

CHICKEN FARMERS OF CANADA

ANNUAL REPORT

2022





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ABOUT US



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 2,826 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.

Chicken Farmers of Canada's main responsibility is to represent the interests of chicken farmers and the Canadian chicken sector. 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 and other biosecurity initiatives, 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 2,823 Canadian chicken farmers who raise Canadians' 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.

Korean Fried Chicken Bites

Inspired by the popular Korean street food, these sweet-and-sticky fried chicken bites make for a perfect appetizer. Serve skewered on toothpicks or in lettuce cups for easy entertaining.

Prep time : 15 Min | Cook time: 20 Min | Serves: 8

INGREDIENTS

1 tbsp rice wine vinegar
2 tsp ground ginger
2 tsp garlic powder
½ tsp salt
¼ tsp pepper
1 lb chicken thighs, chopped into bite-size pieces
Vegetable oil, for frying
½ cup cornstarch
¼ cup ketchup
2 tbsp gochujang (korean chili paste)
2 tbsp honey
4 tsp soy sauce
1 tbsp sesame oil
2 cloves garlic, minced
2 tbsp toasted sesame seeds
2 green onions, sliced

STEPS

In large bowl, combine rice wine vinegar, ground ginger, garlic powder, salt and pepper; add chicken, tossing to coat. Refrigerate for at least 30 minutes or overnight.

Heat oil in large skillet or wok until temperature reaches 350°F (175°C). Dredge pieces of chicken in cornstarch until well coated; shake to remove excess cornstarch.

Fry chicken in 3 batches for 3 to 5 minutes or until golden brown and crispy.

Stir together ketchup, gochujang, honey, soy sauce, sesame oil and garlic; toss with fried chicken. Toss with sesame seeds; sprinkle with green onions.



REPORT FROM
*The Chair &
Executive*
DIRECTOR

REPORT FROM THE CHAIR & EXECUTIVE DIRECTOR

AT THE BEGINNING OF 2022, CONSUMERS, GOVERNMENTS, AND FARMERS ALIKE WAITED PATIENTLY TO CROSS OVER INTO A NEW YEAR AND FORGET THE CHAOS, UNCERTAINTY, AND FEAR OF THE PREVIOUS TWO. A RETURN TO NORMAL FOR FARMERS WOULD CALM THE CONCERN OVER COVID-RELATED PLANT SHUTDOWNS, CONSUMER DISTRUST, AND FLUCTUATIONS IN ALLOCATION NUMBERS.

WOW, WERE WE WRONG...

2022 presented yet another year where farmers, provincial boards, downstream stakeholders, and government have had to work more closely than ever – to mitigate crises, and adjust quickly to an ever-changing environment, while continuing to deliver on consumers' expectations.

But as in the two previous years, we were nimble. We shifted and collaborated and planned for the future. Because a resilient Canadian chicken sector allows us to keep growing safe, nutritious food for Canadians.

A key component of planning for the future was the development of our new three-year strategic plan. Developed by the CFC Board of Directors and senior staff, the new plan was a fundamental shift in the direction of the sector. With a vision of "Canadian Chicken: Trusted. Preferred. Sustainable." and a mission "To lead and grow a trusted and sustainable Canadian chicken sector." the sector positioned itself for future success.



TIM KLOMPMAKER



MICHAEL LALIBERTÉ

Over the next three years, Canadian chicken farmers will focus on the sustainability and growth of the sector, in addition to managing risk and telling our story.

In understanding the expectations of both consumers and government in mitigating the effects of climate change, we also redefined our approach to sustainability and will look on the work we do for years to come through the lens of our Five Principles of Sustainability. These include:

- » Protecting bird health and welfare
- » Producing safe chicken
- » Preserving the environment
- » Prosperity for the Canadian chicken sector
- » Promoting social responsibility

This new direction for the sector is a new chapter in telling our story.

As in past chapters, we spent 2022 collaborating with our partners – downstream members, other agriculture stakeholders, and government.

Through our dedicated presence at provincial board AGMs, or our engagement with bodies such as the International Poultry Council and the Canadian Federation of Agriculture, we listened and we learned so that we could move forward together.

This chapter on collaboration in 2022 also saw us working closely with our partners in the SM4/5 on crossing the finish line when it came to mitigation measures for losses from the Canada-United States-Mexico Agreement. Farmers were impacted by the new NAFTA that was implemented in 2019 and we learned in November how farmers would be supported by government for the access granted to its trading partners. The SM4 recommended to government that the mitigation funds be added to the Poultry and Egg On-Farm Investment Program (PEFIP) that was developed in response to the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The SM4 will continue working with government into 2023 on what those measures will look like.

2022 presented yet another year where farmers, provincial boards, downstream stakeholders, and government have had to work more closely than ever – to mitigate crises, and adjust quickly to an ever-changing environment, while continuing to deliver on consumers' expectations.

We appreciate the work of Agriculture and Agri-Food Minister Marie-Claude Bibeau and the Government of Canada for following through on their commitment to full and fair compensation. We also strongly encourage farmers to register for the PEFIP in order to be eligible to access those designated funds.

2022 was also the first year of the Market Development Program – a ten-year brand development program that will also help us manage the lost market share from the CPTPP. The program will enhance consumer engagement and continue to promote Canadian-made products to Canadians. Through the 2022 program, CFC was able to develop new commercials focused on chicken's versatility, expand our digital advertising, and conduct consumer research.

This promotion and dedication to consumers remained constant despite being faced with the widespread outbreak of avian influenza (AI). The AI outbreak in 2022 was the largest ever seen in Canada, placing significant pressures and stress on the sector and our people.

Across the country, the entire sector stepped up to manage the disease response, and the dedication to biosecurity, communication and collaboration from all members of the value chain – particularly farmers – was instrumental

in keeping the sector functioning so we could continue to feed Canadians.

We are grateful to our partners in provincial offices and government for all their dedicated work during this challenging time.

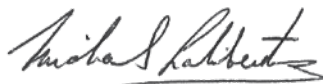
Thanks to the stability of supply management, the uncertainty related to AI did not impact our ability to raise the right amount of chicken and set allocations. CFC established six allocations in 2022 for periods A-176 to A-181, and our farmers produced 1,353 million kg (Mkg), representing an increase of 2.7% versus 2021, and 6.4% and 4.3% more compared to 2020 and 2019, respectively.

Chicken remained Canada's number one meat protein, and per capita consumption of chicken was 36.1 kg, 4.7% more than the previous year. This continues to be aligned with our goal of increasing consumption by one kilogram per year.

Raising safe, high-quality chicken is central to what we do at CFC, and we promise to continue this work as we write our next chapters, for years to come. Thank you to the CFC Board Directors for their advocacy and commitment to the Canadian chicken sector, in addition to the work of our committees, working groups, and dedicated staff who allow us to keep delivering for consumers.



TIM KLOMPMAKER
Chair



MICHAEL LALIBERTÉ
Executive Director

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BOARD OF *Directors*
& **COMMITTEES**

BOARD OF DIRECTORS & COMMITTEES



OUR BOARD

THE CANADIAN CHICKEN SECTOR IS GUIDED BY A 15-MEMBER BOARD OF DIRECTORS, MADE UP OF FARMERS AND OTHER STAKEHOLDERS FROM THE CHICKEN SECTOR. IT 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 Klomp maker (Ontario)
- » Ray Nickel (British Columbia) and 2nd Vice-Chair
- » Dennis Steinwand (Alberta)
- » Nick Langelaar (Saskatchewan)
- » Josie Boschman (Manitoba)
- » Rick Kaptein (Ontario)
- » Luce Bélanger (Quebec) and Executive Committee member
- » Marc Cormier (New Brunswick)
- » Nick de Graaf (Nova Scotia) and 1st Vice-Chair
- » Barry Uyerlinde (Prince Edward Island) (from January-September)
- » Dean Good (PEI) (from September to December)
- » Yvan Brodeur (Canadian Poultry and Egg Processors Council (CPEPC): Chicken Primary Processing (CPP))
- » Kerry Towle (CPEPC: CPP)
- » Don Kilimnik (CPEPC: Poultry Further Processing)
- » Paolo DiManno (Restaurants Canada)

Paul Dunphy (Newfoundland & Labrador), retired September 2022.

Thank you for your years of service.



FRONT ROW:

Dean Good
Nick Langelaar
Nick de Graaf
Josie Boschman
Dennis Steinwand

BACK ROW:

Paolo DiManno
Ray Nickel
Yvan Brodeur
Marc Cormier
Tim Klompmaker
Rick Kaptein
Kerry Towle

MISSING FROM PHOTO:

Don Kilimnik
Luce Bélanger

COMMITTEES

EXECUTIVE

Chair – Tim Klompmaker

1st Vice Chair – Nick de Graaf

2nd Vice Chair – Ray Nickel

Executive Member – Luce Bélanger

AUDIT

Chair – Dennis Steinwand

Nick Langelaar

Paolo DiManno

GOVERNANCE

Chair – Dennis Steinwand

Don Kilimnik

Nick de Graaf

ALLOCATION POLICIES & PROCEDURES

Chair – Marc Cormier

Yvan Brodeur

François Cloutier (Quebec alternate)

Derek Janzen (British Columbia alternate)

Ron teStroete (Nova Scotia alternate)

PRODUCTION

Chair – Nick de Graaf

Luce Bélanger

Rick Kaptein

Lucy McKee (CPEPC: CPP, alternate)

Rob Van Diemen (Alberta alternate)

REPRESENTATIVES TO OTHER ORGANIZATIONS

Canadian Federation of Agriculture (CFA):

Nick Langelaar

Canadian Poultry Research Council (CPRC):

Ray Nickel

National Farm Animal Care Council (NFAACC):

Nick de Graaf

**Animal Health Canada (AHC) (formerly
National Farmed Animal Health and Welfare
Council (NFAHW):**

Luce Bélanger

OUR VISION

Canadian Chicken: Trusted. Preferred. Sustainable.

OUR MISSION

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



STRATEGIC PLAN



CHICKEN FARMERS OF CANADA SPENT THE BETTER PART OF 2022 PREPARING FOR THE FUTURE WITH THE DEVELOPMENT OF A NEW 2023-2025 STRATEGIC PLAN. THROUGH A ROBUST CONSULTATION PROCESS THAT SPANNED FROM MAY TO SEPTEMBER, CFC BOARD DIRECTORS, SENIOR MANAGEMENT, AND OTHER STAKEHOLDERS CAME TOGETHER TO RE-DIRECT THE FOCUS OF THE SECTOR FOR THE NEXT THREE YEARS.

Going forward, Canadian chicken farmers will focus on the sustainability and growth of the sector, in addition to managing risk and telling our story.

In doing so, we pledge to continue producing the right amount of high-quality, safe chicken raised with care, working with all stakeholders to remain innovative and resilient, managing our on-farm programs, and remaining committed to collaboration and continuous improvement.

KEY RESULT AREAS:

KRA 1:

Sustainability - Continuously improve the sustainability of the Canadian chicken sector

- » Protecting bird health and welfare
- » Producing safe chicken
- » Preserving the environment
- » Prosperity for the Canadian chicken sector
- » Promoting social responsibility



CFC'S FIVE PRINCIPLES OF SUSTAINABILITY



KRA 2:

Growth – Profitably grow per capita consumption for Canadian chicken

GOALS:

1. Increase the *Raised by a Canadian Farmer* Brand’s awareness and recognition
2. Understand and respond to changing consumer trends through research and innovation
3. Continuously make improvements in the allocation system
4. Continue to promote the integrity of the import control pillar
5. Explore opportunities to increase domestic demand for chicken

KRA 3:

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

GOAL: Tell our story on how farmers embrace the Five Principles of Sustainability

KRA 4:

Risk Management – Manage existing and emerging sector risks effectively

GOAL: Implement contingency and emergency management strategies for major risks

“

Chicken Farmers of Canada is responsible for ensuring that our 2,823 farmers produce the right amount of fresh, safe, high-quality chicken.

”



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PUBLIC *Affairs*

PUBLIC AFFAIRS

CFC LOBBY DAYS

CFC'S REPRESENTATIVES FROM ACROSS THE COUNTRY TRAVELLED TO OTTAWA FOR OUR ANNUAL LOBBY DAY ON MAY 17TH, 2022, AND THE FALL LOBBY DAY ON NOVEMBER 15TH, 2022. CFC REPRESENTATIVES MET WITH PARLIAMENTARIANS TO DISCUSS ISSUES IMPACTING THE CHICKEN SECTOR AND CANADIAN FARMERS.

At our annual spring Lobby Day, CFC representatives spoke on a variety of topics such as supply management, trade agreements, spent fowl, labour shortages, avian influenza, and sustainability. CFC also hosted a reception the following evening for Parliamentarians, political staffers, and industry members at the Metropolitan Brasserie in downtown Ottawa. The evening allowed for continued conversation on the importance of the chicken sector.

Later in the year, CFC representatives were back in Ottawa for our Fall Lobby Day to meet with urban Parliamentarians and discuss issues like food safety, food security and food production. In the evening, CFC hosted a reception for all Parliamentarians and invited guests to showcase our commitment to community. Highlighting our strong partnerships, Swimming Canada and Ottawa Food Bank were both featured at the reception. Special guest Paralympian Camille Bérubé was also in attendance!



FROM TOP TO BOTTOM:

Annual Lobby Day: Young Farmer Taylen Van, Member of Parliament Kody Blois, Young Farmer Amy VanderHeide, Young Farmer Marika Lemieux.

Annual Lobby Day Reception: Member of Parliament Philip Lawrence, Member of Parliament Dave Epp, CFC Chair Tim Klompemaker, Member of Parliament Glen Motz, Member of Parliament Ryan Williams.

Lobby Day Reception at the Metropolitan Brasserie.

FEDERATION OF CANADIAN MUNICIPALITIES CONFERENCE

Chicken Farmers of Canada (CFC), Dairy Farmers of Canada (DFC), Egg Farmers of Canada (EFC), Turkey Farmers of Canada (TFC), and Canadian Hatching Egg Producers (CHEP) came together in Regina, Saskatchewan from June 2nd to June 5th to sponsor the Federation of Canadian Municipalities Annual Conference and Trade Show. The SM5 is a long-term sponsor of the FCM conference, which allows for the unique opportunity to meet with thousands of delegates from across Canada, including senior municipal officials, mayors, and councillors, to discuss critical issues affecting municipalities.

At the conference, the SM5 hosted a trade show booth and a “Farm Hub.” Dairy, poultry, and egg farmers were at both locations to speak with delegates and answer questions on supply management and the dairy, poultry, and egg sectors. Guests were also served Canadian dairy, chicken, egg and turkey breakfast and lunch bites.



FROM TOP TO BOTTOM:

Federation of Canadian Municipalities: SM5 trade show booth.

Federation of Canadian Municipalities: Farm Hub speaker series with Saskatchewan chicken farmer, Tiffany Martinka.

The SM5 is a long-term sponsor of the FCM conference, which allows for the unique opportunity to meet with thousands of delegates from across Canada.

At the “Farm Hub,” the SM5 hosted a speaker series featuring supply management experts and farmers to discuss topics like net zero emissions, sustainability, and supporting Canadian communities. CFC hosted a virtual farm tour and live discussion with Saskatchewan chicken farmer, Tiffany Martinka, which was very well attended and generated a lot of conversation on the chicken sector.

Nacho Chicken & Bean Dip

This re-imagining of classic layered nacho dip is even better than the original, thanks to the addition of protein and fibre-rich ingredients. And with only 210 calories per serving it's also a lightened up version of the restaurant classic.

Prep time: 15 Min | Cook time: 30 Min | Serves: 8

INGREDIENTS

1 tsp extra virgin olive oil
4 cloves garlic, minced
1 lb extra lean ground chicken
2 tsp cumin
1 tbsp chili powder
1 tsp oregano, dried
2 cups canned black beans
2 cups salsa of your choice
3 green onion(s), diced
1 cup tomato(es), diced
1 jalapeño pepper, seeded, chopped
1 cup cheddar cheese, grated
½ cup cilantro, fresh, minced
tortilla chips

STEPS

Preheat oven to 350°F (180°C).

Heat olive oil in non-stick skillet and sauté garlic with ground chicken and spices. Use the back of the spoon to break up ground chicken into smaller pieces. Add half the salsa to the chicken mixture. Add drained black beans and heat through.

Spread this mixture onto the bottom of a casserole dish. Top with remaining salsa.

Dice green onions, tomatoes and jalapeno. Spread over the salsa topped beans.

Top with shredded cheese and minced fresh cilantro.

Place in oven and cook until cheese is fully melted.

Serve immediately with tortilla chips. Also works well as a filling for soft tortillas.

DOWNTOWN DINER AND PARLIAMENTARIAN RECIPE CONTEST

Chicken Farmers of Canada, Egg Farmers of Canada (EFC), Turkey Farmers of Canada (TFC), and Canadian Hatching Egg Producers (CHEP) hosted our annual *Downtown Diner* on June 9, 2022, on Sparks Street in Ottawa.

In conjunction with the *Downtown Diner*, CFC, EFC, TFC, and CHEP partnered again earlier in the year to host the *2022 Parliamentarian Recipe Contest*. Throughout the month of April 2022, Members of Parliament and Senators were encouraged to submit their favourite chicken, egg, or turkey recipe as a show of support for CFC, EFC, TFC and CHEP's ongoing food bank donation initiatives. The winning recipes were featured on the menu at the *Downtown Diner*. Of the amazing recipes that were submitted, three finalists were chosen:

- » John Nater, Member of Parliament for Perth-Wellington: Warm Curried Chicken Salad Wrap recipe
- » Leah Taylor Roy, Member of Parliament for Aurora-Oak Ridges-Richmond Hill: "Dutch Kate" Frittata recipe
- » Soraya Martinez Ferrada, Member of Parliament for Hochelaga: Turkey Meatball recipe



Downtown Diner June 9, 2022: Clair Doan (TFC), Kathryn Doan (TFC), Hon. Marie-Claude Bibeau, Nick de Graaf (CFC), Brian Bilkes (CHEP)

At the *Downtown Diner*, poultry and egg farmers drew the names of three food banks across Canada to receive a combined donation total of \$20,000. Greener Village-Fredericton, Feed Nova Scotia, and Harvest Manitoba were the recipients of the donation from the SM4.



Warm Curried Chicken
Salad Wrap recipe



"Dutch Kate" Frittata recipe



Turkey Meatball recipe

GOLF TOURNAMENT

This year, CFC once again sponsored the 7th Annual Francis Drouin Charity Golf Tournament in support of the United Way of Eastern Ontario. Along with being the sponsor of food and beverage at the event, CFC also had a tent set up for participants to stop by, spin the Wheel of Chicken, learn about our sector and win!

FEDERAL PROVINCIAL TERRITORIAL AGRICULTURE MINISTERS ROUNDTABLE

The 2022 Federal Provincial Territorial (FPT) Agriculture Ministers meeting took place in Saskatoon, Saskatchewan and on July 22nd, Ministers announced the FPT agreement in principle for the Sustainable Canadian Agricultural Partnership (SCAP). The agreement unveiled a \$500 million increase to the cost-shared funding envelope over the course of the five years of the Next Policy Framework. This represented a 25% increase in funding, with half of that increase dedicated to climate change and emissions reductions programming. The agreement also included:

- » Increased investment in BRM through enhancing the AgriStability compensation rate from 70% to 80%, a long-standing ask of CFA's since the proposal was first floated in 2021.
- » An enhanced investment in the Next Policy Framework, oriented around nationally consistent programming that supports producers in adopting Environmental Best Management Practices through the \$250 million in FPT funding dedicated to the Resilient Agriculture Landscapes Program – mirroring CFA's ask to FPT officials at the roundtable and in previous documentation.

Ministers also spoke on Canada's leadership as a producer of food and the need to ensure emissions reductions efforts do not impede Canada's ability to contribute to domestic and global food security.



CFC staff at the 7th Annual Francis Drouin Charity Golf Tournament

The agreement unveiled a \$500 million increase to the cost-shared funding envelope over the course of the five years of the NPF. This represents a 25% increase in funding, with half of that increase dedicated to climate change and emissions reductions programming.

CANADIAN FEDERATION OF AGRICULTURE

As a long-term member of the Canadian Federation of Agriculture, Chicken Farmers of Canada worked closely with the organization again in 2022 to ensure the voices of chicken farmers were well represented at the Board table.

The 2022 CFA AGM was hosted from March 2-3, and brought together farm leaders from across the country as well as industry stakeholders and government representatives to help set the priorities for Canadian agriculture in the coming year.

This year's theme for the CFA AGM was "Finding sustainable solutions in time of uncertainty", focusing on finding solutions to some of the complicated and multi-faceted problems concerning Canadian agriculture, such as climate change and supply chain disruptions.

CFA held its Lobby Week from April 4-7, holding virtual meetings with MPs from all parties, Senators, and Ministers' office staff. During these meetings, representatives were issued a "champion score", that spoke to their potential to be a champion for agriculture. As a result, CFA was able to gauge new advocates for the sector going forward.

During the week, the CFA was focused on the following high-level messaging:

- » Striking a working group with farmers, Environment and Climate Change Canada and Agriculture and Agri-Food Canada to engage early and frequently on environmental policies that impact Canadian agriculture.
- » Increase the funding envelope for the Next Policy Framework in two key areas:
 - New programming that incentivizes farmers to adopt costly environmental best management practices
 - Enhanced disaster relief for farmers facing severe income losses and extraordinary costs
- » Support CFA's efforts to develop an industry-led labour strategy to help alleviate chronic labour issues in agriculture.

Other topics included fertilizer pricing and availability, food security, emissions reductions and many more.

CFC Director Nick Langelaar and CFC staff Lauren Kennedy participated in a number of lobby week meetings. In particular, as co-Chair of the Agriculture Carbon Alliance (ACA), CFA has been leading conversations on carbon pricing and Bill C-234, *An Act to amend the Greenhouse Gas Pollution Pricing Act*. Chicken Farmers of Canada is one of the original members of the ACA.

This year's theme for the CFA AGM was "Finding sustainable solutions in time of uncertainty", focusing on finding solutions to some of the complicated and multi-faceted problems concerning Canadian agriculture, such as climate change and supply chain disruptions.

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 during the roundtable was on the Next Policy Framework that was to be renewed in 2023. CFA's presentation to Ministers focused on how the government and industry could work together to achieve green productivity growth that is sustainable environmentally, socially and economically.

Also in July, CFA announced the appointment of longtime CFA staff member Scott Ross as the new Executive Director leading the organization. During the October meeting, CFA Chair Mary Robinson announced she would not be reoffering at the 2023 AGM. CFC thanks to Mary for her years of leadership and dedication to Canadian farmers.



SWIMMING CANADA

This year marked our 9th year of partnership with Swimming Canada.

The Pool Peeps continued to be a hit throughout 2022, as they were provided to athletes at the 2022 Bell Swimming Trials in April, the 2022 Speedo Masters Championships in May, and finally the Speedo Junior and Senior Championships in July.

Later in the year, CFC was approached by Swimming Canada to sponsor the 2022 FINA Swimming World Cup at the Toronto Pan Am Center. The FINA Swimming World Cup was comprised of three meets, with the second-leg of the tournament held in Toronto, Ontario on October 28-30 (with the 1st and 3rd in Germany and USA, respectively). This was the first time Canada hosted the meet since 1988. Chicken Farmers of Canada attended the event and was proud to be the only domestic sponsor present. We had a booth, and the Wheel of Chicken set up at the event to talk to the athletes and spectators in attendance, along with the opportunity to win a CFC branded rally towel.



FROM TOP TO BOTTOM:

Womens 400m Freestyle Finals with Pool Peeps
Margaret MacNeil
Summer McIntosh

The Toronto leg of the World Cup saw many world-record setting races: Summer McIntosh (Canada) set a world junior mark in the women’s 400-metre individual medley and Katie Ledecky (USA) set a world record in the 1,500m freestyle. CFC’s Michael Laliberté and Tim Klompmaker, Young Farmer Taylen Van Den Driessche, CFO’s Rick Kaptein and Scott Buchan and other CFC staff were all present to cheer on the athletes and hold important conversations with those attending the event.

At CFC’s parliamentary reception in November, we were very pleased to highlight farmers’ commitment to community, and invited Swimming Canada representatives and Paralympian Camille Bérubé to attend.

Chicken Farmers of Canada is proud of our partnership with Swimming Canada and looks forward to continuing to support swimmers of all ages, especially heading into our 10-year partnership anniversary in 2023!

CANADA SUMMER GAMES

As part of our continued commitment to fuelling athletes, CFC sponsored the swimming and diving competitions during the 2022 Canada Summer Games, held in the Niagara Region, Ontario. CFC Chair Tim Klompmaker and CFO Director Andrea Veldhuizen were on hand to congratulate the athletes and distribute medals.



FROM TOP TO BOTTOM:

CFC’s Chair Tim Klompmaker distributing medals to the athletes.

Paralympic swimmer Camille Bérubé

Chicken Farmers of Canada is proud of our partnership with Swimming Canada and looks forward to continuing to support swimmers of all ages, especially heading into our 10-year partnership anniversary in 2023!

YOUNG FARMERS PROGRAM

2022 saw us say farewell to the 2020-2022 cohort of the Chicken Farmers of Canada Young Farmers Program – Marika Lemieux, Amy VanderHeide, and Taylen Van den Driessche. This fantastic group of Young Farmers had their program extended multiple times due to the pandemic. The past year showed a bit more normalcy with a few different events taking place for our Young Farmers, some virtually and others in person.

The year started off virtually with the Young Farmers meeting the with Canadian Agriculture Youth Council. The group was able to discuss the challenges young farmers face in the sector, including succession planning, building equity as a young farmer and mental health, accessing funds and labour shortages.

The Young Farmers finally met in person again to participate in CFC's Annual Lobby Day in May, meeting with several different MPs and

Senators from their home provinces. The Young Farmers then travelled to PEI in July to attend CFC's Summer Meeting, observed the Board meeting, and also took part in social activities. In October, Taylen Van Den Driessche joined CFC at the FINA Swimming World Cup, giving spectators and visitors from across the country a chance to meet a chicken farmer and learn about what happens on the farm.

CFC continues to see the value in the Young Farmers Program as it builds leaders and succession in the sector. Program alumni Tiffany Martinka and Amy VanderHeide now sit as representatives on their provincial boards.

We look forward to welcoming the new cohort of Young Farmers in 2023!





DAY IN THE LIFE VIDEOS

CFC travelled to Saskatchewan and Alberta to film two more Day in the Life videos. The Day in the Life video series provides Canadians with a short view into the life of our chicken farmers, and follow a farm family around for a day as they do their chores and daily life activities. In Saskatchewan, we visited Melanie and Kevin Boldt from Pine View Farms. Pine View Farms is a Farm to Fork Operation, with barn, processing facility and a shop all onsite.

The following week, CFC staff and our videographer travelled to Black Diamond, Alberta and visited Erna Ference and her son Byron who had recently constructed a brand new barn on their property.

Stay tuned for the final release of both videos in early 2023!

Chicken Cobb Salad

This version of the classic Cobb Salad uses poached chicken and a creamy buttermilk dressing — a full and satisfying meal all by itself.

Prep time: 1 Hour | Cook time: 15 Min | Serves: 6

POACHED CHICKEN

2 large boneless chicken breasts
3 garlic cloves, minced
1 shallot, peeled and quartered
1 bay leaf
2-3 sprigs fresh thyme
1 ½ tsp fine sea salt
water, or chicken or vegetable stock or broth

BUTTERMILK RANCH DRESSING

½ cup sour cream
½ cup buttermilk
¼ cup mayonnaise
2 cloves, minced
3 finely sliced green onions
¼ cup finely chopped fresh dill
¼ cup finely chopped fresh chives
2 tsp fresh lemon juice
salt and pepper, to taste

FOR THE COBB SALAD

1 head romaine lettuce, coarsely chopped
4 hard-boiled eggs, peeled and halved or quartered
2 poached chicken breasts, cooled and sliced
1 cup smoked ham, diced
1 cup heirloom cherry tomato
½ cup shaved sharp cheddar
1 ripe avocado, quartered and slice
2 tbsp finely chopped chives
buttermilk ranch dressing

STEPS

Add chicken, garlic, shallot, bay leaf, thyme, and the salt to a medium pot. Cover with water by 2 inches.

Place the pot over medium heat and heat until the liquid comes to a low simmer.

When the liquid is at a low simmer, reduce heat and cook until the chicken is cooked through, 10 to 15 minutes or 165°F (74°C).

Remove from poaching liquid. Cool and transfer to a cutting board. Slice and set aside, in the fridge.

Place all of the buttermilk ranch dressing ingredients in a bowl and blend well. Refrigerate until ready to use.

Serve on a large platter, spread out lettuce, then add rows of hard-boiled egg, chicken, smoked ham, avocado, and cherry tomatoes.

Sprinkle the cheddar shavings on top. Season with salt and pepper, drizzle with buttermilk ranch dressing, and garnish with chives.

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**OPERATING
AGREEMENT &
*Allocation***

OPERATING AGREEMENT & ALLOCATION



CFC ESTABLISHED SIX ALLOCATIONS IN 2022 FOR PERIODS A-176 TO A-181. ALLOCATIONS IN 2022 WERE SET WITH RELATIVE EASE, COMPARED TO THE TWO PREVIOUS YEARS WHEN COVID-19 AND ITS IMPACT ON THE CANADIAN CHICKEN MARKET DOMINATED ALLOCATION DISCUSSIONS AND NECESSITATED FREQUENT ADJUSTMENTS.

While the first few board meetings were held in a virtual format, the CFC board meeting in March was done in an in-person/virtual hybrid mode, signalling a cautious return to regular in-person meetings. CFC fully returned to in-person board meetings in May.

The first item of allocation business in 2022 was related to the allocation for period A-175 that had been set in December 2021. Labour issues in Québec impacted catching and slaughter capacities, prompting a request from Les Éleveurs de volailles du Québec (ÉVQ) to revise its base allocations for the A-175 to A-180 block of periods, therefore moving a significant amount of production out of period A-175 into periods A-178 and A-179 and changing the pre-determined allocation for period A-175 for Québec and all other provinces. A compromise involving a transfer of kilograms between these periods and changing the amount of allowable marketing for the three periods was rescinded shortly thereafter because it did not meet the regulatory requirements. ÉVQ subsequently withdrew its request to change its base allocations for the periods in question. CPEPC then requested a reconsideration of the allocation for period A-175 and a reduction of Québec's allocation for the period. The request did not receive approval from the board.

The allocation for period A-176 (May 8-July 2, 2022) was set in early February at 3½% above base, which represented significant increases com-

pared to domestic production in the corresponding weeks of 2021 and 2020, and a 6% increase versus the same timeframe in 2019.

The allocation for the following period, A-177 (July 3- August 27, 2022), was also set at 3½% above base, about 4% higher than domestic production during the same weeks of 2021 and almost 18% higher than domestic production in the corresponding weeks of 2020 when allocation and production reductions were the most pronounced. Compared to the same weeks of 2019, the allocated volume represented a 9% increase.

Labour issues in Québec impacted catching and slaughter capacities, prompting a request from Les Éleveurs de volailles du Québec (ÉVQ) to revise its base allocations for the A-175 to A-180 block of periods, therefore moving a significant amount of production out of period A-175 into periods A-178 and A-179 and changing the pre-determined allocation for period A-175 for Québec and all other provinces.



Kevin and Melanie Boldt and their dog Brian of Pine View Farms in Saskatchewan

For period A-178 (August 28-October 22, 2022), the allocation was bumped up to 4½% above base, 2%, 9%, and 7% higher than domestic production in the equivalent weeks of 2021, 2020, and 2019.

The A-179 (October 23 – December 17, 2022) allocation was established at 6½% above base, close to domestic production in the same weeks of 2021 and about 6% and 4% higher compared to 2020 and 2019.

Allocations continued to be set one at a time, but at the September meeting, the board decided that market conditions had stabilized sufficiently enough to return to setting two allocations at a time, starting with setting allocations for periods A-183 and A-184 in March 2023.

The second-last allocation that was set in 2022 was for allocation period A-180, covering the December 18, 2022 to February 11, 2023 timeframe. The allocation for this period was also set at 6½% above base. For this period, the volume represented increases of 3%, 6% and 7% relative to domestic production in the same weeks of 2021, 2020 and 2019.

The board set the base allocations for the A-181 to A-186 block of periods in late October. At the same time, the board established the medium-term growth target for this block of periods at +3¼% relative to the base allocation for these periods.

The allocation for A-181 (February 12 – April 8, 2023) was set at a much more modest +1% versus the base allocation but still represented substantial increases relative to domestic production in the corresponding weeks of 2022, 2021 and 2019 at +3%, +11% and +6%, respectively.

The healthy over-base increases for allocations set in 2022 were reflective of strong market conditions during the year. While chicken sales at retail slowed down compared to the exceptional performance in 2020 and 2021, sales at food service, especially in the quick service restaurants (QSR) segment, experienced a significant recovery from the lows of 2020 and 2021. Wholesale prices remained strong throughout the year, indicative of robust demand for chicken and supported by tight supplies and record-high breast meat wholesale prices during the spring and summer south of the border.

Unfortunately, actual production in several periods was significantly lower than the allocated volumes due to a challenging hatching egg and chick supply shortage. While production in period A-174 was 3.3 Mkg evis (1.6%) higher than what was allocated, production in the next four periods was substantially less than the allocated volumes. Production in periods A-175 to A-178 came in at 21 Mkg evis (2.5%) below allocation. Hatching egg and chick supplies improved towards the end of the year and production in the last period of 2022, period A-179, was close to the allocated amount.

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The highly volatile markets in 2020 and 2021 and last-minute allocation adjustments resulted in higher than usual under and overproduction of allocations and a decision to exclude the corresponding audit periods from the calculation of the allocation formula's quota utilization component. The board decided to temporarily suspend the quota utilization component until a new and recent data set of six audit periods is available. The suspension remained in effect for the allocations that were set in 2022.

All provinces in Atlantic Canada, with the exception of Prince Edward Island, received kilograms under the Atlantic Canada Safeguard Agreement (ACSA) provision in most of the 2022 allocations.

In 2020, the Board agreed to a recovery framework that would allow the provinces in Central and Eastern Canada to grow the kilograms they weren't allocated because of the regional approach in periods A-163 and A-164 once markets had recovered. The framework was finetuned and finalized in September 2021. The recovery of a total of 5.3 Mkg over a minimum of eighteen allocation periods started in period A-174 as scheduled and continued in the following periods.

The board decided to temporarily suspend the quota utilization component until a new, more recent data set of six audit periods is available. The suspension remained in effect for the allocations that were set in 2022.

MARKET INFORMATION WORKING GROUP

Following the establishment of a Market Information Working Group (MIWG) in late 2021, work began in April 2022 and the working group released its first report for the allocation setting of period A-178. The working group met a total of five times and issued five reports in 2022.

ENGAGEMENT WITH CANADIAN HATCHING EGG PRODUCERS

As in previous years, CFC participated in three Canadian Hatching Egg Producers' (CHEP) advisory committee meetings. These meetings take place in March, July, and November. The committee's mandate is to advise the CHEP board of directors on expected demand for chicken in the next 1-2 years and the production required to meet that demand, helping CHEP in producing the right number of hatching eggs for the Canadian market. The committee recommended an increase in allocation for 2022 compared to the 2021 production and additional increases for 2023.



Nashville Hot Chicken Sandwich Topped with Apple Fennel Slaw

You can adjust the heat to suit your taste in this popular chicken sandwich. The Apple fennel slaw provides a refreshing accompaniment.

Prep time: 1 Hour | Cook time: 25 Min | Serves: 10

INGREDIENTS

10 boneless skin-on chicken pieces
vegetable oil, for frying
10 sesame brioche buns
melted butter

MARINADE

2 cups buttermilk
4 cloves garlic minced
2 tsp freshly minced or grated ginger
½ tsp black pepper
¼ tsp cinnamon
2 tbsp hot sauce

BREADING

1 cup flour
1 cup panko
2 tsp granulated garlic
2 tsp paprika
1 tsp freshly ground black pepper
1 tsp salt

APPLE FENNEL SLAW

2 tbsp fresh lemon juice
3 tart apples, cut into matchsticks
2 small heads fennel, cut into matchsticks
1 small red onion, cut in half and very thinly sliced
2 tbsp extra-virgin olive oil
2 tbsp mayonnaise
2 tbsp fresh flat-leaf parsley, chopped
salt and freshly ground pepper to taste
Stir garlic powder, with ground ginger and chili flakes in a small bowl. Set aside.

STEPS

Cut chicken breasts in half crosswise on a diagonal.

In a large bowl, combine marinade ingredients. Add chicken, turning to coat. Cover and refrigerate for 2 hours and up to 24 hours.

Remove chicken from marinade. Discard marinade. Season with salt.

Mix breading ingredients in a large bowl.

In a large frying pan, heat 1 inch of oil over medium-high heat. Working in batches, toss the chicken in the breading mixture.

Fry the chicken for 3 minutes each side. Transfer chicken to a baking sheet lined with a cooling rack and bake in the oven at 375° (190°) until the internal temperature is 165°F (74°C), about 15 minutes.

Prepare the salad. Put the lemon juice in a large bowl.

Cut one of the apples in half, core, and julienne into thin slices, then cut the thin slices into matchsticks.

Put the cut apple in the bowl and toss with the lemon juice to keep from browning. Repeat with the remaining apples.

Slice the fresh fennel into matchsticks. Thinly slice the red onion. Add fennel and red onion to the apples. Add olive oil, mayonnaise, parsley and salt and pepper to the bowl.

Gently toss all ingredients together.

Let stand at room temperature for 10 minutes. Taste for seasoning.

Brush insides of buns with melted butter. If desired, warm buns in the oven.

Place 2 pieces of chicken on a bun. Add extra hot sauce if desired. Top with a few spoonfuls of the Apple Fennel Slaw. Cover with the other half of the bun. Serve and enjoy!



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TRADE &
IMPORT
Controls

TRADE & IMPORT CONTROLS



WTO

THE WORLD TRADE ORGANIZATION (WTO) WAS FINALLY ABLE TO PROCEED WITH THE 12TH MINISTERIAL CONFERENCE (MC12), ORIGINALLY SCHEDULED FOR DECEMBER 2020 AND NOVEMBER 2021, BOTH POSTPONED DUE TO COVID-19 RESTRICTIONS.

From June 12 to 17, 2022, trade ministers convened in Geneva to try to resolve some of the longstanding trade issues and address new ones that emerged from recent global developments. As a result of the COVID-19 pandemic, WTO members agreed on some flexibilities pertaining to COVID-19 vaccines' intellectual property rights. They also entertained discussions on food security after witnessing countries imposing export restrictions in an attempt at reducing their domestic food inflation or food insecurity.

From an agricultural perspective there were three Ministerial Declarations for consideration heading into the Ministerial: an agreement on a work program for agriculture; a ministerial declaration on trade and food security; and an exemption from export restrictions for World Food Programme purchases. An agreement on a diluted package of outcomes was reached including the Ministerial declaration on food security and World Food Programme exemption from export restrictions, along with an overarching MC12 declaration. The food security declaration recognizes that both trade and domestic production *"contribute positively to improving global food security in all its dimensions and to enhanced nutrition."* The agreement on export restrictions prohibits WTO members from implementing export restrictions on food purchases by the United Nations under its World Food Programme unless it would threaten the member's food security. There was no agreement on the proposed

agriculture work program, which does not prevent countries from continuing to negotiate on agriculture-related issues, but there will be no pre-defined priorities to address.

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Ministers also decided to hold a follow-up ministerial conference, now scheduled for February 2024, to give WTO members more time to discuss other highly contentious issues such as, the Public Stockholding programs for food security purposes (PSH). Overall, Ministers were able to agree on enough matters for this MC12 to be presented by the WTO as an "unprecedented package of trade outcomes."

CFC Chair Tim Klomp maker and Associate Executive Director Yves Ruel, along with colleagues from the SM5 attended the MC12 in Geneva to monitor the WTO negotiations. While in Geneva, they also had the opportunity to meet with Canada's Minister of International Trade, Export Promotion, Small Business and Economic Development, the Hon. Mary Ng, and Saskatchewan MP Randy Hoback, in addition to the Canadian negotiating team and country representatives from Japan, Norway, European Union, farmer representatives from Netherlands, Switzerland, Norway and the American Sugar Alliance.

Prior to the MC12, CFC representatives also attended the World Farmers Organization Annual Conference where amongst a series of agricultural policy discussions, a trade statement for the WTO MC12 was adopted by all members, including a direct reference to supply management: *"Trade rules should also permit domestic policy measures which promote stability of supplies, such as safety nets, orderly marketing and supply management."* It was encouraging to see farmer organizations recognize the importance of supply management as a domestic policy to achieving food security.

BILATERAL AND REGIONAL TRADE

Canada continued to be active on both bilateral and regional trade negotiations in order to continue to diversify its markets. Negotiations with the United Kingdom (UK) were initiated to replace the Canada-UK Trade Continuity Agreement, the transitional trade agreement that was put in place following the UK's departure from the European Union.

Ongoing talks with India, Indonesia, ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and Mercosur (Brazil, Argentina, Paraguay, and Uruguay) also continued during 2022, as well as UK accession talks to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). No agreements were reached during 2022 with any countries or regional groups in the very diversified trade agenda, and the most concerning for the Canadian chicken sector remained Mercosur, which includes Brazil, the world largest exporter of chicken.



National SM5 and CFA Delegation in Geneva for the 12th WTO Ministerial Conference, June 2022.

Canada also requested to join the Indo-Pacific Economic Framework for Prosperity (IPEF), the US-led Indo-Pacific regional trade agreement. In addition to the US, the IPEF includes Fiji, India, Indonesia, South Korea, the Philippines, and Thailand, as well as Canada's fellow CPTPP-members of Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, and Vietnam. The IPEF is considered an "à la carte" negotiation with four negotiations pillars: trade, supply chains, clean economy, and anti-corruption. The IPEF as presented believes in trade cooperation rather than trade liberalization and will certainly be an important initiative in 2023.

CPTPP continued its expansion in 2022 with two signatory members who ratified the agreement and new countries signalling their interest to join the group. Malaysia and Chile have ratified the CPTPP, leaving only Brunei Darussalam as the signatory member left to finalize ratification. The ratification from Chile – entering into force in February 2023 – will have implications for the Canadian chicken sector, as they can fill the CPTPP TRQ, which has been underfilled since the implementation of the agreement. In addition to the current CPTPP accession talks with UK, China, Taiwan, Ecuador, Costa Rica, and Uruguay have also formally requested to join the agreement. The UK was the only party to have begun the formal accession process in 2022.

As always, CFC does not oppose Canada engaging in trade negotiations as long as it maintains its tariff rate quota and over-quota tariffs at current levels, as these are vital to the integrity of supply management's import control pillar.

IMPORT CONTROLS

TRQ ALLOCATION

2022 TRQ ALLOCATION

WTO imports represented a total of 43.5 Mkg, which exceeded Canada's commitment by 3.7 Mkg due to the issuance of supplementary imports-to-compete. Although there was a decline in demands for products not on the

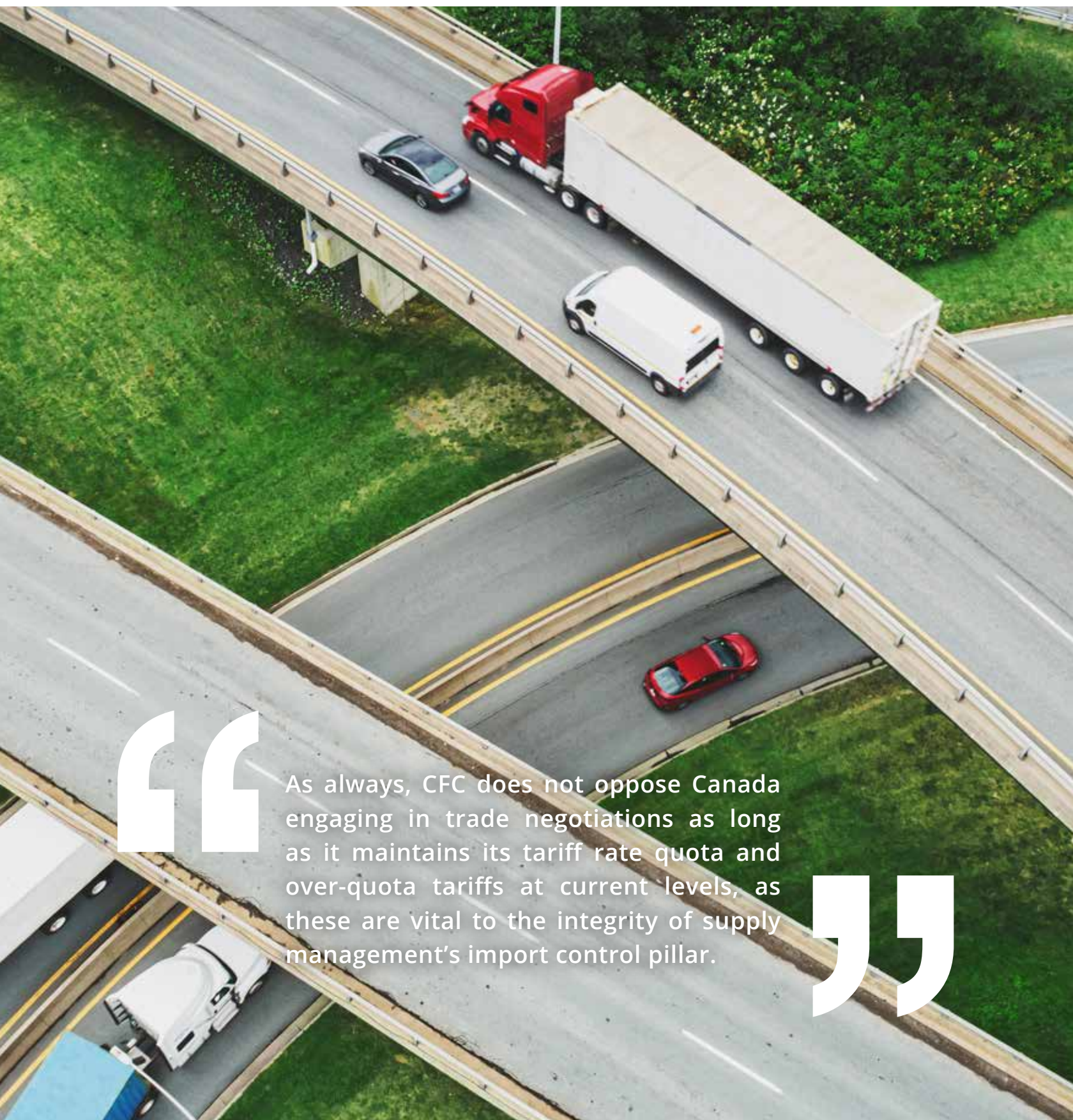
import control list (non-ICL) since products with sauce are no longer classified as non-ICL following the implementation of CUSMA, supplementary imports are still issued by Global Affairs Canada (GAC). The fact that GAC has agreed to cap the non-ICL allocation under the WTO TRQ has resulted in exceeded demand that is filled by supplementary imports. There was an expectation that the new TRQ allocation methodology would address the issuance of supplementary imports which limits the chicken sector's contribution to Canada's economy, but GAC decided to maintain the interim allocation methodology for another year.

No agreements were reached during 2022 with any countries or regional groups in a very diversified trade agenda, and the most concerning for the Canadian chicken sector remained Mercosur, which includes Brazil, the world largest exporter of chicken.

For the CUSMA TRQ, 50.5 Mkg was imported under a 51 Mkg TRQ in 2022. Lastly, despite the very limited number of members of the CPTPP in a position to export chicken to Canada, 1.5 Mkg was imported from Mexico out of 19.6 Mkg TRQ.

DRP AND IREP

The government administers two programs allowing Canadian food manufacturers to import import-controlled goods under the condition they are re-exported after further processing in Canada. Imports under GAC's Import to Re-Export Program (IREP) reached 13.6 million kilograms in 2022, down from 17.7 million kilograms in 2021. IREP is specifically



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designed for products subject to import controls, does not allow for any substitution or marination and chicken products must be re-exported within 3 months.

The Canada Border Services Agency (CBSA) administers the Duties Relief Program (DRP) under which 39.9 million kilograms were imported in 2022, a 5 million kilogram increase over 2021. Due to its availability for most goods, the ability to marinate, substitute and hold imports up to four years before re-export is permitted under this program and can result in damaging distortions to the domestic market. CFC advocates for modifications that prohibit marination and substitution, and a realistic timeframe for the re-exportation.

In 2022, CBSA had 36 on-going verifications of DRP participants. Thirty-one of these cases were completed, of which 29 were found non-compliant resulting in a total of \$577 million assessed in duties. The results of these verifications indicate a need for a modification of the eligibility criteria, as requested by CFC.

SPENT FOWL

Like other chicken imports from the U.S., the first part of 2022 saw imports behind regular usage, and the second part of the year provided for the opportunity to catch up. At the end of the year, there was an increase of 4% in spent fowl imports over the previous year for a total of 75,131,207 kilograms. Based on the previous year's mislabeled imports where chicken was illegally declared as spent fowl to avoid Canadian customs, it is always concerning to see an increase in spent fowl imports. Even more concerning was the 48% increase in the boneless breast imports, a product that is often subject of mislabeling due to the difficulty to distinguish it from broiler chicken. CFC continues to push government to implement the DNA test that would permit customs officials to properly identify the product to avoid tariff evasion.

CBSA has identified spent fowl imports as one of their verification priorities and have assessed \$71.8 million in duties relating to 15 cases of mislabeled products.

MITIGATION PROGRAMS

On November 14, Agriculture and Agri-Food Minister Marie-Claude Bibeau announced the mitigation measures resulting from concessions granted by Canada in the CUSMA agreement. For Canadian chicken farmers, \$10 million in mitigations funds will be provided. The details of the program were not announced but CFC suggested to add the CUSMA funds to the existing Poultry and Egg On-Farm Investment Program (PEFIP) program, with same eligibility conditions and same program criteria. If approved, the CUSMA funds will be added to existing PEFIP funds by summer 2023.

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The PEFIP, continued to receive many applications from producers who are committed to improving the efficiency of their operation. By the end of 2022, more than 800 applications were submitted representing a total investment of more than \$85 million. The PEFIP was developed to assist Canadian poultry and egg producers adjust to the market access losses incurred as a result of the CPTPP.

UKRAINE GOODS REMISSION ORDER

The Tariff Remission Order for Ukraine was implemented on June 9, 2022, for one year. The order implied the suspension of all Tariff Rate Quota provisions, meaning unlimited imports,

including chicken, could come into Canada from Ukraine duty-free during that period. At the time of the Order, Ukraine was not on the CFIA list of eligible countries for importation of meat products into Canada, but later in the summer, we learned that CFIA was in the process of approving three Ukrainian chicken processing plants. This meant that Ukraine could soon be in a position to export chicken to Canada, therefore creating a breach in Canada's import control for chicken and potential market disruptions due to the unlimited nature of the imports. Despite numerous discussions between CFC

representatives and government officials, including a study by the House of Commons Standing Committee on Agriculture and Agri-Food on the issue, the CFIA issued an Official Meat Inspection Certificate for chicken from Ukraine on December 1, 2022. The first export certificate was issued by Ukraine on December 28, 2022. CFC has asked the government to pay close attention to the level of imports and to not renew the Tariff Remission Order after its expiry on June 9, 2023.



Healthy Butter Chicken

This is a lower-fat, lower-calorie version of the ever-popular North Indian Butter Chicken (Murgh Makhani) in tomato cream sauce. The butter is reduced and milk and plain yogurt are used instead of cream. It is still delicious and not difficult to prepare! The brown basmati rice boosts the fibre.

Prep time: 15 Min | Cook time: 45 Min | Serves: 4

INGREDIENTS

1 cup brown basmati rice, dry
2 tsp canola oil
1 cup onion(s), diced
¼ tsp turmeric, ground
2 tbsp butter
2 cloves garlic, minced
1 tbsp ginger, fresh, minced
1 tbsp garam masala
½ tsp cayenne pepper, ground
1 tsp black pepper
1 tsp cumin, ground
½ tsp salt
1 cup homogenized milk, 3.3% MF
¼ cup plain yogurt, 2-4% MF
1 cup tomato purée
1 lb boneless, skinless chicken breast(s), cut into 1 inch (2.5 cm) cubes
2 tbsp lemon juice, fresh
2 tsp brown sugar
½ cup cilantro sprigs, fresh (optional garnish)

STEPS

Cook brown rice in unsalted water according to package directions.

Heat oil over medium high heat in a heavy bottom pot. Add diced onion and sauté on medium low heat until softened and lightly golden – about 5 minutes.

Sprinkle with ground turmeric and sauté for another minute.

Add butter, minced garlic and ginger, garam masala, cayenne pepper, black pepper, ground cumin and salt and stir. Sauté for another five minutes stirring often – watch that the spices don't burn.

Stir in whole milk, plain yogurt and tomato purée. Adjust the heat to medium low.

Cut boneless chicken breast into one inch (2.5 cm) cubes. Add to pot, stir and simmer uncovered for 30 – 45 minutes or until sauce has thickened.

Stir in the freshly squeezed lemon juice and brown sugar.

Serve over hot brown rice. Garnish with sprigs of fresh cilantro.

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FOOD SAFETY &
Animal Health

FOOD SAFETY & ANIMAL HEALTH



FOOD SAFETY

CFC'S ON-FARM FOOD SAFETY PROGRAM (OFFSP) CONTINUES TO REPRESENT THE HARD WORK THAT FARMERS PERFORM EACH DAY FROM COAST TO COAST TO PROMOTE THE PRODUCTION OF SAFE FOOD. CONTINUOUS IMPROVEMENT IS INTEGRAL TO CFC'S MANDATORY ON-FARM FOOD SAFETY PROGRAM. THE OFFSP HAS BEEN FORMALLY RECOGNIZED BY FEDERAL, PROVINCIAL AND TERRITORIAL GOVERNMENTS, AND CFC CONTINUES TO UNDERGO AUDITS AND REVIEWS TO MAINTAIN THIS RECOGNITION.

As an ongoing part of maintaining the high standards in the sector, a new version of the OFFSP manual was implemented on January 1, 2022. The new manual is the result of several years of consultation and research on best practices. As a final step before implementing the new OFFSP manual, CFIA reviewed all changes and verified that they meet government recognition requirements.

The OFFSP is implemented by the ten provincial boards who oversee the audit process on farms across the country and who diligently maintain management records for the program. Throughout 2022, CFC hosted more frequent auditor training sessions to address any issues that may have been faced with auditing the new program requirements. In 2022, NSF was again used to perform a 3rd party audit of the OFFSP, with the results demonstrating that the OFFSP is being implemented effectively and maintained on an on-going basis.

The OFFSP is a huge part of the brand. In fact, the OFFSP is an essential tool for farmers to provide confidence to consumers about the way their food has been produced, therefore giving strength to the success of the *Raised by a Canadian Farmer* brand.

The brand gives farmers and our industry partners recognizable signs to show the innovation, pride, and hard work they put in

every day to implement some of the highest standards in food safety and animal care, and it proudly confirms their commitment to keeping their work environmentally, economically, and socially sustainable.

PATHOGEN REDUCTION INITIATIVE

The OFFSP remains the cornerstone of Canadian chicken farmers' strategy for pathogen reduction. Throughout 2022, all members of the Canadian chicken supply chain have been focused on this important issue. As a result, the Public Health Agency of Canada presented encouraging results in 2022, showing that there has been a 59% reduction in the number of human illnesses due to *Salmonella Enteritidis* compared to the 2017 baseline.

CFC took additional steps to tackle this important issue and completed surveillance in 2021 for the prevalence of *Salmonella* on-farm. Due to the low prevalence of *Salmonella* Enteritidis (SE) that was found (6%), it was determined that serovar-specific control measures are not appropriate. CFC continues to use the latest research to inform potential control strategies and will continue working with government and industry partners to find ways to address this critical issue.

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The OFFSP is a huge part of the brand. In fact, the OFFSP is an essential tool for farmers to provide confidence to consumers about the way their food has been produced, therefore giving strength to the success of the *Raised by a Canadian Farmer* brand.

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Additionally, targeted research for on-farm control measures will be a focus in the coming years.

Another key area for pathogen reduction is the promotion of education materials and resources to farmers, as well as food safety messaging to consumers. To this end, CFC continues to add content to and promote the **Farmer Resource Portal** on the chickenfarmers.ca website. Through the portal, farmers can gain access to information and resources which are applicable to both reduced antimicrobial use and overall pathogen reduction.

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

ANTIMICROBIAL USE STRATEGY (AMU)

The issues of antimicrobial resistance and use (AMR and AMU) remain at the forefront of Chicken Farmers of Canada's work. CFC has an antimicrobial use strategy that meets consumer expectations while protecting the health and welfare of birds, and farmers continue to evolve their production practices in response to consumer preferences. This is a key area of our on-going work to improve the value and assurances offered through the *Raised by a Canadian Farmer* brand.

CFC has implemented a stepwise approach to reduce the preventive use of antimicrobials of human importance in response to the threat that AMR presents. The strategy, however, recognizes the importance of responsible antimicrobial use in animal agriculture and maintains the use of antimicrobials for treatment, preventive use of ionophores, and the use of chemical coccidiostats.

The success of CFC's AMU strategy has been reported on by the Public Health Agency of Canada's CIPARS (Canadian Program for Antimicrobial Resistance Surveillance)

surveillance program, indicating that the sector's reduction efforts have corresponded with a 64% reduction in Category II antimicrobial usage as well as lower levels of AMR in targeted bacteria. Furthermore, CIPARS has reported that the percentage of flocks exposed to medically important antimicrobials decreased by 10% between 2019 and 2020.

A major focus for the AMU strategy in 2022 was the re-evaluation of the goal to eliminate the preventive use of Category III antibiotics. Consultations with a broad group of stakeholders revealed that there is support for AMU reduction overall but that utilizing regulatory mechanisms to fully eliminate Category III preventive use is not a responsible approach at this time. Given this feedback, CFC's AMU strategy will transition from a regulatory elimination target to a non-regulatory reduction target for overall antimicrobial use, with a focus on Category III antimicrobials.

For continued progress on the strategy, CFC has been working with federal government departments to ensure Canadian farmers have the same access to vaccines, feed additives and water products with the same labeling as international markets. This initiative continues,

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in conjunction with other national trade associations, to provide Canadian farmers the ability to be competitive and the opportunity to use a variety of products to meet the goals of the AMU strategy.

Farmers are encouraged to consult the Farmer Resource Portal to learn more regarding on-farm best practices that can assist in AMU reduction. The Portal includes updates on the CFC AMU strategy, brooding, feed & water management, necrotic enteritis & coccidiosis, flock & environmental monitoring, and on pathogen reduction. Updating and promoting the Portal resources continues to be a key part of CFC's AMU strategy in terms of stakeholder education.

AVIAN INFLUENZA

The avian influenza (AI) outbreak which began in 2022 has been the largest ever seen in Canada and has had significant impacts on the Canadian poultry sector and its people.

At the end of 2022 over 270 farms were confirmed with the virus, spanning nine provinces. Approximately 65% of those farms were commercial premises, and over 6 million birds have been affected.

Across the country, the entire sector stepped up to manage the disease response – adding this work to their already busy day jobs. The dedication and efforts of all involved was remarkable, appreciated, and paramount to keeping the entire Canadian poultry sector functioning. Farmers in particular went above and beyond by heightening their biosecurity on-farm to protect not only their flocks, but those of their neighbours, and the sector as a whole. Farms in affected areas limited movements on and off their farm, ensured vehicles entering the farm were washed and disinfected, enhanced barn cleaning, disinfection, and mortality management, and ensured all family members and staff were aware of the enhanced protocols.

Across the country, farmers and industry staff have stepped up to manage the disease response – adding this work to their already full 'day jobs.' The dedication and efforts of all involved has been remarkable, appreciated, and paramount to keeping the entire Canadian poultry sector functioning.

Chicken Farmers of Canada worked with partners in the National Poultry Group to play a coordinating role in the response from the national perspective. CFC remained in constant communication with both government and industry partners to facilitate and optimize the outbreak response.

Being a reportable disease, the federal government played the leading role in the avian influenza response, with hundreds of their staff being redeployed to help with the disease management efforts in different provinces. CFC is grateful to our partners in government who continue to be involved, and for the productive and regular dialogue that has been facilitated through the national board offices.

This added workload has not been without consequence, however. It is recognized that this outbreak has had a tremendous strain on farmer mental health and on human resources in nearly all provinces, within both industry and government. Chicken Farmers of Canada has included links **here** to relevant resources for mental health support.

Five Spice Chicken Livers with Peppers and Onions

An amazingly healthy Asian dinner in under 15 minutes. Just pick up fresh chicken livers and a green pepper and you'll no doubt have the rest of the ingredients at home. Besides rice, try this quickie stir-fry over a bed of baby spinach.

Prep time: 20 Min | Cook time: 15 Min | Serves: 2

INGREDIENTS

8 oz chicken livers
¼ cup all-purpose flour
1 ½ tsp Chinese five-spice powder
¼ tsp salt
1 green pepper(s), small
1 white onion, small
or
½ red onion(s)
¼ cup hoisin sauce
2 tbsp sherry
1 tbsp soy sauce
½ tsp hot-garlic chili sauce
1 tbsp butter
1 tbsp vegetable oil
½ cup water
2 green onion(s), thinly sliced (optional)

STEPS

Prepare all ingredients before starting to cook. Clean livers by separating into lobes, then trim off all fat and connective tissue. Rinse, then pat dry. In a cereal size bowl, stir flour with five spice powder and salt. Cut pepper into inch (2.5 cm) size pieces. Slice onion in half, then place cut side down on a cutting board and slice about ¼ inch (0.5 cm) thick. Separate onion pieces.

Prepare sauce by stirring hoisin sauce with sherry, soy and hot garlic chili sauce.

Heat the oil and butter together in a large wide frying pan over medium heat. Add a few livers to the flour mixture and turn to evenly coat. Place in the hot pan. Repeat until all are added. Cook about one minute, then turn and continue cooking about 2 more minutes. Remove to a plate.

Add pepper and sliced onion to the pan along with water. Turn heat to medium high and stir often until water is evaporated, about 5 minutes.

Return livers to the pan. Pour in the sauce. Reduce the heat to medium. Stir gently and often until as thick as you like, about 2 minutes. Spoon over rice or a bed of spinach and scatter with green onions.

ANIMAL CARE,
*Sustainability &
Poultry*
RESEARCH

ANIMAL CARE, SUSTAINABILITY, & POULTRY RESEARCH



ANIMAL CARE

THE *RAISED BY A CANADIAN FARMER* ANIMAL CARE PROGRAM HAS BEEN IN PLACE SINCE 2009 AND IS A CLEAR DEMONSTRATION OF OUR COMMITMENT TO ANIMAL CARE. THE LATEST VERSION OF THE PROGRAM (2019) CONTINUES TO BE IMPLEMENTED ON ALL 2,826 CHICKEN FARMS ACROSS THE COUNTRY – IT REMAINS THE ONLY PROGRAM THAT IS CAPABLE OF THIS REACH.

People care deeply about their food, knowing where it comes from and how it was raised, and Canadian chicken farmers and their families are no different.

THIRD PARTY AUDITS

Every year, third party audits are conducted by NSF International at the CFC office, three to four provincial board offices, on a sample of farms in every province, and on all CFC's on-farm auditors. On-farm witness audits continued to present a challenge in 2022 due to the spread of avian influenza. Witness audits began again in 2022 but the decision was made to extend the audit cycle to 16 months to allow sufficient time to complete them.

Despite these challenges, effective oversight of the program continued through office audits of three provincial boards (AB, SK, ON) as well as of CFC.

As every year, once the full report is complete, it is shared widely with stakeholders to demonstrate the level of oversight on the Animal Care Program.

NATIONAL FARM ANIMAL CARE COUNCIL

The *Raised by a Canadian Farmer* Animal Care Program has a solid, credible, and science-based foundation in that it is based on the Code of Practice developed through the National Farm Animal Care Council (NFACC). The Animal Care Program was updated through NFACC's Animal Care Assessment Framework process which ensures adherence to all Code requirements.

NFACC is the national lead for farm animal care and welfare in Canada that determines what the national animal welfare standards should be based on the latest science and practical experience. NFACC is a world leader in bringing together stakeholders with different perspectives – farmers, scientists, veterinarians, processors, retail associations, restaurant associations, transporters, animal welfare associations, and provincial/federal governments – to develop robust and sound Codes of Practice.

CFC has been a member of NFACC since 2006, and Nick de Graaf, CFC Director from Nova Scotia, was CFC's representative on the NFACC Board in 2022.



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People care deeply about their food, knowing where it comes from and how it was raised, and Canadian chicken farmers and their families are no different.

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In 2022, CFC played an active role in supporting NFACC in their work of conducting a governance review to strengthen the processes it has in place by participating in numerous focus groups and workshops. NFACC is well known as a forum for relationship building among stakeholders, and this was benefited in 2022 with the return to in-person meetings.

CFC was actively involved in the update of the *Code of Practice for the Transportation of Livestock and Poultry*. However, the project was put on hold in 2022 due to several **challenges** faced by this Code. Despite the challenges, there was still an opportunity to use the recommendations and requirements that had already been developed, to strengthen existing training programs through provincial level organizations.

JOINT ANIMAL WELFARE WORKING GROUP

Continuous improvement is a cornerstone of CFC's on-farm programs. To this end, CFC and the Canadian Poultry and Egg Processors Council (CPEPC) created the Joint Animal Welfare Working Group, aimed at supporting the ongoing review of animal welfare practices, processes, and procedures of the Canadian chicken sector.

The consensus-based joint Working Group, comprised of four Canadian chicken farmers and four primary processing sector representatives, supplements the existing process for the development and advancement of national animal care standards by reviewing the most recent scientific evidence regarding

animal welfare, comparing this against current standards, and assessing the program's implementation and audits.

In spite of the time commitment brought on by avian influenza, the group met virtually throughout 2022 and had its first in-person meeting in the Fall.

Both CFC and CPEPC believe that this Working Group will enhance the chicken sector's ability to keep pace with consumer expectations and contribute to the ongoing success of science-based animal welfare programs and best practices into the future.

ANIMAL HEALTH CANADA

Animal Health Canada (AHC) engages experts to address important topics such as animal health, animal welfare, disease surveillance, and animal health emergency management – all with a “One Welfare” lens. AHC leads the initiation of projects to address animal health and welfare stakeholder needs in Canada.

CFC has been a member of AHC (formerly the National Farmed Animal Health and Welfare Council) since its inception in 2010. Luce Bélanger, CFC Director from Quebec, represents CFC at the Council.

2022 was another year of transition for AHC, formally changing its name in January and continuing work throughout the year on a full governance review and development of a new three-year strategic plan. The year saw a major effort by CFC and other stakeholders to guide this transition process. AHC has the ability to provide CFC and other sectors a vital platform for managing animal disease, animal care, and food safety risks. By bringing together the federal and provincial governments across the regulatory spectra of agriculture and health, to address livestock and poultry sectoral challenges, innovative and effective solutions can emerge to improve animal health, well-being, and food safety.

The need for ongoing government engagement and collaboration on disease management was highlighted this year with the avian influenza outbreak. Strong engagement from CFC with AHC's work on emergency management is anticipated going forward.

CFC staff participate in many committees with AHC: Animal welfare, AMU/AMR, Animal Health Canada governance, and communications. Through AHC's Animal Welfare working group, CFC has been advocating for government recognition of animal care programs, similar to the CFIA recognition for food safety programs. The committee has agreed to take on this initiative.

Both CFC and CPEPC believe that this Working Group will enhance the chicken sector's ability to keep pace with consumer expectations and contribute to the ongoing success of science-based animal welfare programs and best practices into the future.

ENVIRONMENTAL SUSTAINABILITY INITIATIVES

Reviewing Chicken Farmers of Canada's environmental sustainability and associated initiatives was a big focus of the work undertaken this year in developing CFC's new three-year strategic plan. CFC worked with consultants throughout the year to help guide the strategic planning in this area and preserving the environment will be a key initiative for CFC for years to come.

“

A series of videos was filmed to showcase these innovative practices such as manure management and storage, evaporative cooling, LED lighting, solar panels and solar walls, biomass heating, and more.

”



Pine View Farms, Saskatchewan

CFC STRATEGIC PLAN 2023-2025 ENVIRONMENT HIGHLIGHTS

- » Update our current lifecycle assessment every five years going forward
- » Develop an in-depth understanding for staff, board and farmers on the environmental impacts of chicken farming
- » Investigate the feasibility of net zero emissions by 2050 for chicken farming
- » Share farmers' success stories on reducing the impact on the environment
- » Investigate a benchmarking environmental sustainability tool for chicken farmers

CFC also spent time this year creating content to acknowledge and celebrate the environmentally beneficial practices that farmers are already implementing on farms across the country. A series of videos was filmed to showcase these innovative practices such as manure management and storage, evaporative cooling, LED lighting, solar panels and solar walls, biomass heating, and more. The videos will be completed in early 2023 and promoted online and to stakeholders.

NATIONAL INDEX ON AGRI-FOOD PERFORMANCE

In 2022, CFC continued to be engaged with a growing coalition of private and public partners (80+ to start and now over 110) that are working together pre-competitively to develop an integrated picture of sustainability for Canada's agri-food sector. The National Index on Agri-Food Performance spans four

With input from academia, government, and industry, CPRC continually reviews its research priority list and, if necessary, adjusts it to reflect existing and emerging issues of importance to its members.

sustainability priorities: the environment, economic, health and food safety, and societal well-being.

Building on existing government and sector reporting efforts, some 20 indicators and 50 sub-indicators are proposed to report on the sustainability, responsibility and importance of Canada's food sector, from food production to retail on a consolidated basis. The intent is to paint a comprehensive view of sustainability, showing areas of leadership and shortcomings.

By participating in the Index Coalition's work since 2020, CFC continues to learn how to effectively respond to the many concerns posed by climate change. The Coalition's work will help guide CFC and the Board as we examine the ability for a net-zero goal for the sector.

In the Spring, a **four-part report** was released by the Coalition detailing results to-date, including a detailed governance roadmap, the proposed indicators, and highlights of the various projects.

The partners aim to secure longer-term funding in 2023 to establish the proposed Centre for Agri-Food Benchmarking to manage and evolve the Index.

The coalition is online at agrifoodindex.ca.

POULTRY RESEARCH

Chicken Farmers of Canada is a founding member of the Canadian Poultry Research Council (CPRC). CPRC supports poultry research in Canada and the training of highly qualified people for Canada's poultry sector. CFC was represented on the CPRC Board by Ray Nickel, CFC Director from British Columbia.

Each year, CPRC conducts a call for Letters of Intent (LOI) which is open for approximately 6 weeks. Upon announcement of the call, a research priority list is provided for that year.

With input from academia, government, and industry, CPRC continually reviews its research priority list and, if necessary, adjusts it to reflect existing and emerging issues of importance

to its members. Provided they remain of high importance, individual priority areas will be the subject of future calls at regular intervals so as to promote continuity in existing research programs.

At the end of 2021, CPRC issued a call for proposals for three research categories:

- 1) food safety
- 2) poultry health and welfare
- 3) productivity and sustainability

These categories were chosen to align with the *National Research Strategy for Canada's Poultry Sector* priorities. The CFC research topics were included in this call.

The CPRC Board of Directors met on June 13, 2022 to review the 12 letters of intent that were sent for peer review (19 LOIs were received in total). Upon review, CPRC approved seven research projects for funding.

CPRC's funding for all seven projects totals \$315,000. CFC's contribution (\$180,000) represents approximately 57% of funding for these projects. Of the seven projects, five directly or indirectly benefit CFC.

Through the regular CPRC call for proposals, each year CFC allocates additional funding for topics specific to CFC research needs. The decision on this specific project was delayed in 2022 while CPRC focused on the Cluster 4 application, and should be completed in early 2023.

FUNDING REPORT

To the end of 2022, CPRC Members have committed more than \$5.5 million through our regular funding programs in support of 120 research projects at universities and federal government laboratories across Canada. Although CPRC's contribution is significant, it only represents a fraction of the overall support for these projects; funds from other sources bring the total research program to more than \$31 million.

POULTRY CLUSTER

CPRC is currently administering the third Poultry Science Cluster which will come to an end in March of 2023. Updates on the Cluster results can be found on **CPRC's website** and specific **Cluster 3 communications**.

In 2022 CPRC dedicated significant time to developing the application for the fourth Poultry Science Cluster, which will go forward to AAFC in early 2023. Members worked to respond to the opportunity posed by the federal government guidelines calling for 30% of funding to be on climate change and environment topics. This resulted in a second call for proposals and the development of new relationships with environmentally focused agriculture researchers. Preparing this application was a steep learning curve for all involved and CFC is very hopeful for the value these research projects could provide to our sector's environmental goals.



Chicken with Black Garlic Sichuan Peppercorn BBQ Sauce and Cold Cucumber Cilantro Salad

This baked chicken with an Asian-inspired BBQ sauce will quickly become a household favourite, especially when paired with the refreshing salad. The spicy marinade provides just the right amount of kick.

Prep time: 45 Min | Cook time: 25 Min | Serves: 4

INGREDIENTS

4 boneless chicken breasts (3-4 ounces), skin on, or 1 whole chicken cut in 4 pieces

BBQ SAUCE

1 cup brown sugar
½ cup whiskey
1 cup ketchup
¼ cup apple cider vinegar
1 tbsp Worcestershire sauce
1 tsp Sichuan peppercorn, crushed
½ cup maple syrup
1 tsp liquid smoke
2 tsp salt
2 tbsp black garlic pureed, or black garlic paste if available

CUCUMBER AND CILANTRO SALAD

1 long English cucumber, sliced lengthwise, seeds removed and then sliced into half-moon shapes (crosswise)
¾ tsp salt
2 cloves garlic, minced
1 tsp apple cider vinegar or black vinegar
1 ½ tsp sugar
1-2 tsp chili oil
½ tsp chilli powder
½ tsp sesame oil
1 bunch of cilantro leaves, washed and stems removed
½ red bell pepper, seeded and cut in 1/8 inch sesame seeds for garnish

STEPS

In a medium saucepan, combine all ingredients for the BBQ sauce. Bring mixture to a boil and reduce heat. Simmer, uncovered, stirring frequently for about 30 minutes or until sauce coats the back of a spoon.

Let cool, store in an airtight container in the refrigerator.

In a bowl, combine chicken breasts with enough sauce to coat.

Marinate in the fridge for at least 30 minutes or up to 24 hours.

Preheat the oven to 375°F (190°C). Place marinated chicken in a casserole dish and bake uncovered for 30 minutes.

While baking, use a pastry brush to baste the chicken with more sauce, approximately every 10 minutes.

Chicken is cooked when the internal temperature reaches 165°F (74°C). Remove from the oven.

Cover the chicken and let rest 5

minutes before serving. Slice and serve with cucumber salad.

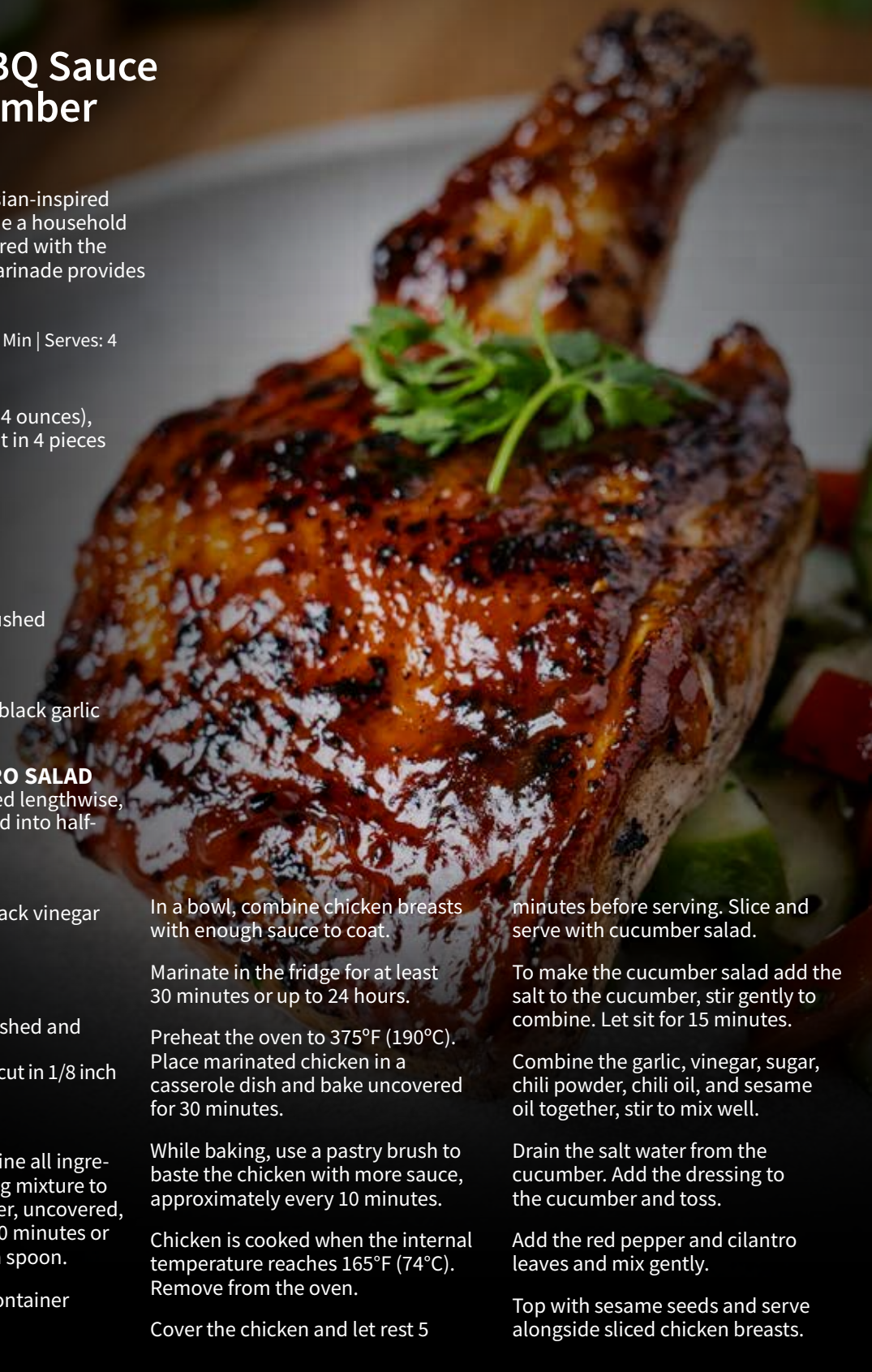
To make the cucumber salad add the salt to the cucumber, stir gently to combine. Let sit for 15 minutes.

Combine the garlic, vinegar, sugar, chili powder, chili oil, and sesame oil together, stir to mix well.

Drain the salt water from the cucumber. Add the dressing to the cucumber and toss.

Add the red pepper and cilantro leaves and mix gently.

Top with sesame seeds and serve alongside sliced chicken breasts.



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Brand **MARKETING**

BRAND MARKETING



NEW COMMERCIALS

AS PART OF THE CPTPP MITIGATION MEASURES THAT WERE ANNOUNCED FOR THE POULTRY AND EGG SECTORS IN 2021, A MARKET DEVELOPMENT PROGRAM WAS CREATED TO INCREASE BRAND AWARENESS AND PROMOTION IN AN EFFORT TO GROW PER CAPITA CHICKEN CONSUMPTION. 2022 MARKED THE FIRST YEAR OF THE PROGRAM FUNDING THAT WILL BE COST SHARED BETWEEN CFC AND THE GOVERNMENT OVER TEN YEARS. THIS SUPPORT HAS ALLOWED US TO INCREASE OUR COMMITMENT TO THE *RAISED BY A CANADIAN FARMER* BRAND AND OUR DEDICATION TO BUILDING PUBLIC TRUST. IN 2022, WE FOCUSED ON CONSUMER REACH THROUGH TRADITIONAL MEDIA, BROADCAST, AND PAID DIGITAL MEDIA WITH THE MARKET DEVELOPMENT FUNDING.

As a result, the *Raised by a Canadian Farmer* brand awareness increased to 43% in 2022, up from 39% in 2021. There was also an almost 10% increase in brand awareness amongst younger consumers, aged 18-34 (53% up from 42%).

NEW COMMERCIALS

A qualitative consumer survey conducted in 2021 regarding CFC's marketing and advertising resulted in the creation of a new brand statement for 2022, with a focus on chicken's versatility: Different Day, Different Dish. This created new and exciting messaging opportunities for the brand that we incorporated into our eight new commercials – French and English for both TV and video platforms.

As the campaign progressed throughout the year, we saw:

- » 173,574,300 total impressions for linear TV and digital
- » 186,557 total clicks achieved through digital efforts
- » 186,192,300 overall campaign impressions.
- » 17.5% increase in web traffic versus 2021

SOCIAL MEDIA/CONSUMER OUTREACH

Chicken Farmers of Canada continued to look for new ways to engage with and relate to consumers in 2022, in an effort to remain Canada's number one meat protein. Through @chickenfarmers on Twitter and @chickendotca on Instagram, @chickendotca on TikTok, in addition to engaging on Facebook, we were able to connect with Canadians regarding nutrition, recipes, and food safety. In addition to our in-house social media content, we partnered with notable influencers across Canada to expand our reach and attract new audiences. We had a TikTok partnership with Phil Mackenzie from LEANSQUAD, posts from Brittlestar, "The Internet's Favourite Dad," and sponsored a "Chicken Jammer" with celebrity chef Trevor Lui. Our Brand Ambassador social sharing of CFC content on Twitter had over 53 million impressions in English and had 4.5 million impressions in French. And on Instagram, sharing measured at almost 1 million impressions in English and 353k impressions in French.



COMMERCIAL
IN THE
Making



NATIONAL CHICKEN MONTH

During National Chicken Month, a call out to consumers was issued to submit recipes of their favourite chicken dishes from their cultures. We featured dishes inspired by Ghana, Trinidad and Tobago, India, and the Philippines.

Capitalizing on the momentum we gained during National Chicken Month the previous year, we issued another challenge to the Culinary Federation chefs to create and share a recipe from their culture. We increased our participation among the chefs who provided a wonderful array of delicious chicken recipes, as judged by CFC staff.

THIS YEAR'S WINNERS WERE:

- 1st place:** Chef Britt Failer
- 2nd place:** Chef Dacy Reid
- 3rd place:** Chef Meet Patel

CULINARY FEDERATION

Equipped with the model chicken barn and Wheel of Chicken, Chicken Farmers of Canada representatives attended the Culinary Federation National Conference 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 around sustainability, environmental impact, and activism, and gave chefs the opportunity to gather important information about Canadian chicken farming.

Saskatchewan chicken farmer, Tiffany Martinka, took part in "The Future of Food/Agriculture" panel discussion, an overview of sustainable farming. Panelists provided examples of sustainable practices with the chefs' end-use in mind, discussed how farmers want to help chefs serve and provide food of the highest quality possible, and how the culinary industry can inform their customers & staff about how and why to support sustainable food practices from suppliers. The discussion was followed by an engaging audience Q&A.

RECIPE DEVELOPMENT

Working with our partner, Take5 Digital, we created **20 new recipe videos**, how-to videos, and three "personality" videos. The recipes featured chicken dishes from diverse cultures, and can be found on our social media platforms, website, and our YouTube channel. We also created two videos featuring celebrity multicultural chefs Trevor Lui (Taiwanese) and Joseph Shawana (Indigenous).

NEW BRAND SIGNATORIES

2022 saw the *Raised by a Canadian Farmer* brand partner with retailers such as Bar Burrito, FreshHouse Foods, and Opportunity Traders.



CONSUMER RESEARCH

The Usage and Attitudes study with Canadian consumers was completed in 2022, beginning with a series of focus groups, and leading up to a full, quantitative study that examines how people think about chicken, how they use it, and what trends are emerging. Among the positive results, we learned that:

- » Chicken is eaten more frequently than other proteins:
 - 100 percent of respondents say they eat chicken.
 - Of those respondents, they eat chicken 2.3 times per week.
- » 96% say it's important that their chicken is raised in Canada.



RESTAURANTS CANADA SHOW

Our model barn and Wheel of Chicken were on hand for the RC Show, where we networked with restaurant and foodservice professionals and had great conversations regarding CFC's commitment to animal care, sustainability, and food safety. CFC staff educated attendees and dispelled myths about the chicken sector. The RC Show was also an opportunity to arm foodservice companies with the tools they need to combat activism, and the increase of plant-based meat alternatives.



GROCERY INNOVATIONS SHOW

CFC joined the community of retailers, manufacturers, suppliers and service providers at the Grocery Innovations Show to network and share updated information about our evolving role in the chicken sector. Attendees were particularly interested in CFC's *Raised by a Canadian Farmer* Animal Care, On-Farm Food Safety and Sustainability Excellence programs.



Spicy Chicken Ramen

This spicy chicken ramen brings the heat and the flavour. A combination of seasoned boneless chicken thighs, sautéed mushrooms, carrots and green onion make this a cozy noodle soup perfect for warming up 2 or easily doubled for 4.

Prep time: 10 Min | Cook time: 25 Min | Serves: 2

INGREDIENTS

½ tsp garlic powder
½ tsp ground ginger
⅛ tsp chili flakes
1 tbsp canola oil, divided
2 small portabello mushrooms, gills removed and thinly sliced (150 g)
1 tsp sodium reduced soy sauce
200 g boneless skinless chicken thighs (about 3)
⅛ tsp salt
3 cups sodium reduced chicken broth
1 tbsp chili garlic sauce
2 85 g ramen noodle bricks, seasoning packet discarded
1 small carrot, cut into matchsticks (100 g)
2 green onions, thinly sliced
1 soft boiled egg, peeled and halved
Sriracha for garnish, optional

STEPS

Stir garlic powder, with ground ginger and chili flakes in a small bowl. Set aside.

Heat half the oil in a small skillet over medium heat. Add mushrooms and cook until they begin to soften, 3 – 4 min. Stir in soy sauce and half the garlic powder mixture. Cook until mushrooms are tender and liquid is absorbed, 3 – 4 min. Remove mushrooms to a plate. Wipe skillet clean and return to heat.

Increase heat to medium high. Heat remaining oil in pan. Season both sides of chicken with salt and remaining garlic powder mixture. Cook chicken until golden and cooked through, about 4 min per side. Remove chicken, let rest for 5 minutes and slice.

Stir broth with chili garlic sauce in a small pot. Bring to a boil. Cook ramen, one brick at a time, until noodles are separated and tender, about 2 min. Using a pair of tongs or slotted spoon, remove ramen to soup bowls.

Divide broth amongst bowls with noodles and top with mushrooms, sliced chicken, carrots, green onion and egg. Finish with a drizzle of sriracha.



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MARKET *Watch*

MARKET WATCH



IN 2022, CANADIAN CHICKEN FARMERS PRODUCED 1,353 MILLION KG (MKG), REPRESENTING AN INCREASE OF 2.7% VERSUS 2021, AND UP 6.4% AND 4.3% OVER 2020 AND 2019 RESPECTIVELY COMPARED TO 2020 AND 2019.

Based on the preliminary data from AAFC and CFC, per capita consumption (PCC) of chicken was 36.1 kg in 2022, 1.6 kg (4.7%) more than 2021, and the highest volume on record. Chicken remained the most popular meat protein choice for Canadians. The same preliminary data indicates that per capita consumption of beef increased to 24.9 kg in 2022, 0.8 kg higher than 2021. And each Canadian consumed 2 more kilograms of pork to reach 21 kg in 2022.

The average live price paid to Canadian chicken farmers in 2022 was \$2.043 per kg live weight, a \$0.212 increase compared to 2021 and \$0.428 higher than in 2020.

Frozen chicken inventories on the first day of 2022 were 58.5 Mkg. This decreased steadily to the lowest number of the year on July 1st (52.4 Mkg), as indicated by strong demand combined with chick supply-related underproduction. Finally, inventories increased in the last five months of the year to reach a record-high level of 61 Mkg at the end of the year.

Although 2022 was not without its own challenges, the chicken sector returned to more normal times after going through many challenges and adjustments during the previous two COVID-19 pandemic years.

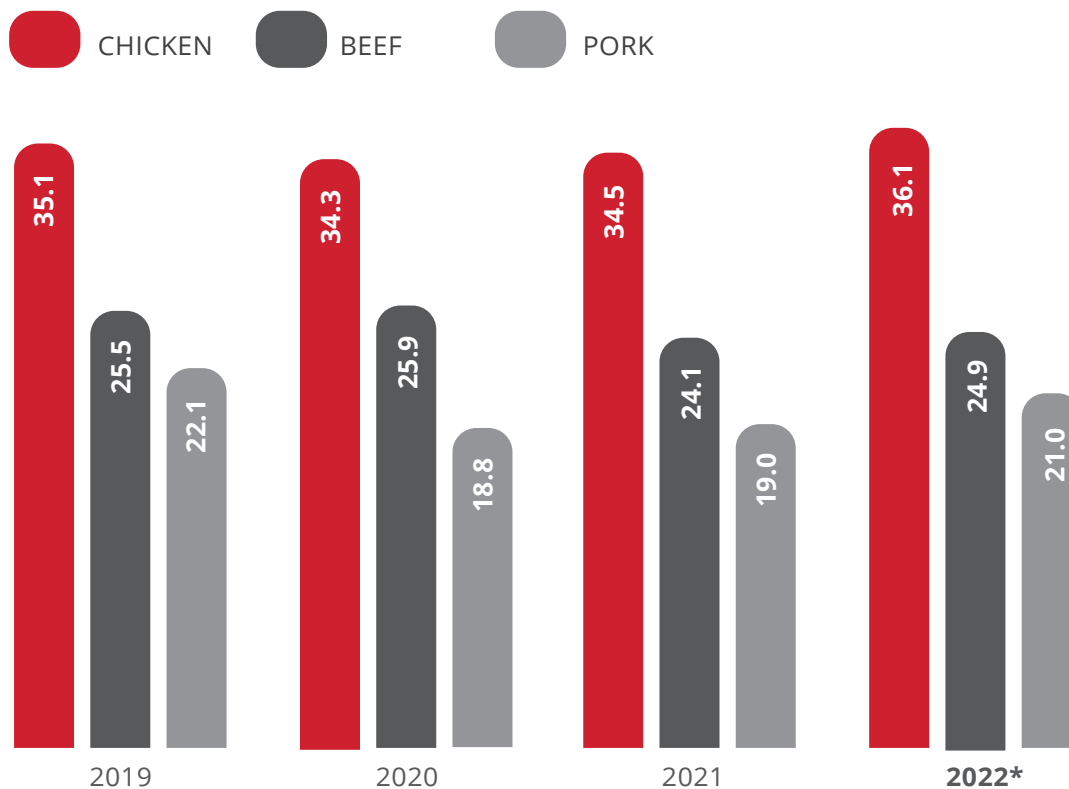
Canada's food service sector saw a strong recovery in 2022 following several lockdowns, re-openings and a shift to take-out and delivery business models at the expense of indoor dining during the COVID-19 pandemic. Sales at full-service restaurants bounced back and sales at quick service restaurants remained very strong throughout the year. Chicken sales (volume – kgs) at retail stores retreated from the highs during the COVID years but dollar sales figures exceeded previous years' levels because of higher prices.

PRODUCTION

The year 2022 included eight allocation periods, from period A-173 (November 21, 2021 – January 15, 2022) to period A-180 (December 18, 2022 – February 11, 2023). Domestic allocations were set ranging from 2.5% above base for period A-175 to 6.5% above base for periods A-179 and A-180. Combined domestic allocations for these eight periods represented a 4.4% increase versus the base allocations. Although 2022 was not without its own challenges, the chicken sector returned to more normal times after going through many challenges and adjustments during the previous two COVID-19 pandemic years.

Total chicken production in 2022 reached 1,353 Mkg, 2.7% (35 Mkg) more than in 2021, and 4.3% (55 Mkg) higher than the last "regular" pre-COVID year of 2019. Production under CFC's Market Development Program amounted to an estimated 33.6 Mkg, 8 Mkg (19%) less than in 2021 and significantly lower than in years prior. This decrease can be attributed to significant underproduction, tight supplies for the domestic market, and export restrictions related to avian influenza outbreaks throughout the year.

PER CAPITA CONSUMPTION (KG)



* Estimate

Production under the Specialty Production Program was 9.7 Mkg in 2022, 0.5 Mkg (-4.7%) less than in 2021. While production under this program only makes up a small portion of total production (0.7%), the volume grew since the first full year of implementation (2015) when production under the program totaled 7.3 Mkg and reached to the peak in 2021 with 10.2 Mkg.

Chick supply issues in the U.S. and to a lesser extent in Canada heavily impacted production in 2022. Four periods, A-175 to A-178, experienced significant underproduction as a result at a combined 20.9 Mkg. Production during periods A-173 to A-179 was 16.2 Mkg (1.1%) lower than the amount that was allocated. Despite the underproduction, production in the first half of 2022 was 31.6 Mkg (4.9%) higher than in the same months of 2021 when allocations were set below base, and production in the last six months of 2022 was only fractionally higher than during the same timeframe in 2021 when allocations were set well above base and some overproduction occurred.

PRODUCER PRICES

The production-weighted average producer live price in Canada nationwide was \$2.043 per kilogram live weight in 2022, a 21.2 cent (11.6%) increase over 2021, and 42.8 cents (26.5%) higher than in 2020. The producer live price was the lowest in the first period of the year, A-173, at \$1.860 per kilogram, increased steadily during the year to \$2.155 in period A-178, decreased marginally in the following period to close off 2022 at \$2.169 in period A-180, the highest level of the year and on record.

Feed prices are a large input cost in chicken production. Feed prices began to increase in late 2020 in response to robust demand combined with limited supplies, remained at elevated levels throughout 2021 and experienced another significant increase in early 2022 when grain exports from Ukraine and grain markets worldwide were severely impacted by the Russian invasion of Ukraine.

PROVINCIAL PRODUCTION OF CHICKEN (MILLION KG EVISCERATED)

PROVINCE	2022	2021	% CHANGE
BRITISH COLUMBIA	190.6	188.7	1.01%
ALBERTA	130.8	131.1	-0.22%
SASKATCHEWAN	48.2	48.5	-0.63%
MANITOBA	53.6	52.7	1.71%
WEST	423.2	420.9	0.52%
ONTARIO	471.1	449.1	4.91%
QUEBEC	355.4	348.4	2.03%
CENTRAL	826.5	797.4	3.65%
NEW BRUNSWICK	35.7	34.9	2.35%
NOVA SCOTIA	45.7	43.6	4.75%
PRINCE EDWARD ISLAND	5.0	4.7	6.23%
NEWFOUNDLAND & LABRADOR	17.2	16.6	3.68%
ATLANTIC	103.5	99.8	3.80%
CANADA	1,353.2	1,318.1	2.67%

ALLOCATION GROWTH OVER BASE*

PROVINCE	BASE ALLOCATION (MKG)	DOMESTIC ALLOCATION (MKG)	% GROWTH OVER BASE
BRITISH COLUMBIA	213.8	222.0	3.82%
ALBERTA	155.8	163.2	4.77%
SASKATCHEWAN	53.2	54.6	2.57%
MANITOBA	62.1	63.8	2.73%
ONTARIO	535.2	562.5	5.10%
QUEBEC	411.1	428.6	4.26%
NEW BRUNSWICK	41.9	43.6	4.11%
NOVA SCOTIA	52.3	54.6	4.28%
PRINCE EDWARD ISLAND	5.7	6.0	5.15%
NEWFOUNDLAND & LABRADOR	20.6	21.5	3.96%
CANADA	1,551.7	1,620.3	4.42%

* Allocation Period: A173-A180

WHOLESALE PRICES

Express Markets Inc. (EMI), a price discovery company, provides wholesale complex pricing for four main categories of chicken cuts: breasts, wings, legs, whole birds, along with a market composite.

The market composite and the four complexes increased sharply and reached record-highs in 2022. Wholesale prices were particularly strong in the first half of the year when production was lower than the volumes that were allocated, and imports from the U.S. were less than normal because of lower production south of the border and very high U.S. chicken prices. Later in the year, the hatching egg and chick supply situation improved, and chicken supplies returned to normal levels for the time of the year. Wholesale prices followed the same trend but remained significantly higher in the second half of 2022 than in 2021 and prior years.

The annual average market composite and whole bird complex exceeded \$4.00/kg for the first time and reached \$4.43/kg (52 cents higher than 2021) and \$4.63/kg (63 cents higher than 2021), respectively. The breast complex averaged \$6.60/kg in 2022, 83 cents higher compared to 2021. Dark meat prices as measured by the leg complex reached \$3.06/kg, 28 cents more than 2021. The wing complex showed the smallest year over year increase, 6 cents, and averaged \$6.29/kg in 2022, but this increase came after a year of very strong pricing in 2021.

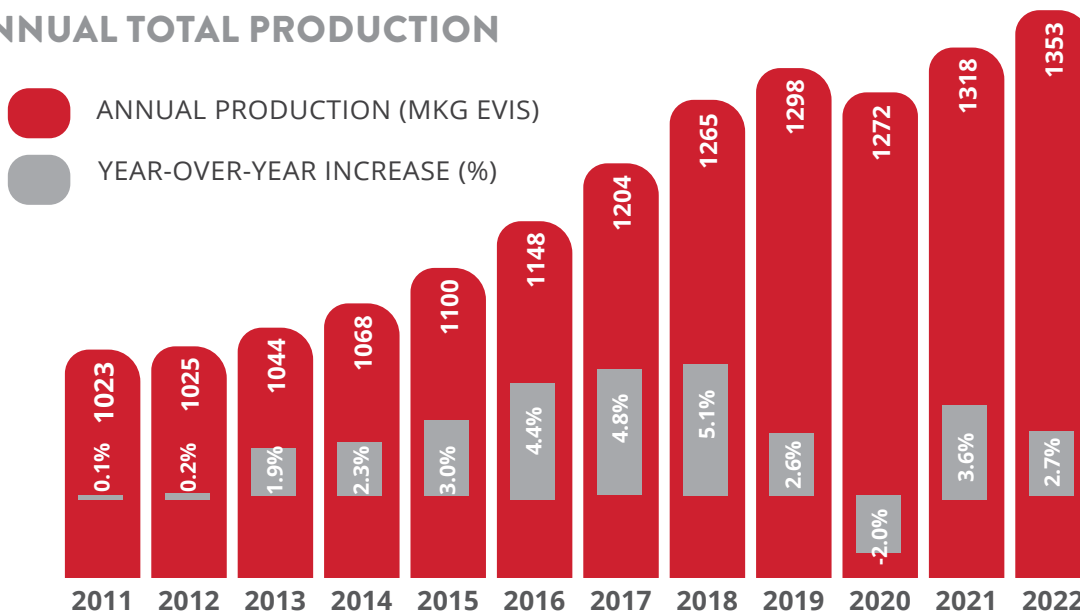
RETAIL PRICES

News about inflation and record-high prices dominated the headlines in 2022. Driven by food and energy costs in the wake of the COVID-19 pandemic combined with supply chain disruptions, inflation has been exacerbated by the Russian invasion of Ukraine. The Consumer Price Index (CPI) for all items in 2022 averaged 151.2 which represents a 6.8% and a 9.6 percentage point increase over 2021.

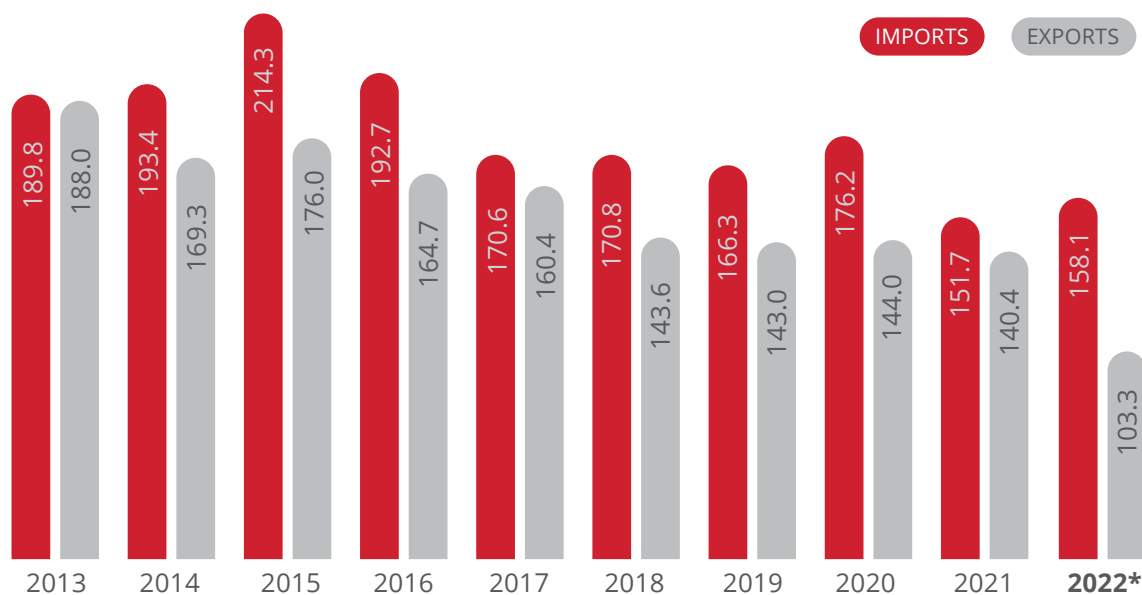
With some exceptions, food and meat price increases outpaced the increase in the overall CPI. The CPI for food in 2022 was 8.9% higher than the year before, and the CPI for meat increased by 8.0%. Among the main meat proteins, the CPI for beef increased the most at 8.5% (17.2 percentage points), closely followed by the CPI for chicken at 7.7% (13.8 percentage points). The increase for the CPI for pork was more modest at 3.5% (5.4 percentage points). Compared to 2020, the CPI for chicken, beef and pork was 13.8%, 11.9% and 6.5% higher, respectively. The CPI for eggs averaged 199.5 in 2022, 10.7% higher than in 2021 and 17.7% higher than in 2020. The surge in egg prices was related to severe outbreaks of avian influenza in the U.S. and Canada, impacting the number of laying hens.

Statistics Canada also publishes monthly retail prices for cuts of the main meat proteins. Of the four chicken cuts monitored by Statistics

ANNUAL TOTAL PRODUCTION



CANADIAN CHICKEN IMPORTS AND EXPORTS (MKG, AAFC)



Canada, breast meat prices increased the most to \$14.51/kg, up \$1.68 (13.1%). Thigh meat prices averaged \$11.27 per kg, up \$1.39 (14.1%) from 2021, and the average price of one kg of drumsticks was \$6.50, twenty eight cents (4.5%) higher than in 2021. The price increase for whole chicken was the most modest: \$5.98/kg in 2022 versus \$5.82/kg in 2021 (+2.8%).

Beef prices at retail also experienced substantial price increases in 2022. The most affordable beef cut, ground beef, increased 84 cents (8.6%) to \$10.55/kg. Prices of the more expensive cuts, striploin, top sirloin and rib, increased by 3.4%, 11.8% and 5.0%, respectively, while stewing beef prices increased 13.7% in 2022.

Price changes for fresh pork were relatively small. Pork loin cuts and pork ribs were 0.1% and 0.6% cheaper, respectively, compared to 2021. Pork shoulder prices went up 46 cents per kg (7.6%) from 2021. The price of 500 grams of bacon increased 55 cents (8.4%) in 2022.

IMPORTS

The Tariff Rate Quota (TRQ), which is administered by Global Affairs Canada (GAC), was 90.8 Mkg in 2022, 2 Mkg more than the year before. The TRQ consisted of 39.8 Mkg under

WTO and 51 Mkg under CUSMA for a total of 90.8 Mkg. Import volumes under these two TRQ's were 90.2 Mkg, and 3.8 Mkg came in as supplementary imports-to-compete, for a total of 94.0 Mkg. Furthermore, 1.5 Mkg of further processed chicken products were imported into Canada under the CPTPP TRQ. In the last days of 2022, Chile officially ratified the CPTPP agreement, making Chile eligible to export chicken products to Canada under the CPTPP TRQ in early 2023.

In 2021, U.S. labour and deboning capacity issues caused a significant shift in the imports' product mix from boneless to bone-in parts. The share of boneless parts increased from 20% in 2021 to 24% in 2022, still significantly lower than in previous years, while imports of bone-in parts accounted for 46% in 2022, compared to 50% in 2021. The share of processed chicken products remained unchanged compared to 2021 at 30% – a percentage that is substantially higher than in the years prior. Canada did not import live chicken but imported a small amount of eviscerated whole chicken (0.2 Mkg) in 2022.

The U.S. continued to be the largest supplier of chicken imported under the TRQ. In 2022, 52.4 Mkg of U.S. chicken products were imported,

representing 58% of total imports under the TRQ, with 50.5 Mkg entering under the CUSMA TRQ and the remaining 1.9 Mkg under the WTO TRQ. As in previous years, Brazil and Thailand were the second and third largest suppliers of chicken imported under the TRQ. Brazil and Thailand shipped 18.5 Mkg and 14.1 Mkg to Canada, respectively, accounting for 20% and 16% of the total amount imported under the TRQ. Imports from Europe (Hungary, Germany, U.K.) totaled 5.1 Mkg (6% of total), and small amounts were sourced from Argentina, Chile, China, and Israel.

GAC also manages the Import to Re-Export Program (IREP), which allows the further processing sector to import chicken duty-free, on the condition that participating companies further process and re-export the product. A total of 13.6 Mkg of chicken was imported under the IREP program in 2022, down 4.1 Mkg from 2021.

The Duties Relief Program (DRP), monitored by the Canadian Border Services Agency (CBSA), is similar in nature to the IREP program, and allows participants to import chicken and re-export the chicken as a further processed product within a four-year timeframe. Volumes imported under the DRP increased from 35 Mkg in 2021 to 40 Mkg in 2022, the third consecutive annual increase from the 2019 low of 25.2 Mkg.

Import data as compiled and reported by Agriculture and Agri-Food Canada (AAFC) indicated that 158.1 Mkg (bone-in equivalent evis weight) of chicken products were imported

into Canada in 2022, 6.4 Mkg (4.2%) more than in 2021 but still significantly less than in previous years. Compared to 2021, imports of wings, legs, and further processed boneless chicken products saw significant increases while imports of bone-in breasts, bone-in parts, and further processed bone-in chicken products decreased.

Spent fowl imports (AAFC data) were 75.2 Mkg eviscerated in 2022, 3 Mkg (4%) more than in 2021 but significantly less than imports in previous years. Imports of boneless breasts were up significantly from 2021, reaching 12 Mkg, 4 Mkg (49%) more than in 2021 when labour issues in the U.S. slowed down deboning activity. Bone-in parts imports (predominantly fronts) decreased from 43.3 Mkg in 2021 to 38.4 Mkg in 2022. Imports in the first half of the year were much lower than in 2021 and previous years due to very tight chicken supplies and increased use of fowl meat in the U.S. but recovered in the second half of 2022 to end the year at significantly higher volumes compared to the same timeframe in 2021.

EXPORTS

AAFC data and CFC estimates show that 103.4 Mkg of chicken was exported in 2022. Compared to the year before, Canadian chicken exports saw a significant decrease due to underproduction and a larger proportion of total production going to the domestic market, and avian influenza related export restrictions. Leg quarters and legs,

INDUSTRY SNAPSHOT

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD	TOTAL
NUMBER OF PRODUCERS	314	243	71	125	1299	628	40	92	8	6	2,826
AVERAGE FARM SIZE (000 KG LIVE WEIGHT)	826	729	923	583	490	768	1,214	671	842	3,901	649
FEDERALLY-INSPECTED PLANTS	9	4	2	2	14	7	2	1	0	1	42
PROVINCIAL- INSPECTED PLANTS	13	65	1	2	31	5	1	11	5	7	141
AVERAGE PRODUCER PRICE (\$/KG LIVE WEIGHT)	2.146	2.110	2.132	2.123	1.991	1.999	2.083	2.080	-	-	2.043

Sources: CFC, AAFC, CFIA, provincial boards, provincial ministries of Agriculture

mechanically separated meat (MSM) and Chapter 16 (Preparations of Meat) products were the top three Canadian chicken cuts destined for the international market. However, exports of these chicken cuts decreased significantly from the previous year, particularly bone-in legs and MSM.

The U.S., Philippines and Taiwan remained the most important export destinations of Canadian chicken. Canada also shipped its chicken to Trinidad and Tobago, Armenia, the Democratic Republic of the Congo, Angola, Ghana, Gabon, Jamaica, and several other destinations.

STORAGE STOCKS

At the beginning of 2022, frozen inventories totaled 58.5 Mkg, slightly lower than in 2021. Frozen inventories decreased steadily in the first half of the year because of tight domestic supplies to 52.4 Mkg on July 1st, but increased significantly during the second half of 2022 to reach 60.9 Mkg at the end of the year, 2.5 Mkg (4.2%) higher than in the previous year, and the highest level on record.

Increases in the cut-up chicken category were the driving factor behind the increases in the second half of 2022. Cut-up breast meat inventories decreased from 8.6 Mkg in January to 6.6 Mkg in the summer and increased to 9.3 Mkg at the end of the year, but stocks in this category were below previous years' levels for most of the year. After seeing a sharp increase in the second half of 2021, frozen inventories of wings remained above previous years' levels at around 7 Mkg until early fall and increased further to 10.3 Mkg at the end of the year. Inventories of dark meat

cuts were similar to previous years' levels for most of the year and ended the year at 4.2 Mkg, lower than in previous years. Frozen inventories in the miscellaneous chicken category which includes items such as MSM, giblets, necks, feet, and paws, were much higher than in previous years. Inventories in this category were 6.4 Mkg on January 1st, almost twice as high as in previous years, dropped to just below 5 Mkg in the summer, and went back to 6.1 Mkg at the end of the year.

Cut-up and further processed chicken continued to make up the bulk of all frozen inventories. Combined, these two categories accounted for 88% of total inventories in 2022, slightly more than in the previous year. Within the cut-up category, breast meat and wings accounted for more than two-thirds in 2022, more than in previous years. Miscellaneous chicken inventories represented 10% of total inventories, slightly below last year but significantly more than in years before 2021, while the share of frozen whole chicken inventories remained stable at 2%.

INTERPROVINCIAL MOVEMENT

Along with the provincial chicken marketing boards, CFC monitors the interprovincial movement (IPM) of live chicken. IPM totaled 91 Mkg in 2022, 1% less compared to last year. On the receiving side, the bulk of IPM (64 Mkg) went to New Brunswick with Québec, Nova Scotia and P.E.I. shipping 40 Mkg, 23 Mkg and 1 Mkg, respectively, to the province. Québec had the largest volume of live chicken going to other provinces (40 Mkg), followed by Nova Scotia (23 Mkg) and Ontario (20 Mkg).

INTERPROVINCIAL MOVEMENT OF LIVE CHICKENS (IN KGS LIVE WEIGHT)

IPM (LIVE KG)	TO					TOTAL
	NB	NS	QC	BC	AB	
NS	22,749,664					22,749,664
PE	1,180,527	5,779,625				6,960,152
QC	40,534,716					40,534,716
ON			20,228,174			20,228,174
SK					582,592	582,592
AB				16,355		16,355
TOTAL	64,464,907	5,779,625	20,228,174	16,355	582,592	91,071,653

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MONITORING & Enforcement

MONITORING & ENFORCEMENT



CHICKEN FARMERS OF CANADA’S RESPONSIBILITY IS TO PROVIDE AN EFFECTIVE NATIONAL MONITORING AND ENFORCEMENT POLICY FOR THE ORDERLY MARKETING OF CHICKEN IN ORDER 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 2022, CFC staff and external auditors completed the audits of provincial chicken boards for compliance with the policies and regulations for periods A-166 to A-173, which runs from October 25, 2020 to January 15, 2022, and initiated the audits of periods A-174 to A-177, which runs from January 16 to August 27, 2022. The audits of periods A-174 to A-177 will be completed during the first quarter of 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-170 to A-173 and initiated for periods A-174 to A-177.

The audit report for periods A-166 to A-169 was presented and approved by the Board of Directors in March 2022, and the audit report for periods A-170 to A-173 was presented and approved by Directors in November 2022. The audit report for periods A-174 to A-177 is expected to be presented to Directors in May 2023.

OVERMARKETING ASSESSMENT

The following assessment was presented and approved by the Board of Directors in 2022:

AUDIT PERIOD	PROVINCIAL BOARD	LEVY ASSESSED
A-172/A-173	SASKATCHEWAN	\$48,533.76

The above levies have been paid in full.

MARKET DEVELOPMENT

There were no levies assessed in 2022.

SPECIALTY PRODUCTION

There were no levies assessed in 2022.

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 2022.

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CORPORATE
Social **RESPONSIBILITY**

CORPORATE SOCIAL RESPONSIBILITY



CANADIAN CHICKEN FARMERS NOT ONLY NOURISH AND FEED THEIR COMMUNITIES, BUT WORK TOWARDS CREATING A BETTER CANADA BY GIVING BACK.

Chicken Farmers of Canada has been a proud partner and supporter of the Ottawa Food Bank since 2007 and continues to find new ways to work together to fight hunger in Canada's capital. Each year, through the food donation program and staff donations, we continue to support the mission of the Ottawa Food Bank.

In 2022, the annual Chicken Challenge program provided over \$50,000 worth of chicken products to the Ottawa Food Bank, in addition to the almost \$10,000 that was collected through yearlong staff donations.

Also in 2022, the Ottawa Food Bank launched the *Moving to a Healthier Future* campaign, soliciting donations to build a new, state of the art facility in Ottawa. Chicken Farmers of Canada proudly contributed \$50,000 over two years to the campaign, which supports the move to a larger warehouse that will increase the Food Bank's capacity and put more fresh, nutritious food out into the community.



OTHER CAUSES

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

- » \$6,700 each to three foodbanks through the SM4 Parliamentarian Recipe Contest – Greener Village Fredericton, Harvest Manitoba and Feed Nova Scotia
- » \$10,000 for the Parliamentary Internship Programme
- » \$8,000 for the National Chicken Month contest with chefs which resulted in donations to three foodbanks – Humboldt and District Food Bank, Knights Table Food Bank, and the Parkdale Community Food Bank
- » \$10,000 to sponsor Canadian alpine ski racer, Valérie Grenier
- » \$1,500 for the United Way of Eastern Ontario Golf Tournament
- » \$1,000 for a Government Relations Institute of Canada reception, an event in which funds were raised and matched to support the Ottawa Food Bank

In 2022, the annual Chicken Challenge program provided over \$50,000 worth of chicken products to the Ottawa Food Bank, in addition to the almost \$10,000 that was collected through year long staff donations.

Canadian alpine ski racer, Valérie Grenier



CFC's Nick de Graaf (right) and MP James Bezan (left) and MP Stephen Ellis posing with a \$20,000 cheque for Food Banks across Canada.

Prosciutto Wrapped Roast Chicken with Root Vegetables

It is hard to beat the classic roast chicken. While we aren't trying to compete, this new twist on the classic is always a crowd pleaser. To keep the prosciutto crisp without burning make sure to baste the chicken often. If the prosciutto is still burning then tent it with tin foil.

Prep time: 50 Min | Cook time: 2 Hr 30 Min | Serves: 6

INGREDIENTS

extra virgin olive oil
4 lb roasting chicken
6 strips prosciutto
2 sweet potatoes, medium, chopped
3 red skinned potatoes, chopped
1 red onion, medium, peeled and cut into wedges
2 sprigs fresh rosemary
salt
pepper

STEPS

Preheat the oven to 350°F (175°C). Line the bottom of a roasting tin with a rack to let the juices from the chicken to drain.

Season chicken with salt and pepper. Drape the six slices of prosciutto over the chicken until the top of the bird is completely covered. Place the chicken on the rack in the centre of the roasting tin.

Place the vegetables into a large bowl and toss with 1 tablespoon (15 mL) of olive oil, rosemary, salt and pepper. Spread the vegetables around the chicken.

Place the pan in the oven and roast until the chicken is cooked entirely and registers 180°F (82°C) on a meat thermometer, about 2 hours and 30 minutes. Every 30 minutes remove the chicken from the oven and baste the chicken with the juices at the bottom of the pan.

Remove from the oven and let the bird rest for 15-20 minutes before carving. Serve with the roasted vegetables.

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Staff **CHANGES**
& **UPDATES**

STAFF CHANGES AND UPDATES



NEW TO THE COOP

Berivan Abuzeyit – Public Affairs Officer

Erin Callary – Public Relations Officer
(returning employee)

Hicran Karakus – Financial Coordinator
(maternity leave coverage)

LEFT THE COOP

Jae Yung Chung – Senior Financial Analyst
(parental leave)

Jolyn Laszczyk – Financial Coordinator
(parental leave)

Bibiane Rietveld – Board Logistics Officer

Tara Molloy – Trade and Policy Analyst

Pamela Awava – Financial Assistant (term)

Lisa Bishop-Spencer – Director, Brand and Communications

Marty Brett – Senior Corporate Communications Officer

COVID/RETURN TO WORKPLACE GUIDELINES

As of June 6, CFC staff moved into the final phase of the return to workplace following the COVID-19 pandemic. This included the full complement of staff and no longer any rotation periods. Staff are required to work in the CFC office for a minimum of 3 days per week.

The mask mandate continued to be mandatory throughout the majority of the year, as per Ottawa Public Health. Once Ottawa Public Health allowed for masking to be voluntary, the mandatory policy was lifted within the CFC office in September.

COMMUNICATIONS UNIT RESTRUCTURING

As of November 1, the Communications unit was restructured, with the elimination of the Director, Brand and Communications and the Senior Corporate Communications Officer.

The Public Affairs and Communications unit will now be responsible for CFC corporate communications, risk management, and media relations. CFC will be hiring a Director, Brand Marketing. The Brand Marketing unit will be responsible for conceptualizing and executing the brand and marketing strategies. Karen Ronayne and Jeff Graham will directly report to the new position Director, Brand Marketing.

CFC wishes to thank Lisa and Marty for their long tenures at CFC and their commitment to the organization over the years.

KEY ANNIVERSARY DATES

20 YEARS

Steve Leech – Director, Food Safety and Animal Health

15 YEARS

Lori Piché – Director, Finance

Jae Yung Chung – Senior Financial Analyst

FROM LEFT TO RIGHT:

Berivan Abuzeyit
Maria Elena Baisas
Erin Callary
Nicole Faubert
Jessica Heyerhoff
Lauren Kennedy
Michael Laliberté
Steve Leech
Denis Nadeau





FROM LEFT TO RIGHT

Ayodeji Oni
Lori Piché
Christine Power
Lisa Riopelle
Karen Ronayne
Yves Ruel
Jan Rus
Kavita Walia
Mengrou Wang

MISSING FROM PHOTO

Jae Yung Chung
Jennifer Gardner
Jeff Graham
Jolyn Laszczyk

STAFF

EXECUTIVE

Michael Laliberté
Executive Director

Nicole Faubert
Executive Assistant

TRADE AND POLICY

Yves Ruel
Associate Executive Director

Tara Molloy
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, Public Affairs and Communications

Vacant
Senior Communications Officer

Berivan Abuzeyit
Public Affairs Officer

Erin Callary
Public Relations Officer

BRAND MARKETING

Vacant
Director, Brand Marketing

Karen Ronayne
Senior Design Officer

Jeff Graham
Senior Creative Content 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 Officer

Hicran Karakus
Financial Coordinator

ANIMAL CARE AND SUSTAINABILITY

Christine Power
Director of Animal Care and Sustainability

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

Kavita Walia
Food Safety Officer and Internal Auditor

Pesto Chicken Tortilla Pizza

A healthy, lightened-up pizza that is perfect for those busy nights.

Prep time: 5 Min | Cook time: 10 Min | Serves: 2

INGREDIENTS

2 tbsp pesto, sauce, ready-to-serve
1 each tortilla, whole-wheat, 13"
½ cup chicken, breast, cooked, sliced
¼ cup onion, red, fresh, sliced
½ cup red pepper, sliced
½ cup cheese, mozzarella,
part skim 16.5% MF, shredded

STEPS

Spread a large whole-wheat tortilla with pesto. Place on a lightly oiled baking pan.

Top with cooked sliced chicken, diced onion and sweet red pepper. Sprinkle with shredded cheese.

Bake at 450°F for 5-8 minutes or until cheese is melted and tortilla starts to crisp.

To serve, cut in four and enjoy.
Fold in half and you have a quesadilla!

HELPFUL TIP

For a Tex-Mex version substitute 125 ml of your favourite salsa for the pesto and add your favourite toppings and serve with sour cream.

Auditor's **REPORT**
& **FINANCIAL**
Statements

AUDITOR'S REPORT & 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 December 31, 2022;
- » the statement of operations for the year then ended;
- » the statement of changes in fund balances 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, 2022, and its results of operations, changes in fund balances 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 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants
Ottawa, Canada
February 24, 2023

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,073,994	\$ 3,094,445
Short-term investments (Note 2)	3,934,891	2,608,909
Accounts receivable	2,898,717	2,422,132
Prepaid expenses	266,829	208,315
	<u>10,174,431</u>	<u>8,333,801</u>
Long-term investments (Note 2)	6,567,741	9,557,386
Long-term receivable	-	38,532
Tangible capital assets (Note 3)	906,720	1,045,749
	<u>\$ 17,648,892</u>	<u>\$ 18,975,468</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 547,954	\$ 618,033
Current portion of deferred lease inducement (Note 4)	14,126	19,852
	<u>562,080</u>	<u>637,885</u>
Long-term portion of deferred lease inducement (Note 4)	200,433	174,854
	<u>762,513</u>	<u>812,739</u>
FUND BALANCES		
Internally restricted - Promotion Fund	3,379,592	3,232,117
Internally restricted - Research Fund	3,286,007	3,719,158
Unrestricted - General Fund	10,220,780	11,211,454
	<u>16,886,379</u>	<u>18,162,729</u>
CONTRACTUAL OBLIGATIONS (NOTE 5)		
	<u>\$ 17,648,892</u>	<u>\$ 18,975,468</u>

See accompanying notes to financial statements.

On behalf of the Board:



Tim Klomp maker
Chair



Michael Laliberté
Executive Director

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE
INFORMATION FOR 2021

	Promotion Fund	Research Fund	General Fund	2022	2021
REVENUES					
Levy and fee revenue	\$ -	\$ -	\$ 10,457,554.3	\$ 10,457,554	\$ 10,214,303
Grant revenue	3,500,000	-	-	3,500,000	1,000,000
Overmarketing and market development levies	48,534	-	-	48,534	575,888
Interest	20,194	91,990	201,373	313,557	268,133
Other revenue	-	-	6,700	6,700	6,480
	<u>3,568,728</u>	<u>91,990</u>	<u>10,665,627</u>	<u>14,326,345</u>	<u>12,064,804</u>
EXPENSES					
Salaries, benefits and travel	-	-	4,018,957	4,018,957	3,285,529
Promotional activities	5,290,852	-	-	5,290,852	3,009,005
Special studies	101,793	45,000	934,021	1,080,814	1,186,476
Directors and alternates	-	-	1,796,951	1,796,951	709,451
Professional fees	-	-	498,129	498,129	646,736
Canadian Poultry Research Council	-	412,000	-	412,000	552,000
Communication	-	-	517,923	517,923	519,948
Office	-	-	443,333	443,333	424,787
Membership fees	-	-	268,884	268,884	258,153
Committees	-	-	319,295	319,295	235,423
Information technology	-	-	148,418	148,418	154,763
Amortization of tangible capital assets	-	-	170,746	170,746	178,752
Translation	-	-	115,591	115,591	122,695
Corporate social responsibilities	-	-	110,658	110,658	57,107
Trade	-	-	60,025	60,025	53,603
	<u>5,392,645</u>	<u>457,000</u>	<u>9,402,931</u>	<u>15,252,576</u>	<u>11,394,428</u>
Excess (deficiency) of revenues over expenses from operations	(1,823,917)	(365,010)	1,262,696	(926,231)	670,376
Investment loss	(28,608)	(68,141)	(253,370)	(350,119)	(265,719)
Excess (deficiency) of revenues over expenses	\$ (1,852,525)	\$ (433,151)	\$ 2,624,074	\$ (1,276,350)	\$ 404,657

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2022,
WITH COMPARATIVE INFORMATION FOR 2021

	Promotion Fund	Research Fund	General Fund	2022	2021
Balance, beginning of the year	\$ 3,232,117	\$ 3,719,158	\$ 11,211,454	\$ 18,162,729	\$ 17,758,072
Excess (deficiency) of revenue over expenses	(1,852,525)	(433,151)	1,009,326	(1,276,350)	404,657
Interfund transfer (Note 6)	2,000,000	-	(2,000,000)	-	-
	<u>\$ 3,379,592</u>	<u>\$ 3,286,007</u>	<u>\$ 10,220,780</u>	<u>\$ 16,886,379</u>	<u>\$ 18,162,729</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2022,
 WITH COMPARATIVE INFORMATION FOR 2021

	2022	2021
CASH PROVIDED BY (USED IN):		
Operating activities:		
Excess (deficiency) of revenue over expenses from operations	\$ (1,276,350)	\$ 404,657
Items not affecting cash:		
Amortization of tangible capital assets	170,746	178,752
Amortization of lease inducement	(11,453)	(11,454)
Unrealized losses (gains) on investments	331,408	122,798
	<u>(785,649)</u>	<u>694,753</u>
Changes in non-cash operating working capital:		
Accounts receivable	(476,585)	(961,352)
Long-term receivable	38,532	24,662
Prepaid expenses	(58,514)	(16,482)
Accounts payable and accrued liabilities	(70,079)	(66,317)
	<u>(1,352,295)</u>	<u>(324,736)</u>
Financing activities:		
Net additions to lease inducements	31,306	31,306
Investing activities:		
Purchase of investments	(1,300,000)	(1,823,215)
Disposal of investments	2,632,255	2,016,095
Net acquisition of tangible capital assets	(31,717)	(61,613)
	<u>1,300,538</u>	<u>131,267</u>
Net decrease in cash	(20,451)	(162,163)
Cash , beginning of the year	3,094,445	3,256,608
Cash , end of the year	\$ 3,073,994	\$ 3,094,445

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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. The Company'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	Term of Lease

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

(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, 2022

2. INVESTMENTS

	2022	2022	2021	2021
	Cost	Fair Value	Cost	Fair Value
(A) SHORT-TERM INVESTMENTS				
Guaranteed investment certificates (GIC)	\$ 300,000	\$ 300,000	\$ 517,000	\$ 517,000
Canada Housing Trust Bonds	3,764,248	3,634,891	2,115,256	2,091,909
	\$ 4,064,248	\$ 3,934,891	\$ 2,632,256	\$ 2,608,909
(B) LONG-TERM INVESTMENTS				
Guaranteed investment certificates (GIC)	\$ 3,400,000	\$ 3,400,000	\$ 2,400,000	\$ 2,400,000
Canada Housing Trust Bonds	3,430,838	3,167,741	7,195,085	7,157,386
	\$ 6,830,838	\$ 6,567,741	\$ 9,595,085	\$ 9,557,386

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 (2021 - five years). Interest rates for these securities range from 0.95% to 5.00% (2021 - 0.95% to 3.22%).

3. TANGIBLE CAPITAL ASSETS

	2022		2021
	Cost	Accumulated Amortization	Net book value
Office equipment	\$ 383,262	\$ 148,380	\$ 234,882
Computer equipment	346,548	275,196	71,352
Leasehold improvements	720,610	120,124	600,486
Software	24,773	24,773	-
	\$ 1,475,193	\$ 568,473	\$ 906,720
			\$ 1,045,749

At December 31, 2021, cost and accumulated amortization amounted to \$1,446,164 and \$400,415, respectively.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

4. DEFERRED LEASE INDUCEMENT

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

	2022	2021
Balance, beginning of the year	\$ 194,706	\$ 174,854
Increase in lease inducement during the year	31,306	31,306
Amortized to expenses during the year	(11,453)	(11,454)
Balance, end of the year	214,559	194,706
Current portion	14,126	19,852
	\$ 200,433	\$ 174,854

5. CONTRACTUAL OBLIGATIONS

CFC entered into lease agreements for its premises expiring in June 2035. Future minimum payments total \$2,407,491 and include the following payments over the next five years:

2023	\$ 151,184
2024	\$ 164,928
2025	\$ 178,672
2026	\$ 178,672
2027 and thereafter	\$ 1,734,035

6. INTERFUND TRANSFER

The Board of Directors of CFC has approved a transfer of \$2,000,000 (2021 - \$1,500,000) from the General Fund to the Promotion Fund to cover promotional activities.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

7. 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.

(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 3. CFC's interest rate risk related to the fair value of its CHT Bonds has increased due to fluctuations in interest rates during the year.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

8. 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 2022 was \$184,471 (2021 - \$172,841).

9. COMPARATIVE INFORMATION

Certain 2021 comparative information has been reclassified to conform to the financial statement presentation adopted for 2022.

