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The forty-ninth 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

As we reflect on our year, we can be proud of the progress we've made on many fronts, as well as the strength and resilience we've shown across our industry. We adapted to continued pandemic restrictions, for the second year in a row. A snap election was called, and we were quick to step up to the plate and take part in advocacy initiatives to ensure the voices of all Canadian egg farmers were heard. We also made strides in implementing our Vision 2020 strategic plan to help Canada become the world's largest per capita consumer of eggs.

Supply management has been the foundation of our industry's success, especially as we continue to manage the local supply of eggs during the pandemic. As a result of the system, we've worked effectively and collaboratively with farmers and the provincial and

territorial egg boards to manage the ups and downs of the market. Though we faced some challenges, we continued to provide Canadians with a steady supply of eggs, produced to the highest standards.

Continued pandemic restrictions meant adjusting our advocacy programs to ensure priority issues for egg farmers were discussed with decision-makers in government. Subsequently, many meetings connecting EFC with parliamentarians and other officials went ahead as planned, albeit virtually.

We did some extensive preparatory work for the United Nations Food Systems Summit with Ministers of International Development and Agriculture and Agri-Food, the Chief Veterinary Office and the Canadian Food Inspection Agency to address national priorities, including animal welfare, food safety and product labelling.

In addition, throughout the federal election, we represented the voice of Canadian egg farmers. Working with the chicken, turkey and hatching egg sectors, we sent letters to all major parties asking for their support for supply management and reminding them of the harmful impacts trade agreements such as the Canada-United States-Mexico Agreement (CUSMA) have on Canadian egg farmers.

In April of 2021, the Poultry and Egg On-Farm Investment Program (PEFIP) was launched to offset the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) for farmers. As a result, close to \$647 million over 10 years will be provided to SM4 farmers to mitigate their losses under the CPTPP agreement and support reinvestment in their operations.

Vision 2020 highlights our plan to make Canada the world leader in the consumption of eggs per capita. This vision is about adapting our industry's approach to address the

priorities of Canadians like animal welfare and product safety. The pillars of this vision are expanded upon in this report.

One of our key areas of focus is innovation through research. Under EFC's Research Grant Program, our industry is supporting 19 innovative projects across the country to improve the health of hens, highlight the nutritional benefits of eggs, explore green technologies and practices that can be implemented directly on farms, and compare the contributions of supply management in Canada with agricultural systems around the world.

We recognize that innovation is essential to driving new sustainable practices. In 2022, we look forward to rolling out our National Environmental Sustainability Tool (NEST)

that will provide essential resources for farmers seeking to understand and improve the sustainability of their day-to-day operations.

Additionally, we've completed stage 1 of the redeveloped Animal Care Program (ACP) to adhere to the requirements from the 2017 Code of Practice for the Care and Handling of Pullets and

I want to thank our farmers across the country who have remained committed and collaborative as we revolutionize our industry

and our practices for the future.

Laying Hens. We have also made progress on our plan to phase out conventional hen housing systems. As of now, we're on-track to phase out Canada's conventional egg production by 2031—five years ahead of schedule.

The pandemic continues to contribute to global hunger and poverty—especially for the poorest and most vulnerable populations. During this difficult time, we increased egg donations to food banks and breakfast programs across the country. We've also continued our work with Project Canaan, contributing funds and our time to the egg farm that feeds thousands of children in Eswatini, Africa.

I would like to thank the EFC Board of Directors for their commitment and dedication throughout the year. I would also like to recognize the EFC staff, our Research Chair Network, egg board chairs and general managers and our industry partners for their support and collaboration. Finally, but never lastly, I want to thank our farmers across the country who have remained committed and collaborative as we revolutionize our industry and our practices for the future.

From the illustrious list of accomplishments that I've mentioned, it's clear that everyone is doing their part, and then some. I am optimistic that with continued perseverance and dedication, we will keep our industry moving forward. Based on the year we've had, I have no doubts.

Roger Pelissero

Chair

### CEO'S MESSAGE

It's no secret that 2021 presented us with unique challenges as we continue to manage the ongoing impacts of the COVID-19 pandemic. Roger noted many examples of how we navigated through these challenges and this report showcases all we've done as an industry in much detail. Never has it been more important for our industry to be adaptable and collaborative, prepare for the future and build more resiliency in our sector.

Looking ahead to 2022, we have identified four influential trends that will shape the future of our industry. By monitoring these trends, we can identify the challenges and opportunities for our sector and be forward-thinking with our planning and decision-making.

The first trend is adapting our food system to navigate the realities of climate change with three challenges especially significant to our sector. The first is the physical impact of climate change on food production. Most regions of Canada are projected to warm during the next 60 years as a result of climate change. This will no doubt affect farming operations and practices. For example, increased pressure on land and water may reduce crop yields, consequentially increasing demand for alternative feed sources. We have an opportunity here to adapt our approach to farming to increase preparedness and resiliency and minimize disruptions to our sector. Our second challenge is the increasing prevalence of green technology in the farming sector. Embracing technology is the way of the future. By adopting green energy sources and green tech on the farm, and investing in research, our industry can offset our environmental impact and enhance the resiliency of our food system. The third challenge is the gaining momentum of the anti-animal agriculture movement who are focused on eliminating animal protein from the human diet. Moving forward, we must continue to highlight the important role all agricultural sectors—including animal agriculture—play in the food system from an environmental, social and economic standpoint.

A second trend for us is enhancing our relationships with Canadian retailers. It's essential that we continue to work closely with our stakeholders—including retailers—particularly with all the disruptions caused by the COVID-19 pandemic and the impact it has on supply chains and pricing. Over the past few years EFC has worked hard to

coordinate pricing changes and has worked closely with retailers on animal welfare and sustainability. During our meetings with the Retail Council of Canada, EFC also proposed a Coalition for Sustainable Eggs. This proposed coalition would allow us to work across the egg value chain to advance, support and communicate continuous improvements in sustainability of the egg farming industry. The connecting factor of the proposed coalition is a common vision of sustainable egg production, embracing a shared commitment to explore opportunities to improve sustainability across the supply chain. This continued collaborative approach will lead to more informed decisions in this sector going forward.

The third trend we are monitoring is the growing awareness of food sovereignty. The pandemic put a spotlight on supply chain vulnerabilities and the importance

of having a strong, domestic supply of locally-produced food. We see this as an opportunity to promote our system of supply management to global partners and bring stability to food production across the world.

Advancements in machinery and

We are taking the right steps to ensure the sustainability of our industry, and a stable supply of local, high-quality eggs for Canadians.

The fourth and final major trend is the new wave of AgTech.

farm equipment have expanded the scale, speed and efficiency of farming. With artificial intelligence, machine learning and data science, we can seize opportunities to boost operations, deliver better solutions and encourage new approaches to improve how we work each day.

It's an exciting time for our industry, with great opportunities ahead. All of these trends are shaping our future, and we are taking the right steps to ensure the sustainability of our industry, and a stable supply of local, high-quality eggs for Canadians.

In closing, I would like to thank Roger and the EFC Board of Directors for their leadership. I would also like to thank our partners for your continued support and collaboration. And, of course, thank you to our incredible EFC team for your commitment in keeping our industry moving forward.

The future is full of opportunity, and we're ready to embrace it.

Chief Executive Officer



2021 brought many local challenges and global realities—and as a result, innovation has taken on an even more important role within our industry. Whether it is exploring green technologies or discovering novel uses for eggs, research and innovation provide important answers to the questions of our day.

Recognizing the centrality of research and innovation, EFC's research program provides a comprehensive, holistic approach to funding research and putting results into practices. During 2021, our sector invested in cutting-edge research projects that will lead to efficiencies and improvements on-farm. We also saw new cross-discipline collaborations, while our research partnerships continued to enhance and inspire our efforts to remain a leader in agricultural innovation in Canada.



# Research Grant Program delivers innovative, cutting-edge results

Innovation and research are central to EFC's Vision 2020 Business Plan. To achieve these results, the Research Committee of the EFC Board of Directors continued to champion EFC's research funding priorities, which are closely aligned with the priorities identified under Vision 2020. This includes supporting innovative projects across the country under EFC's Research Grant Program, particularly from new and emerging researchers.



51 research
projects
supported by
our Research
Grant Program.



New projects funded in 2021 covered a broad range of subjects. At the University of Guelph, Dr. Elijah Kiarie launched a project exploring how feed additives such as omega-3s can improve the performance and health of hens housed in enriched colony systems. Dr. Angela Devlin, at the University of British Columbia, is exploring how a mother's egg consumption during lactation can affect the nutrient composition of breast milk, as well as how eating eggs can affect dietary nutrient intake in children. Another newly-funded research project includes an evaluation of hemp seed products to ameliorate fatty liver disease and reduce cannibalism in laying hens, undertaken by Dr. Stephanie Collins at Dalhousie University. Across the country at the University of Alberta, Dr. Zhi Li is exploring how eggshell membranes can be used to create electrodes for use in electric vehicles and batteries.



#### Research Chair Network continues on path of excellence

EFC's Research Chair Network continued to inspire new research projects and build collaboration. EFC's four Research Chairs met throughout the year to share updates and discuss new projects, while moving forward on ambitious research programs.

Dr. Maurice Doyon, Research Chair in Economics continued his work on farming and the circular economy, while also pursuing projects specifically around eggs and vitamin D. At the University of Waterloo, Dr. Bruce Muirhead, Research Chair in Public Policy, began work on a new book that will detail the history and contributions of supply management in Canada, incorporating comparisons with agricultural systems around the world.

As the Research Chair in Poultry Welfare, Dr. Tina Widowski launched a new research project focused on behavioural enrichments. For this study, she will be exploring if using pecking blocks as foraging enrichment can improve hens' feather condition in enriched colony housing systems.

Based at the University of British Columbia Okanagan, Dr. Nathan Pelletier, EFC's Research Chair in Sustainability, has continued his extensive research program. In 2021, his research team continued to explore the viability of net-zero barns, while also publishing important results on nitrogen-use efficiency technologies. Dr. Pelletier's PhD student, Vivek Arulnathan, has also been at the centre of developing a new national environmental sustainability tool (NEST) for egg farmers across Canada.

Collaboration continued to be a mainstay of the research chair network. Drs. Pelletier and Doyon began work on a joint project involving a cost/benefit analysis of how extended production cycles can affect economic, environmental and animal welfare aspects on-farm. Several chairs also jointly supervise graduate students, recognizing



the overlap across research disciplines. In November, the research chairs and their students gathered for a virtual version of the annual Research Network Day. At this event, the chairs and their students had engaging discussions about how to address current issues facing the egg industry, building on a presentation they received from Tim Lambert. The participants also engaged with each others' research, learning about new research in other disciplines and finding new opportunities to work together.

The chairs also presented their works at many virtual industry events and conferences, while continuing to publish many research papers detailing their latest findings and results.

# Communicating research results and strengthening partnerships

EFC continued to share research results emerging from the Research Grant program and the Research Chair Network. As a central part of EFC's research program, this knowledge mobilization work is centered on getting research results to farmers and stakeholders who can put them into practice. In 2021, this work expanded, building on consultations with egg boards that led to the development of new research articles for

farmer newsletters. These articles provide detail on new research summaries, capturing new and important research results for farmers. EFC continued to showcase additional research findings through existing videos, research summaries and presentations of researchers at egg industry meetings across the country.

The Canadian Poultry Research Council moved forward with managing the 19 projects under the Poultry Research Cluster, an \$8.24 million investment from the Government of Canada.

EFC's research partners also expanded their outreach. The Poultry Innovation Partnership (PIP—formerly the Poultry Research Centre) continued their strong webinar series, showcasing some of the latest results emerging from poultry research centres across Canada. The PIP was also at the center of launching the Canadian Poultry Research Forum. Held in June 2021, the Forum was a hugely successful virtual event that provided key opportunities for researchers to share their projects directly with farmers.

The Canadian Poultry Research Council moved forward with managing the 19 projects under the Poultry Research Cluster, an \$8.24 million investment from the Government of Canada. The Egg Industry Center at Iowa State University continued to advance their research program dedicated to understanding avian influenza. Lastly, EFC continued to support nutrition-focused research through our partnership with the Egg Nutrition Center, resulting in sound, science-based recommendations for policy makers and health professionals.





### **SUSTAINABILITY**

Sustainability in agriculture is more than just a buzzword. It has been, and continues to be, a central pillar of our industry's development. Throughout the year we continued to move forward on several important sustainability initiatives over the course of 2021. Our communications built on our 2019 Sustainability Report, showcasing strong examples of new programs and practices farmers are implementing across the country.

#### Easy to tell story enhances sustainability communications

The creation of our easy to tell sustainability story has been a supporting factor in focusing on continuing sustainability communications throughout 2021. The story aligns with our previously published Sustainability Report and aids in the easy distribution of information on sustainability, featuring main topics that resonate with Canadians based on learnings from the Omnibus and social media listening research. An infographic was developed as a resource to support the easy to tell story and this was rolled out across our channels





as well as the egg boards' channels. There was also an advertising campaign focused on the Sustainability Report and story where the focus was to increase the familiarity of eggs being a sustainable food item and showcasing the industry as progressive when it comes to sustainability. This campaign delivered almost 1.5 million impressions and was featured in various print media, including, The Hill Times, Canadian Poultry and Canadian Restaurant & Foodservice News.

#### Strengthening our animal care and food safety standards

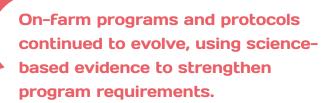
As part of our commitment to foster a sustainable egg industry, our on-farm programs and protocols continued to evolve, using science-based evidence to strengthen program requirements. The EFC Board of Directors approved revisions to a number of sections of the Start Clean-Stay Clean® program in July. 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.

1,576 audits conducted in 2021.





Another key initiative this past year was the implementation of the revised National *Salmonella* Enteritidis (SE) Protocol on January 1, 2021. The EFC Board of Directors approved the new version in 2020, following a thorough analysis of the existing measures, as well as new technology and science.



A milestone was achieved this year with the completion of stage 1 of the redeveloped Animal Care Program (ACP). This undertaking to redevelop the ACP with requirements from the 2017 Code of Practice for the Care and Handling of Pullets and Laying

Hens has been ongoing for several years and includes the addition of a suite of new requirements and corresponding assessment measures to the ACP. Egg farmers are now undergoing an eighteen-month roll out period to become compliant with the redeveloped ACP, prior to receiving on-farm audits on the new program. The redeveloped ACP is an opportunity for egg farmers to meet the best in class animal care standards for all types of production, developed using the uniquely Canadian National Farm Animal Care Council process, which is grounded in science and experience, and multi-stakeholder and consensus based.

### Developing a new sustainability decision-making tool for farmers

Linking sustainability with innovation has proven to be essential to driving new sustainable practices. Our continued work with researchers and experts has revealed important information around green technology and best practices that can be implemented directly on-farm. A key part of these endeavours has been the development of the National Environmental Sustainability Tool (or NEST). During 2021, the tool underwent significant development, with researchers and developers making strides in creating a tool that will allow farmers to measure, manage and benchmark sustainability on their farms. With the early version set to roll out in early 2022, this tool will provide essential resources for farmers seeking to understand and improve sustainability in their day-to-day operations.



### 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

Since the national transition plan to phase out conventional housing systems was announced, there continues to be a steady decline in the proportion of hens housed in conventional systems, while the amount of hens in alternative systems has continued to increase. In 2021, the proportion of hens in conventional systems decreased by two percentage points in the first half of 2021 and now represents approximately 57% of hens in Canada. Alternatively, enriched colony housing grew this year, now representing an estimated 27% of hens in Canada. Marginal shifts in free run, free range and organic egg production methods were observed throughout the year, with these systems representing approximately 17% 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 2031—five years ahead of the 2036 deadline.

#### Hen issuance by production method<sup>1</sup>

Production method	2021	2020	2019	2018	2017
Conventional housing	56.52%	59.02%	65.73%	71.38%	77.27%
Enriched colony	26.91%	24.52%	18.18%	14.21%	10.73%
Aviary/free run	10.51%	10.42%	10.62%	9.17%	7.89%
Organic	4.87%	4.85%	4.41%	4.18%	3.22%
Free range	1.20%	1.19%	1.06%	1.05%	0.89%

Source: Egg boards

A number of projects continued in 2021 offering 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, two meetings were held in the first half of the year, which monitored and evaluated the effects of the new pricing structure (implemented in September 2019). After the second meeting, this project transitioned into a program, which will see annual reviews moving forward. The framework of the CETPP project, combined with the efforts of the Implementation and Assessment Project Team, continues to ensure all farmers get a fair return on their production.

The National Alternative Housing Project also continued in 2021, which seeks to develop a program to support the free run, free range and organic egg requirements in the Canadian egg supply chain, as these types of production steadily grow. The project team and working groups, consisting of representatives from the processing

The framework of the CETPP project, combined with the efforts of the Implementation and Assessment Project Team, continues to ensure all farmers get a fair return on their production.

and grading sectors, egg boards, and EFC, met over the course of 2021 and made progress on many of the objectives necessary for the completion of the project. The project will continue in 2022.

 $<sup>^{1}\,2017-2020\,</sup>data\,represents\,December,\,end\,of\,year\,value.\,2021\,data\,represents\,July,\,mid-year\,value.$ 



# 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 2020-2021 young farmer program brought together a dynamic group of young people. Delegates met for the first time in Charlottetown in March 2020 for a workshop and to attend the Canadian Young Farmers' Forum. For the remainder of the year, and through 2021, online webinars took place to build an understanding of a wide range of key industry areas, giving a full picture of the industry to the young farmer delegates. There was also the opportunity to deliver virtual farm tours to their peers and hear from various guest speakers throughout the program.

In 2021, EFC welcomed participants for a new cohort of the women in the egg industry program. Now in its third year, the program continued to offer unique programming to delegates, all of whom were nominated by their egg boards. Through webinars and online engagement activities, participants built relationships and supported each other through the mutual mentorship program. The women in the egg industry alumni group, comprised of past participants in the program, also engaged in continuing education opportunities.

Through these programs, we are proud to support the next generation of leaders in the egg industry and provide new opportunities for learning, growth and engagement.

# Canadian Agricultural Safety Week highlights the importance of on-farm initiatives



For the first time, EFC joined with the Canadian Agriculture Safety Association (CASA) in 2021 to support their farm safety initiatives. In particular, EFC supported CASA's Canadian Agricultural Safety Week, which ran from March 14-20, 2021. Over the course of the week, EFC generated awareness about farm safety on social media, including highlighting resources for farmers to learn how to improve farm safety. This year's theme, Lead an Ag Safe Canada, demonstrated how farmers can be leaders in recognizing and managing safety risks at work and at home.

A strong and safe workforce is central to supporting a long-term sustainable industry. This includes everything from on-farm safety to farmer mental health. To highlight the support available to farmers, EFC also included CASA's resource on stress and mental health in a farmer newsletter that captured the importance of recognizing stress and reaching out when challenges are overwhelming.





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 continuing COVID-19 pandemic meant that for a second year in a row, our advocacy programs had to be adjusted to ensure the issues facing egg farmers continued to be discussed with key decision-makers in government. Despite the change in approach, we took part in a number of important initiatives and opportunities that allowed us to highlight the egg industry's continued response to the pandemic, the role of our sector in delivering food security to local and rural communities, and many other critical matters.



Over the course of the year, dozens of meetings took place connecting EFC with parliamentarians and other officials, and an array of relevant correspondence were drafted and sent. Roger Pelissero and Tim Lambert hosted our annual spring advocacy days where they met with parliamentarians to discuss issues relating to trade mitigation support and sustainability initiatives. We also joined representatives from the chicken, turkey and hatching egg sectors to discuss the United Nations Food Systems Summit with Agriculture and Agri-Food Canada along with the Ministers of International Development and Agriculture and Agri-Food. Discussions also took place with the Chief Veterinary Officer and Canadian Food Inspection Agency to address national priorities in the areas of animal welfare, food safety and product labelling.

EFC continued to offer expert opinions and contribute to studies facilitated by House of Commons Standing Committees. We offered submissions to the Standing Committee on International Trade, the Standing Committee on Finance and the Standing Committee on Agriculture and Agri-Food. These submissions, along with our participation in a number of government consultations, allowed us to provide input into important proposed legislation, the federal budget, and the Next Agriculture Policy Framework.

### Championing Canadian egg farmers throughout the federal election

Throughout the election, EFC took part in a number of advocacy initiatives to ensure the voices of all Canadian egg farmers were heard. Prior to the election and in partnership with the chicken, turkey and hatching egg sectors, letters were sent to all major

parties requesting that support for supply management be included in their election platforms along with no further market access in future trade agreements. Meetings also took place with the platform team from the Green Party of Canada, Liberal

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Party of Canada, Conservative Party of Canada and Bloc Québécois. A toolkit was distributed to EFC directors and egg boards offering tools and resources as well as updated key messages, and letters were sent to election candidates as they were nominated to offer information about egg farming and supply management. Additionally, and also in collaboration with the chicken, turkey and hatching egg sectors, surveys were sent to all major parties to further gauge their position towards joint issues such as protection for supply management and sustainability.



#### Farmers' Times Focuses on Rebuilding Together

Egg Farmers of Canada, Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada and the Canadian Hatching Egg Producers teamed up to publish the 2021 edition of The Farmers' Times just prior to the federal election. The publication offered a look at how the supply-managed sectors are supporting federal government's efforts of *Rebuilding Together*, as our country moves to a prolonged recovery phase from the pandemic. The articles featured highlighted the collective strength of the supply-managed farming sectors, showcasing our economic, community and sustainability contributions in helping rebuild the Canadian economy, bolster Canada's food security and pave the way for a brighter future. The publication, which targets federal politicians and decisions-makers, was distributed by The Hill Times, reaching nearly 20,000 subscribers, and was mailed to all MPs and Senators.

# Showcasing food security and community leadership to municipal leaders

Once again, Egg Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada, and Canadian Hatching Egg Producers came together to host a panel discussion on Food security and community leadership as part of the Federation of Canadian Municipalities (FCM) Annual Conference. The virtual programming was led by EFC, moderated by Phil Boyd, Executive Director of Turkey Farmers of Canada and featured Chris Hatch, CEO of Food Banks Canada, Dr. Michael von Massow, Agricultural economist from the University of Guelph and chicken farmer Tiffany Martinka. Martinka collectively undertook an insightful discussion on the importance of building and maintaining a resilient domestic food system, the power of collaboration in helping meet the food needs of Canadians, and the need to strengthen Canadians' connection to made-in-Canada food. Over 185 delegates tuned in to hear the panel, ask questions and give their say on the future of food. Meanwhile, the entire FCM conference saw over 1000 municipal staff, elected officials and federal and provincial officials in attendance and brought together a number of experts who touched on a range of topics along the conference theme of 'moving forward'. As part of our participation, we hosted a virtual booth which over 520 delegates visited to learn more about how Canadian egg and poultry farmers contribute to sustainable agriculture and food security, helping ensure a bright future for Canada.

Also, as part of our ongoing partnership with FCM, we co-hosted a webinar on the topic of Rural Strength and Innovation in the spring of 2021. Attended by more than 100 mayors, councillors and other elected municipal officials, the forum provided attendees with the chance to hear the latest thinking around food security, people's connection to agriculture and their local food system and the economic viability behind sustainable



agriculture. The discussion was lively and covered how Canada's rural communities are innovating every day to strengthen Canada, effectively positioning supply management as an innovative system for the 21st century. This webinar was presented in collaboration with Egg Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers.

### Promoting supply management with the 'It's worth it' advocacy campaign

The supply management system continued to persevere through the challenges of the past year and we celebrated the commitment of Canadian egg farmers and the system that makes their work possible. 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 campaign targeted government and political decision-makers, reminding them of the benefits of supply management, during a time when media was speculating about a possible election. The national campaign was featured

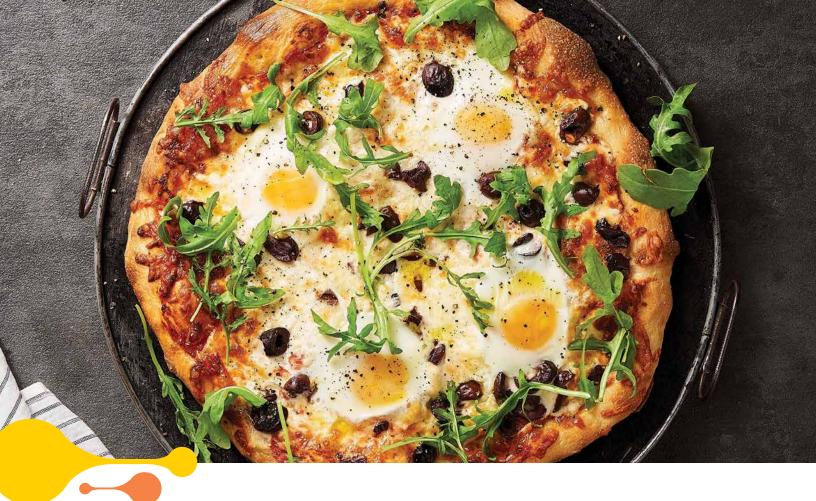
We celebrated the commitment of Canadian egg farmers and the system that makes their work possible.



in partnership with publications popular with this audience, including The Hill Times, The Globe and Mail, CBC and iPolitics. We leveraged the #EhInEggs and #Avantagoeufs hashtags to share articles, photos and videos in support of the campaign. The initiative delivered nearly 13 million impressions and received over 50 thousand visits to our website during the four-week period.







### Celebrating Canadian food and farmers

With Canadians re-opening their doors to friends and family over the summer, the demand for cooking with homegrown foods remained high. In light of this trend and to help Canadians get back into entertaining while still supporting local eating, EFC, Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada and the Canadian Hatching Egg Producers teamed up for a second time in August to help consumers better understand the value of high-quality, local agricultural products produced right here in Canada. Two handpicked social media influencers 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. The digital campaign ran for three weeks with fun and accessible seasonal recipes posted on Facebook, Instagram and Pinterest. The accompanying website (Canadiancomforts.ca) hosted all featured recipes including those from the December 2020 campaign. In support of our nation's vibrant agricultural sectors, we encouraged Canadians to participate in this initiative by buying local ingredients whenever possible and sharing their own culinary creations on social media using the hashtag #CanadianComfort. The 3-week campaign generated over 36 million digital impressions, exceeding planned impressions by 12 million, and helped underline the value of producing high-quality food within our own borders.



#### 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 which generated positive news coverage about Canadian eggs and egg farming in both domestic and international media. We profiled our Sustainability Report, highlighting how egg farmers are investing in, and implementing, sustainable technology practices on the farm. We also covered the desire for local food and how Canadian farmers' commitment to producing fresh, local, high-quality eggs meets this demand. We highlighted made-in-Canada eggs in celebrations and shared our story by showcasing why Canadians have access to the best eggs in the world. Advertorials with The Globe and Mail provided a platform for our experts to discuss Canadian agriculture's role in driving economic activity and how supply-managed farms act as a major competitive advantage for Canada. We also highlighted EFC's holistic approach to sustainability including the importance of nurturing the next generation of egg farmers in order to help build and maintain a sustainable egg industry in the future. On the international news front, we also partnered with BBC to publish an article that showcased Project Canaan and how eggs have the potential to play an essential role in food systems around the world.

Even more
than any other
food item,
Canadians want
their eggs
to come from
Canadian farms.





In April, we celebrated the versatility of eggs while drawing attention to the hard work of our farmers in producing fresh, local, high-quality eggs with a national media relations campaign timed for Easter. The campaign saw us partner with several EFC chef ambassadors to develop a number of unique egg benedict recipes. These recipes garnered coverage for our campaign messages and Canadian eggs and generated over 5 million media impressions.

On the social media front, Canadians were encouraged to share their favourite egg dishes made with Canadian eggs using the #EggcellentEaster and #DelicioeufsPaques hashtags. This positive outreach continues to build awareness of the role of Canadian egg farmers in delivering the high-quality eggs that Canadians want and enjoy.

In the lead-up to the holiday season, we collaborated once again with our network of chef ambassadors to offer Canadians a unique set of cookie recipes that highlighted our favourite ingredient: Canadian eggs. Our product and positive messages were widely shared across social media platforms and by media outlets. The combination of these outreach efforts generated more than 9.5 million impressions, allowing us to connect with Canadians in new ways.



## Stepping up for our communities throughout the pandemic

As in the previous year, the COVID-19 pandemic challenged Canadians across the country and reminded us of the absolute importance of supporting our fellow Canadians. With food bank use continuously on the rise and school closures affecting breakfast programs, egg farmers continued to offer a helping hand to communities across the country. In 2021, our annual fresh egg donation to food banks and other programs was once again increased with donations of 8 million eggs.

Around the world, our work with Heart for Africa (Canada), Canadian Food For Children and the International Egg Foundation continued to deliver 6 million 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 egg farmers' contributions to the vibrancy of Canadian communities on World Egg Day



Every year egg farmers and fans worldwide celebrate World Egg Day, and 2021 was no exception. With this year being the 25th anniversary of World Egg Day, EFC marked the day by paying tribute to the more than 1,200 Canadian egg farmers from coast to coast who help deliver fresh, local, high-quality eggs to Canadians every day. We created an animation video highlighting the contributions that Canadian egg farmers make to the vibrancy of our communities, which was shared across all our networks. Our chef ambassadors also took to TV, social media, and other media channels to encourage Canadians to take their taste buds on a journey with globally-inspired recipes that showcase the versatility of eggs, while talking about egg farming and what they love most about eggs. Broadcast media coverage included the likes of CBC Our Vancouver and Global Morning News Calgary, CTV Atlantic, the Toronto Sun (and syndicated coverage), Vita Daily, The Wandereater, and HOLR magazine. On social media, we celebrated all day long with egg fans here in Canada and around the world! Across our channels, we highlighted the endless benefits of eggs and promoted the work of Canada's dedicated egg farmers who make it possible.

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 over 10 million media impressions, and the global #WorldEggDay and #Journéemondialedeloeuf hashtags earned over 80 million impressions, reaching more than 50 million people worldwide.



### **INTERNATIONAL TRADE**



Throughout 2021 we continued monitoring our international trade file with much interest as World Trade Organization (WTO) members worked to advance various negotiating pillars in the lead up to the 12th Ministerial Conference scheduled to take place in December. While we worked diligently to advocate for egg farmers within those government trade agendas, efforts in 2021 continued their focus on ensuring egg farmers received sustained support as they absorbed the impact of recent trade agreements.

Through our ongoing engagement with the International Egg Commission (IEC) and other global forums, we moved ahead in expanding our influence within the global egg sector.

# CPTPP compensation delivered to egg and poultry farmers

In April of 2021, the Poultry and Egg On-Farm Investment Program was launched to provide mitigation funding to offset the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The program provides close to \$647 million over ten years and offers additional opportunities for farmers to reinvest in their operations and plan for the future as they navigate the long-term market losses under the CPTPP agreement. The program features built in flexibility which will allow it to respond to the individual needs of egg farmers across Canada as they consider their unique circumstances and future plans. Chair Roger Pelissero provided remarks to thank the government for their support and noted that we were also looking forward to mitigation measures for the Canada-United States-Mexico Agreement (CUSMA).

\$1.3 billion contributed to Canada's GDP.





### CUSMA mitigation stalled in first steps

CUSMA has been fully implemented and Canada is now 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. We continue to look forward to working with the government to assess and create support measures for market losses as a result of the trade deal. While we are pleased with the federal government's commitment to fully and fairly support the Canadian egg and poultry sectors, we are urgently awaiting this compensation and hope to see it come to fruition soon. Farmers will immediately feel the impact of CUSMA—and for this reason, we need to make sure that the promised mitigation support measures are quickly rolled out and accessible to our farmers.

#### WTO ministerial meeting delayed for a second time

Much like in 2020, preparations were well underway for the 12th Ministerial Conference (known as MC12) in December 2021 in Geneva, Switzerland. The General Council agreed to postpone the conference yet again after an outbreak of a new strain of the COVID-19 virus led several countries to impose new travel restrictions that would have prevented many Ministers from reaching the Conference. No new date has been set yet. Despite the delay, many informal facilitated sessions took place throughout the year to discuss ongoing agriculture negotiations. These took place during special sessions of the Agriculture Committee and were chaired by Ambassador Gloria Abraham Peralta from Costa Rica. Topics included domestic support and subsidies for the farm sector, market access, export competition, export restrictions and a potential special safeguard mechanism, among others.

The selection process for the new WTO Director-General was also completed this year. Dr. Ngozi Okonjo-Iweala was appointed as the seventh Director-General of the WTO and took office in March. Dr. Okonjo-Iweala is a global finance expert with over 25 years of experience at the World Bank as a skilled negotiator.

#### On the horizon for trade

Despite the global pandemic, 2021 marked a busy year for international trade with many countries aiming to increase their trading status. The United Kingdom, China and Taiwan have all submitted applications to join the CPTPP. Additionally, another bilateral trade agreement is in the works with Canada and the United Kingdom. Canada is also beginning to explore a Comprehensive Economic Partnership Agreement with Indonesia, however those details have not been released yet. Specific negotiations for these agreements are expected to begin in early 2022. EFC will continue to remain engaged in monitoring these discussions and in holding the government to its commitment of no further concessions granted to Canada's supply-managed sectors in future trade negotiations.





Throughout 2021 we took advantage of opportunities to highlight Canada's egg farming industry and our commitment to excellence to our global peers. This engagement allowed us to shape discussions that will define the future of our sector.

Roger Pelissero and Dr. Nathan Pelletier, EFC's Research Chair in Sustainability, continued their work with the IEC's Environmental Sustainability Expert Group, which brings together stakeholders across the global egg value chain.

Tim Lambert continued in his capacity as President of the World Egg Organization and Chair of the International Egg Foundation. EFC delegates also attended the American Egg Board meeting in October 2021.

Tim Lambert was once again asked to present to Indian egg producers, showcasing how supply management works in Canada and what tools would be needed for it to work elsewhere. These requests underscore that others are very interested in our uniquely Canadian system and that others recognized even more clearly during the pandemic the strengths and benefits of our system.

Virtual tools also 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 Tim Lambert presented about sustainability in Canadian Egg Farming at the AMENA conference that took place in Mexico City. These moments allowed us to showcase Canada's leadership in a myriad of areas and promote sustainability practices and supply management to other regions of the world.





### **PRODUCT MARKETING**



2021 was a year for Marketing to continue promoting eggs outside of breakfast. COVID-19 continues to bring unprecedented shifts in eggs sales and consumer behavior. Year-end data indicates 5.7% decline in the retail sales of eggs in 2021, while the foodservice and restaurant sector experienced an 8.3% projected increase in egg servings. More than ever, people were looking for quick and easy solutions for meals and snacks—everything from beginner to advanced dishes making eggs the perfect solution.

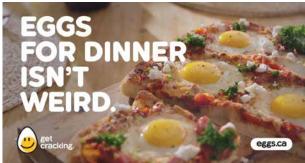
From recipe inspiration focused on meal preparation at home, to an increased focus on digital channels to reach consumers as they spent more time online, our activities continued to reach consumers and inspire them to enjoy the quick, easy, healthy and versatile eggs they know and love at all meal occasions.



With shifts in consumer media habits, we sought out partnerships within emerging apps and websites targeting a younger audience including Flipp, The Score, Skip the Dishes, Vice Munchies and Twitch.

The newest award-winning 'It's Not Weird' campaign advertisements in support of our Eggs Anytime marketing platform to consumers launched early in spring 2021. The objective of the campaign continues to shift mindsets and inspire our target audiences to question if they are limiting their eggs to breakfast through three new, funny and memorable scenarios around dinner, snacking and lunch. The new 0:15 and 0:06 television and online ads feature new, easy and quick recipes to inspire more egg usage.





The campaign was also supported with other mass tactics including digital billboards, audio ads on Spotify, and tactical digital and social ads promoting key benefits of eggs including nutrition, affordability, and protein to our various targets.

#### Social Media

In 2021 we worked with a range of influencers from all across Canada. They showcased their authentic take on their favourite way to have eggs anytime.

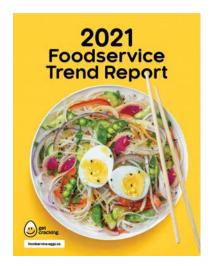
To align with the launch of our new campaign we have partnered with eight influencers to bring to life the 'it's not weird' message. This campaign encourages consumers to have eggs for lunch and dinner, while highlighting how eggs are an easy fit to every day meals and lifestyles. These influencers created content that covered different niches—from video production, comedy and broadcasting, to sports entertainment, fashion and parenting. This year's roster reached our consumer segments in a unique and authentic way on Instagram, YouTube and TikTok.

#### Monitoring consumer attitudes and perceptions

Online surveys conducted by Environics Analytics in March, April, May and September of 2021 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, 75% 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



The need for the foodservice industry to remain flexible continued as restaurants faced challenges in 2021, such as lockdowns, labour shortages and increased food costs. A survey conducted by EFC in February 2021 showed that foodservice operators have pivoted by reducing their number of menu items, focusing on comfort food items, and offering new delivery services. Operators also expressed interest in staying up to date with consumer trends and how to maximize their margins. As part of our efforts to offer leading consumer insights and to present ourselves as foodservice industry thought leaders, we developed the new 2021 Food Service Trends

Report, featuring seven trends that are set to shape the foodservice industry in the coming year. Eggs are featured prominently in these trends as a nutritious, versatile, affordable and sustainable product that can help with restaurant recovery. Throughout the year, we also continued to share insights from our 2021 Foodservice Trend Report with the foodservice industry by providing quarterly factsheets and emails highlighting key areas of the report.



### **Olympics**











The Summer Olympic Games took place in Tokyo, Japan from July 23 to August 8, 2021. This event provided a great opportunity to reach a range of Canadians with a reminder that eggs are a healthy and quick snack for anybody. This was achieved through broadcast and digital sponsorship of The Menu on CBC, and familiar Canadian athletes to promote their love of eggs anytime, and the healthy reasons they are included in their diet.

We sponsored athletes who shared how they enjoy #EggsAnytime through social media posts and media interviews. We worked with sprinter Andre De Grasse, swimmer Penny Oleksiak, soccer star Christine Sinclair, gymnast Ellie Black and para-swimmer Aurélie Rivard during the 2021 Summer Games.





Reaching Canada's diverse population with egg recipe inspiration

Following successful campaigns targeting Canada's multicultural communities this year, we saw the re-launch of a 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 8.6 million impressions and was supported by the brighteggideas.ca website.

Marketing campaigns targeting first and second generation Chinese Canadians continued this year. A series of easy and quick recipes in celebration of the Lunar New Year were created to help welcome in the Year of the Ox. The series featured traditional quick and easy Chinese recipes presented in food art in the shape of a flower made up of eight eggs. Both flowers and the number eight present good luck in the Chinese culture, positioning eggs as a lucky food to welcome the year. Video, digital, WeChat and Weibo social media posts in Mandarin, Cantonese and English encouraged consumers to cook up easy, delicious meals perfect for smaller celebrations. This campaign generated 26.8 million impressions over a 9-week period.





Our outreach to Canada's South Asian community also continued in 2021. The approach leveraged the previous campaign in effort of maximizing reach. The campaign highlighted the popular Hinglish term Funda, which means fundamental. This campaign continued to inspire consumers to make eggs the star ingredient of their meals. Messages were delivered through digital and social media tactics inviting consumers to visit the egghisuperstar.com website. The 7-week campaign launched in June, delivering a total of 10.4 million impressions.

### 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, 2021 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 11.4 million total sessions in 2021.

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 reached nearly 205.7K followers and subscribers. We launched a new platform, TikTok @GetCracking. Adding a new touchpoint with our consumers is ensuring we are staying ahead of trends, and continuing to extend the Get Cracking brand.

11.4 million
visits to
our websites
in 2021.

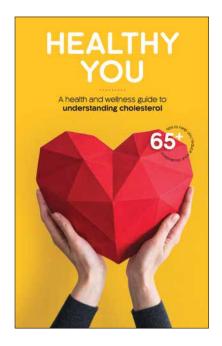




### Reaching younger generations to break the myth that eggs increase cholesterol levels

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 in fall 2021 targeting younger Canadians with the message that eating eggs does not affect cholesterol levels. The initiative included a variety of influencer partnerships as well as sponsored advertorial content in Glory, Veero and The Kit. Mailers were sent to additional media outlets and influencers to encourage them to break the myth that eggs increase cholesterol levels. The 4-week campaign earned over 8.9 million impressions, reinforcing that eggs are a nutritious and wholesome food that do not impact cholesterol levels.







### 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, remained online this year. Our participation in these virtual events provided opportunities to connect with healthcare professionals and

share egg nutrition resources online. 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

Over the course of the year, over 5,900 healthcare professionals placed orders for resources.

providers to answer patient questions and confidently recommend eggs. Booth visitors were also driven to healthcare.eggs.ca to learn more about recent research and recommendations around eggs and heart health.

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.





**Nutrition partnerships** 

In 2021 we partnered with Heart & Stroke to develop a co-branded factsheet about heart healthy eating with eggs. We also published a collection of five heart-healthy egg recipes on the Heart & Stroke website. The message of these assets is that eggs can be enjoyed anytime as part of a heart-healthy diet. Working with a well-known third-party partner like Heart & Stroke helped us to increase visibility and credibility of our assets.

We also extended our partnership with Diabetes Canada this year, producing an egg-based meal plan on the Diabetes Canada website, sharing our eggs and diabetes resources at classes for people with type 2 diabetes, and producing a cooking video for the Diabetes Canada conference. Partnering with Diabetes Canada is a great way to share how eggs are a nutritious food that can be enjoyed as part of a healthy diet for those with diabetes.

### Nurturing awareness of the Egg Quality Assurance<sup>™</sup> 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 59 licensing agreements were signed with seven retailers, five foodservice operators, one distributor and 46 industry representatives. As new cartons transition into the marketplace, we continue to see the EQA mark on more and more carton SKUs across the country. New licensees this year included Save On Foods (retail), and De Dutch (foodservice).



**59 signed EQA®** licensing agreements in 2021.



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. A repeat of EQA-specific consumer research in 2021 suggests awareness of the program is growing among Canadians, with nearly 1 in 5 recalling that they have seen the EQA® mark. To encourage even higher recall and awareness by consumers moving forward, a toolkit for retailers was developed in Q4, including materials that show value to prospective retailer licensees in having EQA cartons and turn-key materials for existing retailer licensees to educate their customers about the program.

To celebrate our licensee initiatives and highlight their commitment to sourcing high-quality ingredients, EFC issued joint partnership announcements with Tim Hortons and De Dutch restaurants. The announcements, in the form of press releases, delivered over 24 million impressions in both trade and traditional media.



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 and in 2021 we continued to demonstrate how to manage production through crisis. 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 and natural disasters

The impacts of the COVID-19 pandemic on our industry are still ongoing, however, the Canadian egg industry has yet again 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 continued lockdown measures and issued new 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.

EFC and egg boards 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 2022 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 third year, the national Nest Run to Table Project continued to be greatly utilized in 2021 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. 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.

### Quota allocations for the market recovery

In July, 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 there was a significant increase in shell egg demand in 2020, the market saw an overall decrease of 3.16% due to a drop in demand in the processed egg market. As the overall market started to recover in 2021 along with a return to higher imports, the EFC Board of Directors approved a Federal Quota allocation increase of 409,092 layers in July, which included 341,119 layers held in abeyance since 2020. This allocation came into effect on October 3, 2021 and these layers will provide increased production in the latter part of 2021 and into 2022 to meet the modest growth in demand anticipated for 2022.

With 0.71% growth anticipated in 2022 and estimated population growth of 1.06% for 2023, the Quota Allocation Committee calculation suggested an allocation increase of 50,724 layers to the Federal Quota, which was approved by the EFC Board of Directors on November 10, 2021. With this allocation increase and the increase of 409,092 layers approved in July, the Federal Quota will be 27,998,638 equivalent layers in 2022. 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

26.57 million hens in production in 2021.



previous year, totaling 1,517,452 equivalent layers and 635,040 equivalent layers, respectively. In addition, the Special Temporary Market Requirement Quota (STMRQ) 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.

The EFC Board of Directors was pleased that Farm Products Council of Canada prior approved the following quota allocation requests in 2021:

Allocation	Effective
Federal regulated quota increase of 409,092 layers	Week 41 of 2021
Federal regulated quota increase of 50,724 layers	Week 1 of 2022
STMRQ layers at nil	Week 1 of 2022
Eggs for processing quota layers unchanged	Week 1 of 2022
Eggs for vaccine production unchanged	Week 1 of 2022

### 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 \$0.02 levy increase to bring the PIF within the minimum and maximum trigger points of \$35 million and \$75 million by the end of 2022. The increase is scheduled to take effect on February 20, 2022 (week 9 of 2022), 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 2022.

### **Uniform Levy Policy**

Following a recommendation from the Uniform Levy Project Team, the EFC Board unanimously approved the Uniform Levy Policy, which will come into effect in week 1 of 2022. Under the policy, egg boards will generally remit levies to EFC on the basis of either the previous year's allocation in layers or the current year allocation depending on which is lower. This will provide a stable, consistent method for remittances, as the allocation amounts are known values. This method is also fair and equitable for egg boards since each egg board's federal levy remittances to EFC will be reflective of its markets share of Federal Quota.





### 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.



### Federal-Provincial Agreement Renewal

The Federal-Provincial Agreement (FPA) renewal process was delayed in 2020 due to COVID-19 travel restrictions and a preference for face-to-face meetings rather than virtual meetings. In January 2021, the FPA Committee elected to resume virtual workshops in order to re-energize the momentum achieved prior to the COVID-19 pandemic.

The current FPA is outdated and does not align with how the egg industry operates today. A modernized Federal-Provincial-Territorial Agreement (FPTA) will become the blueprint for the egg industry in Canada, representing the fundamental components of how federal, provincial and territorial stakeholders work together. A modernized FPTA will not change or affect current policies and practices, and will protect the egg industry in Canada, ensuring its future growth and success.

Once the FPA Committee achieves consensus on the wording of the modernized FPTA, the document will be sent to the EFC Board of Directors for support, followed by circulation of the draft wording to egg boards and supervisory agencies to garner support. After all stakeholders have indicated support for the draft FPTA, it will return to the EFC Board for final approval, followed by implementation of the signatory signature process. Our industry has made great strides in 2021 to develop a modernized FPTA, and we are excited to see this process through to the finish line.



A team of
64 talented,
dedicated and
passionate
employees.



In 2020 EFC launched a bold and innovative plan to embrace a vision of growth that would make Canada a world leader in per capita egg consumption. We call this plan Vision 2020. Despite the continued challenges that the pandemic presented in 2021 we were still able to move things forward for our industry. In just a short period of time, we're already making progress in our journey to crack 300 per person in per capita egg consumption. 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. We haven't sat back and tried to wait on things to get back to normal, instead we seized all the opportunities around us to move forward with our goals and make the industry as a whole the best that it can be. We wouldn't have been able to do this without continuous collaboration and the excellent EFC team working tirelessly with all our stakeholders—moving the bar forward, bit by bit.



### Continued support and growth of our dedicated team

EFC staff continued to connect mostly virtually in 2021 with a few in-person meetings scattered throughout the year when Ottawa Public Health guidelines allowed. EFC teams had access to all required technology, allowing everyone to contribute to the organization's mission and goals. Despite the challenges of being apart another year, our team continued to shine and achieve strong outcomes across all disciplines.

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.

### Recognized as a leading employer locally

With the belief that knowledgeable and engaged people positively affect the long-term success of our organization, Egg Farmers of Canada has shaped employee-driven programs to empower our team. Inspired by the passion of the farmers we represent, we remain focused on nurturing a sense of community, continuous learning and empowerment across the organization. This approach touches all aspects of what we do and garners recognition. In 2021, EFC was named one of the National Capital Region's Top Employer for the ninth consecutive year, re-affirming our commitment to our people.

### Bolstering our business intelligence tools

In 2021, EFC continued to implement 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.

Recognized
as a National
Capital Region
Top Employer
for the 9th
consecutive
year.



### Continued strengthening of our collaborative approach

2021 saw increased collaboration across the entire industry to discuss and identify both immediate and long-term solutions to market shifts triggered by the pandemic. At the same time, EFC and our industry colleagues also ensured that ongoing projects moved ahead without delay. 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. During 2021 we were also able to host a few in-person meetings, which was a positive step and further strengthened our collaborative approach. The following committees, working groups and project teams continued in 2021:

### **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 Tech 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

SE Scientific Advisory Panel

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 <sup>1</sup>	Average number of layers per farmer <sup>2</sup>
BC	145	22,421
AB	169	16,463
NT	4	24,210
SK	67	18,829
MB	156	15,831
ON	432	22,647
QC	178	31,089
NB	15	35,754
NS	26	30,629
PE	7	20,590
NL	6	54,843
Total	1,205	22,027

### Source: EFC

### Limits to Federal Quotas (dozen)1

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Province or territory	2022 <sup>2</sup>	2021	2020
BC	96,246,222	92,701,732	92,305,861
AB	81,341,298	78,185,096	77,797,028
NT	3,671,062	3,572,072	3,565,039
SK	35,945,564	34,686,465	34,552,597
MB	73,465,884	71,500,420	71,363,580
ON	282,136,556	272,455,410	271,474,492
QC	160,806,261	154,981,792	154,330,500
NB	15,223,062	14,740,208	14,697,319
NS	25,162,975	24,492,045	24,445,706
PE	4,173,880	4,062,298	4,054,548
NL	11,241,364	10,938,469	10,917,025
Total	789,414,128	762,316,007	759,503,695

### Source: EF

<sup>&</sup>lt;sup>1</sup> Reported data for 2021.

<sup>&</sup>lt;sup>2</sup> Reported data for 2021. Excludes inventory for eggs for processing and special permits.

<sup>&</sup>lt;sup>1</sup> The limits reflect the actual, total production permitted by the quota regulations issued during the year.

 $<sup>^{\</sup>it 2}$  Dozens pro-rated to 53 weeks of production.

### Limits to Eggs for Processing Quotas (dozen)<sup>1</sup>

Province	2022 <sup>2</sup>	2021	2020
ВС	2,705,038	2,654,000	2,544,000
AB	676,260	663,500	636,000
SK	3,381,298	3,317,500	3,180,000
МВ	5,410,077	5,308,000	5,088,000
ON	20,759,872	20,368,176	19,523,979
QC	8,115,115	7,962,000	7,632,000
Total	41,047,660	40,273,176	38,603,979

Source: EFC

### Limits to Vaccine Quotas (dozen)1

Province	2022²	2021	2020
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

### Eggs from vaccine production going into the IPP (dozen)<sup>1</sup>

Province	2021	2020	2019
ON	1,144,800	1,121,475	1,537,560
QC	2,632,080	3,073,305	3,911,115
Total	3,776,880	4,194,780	5,448,675

Source: Fédération des producteurs d'œufs du Québec



 $<sup>^{1}</sup>$  The limits reflect the actual, total production permitted by the quota regulations issued during the year.

<sup>&</sup>lt;sup>2</sup> Dozens pro-rated to 53 weeks of production.

<sup>&</sup>lt;sup>1</sup> The limits reflect the actual, total production permitted by the quota regulations issued during the year.

 $<sup>^{2}</sup>$  Dozens pro-rated to 53 weeks of production.

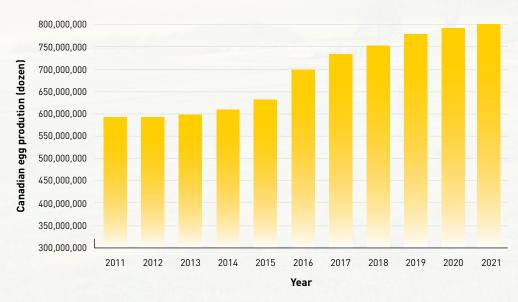
<sup>&</sup>lt;sup>1</sup> Table reports actual shipments to the IPP.

### Federal quota utilization<sup>1</sup>

Province or territory	Week 8 - 2021	Week 8 - 2020	Week 8 - 2019
BC	98.95%	95.09%	94.68%
AB	97.29%	93.05%	93.09%
NT	77.80%	86.88%	85.61%
SK	97.56%	95.46%	97.07%
МВ	91.93%	96.18%	98.10%
ON	97.46%	95.44%	97.15%
QC	97.35%	94.14%	96.88%
NB	93.17%	93.41%	93.50%
NS	89.02%	96.10%	97.02%
PE	94.20%	92.25%	92.94%
NL	68.54%	94.89%	95.80%
Total	96.18%	94.88%	96.30%

Source: EFC

### Canadian egg production<sup>1</sup>

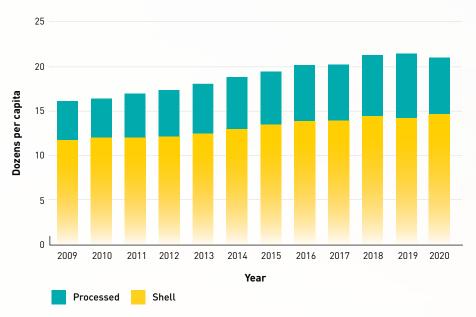


Source: Egg boards

<sup>&</sup>lt;sup>1</sup> 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.

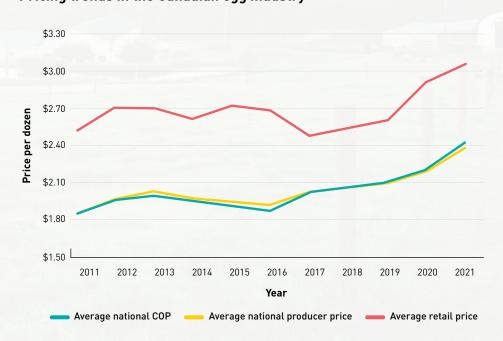
<sup>&</sup>lt;sup>1</sup> Production numbers are final except for 2021. 2011 and 2016 data represent 53 weeks of production.

### Canadian apparent per capita disappearance of eggs and egg products



**Sources:** 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 industry<sup>1</sup>



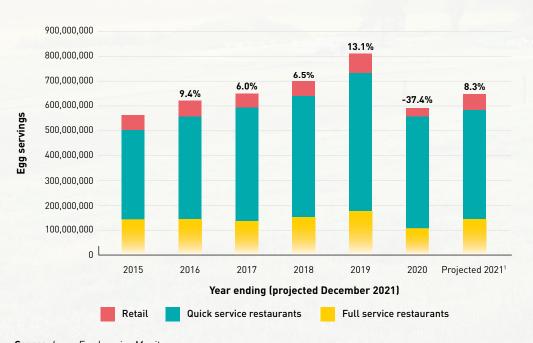
**Sources:** COP: EFC; producer price: egg boards; retail price: Agriculture and Agri-Food Canada <sup>1</sup> COP and producer price for Grade A large eggs. Retail price for large, regular, white eggs. Simple averages.

### Retail egg sales1



**Source:** Nielsen MarketTrack, Total Eggs—National

### Total egg servings at foodservice by segment



**Source:** Ipsos Foodservice Monitor

<sup>1</sup> December 2021 data not yet available.

<sup>&</sup>lt;sup>1</sup> 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.

[c.o.b. Egg Farmers of Canada]

Financial statements December 25, 2021



### 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 25, 2021, 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 25, 2021, 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.

### 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 22, 2022 Chartered Professional Accountants
Licensed Public Accountants



[c.o.b. Egg Farmers of Canada]

### Statement of financial position

[In thousands of dollars]

As at	December 25, 2021 Total	December 26, 2020 Total \$
Assets		
Current		
Cash	13,020	22,179
Accounts receivable [note 3]	38,750	44,280
Inventory	632	1,272
Prepaid expenses	192	269
Investments [note 4]	25,645	35,685
Total current assets	78,239	103,685
Capital assets, net [note 5]	8,585	4,294
	86,824	107,979
Liabilities and fund balances Current Accounts payable and accrued liabilities [note 6]	25 722	29,615
Current portion of long-term loan [note 7]	35,732	29,615 126
Total current liabilities	35,732	29,741
Long-term loan [note 7]	35,732	255
Total liabilities	35,732	29,996
Commitments [note 9]		29,330
Fund balances [note 8] Administration		
Unrestricted administration [schedule I]	7,263	5,831
Internally restricted research [schedule I]	4,504	3,849
Total administration	11,767	9,680
Pooled income		
Unrestricted pooled income [schedule II]	7,419	23,610
Internally restricted risk management [schedule II]	14,148	13,581
Internally restricted service fee [schedule II]	-	31,112
Internally restricted natural overrun fee [schedule II]	17,758	
Total pooled income	39,325	68,303
Total fund balances	51,092 86,824	77,983 107,979
	00,024	107,979

See accompanying notes

Approved by the Board of Directors

Chair of the Board of Directors

Chair of the Audit Committee

[c.o.b. Egg Farmers of Canada]

## Statement of operations and changes in fund balances

[In thousands of dollars]

Fifty two weeks ended

		December 25,2021			December 26, 2020	
	Pooled Income	Administration		Pooled Income	Administration	
	Fund \$	Fund \$	Total \$	Fund \$	Fund \$	Total \$
Revenue Edisales	217.450	I	217.450	168 457	I	168 457
Levy and service fees	275,377	25,296	300,673	252,783	25,177	277,960
Interest and other Total revenue	514	214	728	5,707	184 25 361	5,891
	490,04	25,510	010,001	450,947	20,501	432,300
Expenses Trade operations						
Cost of eggs sold	483,078	I	483,078	375,447	I	375,447
Transportation and handling	13,962	I	13,962	12,350	I	12,350
Early Fowl Removal Programs [note 13]	969	I	969	14,175	I	14,175
COVID-19 expenses [note 13]	4,728	I	4,728	2,892	I	2,892
Third-party verification	1,255	ı	1,255	1,204	1	1,204
	503,718	I	503,718	406,068	I	406,068
General and administration						
Advertising and promotion	I	9,316	9,316	I	8,585	8,585
Donations	1,340	9/	1,416	583	23	929
Interest on long-term loan	I	7	7	I	15	15
Meetings and travel	I	924	924	I	461	461
Office and other administrative	I	2,288	2,288	I	1,620	1,620
Per diems	I	693	693	I	544	544
Research [note 8]	I	2,427	2,427	I	2,592	2,592
Professional fees and consulting	93	1,038	1,131	244	492	736
Public affairs and communications	I	2,392	2,392	I	3,360	3,360
Salaries and benefits	I	7,048	7,048	I	6,864	6,864
Amortization of capital assets	I	414	414	I	305	305
Risk management [note 8]	256	I	256	822	I	822
Modernized Early Fowl Removal Program <i>[not</i> es 8 and 13]	13,712	I	13,712	495	I	495
Allocation of administration expenses [note 10]	3,200	(3,200)	ı	2,964	(2,964)	1
	18,601	23,423	42,024	5,108	21,927	27,035
Total expenses	522,319	23,423	545,742	411,176	21,927	433,103
Excess (deficiency) of revenue over expenses for the period	(28,978)	2,087	(26,891)	15,771	3,434	19,205
Balance, beginning of period	68,303	9,680	77,983	52,532	6,246	58,778
Balance, end of period	39,325	11,767	51,092	68,303	089'6	77,983

See accompanying notes See accompanying Schedules I and II

[c.o.b. Egg Farmers of Canada]

### Statement of cash flows

[In thousands of dollars]

Fifty two weeks ended

	December 25, 2021 Total \$	December 26, 2020 Total \$
Operating activities		
Excess (deficiency) of revenue over expenses for the period Add (deduct) items not affecting cash	(26,891)	19,205
Amortization of capital assets	414	305
Net change in non-cash operating working capital items	12,364	1,960
Cash provided by (used in) operating activities	(14,113)	21,470
Investing activities		
Purchase of investments	(14,037)	(35,254)
Proceeds on disposal of investments	24,077	18,638
Purchase of capital assets	(4,705)	(414)
Cash provided by (used in) investing activities	5,335	(17,030)
Financing activities		
Repayment of long-term loan	(381)	(122)
Cash used in financing activities	(381)	(122)
Net increase (decrease) in cash during the period	(9,159)	4,318
Cash, beginning of period	22,179	17,861
Cash, end of period	13,020	22,179

See accompanying notes

[c.o.b. Egg Farmers of Canada]

# Schedule I - Detailed statement of operations and changes in fund balances

**Administration Fund** [In thousands of dollars]

Fifty two weeks ended

		December 25, 2021			December 26, 2020	
	Unrestricted Administration	Internally Restricted Research		Unrestricted Administration	Internally Restricted Research	
	Fund	Fund	Total	Fund	Fund	Total
	₩	₩	€	φ.	₩.	₩
Revenue						
Levy and service fees	21,991	3,305	25,296	21,887	3,290	25,177
Interest and other	164	20	214	124	09	184
Total revenue	22,155	3,355	25,510	22,011	3,350	25,361
General and administration						
Advertising and promotion	9,316	I	9,316	8,585	I	8,585
Donations	9/	I	9/	53	I	53
Interest on long-term loan	7	I	7	15	I	15
Meetings and travel	924	I	924	461	I	461
Office and other administrative	2,288	I	2,288	1,620	I	1,620
Per diems	693	I	693	544	I	544
Research [note 8]	I	2,427	2,427	I	2,592	2,592
Professional fees and consulting	1,038	I	1,038	492	I	492
Public affairs and communications	2,392	I	2,392	3,360	I	3,360
Salaries and benefits	7,048	I	7,048	6,864	I	6,864
Amortization of capital assets	414	I	414	305	l	305
Allocation of administration expenses [note 10]	(3,473)		(3,200)	(3,254)	290	(2,964)
Total expenses	20,723	2,700	23,423	19,045	2,882	21,927
Excess of revenue						
over expenses for the period	1,432	655	2,087	2,966	468	3,434
Balance, beginning of period	5,831	3,849	9,680	2,865		6,246
Balance, end of period	7,263	4,504	11,767	5,831	3,849	089'6

See accompanying notes

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

## Schedule II - Detailed statement of operations and changes in fund balances Pooled Income Fund [In thousands of dollars]

Fifty two weeks ended

			December 25, 2021	1			December 26, 2020	, 2020	
· •	Unrestricted Pooled Income F Fund \$	Unrestricted Restricted Restricted Pooled Income Risk Management Natural Overrun Fund Fund Fee Fund	Internally Restricted Natural Overrun Fee Fund	Internally Restricted Service Fee Fund \$	Total \$	Unrestricted Pooled Income Fund \$	Internally Restricted Risk Management Fund	Internally Restricted Service Fee Fund \$	Total \$
Revenue Egg sales Levy and service fees Interest and other Total revenue	217,450 274,657 53 492,160	720 720 103 823	358 358	1111	217,450 275,377 514 493,341	168,457 242,939 276 411,672	717 5,115 5,832	9,127 316 9,443	168,457 252,783 5,707 426,947
Expenses Trade operations Cost of eggs sold Transportation and handling Early Fowl Removal Program [note 13] COVID-19 expenses [note 13] Third party verification	483,078 13,962 695 4,728 1,255 503,718	11111	11111	11111	483,078 13,962 695 4,728 1,255 503,718	375,447 12,350 14,175 2,892 1,204 406,068	11111	11111	375,447 12,350 14,175 2,892 1,204 406,068
General and administration  Donations  Professional fees and consulting Risk Management [note 8]  Modernized Early Fowl Removal  Program [notes 8 and 13]  Allocation of administration expenses [note 10]	1,340 93 3,200 4,633	256	13,712	111 11	1,340 93 256 13,712 3,200 18,601	583 244 244 1 2,964 3,791	822	495 495 495	583 244 822 495 2,964 5,108
Excess (deficiency) of revenue over expenses for the period Balance, beginning of period	508,351 (16,191) 23,610	256 567 13,581	13,712 (13,354)	31,112	522,319 (28,978) 68,303	409,859 1,813 28,314	5,010 8,571	8,948 15,647	15,771 52,532
Interfund transfers PIF requirement Other Balance, end of period	7,419	14,148	31,112 31,112 17,758	(31,112) (31,112)	39,325	(1,517) (5,000) (6,517) 23,610	13,581	1,517 5,000 6,517 31,112	

See accompanying notes

[c.o.b. Egg Farmers of Canada]

### Notes to financial statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### 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 was assessed on eligible layers upon placement in the laying facility to support the Pooled Income Fund. The fees to the Service Fee Fund was replaced by the fees to the Natural Overrun Fee Fund 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.

### 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 includes 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.

[c.o.b. Egg Farmers of Canada]

### Notes to financial statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### 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.

### 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 Office equipment Computer hardware and software Leasehold improvements Corporate identity	40 years 10 years 3–5 years over the term of the lease 10 years
00.00.00.00.	,

### 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.

[c.o.b. Egg Farmers of Canada]

### **Notes to financial statements**

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### Allocation of expenses

Administration expenses described in note 10 are allocated from the Unrestricted Administration Fund to the Unrestricted 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.

Administration expenses described in note 10 are also allocated from the Unrestricted Administration Fund to the Internally Restricted Research Fund. The allocation is based on the level of effort and time spent by EFC staff on managing EFC's research programs and activities.

### 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 the 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 25, 2021 \$	December 26, 2020 \$
Levy and service fees	15,721	23,375
Egg sales Other	21,773 1,256 38,750	19,519 1,386 44,280

Egg sales are dependent upon three groups of companies. During the period, these customers represented 98% [December 26, 2020 - 98%] of egg sales revenue; 55% [December 26, 2020 - 42%] of accounts receivable are owing from these customers.

### 4. Investments

	December 25, 2021	December 26, 2020
	\$	\$
Cash	_	122
Guaranteed investment certificates	25,645	35,563
	25,645	35,685

[c.o.b. Egg Farmers of Canada]

### Notes to financial statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

Investments comprise longer-term guaranteed investment certificates that are capable of reasonably prompt liquidation. Guaranteed investment certificates bear interest at fixed rates ranging from 0.60% to 1.98% and mature between 2022 and 2023 [December 26, 2020 – 0.75% to 3.14%, maturing between 2021 and 2022].

### 5. Capital assets

		December 25, 2021		December 26, 2020
	Cost \$	Accumulated amortization	Net book value \$	Net book value \$
Land	943	_	943	416
Buildings	8,498	1,654	6,844	3,293
Office equipment	280	274	6	6
Computer hardware and software	2,738	1,946	792	579
Leasehold improvements	134	134	_	_
Corporate identity	345	345	_	_
-	12,938	4,353	8,585	4,294

Cost and accumulated amortization as at December 26, 2020 amounted to \$8,245 and \$3,951, respectively.

### 6. Accounts payable and accrued liabilities

Government remittances [sales and payroll withholding taxes] of \$1,186 [December 26, 2020 - \$1,346] are included in accounts payable and accrued liabilities.

### 7. Long-term loan

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 was March 31, 2021. Also, at the closing date of the transaction of sale and purchase, all owners of the Florence Street property jointly paid, each in their pro rata portion based on their respective co-ownership interest, the outstanding principal and interest balances under the fixed rate term loan extension agreement dated November 30, 2017.

The loan amount at renewal on November 30, 2017 was \$745 for the Florence Street property. Up to March 2021, the loan for the Florence Street property bore interest at 3.46% and was payable in monthly instalments of principal and interest of \$11.

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 25, 2021, loans under this facility were nil [December 26, 2020 – nil].

[c.o.b. Egg Farmers of Canada]

### **Notes to financial statements**

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### 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 levy rates per dozen eggs marketed have been set as follows:

	Levy effective July 14, 2019 (cents)	Levy effective February 21, 2021 (cents)
Unrestricted Administration Fund	3.00	3.00
Restricted Research Fund	0.45	0.45
Unrestricted Pooled Income Fund	33.40	38.40
Restricted Risk Management Fund	0.10	0.10
	36.95	41.95

### **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. The Internally Restricted Risk Management Fund is to maintain a balance of at least \$8,000. The Internally Restricted Service Fee and Natural Overrun Fee Fund do 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 20, 2022, EFC will increase the Unrestricted Pooled Income Fund's portion of the levy rate by 2 cents to 43.95 cents, ratified by the board on December 17, 2021. The balances as at December 25, 2021 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 ended December 25, 2021, \$256 [December 26, 2020 – \$822] was expended from the Fund.

[c.o.b. Egg Farmers of Canada]

### Notes to financial statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### Service fee/Natural overrun fee fund

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 was established at the start of fiscal year 2021 to capture the transactions of the Natural Overrun Fee Program.

In the period ended December 25, 2021, \$13,712 was expended by the Natural Overrun Fee Fund [December 26, 2020 – \$495 was expended from the Service Fee Fund]. The PIF for 2021 was \$nil.

### 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 ended December 25, 2021, \$2,700 [December 26, 2020 - \$2,882] was expended from the Fund.

### Interfund transfers

Interfund transfers consist of the following:

	December 25, 2021 \$	December 26, 2020 \$
Unrestricted Pooled Income Fund Internally Restricted Service Fee Fund Internally Restricted Natural Overrun Fee Fund	(31,112) 31,112	(6,517) 6,517 N/A

In 2019, temporary transfers of \$15,000 to the Unrestricted Pooled Income Fund (\$13,000 from the Restricted Service Fee Fund and \$2,000 from the Restricted Risk Management 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/Natural Overrun Fee Fund as market conditions had improved. As at December 25, 2021, the outstanding balance of these temporary transfers is \$10,000 (\$8,000 from the Restricted Natural Overrun Fee Fund and \$2,000 from the Restricted Risk Management Fund). In addition, 2020's transfer for the Unrestricted Pooled Income Fund includes \$1,517 as an adjustment for the 2019 PIF requirement realized upon final reconciliation in 2020.

Subsequent to year-end, temporary transfers of \$14,000 to the Unrestricted Pooled Income Fund, \$6,000 from the Restricted Risk Management Fund and \$8,000 from the Restricted Natural Overrun Fee Fund, were approved by EFC's Board of Directors in order to mitigate the impacts the COVID-19 pandemic has had on egg supply and demand.

### 9. Commitments

EFC is committed under contract for the purchase of advertising and other services in fiscal 2022 for an amount of \$7,656 [December 26, 2020 – \$7,231].

EFC is committed to \$630 [December 26, 2020 – \$1,055] over the next four years to support the University Research Chairs at Université Laval and University of Guelph.

[c.o.b. Egg Farmers of Canada]

### **Notes to financial statements**

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### 10. Allocation of administration expenses

EFC allocates administrative expenses from the Unrestricted Administration Fund to the Internally Restricted Research Fund, and also to the Unrestricted Pooled Income Fund to provide for the full cost of operating their respective programs and activities as follows:

	Dec	cember 25, 20	21	Dec	December 26, 2020		
	Restricted Research	Pooled Income		Restricted Research	Pooled Income		
	Fund	Fund	Total	Fund	Fund	Total	
	\$	\$	\$	\$	\$	\$	
Building costs	_	226	226	_	83	83	
Insurance	_	55	55	_	49	49	
Meetings and travel	_	140	140	_	107	107	
Office and other							
administrative	_	440	440	_	385	385	
Per diems	_	81	81	_	79	79	
Professional fees and							
consulting	_	20	20	_	30	30	
Salaries and benefits	273	2,123	2,396	290	2,141	2,431	
Amortization of capital		·	,				
assets	_	115	115	_	90	90	
	273	3,200	3,473	290	2,964	3,254	

### 11. Financial instruments and risk management

### 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.

[c.o.b. Egg Farmers of Canada]

### Notes to financial statements

[Amounts in thousands of dollars unless otherwise noted]

Fifty-two weeks ended December 25, 2021

### 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 are included in note 4.

### **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 2020, except for EFC's interest rate risk exposure, which was reduced as a result of the repayment of the long-term loan described in note 7.

### 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 higher than the price per the processor protocol. As of December 25, 2021, the TDB is \$1,853, recoverable from processors [December 26, 2020 – \$931, recoverable to processors].

### 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 and 2021, 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.

[c.o.b. Egg Farmers of Canada]

### **Notes to financial statements**

[Amounts in thousands of dollars unless otherwise noted]

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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.

### 14. Comparative figures

The comparative information for the year ended December 26, 2020 reflects certain immaterial adjustments made on the Statement of operations and changes in fund balances to reduce revenue and expenses recognized for interfund transfers, which have been recorded as a net amount in Interfund transfers. Further, certain amounts have been reclassified to conform to the presentation of the financial statements for the period ended December 25, 2021. These adjustments had \$nil impact on the net assets of the Fund as at December 26, 2020 and net revenue for the year ended December 26, 2020.



