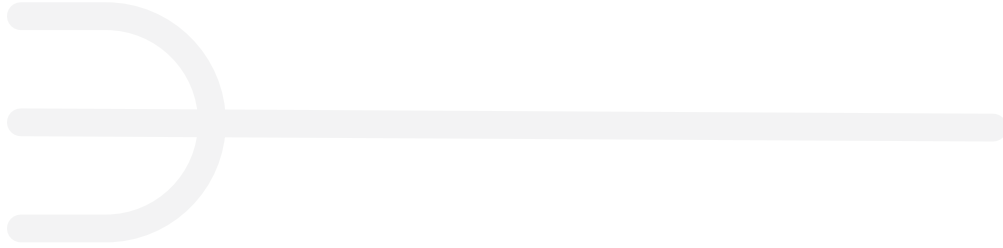


2023 ANNUAL REPORT



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EDITOR

Jean-François Bérubé, CHICKEN FARMERS OF CANADA

GRAPHIC DESIGNER

Karen Ronayne, CHICKEN FARMERS OF CANADA

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ABOUT US

CFC

CHICKEN FARMERS OF CANADA (CFC) WAS ORIGINALLY FOUNDED AS THE CANADIAN CHICKEN MARKETING AGENCY UNDER THE FARM PRODUCTS AGENCIES ACT IN 1978 THROUGH AN AGREEMENT OF THE FEDERAL GOVERNMENT, PROVINCIAL AGRICULTURE MINISTERS, AND CHICKEN FARMERS IN MEMBER PROVINCES. IN 1997, THE AGENCY BECAME CHICKEN FARMERS OF CANADA, A BODY THAT ENSURES A SUFFICIENT AMOUNT OF FRESH, SAFE, HIGH-QUALITY CHICKEN IS RAISED TO MEET CANADA'S NEEDS.

Chicken Farmers of Canada's 2,853 farmers proudly raise Canada's number one meat protein for Canadians. Canadian chicken farmers operate under the uniquely Canadian risk management system of supply management. Supply management allows Canadian dairy, poultry, and egg 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 raised with care. Supply management supports a healthy, sustainable sector whose farmers are able to reinvest with confidence in their communities and businesses. CFC plays a key role in developing and managing programs for Canada's chicken farmers that allow farmers to grow the safe, sustainable chicken raised with care that Canadians trust. Through programs such as our *Raised by a Canadian Farmer* On-Farm Food Safety Program, *Raised by a Canadian Farmer* Animal Care Program, and *Raised by a Canadian Farmer* Sustainability Excellence, CFC works closely with farmers, government and industry stakeholders to keep the sector innovative and

nimble. Through our robust engagement with governments of all levels, CFC also strives to ensure that key decision makers fully understand and consult the Canadian chicken sector when making important agriculture, food, and trade policy decisions.

ECONOMIC CONTRIBUTION

The 2,853 Canadian chicken farmers who raise Canada's number one meat protein are responsible stewards of the land, and are key contributors to Canada's urban and rural economies. Our farmers play a significant role in the value chain by creating jobs and stimulating the economy in each of the ten provinces, strengthening both urban and rural economies. 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 tons of feed

OUR VISION

Canadian Chicken: Trusted.
Preferred. Sustainable.



OUR MISSION

To lead and grow a trusted
and sustainable Canadian
chicken sector.



REPORT FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER



IN THE DYNAMIC LANDSCAPE OF 2023, CHICKEN FARMERS OF CANADA ONCE AGAIN REMAINED NIMBLE IN THE FACE OF SHIFTING PRIORITIES. STARTING ON AN IMPORTANT JOURNEY, OUR FIRM COMMITMENT TO TELLING OUR STORY TO CANADIANS OF EVERY GENERATION SERVED AS A FOUNDATIONAL STEP, SIGNIFICANTLY ENHANCING THEIR TRUST IN US. DESPITE CHALLENGES AND CHANGES, OUR FIRM COMMITMENT TO OUR MISSION REMAINED THE GUIDING FORCE, ASSURING A CONSTANT SUPPLY OF SAFE, HIGH-QUALITY CHICKEN WHILE MAINTAINING CONSUMER CONFIDENCE.

2023 marked a strategic shift in the growth of the *Raised by a Canadian Farmer* brand. A Psychographic & Demographic Segmentation Analysis provided insights into our target audience, resulting in an adaptation of our narrative to better resonate with Gen Z and Millennials while still connecting with our conventional audience. CFC consolidated our agency partners to be more efficient with the strategy, creative needs, as well as media buying and planning.

In our environmental activities, 2023 marked a pivotal year. CFC adopted a methodical approach to sustainability — our focus is on reducing greenhouse gas emissions (GHGs) first before examining the feasibility of achieving net zero. We are continuing to engage in research to gain an in-depth understanding of what is feasible for our sector; CFC is cautious to commit until we are certain of our ability to meet these goals. In 2023, a new lifecycle assessment (LCA) was initiated, and the findings will be used to compare our progress since the last LCA and identify areas that require further improvement.

In 2023, our dedication to sustainability, meeting consumer expectations, and preserving animal welfare was consistent throughout the year. Our stepwise approach to antimicrobial reduction strategy is building on the elimination of the preventive use of Category I and II antimicrobials. We are now focusing on a non-regulatory approach to further reduce the preventive use of Category III antimicrobials. We are advocating for reduction

techniques and investigating innovative options like probiotics, prebiotics, and vaccines throughout the supply chain in partnership with the government and other important stakeholders.

Our efforts to advocate for Bill C-282, *An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)* have been significant, and they will continue to be a priority in 2024. As for Bill C-234, *An Act to amend the Greenhouse Gas Pollution Pricing*, we continued to advocate for its passage despite the political forces at play in the House of Commons and the Senate. Our advocacy efforts for the exclusion of chicken products from the Ukraine Goods Remission Order were effective, and the government renewed the Order for another year, exempting supply management, while still allowing for imports under the WTO TRQ.

Five outstanding farmers were part of the 2022-2023 cohort of the Chicken Farmers of Canada Young Farmers Program. This program is integral to our organizational governance, benefiting both provincial and national bodies. The cohort actively engaged in important activities, such as the Joint Annual Reception and Lobby Day. The program, as demonstrated by previous participants Amy VanderHeide and Tiffany Martinka, continues to act as a catalyst for leadership development and sectoral strengthening. The Chicken Champs Program was launched in 2023, with 29 farmers chosen as CFC Ambassadors, assuring their active participation in numerous programs.

In 2023, we celebrated a decade of partnership with Swimming Canada, featuring activities like the Canadian Swimming Championships, a special edition Pool Peep, and a commercial shoot for the 2024 Olympics. Extending our engagement, we proudly became the official meat protein sponsor for Skate Canada, aligning with our commitment to community.

CFC set seven allocations for A-182 to A-188 in 2023. Our farmers produced 1,401 million kg, marking a 3.5% increase from 2022. Chicken remained Canada's number one meat protein, with per capita consumption at 35.2 kg, a slight 0.6% dip from the previous year. Despite minimal Chilean imports under the CPTPP initially, a March upswing was slowed down by avian influenza-related restrictions. Notably, a considerable portion of the CPTPP TRQ remained unused. Remaining challenges from 2022's tight hatching egg and chick supplies led to a 1.9% underproduction in the first four periods of 2023. However, collaborative efforts supported significant improvements in hatching egg and chick supplies for subsequent periods, resulting in overproduction for the remaining periods of 2023.

Despite a slight decrease in cases within domestic flocks, the avian influenza (AI) outbreak persisted,

emphasizing the ongoing threat to our sector. Our collaboration with the National Poultry Group and our role in coordinating national preparedness and response underscored our commitment to navigating through unforeseen challenges. As a member of Animal Health Canada (AHC) since 2010, we remain dedicated to supporting their efforts in enhancing Canada's preparedness for animal disease events.

We were grateful to continue our work with Ministers Bibeau and MacAulay and their staff, as well as the continued collaboration with their department and the Government of Canada, particularly in the face of AI.

The foundation of what we do at CFC is raising high-quality, safe chicken, and we plan to keep up this work for years to come as we continue to feed Canadians. We are grateful to the CFC Board Directors for their support and dedication to the Canadian chicken sector. Beyond that, we acknowledge the contributions of Directors and Alternates on our committees and their representation of CFC in external organizations, as well as to our committees, working groups, and dedicated staff members who enable us to provide for Canadians.



TIM KLOMPMAKER / Chair



MICHAEL LALIBERTÉ / CEO

BOARD OF DIRECTORS AND COMMITTEES



OUR BOARD

THE CANADIAN CHICKEN SECTOR IS GUIDED BY A 15-MEMBER BOARD OF DIRECTORS, MADE UP OF FARMERS AND OTHER DOWNSTREAM STAKEHOLDERS. THE BOARD PROVIDES LEADERSHIP ON THE STRATEGIC DIRECTION OF THE ORGANIZATION. REPRESENTATIVES ON THE BOARD INCLUDE A FARMER-DIRECTOR FROM EACH PROVINCE, TWO PROCESSORS, ONE FURTHER PROCESSOR, AND A REPRESENTATIVE FROM THE FOODSERVICE SECTOR. AS A RESULT, CFC AND ITS STAKEHOLDERS WORK TOGETHER ON BEHALF OF THE SECTOR, FROM FARMER TO CONSUMER.

CFC BOARD OF DIRECTORS

Chair – Tim Klompmaker (Ontario)
Ray Nickel (British Columbia)
Rob Van Diemen (Alberta)
Nick Langelaar (Saskatchewan)
Stuart Nikkel (Manitoba)
Rick Kaptein (Ontario)
Luce Bélanger (Quebec)
Marco Volpé (New Brunswick)
Nick de Graaf (Nova Scotia)
Dean Good (Prince Edward Island)
Theresa Heffernan (Newfoundland & Labrador)
Yvan Brodeur (Canadian Poultry and Egg Processors (CPEP): Chicken Primary Processing (CPP))
Kerry Towle (CPEP: CPP)
Don Kilimnik (CPEP: Poultry Further Processing)
Paolo DiManno (Restaurants Canada)

COMMITTEES EXECUTIVE

Chair – Tim Klompmaker
1st Vice Chair – Nick de Graaf
2nd Vice Chair – Ray Nickel
Executive Member – Luce Bélanger

PRODUCTION

Chair – Nick de Graaf
Luce Bélanger
Rick Kaptein
Lucy McKee (CPEP: CPP - alternate)
Rob Van Diemen

AUDIT

Chair – Paolo DiManno
Dean Good
Marco Volpé

GOVERNANCE

Chair – Don Kilimnik
Luce Bélanger
Stuart Nikkel

ALLOCATION POLICIES & PROCEDURES

Chair – Rob van Diemen
Marc Cormier
François Cloutier
Rick Kaptein
Yvan Brodeur

REPRESENTATIVES TO OTHER ORGANIZATIONS

Canadian Federation of Agriculture (CFA):
Scott Buchan (Ontario – alternate)
Canadian Poultry Research Council (CPRC):
Ray Nickel
National Farm Animal Care Council (NFACC):
Nick de Graaf
Animal Health Canada (AHC):
Luce Bélanger





FRONT ROW:

Tiffany Martinka
Luce Bélanger
Ray Nickel
Stuart Nikkel
Don Kilimnik
Tim Klompmaker

BACK ROW:

Theresa Heffernan
Nick de Graaf
Paolo DiManno
Yvan Brodeur
Rob Van Diemen
Marco Volpé
Rick Kaptein

MISSING FROM PHOTO:

Kerry Towle
Dean Good
Nick Langelaar



IN MEMORIAM CFC would like to honor the life of François Cloutier, a committed advocate for our sector who passed too soon. From 2016 to 2022, he served with CFC as a board member and then as an alternate. His contributions extended to the Allocation Policies and Procedures Committee from 2017 to 2023. In addition, François served on the *Éleveurs de volailles du Québec* board of directors for nine years, from 2014 to 2023. We thank him for having been part of our organization.



STRATEGIC PLAN

2023 PRIORITIES AND DELIVERABLES

Sustainability - Continuously improve the sustainability of the Canadian chicken sector

Growth – Profitably grow per capita consumption for Canadian chicken

Telling Our Story – Canadians and government have full confidence in Canadian chicken farmers

Risk Management – Manage existing and emerging sector risks effectively



PUBLIC AFFAIRS



CFC ANNUAL LOBBY DAY

Chicken Farmers of Canada assembled in Ottawa for the Annual Lobby Day on May 9, 2023. Representatives engaged in over fifty meetings with Parliamentarians and their staff, discussing issues facing the chicken sector and Canadian farmers. A successful day culminated in an evening reception at the Metropolitan Brasserie, fostering ongoing dialogue with Parliamentarians, political staffers, and industry members about the significance of the chicken sector.

LEGISLATION MONITORING

List of key agriculture legislation that CFC monitored and advocated for in both the House of Commons and Senate.

- » *C-282, An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)*
- » *Bill C-234, An Act to amend the Greenhouse Gas Pollution Pricing*
- » *Bill S-241, An Act to amend the Criminal Code and the Wild Animal and Plant Protection and Regulation of International and Inter-provincial Trade Act (great apes, elephants and certain other animals)*
- » *C-293, An Act respecting pandemic prevention and preparedness*
- » *Bill C-275, An Act to amend the Health of Animals Act (biosecurity on farms)*
- » *Bill C-359, An Act to amend the Feeds Act, the Seeds Act and the Pest Control Products Act (provisional registration and approval)*

SM5 ADVOCACY DAY

In collaboration with the other supply-managed commodity groups, Chicken Farmers of Canada participated in a targeted Lobby Day on November 7 and November 23, 2023. Delegates from the SM5 met with Parliamentarians, particularly Senators, accentuating the importance of supporting Bill C-282, *An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)*. Meetings included Senate party leaders and key committee members from agriculture and international trade committees. The primary ask was to support Bill C-282 at all Senate stages, pushing for swift legislation passage.

FEDERATION OF CANADIAN MUNICIPALITIES ANNUAL CONFERENCE AND TRADE SHOW

In partnership with Dairy Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada, and Canadian Hatching Egg Producers, the SM5 gathered in Toronto from May 25th-28th to sponsor the Federation of Canadian Municipalities Annual Conference and Trade Show. As long-term sponsors, the SM5 once again leveraged this platform to engage with thousands of delegates, including senior municipal officials, Mayors, and Councilors, underlining the role of supply management in fostering national stability. Activities included sponsoring the opening reception, hosting a trade show booth, organizing an interactive trivia barn, and presenting two Ask the Experts Sessions, the first featuring CFC Director Rick Kaptein.





CFC's Tim Klompmaker with the Honourable Lawrence MacAulay at the Lobby Day Reception

CANADIAN FEDERATION OF AGRICULTURE

CFC maintains a critical role in the Canadian Federation of Agriculture, actively participating in board meetings and advocacy. In March 2023, Scott Buchan assumed the role of the new CFA board representative, and Nick Langelaar retired from the CFA board in March.

The 2023 CFA AGM, held in Ottawa from March 6-7, united farm leaders, industry stakeholders, and government representatives to set priorities for the upcoming year. Under the theme "Building a Resilient Future for Canadian Agriculture," the event explored strategies to enhance resilience amidst climate change and disruptions. The AGM featured Keith Currie as the new Chair and welcomed all political leaders, including a first-time address from Prime Minister Justin Trudeau. Pierre Poilievre, Conservative; Jagmeet Singh, NDP; Yves-François Blanchet, Bloc Québécois; and Elizabeth May, Green, also delivered impactful speeches to farmers. Workshops, panels, and a live recording of the RealAgriculture podcast with Shaun Haney filled out the agenda. During the event, Policy and Professional Development workshops were held at the outset.

The CFA Summer Meeting, held in Fredericton, New Brunswick, on July 18-19, highlighted legislative updates on government bills and private member's bills, as well as the Farm Financial Health Report was presented. The agenda also contained AGM planning, an update on the Sustainable Agriculture Strategy, and the meeting concluded with an update on trade.

On July 20th, CFA hosted the annual Federal, Provincial and Territorial (FPT) Agriculture Ministers Roundtable, bringing elected leaders together to hear from CFA members and other agriculture stakeholders. CFA's main focus was the Sustainable Agriculture Strategy being developed by government and industry stakeholders. CFC Young Farmers alumni and Chicken Farmers of Nova Scotia Chair Amy VanderHeide presented to FPT Ministers at the roundtable.

Scott Buchan and Lauren Kennedy represented CFC at the CFA Lobby Day, held in October. Alongside other CFA members, they engaged with Senators and Members of Parliament, discussing crucial topics such as C-234, rising production costs, trade matters, and the Sustainable Agriculture Strategy. The day concluded with a reception attended by Ministers, MPs, Senators, and Hill staff, fostering further dialogue and collaboration.

SUSTAINABLE AGRICULTURE STRATEGY

In collaboration with industry stakeholders, Agriculture and Agri-Food Canada (AAFC) developed the Sustainable Agriculture Strategy (SAS), with CFC as an Advisory Committee member. By 2050, the SAS envisions Canada as a global leader in sustainable agriculture, from an environment, economic, and social perspective. It aims for Canadian farmers and rural communities meeting rising demands for sustainable food. The strategy focuses on critical areas like climate change mitigation, adaptation, biodiversity, water, and soil health. The SAS outlines strategic goals and anticipated outcomes for the sector in the years ahead.

AGRICULTURE CARBON ALLIANCE

The Agricultural Carbon Alliance (ACA), was established to ensure the recognition of Canadian farmers' sustainable practices. This national coalition of 15 farm organizations, including CFC, is dedicated to holding meaningful and collaborative discussions with the federal government on carbon pricing. In 2023, the ACA's focus was on lobbying for the swift passage of C-234 An Act to amend the Greenhouse Gas Pollution Pricing Act. Members held ongoing meetings with Parliamentarians from both the House and the Senate, ensuring the voice of Canadian farmers was heard.

DOMESTIC SUPPLY AND SUPPLY MANAGEMENT RESEARCH

In late 2023, CFC and the SM5 conducted research on Canadians perspective on the Canadian food system and emphasized the value placed on supply management. An overwhelming 9 in 10 Canadians expressed the importance that their dairy, egg, chicken, and turkey products come from Canada. This sentiment resonates strongly across demographics and regions, underlining a collective belief in the benefits of supply management.

The unanimous support signifies the alignment of this system with Canadian values, reinforcing its pivotal role in ensuring domestic food security. Survey findings affirm that the enactment of Bill C-282 into law aligns with Canadians' preferences, preserving their desire for locally produced food.

SM4 EFFORT

JOINT ANNUAL RECEPTION

Chicken Farmers of Canada, alongside Egg Farmers of Canada, Turkey Farmers of Canada, and the Canadian Hatching Egg Producers, hosted a successful Joint Annual Reception (JAR) at the Fairmont Château Laurier on March 22, 2023. This marked the return of the first JAR since 2019! Following our Annual General Meeting, CFC Directors, Alternates, Provincial Board Managers, and CFC staff enjoyed an evening with industry peers.

DOWNTOWN DINER

In collaboration with Egg Farmers of Canada, Turkey Farmers of Canada, and the Canadian Hatching Egg Producers, the SM4 hosted its annual Downtown Diner on Sparks Street in Ottawa on May 18, 2023. CFC's Luce Bélanger, along with other poultry and egg farmers, engaged with government officials and the public, highlighting how supply management supports local communities.



The Honourable Marie-Claude Bibeau & Luce Bélanger



PUBLIC RELATIONS



PROGRAMS

YOUNG FARMERS PROGRAM

The Young Farmers Program plays a pivotal role in our organizational governance, benefiting both provincial and national bodies. The 2022-2023 cohort comprised of five outstanding young farmers from across Canada: Rachel Sheffield (NS), Samuel Plante (QC), Riley Duimering (ON), Jesse Coleman (SK), and Matthew Burgsma (BC). Throughout the year, the cohort actively participated in key events, including the Joint Annual Reception, Lobby Day, and an Orientation session, including governance and social media usage. Their journey included a trip to Montréal for the Summer Meeting and observation of a CFC Board meeting. Notably, Rachel Sheffield participated in a Day in the Life video, the Swimming Canada Olympic Commercial, and the Canadian Agriculture Youth Council session. The Young Farmers Program, exemplified by past participants like Amy VanderHeide, now Chair of Chicken Farmers of Nova Scotia, and Tiffany Martinka, sits on the Board of Director at CFC since November 2023, continues to be a catalyst for leadership development and sectoral strengthening. Excitement builds for the upcoming cohort in 2024-2025.

CHICKEN CHAMPS PROGRAM

In 2023, the Chicken Champs Program was introduced, aiming to enlist 50 farmers as CFC Ambassadors. These Champs will collaborate with the national office on various initiatives, sharing their perspectives as both farmers and industry representatives. The inaugural year saw 29 enthusiastic Chicken Champs joining. CFC plans to engage them throughout the



The Young Farmers on Lobby Day

year, offering opportunities to participate in diverse projects or initiatives. This approach ensures quick access to trained farmers who are compensated for their work.

DAY IN THE LIFE

CFC staff visited Rachel Sheffield’s farm in Nova Scotia to film the latest Day in the Life video. During the visit, we also filmed a Swimming Canada commercial featuring Rachel, scheduled for release ahead of the 2024 Paris Olympics and Paralympics.

PARTNERSHIPS

SWIMMING CANADA

In 2023, CFC celebrated its 10th year partnering with Swimming Canada. In August, the 2023 Speedo Canadian Swimming Championships in Markham, Ontario, provided a platform for engaging conversations with athletes and their families about chicken farming. Additionally, a *'Design the next SquishPeep'* challenge was launched, allowing participants to submit designs for a unique SquishPeep to be unveiled before the 2024 Olympics and Paralympics. A special commercial, featuring our Young Farmer participant Rachel Sheffield and National Team Swimmer Sophie Angus, is set for release before the Paris Olympics in 2024.

SKATE CANADA

CFC proudly joined forces with Skate Canada in 2023, becoming their official meat protein sponsor. This partnership supports Skate Canada's recreational and competitive programs, including CanSkate and aid for high-performance athletes. Filming for our Day In the Life series took place in Norwood, Ontario, featuring CFC Chair Tim Klompmaker. This year's [video](#) highlighted our partnership with Skate Canada and sponsorship of the CanSkate Program, featuring Trennt Michaud, a pair skater on the National Team.

WOMEN IN AG

In 2023, CFC collaborated with the Canadian Federation of Agriculture for the Level the Field initiative, developing a framework to Engage and Advance Women in Agriculture. This framework, accessible to the entire industry, aims to remove barriers for women in agriculture. Co-hosting a panel with CFA at the Advancing Women in Agriculture Conference in November, CFC received feedback on the framework. With a booth at the conference and a speech by Luce Bélanger, the event fostered vital discussions on gender equity in agriculture.

VALÉRIE GRENIER: ALPINE CANADA

CFC proudly sponsors World Cup alpine ski racer Valérie Grenier, who has achieved remarkable success in the 2023 season. Notably, she secured a 1st place finish in a giant slalom event in Slovenia, marking the first Canadian victory in a women's World Cup GS race since 1974. Additionally, Valérie achieved 5th place at the FIS Ski World Cup women's GS in Vermont and 6th place in the women's World Cup giant slalom race in Mont-Tremblant, QC.



Laurence Fournier Beaudry and Nikolaj Sorensen of Montreal won the gold medal at the 2023 Canadian Tire National Skating Championships

OPERATING AGREEMENT AND ALLOCATION



IN 2023, CFC SET SEVEN ALLOCATIONS FOR PERIODS A-182 TO A-188, DECIDING TO SET EACH ALLOCATION AT IN-PERSON MEETINGS.

Initially planning to revert to a policy of setting two allocations simultaneously, the unpredictability around imports from Chile and Ukraine led the board to postpone this shift. Reassessments occurred in May and August, with a final decision to return to the policy made in October for periods A-187 and A-188.

The allocation for period A-182 (April 9 – June 3, 2023), established in January, was a modest 0.5% over base due to uncertainties around imports, inflationary pressures, and softer economic conditions. Despite this, it marked a significant production increase from the previous year's underproduction.

A more aggressive approach was taken for period A-183 (June 4 – July 29, 2023), set at 4% over base, reflecting a good performance in the food service sector, strong TRQ utilization in the first few months of 2023, population growth, and clearer expectations regarding imports from Chile under the CPTPP agreement. Similar to the prior period, the allocated volume significantly exceeded production in the corresponding weeks of 2022, marked by underproduction.

The allocation for A-184 (July 30 – September 23, 2023), was set at 3% above base, driven by favorable market conditions, higher than normal TRQ utilization, and above-average population increases. Once more, the increase compared to the preceding year's production in those weeks was significant due to the underproduction experienced.

Period A-185 (September 24 – November 18) continued with positive market sentiments, resulting in an allocation set at 3.5% above base, representing an increase versus production the year before in the same range.

The next three periods saw more conservative allocations due to weaker market conditions. A-186 (November 19 – January 13, 2024) was set at 2% above base. A few weeks later, a request for reconsideration and a reduction of the A-186 allocation was made but did not receive enough support.

The base allocations, along with a medium-term growth target of 2.5%, were decided for periods A-187 to A-192 in September. Allocations for A-187 (January 14 – March 9, 2024) and A-188 (March 10 – May 4, 2024) were set in October at 1.5% and 0.5% above base, respectively, reflecting lower wholesale prices and stronger-than-expected imports from Chile. Record-high frozen inventories resulted in conservative allocations for the first four months of 2024. A request for a reconsideration and reduction of the allocation for A-188 was discussed in late December but declined.

Market conditions were generally healthy in 2023. Initially, TRQ imports began at a faster pace, and wholesale prices performed well throughout the year. Whole bird and dark meat prices outperformed previous years, while breast meat prices were lower than 2022, and wing prices below levels seen in 2021 and 2022. Although Chilean CPTPP imports were minimal in the first two months, they increased in March, later slowing down due to HPAI-related restrictions. Despite the increase, a substantial portion of the CPTPP TRQ remained unused in 2023.

Retail sales of fresh chicken faced a slow start in 2023 but showed improvement over the year. The strong performance of chicken in Canada's food service sector, started in 2022, continued into 2023. Frozen chicken inventories (storage stocks), especially in further processed categories, reached record highs, with wing inventories in the cut-up chicken category significantly higher. However, breast meat inventories remained stable.

Unfortunately, the underproduction challenges from tight hatching egg and chick supplies in 2022 continued into 2023. The first four periods of 2023 saw a combined 16 Mkg eviscerated (1.9%) lower production than allocated. Collaborative sector efforts led to notable improvements in Canadian hatching egg and chick supplies, resulting in overproduction for the remaining periods of 2023.

The temporary suspension of the quota utilization component in the allocation formula, initiated in A-176, continued throughout 2023, resuming once a new data set of six audit periods is available.

All provinces in Atlantic Canada except for Prince Edward Island received kilograms under the Atlantic Canada Safeguard Agreement, and the recovery of kilograms under the A-163 and A-164 regional allocations recovery framework continued in five of the seven periods, bringing down the balance of the number of kilograms to be recovered in the remaining periods covered by the framework substantially.

SPECIALTY PRODUCTION POLICY

Following a provincial request and a review by the Allocation Policies and Procedures Committee, the board decided to add ISA Brown female birds from 19 to 21 weeks of age to the list of eligible classes of specialty chicken under CFC's Specialty Production Policy. The maximum weight for short and long cycle Taiwanese class specialty chickens was also increased from 2.36 kg live to 2.4 kg live and from 2.02 kg live to 2.6 kg live, respectively.

MARKET INFORMATION WORKING GROUP (MIWG)

The working group met five times and issued the same number of reports in 2023. Following a review by the Allocation Policies and Procedures Committee, the board decided to make some changes to the terms of reference of the working group.

ALLOCATION REPORT CARD AND FORECASTING MODEL

Work on the development of an allocation evaluation tool and a forecasting model continued in 2023, but after an evaluation of the results and concerns about the practical usefulness of the tools, the board decided to halt the work on both projects.

COLLABORATION WITH CANADIAN HATCHING EGG PRODUCERS (CHEP)

In 2023, CFC participated in three CHEP advisory committee meetings. The mandate of this committee is to advise the CHEP board of directors on expected demand for chicken in the upcoming year(s) and the amount of production required to meet the demand, assisting CHEP in producing the appropriate number of hatching eggs for the Canadian market. The committee volume recommendations were reflective of the continued growth in the chicken industry.

TRADE AND IMPORT CONTROLS



WORLD TRADE ORGANIZATION

2023 served as a preparation phase for the WTO's 13th ministerial conference (MC13) in February 2024. After the 2022 conference, members were asked to address food security, along with standard topics of agriculture negotiations: domestic support, market access, and export competition.

The World Trade Organization (WTO) appointed Türkiye Ambassador Alparslan Acarsoy to chair the agricultural negotiations. Proposals took center stage, with a focus on reforming domestic support disciplines. Costa Rica's submission found support within the Cairns group, a group of which Canada is a member. Late in the year, Mercosur countries brought forth a comprehensive market access proposal, signaling potential major reforms.

Domestic support proposals lacked necessary support for an MC13 agreement but set the stage for ongoing discussions. The market access proposal was not responded to due to its late introduction, and it is important to note that sanitary and phytosanitary issues are often the most impeding measures to inter-country agricultural trade.

Concerns arose regarding food security and disciplines related to public stockholding, particularly for India. Members recognized their significance but pursued different paths in addressing them. Some supported liberalized trade for enhanced food security, while others supported nurturing domestic capacity.

Throughout the year, CFC, in collaboration with the SM5, monitored WTO activities diligently. CFC staff made two visits to Geneva, meeting with Canadian ambassador to the WTO Nadia Theodore, Chair of WTO agriculture negotiations Ambassador Acarsoy, and, agriculture attachés

from many countries. The subsequent presence at the WTO public Forum in September provided an opportunity to identify key trade issues and to meet many representatives involved in WTO negotiations.

BILATERAL AND REGIONAL TRADE

In March, the United Kingdom (UK) joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), marking a significant step. Ratification by the UK and existing CPTPP members in their respective legislatures is on-going with implementation expected in 2025. Once implemented, UK's chicken product will be allowed to be exported to Canada under the CPTPP tariff rate quota (TRQ). Simultaneously, Canada engaged in bilateral and regional trade negotiations with the UK, Indonesia, India, and the Association of Southeast Asian Nations (ASEAN) which includes Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. CFC will pay careful attention to safeguard the interests of the Canadian chicken sector.

INTERNATIONAL COLLABORATION

In addition to our work with the SM5, CFC is committed to the World Farmers Organization (WFO) and the International Poultry Council (IPC). Notably, Tim Klompmaker has joined the IPC executive committee, and Yves Ruel serves on both organizations' trade committees. During the WFO's June 2023 General Assembly, there was a push to modify references to the importance of domestic production systems like supply management in their trade policy. Fortunately, CFC representatives, alongside the Canadian delegation, successfully preserved the crucial recognition of our system.

NORTH AMERICA/ EUROPEAN UNION AGRICULTURAL CONFERENCE

The Canadian Federation of Agriculture (CFA) hosted the NA/EU Agricultural Conference in September 2023 on Prince Edward Island, and representatives from the CFC Executive Committee and staff attended. The conference is a biennial event that brings together farm leaders from the European Union and North America to discuss pressing issues affecting agriculture and to collaborate, share ideas and work towards solutions. The Conference brought together approximately 280 representatives from EU Member States, Canada, Mexico, and the United States of America, who discussed the challenges and opportunities for the agricultural sector.

The conference included five sessions focused on:

- » Current Global Challenges
- » Agriculture and Trade in a Global Context
- » Sustainability and Innovation
- » Responding to Market and Consumer Trends
- » Food Security and Resilience in Agricultural Systems

In addition to these larger scale discussions, three breakout sessions were hosted for more in-depth discussions on Animal Disease Emergency Preparedness, Plant Breeding Innovation and Market and Consumer Trends.

IMPORT CONTROLS

In 2023, the continuation of the interim allocation methodology for chicken TRQ raised concerns, and a new methodology is anticipated by 2025. This interim approach, limiting volume for non-ICL Canadian manufacturing, led to supplementary imports-to-compete allocations exceeding Canada's access commitments. This undermined opportunities for additional chicken production, impacting economic contributions and should be addressed in a new TRQ allocation methodology.

During 2023, 39.3 Mkg were imported under the WTO TRQ, surpassing Canada's obligations by 2.4 Mkg of supplementary imports to compete

allocation by Global Affairs Canada. For the CUSMA TRQ, 52.4 Mkg were imported under a 53 Mkg TRQ. With Chile's CPTPP ratification, imports reached 9.5 Mkg from a 23.5 Mkg TRQ, with supply constraints due to HPAI in Chile.

Government programs allowing chicken importation for further processing and re-export gained popularity in 2023. Global Affairs Canada's Import to Re-export program (IREP) reached 14.8 Mkg, and 47.9 Mkg were imported under the Canada Border Services Agency's Duties Relief Program (DRP), totaling 62.7 Mkg. The DRP's allowance for marinated products and a four-year re-export timeframe raised concerns about potential market distortions in Canada.

Concerns intensified with the DRP due to 34 non-compliance cases, 20 license suspensions or cancellations, and \$581 million in fines as per CBSA verification activities. While these licenses weren't exclusive to chicken, they represented the majority.

CBSA also actively verified spent fowl imports. Further verification in 2023 found 120 cases, resulting in 46 non-compliances and \$215 million in penalties. Another round started in September 2023, aiming to verify 34 importers.

The increase in spent fowl imports, reaching 87.3 Mkg in 2023, a 15.6% increase from 2022, raised concerns. Diversifying sources coming elsewhere than the United States including Thailand, Argentina, and Brazil, highlighted the need for measures against tariff evasion. CFC continues to advocate for the implementation of a DNA test to properly identify imported products.

On June 9, 2022, the Government of Canada issued a one-year Goods Remission Order for all products from Ukraine, allowing unlimited, duty-free imports of all products, including chicken. Although a much larger volume was imported, 235,000 kgs were allowed to enter the Canadian market under the order since CFIA detected an antibiotic not allowed in Canada in the other shipments.

On June 9, 2023, the government renewed the Goods Remission Order for another year. However, chicken products were excluded, allowing their import under the WTO TRQ.

FOOD SAFETY & ANIMAL HEALTH



AVIAN INFLUENZA

The avian influenza outbreak that began in January 2022 persisted both in Canada and globally throughout 2023. Although the number of cases in domestic flocks slightly decreased compared to last year, the virus persisted and evolved in wild bird populations, posing an ongoing threat to domestic flocks.

Chicken Farmers of Canada collaborated with the National Poultry Group, comprised of the SM4, Canadian Poultry and Egg Processors, and the Animal Nutrition Association of Canada, to support provincial boards in preparedness and response work, taking on a coordinating role at the national level. Communications targeted farmers, emphasizing the critical need for heightened biosecurity. CFC developed resources, including a [factsheet](#) and [video](#) on barn entry biosecurity, along with ads in [Canadian Poultry Magazine](#).

This outbreak tremendously strained farmer mental health and human resources across provinces, affecting both industry and government. In response, CFC developed a [brochure](#) with pertinent mental health support resources, distributed to all provincial boards.

The Canadian Food Inspection Agency (CFIA), a key player in avian influenza response, received appreciation from CFC for their work, along with other government partners. The dialogue established through industry-government working groups in 2022 facilitated refining the response for 2023.

As part of the pan-Canadian collaboration between industry and government, Animal Health Canada (AHC) remains uniquely positioned to improve Canada's preparedness for animal disease events like avian influenza. CFC, a member of AHC since its inception in 2010, will continue supporting AHC in advancing their work in this crucial area.



FOOD SAFETY

The *Raised by a Canadian Farmer* On-Farm Food Safety Program (OFFSP) is a cornerstone of the brand, ensuring food safety at every production stage and mandates biosecurity measures to safeguard animal health. This program is integral for farmers, providing consumer confidence in the food production process and therefore enhancing the brand's success.

Despite the continued challenges posed by avian influenza, farm audits and oversight of OFFSP implementation persevered throughout 2023, maintaining formal recognition by federal, provincial, and territorial governments.

Coordinated collaboratively between CFC and provincial boards, the OFFSP involves CFC in development and oversight, while provincial boards handle auditing and certification services. The annual in-person auditor training sessions, the first since 2019, fostered consistency in OFFSP and Animal Care program implementation and auditing nationwide, providing auditors with a platform to exchange information and strategies.

PATHOGEN REDUCTION

The reduction of pathogens in poultry is a shared priority between the government and the poultry industry. For over a decade, CFC has actively engaged in the Joint Government-Industry Working Group on the Control of *Salmonella* and *Campylobacter* in Poultry. With a new international and FPT-governments focus on *Campylobacter* control, CFC continues to collaborate with the working group to determine the next steps. Additionally, the group is keeping a close eye on potential regulatory changes in the US regarding *Salmonella*.

Educating farmers and promoting food safety messages to consumers are crucial components of the pathogen reduction strategy. CFC is actively promoting the [Farmer Resource Portal](#) on [chickenfarmers.ca](#), providing farmers access to information related to reduced antimicrobial use and overall pathogen reduction.

As part of a joint initiative with Health Canada and the Canadian Supply Chain Food Safety Coalition, CFC is increasing food safety messages through social media posts, in the consumer newsletter reaching over 114,000 subscribers monthly, and in every recipe featured on [chicken.ca](#). This aligns with the broader consumer relations action plan.

CHICKEN FARMERS OF CANADA'S RESPONSIBLE AMU STRATEGY

Initiated in 2011, CFC's *Responsible Antimicrobial Use (AMU) Strategy* has led the way in understanding antimicrobial use patterns, promoting good production practices, guiding research and reducing antimicrobial use.

With chicken being the number one protein consumed by Canadians, CFC's *Responsible AMU Strategy* plays a major role in producing food that Canadians can trust.

In 2023, CFC compiled [recent surveillance results](#) to promote the success of its *Responsible AMU Strategy*.

With data from the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC), the surveillance results demonstrated a reduction in antimicrobial use and antimicrobial resistance.

CIPARS indicates:

- » ≥60% of the quantity of antimicrobials used are non-medically important antimicrobials (i.e. Category IV and chemical coccidiostats)
- » ≥40% of flocks are being grown without medically important Category I, II or III antimicrobials

The results of the *Responsible AMU Strategy* will continuously be shared with farmers, stakeholders, supply chain partners, and the government, highlighting the Canadian chicken sector's success in the Pan-Canadian Action Plan on Antimicrobial Resistance.



Progressing from eliminating the preventive use of Category I and II, CFC now focuses on a non-regulatory approach to further antimicrobial use reduction, with a focus on Category III.

Collaborating with the government and key stakeholders, CFC aims to promote reduction strategies, increase access to animal health products, and share insights via the Farmer Resource Portal.

Supporting dynamic changes, the sector sponsor research on innovative alternatives like probiotics, prebiotics, vaccinations practices throughout the supply chain. CFC supports regulatory modernization for similar access and labeling opportunities for alternative products as our international counterparts do.

The IPC recognized CFC and Turkey Farmers of Canada for committing to their Antimicrobial Stewardship Principles. Our commitment to adopting these principles, which aim to reduce antimicrobial use at the farm level, demonstrates industry leadership. Recognizing that changes start at the farm, the implementation of risk analysis-based concepts ensures appropriate antibiotic use throughout the chicken production process.



ANIMAL CARE, SUSTAINABILITY AND POULTRY RESEARCH



ANIMAL CARE PROGRAM

Canadian chicken farmers embrace the *Raised by a Canadian Farmer* Animal Care Program. Since 2009, this program, rooted in the National Farm Animal Care Council's Code of Practice (NFACC), ensures high standards are implemented and audited across Canada's 2,800+ chicken farms.

Operational challenges from avian influenza didn't hinder the Animal Care Program's audits in 2023; certification remains at 100%.

CFC and poultry groups requested an update to the Poultry Code in NFACC's funding application for their upcoming phase. The current Poultry Code was published in 2016 and CFC will be actively participating on the Code Development Committee, along with a diverse group of stakeholders, to develop an updated version.

To enhance credibility, CFC is advocating for a government recognition of animal care programs in Canada, similar to the On-Farm Food Safety Recognition Program via the CFIA. Collaborating with NFACC, Animal Health Canada, and other commodities accelerates this effort.

THIRD PARTY AUDITS

In its seventh year of third-party audits by NSF, Chicken Farmers of Canada showcased consistent implementation of the *Raised by a Canadian Farmer* Animal Care and On-Farm Food Safety Programs.

Despite avian influenza disruptions, witness audits resumed last year, extending the cycle to April 2023 to provide two audits for most CFC auditors.

The comprehensive annual third-party audit evaluates program implementation by farmers, the effectiveness of the CFC audit team, and program management at both national and provincial levels.

JOINT ANIMAL WELFARE WORKING GROUP

Dedicated to advancing animal welfare, the *Raised by a Canadian Farmer* Animal Care Program is committed to continuous improvement. In collaboration with the Canadian Poultry and Egg Processors (CPEP), CFC created the Joint Animal Welfare Working Group.

Throughout 2023, the group convened to prioritize areas such as stocking density, lighting, enrichments, and air quality by engaging with animal welfare researchers to present literature reviews on each subject. The working group is preparing for the upcoming poultry Code review with the National Farm Animal Care Council, ensuring impactful contributions from CFC and processors.

POULTRY RESEARCH

As a founding member of the Canadian Poultry Research Council (CPRC), CFC supports poultry research in Canada and the training of skilled individuals for the country's poultry sector. Represented on the board by CFC Board Director from BC, Ray Nickel, CFC's involvement underscores its commitment to advancing the poultry industry.

To the end of 2023, CPRC Members committed \$5.8 million to 123 research projects across universities and labs, and a total of \$33 million was raised from various sources for the research program.

In March, the completion of the third Poultry Science Cluster administered by CPRC marked a significant milestone. With a \$12 million investment in research projects, jointly financed by the poultry sector and Agriculture and Agri-Food Canada, the projects engaged 56 researchers across 10 Canadian universities and two AAFC research stations.

The research, accessible at poultrysciencecluster.ca, includes a video highlighting the projects' significance.

CPRC's main focus for 2023 was the fourth Poultry Science Cluster application, with over 30% of the funding dedicated to projects addressing greenhouse gas emissions (GHG) reductions, climate change, and environmental considerations. The results from these projects will help decision-making for the CFC Board of Directors, farmers, and staff.

ENVIRONMENT

With the *Raised by a Canadian Farmer* brand, CFC diligently upholds a commitment to sustainability, with a core principle dedicated to environmental preservation. CFC's latest **video series** showcases the environmentally beneficial practices adopted by Canadian chicken farmers nationwide, exemplifying their continuous commitment to sustainability in many ways.

CFC previously conducted a lifecycle assessment (LCA) to evaluate the environmental footprint of chicken production in Canada, serving as a benchmark for ongoing improvements. An updated LCA was initiated in 2023, and results will be used by CFC Directors and supply chain members in determined areas for improvement.

In tandem, CFC has adopted a measured approach to sustainability, concentrating efforts on greenhouse gas (GHG) reductions. While a specific GHG reduction target has not yet been set, ongoing educational sessions aim to develop an in-depth understanding for staff, Directors, and farmers on what is possible for our sector; CFC does not want to make commitments until we know what we can deliver on.



BRAND MARKETING



CHICKEN FARMERS OF CANADA CONTINUED TO PUSH AND BUILD EQUITY WITH THE RAISED BY A CANADIAN FARMER BRAND, SHOWCASING IT THROUGH A VARIETY OF OWNED, EARNED, AND BOUGHT CHANNELS THROUGHOUT 2023.

CREATIVE

CFC launched two creative campaigns — in spring and fall of 2023 — celebrating diverse recipes under our *Raised by a Canadian Farmer* brand. The “Different Day Different Dish” campaign showcased the culinary versatility of chicken, inviting consumers to explore new flavors. In the fall, the revised “Answer Chicken’s Call” campaign engaged audiences creatively to increase consumption. Both campaigns garnered over 131.4 million impressions. In alignment with evolving consumer preferences, our alternative protein campaign targeted health-conscious individuals, particularly Gen Z and Millennials, emphasizing the muscle growth benefits of chicken consumption.



CONSUMER ENGAGEMENT

In 2023, CFC’s commitment to being Canada’s number-one meat protein continued with engagement strategies targeting diverse consumer groups. Leveraging our owned social channels, we encouraged connections with Canadians, sharing insights about farmers, recipes, nutrition, and food safety. Collaborating with an agency representing chefs, we hosted Influencer events in key locations like Toronto, Prince Edward County, and Montreal. At The Royal Agricultural Winter Fair, chefs led five cooking classes, further showcasing chicken based recipes.

TRADE SHOWS

CULINARY FEDERATION

CFC representatives attended the Culinary Federation National Conference in Niagara Falls, where CFC’s interactive exhibit was set-up on the conference floor, in order to educate and interact with chefs from across the country. Discussions centered on sustainability, environmental impact, and activism, and gave chefs the opportunity to gather important information about Canadian chicken farming. Along with some CFC swag, we also gave away a grand prize of a CFC branded F.D. Dick knife set to one lucky winner.

RESTAURANTS CANADA SHOW

Our model barn and Wheel of Chicken were on hand for the RC Show, where we networked with restaurant and food-service professionals





Cooking class demonstration in Partnership with Quell, at the Royal Agricultural Winter Fair

and had great conversations regarding CFC's commitment to animal care, sustainability, and food safety. CFC staff and Canadian farmers educated attendees and dispelled myths about the chicken sector.

ROYAL AGRICULTURAL WINTER FAIR
In November, CFC was the Culinary Academy Supporting Partner, at the Royal Agricultural Winter Fair (RAWF) in Toronto. In partnership with the agency Quell Now, the theme Dinner Diversity featured talented BIPOC chefs with diverse backgrounds and cooking styles throughout the day, all while showcasing chicken recipes in unique ways. CFC received the opportunity to activate within the Culinary Academy, engage with attendees and celebrate diversity with RAWF attendees. We were listed on the Royal Agricultural Winter Fair website, newsletter and social media.

PARTNERS PROGRAM

Also in 2023, the *Raised by a Canadian Farmer* brand partnered with retailers such as Fortinos, Swiss Chalet, KFC, Mary Brown's, Fat Bastards, Scores, and Country Ribbon.

RECIPE DEVELOPMENT

Working with our partner, Take5 Digital, we created 30 new recipe videos, how-to videos, and five "personality" videos. The recipes featured chicken dishes from diverse cultures, and can be found on our social media platforms, website, and our YouTube channel.

CONSUMER RESEARCH

CFC conducted two consumer research projects in 2023. Firstly, a Psychographic & Demographic Segmentation Analysis was conducted, offering an understanding of our target audience, with a special focus on Gen Z, Millennials, and Visible Minorities. Secondly, a Market Tracking Study in fall 2023 provided insights into the consumer marketplace, showcasing trends and measuring the progress of our initiatives. Notably, our 2023 fall marketing campaign achieved a remarkable 31% ad recall, marking a substantial increase from 2022.

MARKET WATCH



IN 2023, 1,400 MKG OF CHICKEN WERE PRODUCED, WHICH WAS 3.5% (47 MKG) MORE THAN THE PREVIOUS YEAR AND 6.2% AND 10.1% MORE THAN IN 2021 AND 2020, RESPECTIVELY.

According to preliminary statistics from CFC and AAFC, the per capita availability of chicken in 2023 was 35.2 kg, a marginal decrease of 0.6% from the previous year. Chicken remained Canada's most preferred meat protein choice, as it had in prior years. In 2023, the estimated per capita availability of pork rose to 21.4 kg, while the per capita availability of beef declined by 1.1 kg to 23.7 kg.

In 2023, Canadian chicken producers received an average live price of \$2.126 per kilogram live weight, which was \$0.083 more than the previous year and \$0.295 more than in 2021.

In 2023, inventories of frozen chicken rose significantly. The year's end saw inventories at 71.5 Mkg, up 10.7 Mkg (17.6%) from the beginning at 60.8 Mkg. The categories for further processed chicken accounted for the majority of the rise, although inventories of legs and breasts also saw notable growth.

PRODUCTION

The year 2023 was divided into seven periods: A-180 (December 18, 2022 – February 11, 2023) to A-186 (November 19, 2023 – January 13, 2024). CFC's Board of Directors decided domestic allocations for 2023 periods with a range of 0.5% above base (A-182) to 6.5% above base (A-180), based on mixed market indications such as the post-COVID market recovery, population increases, and ongoing high inflation, among other things. The total domestic allocation across the seven periods came to 1,457.3 Mkg, which is 2.9% above base.

In 2023, the total production of chicken exceeded 1,400 Mkg, representing a 3.5% increase (47.2 Mkg)

over 2022 and a 6.2% increase (82.2 Mkg) over production two years prior. The industry experienced significant underproduction from A-180 to A-183, resulting in production that was 16.3 Mkg below allocation and representing a 1.5% increase over the production of the first half of 2022. This was mostly caused by chick supply issues in North America and avian influenza outbreaks on Canadian breeder and broiler farms during the first half of the year. Supply issues improved in the second part of the year. Production in the second half of this year was 5.4% more than it was during the same period last year, with an overproduction of 8.2 Mkg in periods A-184 to A-186.

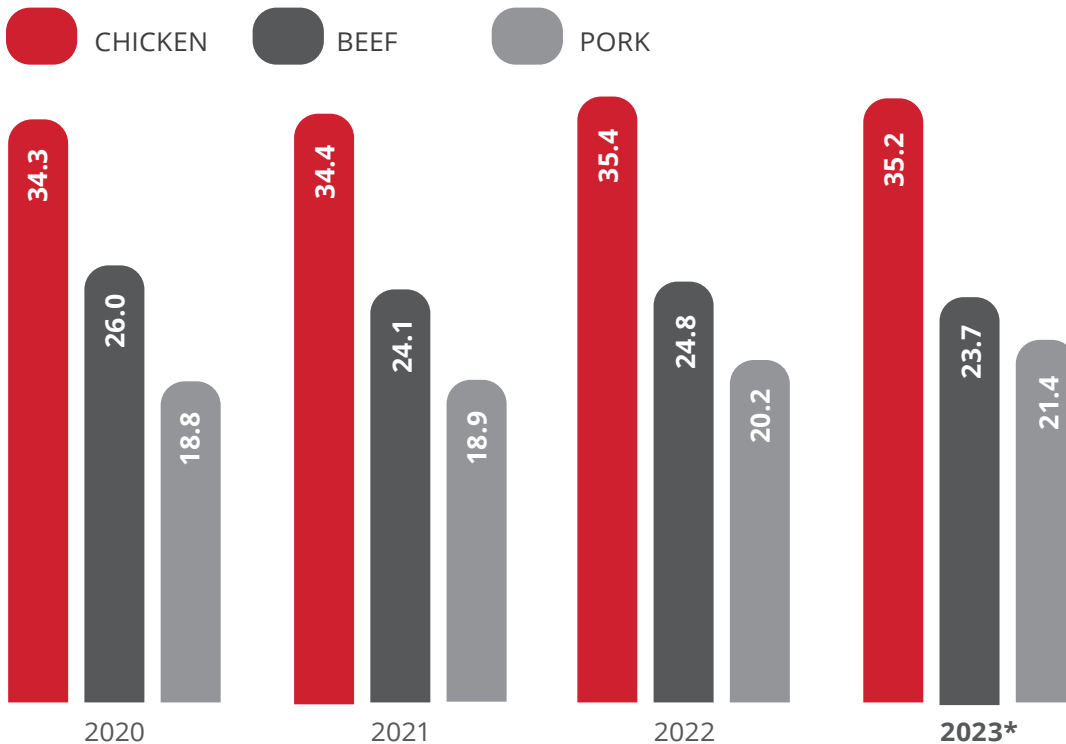
Production under CFC's Market Development program was 28.7 Mkg, which is 5.0 Mkg (14.8%) less than in 2022 and is the second consecutive year of a considerable decline. Significant underproduction, limited supply for the domestic market, and export restrictions because of avian influenza outbreaks are the reasons for this decline.

2023 saw 9.5 Mkg of production under the Specialty Production Program, a slight drop (0.2 Mkg) from 2022. Since the program's first full year of implementation (2015), output under it has accounted for roughly 0.7% of total production.

PRODUCER PRICES

The production-weighted average producer price in Canada in 2023 was \$2.126 per kilogram live weight, up 4.1% from the previous year and 16.1% from 2021. The producer price began the year at \$2.167 per kilogram in A-180, peaked at \$2.172 in A-182, declined gradually from there, and ended at \$2.066 in A-186.

PER CAPITA CONSUMPTION (KG)



* Estimate

Feed is a major input in the production of chickens, and the producer price fluctuates considerably in response to feed prices. Feed costs started to rise in late 2020 and saw another notable surge in 2022 due to Russia's invasion of Ukraine. Favorable growing conditions in 2023 caused corn and soybean prices to decline and the price of feed to drop.

WHOLESALE PRICES

The U.S. market research firm Express Markets Inc. (EMI) offers wholesale complex pricing for the four primary chicken cut categories — breasts, wings, legs, and whole birds — as well as a market composite.

After the market composite and all four complexes increased substantially in 2022, the average market composite fell by 7.72 cents (1.7%) to \$4.35 per eviscerated kilogram in 2023. The average breast complex was \$5.95/ kg, down 65.3 cents (9.9%) from 2022, while the wing complex was \$5.74/kg, down 55.1 cents (8.8%) from the previous year.

The whole bird complex and leg complex moved in the opposite direction in 2023. The leg complex has seen steady increases since 2019 and hit \$3.32 in 2023 — 26.5 cents or 8.7% higher than the previous year. The whole bird complex increased for a second year in a row to \$4.71/kg, 7.6 cents (1.6%) more than in 2022.

RETAIL PRICES

Since late 2021, the rising cost of living, inflation, and interest rates have dominated the news. For all products, the annual average Consumer Price Index (CPI) in 2023 was 157.1, 3.9% (or 5.9 percentage points) higher than in 2022. The inflation rate for meat and food continued to outpace the all items CPI increase. In 2023, the CPI for food climbed by 7.5% over the previous year, while the CPI for meat increased by 6.1%. Of the main meat proteins, the CPI for chicken saw the largest increase (17.7 percentage points) at 9.2%, closely followed by the CPI for beef (7.6%, 16.6 percentage points). The CPI for pork increased by 2.2% (3.5 percentage points), which was a more moderate increase.

The monthly retail prices for cuts of the main meat proteins are also made available by Statistics Canada. Thighs and whole chickens saw the biggest price increases, which was consistent with the pattern of wholesale prices. Canadians paid \$12.30 per kg for thigh meat, which is \$1.03 more than they did a year ago. Additionally, consumers had to pay 33 cents more than in 2022 for a kilogram of whole chicken. Drumstick prices saw a marginal 2 cent increase, while breast meat prices decreased 24 cents to \$14.28/kg in 2023.

Beef prices at retail also experienced substantial price increases in 2023. The most affordable beef cut, ground beef, increased 73 cents (6.9%) to \$11.3/kg. Prices of the more expensive cuts, striploin, top sirloin and rib, increased by 4.9%, 16.1% and 5.5%, respectively, while stewing beef prices increased 1.4% in 2023, following a 13.7% in 2022.

Prices for the various cuts of pork moved in different directions. Pork shoulder cuts cost 62 cents more (9.6%) than in 2022, while loin chop prices continued to rise moderately at 1.3%. Ribs saw another decrease in 2023 to \$8.91, \$1.76 / 16.5% less than 2022.

IMPORTS

The Tariff Rate Quota (TRQ) was 92.8 Mkg in 2023, comprising 39.8 Mkg under WTO and 53 Mkg under CUSMA. A total of 91.8 Mkg of chicken and chicken products were imported under these two TRQs, which is 1.6 Mkg (1.8%) more than in 2022. The primary import categories included processed, boneless, and bone-in products. Canada imported fewer boneless parts in 2021 and 2022 because of deboning capacity issues brought on by COVID-related labour concerns in the U.S. The shares of bone-in and boneless products were more evenly distributed in 2023 — 39% and 34%, respectively — than they had been in previous years as the situation improved. The third-largest import category was processed chicken. Additionally, Canada imported 0.15 Mkg of whole eviscerated chicken in 2023; live chicken imports were nonexistent.

Further to WTO and CUSMA, the allowed import volume under the CPTPP TRQ was 23.5 Mkg. The actual amount imported was 9.5 kilogram, which was 8,0 kg (534%) higher than in 2022. The two largest exporters of chicken products to Canada under CPTPP were Mexico and

CANADIAN CHICKEN PRICE (\$/KG)



INDUSTRY SNAPSHOT

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD	TOTAL
NUMBER OF PRODUCERS	314	245	68	126	1322	623	41	100	8	6	2,853
AVERAGE FARM SIZE (000 KG LIVE WEIGHT)	841	739	989	604	497	816	1,244	622	870	4,066	666
FEDERALLY-INSPECTED PLANTS	9	4	2	2	24	7	2	1	0	1	52
PROVINCIAL- INSPECTED PLANTS	13	66	1	2	27	7	1	9	7	6	139
AVERAGE PRODUCER PRICE (\$/KG LIVE WEIGHT)	2.251	2.219	2.246	2.185	2.061	2.077	2.161	2.192	-	-	2.126

Sources: CFC, provincial boards

Chile, with 2.1 and 7.4 kg of chicken products shipped, respectively. An avian influenza outbreak in Chile paused imports until August 2023. Additionally, 10,800 kg of imported chicken were brought in for study purposes, and 2.9 Mkg came in under the supplemental imports-to-compete program.

For imports under the TRQ, the U.S. remained the largest importer of chicken. 52.5 Mkg of U.S. chicken products entered under the CUSMA TRQ, and the remaining 5.7 Mkg entered via the WTO TRQ. Together, these 58.2 Mkg of imports accounted for 57.4% of all imports under the TRQ in 2023. Similar to past years, the largest suppliers of chicken imported under the TRQ were Brazil and Thailand, in second and third place, respectively. Brazil and Thailand accounted for 15.2% and 13.7% of the total amount imported under the TRQ, respectively, with shipments to Canada of 15.4 Mkg and 13.9 Mkg. Chile was the fourth-largest exporter of chicken products into Canada. Chilean imports accounted for 7.3% of all imports in 2023, while the overall percentage of the Top 3 countries of origin decreased from 94.1% in 2022 to 86.3% in 2023. The amount of imports from Europe (Germany and Hungary) was 4.41 Mkg, or 6% of the total; Israel and Argentina shipped smaller amounts.

In addition, 59,690 kg of chicken, or 0.1% of total imports, entered Canada from Ukraine under the Ukraine goods remissions order.

Also, GAC oversees the Import to Re-Export Program (IREP), which allows duty-free imports of chicken for the further processing industry, provided that the participating companies process and reexport the product. In 2023, 14.8 Mkg of chicken were imported under the IREP program, an increase of 1.2 Mkg from the previous year.

Similar in nature to the IREP program, the Duties Relief program (DRP), overseen by the Canadian Border Services Agency (CBSA), permits participants to import chicken and re-export the chicken as a further processed product within a four-year period. From a low of 25.2 Mkg in 2019, volumes imported under the DRP grew for the fourth consecutive year, rising from 39.9 Mkg in 2022 to 47.9 Mkg in 2023.

Agriculture and Agri-Food Canada (AAFC) import data shows that 167.5 Mkg (bone-in equivalent evis weight) of chicken products were imported into Canada in 2023, an increase of 8.5 Mkg (5.4%) over 2022; although significantly higher than imports in 2022 and 2021, this volume represents a significant decrease from years prior. Imports of boneless breast and parts, bone-in legs and parts, and bone-in breast and wings saw notable increases over the previous year.

Spent fowl imports (AAFC statistics) totaled 87.4 Mkg eviscerated in 2023, up 11.9 Mkg (15.7%) from 2022. Imports of boneless breasts and bone-in portions fueled the surge, as they did for chicken imports.

EXPORTS

According to AAFC data, 137.0 Mkg of chicken were exported in 2023. This number is 15 Mkg (12.3%) more than the previous year, when underproduction limited supply destined for export and avian influenza restricted Canadian chicken exports, but lower than previous years. Chapter 16 products, mechanically separated meat (MSM), and bone-in legs were the top three Canadian chicken cuts going to international markets. These three items posted strong increases over the previous year, with Chapter 16 boneless parts leading the way.

As in previous years, the U.S. and the Philippines remained the top two export destinations for Canadian chicken. Taiwan was previously the third destination, but Trinidad and Tobago took that spot in 2023. Canada also sent chicken to Tajikistan, Ghana, Armenia, Jamaica, Mexico, Gabon, Guinea, and several other countries.

STORAGE STOCKS

Frozen chicken inventories started 2023 at 60.8 Mkg, 3.7% higher than the year before. Stocks increased steadily throughout most of the year, with a sharp increase in May, and ending the year at a record-high of 71.5 Mkg.

Inventories in the other further processed chicken category which includes products such as fillets, tenders, strips, and nuggets, increased

significantly in 2023, especially during the spring and summer months. Whole chicken and cut-up inventories remained stable in 2023, but wings and breasts increased significantly compared to the previous year. Frozen inventories in the miscellaneous category, which includes hearts, livers, gizzards, and feet, fell sharply in 2023.

Cut-up and further processed chicken products continue to account for the majority of all frozen inventory. These two categories accounted for 93.8% of all inventories in 2023, up 5.9 percentage points from the previous year. The share of miscellaneous chicken items decreased to 4.6%, but the share of frozen whole chicken inventories remained unchanged at 1.6%.

INTERPROVINCIAL MOVEMENT

CFC, along with the provincial chicken marketing boards, oversees interprovincial movement (IPM) of live chickens. IPM totaled 93.8 Mkg in 2023, up 3.0% from the previous year. Shipments from Québec to New Brunswick accounted for 44.6% (41.8 Mkg) of total IPM trade, followed by shipments from Ontario to Québec (22.7 Mkg) and Nova Scotia to New Brunswick (22.3 Mkg). Prince Edward Island also shipped 5.7 Mkg to Nova Scotia and the remaining 1.2 Mkg to New Brunswick. Furthermore, a small number of chickens were shipped to Ontario from Québec.

INTERPROVINCIAL MOVEMENT OF LIVE CHICKENS (IN KGS LIVE WEIGHT)

IPM (LIVE KG)	TO				
	NB	NS	ON	QC	TOTAL
NS	22,276,481				22,276,481
PE	1,227,883	5,697,709			6,925,592
QC	41,831,496		16,970		41,848,466
ON				22,727,040	22,727,040
TOTAL	65,335,860	5,697,709	16,970	22,727,040	93,777,579

PROVINCIAL PRODUCTION OF CHICKEN (MILLION KG EVISCERATED)

PROVINCE	2023	2022	% CHANGE
BRITISH COLUMBIA	194.2	190.5	1.91%
ALBERTA	133.2	130.8	1.82%
SASKATCHEWAN	49.4	48.2	2.54%
MANITOBA	55.9	53.6	4.30%
WEST	432.6	423.1	2.26%
ONTARIO	486.8	471.2	3.30%
QUEBEC	374.3	355.3	5.36%
CENTRAL	861.1	826.5	4.19%
NEW BRUNSWICK	37.5	35.7	5.00%
NOVA SCOTIA	46.0	45.7	0.77%
PRINCE EDWARD ISLAND	5.1	5.0	3.03%
NEWFOUNDLAND & LABRADOR	17.9	17.2	4.22%
ATLANTIC	106.6	103.5	2.91%
CANADA	1,400.3	1,353.2	3.49%

ALLOCATION GROWTH OVER BASE*

PROVINCE	BASE ALLOCATION (MKG)	DOMESTIC ALLOCATION (MKG)	% GROWTH OVER BASE
BRITISH COLUMBIA	195.1	199.6	2.27%
ALBERTA	143.3	147.7	3.11%
SASKATCHEWAN	48.0	48.8	1.71%
MANITOBA	56.1	57.1	1.74%
ONTARIO	490.3	507.1	3.43%
QUEBEC	373.9	384.3	2.77%
NEW BRUNSWICK	38.1	39.1	2.71%
NOVA SCOTIA	47.7	49.0	2.81%
PRINCE EDWARD ISLAND	5.2	5.4	3.27%
NEWFOUNDLAND & LABRADOR	18.7	19.2	2.40%
CANADA	1,416.4	1,457.3	2.89%

* Allocation Period: A180-A186

MONITORING AND ENFORCEMENT



PART OF CHICKEN FARMERS OF CANADA’S RESPONSIBILITY IS TO PROVIDE AN EFFECTIVE NATIONAL MONITORING AND ENFORCEMENT POLICY FOR THE MARKETING OF CHICKEN AS TO PROVIDE CONSISTENCY, PREDICTABILITY, AND STABILITY FOR THE CHICKEN INDUSTRY.

AUDITING THE SYSTEM

Audits of provincial chicken 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 2023, CFC staff and external auditors completed the audits of provincial chicken boards for compliance with the policies and regulations for periods:

- » A-174 to A-177 (January 16, 2022, to August 27, 2022); and
- » A-178 to A-181 (August 28, 2022, to April 8, 2023)

Live marketing reporting audits, including the 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-174 to A-181.

The audit report for periods A-174 to A-177 was presented and approved by the Board of Directors in June 2023, and the audit report for periods A-178 to A-181 is expected to be presented to CFC Directors in January 2024.

OVERMARKETING ASSESSMENT

The following assessments were presented and approved by the Board of Directors in 2023:

AUDIT PERIOD	PROVINCIAL BOARD	LEVY ASSESSED
A-174/A-175	MANITOBA	\$78,470
A-174/A-175	NEW BRUNSWICK	\$47,120
A-174/A-175	PRINCE EDWARD ISLAND	\$6,328

The above levies have been paid in full.



MARKET DEVELOPMENT

The following Market Development assessments were issued to two 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-171, A-172, AND A-173	\$1,000,000	625,000	JANUARY, 2023
A-174 AND A-175	\$241,485	167,083	NOVEMBER, 2023
A-179 AND A-181	\$54,435	36,435	DECEMBER, 2023

CFC's Directors agreed in March 2023 that a primary processor pay the market development levies of \$1,000,000 for non-compliance with the Policy during periods A-171, A-172 and A-173 over three years plus interest. In December 2023, Simple Path Farms and Poultry Ltd. (SPF) submitted a complaint to the Farm Products Council of Canada (FPCC) concerning the assessed levies of \$241,485.00 and CFC Directors agreed to hold the requirement for SPF to make payment of the levy in abeyance pending the outcome of SPF's complaint to FPCC.

SPECIALTY PRODUCTION

There were no levies assessed in 2023.

INTER-PERIOD QUOTA TRANSFERS

The inter-period quota transfer policy gives flexibility to meet market needs. Requests are in response to short-term, market-driven requirements between two specific quota periods. Inter-period quota transfers cannot be used to adjust slaughter schedules or affect quota utilization in a given period.

There were no inter-period quota transfers in 2023.

CORPORATE SOCIAL RESPONSIBILITY



FROM FARM TO COMMUNITY: HOW CANADIAN CHICKEN FARMERS SHAPE A BETTER CANADA.

Proudly partnering with the Ottawa Food Bank since 2007, Chicken Farmers of Canada continuously collaborates to combat hunger in the Nation's Capital. Through the annual Chicken Challenge program and staff donations, CFC provided over \$815,000 worth of chicken products and donations throughout the years, and in 2023 CFC provided \$10,000 in cash donation and nearly \$4,000 staff donations. Additionally, CFC took part in the Food Sort Challenge in the spring.

This commitment aligns with CFC's belief in the importance of giving back to communities and ensuring every Canadian has access to a safe and healthy source of protein.



TOP: CFC's Tim Klomp maker presenting a year-end cash donation of \$10,000 to Rachael Wilson of the Ottawa Food Bank.
Bottom: CFC Staff at the Food Sort Challenge for the Ottawa Food Bank.

STAFF CHANGES AND UPDATES



NEW TO THE COOP

JJ Hochrein – Director, Brand Marketing

Mirabel Kitenge – Administrative Communications and Human Resources Officer

Brahim Zahri – Trade & Policy Analyst

Jean-Francois Bérubé – Senior Communications Officer

Jean Lavallée – Director, Animal Care and Research

Shane Azrial Alday – Bookkeeper

LEFT THE COOP

Christine Power – Director, Animal Care and Sustainability

Mirabel Kitenge – Administrative Communications and Human Resources Officer

Jeff Graham – Content Marketing Officer

Kavita Walia (maternity leave) – Food Safety Officer & Internal Auditor

KEY MILESTONES

25 YEARS

Yves Ruel – Associate Executive Director

20 YEARS

Jennifer Gardner – Animal Care & Research Officer

15 YEARS

Lisa Riopelle – Director, Human Resources and Administration

Maria Baisas – Financial Compliance Analyst





FROM LEFT TO RIGHT

BACK ROW

Steve Leech
 Jean-François Bérubé
 Denis Nadeau
 Yves Ruel
 JJ Hochrein
 Jean Lavallée

MIDDLE ROW

Ayodeji Oni
 Brahim Zahri
 Jan Rus
 Nicole Faubert
 Chris Prudhomme
 Karen Ronayne
 Michael Laliberté

FRONT ROW

Lisa Riopelle
 Maria Elena Baisas
 Berivan Abuzeyit
 Lori Piché
 Jessica Heyerhoff
 Jennifer Gardner
 Hicran Karakus
 Jae Yung Chung
 Lauren Kennedy

MISSING FROM PHOTO

Erin Callary
 Mengrou Wang
 Shane Azriel Alday



CFC STAFF

EXECUTIVE

Michael Laliberté
Chief Executive Officer

Nicole Faubert
Executive Assistant

TRADE AND POLICY

Yves Ruel
Associate Executive Director

Brahim Zahri
Trade and Policy Analyst

MARKET INFORMATION AND SYSTEMS

Jan Rus
Director of Market Information
and Systems

Denis Nadeau
Business Systems Analyst

Mengrou Wang
Market Analyst

PUBLIC AFFAIRS AND COMMUNICATIONS

Lauren Kennedy
Director of Public Affairs and Communications

Berivan Abuzeyit
Public Affairs Officer

Erin Callary
Public Relations Officer

Jean-François Bérubé
Senior Communications Officer

BRAND MARKETING

JJ Hochrein
Director of Brand Marketing

Karen Ronayne
Brand Creative Officer

Vacant
Content Marketing Officer

HUMAN RESOURCES AND ADMINISTRATION

Lisa Riopelle
Director of Human Resources
and Administration

Ayodeji Oni
Corporate Services Coordinator

Vacant
Administrative Communications
and HR Officer

FINANCE

Lori Piché
Director of Finance

Jae Yung Chung
Senior Financial Analyst

Maria Elena Baisas
Financial Compliance Analyst

Hicran Karakus
Financial Officer

Shane Azriel Alday
Bookkeeper

ANIMAL CARE AND SUSTAINABILITY

Jean Lavallée
Director of Animal Care and Research

Jennifer Gardner
Animal Care and Research Officer

FOOD SAFETY AND ANIMAL HEALTH

Steve Leech
Director of Food Safety and Animal Health

Jessica Heyerhoff
Communication and Policy Officer

Chris Prudhomme
(maternity leave coverage)
Food Safety Officer & Internal Auditor

AUDITOR'S REPORT AND FINANCIAL STATEMENTS



KPMG LLP
150 ELGIN STREET, SUITE 1800
OTTAWA ON K2P 2P8
CANADA

TEL 613-212-5764
FAX 613-212-2896

INDEPENDENT AUDITOR'S REPORT

To the members of Chicken Farmers of Canada

OPINION

We have audited the financial statements of the Chicken Farmers of Canada (the Entity), which comprise:

- » the statement of financial position as at end of December 31, 2023
- » the statement of operations for the year then ended
- » the statement of changes in net assets for the year then ended
- » the statement of cash flows for the year then ended
- » and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net assets and its 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 auditor's report.

We are independent of the Entity 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.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- » the information, other than the financial statements and the auditor's report thereon, included in the annual report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report document as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's 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 Entity's 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 Entity 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.
- » 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
Ottawa, Canada
February 22, 2024.

KPMG LLP

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,385,491	\$ 3,073,994
Short-term investments (note 2)	2,908,905	3,934,891
Accounts receivable	3,419,763	2,906,062
Prepaid expenses	359,023	266,829
Other receivable	15,772	-
	10,088,954	10,181,776
Long-term investments (note 2)	8,023,079	6,567,741
Long-term receivable (note 3)	444,444	-
Tangible capital assets (note 4)	793,896	906,720
	\$ 19,350,373	\$ 17,656,237
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 986,916	\$ 547,954
Other Payable	-	7,345
Current portion of deferred lease inducement (note 5)	7,636	14,126
	994,552	569,425
Long-term portion of deferred lease inducement (note 5)	221,050	200,433
	1,215,602	769,858
FUND BALANCES		
Internally restricted - Promotion Fund	3,830,008	3,379,592
Internally restricted - Research Fund	3,291,186	3,286,007
Unrestricted - General Fund	11,013,577	10,220,780
	18,134,771	16,886,379
CONTRACTUAL OBLIGATIONS (NOTE 6)		
	\$ 19,350,373	\$ 17,656,237

See accompanying notes to financial statements.

On behalf of the Board:


Tim Klompmaker
Chair of the Board of Directors

Michael Laliberté
Chief Executive Officer

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	Promotion Fund	Research Fund	General Fund	2023 Total	2022 Total
REVENUES					
Levy and fee revenue	\$ -	\$ -	\$ 11,020,945	\$ 11,020,945	\$ 10,457,554
Grant revenue	3,426,707	-	-	3,426,707	3,500,000
Overmarketing and market development levies	1,164,726	-	-	1,164,726	48,534
Interest	98,287	101,176	293,006	492,469	313,557
Other revenue	-	-	6,100	6,100	6,700
	4,689,720	101,176	11,320,051	16,110,947	14,326,345
EXPENSES					
Promotional activities	5,209,485	-	-	5,209,485	5,290,852
Salaries, benefits and travel	-	-	4,131,698	4,131,698	4,018,957
Directors and alternates	-	-	1,676,965	1,676,965	1,796,951
Special studies	67,495	27,812	807,532	902,839	1,080,814
Professional fees	-	-	643,979	643,979	498,129
Communication	-	-	584,165	584,165	517,923
Office	-	-	474,044	474,044	443,333
Committees	-	-	418,577	418,577	319,295
Membership fees	-	-	383,948	383,948	268,884
Information technology	-	-	158,874	158,874	148,418
Amortization of tangible capital assets	-	-	129,234	129,234	170,746
Canadian Poultry Research Council	-	112,000	-	112,000	412,000
Translation	-	-	110,276	110,276	115,591
Corporate social responsibilities	-	-	99,340	99,340	110,658
Trade	-	-	68,559	68,559	60,025
	5,276,980	139,812	9,687,191	15,103,983	15,252,576
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(587,260)	(38,636)	1,632,860	1,006,964	(926,231)
INVESTMENT GAIN (LOSS)	37,676	43,815	159,937	241,428	(350,119)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (549,584)	\$ 5,179	\$ 1,792,797	\$ 1,248,392	\$ (1,276,350)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	Promotion Fund	Research Fund	General Fund	2023 Total	2022 Total
BALANCE, BEGINNING OF THE YEAR	\$ 3,379,592	\$ 3,286,007	\$ 10,220,780	\$ 16,886,379	\$ 18,162,729
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(549,584)	5,179	1,792,797	1,248,392	(1,276,350)
INTERFUND TRANSFER (NOTE 7)	1,000,000	-	(1,000,000)	-	-
BALANCE, END OF THE YEAR	\$ 3,830,008	\$ 3,291,186	\$ 11,013,577	\$ 18,134,771	\$ 16,886,379

See accompanying notes to financial statements.



STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023	2022
CASH PROVIDED BY (USED IN):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,248,392	\$ (1,276,350)
Items not affecting cash		
Amortization of tangible capital assets	129,234	170,746
Amortization of lease inducement	(11,453)	(11,453)
Unrealized losses on investments	(300,705)	331,408
	<u>1,065,468</u>	<u>(785,649)</u>
Changes in non-cash operating working capital:		
Accounts receivable	(513,701)	(476,585)
Prepaid expenses	(92,194)	(58,514)
Other receivable	(15,772)	-
Long-term receivable	(444,444)	38,532
Accounts payable and accrued liabilities	438,962	(70,079)
Other payable	(7,345)	-
	<u>430,974</u>	<u>(1,352,295)</u>
Financing activities:		
Net additions to lease inducements	25,580	31,306
Investing activities:		
Purchase of investments	(4,192,895)	(1,300,000)
Disposal of investments	4,064,249	2,632,255
Net acquisition of tangible capital assets	(16,411)	(31,717)
	<u>(145,057)</u>	<u>1,300,538</u>
Net increase (decrease) in cash	311,497	(20,451)
Cash, beginning of the year	3,073,994	3,094,445
Cash, end of the year	\$ 3,385,491	\$ 3,073,994

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

CHICKEN FARMERS OF CANADA (CFC) IS A NOT-FOR-PROFIT ORGANIZATION INCORPORATED PURSUANT TO THE FARM PRODUCTS AGENCIES ACT OF CANADA 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 OF CANADA.

CFC CHARGES LEVIES TO FARMERS BASED ON CHICKEN MARKETINGS IN INTER-PROVINCIAL AND EXPORT TRADE AND RECEIVES FEES IN RELATION TO INTRA-PROVINCIAL TRADE.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. CFC's significant accounting policies are as follows:

(A) 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.

(B) REVENUE RECOGNITION FOR NON-FOR-PROFIT ORGANIZATIONS:

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.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

(C) 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:

SOFTWARE	1 YEAR
OFFICE EQUIPMENT	10 YEARS
COMPUTER EQUIPMENT	3 YEARS
LEASEHOLD IMPROVEMENTS	TERMS OF LEASE



NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2023

(D) FINANCIAL INSTRUMENTS:

(I) 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 recorded in the statement of operations.

(II) IMPAIRMENT:

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

(III) 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.

(E) USE OF ESTIMATES:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2023

2. INVESTMENTS

(A) SHORT-TERM INVESTMENTS:

	2023 Cost	2023 Fair Value	2022 Cost	2022 Fair Value
Guaranteed investment certificates (GIC)	\$ 1,100,000	\$ 1,100,000	\$ 300,000	\$ 300,000
Canada Housing Trust Bonds	1,907,623	1,808,905	3,764,248	3,634,891
	\$ 3,007,623	\$ 2,908,905	\$ 4,064,248	\$ 3,934,891
(B) LONG-TERM INVESTMENTS				
Guaranteed investment certificates (GIC)	\$ 2,800,000	\$ 2,800,000	\$ 3,400,000	\$ 3,400,000
Canada Housing Trust Bonds	5,216,110	5,223,079	3,430,838	3,167,741
	\$ 8,016,110	\$ 8,023,079	\$ 6,830,838	\$ 6,567,741

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 (2022 - five years). Interest rates for these securities range from 0.95% to 5.00% (2022 - 0.95% to 5.00%).

3. LONG-TERM RECEIVABLE

In 2023, CFC entered into a long term arrangement to collect installments of market development levies. Monthly principal payments are \$28,000 plus interest at a rate of bank prime +1% and will be collected in full in 2026.

4. TANGIBLE CAPITAL ASSETS

	2023			2022
	Cost	Accumulated Amortization	Net book value	Net book value
Office equipment	\$ 383,262	\$ 181,513	\$ 201,749	\$ 234,882
Computer equipment	317,232	277,527	39,705	71,352
Leasehold improvements	720,610	168,168	552,442	600,486
Software	24,773	24,773	-	-
	\$ 1,445,877	\$ 651,981	\$ 793,896	\$ 906,720

At December 31, 2022, cost and accumulated amortization amounted to \$1,475,193 and \$568,473 respectively.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2023

5. 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.

	2023	2022
Balance, beginning of the year	\$ 214,559	\$ 194,706
Increase in lease inducement during the year	25,580	31,306
Amortized to expenses during the year	(11,453)	(11,453)
Balance, end of the year	228,686	214,559
Current portion	7,636	14,126
Long-term portion	\$ 221,050	\$ 200,433

6. CONTRACTUAL OBLIGATIONS

CFC entered into lease agreements for its premises expiring in June 2035. Future minimum payments total \$2,195,604 and include the following payments over the next five years:

2024	\$ 178,672
2025	\$ 178,672
2026	\$ 184,685
2027	\$ 190,698
2028	\$ 190,698
2029 and thereafter	\$ 1,272,179

7. INTERFUND TRANSFER

The Board of Directors of CFC has approved a transfer of \$1,000,000 (2022 - \$2,000,000) from the General Fund to the Promotion Fund to cover promotional activities.

8. FINANCIAL INSTRUMENTS

CFC is subject to the following risks arising from its financial instruments.

(A) LIQUIDITY RISK

Liquidity risk is the risk that CFC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CFC manages its liquidity risk by monitoring its operating requirements. CFC prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(B) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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 decreased as the impacts of the Covid-19 pandemic eased.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2023

(C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(I) CURRENCY RISK:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CFC is not exposed to significant foreign currency risk.

(II) INTEREST RATE:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CFC is exposed to interest rate risk on its fixed interest rate financial instruments.

(III) OTHER PRICE RISKS

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. CFC is not exposed to significant other price risks. Further details about the fixed rate investments are included in note 2. CFC's interest rate risk related to the fair value of its Bonds has increased due to fluctuations in interest rates during the year.

Aside from the changes in credit risk, there have been no changes from the prior year in the CFC's risk exposures from its financial instruments or the policies, procedures and methods used to manage the risks.

9. EMPLOYEE FUTURE BENEFITS

Defined contribution plan:

The Pension Plan for the Chicken Farmers of Canada is a funded 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 2023 was \$177,245 (2022 - \$184,471) and is included in expenses.

10. COMPARATIVE INFORMATION

Certain 2022 comparative information has been reclassified to conform to the financial statement presentation adopted for 2023.

