



# 2023

ANNUAL REPORT



# Board of Directors



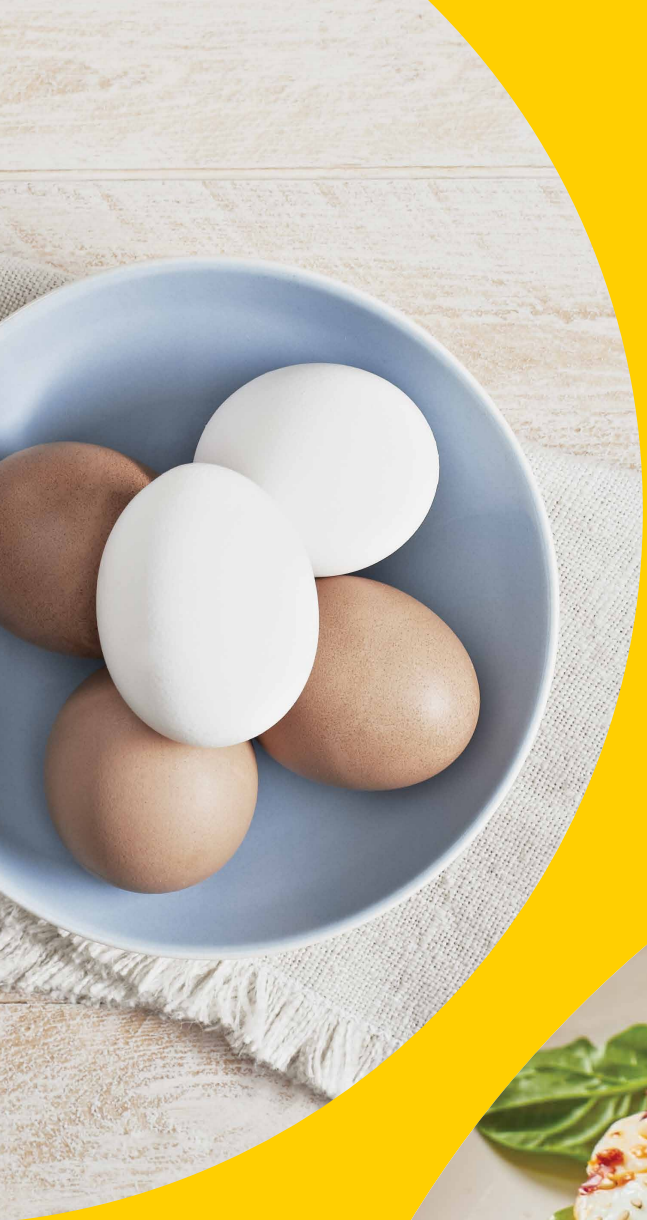
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- 3 **Emmanuel Destrijker**  
2nd Vice-Chair, Quebec
- 4 **Walter Siemens**  
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- 8 **Regan Sloboshan**  
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- 10 **Drew Corneil**  
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- 11 **Scott Brookshaw**  
Ontario
- 12 **Wayne Beggs**  
Consumers' Association of Canada

- 13 **Beatrice Visser**  
Alberta
- 14 **Michael Wallington**  
Northwest Territories
- 15 **Mike Vanderpol**  
Canadian Poultry &  
Egg Processors (Processing)
- 16 **Hans Kristensen**  
New Brunswick





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*The fifty first 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

This is the seventh time I have had the honour of presenting an annual report and I can say that 2023 was another strong year. Like any year, it had its challenges. However, I have been at EFC long enough to know that we are well equipped to face the issues that come our way because our organization is built on solid ground. Underpinning our sector is the stable foundation that Canada's system of supply management provides and the strong processes and structures we have refined and nurtured over time. Those processes and structures are all the stronger today because they are based on collaboration.

Working from that solid base, we were able to draw on each other's strengths throughout the year and push forward for the benefit of all, even as people changed and circumstances evolved. Here are just a few examples of successes that are highlighted in this report:

- ▶ We have been steadfast in rallying around a historic opportunity to protect supply management through new legislation. Bill C-282, which is advancing through Parliament, would prohibit future trade agreements from making any new market access concessions in supply-managed sectors.
- ▶ In the area of animal health, we were able to effectively respond to waves of Highly Pathogenic Avian Influenza (HPAI) throughout the year and work with our poultry partners and government to maintain swift response protocols.
- ▶ We modernized our approach to working together and across jurisdictions with the progress on the Federal-Provincial-Territorial Agreement (FPTA).
- ▶ We set a strong course in the next step of our sustainability journey with a commitment to achieve net-zero greenhouse gas emissions by 2050.
- ▶ We launched new marketing programs that put a spotlight on eggs for dinner and helped us reach new audiences with our memorable messages.
- ▶ We rolled out improvements in our on-farm standards and protocols, with the launch of the redeveloped Animal Care Program and amendments to the Start Clean-Stay Clean® food safety program.

Accomplishments like these happen only because we are able to draw on collective expertise, take the time to discuss the issues, resolve our differences and chart a path forward. Our continued ability to work together will provide the launching point for some exciting projects on the horizon as we develop innovative solutions to issues we face.

Take for example, the work of the Research Committee of the EFC Board of Directors. The committee, whose goal is to inspire new research collaborations in priority areas, facilitated two industry-academia workshops in 2023. The sessions explored the role research can play in advancing sustainability and end of flock management. The workshops brought together experts from a range of disciplines and backgrounds—farmers, poultry experts and engineers—to share perspective and encourage new applied solutions. I am excited by the possibilities of this sophisticated and multidisciplinary approach. It is also a good example of the approach that is necessary as we push forward on all our initiatives, from advocacy to operations.

While we are ending the year in a strong place, we must continue to rally together and carry this shared drive to succeed into next year. The hen housing transition is an example of an area that will demand a high degree of joint attention. To continue moving ahead in 2024, we will need to foster an ongoing dialogue to ensure an approach that keeps everyone informed of transition plans. Coordination and communications at all levels are particularly critical for farmers, who are making investments in new housing systems. Luckily, our strong foundation provides a solid base for progress on this matter and other issues.

In closing, I would like to take this opportunity to welcome our new CEO, Drew Black. Drew is a familiar face in our industry whose vision and abilities are a welcome addition to the team. We look forward to working with him on all our initiatives.

It says something about the strength and dedication of our team and our processes and structures that we were able to function during the search process for our new CEO. So, I want to give special thanks to everyone who carried on through the year without missing a beat. I offer my appreciation to the EFC Board of Directors for their commitment, the staff for their unfailing professionalism and the egg boards across the country for their unwavering support for Canadian farmers. Finally, I would like to thank all the farmers for their continued dedication to producing one of the best food items in the world.

Looking to the future, I see only positives. Egg production and sales trended up in 2023, with more than 837 million dozen eggs produced in Canada and retail sales up 2.6%. It is a tribute to the solidity of our structures and processes, and the dedication of farmers, Board members and staff, that we have been able to take this growth in stride. With your continued support and dedication, we are ready to embrace what is ahead.



**Roger Pelissero**  
Chair



# CEO's message

I am truly excited and inspired to have joined EFC as CEO and privileged to introduce the annual report. Egg farming is a dynamic sector positioned for strong growth and EFC is an undisputed leader in Canada's agriculture sector. When you come into an organization from the outside, as I did, you can appreciate its strengths from a different angle. Perhaps with more clarity than people who work there every day, you can observe what makes an organization flourish and thrive.

Now that I have had the time to see how things work from the inside, I can tell why EFC has earned its superb reputation and recognition as a strong and effective organization. Our internal culture is built on a robust foundation. Our values, in particular integrity and compassion, play out every day in the way decisions are taken, how we interact with our partners and our approach to supporting our diverse and high-performing team. It is truly something to be proud of, and I can assure you that I will keep EFC's culture at the heart of our operations and decision-making.

Take EFC's collaborative approach, for example. Since I started in November 2023, I have been impressed by how this organization builds and nurtures relationships throughout the value chain. By its very nature, EFC's work is complex and requires the co-operation and engagement of a number of stakeholders and supply chain members. That's not always easy. However, EFC has worked diligently—and successfully—over time to build and support relationships that help propel the organization towards its goals. I look forward to carrying on this longstanding tradition and developing strong relationships with all of you.

I have also been impressed by EFC's strong sustainability track record, and its ongoing efforts to build on its accomplishments. We appreciated the many constructive comments that our stakeholders provided through our net-zero emissions consultation and we all



look forward to further developing our pathway together. Sustainability is the future and egg farmers are already leading the way by embracing new technology through the National Environmental Sustainability and Technology Tool (NESTT), renewable energy and circular thinking. I can see great things on the horizon as egg farmers continue to enhance the resiliency of our food system.

In his introduction to this annual report Roger spoke of EFC's strong foundation as the basis for its strength and capabilities. This important structure will carry us forward, both to meet the challenges we will inevitably face and embrace the opportunities being presented to us.

### **I can see great things on the horizon as egg farmers continue to enhance the resiliency of our food system.**

We have a lot to keep us busy, from increasing egg production to ongoing preparations for the next World Trade Organization (WTO) ministerial meeting; from nurturing trust in our sector to supporting women and young farmers; and from creating new milestones in our programs that deliver world-class farming standards to giving back to the communities we live in. While significant accomplishments have been made in all of these areas, we will continue to push boundaries together.

The driving force behind our actions and efforts is a unique food product—nutritious, affordable and its production treads lightly on the planet. As egg farmers you have a wonderful story and we are sharing that story every day through constructive dialogue with government, in our communications and marketing programs, through our exchanges with stakeholders and partners and in so many other ways.

In closing, I would like to thank the EFC Executive Committee and Board of Directors for their support as I transitioned into the role of CEO. Thank you to the egg boards located across the country and our many partners for their continued engagement and thoughtful contributions. I would also like to extend a special thank you to the outstanding team at EFC for their commitment to our industry.

We have a great product, a superb team, a strong sector and an exciting future ahead.



**Drew Black**  
CEO



# 1 Research and innovation

Our all-encompassing research program takes a central role in propelling our industry forward by generating crucial insights for farmers and members of our value chain. While our research priorities continued to guide our work, programming this year saw increased multidisciplinary collaborations, inspiring solutions to the challenges and opportunities at hand.

## Our research priority areas include:

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- ▶ Environment and sustainability
- ▶ End of flock management
- ▶ Innovative uses of eggs
- ▶ Animal care science
- ▶ Food safety
- ▶ Human nutrition and health
- ▶ Bird nutrition and health
- ▶ Public policy and economics
- ▶ Research gaps identified by the Code of Practice

## Driving innovation through the Research Grant Program

Our longstanding Research Grant Program continues to drive cutting-edge research at universities and institutions across Canada, all while advancing industry knowledge and matters of importance to egg farmers. From exploring environmental gains and providing new pathways to become more sustainable; to advancing on-farm practices and insights in animal care; to exploring medical advancements and nutrition science opportunities, this program is an important catalyst for innovation within our sector.

Under the guidance of the Research Committee of the EFC Board of Directors, our annual call for research proposals sparked a great deal of enthusiasm and several quality research projects. The initiative drew in 25 applications, of which 16 projects were approved for funding in 2023. Some examples of projects that received support include Dr. Clara Cho's work at the University of Guelph to investigate how eggs can improve metabolic outcomes and choline levels in overweight individuals. Also at the University of Guelph, Dr. Alexandra Harlander is exploring the underlying causes of feather pecking in hens in relation to the gut-microbiome-brain connection. Another project we are following with interest is Dr. Martine Boulianne's work to explore treatment options against *E. coli* with phage therapy at Université de Montréal.

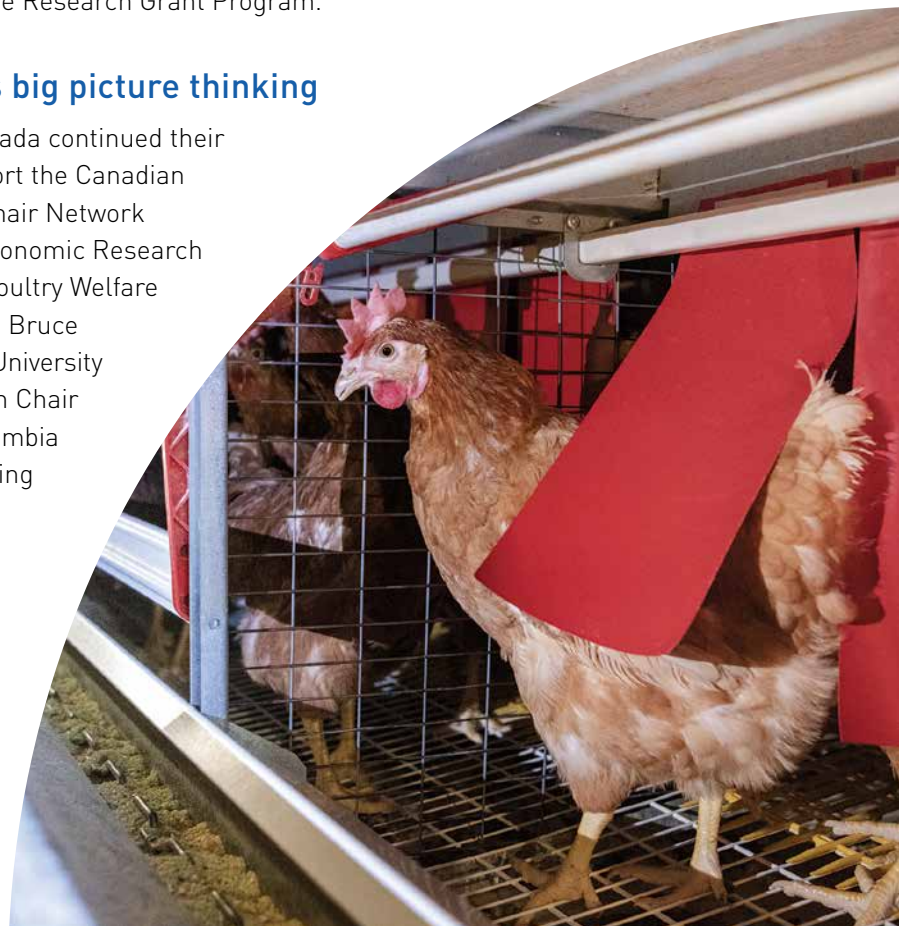
With the goal of inspiring new research collaborations in priority areas, the Research Committee of the EFC Board of Directors facilitated two industry-academia workshops to explore the role research can take to improve sustainability and end of flock management. The sessions brought together experts from a range of disciplines and backgrounds to share perspective and encourage new applied solutions, setting the tone for future calls for proposals under the Research Grant Program.

## Research Chair Network advances big picture thinking

Our research chairs at universities across Canada continued their pursuit of ambitious research goals that support the Canadian egg farming industry. Our current Research Chair Network consists of Dr. Maurice Doyon, Egg Industry Economic Research Chair at Université Laval, Dr. Tina Widowski, Poultry Welfare Research Chair at the University of Guelph, Dr. Bruce Muirhead, Public Policy Research Chair at the University of Waterloo, and Dr. Nathan Pelletier, Research Chair in Sustainability at the University of British Columbia Okanagan. Each chairholder is actively advancing a sizable research program at their respective university and at the same time is contributing to valuable cross-disciplinary initiatives.

# 54

active projects  
funded under  
our Research  
Grant Program.



Dr. Doyon is exploring the economic compatibility of supply management and sustainability, as well as the changing economic landscapes and consumer behaviours. Dr. Widowski continues her work to investigate hen behaviour and well-being, drawing on her team to support farmers as they transition to new production systems. Dr. Muirhead is actively engaged in authoring a book that illuminates the historical facets of supply management and the many contributions of the system to our domestic agricultural sector. Moreover, Dr. Pelletier has garnered both recognition and additional funding support to expand his research program through a prestigious Natural Sciences and Engineering Research Council of Canada grant.

### **Each chairholder is actively advancing a sizable research program at their respective university and at the same time is contributing to valuable cross-disciplinary initiatives.**

A bright spot in this year's programming was an interactive session where the chairholders, along with nine of their master's and PhD students, met in Ottawa. The group shared their current research, explored interdisciplinary solutions and took part in a virtual farm tour. The session further strengthened the link between research initiatives and the farm, and supported EFC's long-term goal of nurturing the next generation of experts who will tackle the evolving issues of our industry.

### **Disseminating research findings through knowledge mobilization**

Throughout the year, we shared valuable research outcomes and findings with farmers and stakeholders who can put them into practice, advancing areas of importance and enhancing efficiencies in farming practices. Our efforts focused on delivering tailored messages to key audiences, showcasing insights generated from the Research Grant Program, Research Chair Network and a range of strategic research partnerships, such as the Egg Industry Center, Egg Nutrition Center, Canadian Poultry Research Council and the Alberta-based Poultry Innovation Partnership.

A diverse mix of communication tools, including research summaries, presentations, social media content and digital articles, disseminated research outcomes. This approach fostered knowledge transfer between academia and industry, allowing us to curate information and valuable resources that help our sector prepare for the future.



## Canada-wide student challenge seeks new research ideas

With the aim of encouraging post-secondary students to share their ideas that support growth and innovation within our sector, EFC launched the Student Innovation Challenge in 2023. Students enrolled at a Canadian post-secondary learning institute were invited to pitch their ideas for a chance to showcase their creative solutions.

Participating students compiled video submissions to answer the question: What is your research project that can shape the future of the egg industry in Canada? The initiative celebrated the role of research in driving innovation and tackling the challenges of today and tomorrow. It also increased dialogue and awareness of career opportunities and how bright ideas and emerging technologies can help egg farmers achieve their goals. Nearly two dozen up-and-coming researchers made submissions under the initiative—with the winners to be announced in 2024!





# 2 Sustainability

The key to establishing a resilient food system is sustainable farming practices, which is something Canadian egg farmers have been drawing on for generations. Today's egg farmers continue to evolve the way they farm, leading the way to a bright future through a comprehensive approach to sustainability.

**We are also sharing this story with Canadians and our value chain and reminding them that sustainability starts with Canadian eggs.**

While environmental measures are an important part of our sustainability journey, our approach is also about protecting the health and welfare of our hens and delivering safe, high-quality eggs to Canadians. Through ongoing programs, we are constantly looking to strengthen practices, leveraging the latest tech developments, scientific discoveries and feedback from stakeholders. We are also sharing this story with Canadians and our value chain and reminding them that sustainability starts with Canadian eggs.



88%

of Canadians feel it's important the food they eat is produced sustainably.

## National commitment to lower our carbon footprint

A strong course was set in March with our commitment to achieve net-zero greenhouse gas emissions (GHG) by 2050. This net-zero goal builds on past efforts and further entrenches a commitment to the environment in our farming operations. Knowing we will not be able to achieve this goal alone, a comprehensive consultation was undertaken to evaluate how EFC can scale up our initiatives and put a plan into practice. Between July and October, the views of egg boards, industry, academia, government, non-government organizations and other industry associations were captured through a range of consultation and research tools. This approach allowed us to begin an extensive process to identify opportunities and challenges to reduce GHG emissions, while also drawing on stakeholder input to further define what net-zero means to our sector. The output of the consultation will inform the development of a net-zero industry roadmap. EFC will continue to engage with stakeholders throughout the coming months to develop and advance our approach.





## New milestone achieved in animal welfare standards

An important deliverable this year saw the culmination of an extensive process to roll out the redeveloped Animal Care Program. The launch of the updated program marked a critical milestone for Canadian egg farmers with the adoption of leading-edge standards of care for laying hens in all housing systems in Canada. The development process for the updated program began six years ago and sought to align program standards with the requirements identified in the 2017 *Code of Practice for the Care and Handling of Pullets and Laying Hens*. This substantial undertaking also included an independent review of the redeveloped program and recognition from the National Farm Animal Care Council (NFACC) that confirmed the program includes all applicable requirements outlined in the most current Code of Practice.

The redeveloped Animal Care Program contains over 100 requirements—which cover areas such as housing, barn environment, flock care and husbandry practices, and depopulation—that farmers must meet in order to receive and maintain their Egg Quality Assurance™ (EQA®) certification. The program includes annual farm audits by trained field inspectors and third-party auditors to verify compliance and ensure a consistent application of welfare standards across the country.

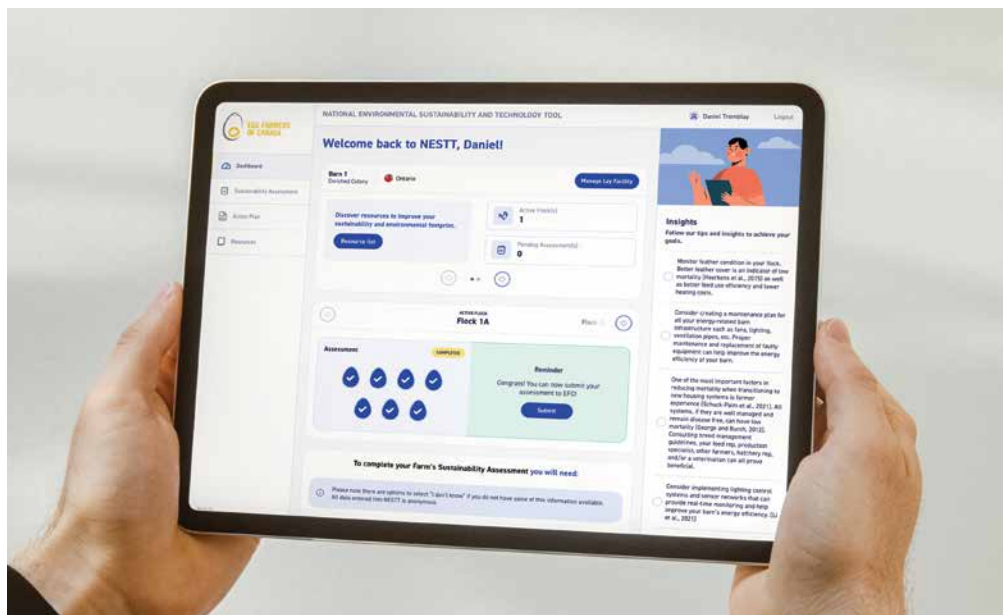


## New enhancements to NESTT

After launching the beta version last year, an updated version of NESTT is bringing even more value to farmers with greater functionality and new capabilities. Farmers can now see their detailed environmental footprint and explore how implementing various green technologies could affect their farm's carbon footprint. Not only are egg farmers able to measure, monitor and manage their environmental footprint with NESTT, they can compare their results to other egg farms, access tailored recommendations and draw on a range of resources.

This year also saw a coordinated push across EFC and egg boards to promote NESTT and its benefits to farmers. Our cross-country efforts included in-person demonstrations that offered an inside look at the technology and multimedia resources that provided a step-by-step guide to complete an online assessment. Early adopters of this sustainability decision-making tool are reporting NESTT is easy to use and offers a great deal of value.

This revolutionary technology is also making waves across the global egg industry, with other jurisdictions expressing interest in learning from Canadian egg farmers and their approach for farm-level lifecycle analysis. EFC delivered presentations at the Egg Industry Center Forum in Indianapolis and the International Egg Commission (IEC) Global Leadership Conference in Lake Louise to further share this innovative tool.





### Five-year code of practice review triggers amendments

A review of the *Code of Practice for the Care and Handling of Pullets and Laying Hens* was completed in 2022, which marked five years since the release of our most recent Code of Practice. Three areas warranting further amendments were identified by the NFACC Code Technical Panel, with both the EFC Board of Directors and the NFACC Board of Directors approving the recommended amendments in the first half of 2023. This outcome triggered the NFACC amendment process for the Code of Practice, which will focus on the space requirements for round feeders, the number of tiers permitted in barn facilities and the space allowance for pullets in multi-tier systems. This work is expected to begin in 2024 and will help ensure our Code of Practice draws on the most current practices and remains scientifically informed.

### Monitoring the use of antimicrobials in our sector

Our work to monitor trends in antimicrobial use (AMU) and antimicrobial resistance (AMR) within our sector continued in 2023 with the support of the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS). A second round of surveillance was conducted this past year to generate data and monitor AMU and AMR indicators. The comprehensive process included collecting samples and information from 72 flocks in locations across Canada. The study found relatively low use and resistance to antimicrobials on Canadian egg farms. These results are consistent with the findings from the 2022 CIPARS study and are thought to be largely attributed to the strong biosecurity protocols in place on egg farms as well as comprehensive vaccination programs to protect hens from known diseases. While these baseline levels are encouraging, responsible AMU will continue to be a priority area. EFC has committed to undertake regular surveillance as a tool to navigate this multi-factor challenge that encompasses both human and animal health globally.



# 1,806

on-farm audits  
conducted  
in 2023.

## Safe, high-quality food for Canadians

With the goal of strengthening already high on-farm food safety standards, our Start Clean-Stay Clean® program was enhanced in 2023 through its semi-annual review process. Existing program elements, such as requirements for water tests, pest control, bedding material and pharmaceuticals, were updated to draw on the latest scientific evidence and best management practices. This program is a vital tool in upholding rigorous biosecurity and food safety standards and is a key component of the EQA® certification program.

Another initiative this past year was the work undertaken by the national *Salmonella* Enteritidis (SE) Scientific Advisory Panel. The group, which consists of third-party food safety and poultry experts, conducted a review of the most recent scientific evidence and SE control measures. The thorough assessment looked at other jurisdictions around the world to evaluate protocols that mitigate the risk of SE on egg farms and the procedures for positive SE samples. A report outlining the SE Scientific Advisory Panel's findings will be presented to the Production Management Committee of the EFC Board of Directors in 2024.



## Making progress on alternative egg production

Egg farmers continue to make substantial progress towards eliminating conventional housing and shifting to new methods of production. Today, fewer than half of hens in Canada are in conventional housing. In the first half of 2023, the proportion of hens in enriched colony housing increased by 2 percentage points, now representing 34% of hens in Canada. Marginal upward shifts in free run, free range and organic egg production methods were observed throughout the year, with these production systems representing approximately 18% of hens. While the lingering impact of supply chain disruptions and the availability of materials and equipment have led to a slight decrease in the pace of the transition, demand for all product varieties continues to be met. The assessment of these latest trends suggest conventional production methods will be phased out by 2035, with the possibility of completing the transition sooner.

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

Production method	2023	2022	2021	2020	2019
Conventional housing	48.02%	49.64%	52.88%	59.02%	65.73%
Enriched colony	33.86%	32.47%	29.30%	24.52%	18.18%
Aviary/free run	11.34%	11.14%	11.43%	10.42%	10.62%
Organic	5.40%	5.43%	5.07%	4.85%	4.41%
Free range	1.38%	1.32%	1.32%	1.19%	1.06%

**Source:** Egg boards

<sup>1</sup> 2019-2022 data represents December, end of year value. 2023 data represents July, mid-year value.

A number of projects continue in support of the industry-wide transition to new production methods. Through these initiatives we are advancing the systems and processes necessary to maintain a high degree of coordination, further supporting the direction we are headed as an industry. For example, the National Alternative Housing Project seeks to integrate new processes for the management of alternative housing into the existing approach of managing the egg supply, whereas the newly established Free Run Integration Team (FRIT) is a nationally coordinated approach to integrate free run producer pricing into our structure. Led through egg boards, the FRIT allows us to draw on the strength of our system and work towards a consistent pricing framework across the country. Our work on the latest Cost of Production (COP) Study also continued in 2023. The study is designed to help work towards separate COP results for conventional, enriched colony and free run eggs.

## Looking to the future with the next generation of farm leaders

One of the ways we are farming a more sustainable future is by nurturing the next generation of industry leaders through initiatives that support women farmers and young farmers. This year, the women in the egg industry program brought together an exceptional group of delegates from across Canada to engage in 12 months of development and mutual mentorship. Delegates took part in a variety of webinars and in-person events that featured subject matter experts, interactive training sessions and activities to build connections. Sessions covered topics such as farmer mental health, public speaking, egg consumption trends and agricultural policies such as the COP and supply management. The group welcomed guest speakers Dr. Briana Hagen, CEO and Lead Scientist at the Canadian Centre for Agricultural Wellbeing, mental health expert Rochelle Thompson of the AJ Research Group and Dr. Jodey Nurse, Agricultural Historian and Faculty Lecturer from McGill University.

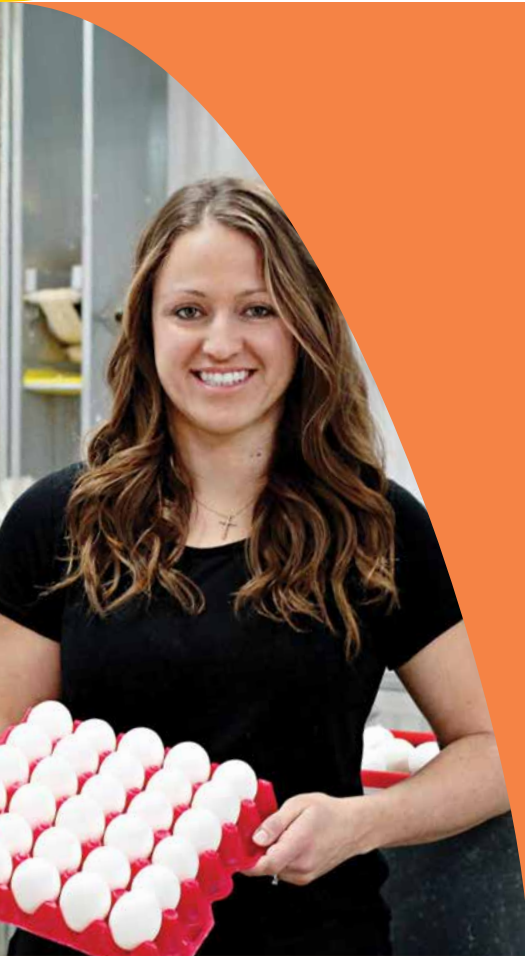


*Participants in the women in the egg industry program during their kickoff session in Ottawa.*

Delegates in the national young farmer program took part in a range of engaging sessions to expand their knowledge and learn about the Canadian egg farming sector. The group convened for programming and workshops in Ottawa and Charlottetown, taking in dozens of educational modules and leadership training sessions. This dynamic cohort was invited to attend EFC's Annual General Meeting, the National Producer Conference and the annual breakfast on Parliament Hill. As a complementary activity and to further their advocacy skills, delegates observed Question Period in the House of Commons and participated in an advocacy meeting with MP John Barlow to discuss the biosecurity measures in place on Canadian egg farms.

# 837 million

dozen eggs  
produced  
in Canada  
in 2023.



# 3 Social license and public trust

Recent public opinion polling confirmed egg farmers benefit from a high degree of public support. In fact, a remarkable 92% of Canadians express confidence in our food safety and animal welfare standards because of supply management. This not only reinforces the trust they have in our approach to producing eggs, but also emphasizes their preference for locally produced products.

**92% of Canadians express confidence in our food safety and animal welfare standards because of supply management.**

Our outreach programs are driven by a strong interest in connecting with the millions of Canadians who enjoy and depend upon our products every day and giving back to communities all around us. This builds meaningful relationships and transparency in our way of producing eggs—something that is critical to maintaining trust levels and our social license.

## **Advocating for our vibrant and sustainable sector**

This year saw an unprecedented amount of government legislation, consultations and committee studies on topics related to our sector provide important platforms to discuss the issues and files of importance to egg farmers and the



National young farmer program delegates at our annual breakfast on Parliament Hill.

70+

advocacy meetings in 2023.

broader agricultural community. EFC representatives participated in dozens of advocacy meetings with Ministers, Parliamentary Secretaries, Members of Parliament (MPs), Senators, senior government officials and policy advisors, offering thoughtful commentary and raising our collective concerns. Our respected position as a constructive stakeholder allowed us to make significant headway on a range of priority files, such as support for supply management, biosecurity preparedness, domestic food security, food labelling modernization, sustainability and other regulatory matters.

Our efforts were further complemented through regular correspondence with decision-makers and engagement in studies and consultations facilitated by House of Commons Standing Committees and federal departments. For example, comprehensive submissions were prepared as the government sought input on the Sustainable Agriculture Strategy, federal budget and food regulatory modernization, among other files. This approach allowed us to be clear and deliberate in our feedback towards federal policies and legislations, all while anticipating the impact on our sector.

Our voice was amplified through strategic collaborations with other like-minded organizations. We continued to work closely with the Canadian Federation of Agriculture and a cross-section of animal agriculture organizations to advance shared interests. Our participation and engagement with these groups extended our reach and addressed areas of importance to the broader agriculture community.





## Meeting up over a plate of eggs

Our much-loved breakfast event with Parliamentarians returned this year with nearly two dozen MPs and Senators joining egg farmers from across Canada to start their day with eggs. The November event was a chance for egg farmers and industry stakeholders to connect with Parliamentarians, discuss policy and legislative issues and share their passion for producing a nutritious food item. The Minister of Agriculture and Agri-Food, Lawrence MacAulay, delivered remarks and congratulated egg farmers for their leadership in sustainable farming practices and reaffirmed the Government of Canada's support for supply management.

Canadian chicken, turkey, hatching egg and egg farmers once again joined forces to host the popular Downtown Diner event in May. The pop-up diner put a focus on the hard work of poultry and egg farmers and their commitment to producing food in a sustainable manner. Nearly 40 Parliamentarians and thousands of Ottawa community members stopped by the event to meet our farmers and enjoy dishes made with fresh, local, high-quality ingredients. Our unique Farmers' Times newspaper was distributed at the event and mailed to all Parliamentarians.





## Taking part in the largest pan-Canadian gathering of municipal elected officials

EFC sponsored the Federation of Canadian Municipalities (FCM) Annual Conference in Toronto in partnership with Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada and the Canadian Hatching Egg Producers. With over 1,500 Mayors, Councillors and municipal leaders in attendance, our participation allowed us to connect with urban and rural officials from across Canada and share how supply-managed farmers contribute to the vibrancy of our communities.



*Our panel of experts discussed agriculture in Canada and the importance of supply management at the FCM Annual Conference in Toronto.*

A highlight in our engagement was our ‘ask the experts’ panel sessions where farmers, municipal leaders and experts—including Manitoba egg farmer Harley Siemens, agricultural historian Dr. Jodey Nurse of McGill University and food systems expert Dr. Mike von Massow of the University of Guelph—discussed the ripple effects of food production and the measures in place to future-proof Canada’s agriculture sector. These sessions allowed us to engage with municipal officials and bridge the gap between the importance of supporting domestic food producers and building a better country for all.





### Connecting farmers with chefs and culinary leaders

Our longstanding culinary outreach program provides a forum for chefs, culinary leaders and egg farmers to come together and connect on many shared values. From highlighting thoughtful sourcing practices and rigorous standards of production, to pushing boundaries on innovative uses of eggs and sustainable food production, the programming celebrated culinary excellence and made-in-Canada food. In June, PEI egg farmers Wendy and Nathan Burns joined EFC ambassador Chef Craig Flinn to host a Chef to Farm event in Freetown. In September, Alberta egg farmer Conrad Vanessen teamed up with EFC ambassador Chef Matt Basile on the main stage of the Terroir Symposium in Calgary to talk about sustainable egg farming. The program also included sessions in Winnipeg and Oakville, where Manitoba egg farmer Sandra Dyck and Ontario egg farmer Tonya Haverkamp joined members of the Canadian Culinary Federation to discuss their shared appreciation for eggs. These connections have led to candid conversations with hundreds of chefs—both established and up-and-coming—and increased an appreciation of the many contributions of egg farmers to our food system.



*Chefs, social media influencers and local media at our Chef to Farm event in Freetown.*

## Egg farmers celebrate World Egg Day with Earthwise Egg Quest

To mark World Egg Day, we unveiled our unique Earthwise Egg Quest: Canadian Egg Farming Trivia Challenge to shine a light on the ways Canadian egg farmers have embraced sustainable farming practices. Drawing on the insight that Canadians want to know more about sustainable egg farming practices, our outreach strategy included a tailored social media program supported by a group of online content creators who took to their channels to generate excitement and share information. From a nature photographer and a climate advocate to an avid hiker and an outdoorsy mom, these sustainability enthusiasts took an active role in sharing with Canadians the meaningful steps egg farmers are taking to care for the planet. Outreach to media and a partnership with Today's Parent further extended the initiative by offering interactive online trivia.



Photo by @mapleandmarigold

## A deep-rooted tradition of giving back

Nearly four million eggs were donated by EFC to food banks across the country in 2023. Our partnership with Food Banks Canada expanded with the support of federal funding under the Nutrition North program. By offsetting transportation costs, we reached more remote and northern communities in the Northwest Territories, Nunavut and Yukon with fresh, nutritious eggs. Our ongoing collaboration with Breakfast Club of Canada allowed us to distribute 60,000 coupons for a dozen eggs and 250,000 individually wrapped hard boiled eggs. This initiative reached over 200 schools and 27 regional nutrition hubs across our country, helping students start their day with a nutritious breakfast.

Around the world, our work with Heart for Africa, Canadian Food For Children and the International Egg Foundation delivered the vital nutrition of eggs to thousands of people in dozens of countries. These partnerships are a testament to the power of the egg and the strong drive of egg farmers to contribute to the well-being of others.

**60,000**

coupons for a dozen eggs distributed to school breakfast programs.





# 4 International trade

EFC played a critical role in a range of activities that nurtured support for our industry and the system of supply management in Canada and globally. Our goal is to showcase the leadership of our farmers and represent their interests in the context of an international market on several issues and topics—ranging from international trade negotiations to the development of policy statements that set the tone for the future. These activities allowed us to monitor trends and share our expertise with partners around the world.

## **Preparations for the upcoming WTO Ministerial Conference**

We closely followed the preparations for the upcoming 13th WTO Ministerial Conference, known as the MC13, which will take place in the United Arab Emirates in early 2024. While expectations for member countries to move past the current deadlock on agriculture issues remained low, the WTO Director-General and the MC13 Chair sought to create momentum on the agricultural negotiations by hosting a virtual mini-ministerial meeting in November. The small group of Ministers in attendance offered some political guidance to negotiators and discussed how to reconcile the different views. Although the exact outcome of the mini-ministerial meeting has not been shared

publicly, there was consensus from representatives that reaching a reasonable outcome on agriculture at MC13 and establishing a post work program is what all should be working towards. Representatives from EFC, along with a delegation from the national supply-managed organizations, will attend MC13 to monitor negotiations on the ground.

### Ongoing bilateral and multilateral trade talks

EFC monitored a number of trade negotiations and assessed the impacts on our sector in 2023. Talks continued between Canada and the United Kingdom (UK) as negotiators work on a longer-term trade deal between the two countries. Four additional rounds of negotiations took place throughout the year, advancing the bilateral agreement. As both sides work towards a final agreement, our efforts are focused on ensuring a new Canada-UK agreement maintains the status quo. That is, when it comes to supply-managed goods, our government carries forward what they agreed to under the Canada-European Union Comprehensive Economic and Trade Agreement and does not renegotiate these elements.

EFC vigilantly monitored the dynamics with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as new countries expressed their interest in the trade agreement. UK, China, Costa Rica, Ecuador, Taiwan and Uruguay have all made formal accession requests and member countries now have the task to determine if these countries will become member states. We also observed discussions related to the Canada-Mercosur Free Trade Agreement (Argentina, Brazil, Paraguay and Uruguay). While the south American block of countries issued an extensive market access proposal in 2023, the step gained very little traction. Formal decisions have not been made and EFC advocated to officials that the government must uphold its commitment of no new market concessions for supply-managed goods in any new or existing trade deal.

### Mitigation funds available to farmers

The Poultry and Egg On-Farm Investment Program (PEFIP) provides funding to egg and poultry farmers to offset the impact of the CPTPP and Canada-United States-Mexico Agreement (CUSMA) on our sectors. While farmers have been able to access the CPTPP mitigation funds since 2022, Agriculture and Agri-Food Canada (AAFC) announced in June that farmers can also access their share of the CUSMA compensation (in addition to the compensation available for the CPTPP). Many egg farmers have registered for the program since its launch. More than 500 applications have been submitted to AAFC with 370 projects receiving funding to date. Funds allocated have enabled investments in environmental sustainability and biosecurity and improved on-farm efficiencies at egg farms across the country.

# 97%

of Canadians feel it is important that Canada has strong domestic food supply chains.



## Stronger protection for supply management with Bill C-282

This past year, we made the most of a historic opportunity to protect supply management through new legislation. Bill C-282, *An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)*, is a Private Member's Bill from Bloc Québécois MP Luc Thériault. The bill would prohibit future trade agreements from making any new market access concessions in supply-managed sectors.

We worked diligently throughout the year and with our colleagues from the dairy and poultry sectors to make sure Parliamentarians had a complete understanding of why this bill is good for farmers and the country as a whole. In March, EFC Chair Roger Pelissero and 2nd Vice-Chair Emmanuel Destrijker appeared as witnesses before the House of Commons Standing Committee on International Trade to offer expert opinions and answer questions from MPs. In June, Bill C-282 became one of the rare Private Members' Bills to get House of Commons approval, garnering support from MPs across all parties. Advocacy work will continue in 2024 as the bill makes its way through the Senate.



## Sharing Canadian expertise through an extensive international network

Recognizing that the world around us is interconnected and constantly evolving, EFC seized several opportunities to take part in global dialogue and promote the leadership of Canadian egg farmers. This engagement allows us to shape outcomes, monitor trends and gather insights that will impact the future of our sector. EFC Chair Roger Pelissero continued in his role as an Office Holder with the IEC, and our participation in the association's Sustainable Egg Production Expert Group and Young Egg Leaders program continued throughout the year. In September, we had the honour of acting as host country for the IEC Global Leadership Conference which took place in Lake Louise.

### **Recognizing that the world around us is interconnected and constantly evolving, EFC seized several opportunities to take part in global dialogue and promote the leadership of Canadian egg farmers.**

Canadian egg farmers are known to be at the forefront of the sustainable agriculture movement and this reputation enabled a few high-profile presentations to several audiences. For example, we were invited to discuss the role of eggs in increasing global food security during the Food and Agriculture Organization of the United Nations' Committee on World Food Security in Italy. Our diplomacy earned a notable outcome at the World Farmers' Organisation (WFO) General Assembly in South Africa with the return of support for supply management and orderly marketing in the organization's trade policy statement. The process included input from all continents, with a significant push to lobby for support for supply management as member countries considered the wording. This endorsement by the WFO is a clear win for supply-managed farmers and an important recognition for the system.

Additionally, we were active in discussing the most pressing issues affecting agriculture and egg farmers during the North America European Union Agricultural Conference, International Production and Processing Expo, Egg Industry Center Forum, World Organisation for Animal Health's General Session and in meetings with the American Egg Board and United Egg Producers.



# 5 Product marketing



With more consumers preparing meals at home, nearly 3 in 4 Canadians are interested in finding new ways of enjoying eggs outside of breakfast. This insight gave us a strong launching point for our latest marketing campaign and programs—and an incredible platform to demonstrate how eggs can be used at all meal occasions. At the heart of our marketing work is a powerful goal: Put a focus on the versatility, simplicity and nutrition of eggs and see how they fit into all lifestyles. Our efforts have captivated consumers with a humorous and quirky approach, and with egg sales and consumption growing, we're seeing positive traction. In fact, annual retail egg sales increased by 2.6% in 2023 and we are eyeing many opportunities to build on this positive momentum.

## **New marketing campaign puts a spotlight on eggs for dinner**

This year marked the beginning of a new marketing campaign to encourage Canadians to enjoy eggs for dinner. The humorous and playful ads showcased relatable situations and asked consumers 'What's stopping you?' from serving eggs for dinner. Featuring the well-known Get Cracking® brand, the campaign built on the success of the 'It's not weird' marketing program and highlighted how eggs can easily lend themselves to quick, nutritious



meals and help solve most mealtime challenges. Whether it's the health benefits of eggs for boomers, a simple dinner for young families or a meal-prep-friendly dish for millennials—eggs are a natural fit!

A mix of traditional and innovative media placements helped us reach our audiences through social media, digital channels and television—especially during live sports events. Drawing on the insight that most dinner planning is a short-term decision, our strategy also included delicious and approachable recipe ideas on digital billboards timed to reach commuters near major transit hubs across the country.

A roster of online influencers added to the conversation and further inspired consumers to enjoy #EggsAnytime and #EggsForDinner. These digital content creators lent their voice to the initiative and shared some of their favourite ways to enjoy eggs. For example, cyclist Sarah Orban showed her followers how she incorporates eggs into her training regimen, and skateboarder Annie Guglia proved nothing will stop her from enjoying eggs for dinner. Working with these trusted voices added fresh new content to our outreach and challenged the status quo of dinner choices.

Nearly  
**7 in 10**

Canadians intended to serve eggs for dinner, after seeing the 'What's stopping you?' ads.



Our online influencers took to social media to further inspire consumers to enjoy #EggsAnytime and #EggsForDinner.



## Pop-up sampling event at Union Station

Earlier this year, we hosted a two-day sampling event at Union Station in downtown Toronto. With the goal of boosting egg consumption in the evening, thousands of samples were distributed to commuters. From an easy egg bake casserole to a simple dinner frittata to a nutritious cheese and spinach quiche—the initiative showcased the endless possibilities of what can be prepared with eggs. The activation was extended on social media with local personalities Jax Irwin and Moose Bendago conducting streeter-style interviews with onlookers about their meal routines, all while inspiring them to try eggs for dinner.





### Reaching Canada's diverse communities

With the rapid growth in our domestic population driven by immigration, we leveraged our marketing programs to target Canada's largest cultural communities. Campaigns reaching South Asian, Chinese and Arabic communities ran on digital channels throughout the winter. The ads featured a range of egg recipes in Simplified Chinese, Arabic and English and focused on the versatility and health benefits of cooking with eggs.

We unveiled our 'Life is busy. Eggs are easy.' digital campaign in December highlighting how eggs can bring people together—even when times are busy. The ads, which ran on popular streaming platforms in Traditional Chinese, Simplified Chinese and English, targeted audiences from Canada's Chinese and South Asian communities. The campaign featured relatable family scenarios along with nostalgic egg dishes and demonstrated how eggs fit into everyday lifestyles and can be used as the main protein in dinnertime meals.

### An extensive suite of online channels and digital outreach

Online channels and digital communications remain some of the most effective ways to reach Canadians and deliver our messages that promote eggs, egg farmers and EFC. Programs continued in 2023 to further optimize our eggs.ca, eggfarmers.ca, eggquality.ca and healthcare.eggs.ca websites and expand how we are reaching the public. Collectively, our websites saw 12.5 million sessions this past year, which represents nearly 20% growth over the prior year.

# 2.6%

increase in the  
retail sales  
of eggs  
in 2023.

98.5  
million

video views  
across our  
digital channels.



Our Get Cracking® and EFC social media channels continued to reach a wide cross-section of audiences with tailored messages and in a variety of ways. Strategies to increase the reach of our TikTok, Instagram, Facebook, Pinterest, YouTube and LinkedIn platforms allowed us to grow website traffic and increase the awareness of our brands. Our online communities now count over 340,000 followers and subscribers, which represents an 11% increase over the last year.

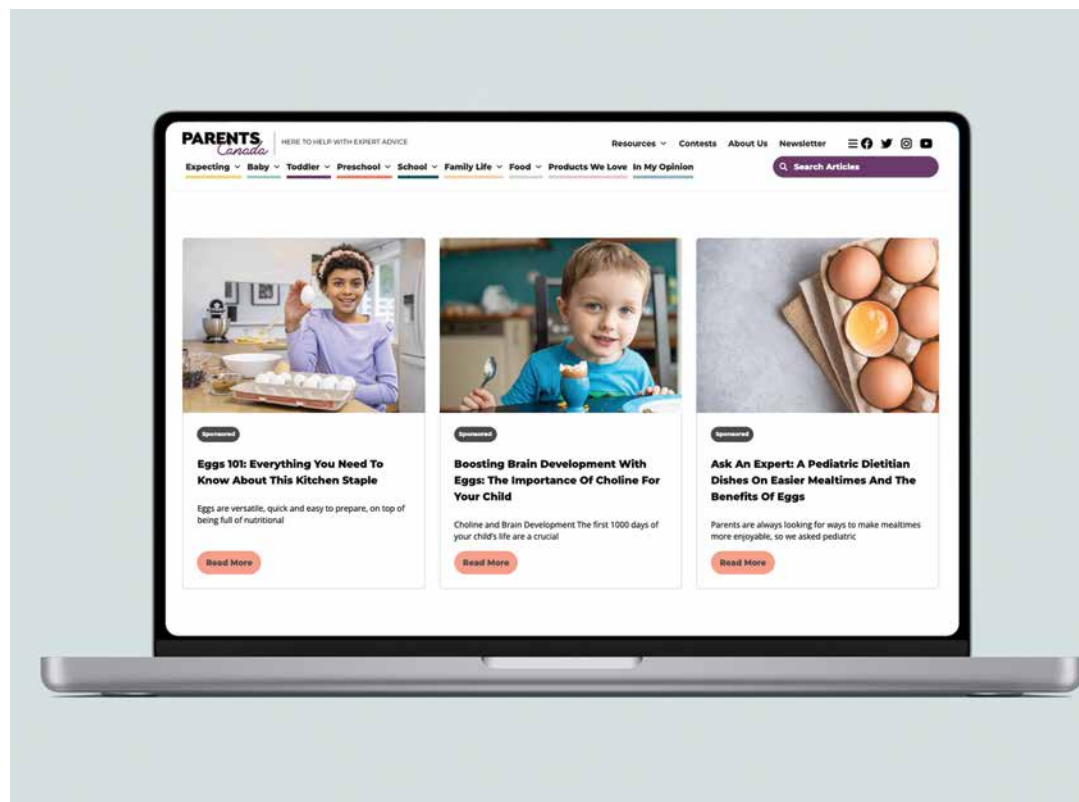
**Collectively, our websites saw 12.5 million sessions this past year, which represents nearly 20% growth over the prior year.**

Recognizing that digital platforms and their algorithms favour video, we increased our video-based content by offering more recipe inspiration and basic cooking skills videos. These efforts have optimized our channels and are driving incredible growth in online video views. In fact, videos are our fastest growing content style, with total video views across all platforms topping out at a whopping 98.5 million in 2023. Our TikTok followership increased significantly and programming on this channel allowed us to take advantage of timely trends and reach younger audiences. For example, our followers went wild for our soy sauce eggs with ramen video recipe which received over 2.5 million views.

## New partnerships delivered egg nutrition facts to consumers

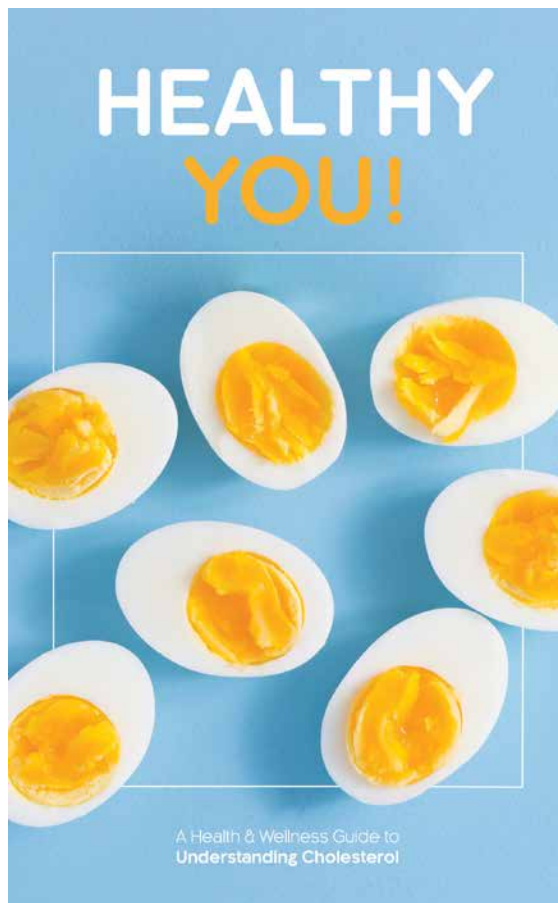
With more and more people turning to the internet for nutrition information, several new initiatives sought to reach consumers with egg nutrition information and tools. Partnerships with dietitians allowed us to leverage social media and serve up egg nutrition facts, bust common myths around eggs and cholesterol and outline ways to incorporate more eggs into a healthy diet. We created the Get Cracking® with Eggs website hub through a new partnership with ParentsCanada. The hub featured family-friendly recipes, an interview with a pediatric dietitian and must-know facts for families about egg nutrition. Content in ParentsCanada's Annual Guide for New Parents was an opportunity to show why eggs are a perfect first food for babies.

Our partnership with Osteoporosis Canada offered new recipes and information about eggs and osteoporosis to aging Canadians. Our ongoing collaboration with Diabetes Canada included egg recipes in their Eating for Wellness booklet, a virtual kitchen event with a diabetes educator and engagement at the Diabetes Canada Connect event. This expanded roster of nutrition partnerships supported our work to showcase how eggs fit into healthy lifestyles and diets.



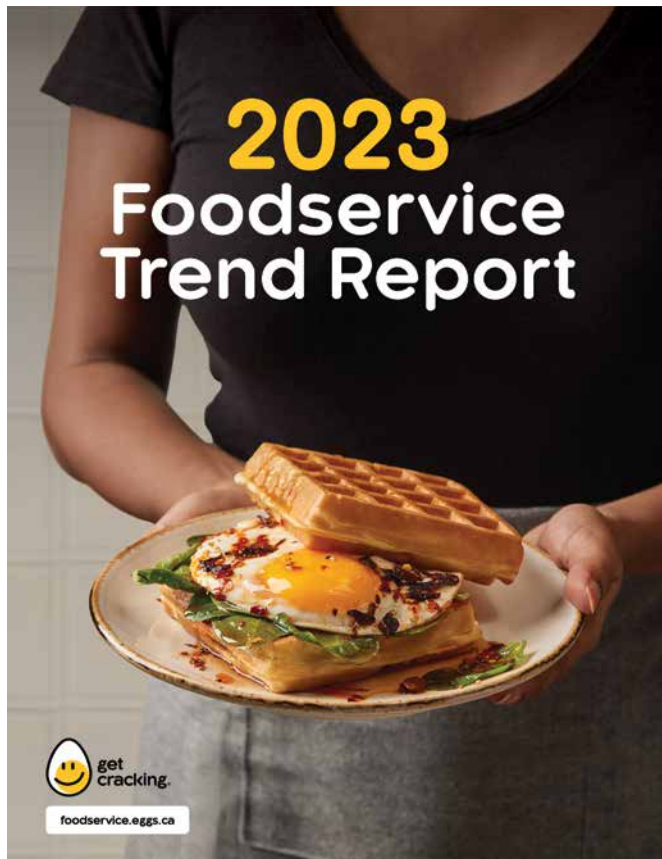


## Reaching healthcare professionals with nutrition science information



As part of our longstanding work with healthcare professionals, we looked for opportunities to promote the latest egg nutrition science in 2023. We conducted outreach at the Diabetes Frontline Forum in April, Pri-Med and Dietitians of Canada conferences in May, and the Vascular conference in October. These sessions provided an opportunity to exchange with nearly 6,400 physicians, allied healthcare professionals and other health experts.

New resources were developed in support of this outreach and to offer tools for healthcare professionals to use with their patients. This included a new Healthy You booklet about cholesterol, a range of heart-healthy and diabetes friendly recipes and two new resources about eggs for babies.



## Commitment to the EQA® certification program

Outreach at Restaurants Canada's RC Show in April allowed us to enhance awareness of the EQA® certification, which stands for rigorous standards and quality products, all while discussing licensing opportunities with foodservice operators. The event was also a platform to promote our 2023 Foodservice Trend Report. The forward-looking publication called attention to trends and opportunities that are shaping the food industry and shared how eggs are the answer.

The EQA® certification mark continued to build awareness and strengthen customer confidence and trust in Canadian eggs. Ongoing promotion of the industry-wide initiative to consumers and foodservice operators continued, as well as efforts to support licensees and partners in their respective advertising, tradeshow events and social media outreach. Canadian consumers remain eager for transparency on food packaging, and the EQA® certification mark is an important tool to visibly identify that Canadian eggs have been produced according to rigorous food safety and animal welfare standards.



# 6 Resource and risk management

Canada's system of supply management is at the core of our egg industry. It provides the mechanisms to manage the domestic supply of eggs, supporting the food security of communities and providing a strong system to address ongoing challenges, emerging risks and new opportunities. For example, supply management has enabled a strong, coordinated response to HPAI outbreaks and new levels of collaboration when it comes to policy development such as the FPTA. By drawing on the foundation we have put in place, we continued to work together to adapt to changing market conditions, building even more resiliency into our sector.

## Ongoing work to respond to avian influenza

We worked closely with egg boards, our poultry partners and with the government to navigate the waves of HPAI throughout 2023. New policies, such as the National Virtual Audit Policy, were introduced to allow our sector to navigate the challenges brought on by HPAI. To strengthen our ability to manage the disease response, EFC took part in a mix of government-industry working groups and taskforces that addressed important areas such as destruction, compensation and vaccination. Regular dialogue and exchanges were facilitated between the National Poultry



Group and the Canadian Food Inspection Agency to strengthen our response strategy. These conversations allowed us to raise concerns and work towards solutions, especially during heightened times.

While strong biosecurity and a swift response to outbreaks remained the most important tools, Canada began to explore the role vaccinations can play in the fight against the disease. This topic was prominently featured during the first-ever Animal Health Forum as part of the World Organisation for Animal Health's General Session in Paris in May. Canada's Chief Veterinary Officer invited representatives from EFC and Canada's poultry sector to take part in the Forum and share perspective.



# 94%

of Canadians prefer their dairy, eggs, chicken and turkey products to be produced in Canada.

## Industrial Products Program adapts to changing market conditions

Surplus egg inventories, in both Canada and the US, remained low throughout the year and made it difficult for the domestic egg processor market to obtain supply. A high degree of co-operation between EFC, egg boards and industry stakeholders allowed us to address the situation and implement a Special Temporary Market Requirement Quota (STMRQ) allocation to increase the production of eggs intended for the egg processing sector. This strategy also allowed us to somewhat offset volatile markets and high US eggs prices, providing much needed relief to a challenging situation.

With a goal to increase efficiencies, our efforts to implement updates to the Industrial Products Program (IPP) Procedures and Guidelines continued in 2023. The new process, which includes reporting the housing system, type and colour of eggs directed to the IPP, has helped further our understanding of the demand for specific varieties of eggs in Canada. Our focus sought to increase the consistency of information provided and establish a system to centrally track the data. While still in the early stages, the initiative will allow us to better understand trends and provide new opportunities to better match the total supply of eggs with Canadian demand.

1,243

egg farms and farm families located across Canada.

### Modernizing our approach to collaboration

Our ongoing efforts to modernize how we work together and across jurisdictions through the FPTA made great strides in 2023. The FPTA is fundamental for securing the future of our egg industry. The committee overseeing the process and the EFC Board of Directors unanimously approved the wording of the FPTA, clearing the path to get every province and territory signed on—something we expect to be completed in early 2024.

### Population growth and HPAI drive increase in quota allocation

In November, the EFC Board of Directors undertook a comprehensive review of egg supply and demand, analyzing market trends across several factors that are expected to impact Canadian egg sales and demand next year. While eggs continue to benefit from high demand levels due to their versatility, nutrition profile and overall affordability, changes to Canada’s population—largely driven by immigration—are expected to be the main driver of growth in 2024. In fact, this past year saw some of the highest annual population growth rates since the early 1970s and our country reached a new milestone as the national population surpassed 40 million in July. This jump in our domestic population is expected to have a significant impact on the demand for eggs in 2024.

HPAI is another major factor of consideration in quota allocation and demand forecasting. Due to the endemic nature of the recent strains of HPAI and a growing number of cases in Canada and the US, the EFC Board of Directors unanimously approved the use of the STMRQ to assist in addressing any shortfall of imports for eggs destined to the processing sector. Ongoing HPAI outbreaks have led to an extraordinary market event and the need to increase domestic production to address the shortages. By drawing on the STMRQ program, the Canadian egg industry can remain nimble, all while taking steps to react to a changing situation and its impact on the availability of eggs.

As a result of these important trends in our market, the EFC Board of Directors was pleased that Farm Products Council of Canada prior approved allocation increases to both federal regulated quota and STMRQ in 2024.

#### Quota allocation

Allocation	Effective
Federal regulated quota increase of 1,397,815 layers	Week 1 of 2024
STMRQ increase of 150,000 layers	Week 1 of 2024
Eggs for processing quota layers unchanged	Week 1 of 2024
Vaccine quota layers unchanged	Week 1 of 2024



## EFC's objectives as outlined in the *Farm Products Agencies Act*

The objects of an agency are:

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

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





# 7 Partnerships and collaboration

The cornerstone of the seven pillars detailed throughout this report are the partnerships and collaborations that support our objectives. Our rich history has shown us that by working together, we can overcome challenges, embrace new opportunities and push boundaries for the benefit of our entire sector. This approach has propelled us forward and advanced our goal of becoming a world leader in per capita egg consumption.

The EFC Board of Directors has long endorsed an ethic of continuous improvement in the pursuit of EFC's organizational goals. This outlook is applied to all aspects of what we do—from the annual EFC Board of Directors strategic planning and governance model to our day-to-day operations and how we support our staff to our ongoing engagement with our value chain and stakeholders.

## **Fostering a strong corporate culture**

Throughout the year our staff took part in a range of initiatives and regular touchpoints that further engaged our team in our workplace culture. Initiatives such as the launch of a staff-led Culture Club, an increase in activities that build connections and regular surveys to gather employee feedback, helped put a focus on fostering a strong corporate culture through shared ownership. These efforts complemented existing programming, such as our annual Staff Day, paid time off to volunteer in the

community, a comprehensive benefits package and a tailored approach to professional development, that has earned EFC a reputation as an employer of choice. In this pursuit of organizational excellence, EFC was pleased to be once again recognized as a National Capital Region's Top Employer and as one of Canada's Most Admired Corporate Cultures™. Our longstanding commitment to our employees also earned us a spot as a Canada's Most Admired Corporate Cultures™ Hall of Fame inductee.



## Tradition, collaboration, innovation: 50 years of egg supply management

We continued to draw on our milestone anniversary of 50 years of egg supply management to celebrate the collective achievements of our sector. In March, we launched a video series featuring interviews with egg farmers and industry leaders that highlighted the evolution of our sector over the last five decades. The videos offered historic perspective and commentary towards the establishment of egg supply management and an inside look at some of the key developments in our sector. While this was a reflection on our vibrant history, the initiative also provided an opportunity to highlight how supply management bolsters the stability and resilience of our entire agricultural sector. Visit [eggfarmers.ca/50years](http://eggfarmers.ca/50years) to watch the videos.

11

consecutive years  
as a National  
Capital Region's  
Top Employer.



## Enhanced business intelligence tools

A number of business tools support our day-to-day operations, streamline tasks and add efficiency to our approach. This year we undertook a significant upgrade to our SharePoint system, which allowed us to leverage the latest technology and improve the interoperability of a wide range of applications. A new dashboard tool supported the consolidation of datasets and improved our reporting ability. This use of technology also enhanced collaboration and communication across the organization. Our longstanding investment in this area has equipped our team with the tools they need to execute sophisticated analyses, make projections and visualize data. This in turn supports decision-making at EFC and provides added value to our members and partners.



*EFC team members during a team building activity at our annual Staff Day.*

## Advancing shared goals through collaboration

In many of our 2023 accomplishments, success came from working together and across jurisdictions to solve complex problems and seize opportunities. This level of collaboration and shared interest allowed us to advance a number of national priorities, all while addressing emerging issues. Several committees, working groups and project teams convened during the year to advance areas of focus and discuss the matters at hand. The following groups came together to advance shared goals in 2023:

### 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

Buyback Assessment Review Team

EFC-Processor Technical Team

EFP Review and Redevelopment Project

Federal-Provincial Agreement Committee

Free Run Integration Team

Hazard Analysis and Critical Control Points Review Team

Market Development Working Group

National Alternative Housing Project Team

National SE Protocol Review Project Team

National Vaccine Committee

Natural Overrun Review Team

SE Scientific Advisory Panel

# 62

passionate  
and dedicated  
employees.



## 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](http://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	153	20,267
AB	166	17,867
NT	1	70,502
SK	70	17,280
MB	154	16,660
ON	453	22,282
QC	195	28,577
NB	15	35,700
NS	23	37,382
PE	7	17,735
NL	6	67,154
<b>Total</b>	<b>1,243</b>	<b>22,117</b>

Source: EFC

<sup>1</sup> Reported data for 2023.

<sup>2</sup> Reported data for 2023. Excludes inventory for eggs for processing.



### Limits to Federal Quotas (dozens)<sup>1</sup>

Province or territory	2024	2023	2022 <sup>2</sup>
BC	102,542,738	96,982,502	96,246,222
AB	87,066,760	82,111,689	81,341,298
NT	3,731,498	3,643,332	3,671,062
SK	37,853,138	36,087,273	35,945,564
MB	74,606,901	72,889,975	73,465,884
ON	296,826,349	283,060,210	282,136,556
QC	169,088,067	161,463,125	160,806,261
NB	15,918,583	15,246,856	15,223,062
NS	25,544,675	24,962,573	25,162,975
PE	4,238,736	4,141,016	4,173,880
NL	11,425,346	11,156,230	11,241,364
<b>Total</b>	<b>828,842,791</b>	<b>791,744,781</b>	<b>789,414,128</b>

Source: EFC

<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.

### Limits to Special Temporary Market Requirement Quotas (dozens)<sup>1</sup>

Province or territory	2024	2023	2022 <sup>2</sup>
BC	6,443,355	4,956,417	2,367,341
AB	2,223,495	689,602	329,376
NT	0	0	0
SK	3,736,275	1,853,279	885,185
MB	4,296,534	2,284,263	1,091,036
ON	22,971,830	17,670,646	8,440,058
QC	8,404,316	6,464,860	3,087,821
NB	1,848,936	1,422,260	679,316
NS	4,482,288	3,447,904	1,646,828
PE	398,100	306,231	0
NL	1,061,600	816,615	0
<b>Total</b>	<b>55,866,729</b>	<b>39,912,077</b>	<b>18,526,961</b>

Source: EFC

<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.

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

Province	2024	2023	2022
BC	2,654,000	2,654,000	2,654,000
AB	663,500	663,500	663,500
SK	3,317,500	3,317,500	3,317,500
MB	5,308,000	5,308,000	5,308,000
ON	20,368,176	20,368,176	20,368,176
QC	7,962,000	7,962,000	7,962,000
<b>Total</b>	<b>40,273,176</b>	<b>40,273,176</b>	<b>40,273,176</b>

Source: EFC

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

### Limits to Vaccine Quotas (dozens)<sup>1</sup>

Province	2024	2023	2022
ON	2,661,750	2,661,750	2,661,750
QC	10,674,090	10,674,090	10,674,090
<b>Total</b>	<b>13,335,840</b>	<b>13,335,840</b>	<b>13,335,840</b>

Source: EFC

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

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

Province	2023	2022	2021
ON	1,854,000	1,090,800	1,144,800
QC	7,796,280	4,613,820	2,632,080
<b>Total</b>	<b>9,650,280</b>	<b>5,704,620</b>	<b>3,776,880</b>

Source: Fédération des producteurs d'œufs du Québec

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

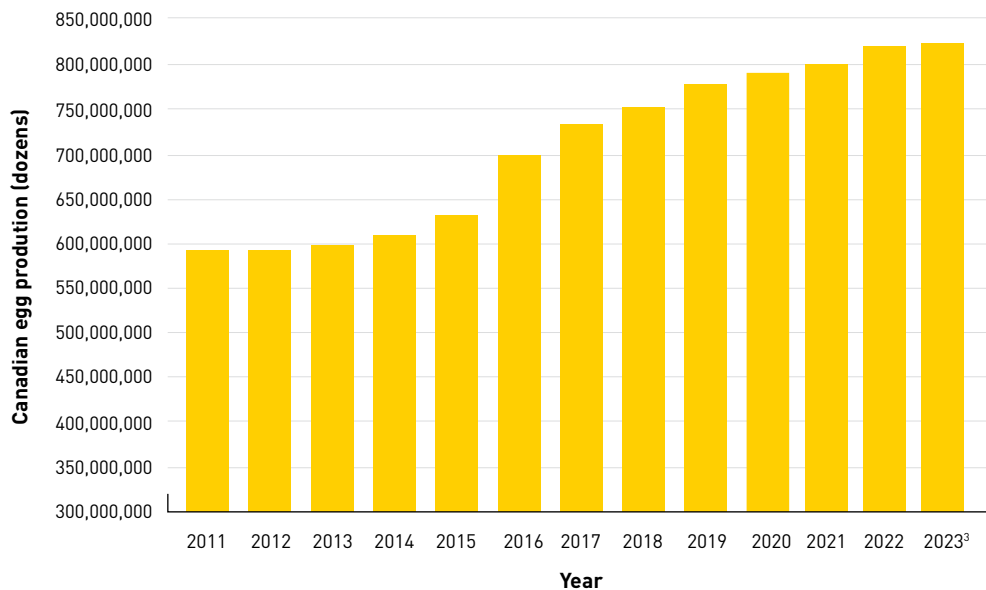
## Federal quota utilization<sup>1</sup>

Province or territory	Week 8 – 2023	Week 8 – 2022	Week 8 – 2021
BC	93.18%	96.23%	98.95%
AB	95.53%	97.33%	97.29%
NT	95.14%	82.77%	77.80%
SK	97.17%	99.59%	97.56%
MB	94.07%	95.43%	97.46%
ON	98.65%	99.73%	97.46%
QC	96.40%	98.62%	97.35%
NB	95.71%	95.56%	93.17%
NS	98.22%	93.01%	89.02%
PE	97.89%	97.35%	94.20%
NL	93.61%	88.04%	68.54%
<b>Total</b>	<b>96.54%</b>	<b>97.85%</b>	<b>96.18%</b>

Source: EFC

<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.

## Canadian egg production<sup>1,2</sup>



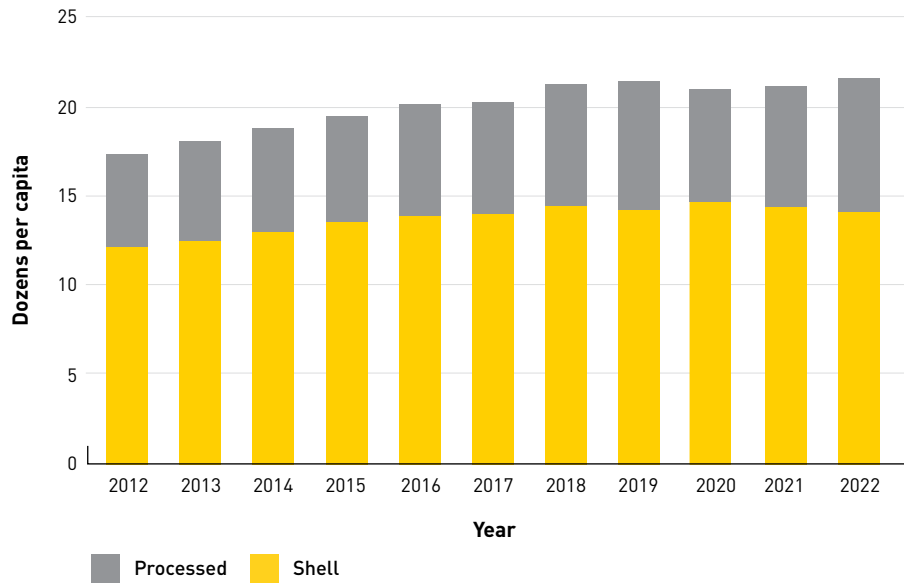
Source: Egg boards

<sup>1</sup> 2011, 2016 and 2022 represent 53 weeks of production.

<sup>2</sup> Data includes federal quota, STMRQ and eggs for processing quota.

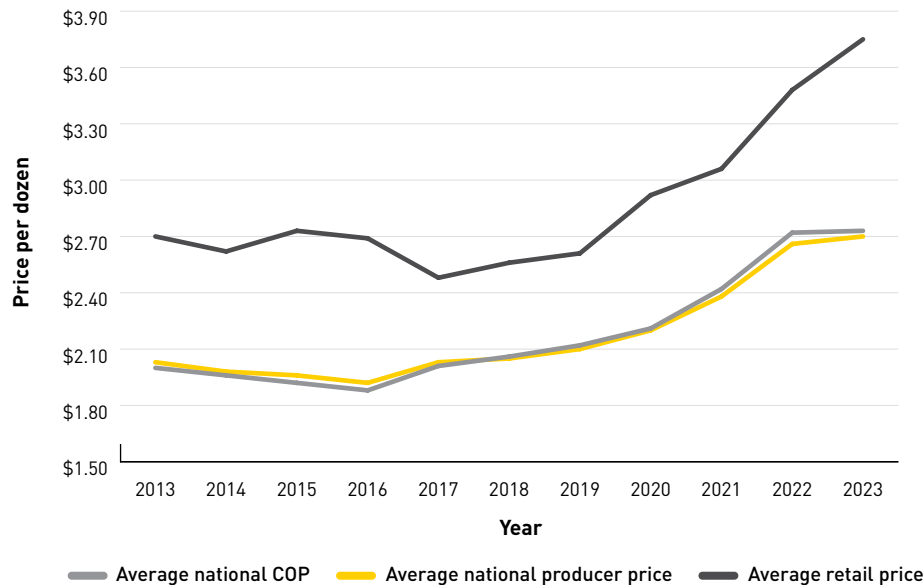
<sup>3</sup> 2023 production numbers are not final and are subject to revision.

## 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.

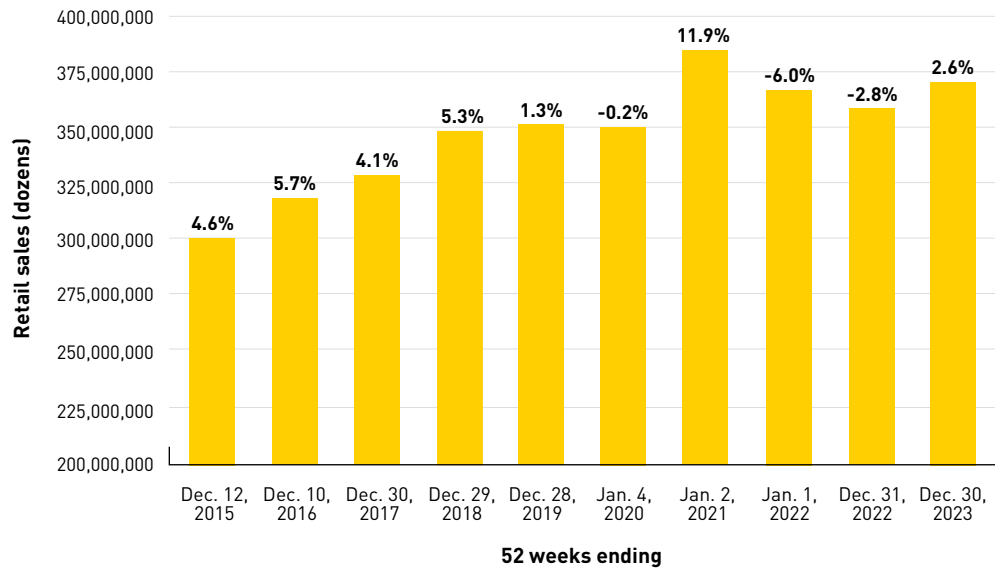
## Pricing trends in the Canadian egg industry<sup>1</sup>



**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.

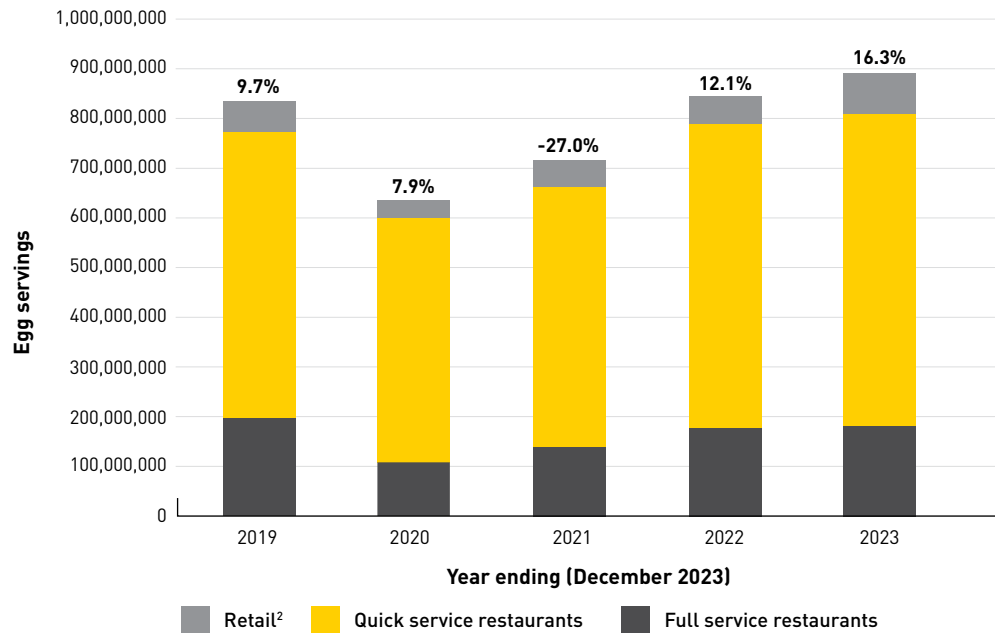
## Retail egg sales<sup>1</sup>



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

<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.

## Total egg servings at foodservice by segment<sup>1</sup>



**Source:** Ipsos Foodservice Monitor

<sup>1</sup> Data reflects updated egg order definition to account for changes in menu offerings. This change has been applied historically.

<sup>2</sup> Retail includes fully-prepared foods for immediate consumption sold at grocery, discount, convenience and dollar stores, gas stations, cafeterias and more. It does not include the quick service or full service restaurant categories.

Consolidated Financial Statements of

**CANADIAN EGG MARKETING AGENCY  
C.O.B. EGG FARMERS OF CANADA**

And Independent Auditor's Report thereon

Fifty-two weeks ended December 30, 2023



## **KPMG LLP**

150 Elgin Street, Suite 1800

Ottawa, ON K2P 2P8

Canada

Telephone 613 212 5764

Fax 613 212 2896

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of 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 consolidated financial statements of the Canadian Egg Marketing Agency c.o.b. Egg Farmers of Canada ("EFC"), which comprise:

- the consolidated statement of financial position as at December 30, 2023
- the consolidated statement of operations and changes in fund balances for the fifty-two weeks then ended
- the consolidated statement of cash flows for the fifty-two weeks then ended
- notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of EFC as at December 30, 2023, and its results of operations and its cash flows for the fifty-two weeks then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of EFC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





### ***Other Information***

Management is responsible for other information. Other information comprises:

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

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report document as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Other Matter – Comparative Information***

The financial statements as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 24, 2023.

### ***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 EFC'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 EFC or to cease operations, or has no realistic alternative but to do so.

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EFC'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 EFC'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 EFC 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.



Page 4

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

March 5, 2024

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Consolidated Statement of Financial Position

December 30, 2023, with comparative information for December 31, 2022

(In thousands of dollars)

	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 43,680	\$ 22,745
Accounts receivable (note 3)	54,632	56,736
Inventory	1,324	1,099
Prepaid expenses	362	338
Investments (note 4)	16,717	35,796
	<u>116,715</u>	<u>116,714</u>
Capital assets (note 5)	9,394	9,077
	<u>\$ 126,109</u>	<u>\$ 125,791</u>
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (note 6)	\$ 34,931	\$ 73,915
<b>Fund balances (note 8):</b>		
<b>Administration:</b>		
Unrestricted administration (schedule I)	5,473	7,445
Internally restricted research (schedule I)	4,936	4,972
	<u>10,409</u>	<u>12,417</u>
<b>Pooled income:</b>		
Unrestricted pooled income (schedule II)	69,359	7,674
Internally restricted risk management (schedule II)	8,193	16,712
Internally restricted natural overrun fee (schedule II)	3,217	15,073
	<u>80,769</u>	<u>39,459</u>
	<u>91,178</u>	<u>51,876</u>
<b>Commitments (note 9)</b>		
	<u>\$ 126,109</u>	<u>\$ 125,791</u>

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors



Chair of the Board of Directors



Chair of the Audit Committee

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Consolidated Statement of Operations and Changes in Fund Balances

Fifty-two weeks ended December 30, 2023, with comparative information for the fifty-three weeks ended December 31, 2022  
(In thousands of dollars)

	Pooled		2023		Pooled		2022	
	Income	Administration	Total	Income	Administration	Total	Income	Total
	Fund	Fund		Fund	Fund		Fund	
<b>Revenue:</b>								
Egg sales	\$ 358,756	\$ —	\$ 358,756	\$ 298,780	\$ —	\$ 298,780	\$ 298,780	298,780
Levy and service fees	224,479	26,847	251,326	316,493	26,023	342,516	342,516	342,516
Interest and other	1,666	377	2,043	1,065	293	1,358	1,358	1,358
Total revenue	584,901	27,224	612,125	616,338	26,316	642,654	642,654	642,654
<b>Expenses:</b>								
Trade operations:								
Cost of eggs sold	516,872	—	516,872	578,223	—	578,223	578,223	578,223
Transportation and handling	17,654	—	17,654	16,564	—	16,564	16,564	16,564
COVID-19 expenses	—	—	—	2,419	—	2,419	2,419	2,419
Third party verification	1,549	—	1,549	1,326	—	1,326	1,326	1,326
	536,075	—	536,075	598,532	—	598,532	598,532	598,532
General and administration:								
Advertising and promotion	—	8,904	8,904	—	8,688	8,688	8,688	8,688
Donations	1,386	35	1,421	2,514	77	2,591	2,591	2,591
Meetings and travel	—	2,652	2,652	—	2,021	2,021	2,021	2,021
Office and other administrative	—	2,877	2,877	—	2,566	2,566	2,566	2,566
Per diems	—	1,198	1,198	—	853	853	853	853
Research (note 8)	—	3,323	3,323	—	2,767	2,767	2,767	2,767
Professional fees and consulting	252	2,287	2,539	160	1,627	1,787	1,787	1,787
Public affairs and communications	—	3,783	3,783	—	3,049	3,049	3,049	3,049
Salaries and benefits	—	7,873	7,873	—	7,208	7,208	7,208	7,208
Amortization of capital assets	—	590	590	—	536	536	536	536
Risk management (note 8)	1,588	—	1,588	400	—	400	400	400
Natural Overrun Fee (note 8)	—	—	—	10,872	—	10,872	10,872	10,872
Allocation of administration expenses (note 10)	4,290	(4,290)	—	3,726	(3,726)	—	—	—
	7,516	29,232	36,748	17,672	25,666	43,338	43,338	43,338
Total expenses	543,591	29,232	572,823	616,204	25,666	641,870	641,870	641,870
<b>Excess (deficiency) of revenue over expenses for the period</b>	41,310	(2,008)	39,302	134	650	784	784	784
<b>Fund balances, beginning of period</b>	39,459	12,417	51,876	39,325	11,767	51,092	51,092	51,092
<b>Fund balances, end of period</b>	\$ 80,769	\$ 10,409	\$ 91,178	\$ 39,459	\$ 12,417	\$ 51,876	\$ 51,876	\$ 51,876

See accompanying notes to consolidated financial statements.

See accompanying Schedules I and II.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

## Consolidated Statement of Cash Flows

Fifty-two weeks ended December 30, 2023, with comparative information for the fifty-three weeks ended December 31, 2022  
(In thousands of dollars)

	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 39,302	\$ 784
Item not involving cash:		
Amortization of capital assets	590	536
Change in non-cash operating working capital items	(37,129)	19,584
	2,763	20,904
<b>Investing activities:</b>		
Purchase of investments	(16,717)	(32,498)
Proceeds on disposal of investments	35,796	22,347
Purchase of capital assets	(907)	(1,028)
	18,172	(11,179)
<b>Increase in cash during the period</b>	20,935	9,725
<b>Cash, beginning of period</b>	22,745	13,020
<b>Cash, end of period</b>	\$ 43,680	\$ 22,745

See accompanying notes to consolidated financial statements.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Schedule I – Detailed Consolidated Statement of Operations and Changes in Fund Balances – Administration Fund

Fifty-two weeks ended December 30, 2023, with comparative information for the fifty-three weeks ended December 31, 2022  
(In thousands of dollars)

	Unrestricted Administration Fund	Internally Restricted Research Fund	2023 Total	Unrestricted Administration Fund	Internally Restricted Research Fund	2022 Total
<b>Revenue:</b>						
Levy and service fees	\$ 23,449	\$ 3,398	\$ 26,847	\$ 22,640	\$ 3,383	\$ 26,023
Interest and other	187	190	377	207	86	293
Total revenue	23,636	3,588	27,224	22,847	3,469	26,316
<b>Expenses:</b>						
General and administration:						
Advertising and promotion	8,904	–	8,904	8,688	–	8,688
Donations	35	–	35	77	–	77
Meetings and travel	2,652	–	2,652	2,021	–	2,021
Office and other administrative	2,877	–	2,877	2,566	–	2,566
Per diems	1,198	–	1,198	853	–	853
Research (note 8)	–	3,323	3,323	–	2,767	2,767
Professional fees and consulting	2,287	–	2,287	1,627	–	1,627
Public affairs and communications	3,783	–	3,783	3,049	–	3,049
Salaries and benefits	7,873	–	7,873	7,208	–	7,208
Amortization of capital assets	590	–	590	536	–	536
Allocation of administration expenses (note 10)	(4,591)	301	(4,290)	(3,960)	234	(3,726)
Total expenses	25,608	3,624	29,232	22,665	3,001	25,666
<b>Excess (deficiency) of revenue over expenses for the period</b>	(1,972)	(36)	(2,008)	182	468	650
<b>Fund balances, beginning of period</b>	7,445	4,972	12,417	7,263	4,504	11,767
<b>Fund balances, end of period</b>	\$ 5,473	\$ 4,936	\$ 10,409	\$ 7,445	\$ 4,972	\$ 12,417

See accompanying notes to consolidated financial statements.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Schedule II – Detailed Consolidated Statement of Operations and Changes in Fund Balances – Pooled Income Fund

Fifty-two weeks ended December 30, 2023, with comparative information for the fifty-three weeks ended December 31, 2022  
(In thousands of dollars)

	Pooled Income Fund	Internally Restricted Risk Management Fund	Internally Restricted Natural Overrun Fund	2023 Total	Pooled Income Fund	Internally Restricted Risk Management Fund	Internally Restricted Natural Overrun Fund	2022 Total
<b>Revenue:</b>								
Egg sales	\$ 358,756	\$ –	\$ –	\$ 358,756	\$ 298,780	\$ –	\$ –	\$ 298,780
Levy and service fees	223,749	730	–	224,479	315,754	739	–	316,493
Interest and other	1,183	339	144	1,666	653	225	187	1,065
Total revenue	583,688	1,069	144	584,901	615,187	964	187	616,338
<b>Expenses:</b>								
Trade operations:								
Cost of eggs sold	516,872	–	–	516,872	578,223	–	–	578,223
Transportation and handling	17,654	–	–	17,654	16,564	–	–	16,564
COVID-19 expenses	–	–	–	–	2,419	–	–	2,419
Third party verification	1,549	–	–	1,549	1,326	–	–	1,326
	536,075	–	–	536,075	598,532	–	–	598,532
General and administration:								
Donations	1,386	–	–	1,386	2,514	–	–	2,514
Professional fees and consulting	252	–	–	252	160	–	–	160
Risk management (note 8)	–	1,588	–	1,588	–	400	–	400
Natural Overrun Fee (note 8)	–	–	–	–	–	–	10,872	10,872
Allocation of administration expenses (note 10)	4,290	–	–	4,290	3,726	–	–	3,726
	5,928	1,588	–	7,516	6,400	400	10,872	17,672
Total expenses	542,003	1,588	–	543,591	604,932	400	10,872	616,204
<b>Excess (deficiency) of revenue over expenses for the period</b>	41,685	(519)	144	41,310	10,255	564	(10,685)	134
<b>Fund balances, beginning of period</b>	7,674	16,712	15,073	39,459	7,419	14,148	17,758	39,325
Interfund transfers - Other	20,000	(8,000)	(12,000)	–	(10,000)	2,000	8,000	–
<b>Fund balances, end of period</b>	\$ 69,359	\$ 8,193	\$ 3,217	\$ 80,769	\$ 7,674	\$ 16,712	\$ 15,073	\$ 39,459

See accompanying notes to consolidated financial statements.



# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

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## 1. Description:

### **Objective of EFC**

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

### **Levy and service fees**

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

Starting in 2014, a service fee is assessed on eligible birds upon placement in the laying facility to support the Pooled Income Fund. The fees to the Service Fee Fund were 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.

### **Advanced Layer Technologies Corporation**

Advanced Layer Technologies Corporation ("ALT") was incorporated on June 27, 2022 without share capital under the *Canada Not-for-profit Corporations Act* to support innovation in the production and marketing of eggs and all related technologies. ALT is exempt from income taxes under subsection 149(1)(e) of the *Income Tax Act (Canada)*. EFC controls ALT as its sole member and has the power to appoint its Directors.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

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## 2. Significant accounting policies:

The consolidated 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 accounting policies:

### (a) Basis of presentation:

The consolidated financial statements of EFC reflect the assets, liabilities and activities of EFC and its controlled not-for-profit organization, ALT (note 13). All significant transactions between the organizations have been eliminated.

### (b) 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.

ALT is a subsidiary of EFC and is engaged in the business of developing, investing in and commercializing technologies for the betterment and improvement of the conditions and a higher degree of efficiency related to or to be used in the table egg industry and other agricultural sectors.

EFC follows the restricted fund method of accounting.

### (c) 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.

### (d) Financial instruments:

Financial instruments include cash, accounts receivable, investments and accounts payable and accrued liabilities. 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.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

## 2. Significant accounting policies (continued):

### (d) Financial instruments (continued):

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.

### (e) 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:

Asset	Useful life
Buildings	40 years
Building renovations	10 years
Office equipment	10 years
Computer hardware and software	3-5 years
Leasehold improvements	over the term of the lease
Corporate identity	10 years

### (f) 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 allocation or issuance and a weekly per layer levy rate.

### (g) 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.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023  
(Amounts in thousands of dollars unless otherwise noted)

## 2. Significant accounting policies (continued):

### (h) 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.

### (i) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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 consolidated financial statements in the period they become known. Estimates used in preparing these consolidated 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 30, 2023	December 31, 2022
Levy and service fees	\$ 18,892	\$ 17,431
Egg sales	34,637	38,347
Other	1,103	958
	\$ 54,632	\$ 56,736

Egg sales are dependent upon three groups of companies. During the period, these customers represented 98% (December 31, 2022 - 99%) of eggs sales revenue; 62% (December 31, 2022 - 66%) of accounts receivable are owing from these customers.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

## 4. Investments:

	December 30, 2023	December 31, 2022
Cash	\$ 1	\$ 40
Guaranteed investment certificates	16,716	35,756
	<b>\$ 16,717</b>	<b>\$ 35,796</b>

Investments comprise longer-term guaranteed investment certificates that are capable of reasonably prompt liquidation. Guaranteed investment certificates bear interest at fixed rates ranging from 5.45% and 5.75% and maturing in 2024 (December 31, 2022 - 0.80% to 5.02% maturing in 2023).

## 5. Capital assets:

			December 30, 2023	December 31, 2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 943	\$ —	\$ 943	\$ 943
Buildings	8,057	2,149	5,908	6,161
Building renovations	1,158	205	953	1,071
Office equipment	282	276	6	7
Computer hardware and software	2,766	1,895	871	895
Leasehold improvements	847	134	713	—
Corporate identity	345	345	—	—
	<b>\$ 14,398</b>	<b>\$ 5,004</b>	<b>\$ 9,394</b>	<b>\$ 9,077</b>

Cost and accumulated amortization are presented net of fully amortized disposals of \$19 (2022 - \$Nil). Cost and accumulated amortization as at December 31, 2022 amounted to \$13,510 and \$4,433, respectively.

## 6. Accounts payable and accrued liabilities:

Government remittances (sales and payroll withholding taxes) of \$2,003 (December 31, 2022 - \$893) are included in accounts payable and accrued liabilities.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023  
(Amounts in thousands of dollars unless otherwise noted)

## 7. Demand loan facility:

EFC has a revolving demand loan facility with a total approved limit of \$15,000 (December 31, 2022 - \$5,000) at an interest rate of prime. The facility is secured by a first ranking general security agreement. As at December 30, 2023, loans under this facility were \$Nil (December 31, 2022 - \$Nil).

## 8. Fund balances:

EFC's objectives with respect to its fund balances are to safeguard its ability to continue operations while keeping levy rates at a minimum. EFC sets the levy rates to meet its projected cash flow requirements for restricted and unrestricted funds, which are reviewed monthly by management and the Board of Directors. Effective levy rates per dozen eggs marketed have been set as follows:

	Levy effective September 4, 2022	Levy effective January 29, 2023	Levy effective July 16, 2023	Levy effective November 5, 2023
	(cents)	(cents)	(cents)	(cents)
Unrestricted Administration Fund	3.00	3.00	3.00	3.75
Restricted Research Fund	0.45	0.45	0.45	0.45
Unrestricted Pooled Income Fund	40.40	22.40	32.40	43.65
Restricted Risk Management Fund	0.10	0.10	0.10	0.10
	43.95	25.95	35.95	47.95

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

*(Amounts in thousands of dollars unless otherwise noted)*

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## 8. Fund balances (continued):

### (a) 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. The lower and upper thresholds of the Unrestricted Pooled Income Fund are \$45,000 and \$105,000 effective January 1, 2023. The Internally Restricted Risk Management Fund is to maintain a balance of at least \$8,000. The Natural Overrun Fee Fund operates with a \$15,000 minimum balance and graduated fund balance parameters used by the EFC Board of Directors to determine the annual Natural Overrun Fee per layer.

The balances of the Unrestricted Administration, Internally Restricted Research, Unrestricted Pooled Income, Internally Restricted Risk Management and Internally Restricted Natural Overrun Fee funds as at December 30, 2023, compared to established thresholds are considered appropriate.

### (b) Internally restricted funds:

#### (i) Risk Management Fund:

In 2001, EFC was directed by the 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 30, 2023, \$1,588 (December 31, 2022 - \$400) was expended from the Fund.

#### (ii) 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 30, 2023, \$Nil was expended by the Natural Overrun Fee Fund (December 31, 2022 - \$10,872). The PIF Requirement for 2023 was \$Nil (2022 - \$Nil).

At their meeting on September 28, 2022, EFC's Board of Directors decided to suspend Natural Overrun Fee Program calculations, including the annual fee and PIF Requirement, while the Program is under review.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

## 8. Fund balances (continued):

### (b) Internally restricted funds (continued):

#### (iii) Research Fund:

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

In the period ended December 30, 2023, \$3,624 (December 31, 2022 - \$3,001) was expended from the Fund.

#### (iv) Interfund transfers:

Interfund transfers consist of the following:

	December 30, 2023	December 31, 2022
Unrestricted Pooled Income Fund	\$ 20,000	\$ (10,000)
Internally Restricted Risk Management Fund	(8,000)	2,000
Internally Restricted Natural Overrun Fee Fund	(12,000)	8,000

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 Restricted Service Fee/Natural Overrun Fee Fund as market conditions had improved. In February 2022, 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.

On November 27, 2022, the remaining \$16,000 from the Unrestricted Pooled Income Fund was transferred back to the Restricted Natural Overrun Fee Fund, and \$8,000 was transferred from the Unrestricted Pooled Income Fund to the Restricted Risk Management Fund.

On February 24, 2023, temporary transfers of \$20,000 to the Unrestricted Pooled Income Fund, \$8,000 from the Restricted Risk Management Fund and \$12,000 from the Restricted Natural Overrun Fee Fund, were approved by EFC's Board of Directors in order to mitigate significant events that negatively affected the PIF balance in the final quarter of 2022.



# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

## 8. Fund balances (continued):

### (b) Internally restricted funds (continued):

#### (iv) Interfund transfers (continued):

On February 14, 2024, the EFC's Board of Directors approved the temporary transfers of \$20,000 to the Unrestricted Pooled Income Fund be transferred back to the Restricted Risk Management Fund (\$8,000) and Restricted Natural Overrun Fee Fund (\$12,000), effective February 24, 2024, due to the stronger PIF financial position. These transfers will be reflected in the next fiscal year's financial statements.

## 9. Commitments:

EFC is committed under contract for the purchase of advertising and other services in fiscal 2024 for an amount of \$6,295 (December 31, 2022 - \$6,389).

EFC is committed to \$1,482 (December 31, 2022 - \$1,175) over the next four years to support the University Research Chairs at University of British Columbia, University of Guelph and Université Laval.

## 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:

	<b>Restricted Research Fund</b>	<b>Pooled Income Fund</b>	<b>December 30, 2023 Total</b>
Building costs	\$ —	\$ 186	\$ 186
Insurance	—	82	82
Meetings and travel	—	629	629
Office and other administrative	—	625	625
Per diems	—	186	186
Professional fees and consulting	—	35	35
Salaries and benefits	301	2,380	2,681
Amortization of capital assets	—	167	167
	<b>\$ 301</b>	<b>\$ 4,290</b>	<b>\$ 4,591</b>

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

## 10. Allocation of administration expenses (continued):

	Restricted Research Fund		Pooled Income Fund		December 31, 2022 Total
Building costs	\$ –		\$ 191		\$ 191
Insurance	–		66		66
Meetings and travel	–		506		506
Office and other administrative	–		566		566
Per diems	–		121		121
Professional fees and consulting	–		21		21
Salaries and benefits	234		2,104		2,338
Amortization of capital assets	–		151		151
	\$ 234		\$ 3,726		\$ 3,960

## 11. Financial risks:

### (a) 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.

### (b) 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) 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.

# CANADIAN EGG MARKETING AGENCY C.O.B. EGG FARMERS OF CANADA

Notes to Consolidated Financial Statements (Continued)

Fifty-two weeks ended December 30, 2023

(Amounts in thousands of dollars unless otherwise noted)

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## 11. Financial risks (continued):

### (d) 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.

### (e) 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 2022.

## 12. Low-High Price (LHP) 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 30, 2023, the TDB is \$9,060 recoverable from processors (December 31, 2022 - \$67,724, recoverable from processors).

## 13. Canadian Egg Technologies:

ALT, EFC's controlled not-for-profit organization has joined Egg Research Development Fund ["ERDF"] and Canadian Egg Technologies Inc. ["CET Inc."] in a limited partnership, Canada Egg Technologies LP ["CET LP"], formed on December 23, 2022 under the *Limited Partnerships Act (Ontario)*.

ALT and ERDF are limited partners in CET LP and CET Inc. is the general partner. CET Inc. was incorporated under the *Business Corporations Act (Ontario)* on December 22, 2022. ALT and ERDF are shareholders of CET Inc., each owning four common shares. Both CET Inc. and CET LP were created to support a project to mitigate a consumer facing issue of the egg industry.



**Egg Farmers of Canada**

21 Florence Street Ottawa, ON K2P 0W6