



SPECIALTY BREEDS CHICKEN PROGRAM

Nov 23rd, 2020

AGENDA

1. **WELCOME REMARKS – ED BENJAMINS, CHAIR, CFO, & ROB DOUGANS, PRESIDENT & CEO, CFO**
2. **MARKET PERFORMANCE AND GROWTH PROJECTION – ROB BOYKO, VP, OPERATIONS**
3. **SPECIALTY BREEDS CHICKEN BRAND– ROB BOYKO, VP, OPERATIONS**
4. **PROGRAM ADMINISTRATION AND YOUR SUPPORTING TEAM – ROB BOYKO, VP, OPERATIONS**
5. **SPECIALTY BREEDS CHICKEN POLICY NO. 252-2020 REVIEW – CHRIS HORBÁSZ, DIRECTOR, CORPORATE & REGULATORY AFFAIRS**





Thank You

From our team, to yours!

OUR NORTH STAR

Our commitment to acting responsibly as a business regulator and as individuals is reflected in our Purpose, Mission, Vision and Values



Four Core Values
What We Believe and What We Do

Leadership

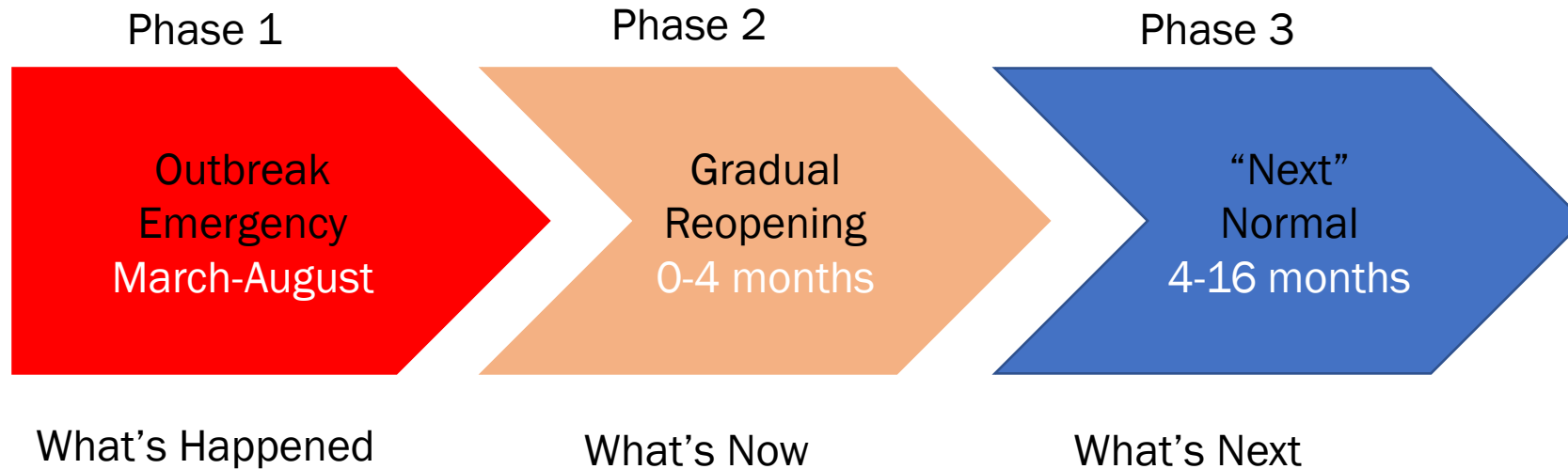
Accountability

Excellence

Collaboration

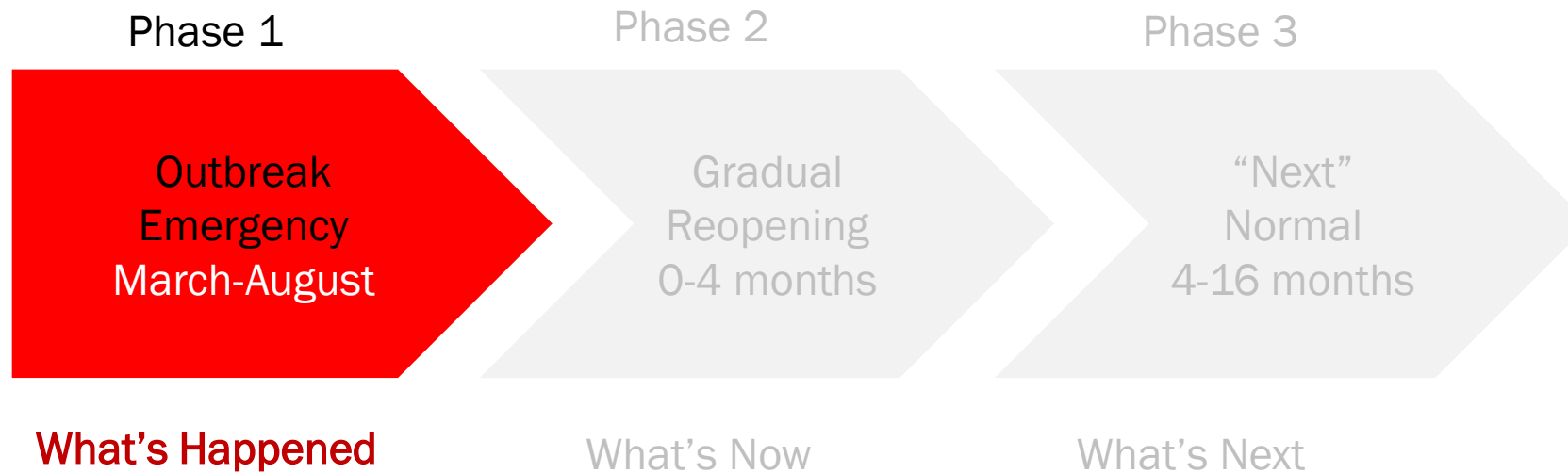
COVID-19: WHAT WE ARE LEARNING

We Are Seeing Three Operating Phases



COVID-19: WHAT WE ARE LEARNING

Crisis Management And Operational Change



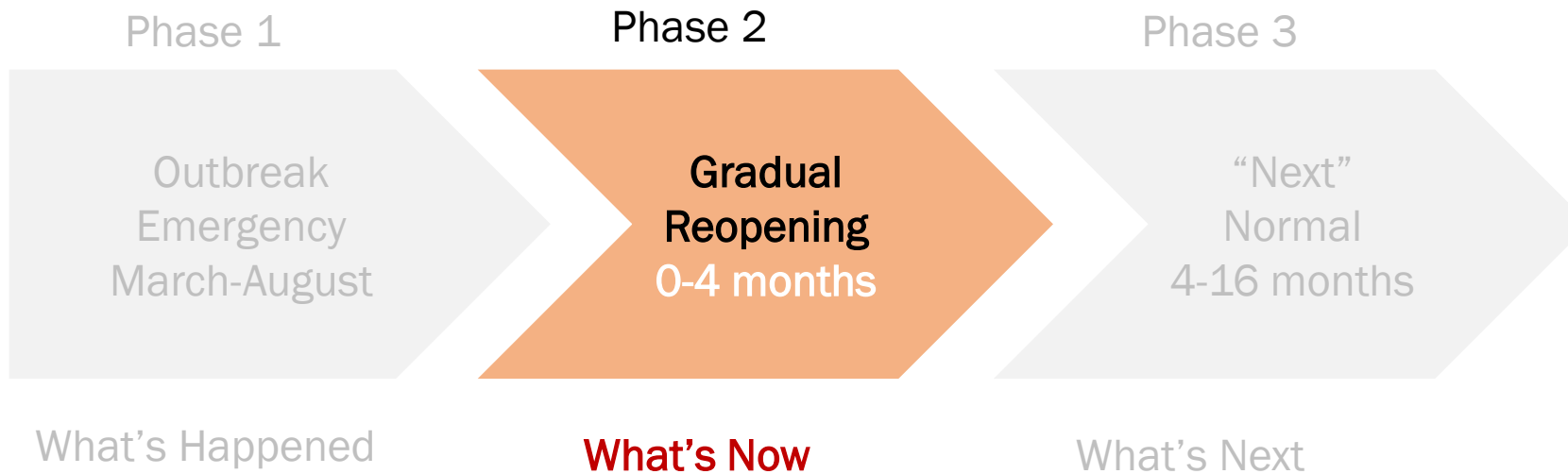
Priorities: Safety, Responsiveness, Continuity

- Unprecedented disruption: 7/24 response, agility and action
- Understand issues, find industry common ground, adjust quickly
- Frequent, candid communications across supply chain
- Prior investments in technology ensuring operational continuity
- Providing community support with CFO Cares



COVID-19: ACTIONS WE ARE TAKING

Crisis Management and Business Continuity

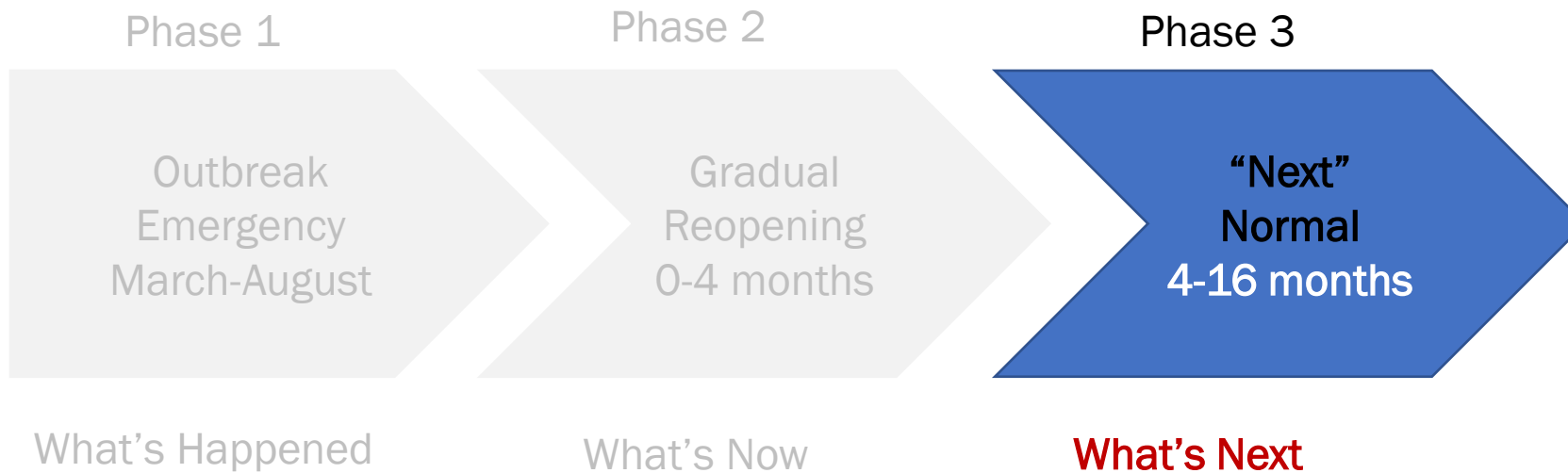


Seeking Improvements, Providing Solutions

- Contingency planning: processor and supply chain
- Crisis Management Office: strengthen emergency management
- Continually improve on-farm practices and standards
- Data governance and management: pricing and production focus
- CFC 2021-2022 strategic priorities: input and support

COVID-19: ACTIONS WE ARE TAKING

Emerging Stronger From The Crisis

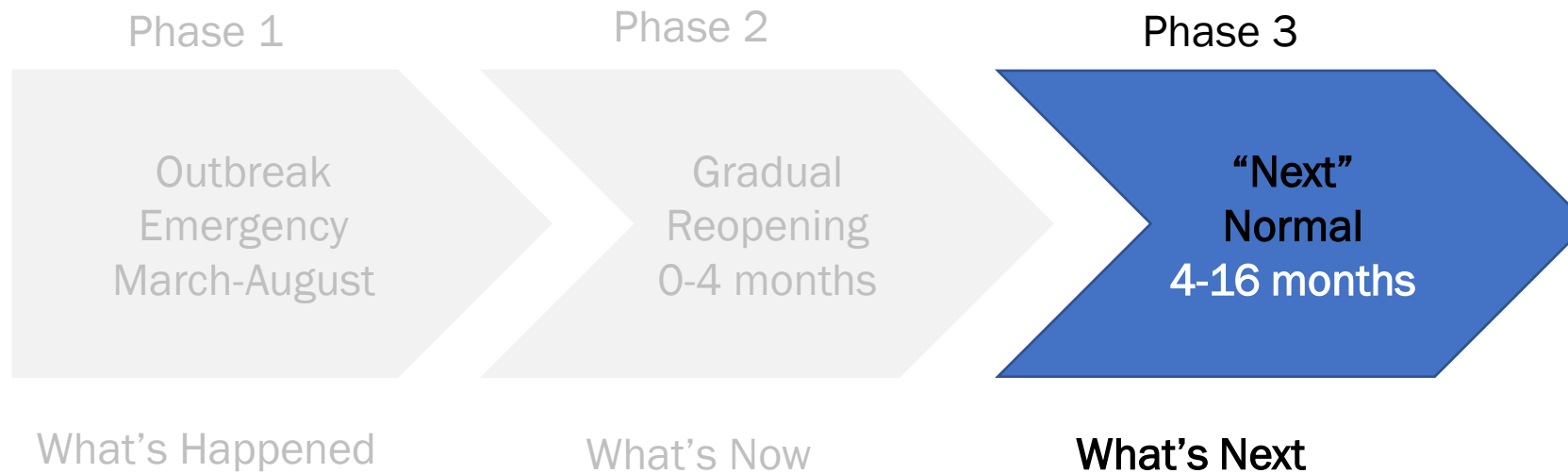


Key Performance Focus Areas

- Production planning- market responsiveness & stability
- Quality, sustainable growth- target opportunities, provide supply solutions
- Risk management- proactive, strategic and strengthened
- Antimicrobial use and resistance- CFC led
- Poultry health and welfare- CFC led

POST COVID-19: FARMING AND FOOD

A More Sustainable Business & Better Shared Future



2021 Guidance

- Currently, the impact and duration of the COVID-19 pandemic remains uncertain, and it is therefore difficult to forecast the full economic and protein market impact in 2021
- Much depends on the response of public health, fiscal, monetary and other policy reactions



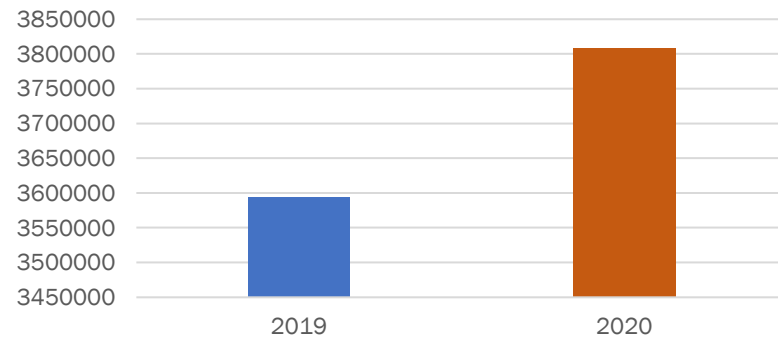
cfo
THANK YOU



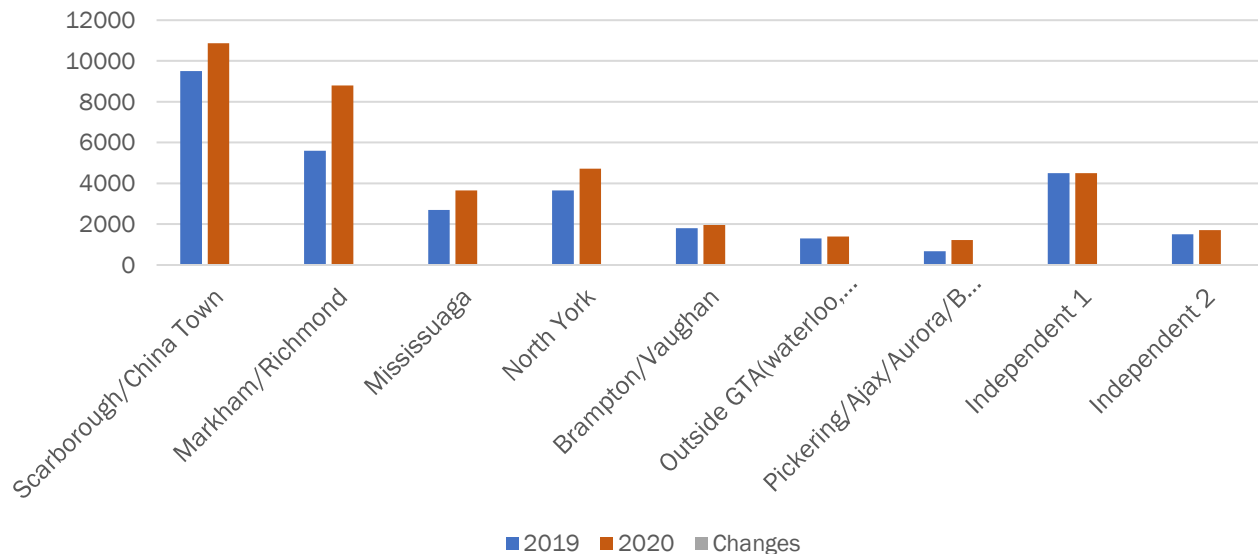
MARKET PERFORMANCE AND GROWTH PROJECTION

SECTOR GROWTH & RESILIENCY

YTD (OCT): 2019 vs 2020 - Live KGs



Retail Geographical Differences



- Production around 5% increase
- Retail presence expands and remains sturdy
 - New stores open in April and August
- Food service impact on Specialty distributors:
 - 30-40% drop - chain store/take out, home delivery
 - 60-70% drop - individual restaurant

- Average increase between 4% to 30% depending on area
- Scarborough/Markham/Richmond- 3 new stores/16%
- Pickering/Ajax/Aurora/Barrie/Newmarket: slight increase, one store/4%
- Mississauga/North York: trend up
- Outside GTA- slight increase

TARGET MARKET AND EMERGING MARKET

Primary Target Market

- Chinese Canadian Community
Primary-Low Acculturation
Secondary-Mid Acculturation

*Traditional & Cultural
Taste of Home*

Emerging Market

- Multi-ethnicity
 - Southeast/East Asians:
Vietnamese
 - Europeans: Portuguese
 - South Asians
 - Others

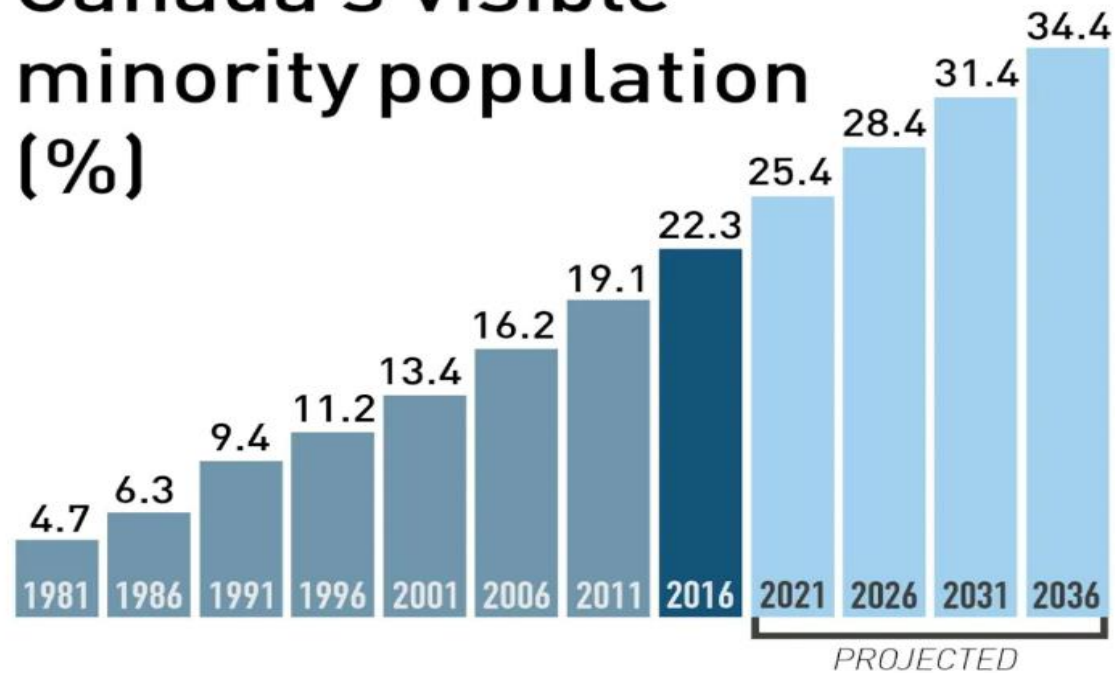
- Common Benefit: Flavor/Taste, Fresh
Traditional (Head & Feet On)
 - Slow Growth



LOOKING FORWARD – SECTOR FUTURE PROJECTION

OVERALL POPULATION GROWTH

Canada's visible minority population (%)



SOURCE: Statistics Canada

CBC NEWS

Source: Statistics Canada – Retrieved from CBC News.
Grenier E. Oct 25, 2017. <https://www.cbc.ca/news/politics/census-2016-immigration-1.4368970>

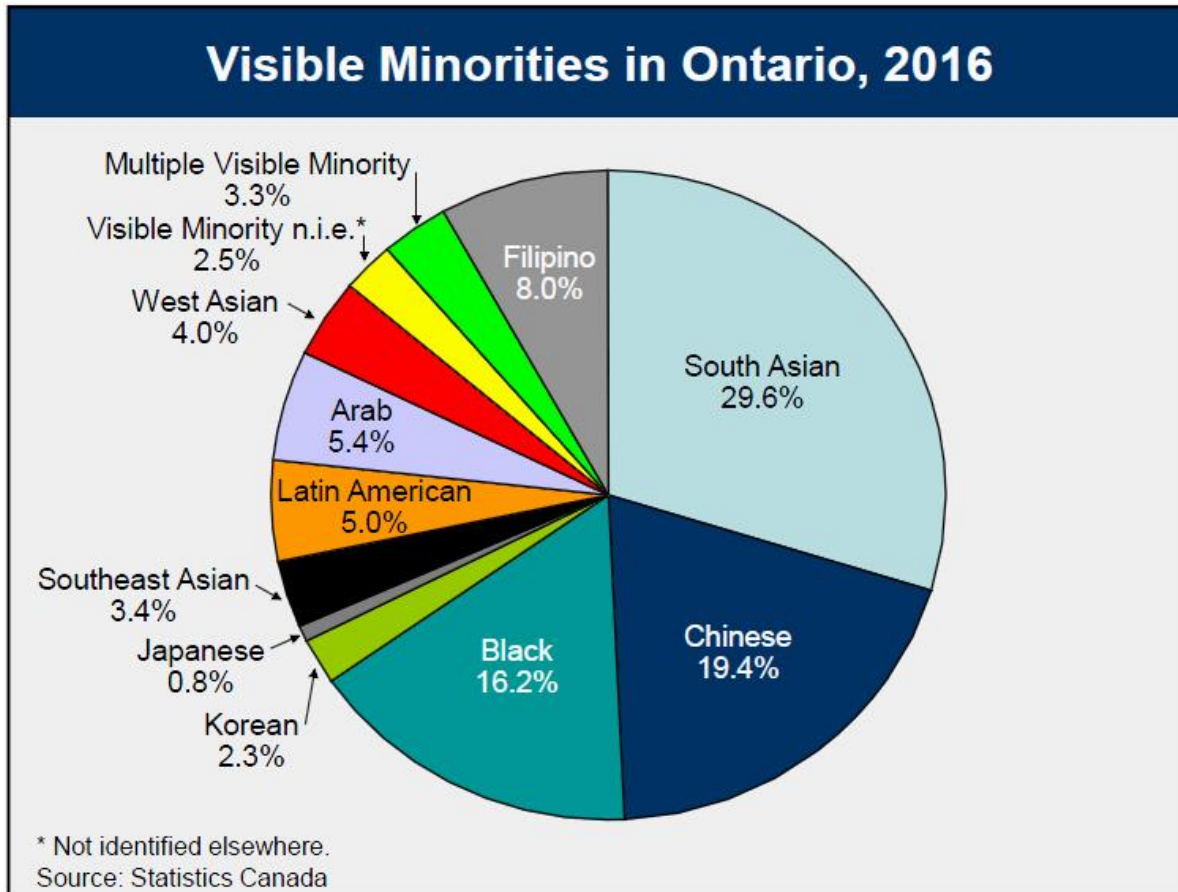
- Beyond the target segment, other visible minority becomes emerging market for the specialty breeds
- 34.4% of Canada's population will be visible minority, a 35% increase from 2016 projection



LOOKING FORWARD – SECTOR FUTURE PROJECTION

OVERALL POPULATION GROWTH

- Our retail presence lies in the core of target consumers, awareness is growing



Canada-7.6million
(21.8%)

Ontario-3.8 million
(29%)

GTA-3.0 million
(51%)

Source: Statistics Canada





SPECIALTY BREEDS CHICKEN BRAND DYNAMIC



YOUR CHICKEN BRAND - IN OVER 84 STORES





YOUR CHICKEN BRAND - The Evolving Strategy

- Insights Derived from Focus Group
- Build Brand Awareness & Protect Market Share
- Annually 0.7 - 1 Million Label Delivered





PROGRAM ADMINISTRATION AND YOUR SUPPORTING TEAM

PROGRAM INITIATIVE UPDATE

Differentiating while maintaining the core strength of “Fresh” and “Slow-grow breed/Head & Feet on”

1. SMAT Enhancement
2. Your Supporting Team
3. Specialty Breeds Chicken Policy NO. 252-2020 Update



SMAT – SPECIALTY MARKET ADVISORY TEAM

SMAT 2015 - 2020

- Farmers: Scott Nieuwland
- Processors: Earl Martin; Ed Lam
- Hatcheries: Ken Frey; Jim Ebert
- Distributors/Retailers: Jim Yao (resigned in April 2019)

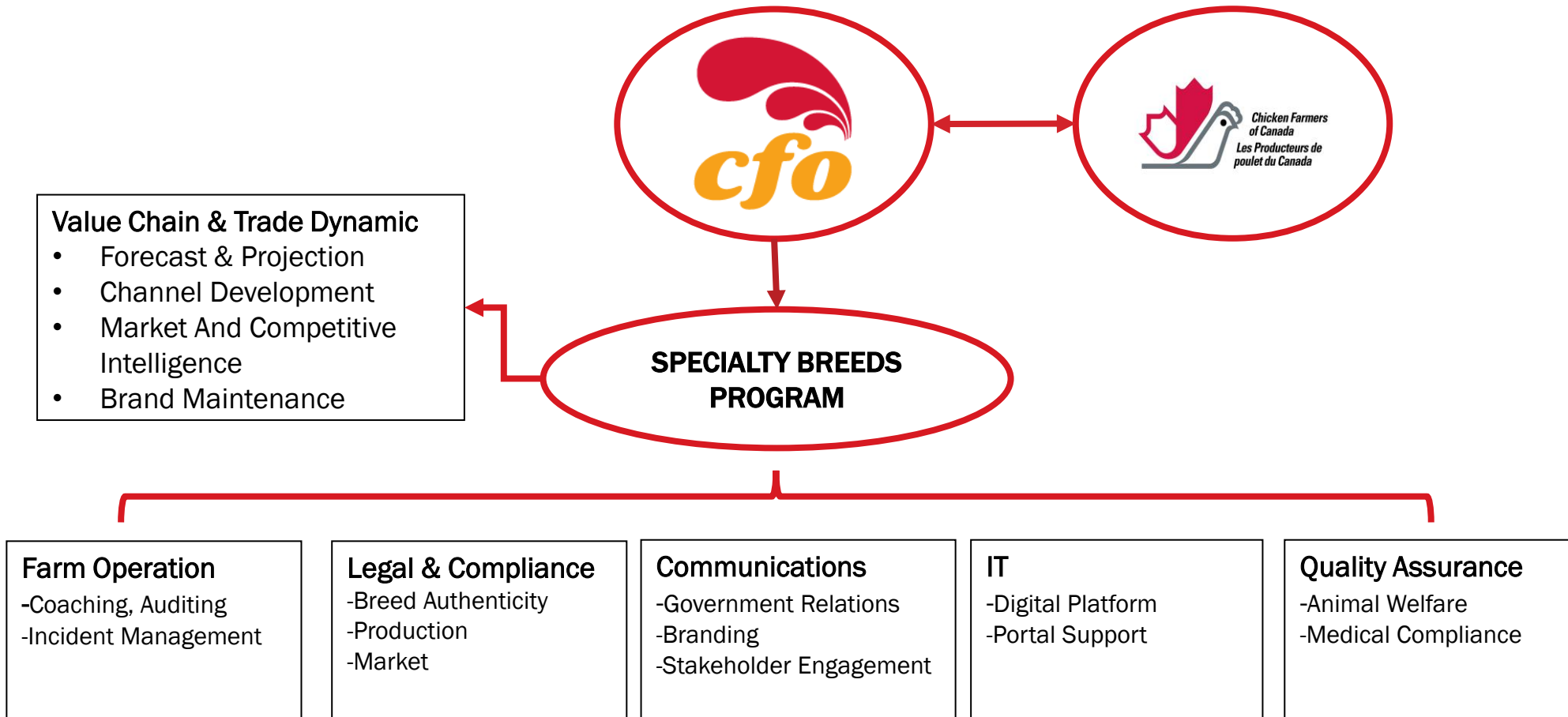
SMAT 2021 – Building Forward

- Update of SMAT Charter, Roles, and Responsibilities
- Membership Revitalization
- Filled up positions: Farmers, Processors, Distributors/Retailers



YOUR SUPPORTING TEAM

WHAT DOES IT TAKE TO GROW AND PROTECT THE MARKET SHARE



A MODERN, RESPONSIVE POLICY

Chicken Farmers of Ontario

Specialty Breeds Chicken Policy
No. 252-2020

Made under: *The Farm Products Marketing Act*
Effective: September 29, 2020

Section 0.0 – Index

Section 1:	Specialty Markets Strategic Vision
Section 2:	The Role of CFO
Section 3:	Definitions
Section 4:	Specialty Breeds Chicken Program Fundamentals
Section 5:	Farmer-Members Business Opportunity
Section 6:	Industry Value Chain Partners Business Opportunity
Section 7:	Specialty Breeds Allotment
Section 8:	Pricing
Section 9:	Monitoring Compliance
Section 10:	Governance
Section 11:	Continuous Improvement and Evolution
Section 12:	Revocation

Modernize the Policy to:

- enable transformation and accelerate industry growth
- increase opportunities for industry growth
- increase farmer-member base



SPECIALTY BREEDS CHICKEN POLICY NO. 252-2020 REVIEW

- A modern, responsible policy for the path forward
 - Reflects input from stakeholders
 - Enables higher level industry performance



COMMITTED TO STAKEHOLDER ENGAGEMENT

Staff consulted with key stakeholders:

- Farmer-members
- Processors
- Distributors/Retailers
- CFO Board of Directors
- Chicken Farmers of Canada



A MODERN, RESPONSIBLE POLICY

Key Elements:

- **Greater Certainty to the Specialty Breeds Allotment (SBA)**
 - Amendments specify a maximum amount of kilograms to be allotted and over six consecutive quota periods
- **Greater Flexibility to Meet the Market**
 - Amendments allows flexibility to meet seasonal demand and other market fluctuations



SIMPLIFYING PROGRAM PARTICIPATION

- **Annual allocation**
 - Certainty to rolling base and growth for following 6 quota periods
- **Annual Memorandum of Understanding to provide clarity**
 - Annual allocation
 - Program elements
- **CFC Commitment Forms**
 - Reviewed every two quota periods to provide flexibility
- **Opportunity to seek additional growth**
 - Submission of a revised business plan



ASPIRING TO ACHIEVING MULTIPLE CENTERS OF GROWTH

- 5) To increase opportunities for polycentric growth across the specialty breeds chicken industry value chain.



CLARITY TO THE DEFINITION OF SBA

- I. “Specialty Breeds Allotment” (SBA) means the maximum amount of kilograms allotted over six consecutive quota periods by the Board to a farmer-member who has been approved as a Specialty Breeds Chicken farmer-member.



GREATER CERTAINTY AND FLEXIBILITY WITH YOUR ALLOTMENT

7.01 SBA will be based on kilograms, live weight and based on a six consecutive quota period. During this six consecutive quota periods farmer-members shall be permitted to adjust their production in accordance with their allotted SBA to meet seasonal demand and other market fluctuations.

For new and approved applicants, SBA will only be allotted based on a CFO application and approval process.



GREATER CERTAINTY AND FLEXIBILITY WITH YOUR ALLOTMENT

7.09 Each SBA holder will have the associated SBA rights renewed annually, subject to having adhered to this policy and all other applicable CFO policies and regulations and until the farmer-member makes a decision to exit the sector. Subject to section 7.12, the Board will determine and allot SBA to a SBA holder in an amount equal to the average number of kilograms of specialty breeds chicken grown over the previous twelve quota periods by that SBA holder. An application for a different SBA must be supported by a business plan.



GREATER CERTAINTY AND FLEXIBILITY TO GROWTH

7.10 CFO, on an annual basis, will determine whether to allot additional kilograms of SBA. Such additional SBA kilograms will be at the discretion of the Board with consideration to new applicants wishing to enter the specialty breeds sector.



GREATER CERTAINTY AND FLEXIBILITY TO MEET MARKETS

7.13 Farmer members must produce and market the SBA allotted. In the event that the farmer-member under or over produces in relation to the SBA allotted, the Board may, on renewal, adjust the SBA available to that farmer-member for the subsequent six quota periods.



INDUSTRY SUPPORTED BY INDUSTRY LEADERSHIP

11.01 The Board shall establish a SMAT which will provide support to the Board in its stewarding of the specialty breeds chicken sector. The SMAT does not have any decision making authority.



WE WANT TO HEAR FROM YOU

- How do you see growth happening in 2021 with COVID-19 uncertainty?
- What investments are you making or planning to make to support industry growth?
- What investments are required by the industry to achieve industry growth?

THANK YOU

