2)	1,848,466	1,134,551
Accounts receivable	1,523,974	1,850,119
Prepaid expenses	191,833	114,609
	<u>6,820,881</u>	<u>5,399,863</u>
Long-term investments (Note 2)	10,633,507	11,424,603
Tangible capital assets (Note 3)	1,162,888	310,503
	<u>\$ 18,617,276</u>	<u>\$ 17,134,969</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	\$ 684,350	\$ 498,375
Current portion of deferred lease inducement (Note 4)	11,453	7,322
	<u>695,803</u>	<u>505,697</u>
Long-term portion of deferred lease inducement (Note 4)	163,401	-
	<u>859,204</u>	<u>505,697</u>
CONTRACTUAL OBLIGATIONS (NOTE 5)		
CONTINGENCIES (NOTE 6)		
FUND BALANCES		
Internally restricted - Promotion Fund	3,400,000	-
Internally restricted - Research Fund	4,270,692	4,447,757
Unrestricted - General Fund	10,087,380	12,181,515
	<u>17,758,072</u>	<u>16,629,272</u>
	<u>\$ 18,617,276</u>	<u>\$ 17,134,969</u>

On behalf of the Board:


Barry Uytterlinde,
Finance Committee, Director


Yvan Brodeur,
Finance Committee, Director


Dennis Steinwand,
Finance Committee, Director

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Promotion Fund	Research Fund	General Fund	2020	2019
Balance, beginning of the year	\$ -	\$ 4,447,757	\$ 12,181,515	\$ 16,629,272	\$ 16,167,490
Excess (deficiency) of revenues over expenses	(2,227,400)	(177,065)	3,533,265	1,128,800	461,782
Interfund transfer (Note 7)	5,627,400	-	(5,627,400)	-	-
Balance, end of year	\$ 3,400,000	\$ 4,270,692	\$ 10,087,380	\$ 17,758,072	\$ 16,629,272

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Promotion Fund	Research Fund	General Fund	2020	2019
REVENUES					
Levy and fee revenue	\$ -	\$ -	\$ 9,749,606	\$ 9,749,606	\$ 9,535,403
Interest	5,492	83,394	202,109	290,995	325,966
Overmarketing and market development levies	351,794	-	-	351,794	786,946
Other revenue	-	-	6,520	6,520	6,762
	357,286	83,394	9,958,235	10,398,915	10,655,077
EXPENSES					
Amortization of tangible capital assets	-	-	126,630	126,630	72,388
Canadian Poultry Research Council	-	292,000	-	292,000	490,354
Committees	-	-	57,501	57,501	302,588
Communication	-	-	430,031	430,031	562,585
Corporate social responsibilities	-	-	75,465	75,465	54,524
Directors and alternates	-	-	688,874	688,874	1,422,751
Information technology	-	-	123,688	123,688	68,768
Loss on disposal of tangible capital assets	-	-	9,223	9,223	969
Membership fees	-	-	243,230	243,230	226,632
Office	-	-	441,917	441,917	419,395
Professional fees	-	-	365,021	365,021	476,122
Promotional activities	2,235,212	-	62,250	2,297,462	1,677,407
Salaries, benefits and travel	-	-	3,228,228	3,228,228	3,288,830
Special studies	349,474	45,000	616,966	1,011,440	1,048,203
Trade	-	-	55,223	55,223	70,540
Translation	-	-	142,448	142,448	151,103
	2,584,686	337,000	6,666,695	9,588,381	10,333,159
Excess (deficiency) of revenues over expenses from operations	(2,227,400)	(253,606)	3,291,540	810,534	321,918
Net increase in investments	-	76,541	241,725	318,266	139,864
Excess (deficiency) of revenues over expenses	\$ (2,227,400)	\$ (177,065)	\$ 3,533,265	\$ 1,128,800	\$ 461,782

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,128,800	\$ 461,782
Items not affecting cash:		
Amortization of net premiums on investments	74,444	73,678
Amortization of tangible capital assets	126,630	72,388
Amortization of lease inducement	(13,049)	(14,074)
Loss on disposal of tangible capital assets	9,223	969
Unrealized gain on investments	(318,266)	(139,864)
	1,007,782	454,879
Changes in non cash working capital:		
Accounts receivable	326,145	(304,310)
Prepaid expenses	(77,224)	(1,604)
Accounts payable and accrued liabilities	185,975	113,663
Deferred lease inducement	180,581	-
	1,623,259	262,628
Cash flows from investing activities:		
Purchase of investments	(800,000)	(1,100,000)
Proceeds from disposal of investments	1,121,000	1,200,000
Acquisition of tangible capital assets	(988,235)	(187,654)
	(667,235)	(87,654)
Net increase in cash	956,024	174,974
Cash, beginning of the year	2,300,584	2,125,610
Cash, end of the year	\$ 3,256,608	\$ 2,300,584

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. Accounting Policies

PURPOSE OF THE ORGANIZATION

Chicken Farmers of Canada (CFC) is a not-for-profit organization incorporated pursuant to the *Farm Products Agencies Act* and was established to ensure the orderly marketing of chicken in Canada. CFC is exempt from income taxes under section 149(1)(e) of the *Income Tax Act*.

CFC charges levies to farmers based on chicken marketings in inter-provincial and export trade and receives fees in relation to intra-provincial trade.

BASIS OF ACCOUNTING

CFC applies the Canadian accounting standards for not-for-profit organizations.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the estimated useful life of CFC's tangible capital assets and the related amortization expenses.

FUND ACCOUNTING

Resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities, or objectives. Accordingly, separate accounts are maintained for the General Fund as well as for the Promotion and Research Funds, which are internally restricted.

The General Fund accounts for operating and administrative activities as well as all transactions related to tangible capital assets and other interest revenue not allocated to the other funds.

The Promotion Fund reports the overmarketing and market development levies collected and also reports expenses that relate to the promotional activities of chicken, as indicated in the Market Development Policy and the Monitoring and Enforcement Policy, and expenses incurred in collecting overmarketing and market development levies. It also reports interest earned on resources held for the purposes of the Promotion Fund.

The Research Fund reports interest earned on resources held for research purposes and expenses for research projects related to the poultry industry in Canada.

REVENUE RECOGNITION

CFC follows the deferral method of accounting for contributions.

Levies and fees are recognized as revenue during the year when received or receivable if amounts can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

FINANCIAL INSTRUMENTS

Initial and subsequent measurement

CFC initially measures its financial assets and liabilities at fair value. CFC subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and short-term and long-term investments which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are accounted for at cost and amortized on

the basis of their useful life using the straight-line method and following durations:

Office equipment
10 years

Computer equipment
3 years

Leasehold improvements
Term of Lease

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. Investments

	2020	2019
SHORT-TERM INVESTMENTS		
Guaranteed investment certificates (GIC)	\$ 300,000	\$ 200,000
Canada Housing Trust Bonds	1,548,466	934,551
	<u>\$ 1,848,466</u>	<u>\$ 1,134,551</u>
LONG-TERM INVESTMENTS		
Guaranteed investment certificates (GIC)	\$ 2,617,000	\$ 2,117,000
Canada Housing Trust Bonds	8,016,507	9,307,603
	<u>\$ 10,633,507</u>	<u>\$ 11,424,603</u>

CFC limits its investments to those authorized investments under the *Farm Products Agencies Act*.

Bonds are debt obligations paying interest rates appropriate to market at their date of purchase. The bonds and GICs mature at face value on a staggered basis over the next five years (2019 - five years). Interest rates for these securities range from 0.95% to 3.8% (2019 - 1.7% to 3.8%).

3. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 379,937	\$ 82,686	\$ 334,115	\$ 294,823
Computer equipment	284,303	115,233	231,482	148,227
Leasehold improvements	720,610	24,043	590,382	402,426
	<u>\$ 1,384,850</u>	<u>\$ 221,962</u>	<u>\$ 1,155,979</u>	<u>\$ 845,476</u>
Net carrying amount		<u>\$ 1,162,888</u>		<u>\$ 310,503</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. Deferred Lease Inducement

In 2020, CFC entered into a lease agreement expiring in 2035, which included an inducement for leasehold improvements of \$171,800 as well as granting CFC three months free rent over the term of the lease as outlined in the lease agreement.

	2020	2019
Balance, beginning of the year	\$ 7,322	\$ 21,396
Increase in lease inducement during the year	180,581	-
Amortized to expenses during the year	<u>(13,049)</u>	<u>(14,074)</u>
Balance, end of the year	174,854	7,322
Current portion	11,453	7,322
Long-term portion	<u>\$ 163,401</u>	<u>\$ -</u>

5. Contractual Obligations

CFC entered into lease agreements for its premises expiring in June 2035. CFC also has operating leases for various office equipment expiring, at the latest, in December 2021, and various other business contracts. Future minimum payments total \$2,500,777 and include the following payments over the next five years:

2021	\$ 904,140
2022	\$ 382,011
2023	\$ 388,482
2024	\$ 413,072
2025	\$ 413,072

COMMITMENTS RELATED TO FUTURE HOTEL AGREEMENTS

CFC has entered into multiple hotel agreements for 2021 for which the organization would be subject to cancellation fees totaling \$168,132.

6. Contingencies

During the year, CFC was named as a defedent in a notice of application for judicial review in relation to how chicken production allocations are established. Neither the possible outcome nor the amount of possible settlement can be foreseen at this time. Therefore, no provision has been recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7. Interfund Transfer

The Board of Directors of CFC has approved a transfer of \$5,627,400 (2019 - \$1,250,955) from the General Fund to the Promotion Fund to cover the deficiency of the fund plus a surplus of \$3,400,000 for future projects.

8. Financial Instruments

CREDIT RISK

CFC is exposed to credit risk on its accounts receivable. CFC monitors its accounts receivable regularly and do not expect to have any uncollectible amounts. The credit risk has increased due to COVID-19.

INTEREST RATE RISK

CFC is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest rate instruments subject CFC to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. The interest rate risk has increased due to COVID-19.

9. Employee Future Benefits

DEFINED CONTRIBUTION PLAN

CFC has funded a defined contribution plan providing pension benefits to employees. The contribution is a net percentage of the employees' annual income. The total contributions made by CFC under this plan in 2020 was \$158,833 (2019 - \$146,637).

10. Uncertainty due to COVID-19

On January 30, 2020, the World Health Organization ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the 'COVID-19 outbreak') and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on its rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity and future results of operations. CFC has postponed or cancelled several events, meetings and travel due to COVID-19. Also, several projects and initiatives have been delayed or cancelled due to COVID-19 restrictions. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce.