

 Egg Farmers
of Alberta



**ANNUAL
REPORT** 2015



HEALTHY BIRDS

HEALTHY FARMS **HEALTHY EGGS**
HEALTHY COMMUNITIES



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HEALTHY BIRDS



HEALTHY EGGS



HEALTHY FARMS



HEALTHY COMMUNITIES



INTRODUCTION

Egg Farmers of Alberta (EFA) continued down the path of our sustainability journey in 2015, guided by our four pillars, with an enhanced focus on stakeholder engagement. Whether online and on the public stage with consumers, on farm and on camera with the media, in collaboration with industry and value-chain partners, or with politicians and government representatives in the political arena, EFA and our Egg Ambassadors used every opportunity to share our story and engage in a passionate, meaningful and transparent way.

VISION

Healthy Food, Healthy Farms, Healthy Families

MISSION

Cultivating a sustainable egg industry together with farmers, consumers and other stakeholders.

KEY RESULT AREAS

 **HEALTHY BIRDS**

 **HEALTHY EGGS**

 **HEALTHY FARMS**

 **HEALTHY COMMUNITIES**

The 2015 Annual Report is presented at the 47th Annual General Meeting of the Egg Farmers of Alberta, held Tuesday, March 1, 2016 at the Sheraton Hotel in Red Deer, Alberta.

EFA TEAM

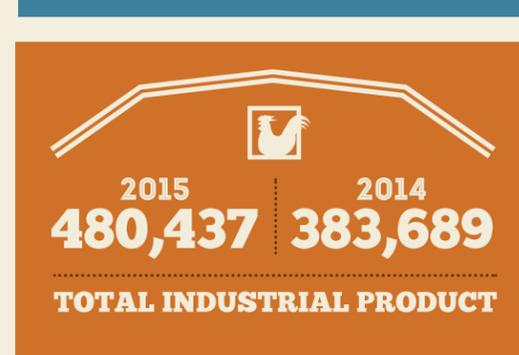
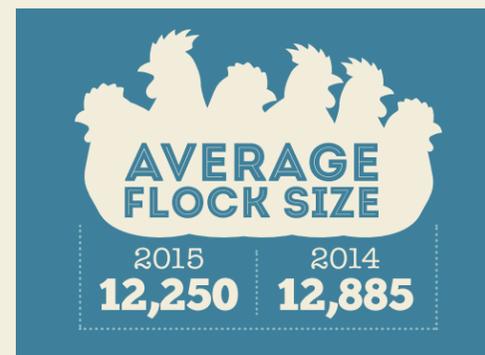


BOARD OF DIRECTORS

| | |
|------------------------|---------------|
| Susan Schafers | Chair |
| Levi Hofer | Vice Chair |
| Ben Waldner | EFC Director |
| Joe Kleinsasser | EFC Alternate |
| John Hofer | Director |
| Meb Gilani | Director |

STAFF

| | |
|---|---|
| Susan Gal | General Manager |
| David Webb | Marketing & Communications Manager |
| Christina Robinson | Producer Services Manager |
| Jenna Griffin | Industry Development Officer |
| Laurel Martin | Office Manager |
| Peggy Galbraith/ Erin Johnston | Administrative Assistant – Customer Service |
| Catherine Kelly | Marketing and Events Coordinator |
| Agatha Smykot | Producer Services Administrator |
| Dave Lastiwka | Field Services Administrator/Coordinator |
| Murray Minchin | Field Services Coordinator |
| Ron Fowler | Business Systems Analyst |



| | | |
|--|--------------------------------|---------------------------------|
| LEVY FOR REGISTERED PRODUCERS | WEEKS 1-32 \$9.698/🐔 | WEEKS 33-52 \$8.052/🐔 |
| LEVY FOR UNREGISTERED PRODUCERS | WEEKS 1-32 \$0.391/🥚 | WEEKS 33-52 \$0.316/🥚 |



| | All Eggs | Regular Eggs | Omega-3 Eggs | Other Specialty Eggs (ie: free range, free run, organic) |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---|
| TOTAL EGG SALES (2015) | in AB: +1.2% in CAN: +1.6% | in AB: +0.1% in CAN: -0.4% | in AB: -1.1% in CAN: +9.6% | in AB: +16.7% in CAN: +20.9% |
| MARKET SHARE (2015) | | in AB: 83.8% in CAN: 84.8% | in AB: 8.4% in CAN: 8.9% | in AB: 7.8% in CAN: 6.3% |
| TOTAL EGG SALES (2014) | in AB: +3.9% in CAN: +2.7% | in AB: +3.3% in CAN: +2.7% | in AB: -2.4% in CAN: -4.1% | in AB: +21.6% in CAN: +15.7% |
| MARKET SHARE (2014) | | in AB: 84.7% in CAN: 86.5% | in AB: 8.5% in CAN: 8.2% | in AB: 6.8% in CAN: 5.3% |

MESSAGE FROM THE CHAIR

This past year has been about looking out and looking ahead.

As a board, we look out for our producers. Potential issues are identified and we work through those issues, discuss them with the producers and seek their input, and ultimately come up with solutions that are efficient, equitable and manageable on the farm level. Some of the issues we deal with are internal and focus on how we can operate more efficiently, while other issues are external and require consultation with stakeholders and our poultry partners.

As a board, we are tasked with providing vision for our industry; we are looking ahead! It has become obvious that we cannot continue to farm like we have in the past. Consumers, retailers, restaurant chains and other non-governmental organizations are taking a keen interest in how we produce eggs, and are running our farms. Looking ahead means listening to all those people and this past year we held our first stakeholder engagement session on the environment. It was exciting bringing people from companies like McDonald's, A&W and Whole Foods together with representatives from other egg organizations, various levels of government, feed companies, the grading industry and wildlife sustainability organizations. The dialogue that occurred

formally and informally over the two days gave us insight into what others are interested in, and showed their willingness to learn and better understand our industry.



Egg Farmers of Alberta continues to use the four strategic pillars of Healthy Birds, Healthy Eggs, Healthy Farms and Healthy Communities to focus our efforts to bring us closer to our vision of Healthy Food, Healthy Farms and Healthy Families. Farm safety is an issue that has brought out passionate farmers and provided us the opportunity to discuss options for improving safety at all levels of farming,

and on all types of farming operations. Rest assured that we will continue to communicate our concerns and work towards a common goal of safe, healthy farms.

EFA looks forward to working along-side our provincial and national counterparts to learn and exchange ideas.

The collaborative approach provides us with opportunities to be more efficient. It also allows us to challenge traditional approaches and determine new pathways forward for a vibrant and sustainable egg industry in Alberta and across Canada.

The staff at EFA continues to change and evolve, and the amazing team is dedicated, knowledgeable and passionate, which helps make our role as a Board easier.

Finally, I would like to extend a special thanks to the other dedicated team – my fellow Directors. Each director brings to the table years of experience and vast knowledge about various parts of the egg industry. Together our collective egg farming expertise will continue to serve us, as we look out for you, and look ahead towards new challenges and opportunities.

**SUSAN SCHAFERS,
CHAIR**

MESSAGE FROM THE GM

As the egg industry continues to evolve, so too must the practices that we strategically employ to maintain the pioneering spirit that has served us so well over the years. Trust and transparency are two key buzzwords that seem to be the focal point of what many industry leaders believe is necessary in order to maintain a social licence to operate. Farmers have long enjoyed a solid relationship with stakeholders and consumers of their product. This trust has been waning in recent years, which means we have had to reassess our priorities and reinvent how we engage with our various stakeholders.

We know that one of the best ways to build strong trust relationships is through shared values. The values that consumers have around feeding their families nutritious, high quality local food fits very well with the values that our farming families have around providing world-class, locally produced food. Saying those words is important, but sharing our story is far more impactful and long lasting, which is why our Egg Ambassadors are so critical to our success. Whether it is talking to someone about egg farming, attending various events, hosting farm tours, or becoming a profiled farmer, all of these initiatives have an element of story-telling that helps us connect the public to the farmers that produce their eggs.

The other piece of the puzzle is around transparency – being open about we do. This means talking about the good and bad of what we do; our successes and our challenges. There are a number of issues that consumers and stakeholders



are growing increasingly interested in, such as food safety, animal care, nutrition/health, the environmental, labor/human rights and business ethics. Each of these issues are represented by our four pillars: healthy birds, healthy eggs, healthy farms and healthy communities. Our pillars help organize all the great things being done by the Alberta egg industry and on egg farms across the province, in a way that allows us and our Egg Ambassadors to more effectively tell the story and engage with consumers.

We learned many lessons from the Environmental Stewardship Workshop – our first stakeholder engagement session – which was held at STS Farms this past August. The one lesson that sticks with me the most is that there is both a strong desire and a willing commitment by all stakeholders, to participate in ongoing communication and collaboration to help ensure that egg farming – and agriculture more generally – will be sustainable for the long-term.

I look forward to continuing our sustainability journey with our strong and passionate team of producers, Directors and staff. It is a great honor for me to help lead our industry in that direction.

**SUSAN GAL,
GENERAL MANAGER**

REPORT FROM THE EFC DIRECTOR

For the Canadian egg industry, 2015 ended on a high note. First and foremost, we are tracking to achieve our ninth consecutive year of growth, due in part to increased consumer demand for wholesome, nutritious, local and high-protein foods. This trend is gaining momentum in the U.S., so additional future growth is anticipated in Canada.

That said, our ability to meet this growing demand was hampered by the U.S. Avian Influenza outbreak in the spring, which destroyed over 36 million laying hens and caused egg market disruption in the U.S. and internationally. Consequently, the traditional model of accessing U.S. imports to supplement domestic supply shortfalls broke down.

In light of this, the Egg Farmers of Canada's (EFC) Board was very pleased that our latest quota and allocation request was prior approved by Farm Products Council of Canada (FPCC) in December. EFC remained committed to working constructively with FPCC on both acute and long-term industry matters throughout the year.

We are very proud of many positive outcomes including:

- EFC formulated the NEST II working group in May 2015 and the team successfully implemented a variety of solutions for the supply crisis caused by the U.S. Avian Influenza outbreak.
- Also in May, EFC and Canadian Poultry and Egg Processors Council (CPEPC) agreed to a High/Low Price (HLP) initiative to increase stability and certainty for processors during this time of extreme price fluctuations.
- To identify cost savings for the Industrial Products Program, the new Market Innovation and Conversion initiative is underway. To date, about \$22M-\$23M per year in savings has been achieved through a variety of sustainability projects.
- EFC developed and tabled a new Cost of Production protocol for the upcoming study, which has a broader scope to account for changes in the industry.
- The national Animal Care Program was significantly enhanced with third-party auditing, Professional Animal Auditor Certification Organization (PAACO) certification for EFC inspectors and six new elements that further strengthen the program.

EFC, the egg boards and our partners took a constructive approach to continuous improvement in these and other areas. Our 2015 achievements illustrated the strength and resilience of the system of supply management. We showed that the Canadian egg industry is responsive and can innovate to address market or other business realities—even if mitigation represents an economic loss and/or change requiring significant consultation, consensus building, technical work and policy development.



EGG FARMERS OF CANADA

Dedicated to Quality

Beyond what we achieved within the industry, we also withstood many external pressures. As the conclusion of the Trans-Pacific Partnership trade negotiations approached, scrutiny from some pundits and columnists—who are ideologically opposed to supply management—intensified. We worked constructively with supportive media outlets, our supply managed and other partners, and with champions within government and other sectors, to ensure the enduring benefits of supply management were well understood and communicated. We also worked diligently to communicate our position: that we are supportive of the TPP and other trade deals and that supply management provides necessary stability at home, while other sectors with greater export potential pursue opportunities in international markets.

That said, the final TPP deal is not without impact for our farmers or Canadian consumers. The new access granted for eggs and egg products is 19 million dozens. Under the TPP agreement, those eggs can never be produced domestically again. As a result, our farmers forfeit that future income and Canadians will be purchasing more imported products that they normally count on to be fresh and local. Despite the additional market access, knowing the volume of imported eggs is vital for our industry. A finalized TPP deal provides certainty. Knowing where we stand allows us to continue to

plan domestic production for the future so we can meet the growing needs of Canadian families and consumers.



This is one of the many topics on which we are already engaging the new federal government, elected in October. The Liberal majority government, the new Ministers, mandates, platform priorities and themes give us many new ways to introduce the Canadian egg industry and its many strengths to many new MPs who will be in Ottawa next year. From economics to innovation to social license, we see important themes to pursue with this government for our collective benefit.

At the heart of this effort will be our farmers' enduring commitment to giving back. Clearly this government is setting the bar high when it comes to supporting those less fortunate and on this, we have an amazing story to tell. We are leaders in terms of investments in R&D, we support a vibrant set of partnerships that help address hunger and nutrition with our superior product (the humble egg), and we export our knowledge and expertise to parts of the world where egg farming is a critical component to alleviating suffering.

As the Director for Alberta, with a seat at the national table, it is the breadth of the matters we tackle in a principled way, as a federation—some operational, some aspirational, some positive, some challenging—that makes our work so rewarding. To my colleagues on the EFC board and in my province, to the staff and farm families all across the country, thank you for the tireless support that makes serving millions of Canadians fresh, local, high-quality eggs each and every day all possible.

BEN WALDNER,
EFC DIRECTOR



Animal Care Program (ACP)

The evolution of the national Animal Care Program continued in 2015, as a number of new elements were introduced to strengthen the program.

On January 1, 2015, it became mandatory to record routine inspections taking place in the barn, including a check-off of specific items that need to be reviewed on a daily, weekly and monthly basis. Handling, Catching and Loading Guidelines were also implemented, requiring all catching crew members to review the guidelines and for the supervisor to sign-off on responsibility for ensuring that everyone working on the crew observes the industry standards.



The Euthanasia Plan element, requiring producers to outline their processes for individual and end of lay euthanasia, was put on hold until training programs could be rolled out across Canada. Despite the delay, EFA worked to encourage producers to put their plans in place to meet the standards. It has been confirmed that this element will become active in the program in early 2016.

In order to support farmers in adopting these changes, EFA rolled out an updated record keeping calendar that included each of the new requirements. Our farmers were successful in implementing all the new elements. In 2015, the average Animal Care Program score was 99.54% with 131 producers achieving 100%.

In order to increase transparency and acceptance of the egg industry's Animal Care Program, EFC implemented third party audits in 2015. The program goal is to have 1/3 of farms across Canada evaluated by an outside auditor each year. EFC contracted NSF-GFTC (National Sanitation Foundation – Guelph Food Technology Centre) to conduct these on farm Animal Care Program audits across Canada. The first third party audits in Alberta took place in October. Our farmers opened their doors to the third party



auditor and found that their success in the Animal Care Program was consistent, regardless of whether the auditor was from EFC or an outside organization.

Hen Housing

In 2015, the Coalition for Sustainable Egg Supply released the research results from their three year project that evaluated various laying hen housing systems, by considering the impact of multiple variables including animal health, food safety, worker safety and food affordability. In the end, the research from this multi-stakeholder project confirmed that each housing system has strengths and weaknesses, and that management of the system plays a more important role than the housing system itself.

Despite these findings, more food companies from across North America made commitments to move to cage free housing in 2015, including Hilton Hotels, General Mills, Kelloggs, Starbucks and McDonalds. Many of these announcements were made in conjunction with the Humane Society of the United States, demonstrating that activist groups are continuing to actively pursue their cage free agendas.

While the preference of egg farmers is that choice of a variety of egg types be maintained, egg farmers in Alberta are committed to adapting to changing consumer demands. As of December 31, 2014, no new conventional housing systems can be installed in Alberta. Our producers are now choosing between enriched or loose housing for their new and renovated barns. As of the end of 2015, this is what the breakdown of housing systems in Alberta looks like:

Conventional & Enrichable Housing:
1,771,353 layers (83.7%)

Furnished Housing:
149,615 layers (7.1%)

Free Run/Aviary Housing:
143,373 (6.9%)

Free Range/Organic Housing:
50,707 (2.4%)

In response to the uncertain environment for hen housing systems, cage manufacturers are also responding. There are now systems on the market that can be converted from a furnished cage system to an aviary system in order to have the flexibility to adapt to the changing market requirements. In 2015, the first Combi System was installed in Alberta.

Egg Farmers of Alberta will continue to educate the public about animal care and the various hen housing systems that are utilized by egg farmers, including a breakdown of the tradeoffs associated with each system when it comes to balancing animal health and welfare, food safety, environmental impacts and economic factors.

Transition to 67 square inches by 2020

EFA has implemented a plan to transition producers to the 2003 Code of Practice densities in conventional cages by January 1, 2020. This transition will align EFA with EFC's national recommendation,

approved by the EFC Board in November 2014 "that egg producers be required to meet the minimum conventional cage density of 67 square inches on all flocks placed on or after January 1, 2020."

All conventional and enrichable systems will need to meet the density standards outlined in the 2003 Code of Practice, which requires 67 square inches for white birds and 75 square inches for brown birds, as of January 1, 2020. This will effectively phase out grandfathering, which was previously permitted for facilities installed prior to July 7, 2003.

Hen Housing Certificates

In the fall, EFA began issuing Hen Housing Certificates for each layer production facility equipped with conventional or enrichable housing systems. This certificate confirms measurements and facility capacity based on current space density requirements and EFA's measuring protocol. EFC will be verifying that the measurements on the certificates meet or exceed the national requirements, and will then add their seal to the EFA certificate. Once a certificate is issued to a producer, cages will not need to be measured again until material changes are made to the housing system.

The certificate will be used by producers, EFA, EFC, and 3rd party auditors who wish to verify housing measurements and facility capacity.

Animal Care Program for Pullets

While EFA supports the development and roll out of a national Animal Care Program for pullets, it is important for pullet growers to gain a clear understanding of where their facilities and practices sit compared to the standards outlined in the 2003 Code of Practice. EFA encourages all pullet and layer producers to work towards ensuring all pullets in Alberta are raised in facilities that meet code.



Effective March 13, 2015 egg farmers are required to sign-off on a beak treatment policy that confirms treatment of layer flocks occurs within the first 10 days of life, using either an infrared or hot blade treatment.



To help producers work towards this goal, gaining information is the first step, understanding what the Code of Practice requirements are and what standard their facility is currently at.

Starting in the summer of 2015, EFA began delivering an Animal Care Checklist to pullet growers on farm. The checklist is a tool that will allow producers to clearly see where their facilities and practices sit compared to the 2003 Code of Practice requirements. This checklist is not a program with a score that is marked, but rather a way of providing information on requirements. This knowledge will be important as our industry evolves and an Animal Care Program for pullets comes into effect in the coming years.

Euthanasia

Training and Resources

In February and March, with the support of funding from Growing Forward 2, EFA conducted five workshops on bird handling and euthanasia for laying hens, for Alberta egg farmers. These workshops walked farmers through how to identify birds to be euthanized, acceptable methods of euthanasia, and hands-on learning of euthanasia methods including MAC carts, cervical dislocation and captive bolt guns. EFA would like to thank Jennifer Woods, Dr. Bruce Webster, and Poultry Health Services, for delivering the training and sharing their vast knowledge with egg farmers. The turnout for these sessions was excellent, with 87% of Alberta egg farmers taking part. Farmers in attendance all received a training certificate and are now able to train their staff and employees on farm in euthanasia.

In addition to the euthanasia training manual developed for the workshops, EFA developed a resource for egg farmers, outlining laying hen euthanasia, requirements, best practices, and

suggested Standard Operating Procedures. This guide aims to outline acceptable methods for euthanasia, provide clarity on conditions for each method, and outline recommended Standard Operating Procedures that will help producers meet upcoming euthanasia requirements in the Animal Care Program.

Modified Atmospheric Chamber (MAC) Carts

2015 marked the completion of a two year project to design a new MAC cart that would provide egg farmers in Alberta access to advanced gassing technology.

In February and March, farmers had the opportunity to view the newly developed MAC carts and were provided with a package outlining both requirements and best practices for their use, as well as Standard Operating Procedures and blueprints for their construction. Welfare scientist Dr. Bruce Webster travelled to Alberta to speak to producers about how to observe the behaviour of birds in the system, to ensure optimal welfare.

Post-training, EFA focused on possible approaches to assist with uptake of the carts into the industry, eventually partnering with a service provider to ensure proper maintenance, use, and cleaning and disinfection (C&D) of equipment purchased by EFA. In order to afford a greater number of units and prevent the need to share large carts, which are difficult to clean and disinfect, EFA purchased gas delivery systems only. Producers can either purchase their own carts or build them from the blueprints provided. A third party provider is now offering a full service to producers who have their own carts, including scheduling, delivery of disinfected gas systems, setup on their carts, adjustments as needed throughout the depopulation, required cart audit, and removal and C&D of gas systems.

Long-term, EFA will continue to monitor uptake of the carts and encourage producers to use the newly developed carts, focusing on ensuring all farmers are using AVMA approved methods for euthanasia, and that this is verified.

Low Atmospheric Pressure Stunning (LAPS)

In 2015, EFA furthered efforts to evaluate a progressive LAPS system. Significant progress was made in terms of third-party validation of the humaneness of the system through on-farm pilots, leading to improvements in the design of associated catching modules and adjustments to manage the system at varying altitudes. A report was tabled on the logistical feasibility of offering a service that would use this technology for routine end of lay. A workshop was hosted in November to begin developing a strategy that includes establishing the value proposition to poultry producers and other stakeholders in Alberta, and engaging processors and end-product users to evaluate potential commodities that could be developed in conjunction with this program to offset costs. Recommended next steps resulting from the workshop included working collaboratively with stakeholders throughout the Alberta poultry community, to develop and execute an economically viable plan to continue the development and evaluation of LAPS.

Avian Influenza Update

2015 saw the worst outbreak of Avian Influenza (AI) in North American history. Between December 2014 and June 2015, 219 detections of AI were reported across 15 states in the US, with over 48 million birds being depopulated. Flocks in Canada were also impacted, with 11 farms in BC and 3 farms in Ontario identified as having AI, with over 325,000 birds being depopulated.

There is wide agreement that Avian Influenza was spread by wild waterfowl, who deposited the virus across the landscape as they migrated. Wild waterfowl usually do not show clinical signs of AI, but can shed the virus for long periods of time. The virus was confirmed in a number of wild bird samples collected in the US and in Canada. Once in an area, the virus was spread farm-to-farm via people and equipment.

While no positive cases of AI were identified in Alberta, the Alberta Poultry Industry Emergency Management Team (APIEMT), working closely with Alberta Agriculture, met regularly through the outbreak to discuss preventative measures and emergency preparedness. The APIEMT sent out regular communications to poultry farmers in the province, providing updates on the outbreak, as well as details on biosecurity measures to put in place to protect flocks in the province. Biosecurity measures for field staff in the poultry industry were increased during wild bird migrations in the spring and the fall, to help manage the risk.

An Avian Influenza Coordinating Committee was struck in the summer, with members from Alberta Agriculture, the CFIA and the poultry industry meeting on a regular basis to discuss new information on AI, and to take action on prevention and response measures.

Poultry Health

At the Regional Meeting in January, EFA discussed the importance of contacting Poultry Health Services and submitting birds or other samples when farmers experience increased mortality, or an issue with egg shell quality or production. While submitting birds can provide farmers with useful information for managing their flocks, it also helps to create a better body of information about the flock disease and health challenges that are impacting the industry.

At the meetings, EFA also asked producers about the barriers for submitting birds to the lab for diagnostic testing. Logistics, or getting the birds to the lab, was identified as the number one issue for producers wanting to submit birds for diagnostics. To address this, EFA provided all farmers with details on how to submit birds to the lab, with options for delivery.



Education and Training

The first annual Western Poultry Conference (WPC) was held on Monday, February 23rd, in Red Deer. The one day conference was attended by more than 300 poultry farmers and stakeholders. Demonstrations and presentations took place on a variety of important topics including poultry transportation, poultry husbandry, light in poultry barns, gut health and water. Farmers were able to ask leading experts their questions, and learn from other poultry farmers in Alberta. EFA looks forward to the second Western Poultry Conference in 2016.

In September, EFA sent three staff members to be trained on poultry animal care auditing. Professional Animal Auditor Certification Organization (PAACO) offers their auditor training to ensure that there is a consistent, high standard for auditors in the industry. Most organizations requesting third party audits are requiring that their auditors be PAACO certified. EFA's role is to coach and support producers as our on farm programs evolve. EFA believes that the PACCO training has helped elevate our understanding of the audit process, which will allow us to provide better education and support to egg farmers in the future.

Encouraging Best Practices - Animal Care

The Code of Practice for pullets and layers has been under review since April 2012. Egg Farmers of Canada initiated the review with the support of the Canadian Poultry and Egg Processors Council and Pullet Growers of Canada. EFA has been paying careful attention, as the Scientific and

Code Development committees have met and released progress reports. The public comment period for the updated code is now scheduled for spring 2016, with publication of the new Code targeted for early 2017.

Researching Best Practices - Animal Care

Bone Health

Dr. Clover Bench is evaluating how Welfare Quality Assessments (WQAs) align with physical measures of bird bone health and welfare. In 2015, WQAs were completed on the 16 farms participating in the study. Producers were provided with their individualized scores to help them better understand what they are seeing with their flock, as well as how research can help them address issues moving forward. The larger summarized data and findings will be presented to producers at the January 2016 Regional Meetings.

EFA also had the opportunity to provide support to students enrolled in a Capstone Course in the Department of Agricultural, Food and Nutritional Science. The students took on a project to develop a handbook on addressing welfare issues on farm, including developing a pocket-sized welfare assessment score book which they will share with egg farmers in early 2016.

Precision Feeding

In 2015, EFA was excited to provide financial support to a new project by Dr. Zuidhof at the University of Alberta that will look at adapting his precision feeding system to layers. Feeding the right

bird the right feed at the right time has the potential to increase layer production efficiency and profit, while reducing environmental footprint. This project is the first ever to pay attention to the nutritional needs of individual birds and has the potential to generate significant and novel insights on performance and behaviour.

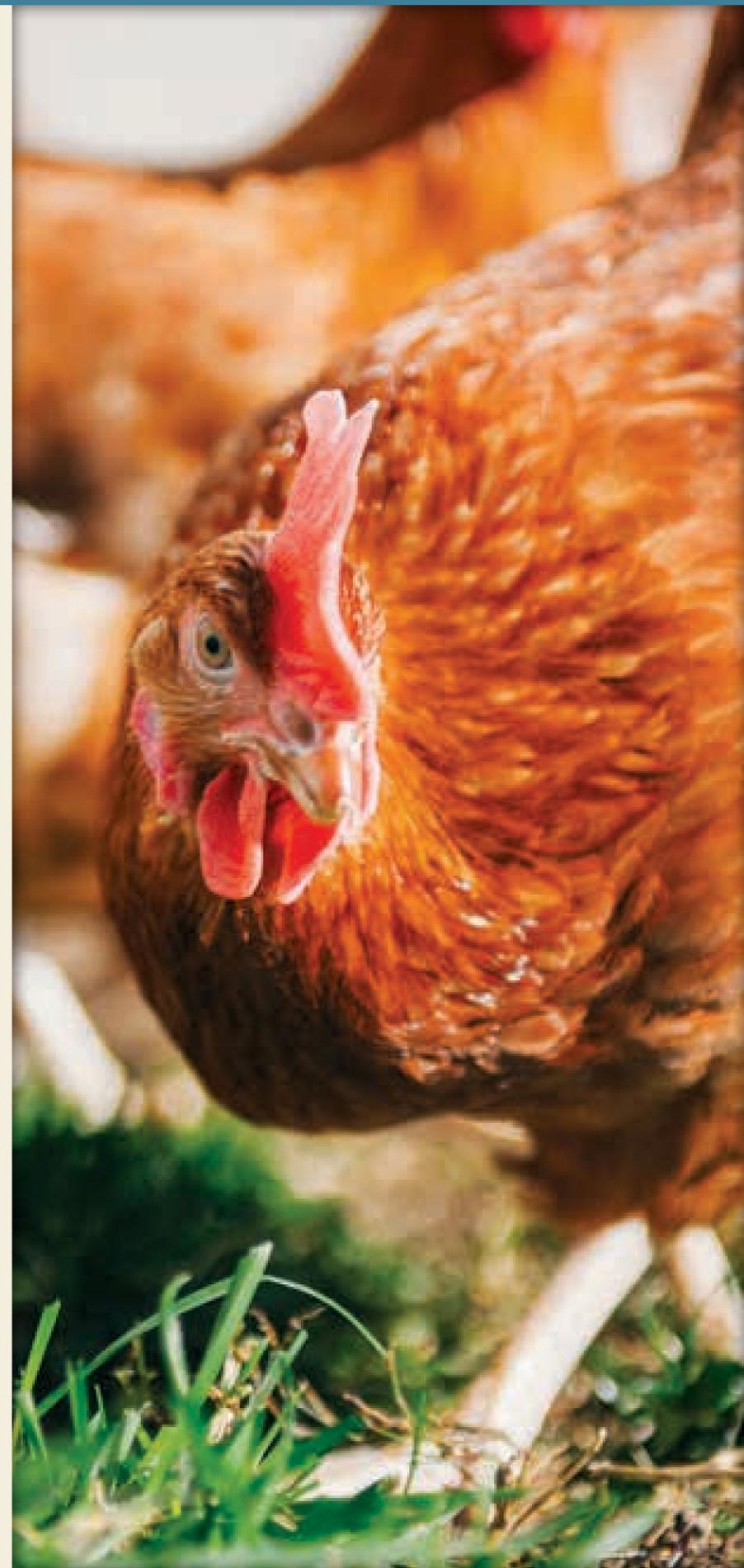
AFAC Update

Alberta Farm Animal Care (AFAC) worked on several key activities in 2015, to serve the Alberta livestock and poultry industry:

- Increased and strengthened communication efforts to members, producers, and consumers. Continue to work at maintaining social license by telling the good story of animal agriculture through video, infographics, and other media.
- The 2015 Livestock Care Conference was a great success, with over 200 attendees. It was a great day filled with learning and networking opportunities.
- Engaged with students and youth across the province, with an agricultural program as well as several 4-H clubs/ events and Ag Societies across Alberta, speaking proactively on general animal care and welfare on behalf of the industry.
- Facilitated and coordinated a variety of workshops and training opportunities including: Speakers Bureau producer ambassador training, and a crisis communications forum.

- Supported the industry with resources that help producers discover and implement best practices on farm. Some of these resources include: Humane Handling Guidelines, NewsLine audio series, and "Considering the Code" factsheets that break down the national Codes of Practice into practical bite-sized pieces.
- Maintained the ALERT Line "producers helping producers" call line, as well as the Emergency Livestock Handling Equipment Trailer program.
- Started the transition to a new, more inclusive governance structure, which will include an Advisory Council as well as a smaller Board.

AFAC believes in a community-based approach to building public trust in farming and continuous improvement in farm animal care. Working together, the goal of advancing responsible, humane animal care can be accomplished.



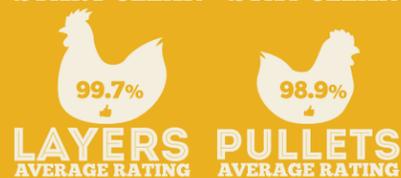
HEALTHY EGGS

Start Clean - Stay Clean (SC-SC) Layer Program

Alberta egg farmers performed well in the SC-SC on farm food safety program in 2015, with the average program score being 99.7% and a total of 121 farmers achieving a perfect 100% score.

To maintain the requirement of having all producers accredited in the Start Clean – Stay Clean program, EFA adopted a progressive plan to work with any producers failing to achieve the minimum program standard. Previously, any producers who failed to achieve accreditation after the second financial penalty phase, or who enter the Start Clean – Stay Clean “queue” for the third time, have had their file presented to the Board for review. At the Board’s direction, the process was adjusted. Instead of a producer’s file going for review, the producer will now be placed on probation for a two-year period. During the probationary period all financial penalties collected will be non-refundable.

START CLEAN - STAY CLEAN



Start Clean - Stay Clean (SC-SC) Pullet Program

EFA continued to work towards our goal of having all pullet growers accredited in the SC-SC pullet program. There are now a total of 70 farmers accredited in the program. In 2015 the average score in the pullet program was 98.9% with 76 farmers scoring a perfect 100% rating.

In order to strengthen the SC-SC pullet program, a new requirement was introduced, making it necessary for Letters of Certification from the hatchery to include a statement that chicks are from an SE free environment.

SE Prevention and Response

Alberta experienced an outbreak of SE in the spring of 2015, which impacted a number of pullet growers and egg farmers in Alberta. Thanks to the SE testing protocols adhered to as part of the regulated industry’s SC-SC on farm food



safety programs, as well as additional monitoring in partnership with Alberta Agriculture, SE was identified in flocks at an early stage, protecting food safety.

In 2012, after the last major outbreak of SE in Alberta, all breeder flocks in the province that supply the layer industry started to undergo SE sampling every 6 weeks. This program is working, and in this case, a layer breeder flock was not the source of the SE bacteria.

One source of the outbreak was identified as a broiler breeder farm, although this may not be the only source. Alberta Agriculture worked together with the hatchery sourcing eggs from the SE positive farm to investigate, ensure effective clean-up, and to implement preventative measures. This outbreak highlighted the importance of creating separation between broilers and layers all the way through the supply chain.

For the purpose of SE testing, multi-age facilities in Alberta are sampled and tested as one unless there is full segregation of the flocks, and separate designation



has been officially obtained. During the outbreak, EFA found a number of facilities that still needed to obtain separate designation. EFA is working with Alberta Agriculture to have all eligible farms obtain their separate designation, in order to limit the impact of an SE positive result on farm.

Encouraging Best Practices - Food Safety

Since 2012, EFA has taken a number of steps to educate producers of the risks of having poultry housed in close proximity to other species, and to encourage the best practice of having only one type of poultry in a production facility. Given the increased biosecurity risk, and the lack of CEIRA insurance coverage in facilities that are not dedicated to the regulated egg industry, EFA has established a process to phase out multi-species production facilities within 5 years.

A plan has been developed to phase out production facilities that are not fully dedicated to the regulated egg industry by January 1, 2020. This plan will be rolled out fully in 2016, once EFA’s regulations and policies are updated to accommodate on farm food safety requirements outside of the SC-SC program.

At the Regional Meetings in June, EFA was pleased to welcome Dave Van Wellegem of Vetoquinol to share information on best practices for cleaning and disinfecting layer barns. The entire C&D process, from organic matter removal, to water line cleaning, to washing and disinfecting, were discussed in detail.

Researching Best Practices - Egg Innovation

In 2015, EFA supported several projects aimed at increasing access to the nutritional components of eggs.

The demand for egg white proteins has been increasing in recent years. Consequently, there is a relative over-supply of egg yolk. EFA invested \$6,000 in a project that aims to diversify yolk uses for niche markets beyond mayonnaise and salad dressing into functional food, nutritional, cosmetic and pharmaceutical industries.

EFA also invested \$7,500 to build on a previous study that demonstrated the antioxidant, anti-inflammatory and anti-hypertensive properties of egg ovotransferrin. The follow-on study will investigate the potential role in prevention and treatment of metabolic syndrome.

In addition, EFA committed to invest \$75,825 toward the development of new natural products (derived from egg peptides) that could play a role in preventing cardiovascular disease. The funds will go toward conducting clinical trials that would bring intellectual property generated from previous EFA investment closer to market.

The above projects are being led by Dr. Jianping Wu at the University of Alberta.



Quota

In 2015, Alberta allotted 113,870 birds (6.6759%) in accordance with EFA's Over Base Policy effective May 17, 2015 (week 21/15). This ad hoc allocation was based on a national three-year average using 2013 consumption data, preliminary 2014 table disappearance figures, and estimated 2015 consumption using a 4% growth factor.

Development of a Quota Leasing Pool

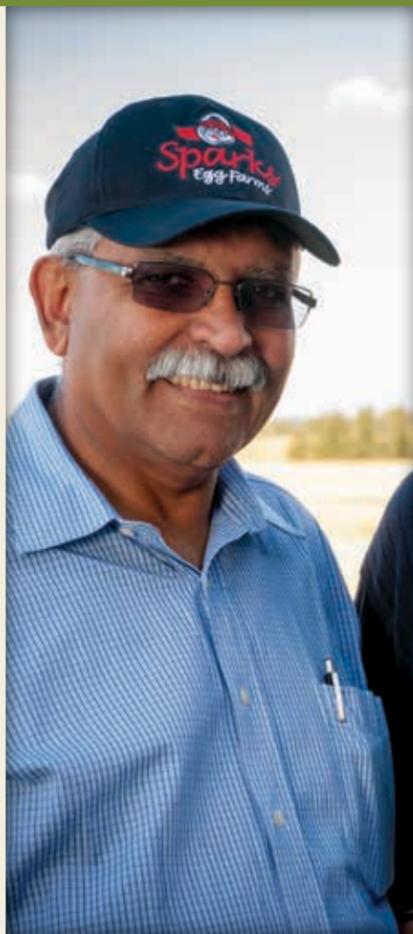
At the end of 2015, EFA launched a quota leasing pool for egg farmers in Alberta. The leasing pool was designed with input from farmers, Board and staff. The goal was to make quota leasing more accessible, while streamlining the process for all parties.

The quota leasing pool will eventually replace the traditional structure of leasing quota from producer to producer. The pool will be administered by EFA, with one application processed per registered quota holder each time the pool is opened, which will be at least once a year.

The program opened for applications on December 27, 2015, with all quota that is in reserve and cannot be placed in a producer's own facility going into the pool, and all producers requiring quota leases having to apply to the pool. Existing leases will be transitioned into the leasing pool upon expiry, although producers have the opportunity to continue the previous leasing relationship through the pool; in effect grandfathering the lease agreement.

Future quota allocations will be integrated into the quota leasing pool, with any quota that can't be placed in a producer's own facility, going into the pool for distribution.

EFA looks forward to seeing how the quota leasing pool will benefit producers in 2016 and beyond.



Specialty Pricing

EFA's regulations provide the authority and mandate to establish a minimum price to be paid to registered producers for eggs of any variety, class or grade. EFA envisions that the specialty pricing model will be established using conventional white production and adding a premium to the base noted in the COP formula, beginning with free-run (brown). In conjunction with this, EFA will also build a specialty buyback program for this category to allow down-grading of product from one category to another, allowing the market to be cleared of those eggs. Graders will need to sign-off on those producers who wish to convert their facilities and receive the posted premium for their eggs.



Canadian Egg Industry Reciprocal Alliance (CEIRA) Update

The CEIRA reciprocal insurance exchange is in its 4th year providing coverage against Salmonella Enteritidis (SE) bacteria for producers throughout the egg supply chain. A reciprocal insurance exchange can be defined as a group of individuals and/or corporations (egg supply chain producers) who, as members, agree to exchange contracts of insurance (policies) and share the same risks (SE) among themselves.

CEIRA's coverage includes a \$0.05/dozen discount provided to processors for accepting product from SE positive environments, along with the freight related expenses. In July, the Board of Directors enhanced coverage to capture the difference in revenue from SE suspect eggs and regular revenue, up to a maximum of 14 days from the date SE was identified.

In November, the Board of Directors held a strategic planning session to map the 5-year business plan. CEIRA will be reaching out to its membership for input regarding adding insurance products to the current line. CEIRA has begun

the ground work for Avian Influenza (AI) coverage to complement existing CFIA Health of Animals Act compensation.

EFC IP Efficiency Projects

EFA continues to express concerns regarding the Service Fee Policy that has been adopted and implemented by EFC. The Service Fee is charged on all new quota allotted to each province for a 5-year period. The Service Fee will be used to help support EFC's Industrial Product Fund, when the percentage of industrial product to gradings exceeds 23.05%. EFA feels that a more equitable approach would be to charge the Service Fee on the pro-rata portion of the new quota allocations.

Producer Environmental Egg Program (PEEP)

After listening to producer feedback from the first year of the program, 2 questions in the PEEP assessment were amended for 2015:

Question 1.1, which related to having a water metre for the whole barn, was removed. Feedback received indicated that consumption records for the bird water line are already required in the ACP, so producers would already know if this is fluctuating. In order to maintain an emphasis on water conservation, a new question was added, promoting the use of nipple drinkers to minimize spillage.

Question 3.2, which pertains to manure management, was also updated. The question previously focused on total manure storage capacity.



Most producers are using field storage as primary manure storage, due to legitimate biosecurity concerns that come along with keeping the manure in their barns. The question now emphasises that, if field storage is being used, it either needs to have a base (clay or concrete) to prevent ground water leaching (ie: be classified under AOPA as permanent) or it needs to be moved in location every 7 months.

Overall, for 2015, the average score on PEEP moved from 60% to 68%. While some of this can be attributed to improved scores on the amended questions, other drivers of improvement included:

- 14 producers switched from incandescent to LED lighting, saving a total of approximately 33,000 kg CO2 equivalent (or 126,000 km driven by an average passenger car)
- Producers improved composting practices

Notably, 32 producers who were below 60% in 2014, scored above this mark in 2015 and were issued a PEEP certificate.

In 2016, 2 new questions will be added to the assessment, related to cooler energy use and waste water discharge. The questions will be weighted to highlight areas of emphasis. In 2016, we will aim once again to have 10 producers go from below to above the passing threshold.



New Entrant Program (NEP)

In 2015 EFA once again opened the New Entrant Program for applications, which was developed in order assist individuals and families who want to own an egg farm by alleviating some of the start-up capital. The NEP strives to accomplish this task by setting aside 10% of the province's newly allocated egg quota, to successful applicants.

There were 51 applications submitted for the New Entrant Program, and all were eligible to be included in the new entrant quota draw. Due to recent quota allocations, EFA was able to offer 13 lots of 1,500 quota units to new entrants.

The 2015 New Entrants are:

- Cherilee Day, Calmar
- Harry & Elaine Makkinga, Ponoka
- 1875286 Alberta Ltd., Sherwood Park
- South Shore Enterprise Ltd., Lacombe
- Birch Hills Colony, Wanham
- Peter Neudorf, Sexsmith
- Brenton Goossen, Edberg
- Rodney Friesen, Fort Vermillion
- Koekoek Farms, Lethbridge
- Brio Developments Inc., Lethbridge
- Deanna Hiemstra o/a D2H Poultry, Lethbridge
- Byslma Farms Inc., Cranford
- Real Letourneau, Edmonton

EFA welcomed the new entrants with a reception and New Egg Manager Training Workshop in November. These events served to introduce the new egg farmers to the industry, providing them with a foundation on how egg farming in Alberta works, and the basics of being an egg farmer.

This is the second consecutive year that EFA has run the NEP by public application. The provincial egg industry welcomed seven new entrants in 2014, and four of them began production in 2015, with the remaining three set to place their first flocks in 2016.

A review of the New Entrant Program with stakeholders including new entrants, industry partners and government organizations will be initiated in early 2016. The review will ensure that the program is meeting the goals of creating a sustainable egg industry by encouraging new people and new investment in the industry.

Flock Placements

In order to encourage flock placements at times of the year that are more beneficial to the demands of the industry, a special increased incentive was developed in 2015, through the special lease program. Producers who move their flock placement date from October, November or December to January, are eligible for an incentive of 5% of their issued quota for a period of three years.

Farm Safety

In January, the Farm Worker Insurance Study initiated in 2014 was completed, with a report provided to the working group. The report recommended the development of guidelines and/or standards for Alberta farm employers

on work-related insurance for employees and associated purchasing advice, making disability and accidental death insurance more available and affordable to Alberta farm employers, and potentially establishing a farmer's disability group self-insurance risk pool to more cost-effectively provide work-related disability and accidental death insurance.

In March, EFA participated in a strategy meeting with Alberta's agricultural boards, commissions and associations, as well as government officials and staffers, to discuss policy options for reporting and investigating farm fatalities and serious incidents, and general management of the farm safety file. The Board reviewed the options, and expressed support for a legislated approach that would involve bringing farming under Alberta's Occupational Health and Safety (OHS) Act, including general requirements but not technical rules.

Provincial election results put a significant twist in the above approaches and, in November, the Government of Alberta (GoA) tabled Bill 6, "Enhanced Protection for Farm and Ranch Workers Act." Bill 6 went beyond OHS and also included Employment Standards, Labour Relations, and Workers Compensation. Throughout November and December, EFA encouraged the GoA to delay passing Bill 6, while details could be worked out and communications could be developed to help clarify the potential impact on egg farmers in Alberta. Going into 2016, significant effort will need to be extended to encourage a full consultation on those elements of Bill 6 that have not yet been finalized.

In the meantime, having worked throughout 2015 on developing materials to simplify the Farm Safe Plan for egg farmers, EFA is well positioned to assist farmers in any potential new requirement to meet OHS, including any requirement for job task hazard assessments (JTHAs). EFA worked with Tatonga & Associates to develop template JTHAs for the top risks on egg farms, to assist producers in evaluating their operation and putting controls in place to improve safety. EFA will focus on outreach in 2016, to explain any requirements to egg farmers, and provide resources and training to facilitate adaptation to the new reality.

Researching Best Practices – Environment

Pelleting

Substantial progress was made in 2015, capitalizing on an opportunity to improve layer manure distribution and value, through the development of a pelleted product.

In 2015, through a collaboration with Alberta Innovates – Tech Futures, a spring field trial was conducted including soil and tissue sampling. Additionally, seeding and product application occurred for a fall crop, which will be harvested in 2016. Preliminary analysis on the product production and first field trial data contributed to the feasibility analysis, which will ultimately provide stakeholders a go/no-go decision on whether to move forward with the initiative.

Net-0

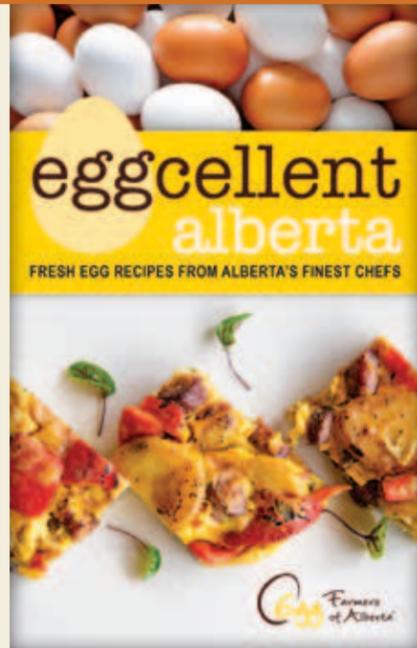
After preliminary feasibility research in 2014, Brant Colony was selected as the partner in the construction of a Net-0 layer barn. Having nearly completed construction in 2015, the new free-run layer and pullet barn features a Heat Recovery Ventilation (HRV) system which will use warm outgoing air to help offset energy required to heat fresh incoming air, and solar cells to help offset the energy still required. Expanded control panels and monitoring equipment are also being installed, which will allow for detailed monitoring of energy use and generation. After a full flock cycle, EFA will be able to share information about payback periods and energy management, through leaflets and other extension activities, EFA will have a better understanding of whether the barn has reached Net-0, or how close it may be!




13 NEW Entrants



Photo by Gemma Wallace



Public Relations

Egg Farmers of Alberta and our team of Egg Ambassadors were extremely active in the community and in the media over the past year!

Foodies Farm Tour

EFA took a small group of Calgary-area foodies, food bloggers and food reporters on an egg farm tour over the summer, to help them better understand where their food comes from and how it is produced. Riverbend Colony hosted the tour and Walter Decker did a fantastic job representing Alberta's egg industry, explaining how the province's farmers provide high quality, fresh, locally produced eggs every day. The guests were very engaged and had lots of questions about eggs, food safety, animal welfare, and many other egg farming practices. We were also invited to have lunch on the colony, which provided the group with a unique culinary experience. The foodies were active on social media during the tour and blogged about their visit afterwards.

Classroom Presentations & CAP

EFA continues to deliver high quality education about egg farming and egg nutrition to students across Alberta, ranging from early elementary to post-

secondary culinary school classes. Last year we gave egg presentations to more than 150 classes and 4,000 students.

EFA also continues to be a proud partner and supporter of the Classroom Agriculture Program, which delivers agricultural education to Alberta's grade-4 students. Egg Ambassadors delivered several presentations this past year, and we encourage other farmers to get involved and talk to students about what they do on your farm each and every day!

Beakerhead Sponsorship

EFA was a proud sponsor and enthusiastic supporter of Beakerhead, and specifically the Engineered Eats event. Beakerhead is a 5-day hands-on, citywide festival where engineering and science meet art and creativity, which is tremendous fun for the whole family. In 2015, Beakerhead welcomed over 112,000 visitors to its more than 60 events, and generated more than 14.7 million social media impressions. As for Engineered Eats, 24 local restaurants combined to serve up more than 880 molecular gastronomy egg creations – a delicious and educational culinary experience!

Eggcellent Alberta Recipe Book

EFA partnered with several of Alberta's finest chefs, from some of the hottest restaurants, to create the Eggcellent Alberta recipe book. Eggcellent Alberta contains a variety of mouth-watering recipes featuring eggs, from the Perfect Three-Egg French Omelette to a Salt-Cured Egg Yolk on Asparagus and Ricotta Salada, from a Raspberry Zabaglione to Chocolate Soufflés. Bon Appétit!

EFA teamed up with one of the chefs – Paul Rogalski from Rouge – and 101.5 Kool FM, to create the Best Mom's Day Contest. The Mother's Day themed contest helped shine a light on hundreds of deserving mothers, with the winner receiving a breakfast at home made by Chef Rogalski (along with some other gifts designed to pamper), while promoting our Eggcellent Alberta recipe book. The successful contest wound up being a Merit Award winner at the 2015 Best of CAMA (Canadian Agri-Marketing Association)!

Taste Alberta

EFA continues to be a proud partner and supporter of Taste Alberta, which uses communication, education and engagement to encourage consumer loyalty to locally produced food. Gastropost food missions for food lovers is a huge hit with foodies across Alberta, and the highly successful program has even been expanded to Toronto and Vancouver.

Taste Alberta's sponsorship of Christmas in November was another highlight for 2015, which is a magical event that gets everyone excited for Christmas, with plenty of tips for entertaining along the way. Taste Alberta encourages chefs, food bloggers, foodies and other participants to use local food when entertaining over the holidays. EFA sponsored the eggnog reception, and EFA Chair Susan Schafers participated in the fireside chat, which had a sustainable food supply theme this year.

Media Appearances

EFA was actively involved with media relations in 2015, as staff, Directors and Egg Ambassadors participated in more than 20 interviews and appearances. Themes discussed ranged from initiatives including EFA's inaugural Sustainability Report, the Producer Environmental Egg Program, construction of the province's first Net-Zero egg barn, the New Entrant Program, and hen housing, to events such as Easter, back-to-school, and World Egg Day. Everyone represented EFA and the egg industry proudly and passionately!

Event Marketing

EFA participated in many major events throughout the province, engaging with the public at the Calgary Stampede, Aggie Days Calgary, Aggie Days Lethbridge, Ag Expo Lethbridge, the Calgary Zoo's Easter Eggstravaganza, Calgary Women's Show, Edmonton Women's Show, Mom Pop & Tot Fair Edmonton, Calgary Health Show, and various health fairs. EFA also sponsored over 80 community events. In total, over 76,000 informational resources and over 140,000 promotional items were distributed in 2015.

Digital Marketing

Egg Farmers of Alberta put an emphasis on digital marketing in 2015, finding new and exciting ways to engage with the public online, while promoting Alberta eggs and egg farming!

Website

EFA continued to utilize our consumer website as a reliable source of information about eggs and egg farming, with lots of new content being added throughout the past year. Two new farmer profiles were added to our website (New York Colony and Rosalind Colony), to introduce Albertans to even more local farms that provide fresh, high quality, locally

produced eggs. In 2015, there were more than 60,000 visits to EFA's website, with more than 125,000 pages viewed.

Social Media

EFA increased our social media activity on Facebook and Twitter, and we also launched a YouTube channel. We ran two major online contests in 2015 – 6 Weeks of Summer Contest and World Egg Day Contest – which helped increase our engagement with the public. We also ran online contests during the Calgary Zoo's Easter Eggstravaganza and the Calgary Stampede, which were both incredibly well received. We were also quite active with live-Tweeting from many other events and meetings. On Facebook in 2015, our posts generated over 400,000 impressions and elicited nearly 10,000 engagements. On Twitter in 2015, our posts generated over 475,000 impressions and elicited a 1.5% engagement rate, while EFA was mentioned nearly 600 times.

Blogs

EFA became much more active in the blogging realm in 2015, both with our own blog (the News page of our website) and by promoting our egg farmer blog; Susan Schafers' Farming By Dog Rump Creek. EFA blogged about the construction of Alberta's first Net-Zero egg barn, the Environmental Stewardship Workshop we hosted, our partnership and involvement with Breakfast Club of Canada, and our experiences at the Calgary Stampede. Susan Schafers shared 19 blogs in 2015, ranging from animal care practices to recipes, from international trade missions to a farmer's reaction to Bill 6. Blogging is a great way to share our experiences on the farm and out in the community, in an authentic way that encourages engagement with the public





Government Relations

Egg Farmers of Alberta and our team of Egg Ambassadors actively engaged in government relations over the past year, while welcoming new agriculture ministers at both the federal and provincial level!

Election Results

2015 was a very unique year, as elections ushered in new governments both federally and provincially. The Liberals won the Canadian election, with Lawrence MacAulay, a former potato farmer from Prince Edward Island, becoming the new Minister of Agriculture and Agri-Food. The NDP won the Alberta election, with Oneil Carlier becoming the new Minister of Agriculture and Forestry. We look forward to fostering relationships with Alberta MPs and MLAs, so together we can build a sustainable egg industry.

Alberta MLA Engagement

EFA was active in the government relations arena throughout 2015, from sponsoring Premier Prentice's Hop Into Spring event, to hosting MLAs on egg farm tours. In early October, a delegation from EFA had the opportunity to meet with Alberta's new Minister of Agriculture and Forestry, the Honourable Oneil Carlier. EFA was able to update the Minister about key initiatives and outline some of the pertinent issues



facing the provincial egg industry. The Minister stressed his desire to work together with commodity groups, to build a sustainable agricultural industry in Alberta.

Alberta Supply Management

EFA continued to work with the other provincial supply-managed groups – Alberta Chicken Producers, Alberta Hatching Egg Producers, Alberta Turkey Producers and Alberta Milk (Alberta SM5) – to build relationships with the provincial government and strengthen support for the supply management system. The SM5 once again sponsored the Premier's breakfast events in Calgary and Edmonton, with EFA supplying eggs for both events. Egg Ambassador John Richter attended the Calgary event, while Director Meb Gilani attended the Edmonton event, proudly representing the provincial egg industry.

The SM5 also met with the Honourable Oneil Carlier, Minister of Agriculture and Forestry, to discuss a wide range of issues that impact all our industries and the entire provincial agricultural sector. In late November, the SM5 hosted a group of MLAs and representatives of the Premier's office, on a farm tour at Morinville Colony. The group toured the colony's broiler chicken and dairy barns, and each commodity was able to engage them in discussion about their industry. It was an excellent opportunity to educate members of the newly elected provincial government about the innovative work being done by the province's farmers, as well as the many benefits of supply management for consumers, producers and the rural communities they call home.

Federation of Canadian Municipalities 2015 Annual Conference

EFA worked closely with Egg Farmers of Canada for the Federation of Canadian Municipalities (FCM) 2015 Annual Conference, which was held in Edmonton in June. EFA Directors helped staff the EFC booth, where they engaged more than 1,700 municipal leaders from across Canada. EFA was also honored to host a study tour with more 40 delegates at

Morinville Colony, where Paul Wurz did a fantastic job representing the egg industry, giving an educational and entertaining tour of the colony's egg barn and grading station.

Social Responsibility

Egg Farmers of Alberta and the province's egg farmers take our social license to operate seriously, which is why we are dedicated to contributing to the health of the communities we call home.

Breakfast Club of Canada

EFA partnered with Breakfast Club of Canada (BCC), to help enhance school breakfast programs across Alberta. BCC operates more than 80 active programs in Alberta, with another 60 schools currently on their waiting list. EFA donated 3,000 dozen eggs to enable more schools to serve hot breakfast options more often. EFA also donated \$18,000 to cover the annual operating costs for the entire breakfast program in 3 schools, ensuring that thousands of nutritional breakfasts will be provided to students in need. EFA staff had the opportunity to volunteer at a local high school, where they helped prepare and serve breakfast to approximately 150 students, which was a tremendous way to see a BCC program in action.



Environmental Stewardship Workshop

EFA hosted its first stakeholder engagement session in 2015, when a diverse mix of influencers and decision-makers from across the egg supply chain – including farmers, graders, retailers and restaurants, as well as industry, government and non-governmental organizations – participated in the Environmental Stewardship Workshop. It was an opportunity to share ideas and provide strategic insights about the past, present and future of sustainable egg production in Alberta.

The workshop allowed EFA and other stakeholders to explain their views and expectations for the future of sustainability, as it relates to the egg industry and food production. The session included a tour of STS Farms, where Susan Schafers lead the more than 30 attendees through the pullet barn, layer barn and egg collection room. A summary report was disseminated, and EFA looks forward to taking the next step with those stakeholders and others, on the journey of continuous improvement.

Even though this stakeholder engagement session was focused on the topic of environmental stewardship, it was enlightening to witness participants ask questions and offer opinions about the trade-offs between environmental stewardship, hen housing, animal welfare, food safety, economics and other factors. It is reassuring to know that so many people care about where their eggs come from and how they were produced, and have a passion for the collaboration required to build a truly sustainable egg industry in Alberta and across Canada.

Canadian Poultry Sustainability Award

Egg Farmers of Alberta was honored to be named the recipient of Canadian Poultry's 2015 Sustainability Award! CP indicated

that EFA won the award primarily due to the fact that EFA is the first commodity group in the Canadian poultry industry to adopt an on-farm environmental program, and the first to publish a corporate Sustainability Report. For Alberta egg farmers, sustainable egg production is socially responsible, environmentally sound, and economically viable.

Egg Ambassadors

Egg Farmers of Alberta relies on Egg Ambassadors to represent the organization and the province's egg industry in many capacities, while putting an authentic face on egg farming.

Egg Ambassador Workshop

EFA hosted an Egg Ambassador workshop in early 2015 to provide training, topical updates and key messages for all our representatives. The morning session was for new recruits, who discovered the various ways they could become Egg Ambassadors, and how they could effectively share their story. An introduction to media training helps prepare Egg Ambassadors for live engagement, whether it's at public events, in classrooms, or doing media interviews. The afternoon session was for all Egg Ambassadors new and old, where updates were provided about EFA and the egg industry, prevalent topics of conversation for consumers and politicians were



discussed, and both procedures and tips for representing EFA in the public were reviewed. EFA is always looking for new Egg Ambassadors!

Egg Ambassador Survey Results

EFA called on Alberta egg farmers to share their stories about how they engage in grassroots public relations, government relations, and social responsibility. Egg farmers and their families are actively involved in their communities, and are valued friends and neighbors. EFA wanted to share the industry's collective story, via the results of a survey that was sent out early in 2015 to all registered egg farmers. EFA would like to thank the 10% of egg farms that participated.

100% of farms indicated that they have engaged in public relations, ranging from talking to consumers about eggs and egg farming practices when selling eggs at farm-gate or farmer's markets, to attending community events and fairs.

59% of farms indicated that they have engaged in government relations, ranging from sending letters to their MP/MLA, to hosting local politicians on a tour of their farm and egg barn.

82% of farms indicated that they have engaged in social responsibility, ranging from donating eggs to their local food bank, to donating money and/or their time to local charities and community groups.



Emergency Preparedness

The Alberta Poultry Industry Emergency Management team held a simulation to test our Emergency Response plan in the Spring. This simulation highlighted a number of improvements that could be made to our response plan and our emergency response structure. One of the biggest lessons from the simulation was that the need to align our plan with the Incident Command Structure for emergency response being used by Alberta Agriculture and the CFIA. As a first step in completing this alignment, team members completed ICS training at the 100 and 200 levels.

Members of the APIEMT also met with Ontario's Feather Board Command Center in September to learn more about their structure and how it works. The FBCC hires an incident commander to manage their Emergency Response plan and coordinate emergency preparedness activities. Alberta's team will be pursuing this type of structure for the Alberta's team in 2016.

The APIEMT was activated during the Avian Influenza outbreak in the first half of 2015. The team coordinated messages to the poultry industry regarding the outbreak and preventative measures to protect our flocks from Avian Influenza.

Board Governance and Director Training

At the AGM, EFA welcomed returning Director, Meb Gilani who was elected for his first 3-year term. Ben Waldner was elected for his second three-year term. Special thanks was extended to Muneer Gilani for completing one 3-year term with EFA. In terms of the various positions on the Board, there were no changes with Susan Schafers as Chair, Levi Hofer as

Vice-Chair, Ben Waldner as EFC Director and Joe Kleinsasser as EFC Alternate.

During the year, Board governance training was offered to various Committee members and to future potential Board Directors.

As part of the Board's overall structure, there are three standing Committees that assist the staff in terms of delivering on operational plans and developing operational policies.

The Research Committee's mandate is to strategize, review, implement and encourage research that enhances egg production or the egg industry. The Production Management Committee has a very broad mandate which revolves around all of the programs that are delivered on such as the Start Clean – Stay Clean, the Animal Care Program, PEEP and farm safety.

Finally, the Grader Advisory Committee participates in discussions around any of the grader programs that are administered provincially.

In addition, there are times when ad hoc Committees (specific short-term mandate) are formed or we need to have a producer attend a particular meeting or event. One example this year was that we needed to gather input from grass roots producers on the development of a Quota Leasing Pool. In instances such as these, ad hoc Committees are very helpful in order to ensure we have a solid understanding of how policies and procedures will affect our farmers

Human Resources

EFA's current staff is 11 permanent employees. In May, Ron Fowler joined EFA in the newly created position of Business Systems Analyst, which will focus on technology for operational efficiencies.

In November, Peggy Galbraith retired after eight years of exemplary service to EFA, and we all wish her health and happiness in her next stage in life! Erin Johnston, who grew up on an egg farm, joined EFA as Admin Assistant – Customer Service.

The current staff includes: Susan Gal (25 years), Laurel Martin (13 years), Christina Robinson and Catherine Kelly (9 years), Murray Minchin (6 years), David Webb and Jenna Griffin (5 years), Dave Lastiwka (3 years), and Agatha Smykot (1 year).

Office Efficiency

A new interactive display was installed in 2015, which provides the office with many functions that allow us to be more efficient. The display allows us to project any of our electronic files, it serves as a white board that can take hand written notes and convert them to electronic documents, and also enables us to video conference with anyone who has a laptop with a camera or a similar display. Since the installation at the end of September, it has saved us several trips to Edmonton (and other locations), which amounts to significant savings in travel costs.

Award Winning Egg Farmer

Susan Schafers was named the recipient of Alberta Farm Animal Care's (AFAC) 2015 Award of Distinction for Communication. The award honors those that take an active role in effectively getting the message out about livestock issues, and informing the public and agri-food industry about farm animal care in a factual and honest way, to build trust and credibility. Congratulations to Susan, who has long been a very busy Egg Ambassador for EFA and Alberta's egg industry!



HEALTHY BIRDS



HEALTHY EGGS



HEALTHY FARMS



HEALTHY COMMUNITIES





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APPENDIX A

EGG FARMERS OF ALBERTA
BUDGET AND
FINANCIAL STATEMENTS

| OPERATIONS | BUDGET | BUDGET | ACTUAL |
|-------------------------------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2015 |
| Travel | \$ 239,555 | \$ 233,040 | \$ 238,737 |
| Meeting | 53,778 | 45,765 | 45,374 |
| Directors' and Committee Allowances | 132,483 | 130,900 | 138,892 |
| Field Services and Programs | - | (30,750) | - |
| Salaries | 797,500 | 744,100 | 748,915 |
| Employee Benefits | 161,630 | 144,000 | 146,048 |
| Building Operations | 46,210 | 45,600 | 40,853 |
| Office and Printing | 48,800 | 34,775 | 37,547 |
| Bank Charges | 33,800 | 29,700 | 35,982 |
| Computer Expenses | 57,300 | 32,700 | 32,144 |
| Subscriptions | 2,900 | 2,700 | 2,886 |
| Postage | 15,000 | 15,000 | 12,989 |
| Telecommunications | 13,480 | 15,760 | 11,908 |
| Advertising & Product Promotion | 340,000 | 340,125 | 355,515 |
| Grants - Board | - | 21,000 | - |
| Board Governance | 40,200 | 30,200 | 38,490 |
| Insurance | 19,352 | 19,175 | 18,801 |
| Professional Fees | 87,000 | 109,230 | 104,735 |
| Memberships | 24,240 | 14,130 | 10,438 |
| Amortization | 94,277 | 94,150 | 95,037 |
| Se Testing Kits | 4,438 | 4,775 | 5,868 |
| Diagnostic Services | 63,800 | 62,300 | 61,882 |
| Total Operations Expenses | \$ 2,275,743 | \$ 2,138,375 | \$ 2,183,041 |

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| Levy | \$ 2,019,269 | \$ 1,880,963 | \$ 1,915,792 |
| Interest | 180,000 | 120,000 | 248,976 |
| Gain on sale of marketable securities | 34,000 | 92,915 | 35,569 |
| Other income | 42,500 | 44,500 | 53,431 |
| Total Operations Revenues | \$ 2,275,769 | \$ 2,138,378 | \$ 2,253,768 |

| | | | |
|----------------------------|-------|------|-----------|
| Net Operations Gain (Loss) | \$ 26 | \$ 3 | \$ 70,727 |
|----------------------------|-------|------|-----------|

Egg Farmers of Alberta

December 26, 2015

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Independent Auditor's Report

To the Registered Producers of
Egg Farmers of Alberta

The accompanying summary financial statements, which comprise the statement of financial position as at December 26, 2015 and the statements of operations and changes in unrestricted net assets and cash flows for the 52-week period then ended, are derived from the audited financial statements of Egg Farmers of Alberta for the 52-week period ended December 26, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 1, 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Egg Farmers of Alberta.

Management's Responsibility for the Summary Financial Statements

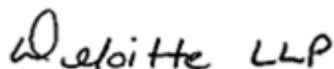
Management is responsible for the preparation of a summary of the audited financial statements on the basis described in the note to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Egg Farmers of Alberta as at and for the 52-week period ended December 26, 2015 are consistent, in all material respects, with those financial statements, on the basis described in the note to the summary financial statements.



Chartered Professional Accountants, Chartered Accountants
February 1, 2016

Egg Farmers of Alberta

Statement of operations and changes in unrestricted net assets 52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Revenue | | |
| Levy | 15,671,825 | 17,887,892 |
| Interest | 218,819 | 157,662 |
| Grant | 470,836 | 170,858 |
| Industrial product program (Schedule 2) | 14,680,761 | 10,942,932 |
| Research levy and grant (Schedule 3) | 131,198 | 81,102 |
| Over base quota fund (Schedule 4) | 205,706 | 184,250 |
| Other income | 83,588 | 93,465 |
| Amortization of deferred capital contributions | 8,895 | 8,895 |
| Gain on sale of investments | 35,569 | 101,935 |
| Unrealized (loss) gain on investments | (88,791) | 82,803 |
| | 31,418,406 | 29,711,794 |
| Expenses | | |
| Administrative (Schedule 1) | 2,183,041 | 2,011,200 |
| Egg Farmers of Canada levy | 13,756,033 | 16,156,491 |
| Grant project | 479,731 | 179,753 |
| Industrial product program (Schedule 2) | 13,764,298 | 10,901,969 |
| Research project disbursements (Schedule 3) | 74,937 | 98,765 |
| Over base quota fund (Schedule 4) | 19,472 | 118,103 |
| | 30,277,512 | 29,466,281 |
| Excess of revenue over expenses | 1,140,894 | 245,513 |
| Internal transfer to industrial product program (Schedule 2) | (916,463) | (40,963) |
| Internal transfer (to) from research fund (Schedule 3) | (56,261) | 17,663 |
| Internal transfer to over base quota fund (Schedule 4) | (186,235) | (66,147) |
| Unrestricted net assets, beginning of period | 3,047,053 | 2,890,987 |
| Unrestricted net assets, end of period | 3,028,988 | 3,047,053 |

Note:

These summary financial statements are extracted from the annual financial statements audited by Deloitte LLP. A copy of the complete audited financial statements is available on the Egg Farmers of Alberta website at <http://eggs.ab.ca>. These summary financial statements have been prepared in accordance with criteria developed by management. These criteria require management to ensure 1) the summary financial statements correctly reflect the content of the audited financial statements, 2) the summary financial statements contain the necessary information and are at an appropriate level of aggregation, so as not to be misleading to the users of these summary statements, and 3) adequately disclose these criteria.

Egg Farmers of Alberta

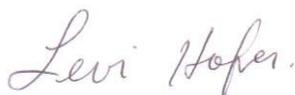
Statement of financial position as at December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 1,310,990 | 1,083,832 |
| Accounts receivable | 1,083,495 | 771,406 |
| Prepaid expenses | 62,579 | 45,402 |
| | 2,457,064 | 1,900,640 |
| Long-term investments | | |
| Tangible capital assets | 5,194,722 | 3,783,625 |
| Intangible asset | 1,177,637 | 1,281,074 |
| | 5,112 | 480 |
| | 8,834,535 | 6,965,819 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,113,031 | 1,036,829 |
| Government remittances payable | 37,750 | 22,733 |
| Due to Egg Farmers of Canada | 1,685,819 | 826,282 |
| Deferred contributions | 249,880 | 463,918 |
| | 3,086,480 | 2,349,762 |
| Deferred contributions related to tangible capital assets | - | 8,895 |
| | 3,086,480 | 2,358,657 |
| Net assets | | |
| Unrestricted net assets | 3,028,988 | 3,047,053 |
| Industrial product program (Schedule 2) | 1,745,093 | 828,630 |
| Research fund (Schedule 3) | 307,536 | 251,275 |
| Over base quota fund (Schedule 4) | 666,438 | 480,204 |
| | 5,748,055 | 4,607,162 |
| | 8,834,535 | 6,965,819 |

Approved by the Board



Director



Director

Egg Farmers of Alberta

Statement of cash flows

52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Operating activities | | |
| Excess of revenue over expenses | 1,140,894 | 245,513 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 129,442 | 126,565 |
| Amortization of deferred contributions related to tangible capital assets | (8,895) | (8,895) |
| Gain on sale of investments | (35,569) | (101,935) |
| Unrealized loss (gain) on investments | 88,791 | (82,803) |
| | 1,314,663 | 178,445 |
| Changes in non-cash working capital | | |
| Accounts payable and accrued liabilities | 76,201 | (116,478) |
| Accounts receivable | (312,089) | 108,687 |
| Government remittances payable | 15,016 | (11,693) |
| Prepaid expenses | (17,178) | 10,416 |
| Due to Egg Farmers of Canada | 859,538 | 150,694 |
| Deferred contributions | (214,039) | 391,769 |
| | 1,722,112 | 711,840 |
| Investing activities | | |
| Purchase of tangible capital assets | (26,005) | (19,738) |
| Purchase of intangible capital assets | (4,632) | - |
| Proceeds on sale of long-term investments | 222,949 | 682,572 |
| Proceeds on sale of short-term investments | 207,250 | 202,500 |
| Purchase of long-term investments | (1,894,516) | (1,326,750) |
| | (1,494,954) | (461,416) |
| Net increase in cash | 227,158 | 250,424 |
| Cash, beginning of period | 1,083,832 | 833,408 |
| Cash, end of period | 1,310,990 | 1,083,832 |

Egg Farmers of Alberta

Schedule of administrative expenses - Schedule 1 52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Advertising and product promotion | 355,515 | 339,115 |
| Amortization | 95,037 | 92,161 |
| Board governance | 38,490 | 37,490 |
| Building operations | 40,853 | 38,144 |
| Directors' and committee allowances | 138,892 | 122,541 |
| Employee benefits | 146,048 | 118,394 |
| Grants | - | 20,180 |
| Insurance | 18,801 | 17,860 |
| Meetings | 45,374 | 43,987 |
| Memberships | 10,438 | 14,138 |
| Office and printing | 108,559 | 97,763 |
| Postage | 12,989 | 11,857 |
| Professional fees | 104,735 | 77,345 |
| Salaries | 748,915 | 668,646 |
| SE testing kits and diagnostic services | 67,750 | 67,550 |
| Telecommunications | 11,908 | 15,107 |
| Travel | 238,737 | 228,922 |
| | 2,183,041 | 2,011,200 |

Egg Farmers of Alberta

Schedule of internal restrictions - industrial product program - Schedule 2 52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Industrial product program, beginning of period | 828,630 | 787,667 |
| Add | | |
| Egg sales | 11,876,294 | 9,579,084 |
| Levy revenue | 2,804,467 | 1,363,848 |
| | 14,680,761 | 10,942,932 |
| Less | | |
| Egg purchases | 12,849,266 | 10,694,717 |
| Egg Farmers of Canada Service Fee | 890,294 | 208,709 |
| Levy over (short) | 24,738 | (1,457) |
| | 13,764,298 | 10,901,969 |
| Net change in program during the period and amount internally transferred to (from) unrestricted net assets | 916,463 | 40,963 |
| Industrial product program, end of period | 1,745,093 | 828,630 |

The industrial product program relates to eggs which are sold for further processing. EFA purchases eggs from grading stations and sells them to Egg Farmers of Canada for fixed prices. Shortfalls from the program are funded by an internal allocation of levies received from producers. Eggs are only purchased to the extent necessary for sale to the program; no inventory is carried.

Egg Farmers of Alberta

Schedule of internal restrictions - research fund - Schedule 3 52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Research fund, beginning of period | 251,275 | 268,938 |
| Add | | |
| Transfer from over base quota fund and grant revenue | - | 81,102 |
| Transfer from levy revenue | 131,198 | - |
| Less | | |
| Disbursements to research projects | 74,937 | 98,765 |
| Net change in fund during the period and amount | | |
| internally transferred from (to) unrestricted net assets | 56,261 | (17,663) |
| Research fund, end of period | 307,536 | 251,275 |

The research fund was established in 2003 and is funded by an internal allocation of the producer levies to provide research funds to the industry.

Egg Farmers of Alberta

Schedule of internal restrictions - over base quota fund - Schedule 4 52-week period ended December 26, 2015

| | December 26, 2015 | December 27, 2014 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Over base quota fund, beginning of period | 480,204 | 414,057 |
| Add | | |
| Over base quota user fee revenue | 205,706 | 184,250 |
| Less | | |
| Disbursements | 19,472 | 118,103 |
| Net change in fund during the period and amount internally transferred from unrestricted net assets | 186,234 | 66,147 |
| Over base quota fund, end of period | 666,438 | 480,204 |

The over base quota fund is funded by an internal allocation of the funds earned from a user fee for the allocation of over base quota for specific projects authorized by the board of directors.