



ANNUAL REPORT 2020



EGG FARMERS
OF CANADA

Board of Directors







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The forty-eighth Annual Report of Egg Farmers of Canada (c.o.b. Canadian Egg Marketing Agency) is prepared for presentation to the Minister of Agriculture and Agri-Food and to Farm Products Council of Canada.

Chair's message



Like all Canadians, egg farmers had to deal with uncertainty in 2020. It was a year of ups and downs, of challenges, lockdowns and adaptation.

While it is too early to talk about the COVID-19 pandemic in the past tense, it is not too soon to talk about some of the positive things that are emerging from our experience. If nothing else, we have proven how agile our industry is. In the face of rapidly changing circumstances through 2020, as we faced shock after shock, we did just that.

In retrospect, it's become clear what factors gave us that agility.

First, we had the right structures, systems and mechanisms in place—not the least of which was supply management, which helped us demonstrate our ability to manage production in a crisis like no other.

Those structures, systems and mechanisms would not have worked as well as they did if we had not been able to count on something else: an unprecedented level of collaboration involving every player in the industry. From the farmers to the provincial and territorial egg boards, from EFC to our grading and processing partners, everyone pulled together. As a result, we were able to mobilize quickly and implement solutions that allowed us to adapt successfully to the shifting realities of the pandemic.

What we've accomplished through collaboration is quite simply remarkable. Though we faced some measure of difficulty and sacrifice, we never once failed to provide Canadians with a steady supply of high-quality eggs, produced according to some of the highest standards in the world.

From the farmers to the provincial and territorial egg boards, from EFC to our grading and processing partners, everyone pulled together.

Looking back on the year, I can point to any number of memorable moments—many of which are detailed in this report. Supply quickly shifted to the retail sector as consumers moved from restaurants to home cooking. Millions of eggs were donated to food banks and redirected to new markets as demand in the foodservice sector dropped. The storage of eggs and egg products was temporarily increased, and all regions across the country implemented a policy to remove flocks nearing the end of their production, helping manage the surplus supply of eggs.

In addition, we began discussing measures to manage the long-term impact of the pandemic on the egg supply, in light of the fact that no one can predict what's ahead, or how long it will take for the foodservice, restaurant and hospitality sectors to recover from the greatest health, economic and social crisis of our generation.

Amazingly, and again because all parties were willing to collaborate, the pandemic did not prevent routine business from going ahead. As a result, we were able to make progress in a number of areas. For example, we moved to modernize egg supply management with the national Natural Overrun Fee Program. This significant milestone established that surplus production created in the course of filling table disappearance will be covered by a levy paid by consumers, with producer contributions covering the cost of any production above the threshold.

Amazingly, and again because all parties were willing to collaborate, the pandemic did not prevent routine business from going ahead.

We also saw strengthening and improvements in our on-farm standards and protocols, with new amendments and clarifications introduced to our Start Clean-Stay Clean® food safety program and our national Animal Care Program. Our proactive and paramount focus on food safety also saw the implementation of an updated National *Salmonella* Enteritidis Protocol, giving a further boost to already high standards in our approach.

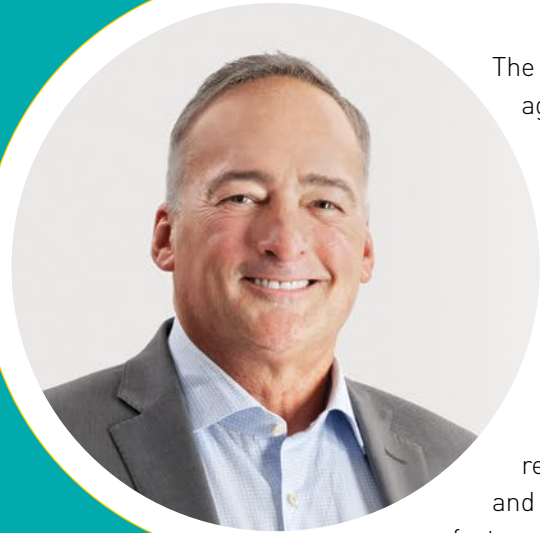
In closing, I would like to thank the EFC Board of Directors for their commitment, dedication and flexibility throughout the year. To the EFC staff, egg board chairs and general managers, and our industry partners: thank you for your collaboration, your vitally important input and your support. I would also like to thank all the farmers. By remaining steadfast, committed and collaborative, farmers were an example to us all.

We have weathered the worst of the pandemic together. Looking ahead, I can safely say I am optimistic about the future—all the more so if we remain agile and collaborative.



Roger Pelissero
Chair

CEO's message



The COVID-19 pandemic shook up Canada's food system and the agricultural sector along with it. As we look back on the year, it's worth remembering that Canada's egg farming industry is not only strong but also adaptable. In fact, we sometimes forget how truly resilient we are.

As Roger notes, our success in dealing with the pandemic comes from having the right structures in place, being able to work collaboratively and having the agility to deal with problems quickly. Together, these strengths are a demonstration of our resiliency. While many factors have contributed to creating our ability to be resilient, there are four that were especially important this past year and which also point to the future of Canada's food industry. These factors are trust, supply, standards and sustainability.

The first element, trust, is a hugely important contributor to our resiliency and is critical to Canada's food system. Our desire to build and nurture trust underpins many of our programs and initiatives. It is the reason why we are pushing boundaries when it comes to our sustainability work and investing in new and innovative research programs. It is why we are committed to outreach programs that help Canadians see the passion of our farmers, and it is why we worked with food banks and school breakfast clubs this past year to support our neighbours and community members.

We rolled with the punches, shifting supply to meet demand and making other adjustments.

Our ability to manage the supply of eggs is another demonstration of our ability to adapt. Retail sales of eggs increased by 9.8% in 2020, while there was a 27.2% decrease in egg servings in the foodservice sector. We rolled with the punches, shifting supply to meet demand and making other adjustments. Through all this, we did not lose sight that a strong, steady supply of eggs is at the heart of our vision for the future. This past year we launched a bold, innovative plan to embrace a vision of growth that would make Canada a world leader in per capita egg consumption. The progress made in advancing this new strategic direction for EFC is detailed throughout the pages of this report, which captures our journey to date. What we've accomplished this year is no small feat. Together, we will continue to advance the priorities set out in the Vision 2020 Business Plan and eggs will increasingly be a food of the future.

The third demonstration of our resiliency are the standards we've put in place. Food safety and animal welfare are integral elements of Canada's food system; there can be no trust without accountability. The pandemic only emphasized our commitment to these world-class standards. Through all the disruptions, farmers delivered on their commitment to food safety and animal welfare. Our dedicated team of EFC field inspectors continued to visit farms even through the lockdowns, conducting in-person inspections and audits across the country to ensure that farms met the necessary requirements and standards. This commitment demonstrates that when it comes to the safety of our products and the welfare of the animals under our care, we do not pull punches.

What we've accomplished this year is no small feat. Together, we will continue to advance the priorities set out in the Vision 2020 Business Plan and eggs will increasingly be a food of the future.

Sustainability is the fourth factor and it will be an important element in the food system of the future. The release of our first Sustainability Report was a bright spot this year. It outlines how egg farmers across Canada are investing in and implementing sustainable agricultural practices. The comprehensive report covers initiatives and programs that set out opportunities for the future, and discusses how egg farmers have positioned themselves as leaders by living sustainably every day. These wide-reaching activities are built around protecting the health and welfare of our hens; delivering safe, high-quality eggs to Canadians; finding new ways to make egg production more environmentally sound; enhancing the well-being of others; and empowering our people. They are a blueprint to guide EFC's actions today and into the future. The combination of these efforts reaffirm our position as a progressive leader—not just here in Canada but also around the world.

In closing, I would like to thank Roger and the entire Board for their leadership, our partners for their willingness to work on creative solutions, and our many project teams for finding new ways to maintain high levels of collaboration. To the EFC team: your many contributions that allowed us to respond quickly and efficiently to the challenges brought on by the year and your enduring commitment to keep our industry driving forward is to be commended. The pandemic, however challenging it has been, brought us all closer together. When COVID-19 recedes and life gets back to a new normal, I hope we can remember that—and build on it for the future.



Tim Lambert

Chief Executive Officer



Research and innovation



45

research
projects
supported by
our Research
Grant Program.

Innovation matters. It propels our industry forward, toward new opportunities and challenges. Through research projects and leading-edge technologies, we discover novel ways of using eggs. We also uncover best practices and find creative solutions, working together to create a stronger industry.

EFC's comprehensive research program strives to foster, discover and implement the best scientific research across the country. Our sector embraced research projects that will introduce new efficiencies at the farm, and solutions through interdisciplinary collaborations. Our research partnerships continued to flourish, complementing our efforts and inspiring new endeavours to address challenges across the poultry sector.

Research Grant Program delivers innovative, cutting-edge results

EFC's Vision 2020 Business Plan articulates a strong, innovative research agenda. To achieve these results, the Research Committee of the EFC Board of Directors took a refocused approach to align EFC's research funding priorities with the priorities identified under Vision 2020. This led to an increase in innovative research, drawing in new researchers and academic institutions under EFC's Research Grant Program.

Newly funded research projects in 2020 spanned a range of topics. On the innovation front, Dr. Duncan Cree at the University of Saskatchewan is exploring how eggshell waste from processing plants could be used in the development of bioplastics—a plastic that is more sustainable than petroleum-based plastics. In human nutrition, a study by Dr. Michael De Lisio at the University of Ottawa is exploring how eating eggs can reduce inflammation and promote muscle repair in adults with obesity. Dr. Karen Schwean-Lardner is expanding her research on pullets and hatcheries, including a study assessing hatchery-related well-being in chicks. At the University of Guelph, Dr. Elijah Kiarie has launched a project exploring how feed additives such as omega-3s can improve the performance and health of hens housed in enriched colony systems.

Research Chair Network celebrates 10 years of excellence

This year marked the tenth anniversary of EFC's Research Chair Network, underlining a decade of thought leadership and collaboration. Dr. Maurice Doyon from Université Laval was appointed as EFC's first Research Chair in Economics in 2010. Since then, the program has grown to include three additional chairs:

- Dr. Tina Widowski, Research Chair in Poultry Welfare at the University of Guelph
- Dr. Bruce Muirhead, Research Chair in Public Policy at the University of Waterloo
- Dr. Nathan Pelletier, Research Chair in Sustainability at the University of British Columbia Okanagan

As these researchers have advanced their ambitious research agendas, they have also fostered opportunities to work together. Their collaborations, which have included jointly supervising graduate students, co-authoring papers in scientific journals and participating in networking opportunities, have led to a strong interdisciplinary network of experts that is unique in the egg farming industry.

Dr. Duncan Cree at the University of Saskatchewan is exploring how eggshell waste from processing plants could be used in the development of bioplastics—a plastic that is more sustainable than petroleum-based plastics.

Most recently, Drs. Doyon and Muirhead published a joint paper exploring Canadian perceptions of domestic and U.S. prices for supply-managed and non supply-managed goods. Their research showed that most Canadians would be skeptical of the promise of paying U.S. prices if supply management was eliminated. The research also demonstrated Canadians believe that prices for both supply-managed and non supply-managed consumer goods to be generally lower in the U.S. than in Canada.

Dr. Pelletier's work in sustainability has provided important insights for the egg farming industry and beyond. In 2020, he launched the Canadian Agri-food Life Cycle Data Centre, an online repository of publicly accessible life cycle inventory data. This extensive database offers essential data for agricultural industries seeking to become more sustainable. Dr. Pelletier also joined Dr. Widowski to co-advise a graduate student who is exploring how to include animal welfare measures in life cycle analyses for laying hens across housing systems. These research insights will play a vital role in supporting egg farmers as they transition to new production methods, informing both animal welfare and environmental sustainability best practices.

EFC's Research Chairs were regularly featured in Canadian and international media during 2020, including The Globe and Mail, Canadian Poultry and the National Post, and took many opportunities to speak at virtual industry events and conferences.

Communicating research results and strengthening partnerships

Central to EFC's research program are knowledge mobilization activities, which deliver findings and results into the hands of farmers and stakeholders who can put them into practice. This extensive suite of resources includes videos, summaries and presentations from researchers at various egg industry meetings across the country. 2020 saw continued interest in EFC's videos, which profile leading researchers and their projects. Two new research summaries were also met with considerable interest, with one outlining a University of Alberta study on how dietary strategies for laying hens can help reduce ammonia emissions in egg production. The other, done by Dr. Jonathan Little at the University of British Columbia, explored how eggs can be an effective bedtime snack for people with type 2 diabetes.

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EFC's research partnerships also continued to thrive. The Canadian Poultry Research Council continued its management of the Poultry Research Cluster, an \$8.24 million investment from the Government of Canada encompassing 19 different research projects. The Egg Industry Center, based at Iowa State University, advanced research that evaluates the transmission of avian influenza. The newly named Poultry Innovation Partnership (formerly the Poultry Research Centre) expanded its knowledge mobilization activities, providing webinars from leading researchers for farmers and industry representatives. Lastly, EFC's nutrition research partnership with the Egg Nutrition Center continued to foster innovative research, leading to cutting-edge results and recommendations for health professionals.



Mental health and farming

In 2020, EFC contributed funding to a study exploring farmers' mental health across Canada. Led by Drs. Briana Hagen and Andria Jones-Bitton at the University of Guelph, the study is building comprehensive knowledge and tools specific to Canadian farming and mental health. Their initial research revealed that farmers are experiencing struggles with their mental health at higher rates than the general population and rural residents who do not farm, and are less likely to seek mental health support.

With the goal of developing and designing mental health services and tools to support the specific needs and pressures faced by the farming community, this groundbreaking project draws on past research to provide better and more accessible care for farmers across the country. A central part of the project is expanding the 'In the Know' initiative, an agriculture-based mental health literacy training program for farmers, to every province. By increasing access to mental health services and tools, this project supports a sector-wide commitment to improve mental health outcomes, which in turn contributes to the sustainability of Canadian agriculture as a whole.



Sustainability



With sustainability in food production taking on increasing importance among both farmers and consumers, we advanced a number of projects in 2020 that support a holistic, progressive vision of sustainable egg production. A particular bright spot this year was the release of our Sustainability Report, as well as the advancements of new decision-making tools to grow sustainability at the farm. We continued to invest in enhancements to strengthen both animal welfare and food safety standards, while also supporting our people and considering the broader impact of our sourcing practices.



Inaugural Sustainability Report highlights the leadership of egg farmers

A milestone was achieved in November with the release of EFC's first Sustainability Report, outlining how egg farmers across Canada are investing in and implementing sustainable agricultural practices. The comprehensive report covers initiatives and programs that set out opportunities for the future and discusses how egg farmers have positioned themselves as leaders by living sustainably every day. These wide-reaching activities are built around five pillars that guide EFC's actions: protecting the health and welfare of our hens; delivering safe, high-quality eggs to Canadians; finding new ways to make egg production more environmentally sound; enhancing the well-being of others; and empowering our people.

The comprehensive report covers initiatives and programs that set out opportunities for the future and discusses how egg farmers have positioned themselves as leaders by living sustainably every day.

The sustainability issues discussed in the report were identified through a comprehensive materiality assessment. This process allowed us to develop a framework that corresponds to the areas of greatest significance to Canadian egg farmers and our network of stakeholders. EFC is appreciative of the important contributions of egg boards, industry experts, partners and stakeholders in the development of the report and the overall holistic vision that will shape the Canadian egg industry in the years to come.





Developing sustainability decision-making tools for farmers

1,576

audits
conducted
in 2020.

We continued to work with researchers and experts to advance how farmers can implement sustainable practices at the farm. Central to this endeavour is the development of a National Environmental Sustainability Tool (or NEST for short), which will give farmers the ability to assess the environmental footprint of their own farm. Currently in the early stages of development with a team led by Dr. Nathan Pelletier, NEST will offer benchmarking in the area of resource efficiency and goal setting, allowing us to tackle the next chapter of sustainable egg production. With an early version expected to roll out in 2021, this tool will play a central role in elevating sustainability efforts and decision-making.

Strengthening our animal care and food safety standards

As part of our commitment to foster a sustainable egg industry, our on-farm programs and protocols continued to evolve, using science-based research to strengthen program requirements. The EFC Board of Directors approved revisions to a number of sections of the Start Clean-Stay Clean® program in July. These included amendments to the requirements for manure handling equipment, removal and disposal of mortalities, cleanliness and sanitation of facilities, sourcing of pullets, humidity level in refrigerated storage areas and new measures related to on-farm feed mixing. These revisions, developed under the guidance of the Production Management Committee of the EFC Board of Directors, further strengthen EFC's commitment to food safety.

As part of our commitment to foster a sustainable egg industry, our on-farm programs and protocols continued to evolve, using science-based research to strengthen program requirements.

Another key initiative this past year was the update of the National *Salmonella* Enteritidis (SE) Protocol. The EFC Board of Directors adopted the revised protocol in July following a thorough analysis of the existing measures, as well as new technology and science, by the National SE Protocol Review Project Team. The amendments to this comprehensive guide for on-farm sampling and SE positive procedures included increased precautions for eggs during the testing process and additional recommendations for new or renovated facilities, among other updates to the protocol.

Clarifications were issued on specific program elements in July 2020 to enhance the national Animal Care Program, which is based on the Code of Practice for the Care and Handling of Pullets and Laying Hens. This included additional information related to our beak treatment policy, feed withdrawal requirements, and feed and water access and consumption records. While these clarification measures are not amendments to the long-standing program, they offer additional information and guidance to farmers to ensure a consistent application of program requirements across the country.

Pilot program to generate Canada-specific AMU and AMR data

With the goal of further advancing our understanding of the prevalence of enteric pathogens, antimicrobial use (AMU) and antimicrobial resistance (AMR) in laying hen flocks in Canada, EFC partnered with the Canadian Integrated Program for Antimicrobial Resistance Surveillance and the FoodNet Canada farm surveillance program. The three-year study will generate baseline data on AMU in laying hen flocks and establish a framework to monitor AMR trends in the Canadian egg farming sector. Participating pullet and egg farmers in British Columbia, Alberta, Ontario and Quebec are contributing samples over a period of 18 months, as well as responding to questionnaires. The study is expected to be completed in late 2022, with results offering new insights to further advance industry-wide efforts aimed at responsible antimicrobial use.

Expanding alternative egg production in Canada

In the five years since the national transition plan to phase out conventional housing systems was announced, there has been a steady decline in the proportion of hens housed in conventional systems, while the amount of hens in alternative systems has increased. In 2020, the proportion of hens in conventional systems decreased by 4% and now represents approximately 62% of hens in Canada. Enriched colony housing saw substantial growth this year, now representing an estimated 23% of hens in Canada. Small shifts in free run, free range and organic egg production methods were observed throughout the year, with these systems representing approximately 15% of hens in Canada. Demand for all product varieties continues to be met and based on these preliminary trends, EFC estimates that conventional production methods will be completely phased out by 2032—four years ahead of the 2036 deadline.





Hen issuance by production method¹

Production method	2020	2019	2018	2017	2016
Conventional housing	62%	66%	71%	77%	82%
Enriched colony	23%	18%	14%	11%	8%
Aviary/free run	10%	11%	9%	8%	6%
Organic	5%	4%	4%	3%	3%
Free range	1%	1%	1%	1%	1%

Source: Egg boards

¹ 2016-2019 data represents December, end of year value. 2020 data represents July, mid-year value.

A number of projects continued in 2020 to offer the necessary tools to support the industry-wide housing transition. Under the Conventional to Enriched Transition and Producer Prices (CETPP) project, representatives from egg boards, Canadian Poultry and Egg Processors Council and EFC held four meetings throughout the year, which monitored and evaluated the effects of the new pricing structure (implemented in September 2019). The framework of the CETPP project, combined with the efforts of the Implementation and Assessment Project Team, continues to ensure farmers with both conventional and enriched colony housing systems recover their full Cost of Production (COP).

The National Alternative Housing Project also continued in 2020, which seeks to develop a program to support the free run, free range and organic egg requirements in the Canadian egg supply chain. The project team, consisting of representatives from the processing and grading sectors, egg boards and EFC, met in 2020 to discuss the project direction and next steps. The project will continue in 2021.



Global collaboration to eradicate forced labour in our supply chain

In February, the EFC Board of Directors unanimously approved the adoption of the World Egg Organisation's resolution to eradicate forced labour in the global egg supply chain as part of our ongoing move to promote and advance a holistic vision of sustainability. The resolution is based on a Consumer Goods Forum initiative to work across global supply chains to address problematic employment practices that can lead to cases of forced labour.

By adopting this resolution, EFC agreed to raise a collective understanding of the issues of modern slavery and forced labour within our industry, identify vulnerabilities and issues of shared concern with our supply chain partners and implement constructive actions and solutions. The World Egg Organisation and EFC are among the first agriculture commodity groups to join this global movement, which further underscores the leadership of Canadian egg farmers.

Investing in the next generation of farmers and industry leaders

Through our national young farmer program and women in the egg industry program, we continued to offer opportunities to develop skills, enhance connections and support forums to share and discuss. The 2020 young farmer program brought together a dynamic group of young people. Delegates met for the first time in Charlottetown in March for a workshop and to attend the Canadian Young Farmers' Forum. A range of online webinars took place throughout the year to build an understanding of key industry areas, as well as provide delegates an opportunity to deliver virtual farm tours to their peers.

Now in its second year, EFC's women in the egg industry program continued to offer tailored programming to delegates nominated by their egg boards. Participants engaged in continuing education opportunities, took part in online networking events and supported each other through a mutual mentorship program. We are proud to support the next generation of leaders through these programs, as well as provide opportunities to highlight their contributions to both the egg farming industry and broader agricultural sector.



Young farmers Andrew Monchuk, Pam Monchuk, Kevin Laviolette, Pascale Mageau-Béland, Cassandra Quenneville, Jared de Dood and Arend Haverkamp joined other young leaders from across the agriculture sector at the Canadian Young Farmers' Forum in early March.



Social license and public trust



EFC is a pioneer in the public trust arena. For many years, we have recognized the importance of cultivating strong connections between Canadians and the people behind the food they trust. By championing the issues and matters important to egg farmers and our food system, we have further strengthened our industry and created shared value across our supply chain. From our advocacy work, to our outreach programs, to our partnerships with leaders in our communities, we have built long-lasting relationships with Canadians and decision-makers in all regions of our country.

Advocating for egg farmers and Canadian eggs

The onset of the COVID-19 pandemic triggered a readjustment in priorities for both businesses and governments. Our advocacy programs were adapted to ensure the issues facing egg farmers continued to be discussed with the federal government. A number of opportunities allowed us to highlight the egg industry's response to the pandemic, the role of our sector in delivering food security to our communities and other critical matters with Ministers, MPs, Senators and senior government officials. Efforts focused on sharing industry information to advocate for support measures for our farmers and broader sector.



Dozens of meetings and conversations, as well as correspondence, took place over the course of the year connecting EFC with parliamentarians and other officials. For example, Roger Pelissero and Tim Lambert met with Agriculture and Agri-Food Minister Marie-Claude Bibeau on multiple occasions to discuss trade mitigation support. We joined representatives from the chicken, turkey and hatching egg sectors to discuss matters affecting our farmers with the Liberal Rural Caucus. Meetings with staff at the Canadian Food Inspection Agency, Global Affairs Canada and Agriculture and Agri-Food Canada addressed national priorities in the areas of animal welfare, food safety and trade. EFC also met with officials from Finance Canada and the Prime Minister's Office, as well as members of the opposition, to raise our concerns and perspective with government.

By championing the issues and matters important to egg farmers and our food system, we have further strengthened our industry and created shared value across our supply chain.

Throughout the year, we offered expert opinions and contributed to studies facilitated by the House of Commons Standing Committees on Agriculture and Agri-Food, International Trade and Finance. These submissions and our participation in a number of government-led consultations allowed us to offer critical input in the areas of support for supply-managed farmers to mitigate the impact of trade deals, the implementation of Canada-United States-Mexico Agreement (CUSMA), the biosecurity implications of on-farm trespassing, the federal budget and food labelling.



Roger Pelissero, the actor featured in the Eggs Anytime television ad, Minister Bibeau and Tim Lambert at our annual breakfast on Parliament Hill.

Annual breakfast on Parliament Hill celebrates growth

Our annual breakfast on Parliament Hill was again a huge success, well attended by stakeholders and parliamentarians. The February event welcomed farmers, young leaders and stakeholders from across the country, as well as 40 parliamentarians ahead of a busy caucus day. During her remarks, Minister Bibeau congratulated egg farmers for their efforts in driving positive growth and innovation in the industry. Guests were invited to take a photo with our special guest, the actor featured in the Eggs Anytime television commercial, and a tailored social media program extended the event online.

Showcasing sustainability and innovation to municipal leaders

Representatives from EFC, Chicken Farmers of Canada, Turkey Farmers of Canada and the Canadian Hatching Egg Producers joined municipal leaders at the Federation of Canadian Municipalities' Sustainable Communities Conference in October. The virtual event discussed and shared practices for making Canadian communities more socially, environmentally and economically vibrant. The conference brought together a number

of experts and touched on a range of topics—from building more resilient communities through to the UN Sustainable Development Goals. With approximately 500 municipal staff, elected officials and federal and provincial officials in attendance, our presence promoted sustainability across the egg and poultry sectors. As part of our participation, we hosted a virtual booth that allowed us to engage in one-on-one conversations via a video or chat function with dozens of municipal leaders to discuss the contributions of our farmers and supply management to the fabric of Canada.

Promoting supply management with the ‘It’s worth it’ advocacy campaign

Throughout the COVID-19 pandemic, egg farmers continued to provide Canadians with consistent access to safe, high-quality and affordable food. Amidst the uncertainty, a 48-year-old system worked in the background to ensure a secure supply of one of the most popular protein sources. To put a spotlight on this important system, we promoted the many benefits that supply management delivers through our ‘It’s worth it’ advocacy campaign. The national campaign kicked off in September and was featured on national news sites like The Globe and Mail, iPolitics, The Hill Times and Huffington Post and across social media platforms and the Google ad network. We leveraged the #EhInEggs and #Avantagoeufs hashtags to share articles, photos and videos in support of the campaign. The initiative delivered nearly 22 million impressions and thousands of visits to our eggfarmers.ca website during a 10-week period.



Celebrating Canadian food and farmers

With Canadians paying close attention to their purchasing decisions and looking for Canadian-made options, the appetite for wholesome Canadian products has increased. In light of this trend, EFC, Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada and the Canadian Hatching Egg Producers teamed up in December to help consumers better understand the value of agricultural products produced right here in Canada. Four handpicked social media influencers from across the country supported the initiative and helped drive awareness by sharing online how they cook their favourite recipes at home using Canadian eggs, dairy, chicken and turkey. Through weekly videos posted on Instagram and Facebook, these influencers showcased their mastery of the quarantine kitchen with locally produced ingredients. The 4-week campaign generated nearly 19 million impressions, underlining the value of producing high-quality food within our own borders.

93%

of Canadians believe it is important their meat, dairy, eggs and produce come from Canada.



Connecting with Canadians through public relations

We helped amplify the voice of EFC and egg farmers by responding to media and executing public relations initiatives that generated positive news coverage about Canadian eggs and egg farming. From sharing the egg farming industry's response to COVID-19, to talking about sustainable egg farming, to underlining the role of made-in-Canada eggs in smaller holiday celebrations, we shared our story by showcasing why Canadians have access to the best eggs in the world. Our outreach highlighted the generosity of egg farmers and the incredible story of eco-friendly eggs



through articles and an audio news release. Advertorials with The Globe and Mail provided a platform for our experts to discuss the important role of eggs in sustainable food systems and put a spotlight on supply management as a system that delivers food security and food sovereignty to our country.

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In May, we encouraged Canadians to take eggs from the kitchen to the garden, offering family-friendly egg craft tips and suggestions. Through national media relations, CTV News Ottawa, CP24, The Morning Show on Global, Métro and other media outlets shared the campaign's messages and Canadian eggs were prominently featured on social media. In the lead-up to the holiday season, we collaborated with our network of chef ambassadors to offer Canadians a unique set of eggnog themed recipes that highlighted our favourite ingredient: Canadian eggs. Once again, our product and positive messages were widely shared across social media platforms and by media outlets, such as Global News in Halifax, Saskatoon and Regina, CTV Morning Atlantic, House and Home and Foodism Toronto. The combination of these outreach efforts generated more than 34.2 million impressions, allowing us to connect with Canadians in new ways.



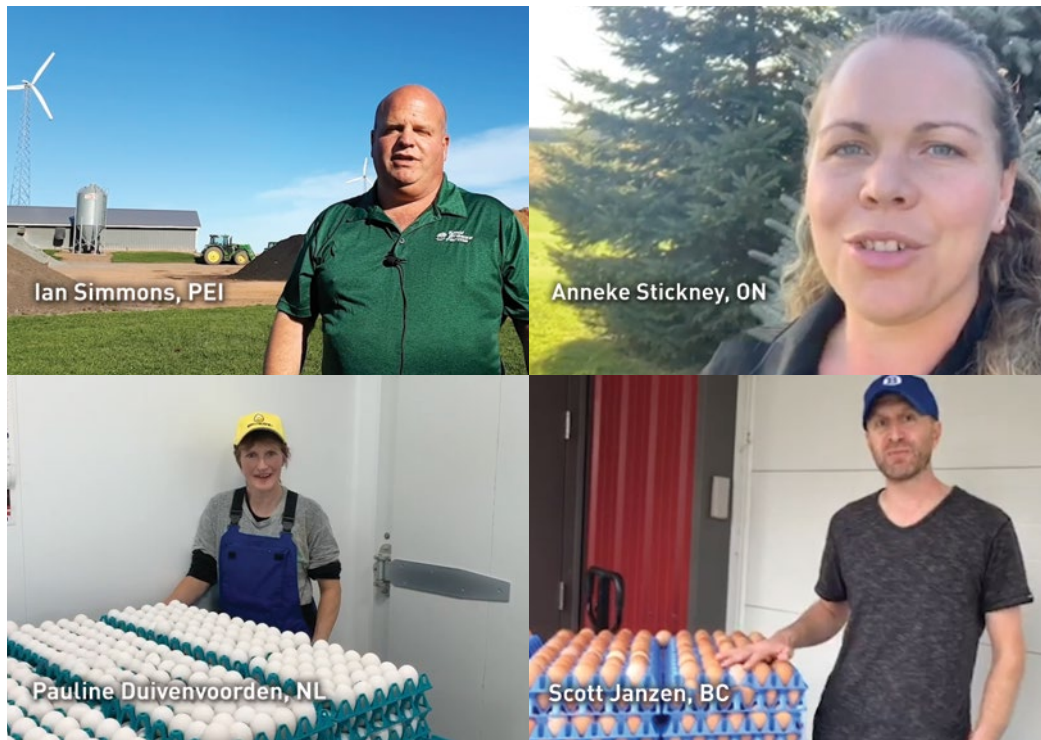
Stepping up for our communities throughout the pandemic

The impact of the COVID-19 pandemic challenged Canadians from coast to coast and reminded us of the absolute importance of supporting our fellow Canadians. With food bank use on the rise and school closures affecting breakfast programs, egg farmers continued to offer a helping hand to communities across the country. In 2020, our annual fresh egg donation to food banks was doubled and EFC worked with Food Banks Canada to distribute nearly four million eggs. We also responded to Food Banks Canada's appeal to raise funds to ensure food banks could continue their work through the crisis with a one-time \$25,000 donation.

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As schools closed and students embraced remote learning in the spring, EFC worked with Breakfast Club of Canada to distribute 60,000 coupons for a dozen eggs through a program that supplied kits for families to prepare nutritious meals at home. The partnership was further adapted when in-person schooling resumed to offer individually packaged hard boiled eggs through 15 regional hub locations that supported multiple schools. This modified approach was in response to new restrictions imposed on school breakfast programs, limiting meals to individual pre-packaged food items.

Around the world, our work with Heart for Africa (Canada), Canadian Food For Children and the International Egg Foundation continued to deliver millions of eggs to malnourished people. With the pandemic contributing to a drastic rise in hunger in some of the most vulnerable regions of the world, these long-standing partners relied on our support and the vital nutrition of eggs more than ever.



Honouring the heroes and champions in our food sector on World Egg Day

Every year egg farmers celebrate World Egg Day, but there has never been a year quite like 2020. From farm to fork, the egg supply chain remained strong—and that's why we marked the day by expressing our gratitude to the hard-working Canadians who deliver fresh, high-quality food every day. As part of our outreach strategy, a special video featuring Canadian egg farmers was released and a tailored social media program supported by 17 Canadian bloggers extended the celebration online. Our national spokespeople appeared on CP24 Breakfast and CTV Morning Live Saskatoon to raise an egg and thank the Canadians who produce our food. The campaign was also featured in articles published by Post Media, Toronto Guardian, Global, Ottawa Magazine, Eat North and Métro.

An invitation was issued to parliamentarians to join the virtual celebration on World Egg Day. Nearly two dozen Ministers, MPs and Senators took to social media to share messages and video statements of support for egg farmers. The campaign generated 10.5 million impressions, and the global #WorldEggDay and #Journée mondiale de l'œuf hashtags earned over 122 million impressions.



International trade



**\$1.3
billion**

contributed to
Canada's GDP.

We continued to actively monitor the international trade file with interest as the World Trade Organization (WTO) advanced various negotiating pillars, and member countries ratified the CUSMA deal. EFC observed talks with the South American block of countries known as Mercosur, as well as transitional discussions with the United Kingdom. While we worked diligently to advocate for egg farmers in the context of the government's trade agenda, efforts in 2020 focused on ensuring egg farmers received support as they absorbed the impact of recent trade agreements.

We also expanded our influence within the global egg sector, working collaboratively with stakeholders from around the world to advance activities in the areas of sustainability, nutrition and production practices through our engagement in the International Egg Commission (IEC) and other global forums.

Long-awaited CPTPP support measures for egg and poultry farmers announced

At the end of November, Minister Bibeau announced \$691 million in mitigation funding for the egg and poultry sectors to offset the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The investment will be used to provide incentives for farmers to reinvest in their operations, supporting ongoing improvements and enhancing the efficiency and sustainability of farms, and for market development programs. This outcome marked many months of discussions and outreach to government to ensure the support measures meet the needs of egg and poultry farmers. At this time, the breakdown of the funding between the egg and other poultry sectors or further details towards the programs are not known. EFC is actively working with officials on the development of these programs and initiatives, which are expected to roll out in 2021.

The investment will be used to provide incentives for farmers to reinvest in their operations, supporting ongoing improvements and enhancing the efficiency and sustainability of farms, and for market development programs.

CUSMA enters into force

The early months of the year saw the ratification of Bill C-4, an act to implement the agreement between Canada, the U.S. and Mexico, by the Canadian government. The revised CUSMA trade deal moved swiftly through the ratification process, making Canada the third country to complete the legislative requirements and clearing the way for the implementation of the trade deal in the coming months. The agreement entered into force on July 1, marking the start of the first year of the agreement. We were pleased to see the federal government reaffirm its commitment to fully and fairly support the Canadian egg and poultry sectors as they absorbed the impact of CUSMA. We are eager to begin the process with the government to assess support measures for market losses as a result of the trade deal. Once CUSMA is fully implemented, Canada will be required to increase access to its domestic market by roughly 11.05 million dozen eggs per year at the end of a 16-year period.



Sharing the leadership of Canadian egg farmers and EFC to our global peers

A number of collaborations throughout 2020 brought on opportunities to highlight Canada's egg farming industry and our commitment to excellence to our global peers. This level of engagement allowed us to stay on top of emerging trends in the global egg industry and participate in discussions that shape the future of our sector. Representatives from EFC and the Canadian egg industry took part in these activities, sharing their expertise and point of view with our global network. For example, Roger Pelissero and Dr. Nathan Pelletier, EFC's Research Chair in Sustainability, were appointed to the IEC's Environmental Sustainability Expert Group, which brings together stakeholders across the global egg value chain. Tim Lambert chaired the IEC's Global Egg Nutrition Expert Group, which also drew on the technical expertise of Kim Kessler, EFC's Nutrition Manager. Young farmer program alumnus and BC egg farmer Jon Krahn represented Canada in the IEC's Young Egg Leaders Programme. Additionally, Tim Lambert continued in his capacity as President of the World Egg Organisation and Chair of the International Egg Foundation.

Virtual tools allowed us to continue our participation in global conferences and events. EFC delegates were invited to speak at the IEC's Country Association Forum and the U.S.-based Poultry Science Association's annual conference. We also shared expertise with burgeoning egg farmers in India, providing case studies and examples of Canadian programs and initiatives. These moments allowed us to showcase Canada's leadership in a myriad of areas and promote supply management and sustainable management practices to other regions of the world.

WTO ministerial meeting delayed

While preparations were underway for the 12th Ministerial Conference (known as MC12) in June 2020 in Kazakhstan, the Government of Kazakhstan and WTO Director-General Roberto Azevêdo announced a postponement of the meeting due to concerns about the COVID-19 pandemic. This unavoidable delay was yet another challenge for the WTO, which is grappling with polarizing views and a large volume of items that must be addressed. With respect to agricultural negotiations, facilitated sessions took place throughout the year, with small working groups meeting virtually in the spring and fall. These discussions focused on advancing the seven priority agricultural areas identified by members for MC12, including domestic support, public stockholding, market access, special safeguarding mechanism, export competition, export restrictions and cotton. While the discussions were active, the priority agricultural areas did not advance substantively.

This year also saw the departure of the WTO Agriculture Chair and the resignation of the WTO Director-General. Ambassador Gloria Abraham Peralta from Costa Rica was appointed as new WTO Agriculture Chair, replacing Ambassador John Deep Ford from Ghana. The selection process for the new WTO Director-General remains ongoing, with a decision expected in early 2021. Member countries are optimistic that these leadership changes may bring new momentum to WTO talks ahead of the MC12 meeting in 2021.

Canada-Mercosur negotiations make little progress

The Canada-Mercosur Free Trade Agreement, which includes Canada, Argentina, Brazil, Paraguay and Uruguay, saw very little movement in 2020. Despite plans for an 8th round of talks in late March, discussions were paused due to elections in Canada, Argentina and Uruguay, as well as the pandemic. While there are no formal plans to meet face-to-face to discuss sensitive areas such as market access, some technical groups have met virtually to advance the text of non-controversial areas such as regulatory definitions.

Talks between Canada and the South American block of countries began in 2018. An initial exchange of offers included all tariff lines for dairy, poultry and eggs; however, specific details have not been released. The Canadian government has firmly committed to no further concessions granted to Canada's supply-managed sectors in future trade negotiations. As these talks resume, EFC will continue to remain engaged in monitoring discussions and in holding the government to its commitment.



Product marketing



The COVID-19 pandemic brought on rapid and unprecedented shifts in egg sales throughout the year. Demand for eggs at restaurants and foodservice drastically dropped, while demand at retail increased as Canadians turned to comfort foods like eggs while cooking and baking at home during lockdowns. Year-end data indicates 9.8% growth in the retail sales of eggs in 2020, while the foodservice and restaurant sector experienced a 27.2% decrease in egg servings.

Year-end data indicates 9.8% growth in the retail sales of eggs in 2020, while the foodservice and restaurant sector experienced a 27.2% decrease in egg servings.

Like many areas of our business, our marketing programs adapted in 2020 in light of the pandemic. From recipe inspiration focused on meal preparation at home, to an increased focus on digital channels to reach consumers as they spent more time online, our activities continued to reach consumers and inspire them to enjoy the quick, easy, healthy and versatile eggs they know and love at all meal occasions.



Monitoring consumer attitudes and perceptions

Online surveys conducted by Environics Analytics in March, April, May and September offered new insights towards consumer attitudes and perceptions about eggs and egg consumption throughout the pandemic. The latest wave of research confirmed:

- Eggs remain a top choice for consumers, with 94% of Canadians saying they are eating the same amount or more eggs per week than they were pre-pandemic. Of this group, the majority are enjoying eggs for breakfast (69%) and lunch (33%) and are using more eggs for baking (33%).
- With an increased appreciation for how quick and easy eggs are to prepare, of those eating more eggs, 50% say they intend to continue eating eggs at an increased volume.
- Nearly a third of Canadians say they have purchased 30-egg trays. Of those, the majority are families with kids and households who typically consume more than seven eggs per week.

Lending our voice to the restaurant and foodservice sector

As restaurants looked to recover from lockdowns and adapt to the new climate, EFC launched an advertising campaign to support restaurant recovery plans. The campaign, which encouraged visits to the new foodservice.eggs.ca microsite, highlighted how eggs can help turn a tough situation sunny side up thanks to their versatility, simplicity and high profit margin potential. The campaign provided a range of tips for operators and restaurateurs as they reinvigorated their menus and adapted to takeout trends and smaller staffs. The initiative allowed us to gather learnings about the foodservice sector, providing valuable insights to optimize future outreach.



Given EFC's long-standing partnership with the culinary community, this year brought new opportunities to offer our support and champion the sector. EFC joined dairy, chicken, turkey and hatching egg farmers to support Restaurants Canada's national takeout initiative, which aimed to increase restaurant takeout and delivery orders during the pandemic. Our engagement leveraged traditional and social media, as well as influencer partnerships, driving awareness of takeout options and lending the voice of farmers to the campaign. With 667 million media and social media impressions and 4.8 million video views, our participation helped reach Canadians and increased instances of takeout and delivery. Restaurants from coast to coast expressed their gratitude for the role Canada Takeout played in supporting their businesses.



Eggs Anytime ads showcase eggs for lunch, dinner and snacking

Our Eggs Anytime marketing platform expanded beyond the original target of light egg buyers to reach additional segments with the message that eggs are a great choice for any meal, anytime. New target audiences included five distinct segments ranging from young singles to boomers, professional couples, single males and young families. Strategic market research efforts identified opportunities to grow consumption within these groups by addressing perceived barriers and demonstrating how eggs fit into their lifestyle.

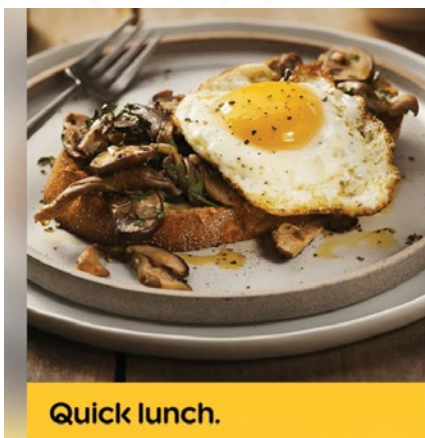
14
years

of continuous
growth in the
retail sales
of eggs.



March 9, 2020

Find something weird about a perfectly fried egg. You can't.



WWW.EGGS.CA

Learn More

Eggs for dinner
isn't weird.
Your first email
address is.

Get recipes





Our popular Eggs Anytime television and digital ads continued to remind consumers that it's not weird to enjoy eggs anytime. The quick-witted ads inspire Canadians to eat eggs for lunch and dinner, and the campaign expanded this summer to include snacking as a new meal occasion. From June to September, a snacking campaign targeted light buyers of eggs, including millennials and Gen Z, with a variety of unique and innovative social media and digital advertising tactics. For example, trendy Get Cracking® branded fanny packs, complete with a cold pack and carrying case for two hard boiled eggs, were sent to Instagram influencers to encourage them to share the benefits of enjoying eggs as a snack on the go. A one-of-a-kind advertising partnership with Spotify included audio ads and a specialized Get Cracking® playlist of 6-minute songs to use as a timer for cooking hard boiled eggs.

The 2020 Eggs Anytime digital campaign earned nearly 475 million impressions, in addition to 6 million listens on Spotify and 12.2 million impressions from the social media influencer program. Efforts are already underway to expand the campaign in 2021 with new television ads and channels that deliver our message in unexpected and impactful places.





Reaching Canada's diverse population with egg recipe inspiration

Following successful campaigns targeting Canada's multicultural communities, this year saw the launch of a new brand and 6-week advertising campaign reaching Arabic-speaking Canadians. Under the umbrella "Iksarha Ala Mazagak," which translates to "break it as you like," the digital, social media and radio ads in Arabic, English and French reminded consumers that eggs are great for lunch, dinner and snacking. The campaign's photography and recipe inspiration celebrated traditional Middle Eastern and Mediterranean dishes, featuring egg recipes popular at family meals. The campaign generated over 8.4 million impressions and was supported by the brihteggideas.ca website.





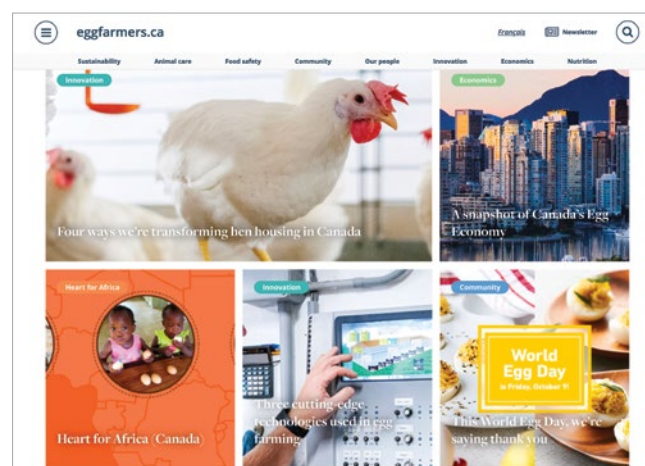
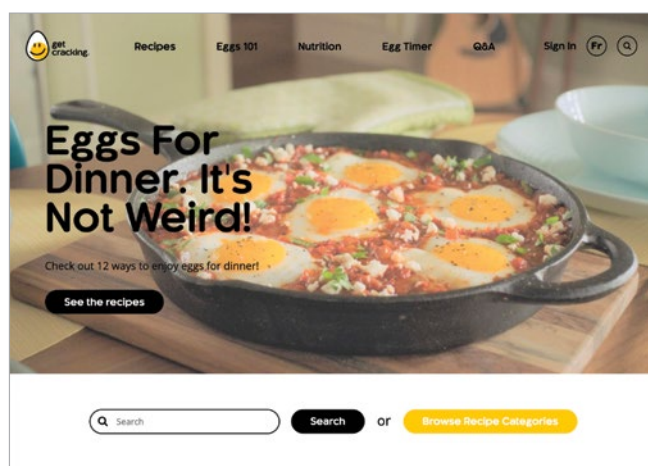
Marketing campaigns targeting first and second generation Chinese Canadians continued this year. A series of recipes in celebration of the Lunar New Year were created in partnership with MasterChef Canada winner Eric Chong. The recipes featured popular food art in the shape of the Chinese symbol for good fortune, positioning eggs as a lucky food to welcome the year. Video, digital, social media and print ads in Mandarin, Cantonese and English encouraged consumers to cook up good fortune with eggs, generating 15.7 million impressions over a 4-week period.

Our outreach to Canada's South Asian community also continued in 2020. The approach leveraged the popular Hinglish term Funda, which means fundamental, and inspired consumers to make eggs the star ingredient of their meals. Messages were delivered through digital, broadcast and social media tactics inviting consumers to visit the egghisuperstar.com website. The 7-week campaign launched in October, delivering a total of 10.2 million impressions.

創新雞蛋美食，讓新年添口福

齊集試就加拿大Masterchef大廚師——李冠華
Eric Chong 的創新雞蛋美食，雞蛋輕鬆做出
好意頭的創新雞蛋美食，給新年一個好開始！
體驗創新雞蛋食譜：EggsAreGood.ca/CNY

 **開蛋有益**



Expanding our network of effective digital channels

Online channels are among the most important tools to reach and engage Canadians with our messages and information. These channels took on even greater importance this year as Canadians stayed home and observed physical distancing protocols. In fact, with consumers spending more time online, 2020 saw a record number of video views, website visits and social media engagements across our channels.

Sophisticated programs optimized and promoted our suite of websites, pointing users to the latest information on eggs, egg recipes and egg farmers on the eggs.ca and eggfarmers.ca websites. New websites, such as foodservice.eggs.ca and healthcare.eggs.ca, were created to support evolving strategies. Together, our websites received 14.7 million combined sessions in 2020, which represents a 41% increase over 2019.

Get Cracking® wins more than a dozen awards for marketing excellence

Our Get Cracking® brand is making waves in consumer marketing, winning a combination of 13 national and global advertising awards this year. Campaigns promoting eggs earned two gold, six silver, four bronze and one merit award for innovative online and television advertising and strategy at the Shopper Innovation + Activation Awards and the Marketing Awards. The 'It's Not Weird' campaign also received international acclaim, winning silver at the FAB Awards and earning a shortlist mention in four categories at The One Show. These awards highlight our leadership in marketing excellence by recognizing creative ideas in advertising, design and digital marketing.

**14.7
million**

visits to our
websites
in 2020.

We also observed record growth across our social media channels, enabling our Get Cracking® and EFC brands to share their messages with a wider audience. Our digital channels count nearly 200,000 followers and subscribers! Our Pinterest page saw a particularly high spike in reach, with recipe content seeing over 25 million impressions—twice the amount of impressions when compared to the previous year.

A new LinkedIn strategy grew our presence on the platform, increasing followership by 60% and expanding the reach of our thought leadership content. A new EFC-branded YouTube channel was launched, and the popular Get Cracking® YouTube channel was overhauled to feature a fresh look and to optimize videos for the powerful search engine. The strengthened YouTube strategy is already delivering impressive results, with over 9.5 million video views in 2020 alone.

Using new audience insights to shape our health communications

New research conducted by EFC in 2020 revealed that 23% of healthy Canadians feel egg consumption is linked to high cholesterol. The same study confirmed younger Canadians are more likely to believe eggs are connected to cholesterol. In response to this research, a new campaign rolled out this fall targeting younger Canadians with the message that eating eggs does not affect cholesterol levels. The initiative included a variety of influencer partnerships and digital ads to highlight how eggs fit into a heart-healthy lifestyle. Sponsored advertorial content in Best Health and K pour Katrine expanded on this message and included suggestions for healthy diets that include eggs. The 4-week campaign earned over 19.5 million impressions, reinforcing that eggs are a nutritious and wholesome food that do not impact cholesterol levels.

Two Truths & A Lie

Eggs don't cause high cholesterol.

It's impossible to lick your elbow.

Daydreaming is a sign your brain is bored.

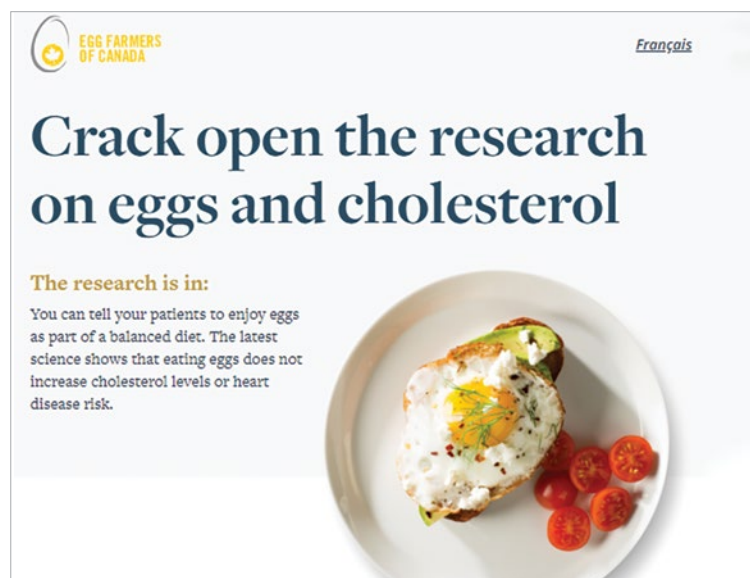


Reaching healthcare professionals with the latest nutrition science information

Some of the largest medical conferences in Canada, including Pri-Med, Family Medicine Forum, Congrès de la médecine, Diabetes Frontline Forum and Dietitians of Canada's annual conference, shifted to an online format in light of social distancing protocols. Our participation in these virtual events provided opportunities to connect with healthcare professionals and share nutrition science resources through virtual

booths. Efforts focused on sharing the latest research on eggs, cholesterol and heart health, such as our Heart Smart fact sheet and Healthy You Cholesterol booklet, to equip healthcare providers to answer patient questions and confidently recommend eggs.

Our engagement in virtual conferences also provided an opportunity to drive attendees to our new healthcare.eggs.ca website. Designed for healthcare professionals, the website features the latest research on eggs and cholesterol and provides patient resources. We also partnered with MdBriefcase, a continuing education platform for healthcare professionals, to develop an e-newsletter, podcast and video featuring experts in the fields of cardiology and nutrition. These efforts discussed how eggs fit into healthy dietary patterns, and over 1,500 healthcare professionals have accessed the resources since September. These tactics complement our ongoing work to distribute our resources on egg nutrition through the Physicians Online program. Over the course of the year, over 5,900 healthcare professionals placed orders for resources such as our Eggs and Babies fact sheet and Healthy You booklet.



Nurturing awareness of the Egg Quality Assurance™ mark



EFC embarked on a series of initiatives to continue to build and nurture awareness of the Egg Quality Assurance™ (EQA™) certification program and mark, encouraging program partners and licensees to carry the certification logo on their products. Since the launch of the initiative in 2019, a total of 53 licensing agreements were signed with five retailers, four foodservice operators and 44 industry representatives. While the availability of packaging material and egg cartons as a result of the pandemic temporarily affected plans to implement the EQA™ mark by some retailers, the mark appeared on private label egg cartons at Metro, Sobeys and Longo's.

EFC-led promotional efforts aimed to grow uptake and awareness of the EQA™ certification among foodservice, retail and industry audiences. Digital and social media tactics, along with programs aimed to optimize the eggquality.ca website, pointed audiences to information throughout the year. Preliminary research results suggest awareness of the program is growing among Canadians, with nearly 1 in 5 recalling that they have seen the EQA™ mark. These encouraging results are showing strong awareness of the EQA™ mark in just a short period.

53

signed EQA™
licensing
agreements
in 2020.



Resource and risk management



We are fortunate to have a range of tools at our disposal to respond to rapidly changing conditions and manage the risk to our industry. One of the most critical tools we have is supply management itself. We have known for a long time that supply management offers many benefits; we have now demonstrated the ability to manage production in a crisis like no other. By drawing on the foundation we have in place, we continued to modernize and refine our approach, building even more resiliency into all levels of our industry.

Managing the supply of eggs during the COVID-19 pandemic

While the impacts of the COVID-19 pandemic on our industry are still unfolding, one thing is for certain: the Canadian egg industry demonstrated remarkable strength and collaboration in managing the supply of eggs through the ups and downs of the pandemic. An unprecedented level of collaboration across EFC, egg boards, graders and processors allowed us to roll out a number of initiatives to adapt to the changing market conditions as governments introduced lockdown measures and issued stay-at-home orders. As part of our adaptation strategy, millions of eggs were donated to food banks and redirected to new markets, the storage of eggs and egg products was temporarily increased and more eggs were made available to retail stores across the country.

As the situation escalated, all regions across the country implemented a policy to remove flocks nearing the end of their production, helping to manage the surplus supply of eggs in the Industrial Products (IP) pool by reducing the size of the national flock. In addition to these immediate solutions, EFC and egg boards also investigated measures to manage the long-term impact of the pandemic on the egg supply due to the unpredictability of what is ahead and the period of time it will take for the foodservice, restaurant and hospitality sector to recover. These discussions helped inform supply decisions for 2021 and will continue next year as part of the ongoing strategy to respond to the unprecedented disruptions triggered by the greatest healthcare crisis of this generation.

Nest Run to Table Project expands substantially

Now in its second year, the national Nest Run to Table Project expanded substantially in 2020 and provided an essential tool to help manage the supply of eggs while adapting to the challenges introduced by the pandemic. The project, which aims to maximize the use of Canadian production to meet the table demand by diverting nest run eggs to grading stations, assisted in our response efforts by redirecting eggs to regions of the country experiencing temporary shortfalls of table eggs. In fact, due to uptake in the program, nearly twice as many eggs were moved throughout Canada in 2020. These efforts contributed significantly to reducing the number of imported eggs during key periods, and reinforced that the Canadian egg industry has the right systems in place to efficiently manage the supply of eggs.

Over
789
million
dozen eggs
produced
in 2020.



26.57 million

hens in
production
in 2020.

A cautious approach to quota allocation amidst volatile market conditions

In November, the EFC Board of Directors undertook a comprehensive review of egg supply and demand, analyzing market trends in both the table market and processed egg market. While the circumstances introduced by the COVID-19 pandemic have increased shell egg demand, driven by growth at retail, forecasts suggest this growth trend will begin to slow in 2021. On the processed egg market side—which has experienced a strong, upwards trend in demand for a number of years—the long-lasting disruptions triggered by the pandemic wiped out five years of processed egg demand growth, reverting to 2014 demand levels.

While the circumstances introduced by the COVID-19 pandemic have increased shell egg demand, driven by growth at retail, forecasts suggest this growth trend will begin to slow in 2021.

With 0.75% growth anticipated in 2021 and estimated population growth of 1.32% for 2022, the Quota Allocation Committee calculation suggested an allocation increase of 341,119 layers. However, given the current market uncertainty, the EFC Board of Directors unanimously agreed in November to hold the proposed quota increase in abeyance and maintain the 2020 quota levels of 27,538,822 layers. Upon review of the quota schedules for Eggs for Processing and Eggs for Vaccine Production, the EFC Board of Directors approved the quota allocation to remain the same as the previous year, totaling 1,517,452 layers and 635,040 layers, respectively. In addition, the Special Temporary Market Requirement Quota (STMQRQ) allocation, which was implemented to address a shortfall of imports in critical situations, remained at nil as it is not currently required but remains as a risk mitigation tool.

In light of this, the EFC Board of Directors was pleased that Farm Products Council of Canada prior approved the following quota allocation requests in 2020:

Allocation	Effective
Federal regulated quota layers remains unchanged	Week 1 of 2021
STMQRQ layers at nil	Week 1 of 2021
Eggs for processing quota layers unchanged	Week 1 of 2021
Eggs for vaccine production unchanged	Week 1 of 2021



Ongoing management of the Pooled Income Fund

A number of market conditions fluctuated throughout the year due to the COVID-19 pandemic and changes in the Urner Barry price (a major component of EFC's price for eggs sold to the processing industry). These conditions had a widespread impact on IP and table egg volumes, processor egg prices, feed prices and the Canada-U.S. exchange rate, which in turn affected the Pooled Income Fund (PIF). In light of this, the EFC Board of Directors approved a \$0.05 levy increase to bring the PIF within the minimum and maximum trigger points of \$35 million and \$75 million by the end of 2021. The increase is scheduled to take effect on February 21, 2021 (week 9 of 2021), and will bring stability to the fund as the sector responds to changes in the market environment as well as the lingering impacts of the pandemic in 2021.

Natural Overrun Fee Program approved by the EFC Board of Directors

Following a recommendation from the Natural Overrun Project Team, the EFC Board of Directors unanimously agreed to terminate the Service Fee Program and replace it with a new program called the Natural Overrun Fee Program, effective December 27, 2020 (week 1 of 2021). The program establishes an annual fee per eligible layer that will be held in the Restricted Natural Overrun Fee Fund and will be used to offset incremental IP expenses in the PIF caused by production above natural



overrun. All Federal Quota layers allocated over and above the previous year's Federal Quota Regulation starting week 1 of 2021 are eligible layers in the program. The implementation of the national Natural Overrun Fee Program is a significant milestone for EFC as it establishes that surplus production created in the course of filling table disappearance will be covered by consumer levy, with producer contributions covering the cost of any production above the threshold. These progressive steps also support a move to modernize egg supply management by clearly defining the surplus production that will be paid for by producer contributions.

New reference year for the COP Study

Following an extensive assessment of the potential impacts of the COVID-19 pandemic on the results of the COP Study, the COP Committee of the EFC Board of Directors recommended a change in reference year for the ongoing study from 2020 to 2021. The adjustment accounts for the expected one-time impact of the pandemic on the Rate of Lay, as well as labour costs and other components of the COP. The EFC Board of Directors approved the change in reference year in July, clearing the way for a new timeline for the study that will capture and reflect the new normal of the egg farming industry.

EFC's objects as outlined in the Farm Products Agencies Act

The objects of an agency are:

- (a) to promote a strong, efficient and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and
- (b) to have due regard to the interests of producers and consumers of the regulated product or products.

1970-71-72, c. 65, s. 22.

Renewal of the Federal-Provincial Agreement

The renewal of the Federal-Provincial Agreement (FPA) stalled in 2020 due to COVID-19 travel restrictions and a preference by FPA Committee members to meet face-to-face. Progress made in a number of complementary areas and an increased level of collaboration across egg boards is setting 2021 up to be a pivotal year for the FPA renewal process. This includes the resolution of issues raised by Egg Farmers of Alberta surrounding the Service Fee Program and a unanimous move to implement the Natural Overrun Fee Program for the egg farming sector. Driven by farmers across the country, the critical work of the FPA Committee to modernize this foundational document will continue next year through a series of workshops and virtual meetings with a focus on priority items.





Partnerships and collaboration



This year saw the launch of a new vision for our industry. Thanks to the dedication of the EFC Board of Directors, the expertise of our staff and the support of our partners, we are already making strides towards our goals. This level of collaboration extends far beyond our growth trajectory; it has allowed us to navigate the ups and downs of the pandemic with a whole-of-industry approach, while still advancing critical projects that help better our industry.



A vision for the future of the egg industry

A bold, innovative plan to embrace a vision of growth that would make Canada a world leader in per capita egg consumption launched this year. The progress made in advancing the seven pillars of this new strategic direction for EFC is detailed throughout the pages of this report, which captures our journey to date. Under the guidance of the EFC Board of Directors, EFC will continue to advance the priorities set out in the Vision 2020 Business Plan in the coming years—reaching new heights in sustainability, innovation, production, collaboration and consumption.



A team of
59
talented,
dedicated and
passionate
employees.



Supporting our passionate and dedicated team

Every member of the EFC team is an integral part of helping us achieve our mission to be a leader in Canada's agricultural future. To support our team during the COVID-19 pandemic, EFC shifted to a remote work model as directives from local public health officials encouraged physical distancing and government officials issued stay-at-home orders. This quick and decisive response saw all employees equipped with the tools to work from home, and new resources were introduced to ensure our team was well supported and informed. This included a curated resource center for employees, video conferencing software and regular virtual meetings to share updates, ask questions and discuss. Wellness activities, unit-led lunch and learn sessions, our annual EFC golf tournament and other light-hearted activities took place throughout the year in new formats, offering opportunities to have some fun and learn together.

This quick and decisive response saw all employees equipped with the tools to work from home, and new resources were introduced to ensure our team was well supported and informed.

Our popular Staff Conference Day took place in November and provided an occasion to reflect on our Vision 2020 journey, discussing opportunities on the horizon and the role of each department in advancing our goal to become the world-leader in per capita egg consumption. The day also included a time capsule activity and virtual cross-unit breakout sessions that allowed our team to build connections and celebrate recent achievements. Even though we were apart for much of 2020, our team continued to shine and achieve strong outcomes across all disciplines.

Recognized as a leading employer both locally and nationally

Inspired by the passion of the farmers we represent, EFC is focused on nurturing a sense of community, continuous learning and empowerment across the organization. This approach touches all aspects of what we do—from the leadership of the EFC Board of Directors to our team of exceptional employees. In 2020, some notable accomplishments included being recognized as one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital, named one of Canada's Top Employers for Young People and celebrated as a National Capital Region's Top Employer. We are pleased to be highlighted among some of the nation's best workplaces and organizations.



Bolstering our business intelligence tools

In 2020, EFC identified and procured a suite of data management and machine learning tools with the goal of creating a digital environment to support our team of economists and market research analysts. These business intelligence tools improved our ability to execute sophisticated analysis of complex datasets and expanded our capabilities to deliver timely insights as inputs into a range of decisions. We also bolstered our IT infrastructure to adapt to our temporary work from home approach, ensuring that our day-to-day business activities continued throughout the pandemic in a remote capacity. These investments are already creating value and have strengthened EFC's ability to make projections and attain greater levels of efficiency.

Reaching new levels of success through collaboration

At the heart of EFC's vision of the future are the collaborations that fuel growth, strengthen our approach and address emerging issues and opportunities. This year saw increased collaboration across the entire industry to discuss and identify both immediate and long-term solutions to market shifts triggered by the pandemic, in addition to advancing ongoing projects. Groups convened virtually and through conference calls during the course of the year to advance issues that are national in scope and consulted on items that impact the industry. While a number of long-standing committees, project teams and working groups continued to progress against shared objectives, new project teams and forums were established to seize opportunities and deliver updates across all jurisdictions of the egg industry. This level of collaboration drew in representatives from EFC, egg boards, the grader and processor sectors and other stakeholders. The following committees, working groups and project teams continued in 2020:

Standing Committees

- Executive Committee
- Audit Committee
- Budget Committee
- Cost of Production Committee
- Marketing and Nutrition Committee
- Production Management Committee
- Research Committee

Ad Hoc Project Teams

- Animal Care Program Redevelopment Project Team
- Canadian Egg Operational Advisory Group
- Conventional to Enriched Transition and Producer Prices Working Group
- EFC-Processor Technical Team
- Federal-Provincial Agreement Committee
- Hazard Analysis and Critical Control Points Review Team
- Hen Housing Transition Team
- Market Development Working Group
- National Alternative Housing Project Team
- National Supply and Demand Project
- National SE Protocol Review Project Team
- National Vaccine Committee
- Natural Overrun Project Team
- Uniform Levy Project Team



Vision

A world where everyone—whether it be due to want or need—can enjoy the immeasurable benefits of the humble egg.

Mission

To position the Canadian egg industry as a leader in Canada's agricultural future through sustainable growth, continuous improvement and social responsibility, working collaboratively under the system of supply management to uphold the interests of all those who depend upon and enjoy our products.

The EFC Way

EFC believes in the inextricable link between social license and business success. We nurture our acceptance nationally, and in the broader international community—not just because it is the right thing to do but because it bolsters our aspirations of profitability and enhanced socio-economic development.

Legitimacy with our stakeholders and customers drives us each and every day. We respect and honour the trust the Canadian public provides to our industry under the system of supply management. Everything—from operations to policy development to governance—is approached with the utmost regard for: the communities, environment and society in which we operate; the well-being of our animals; and the health, safety and satisfaction of the millions of Canadians who enjoy and depend upon our product every single day.

Market analysis and industry information

Visit eggfarmers.ca for the latest reports and data on egg prices, production, imports and industrial products.

Farmers and average flock size per province and territory

Province or territory	Number of farmers ¹	Average number of layers per farmer ²
BC	145	22,659
AB	169	16,451
NT	4	28,132
SK	67	18,070
MB	156	16,005
ON	432	22,219
QC	178	30,441
NB	15	33,272
NS	26	30,866
PE	7	19,879
NL	6	47,872
Total	1,205	22,100

Source: EFC

¹ Reported data for 2020.

² Reported data for 2020. Excludes inventory for eggs for processing and special permits.

Limits to Federal Quotas (dozen)¹

Province or territory	2021	2020	2019
BC	92,701,732	92,701,732	92,305,861
AB	78,185,096	78,185,096	77,797,028
NT	3,572,072	3,572,072	3,565,039
SK	34,686,465	34,686,465	34,552,597
MB	71,500,420	71,500,420	71,363,580
ON	272,455,410	272,455,410	271,474,492
QC	154,981,792	154,981,792	154,330,500
NB	14,740,208	14,740,208	14,697,319
NS	24,492,045	24,492,045	24,445,706
PE	4,062,298	4,062,298	4,054,548
NL	10,938,469	10,938,469	10,917,025
Total	762,316,007	762,316,007	759,503,695

Source: EFC

¹ The limits reflect the actual, total production permitted by the quota regulations issued during the year.



Limits to Eggs for Processing Quotas (dozen)¹

Province	2021	2020	2019
BC	2,654,000	2,654,000	2,544,000
AB	663,500	663,500	636,000
SK	3,317,500	3,317,500	3,180,000
MB	5,308,000	5,308,000	5,088,000
ON	20,368,176	20,368,176	19,523,979
QC	7,962,000	7,962,000	7,632,000
Total	40,273,176	40,273,176	38,603,979

Source: EFC

¹ The limits reflect the actual, total production permitted by the quota regulations issued during the year.

Limits to Vaccine Quotas (dozen)¹

Province	2021	2020	2019
ON	2,661,750	2,661,750	2,661,750
QC	10,674,090	10,674,090	10,674,090
Total	13,335,840	13,335,840	13,335,840

Source: EFC

¹ The limits reflect the actual, total production permitted by the quota regulations issued during the year.

Eggs from vaccine production going into the IPP (dozen)¹

Province	2020	2019	2018
ON	1,121,475	1,537,560	1,661,400
QC	3,073,305	3,911,115	3,808,245
Total	4,194,780	5,448,675	5,469,645

Source: Fédération des producteurs d'œufs du Québec

¹ Table reports actual shipments to the IPP.

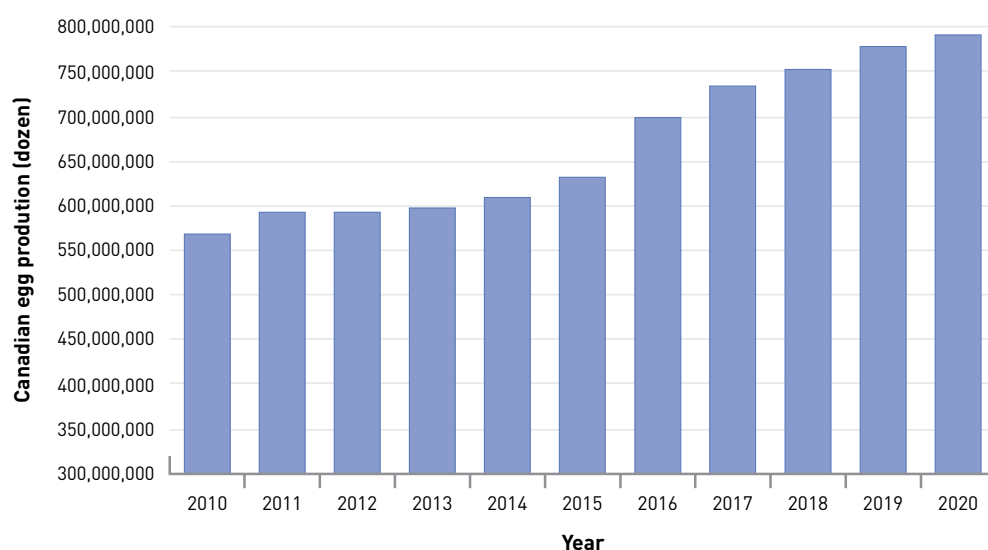
Federal quota utilization¹

Province or territory	Week 8 – 2020	Week 8 – 2019	Week 8 – 2018
BC	95.09%	94.68%	96.29%
AB	93.05%	93.09%	91.26%
NT	86.88%	85.61%	90.14%
SK	95.46%	97.07%	98.25%
MB	96.18%	98.10%	98.90%
ON	95.44%	97.15%	99.36%
QC	94.14%	96.88%	97.82%
NB	93.41%	93.50%	93.83%
NS	96.10%	97.02%	97.56%
PE	92.25%	92.94%	93.80%
NL	94.89%	95.80%	95.96%
Total	94.88%	96.30%	97.49%

Source: EFC

¹ Utilization is calculated using inventory over allocation for a 52 week period. The period starts on week 9 and continues to week 8 of the following year. Excludes inventory for EFP and Special Permit.

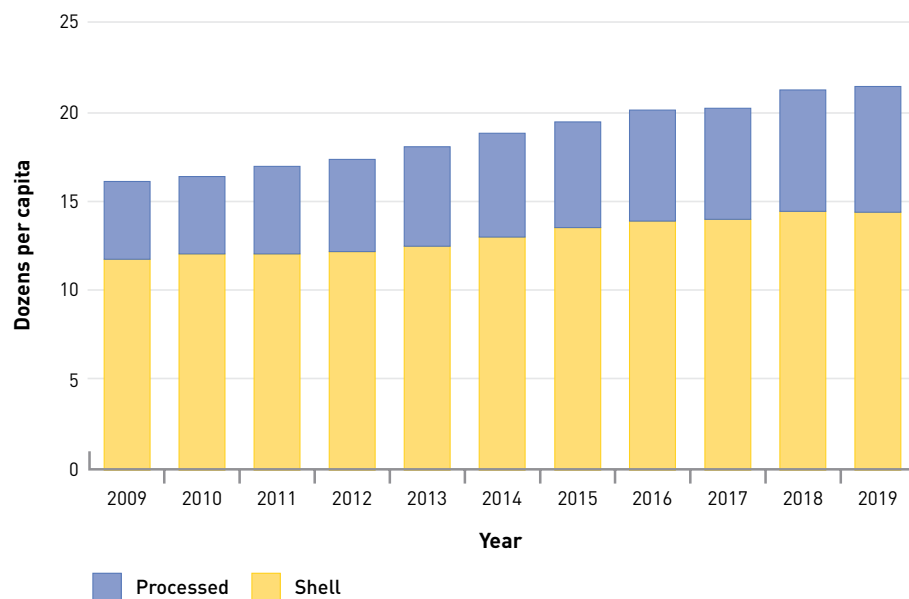
Canadian egg production¹



Source: Egg boards

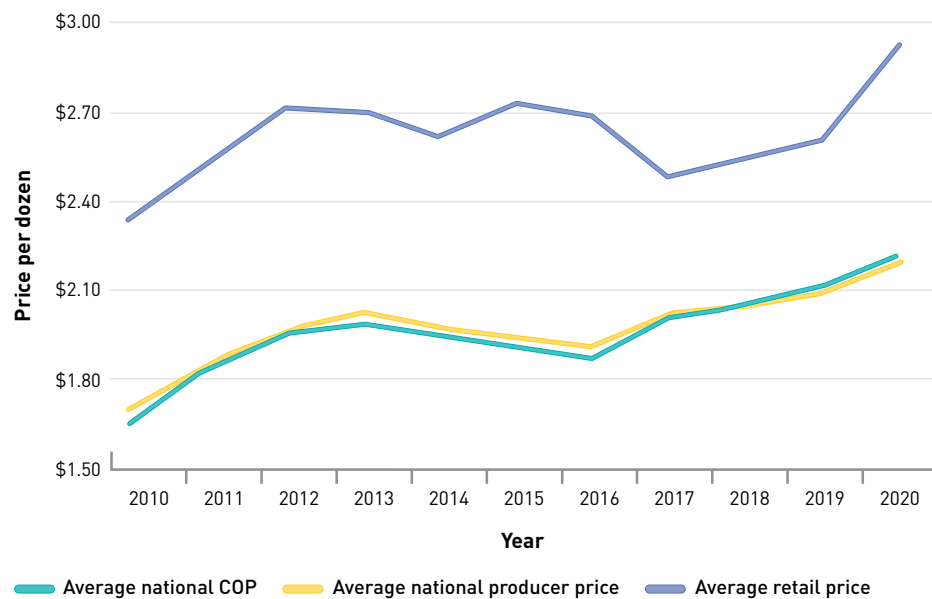
¹ Production numbers are final except for 2020. 2011 and 2016 data represent 53 weeks of production.

Canadian apparent per capita disappearance of eggs and egg products



Source: Statistics Canada—Total per capita egg disappearance; Shell/processed split estimated by EFC based on Statistics Canada and Agriculture and Agri-Food Canada data.

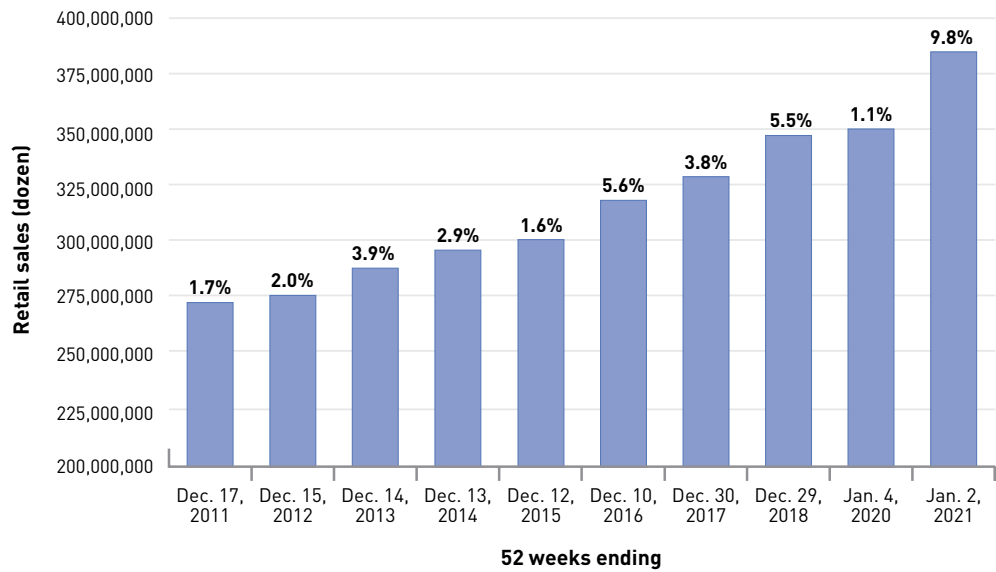
Pricing trends in the Canadian egg industry¹



Source: COP: EFC; producer price: egg boards; retail price: Agriculture and Agri-Food Canada

¹ COP and producer price for Grade A large eggs. Retail price for large, regular, white eggs. Simple averages.

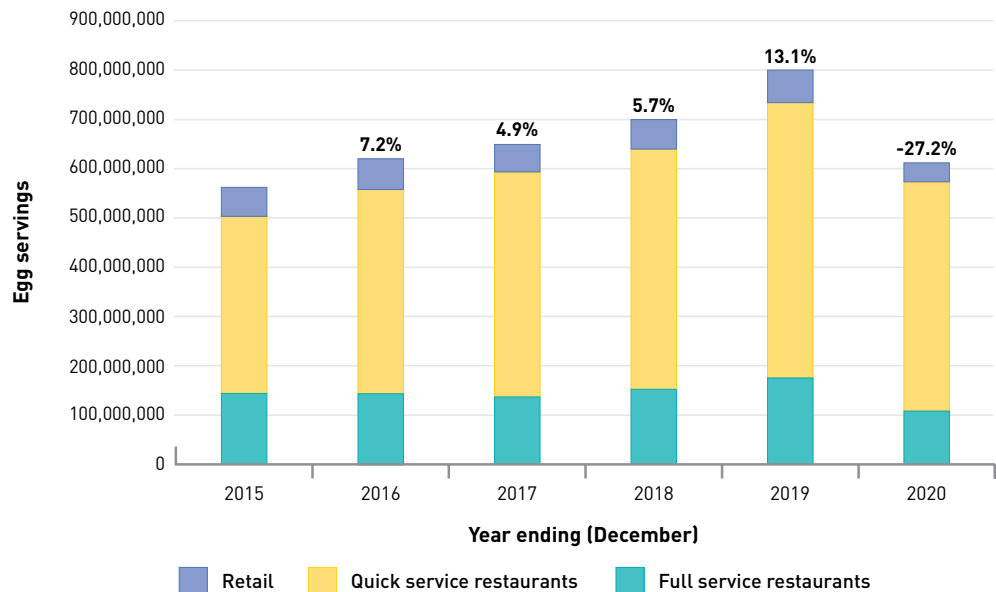
Retail egg sales¹



Source: Nielsen MarketTrack, Total Eggs—National

¹ Annual enhancements are applied to Nielsen MarketTrack to increase coverage and data quality. The enhancements impact data trends and historic data. As a result, Nielsen Canada recommends using the most current database to understand growth trends.

Total egg servings at foodservice by segment



Source: Ipsos Foodservice Monitor



Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Financial Statements
December 26, 2020



**EGG FARMERS
OF CANADA**

Independent auditor's report

To the Members of the
Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]
The Minister of Agriculture and Agri-Food, and
Farm Products Council of Canada

Opinion

We have audited the financial statements of **Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]** [the "Organization"], which comprise the statement of financial position as at December 26, 2020, and the statement of operations, statement of changes in fund balances and statement of cash flows for the fifty-two week period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 26, 2020, and its results of operations and its cash flows for the fifty-two week period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization 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 matter

The financial statements of the Organization for the fifty-two week period ended December 28, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on February 21, 2020.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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



Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ottawa, Canada,
February 19, 2021

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Statement of Financial Position

[In thousands of dollars]

As at

	Pooled Income Fund \$	Administration Fund \$	December 26, 2020 Total \$	December 28, 2019 Total \$
Assets				
Current				
Cash	16,794	5,385	22,179	17,861
Accounts receivable [note 3]	41,903	2,377	44,280	49,872
Inventory	1,272	–	1,272	765
Prepaid expenses	–	269	269	180
Investments [note 4]	32,137	3,548	35,685	19,069
Total current assets	92,106	11,579	103,685	87,747
Capital assets, net [note 5]	–	4,294	4,294	4,185
	92,106	15,873	107,979	91,932
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities [note 6]	23,803	5,812	29,615	32,651
Current portion of long-term loan [note 7]	–	126	126	122
Total current liabilities	23,803	5,938	29,741	32,773
Long-term loan [note 7]	–	255	255	381
Total liabilities	23,803	6,193	29,996	33,154
Commitments [note 9]				
Fund balances [note 8]				
Unrestricted	23,611	5,831	29,442	31,179
Internally restricted	44,692	3,849	48,541	27,599
Total fund balances	68,303	9,680	77,983	58,778
	92,106	15,873	107,979	91,932

See accompanying notes

Approved by the Board of Directors



Chair of the Board of Directors



Chair of the Audit Committee

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Statement of Operations

[In thousands of dollars]

Fifty-two weeks ended

	Pooled Income Fund \$	Administration Fund \$	December 26, 2020 Total \$	December 28, 2019 Total \$
Revenue				
Egg sales	168,457	–	168,457	162,877
Levy and service fees – unrestricted	242,939	21,887	264,826	212,105
Levy and service fees – internally restricted	9,844	3,290	13,134	26,043
PIF requirement [note 8]	(1,517)	–	(1,517)	6,990
Interest and other – unrestricted	276	124	400	412
Interest and other – internally restricted	5,431	60	5,491	508
Total revenue	425,430	25,361	450,791	408,935
Expenses				
Trade operations				
Cost of eggs sold	375,447	–	375,447	369,330
Transportation and handling	12,350	–	12,350	11,649
Early Fowl Removal Program [note 13]	14,175	–	14,175	–
COVID-19 expenses [note 13]	2,892	–	2,892	–
Third party verification	1,204	–	1,204	1,350
	406,068	–	406,068	382,329
General and administration				
Advertising and promotion	–	8,585	8,585	8,952
Donations	583	53	636	551
Interest on long-term loan	–	15	15	20
Meetings and travel	–	461	461	2,431
Office and other administrative	–	1,620	1,620	1,755
Per diems	–	544	544	778
Restricted [note 8]	(200)	2,882	2,682	9,915
Professional fees and consulting	244	492	736	776
Public affairs and communications	–	3,360	3,360	3,467
Salaries and benefits	–	6,574	6,574	6,100
Amortization of capital assets	–	305	305	272
Allocation of administration expenses [note 10]	2,964	(2,964)	–	–
	3,591	21,927	25,518	35,017
Total expenses	409,659	21,927	431,586	417,346
Excess (deficiency) of revenue over expenses for the period	15,771	3,434	19,205	(8,411)

See accompanying notes

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Statement of Changes in Fund Balances

[In thousands of dollars]

Fifty-two weeks ended

		Internally restricted			December 26, 2020
	Unrestricted	Risk Management	Service Fee	Research	Total
	\$	\$	\$	\$	\$
	[note 8]	[note 8]	[note 8]	[note 8]	

Pooled Income Fund

Balance, beginning of period	28,314	8,571	15,647	–	52,532
Excess of revenue over expenses for the period	297	5,009	10,465	–	15,771
Interfund transfers	(5,000)	–	5,000	–	–
Balance, end of period	23,611	13,580	31,112	–	68,303

Administration Fund

Balance, beginning of period	2,865	–	–	3,381	6,246
Excess of revenue over expenses for the period	2,966	–	–	468	3,434
Balance, end of period	5,831	–	–	3,849	9,680
	29,442	13,580	31,112	3,849	77,983

		Internally restricted			December 28, 2019
	Unrestricted	Risk Management	Service Fee	Research	Total
	\$	\$	\$	\$	\$
	[note 8]	[note 8]	[note 8]	[note 8]	

Pooled Income Fund

Balance, beginning of period	37,757	10,390	13,080	–	61,227
Excess (deficiency) of revenue over expenses for the period	(24,443)	181	15,567	–	(8,695)
Interfund transfers	15,000	(2,000)	(13,000)	–	–
Balance, end of period	28,314	8,571	15,647	–	52,532

Administration Fund

Balance, beginning of period	3,473	–	–	2,489	5,962
Excess (deficiency) of revenue over expenses for the period	(608)	–	–	892	284
Balance, end of period	2,865	–	–	3,381	6,246
	31,179	8,571	15,647	3,381	58,778

See accompanying notes

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Statement of Cash Flows

[In thousands of dollars]

Fifty-two weeks ended

	Pooled Income Fund \$	Administration Fund \$	December 26, 2020 Total \$	December 28, 2019 Total \$
Operating Activities				
Excess (deficiency) of revenue over expenses for the period	15,771	3,434	19,205	(8,411)
Add (deduct) items not involving cash				
Amortization of capital assets	–	305	305	272
Net change in non-cash operating working capital items	3,514	(1,554)	1,960	(8,379)
Cash provided by (used in) operating activities	19,285	2,185	21,470	(16,518)
Investing Activities				
Purchase of investments	(33,800)	(1,454)	(35,254)	(26,321)
Proceeds on disposal of investments	17,332	1,306	18,638	47,458
Purchase of capital assets	–	(414)	(414)	(54)
Cash provided by (used in) investing activities	(16,468)	(562)	(17,030)	21,083
Financing Activities				
Repayment of long-term loan	–	(122)	(122)	(118)
Cash used in financing activities	–	(122)	(122)	(118)
Net increase in cash during the period	2,817	1,501	4,318	4,447
Cash, beginning of period	13,977	3,884	17,861	13,414
Cash, end of period	16,794	5,385	22,179	17,861

See accompanying notes

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

1. Description

Objective of Egg Farmers of Canada

In 1972, Parliament enacted the *Farm Products Marketing Agencies Act*, which was renamed the *Farm Products Agencies Act* [“the Act”] in 1993. The Canadian Egg Marketing Agency c.o.b. Egg Farmers of Canada [“EFC”], a Statutory Corporation, was then established by proclamation and incorporated pursuant to the Act. The Act, along with a Federal-Provincial Agreement, identifies EFC’s responsibilities, including to effectively manage the production, pricing, distribution and disposition of eggs in Canada and to promote the sale of eggs. EFC is exempt from income taxes under subsection 149(1) (e) of the *Income Tax Act [Canada]*.

Levy and service fees

Egg boards have agreed to act as agents of EFC for the collection, control and remittance of the levy, as recommended by EFC and prior approved by the Farm Products Council of Canada. Further amounts are paid to EFC by the egg boards to finance the Industrial Products Program pursuant to the supplementary Federal-Provincial Agreement and, in the cases of Québec, Ontario and Alberta, through service fees payable pursuant to a commercial contract.

Starting in 2014, a service fee is assessed on eligible layers upon placement in the laying facility to support the Pooled Income Fund. The Service Fee will be replaced by the Natural Overrun Fee at the start of the 2021 fiscal year.

Industrial Products Program

EFC purchases, at specified buyback prices, all eggs that meet EFC specifications that have been declared as excess to table market requirements. These eggs are then sold to domestic processors and grading stations.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and include the following significant accounting policies.

Fund accounting

The Pooled Income Fund consists of the Industrial Products Program levy and service fees and related expenses. All transactions involving the buying and selling of eggs are recorded in this Fund.

The Administration Fund consists of the administration levy and service fees, and all administrative expenses.

EFC follows the restricted fund method of accounting.

Inventory

Inventory consists of eggs, which are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Financial instruments

Financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long-term loan. Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. EFC has not elected to carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, EFC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount EFC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

2. Significant accounting policies (continued)

Capital assets

Capital assets are initially recorded at cost. Amortization is calculated using the straight-line method over their anticipated useful lives once placed in service as follows:

Assets	Useful life
Buildings	40 years
Office equipment	10 years
Computer hardware and software	3–5 years
Leasehold improvements	over the term of the lease
Corporate identity	10 years

Revenue recognition

Egg sales are recognized on the date eggs are delivered to the customer.

Levy and service fees are recognized either in the period of issuance, placement, production or provision of service as applicable.

Levy revenue is calculated based on the weekly layer issuance and a weekly per layer levy rate.

Employee future benefits

EFC sponsors and administers The Pension Plan for the Employees of the Canadian Egg Marketing Agency, which is a defined contribution plan registered under the *Ontario Pension Benefits Act*. Contributions for this plan are expensed as incurred.

Allocation of expenses

Administration expenses described in note 10 are allocated from the Administration Fund to the Pooled Income Fund. The allocation is based on the level of effort and time spent by EFC directors and staff on operating the Industrial Products Program.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

2. Significant accounting policies (continued)

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known. Estimates used in preparing these financial statements include assumptions related to determining the collectability of accounts receivable, the estimated useful lives of capital assets, and the amount of accrued liabilities.

3. Accounts receivable

	December 26, 2020 \$	December 28, 2019 \$
Levy and service fees	23,375	30,468
Egg sales	19,519	16,735
Other	1,386	2,669
	44,280	49,872

Egg sales are dependent upon three groups of companies. During the period, these customers represented 98% [December 28, 2019 – 97%] of egg sales revenue; 42% [December 28, 2019 – 33%] of accounts receivable are owing from these customers.

4. Investments

	December 26, 2020 \$	December 28, 2019 \$
Cash	122	–
Guaranteed investment certificates	35,563	19,069
	35,685	19,069

Investments comprise of longer-term guaranteed investment certificates that are capable of reasonably prompt liquidation. Guaranteed investment certificates bear interest at fixed rates ranging from 0.75% to 3.14% and mature between 2021 and 2022 [December 28, 2019 – 2.18% to 3.14%, maturing between 2020 and 2021].

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

5. Capital assets

	December 26, 2020			December 28, 2019
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Land	416	–	416	416
Buildings	4,737	1,444	3,293	3,412
Office equipment	280	274	6	7
Computer hardware and software	2,333	1,754	579	350
Leasehold improvements	134	134	–	–
Corporate identity	345	345	–	–
	8,245	3,951	4,294	4,185

Cost and accumulated amortization as at December 28, 2019 amounted to \$7,836 and \$3,651, respectively.

6. Accounts payable and accrued liabilities

Government remittances [sales and payroll withholding taxes] of \$1,346 [December 28, 2019 – \$941] are included in accounts payable and accrued liabilities.

7. Long-term loan

The loan amount at renewal on November 30, 2017 was \$745 for the Florence Street property. The loan for the Florence Street property bears interest at 3.46% and is payable in monthly instalments of principal and interest of \$11. The loan is amortized over a six-year period and is due November 30, 2022. The loan is secured by the Florence Street property. The property has a carrying value of \$2,923 [December 28, 2019 – \$3,010 for the Florence Street property]. All owners of the property are jointly and severally liable for the total amount outstanding of the loan, \$886 as at December 26, 2020 [December 28, 2019 – \$1,170 for the Florence Street property], should an owner default on payment.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

7. Long-term loan (continued)

Future payments of the loan are as follows:

	Principal \$	Interest \$	Total \$
Period ending			
December 25, 2021	126	11	137
December 31, 2022	131	6	137
December 30, 2023	124	–	124
	381	17	398
Less current portion	126	11	137
	255	6	261

On November 30, 2020, EFC entered into an Offer to Purchase Agreement to purchase the co-ownership interest of the Florence Street and James Street properties from Dairy Farmers of Canada, for the amounts of \$2,481 and \$1,275 respectively. The closing date of the transaction of sale and purchase is March 31, 2021. Also at the closing date of the transaction of sale and purchase, all owners of the Florence Street property have agreed to jointly arrange, each in their pro rata portion based on their respective co-ownership interest, to payout the outstanding principal and interest balances under the fixed rate term loan extension agreement dated November 30, 2017.

EFC also has a revolving demand loan facility with a total approved limit of \$5,000 at an interest rate of prime. The facility is secured by a first ranking general security agreement. As at December 26, 2020, loans under this facility were nil [December 28, 2019 – nil].

8. Fund balances

EFC's objectives with respect to its fund balances are to safeguard its ability to continue operations while keeping levy rates at a minimum. EFC sets the levy rates to meet its projected cash flow requirements for restricted and unrestricted funds, which are reviewed monthly by management and EFC's Board of Directors. Effective July 14, 2019, the levy rate per dozen eggs marketed was set at 36.95 cents [August 12, 2018 until July 13, 2019 – 26.95 cents]. Effective February 21, 2021, the levy rate per dozen eggs marketed will be set at 41.95 cents.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

8. Fund balances (continued)

Fund thresholds

EFC's Board of Directors has established thresholds for its Funds that are reviewed annually.

The Unrestricted Administration Fund is to maintain a balance of at least \$1,000. The lower and upper thresholds of the Internally Restricted Research Fund are \$2,000 and \$5,000, respectively. Effective fiscal year 2020, the lower and upper thresholds of the Unrestricted Pooled Income Fund are \$35,000 and \$75,000, respectively [2019 - \$20,000 and \$40,000, respectively]. The Internally Restricted Risk Management Fund is to maintain a balance of at least \$8,000. The Internally Restricted Service Fee Fund does not have any thresholds.

Should balances fall outside these ranges, EFC could adjust the levy rate on a prospective basis. As the Unrestricted Pooled Income Fund's balance falls outside its lower and upper thresholds, effective February 21, 2021, EFC will increase the Unrestricted Pooled Income Fund's portion of the levy rate by 5 cents. The balances at December 26, 2020 compared to the established thresholds are considered appropriate.

Internally restricted funds

Risk Management Fund

In 2001, EFC was directed by its Board of Directors to restrict the use of certain funds in the Pooled Income Fund to self-finance potential costs related to its risk management activities.

In the period, \$822 [December 28, 2019 - \$679] was expended from the Fund.

Service Fee Fund

In 2014, EFC's Board of Directors established the Service Fee Fund to capture the transactions related to the Service Fee Program. In fiscal year 2020, EFC's Board of Directors decided to replace the Service Fee Program with the Natural Overrun Fee Program and transfer the accumulated Fund surplus, effective fiscal year 2021. The Natural Overrun Fee Fund will be established at the start of fiscal year 2021 to capture the transactions of the Natural Overrun Fee Program.

In the period, \$1,022 was gained by the Fund [December 28, 2019 - \$6,990 expended from the Fund]. 2020 revenue for the Unrestricted Pooled Income Fund includes \$1,517 as an adjustment for the 2019 PIF Requirement realized upon final reconciliation in 2020.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

8. Fund balances (continued)

Research Fund

In 1997, EFC was directed by its Board of Directors to set up a restriction in the Administration Fund to fund research.

In the period, \$2,882 [December 28, 2019 – \$2,246] was expended from the Fund.

Interfund Transfers

Interfund transfers consist of the following:

	Unrestricted Pooled Income Fund		Internally Restricted Risk Management Fund		Internally Restricted Service Fee Fund	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
	\$	\$	\$	\$	\$	\$
Transfers in the period	(5,000)	15,000	–	(2,000)	5,000	(13,000)

In 2019, temporary transfers of \$15,000 to the Unrestricted Pooled Income Fund were approved by EFC's Board of Directors in order to mitigate the impacts of adverse US market conditions. In 2020, \$5,000 was transferred back to the Service Fee Fund as market conditions had improved.

9. Commitments

EFC is committed under contract for the purchase of advertising and other services in fiscal 2021 for an amount of \$7,231 [December 28, 2019 – \$4,716].

EFC is committed to \$1,055 [December 28, 2019 – \$1,590] over the next five years to support the University Research Chairs at Université Laval, University of Guelph and University of British Columbia [Okanagan Campus].

On November 30, 2020, EFC entered into an Offer to Purchase Agreement to purchase the co-ownership interest of the Florence Street and James Street properties from Dairy Farmers of Canada, for the amounts of \$2,481 and \$1,275 respectively. The closing date of the transaction of sale and purchase is March 31, 2021.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

10. Allocation of administration expenses

EFC allocates administrative expenses from the Administration Fund to the Pooled Income Fund to provide for the full cost of operating EFC's Industrial Products Program as follows:

	December 26, 2020 \$	December 28, 2019 \$
Building costs	83	124
Insurance	49	43
Meetings and travel	107	485
Office and other administrative	385	437
Per diems	79	112
Professional fees and consulting	30	26
Salaries and benefits	2,141	2,017
Amortization of capital assets	90	79
	2,964	3,323

11. Financial instruments – risks and uncertainties

Liquidity risk

Liquidity risk is the risk that EFC will be unable to fulfill its obligations associated with financial liabilities on a timely basis or at a reasonable cost.

EFC manages its liquidity risk by monitoring its operating requirements. EFC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument may default on its contractual obligations resulting in a financial loss.

EFC is exposed to credit risk with respect to the accounts receivable. EFC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At period-end, there were no amounts allowed for in accounts receivable.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

11. Financial instruments - risks and uncertainties (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in interest rate.

EFC is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments and long-term loans are included in notes 4 and 7.

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.

EFC is exposed to currency risk in the Unrestricted Pooled Income Fund as the pricing of egg sales revenues is based on US Dollar inputs. EFC mitigates this risk by actively monitoring its Fund balances.

Other price risk

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.

EFC is not exposed to significant other price risk on its investments.

There have been no changes to the risk exposures from 2019.

Canadian Egg Marketing Agency [c.o.b. Egg Farmers of Canada]

Notes to Financial Statements (continued)

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 26, 2020

12. Low-High Price Program

Due to volatility of the base component for processor pricing during the period, the pricing calculation on eggs sold to processors was amended. Beginning in June 2019, the price per the Low-High Price ["LHP"] Program was used for eggs sold to processors by EFC instead of the processor protocol calculation. The difference between the price per the processor protocol and the price per the LHP Program is the Total Differential Balance ["TDB"]. Additions to the TDB are to be reduced on future egg sales when the price per the LHP Program is lower than the price per the processor protocol. As of December 26, 2020, the TDB is \$931 [December 28, 2019 – \$3,465].

13. COVID-19 Pandemic

The outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

In fiscal 2020, EFC incurred expenses related to the pandemic as a result of reduced processor demand. Additional costs were incurred to reduce excess production, as well as for the transportation and handling of surplus eggs.

EFC continues to actively monitor the possible impacts of the pandemic on its operations. It is not possible to reliably estimate the length and severity of the pandemic nor the impact on the financial position and financial results of EFC in future periods.

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