

FCC ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
2022-23



Table of Contents

02	Message from the President and CEO
04	Message from the Corporate Governance Committee Chair
05	Our impact - at a glance
06	Corporate profile
08	What we stand for
12	Our ESG journey
16	Reporting frameworks and assurance
18	Environmental
30	Social
50	Governance

Message from the President and CEO



“We believe that a sustainable agriculture and agri-food industry is vital to the success of our customers, the industry and our planet.”

We are committed.

That is an observation I have made in a number of different capacities since starting as FCC President and CEO on January 30. Whether it’s through our fierce dedication to serving our customers or our mission to positively impact the agriculture and agri-food industry – FCC is committed.

FCC’s commitment to environmental, social and governance (ESG) is no different. We believe that a sustainable agriculture and agri-food industry is vital to the success of our customers, the industry and our planet. I’ve been very excited to see the work our team has done to build the foundation for a strong and meaningful ESG program that reflects this belief and contributes to an even brighter future for the sector.

Before we look ahead, it’s important to acknowledge where we’ve been. Agriculture producers have been stewards of the land for hundreds of years. Not only this, but the agriculture and agri-food industry has always done well at focusing on best practices. As sustainable alternatives receive more global attention and priority, the world will turn to Canada’s agriculture and agri-food sector for the standard we’ve set for innovation and adaptability.

This is why FCC is committed to supporting producers and the industry as they continue to develop advancements that will improve sustainability. Plus, we’re excited about our own contributions to this important work as well. This report showcases the progress that has been made this past year. I’d like to highlight some of the critical, foundational work that has been completed.

This year, FCC completed a materiality assessment, a process used to understand environmental and social focus areas for the company. Through this process, our team gathered feedback from stakeholders and prioritized key ESG opportunities and risks that are material to our unique position as a Crown corporation dedicated to Canadian agriculture and agri-food. This process will allow FCC to identify, monitor and address rising ESG topics over time. This year, seven topics were prioritized: climate change, under-represented groups, Indigenous Peoples, food insecurity, business ethics, information security and diversity, equity and inclusion (DEI).

We’ve begun with a focus on climate change. This past year, FCC has worked with customers to understand their needs and identify how we can enable them to transition to a low-carbon economy. Internally, we’re affirming our efforts to reduce our

internal emissions. Externally, we understand that climate change creates both physical and transitional risks for the industry, including impacts from severe weather and market expectations.

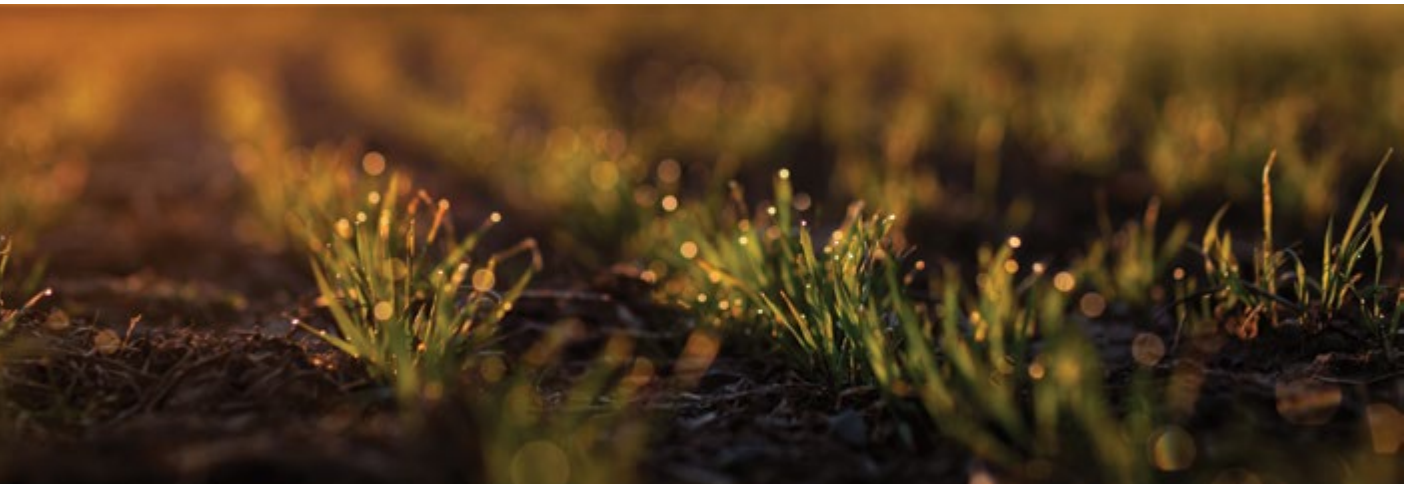
There’s more work to come to support DEI, food insecurity, and Indigenous Peoples and we’re excited to continue making an impact in these important spaces. As a nation that produces more food than we eat, Canada can be a world leader in producing food in a sustainable way. FCC is excited to continue partnering with customers and stakeholders by assisting them while they lean into this opportunity.

I commend FCC’s current ESG program and I look forward to partnering with the industry to identify opportunities to invest in meaningful action. Although this is a long-term investment, it’s an important one. FCC is here to support that journey every step along the way.

You have our commitment.

Justine Hendricks
President and Chief Executive Officer

Message from the Corporate Governance Committee Chair



Since 1959, FCC has been supporting the growth and prosperity of the agriculture and agri-food industry. As the only lender that is 100% invested in Canadian agriculture and agri-food, we’re committed to helping those who contribute to our sector by powering ways for them to dream, grow and thrive. We build committed partnerships across all levels of the food value chain to not only fuel the industry, but to assist each other as we innovate and evolve during complex times.

This extends through FCC’s ESG journey. This year, a lot of progress has been made in establishing a solid foundation for the formation of an ESG program. The Board of Directors is responsible for overseeing the performance of FCC’s ESG program and we’ve seen how much thought, consideration and meaningful conversation has gone into building this framework. As indicated in the [Guelph Statement](#), Canada has a goal to be recognized as a world leader in sustainable agriculture and agri-food production by 2028 and we recognize our role in making that happen.

The Board ensures that FCC is performing its due diligence by identifying and managing risks while integrating this thinking into its management processes and operations. It’s important for the Board to identify ways that this work is incorporated into FCC’s formal corporate decision-making while also prioritizing that results are measured and reported publicly through disclosures. A great example of this is the materiality and maturity assessments that were conducted this year. With the growing importance of ESG at FCC, the Board is dedicated to educating ourselves and taking training across various ESG-related topics to ensure we can authentically support and bring meaningful value to this area.

We’re proud of the progress that has been made in FCC’s ESG program and recognize that there is more work to do. We know that a sustainable agriculture and agri-food industry will take a long-term commitment from the entire sector. FCC is here to partner with the industry and Canadian producers on this journey so that Canada can set the standard for sustainable agriculture for decades to come.

Laura Donaldson
Corporate Governance Committee Chair

Our impact – at a glance

Environmental impacts

Advancing environmental agriculture sustainability: We’re developing an approach to support our customers and the agriculture industry to address climate impacts, beginning with the launch of the customer sustainability incentive pilot program.

Reducing operational emissions: We’re on track to reduce FCC greenhouse gas emissions by 40% by 2025 through the reduction of 307 tonnes this year. We set an ambition to be net-zero aligned in our internal operations.

Understanding climate-related risks: We published our [second climate-related disclosures](#), which can be found in our annual report, and highlight FCC’s processes for identifying and assessing physical and transition risks.

Minimizing e-waste: We donated 1,011 laptops, 480 cells phones and other computer accessories to non-profit organizations across Canada.

Reforestation globally: We offset our paper consumption this year by reforestation 312 trees in global reforestation projects.

Social impacts

Enhancing financial inclusion in agriculture: We disbursed \$5.54 billion in lending to Indigenous communities and Peoples, women, and young farmers and entrepreneurs.

Working towards reconciliation: We’re on track to move into the certification phase of the Progressive Aboriginal Relations (PAR) program by 2024 and have developed an approach to promote procurement and supply chain opportunities with Indigenous businesses.

Making diversity a priority: 30.8% of our new hires self-declared as members of employment equity groups. We also published our first [Accessibility Plan](#) in alignment with the Government of Canada’s Accessible Canada Act.

Tackling food insecurity: With the help of 90 industry partners, the equivalent of over 40 million meals for Canadians in need were collected through the annual [Drive Away Hunger](#) program. FCC contributed over 2.5 million meals towards this total.

Supporting mental health: We launched [Rooted in Resilience](#), the second instalment in our mental health series. This series is designed for Canadian producers and highlights tips, resources, and stories to generate awareness and support for the industry.

Governance impacts

Maintaining integrity standards: We conduct due diligence on all lending customers and third parties.

Acting ethically: 93% of employees complete FCC’s Code of Conduct knowledge check and 100% sign their annual attestation that they understand and comply with the Code. Any potential wrongdoing by FCC employees will be addressed under the Public Servants Disclosure Protection Act.

Managing cybersecurity: We achieved our cybersecurity maturity target based on the National Institute of Standards and Technology Cybersecurity Framework.

Protecting information: We launched enterprise-wide information risk learning and formed a Technology and Information Risk Governance Committee that approved a new Information Security policy and will oversee the risk management of information security.

Ensuring strong governance: We are proud that each member of our Board of Directors has completed ESG training focused on trends, risks, opportunities and organizational integration.

CORPORATE PROFILE



Farm Credit Canada (FCC) is a federal commercial Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food Canada.

As Canada's largest lender to agriculture and agri-food, FCC provides financing, knowledge and software to primary producers and agribusiness and agri-food operators who provide inputs or add value to the industry. Serving 102,870 customers, primary production is FCC's core business and represents 83.7% of our loan portfolio.

Our roots date back to 1929, when the Canadian Farm Land Board (CFLB) was established. In 1959, the Farm Credit Act established FCC as an agent Crown corporation, making us a successor to the CFLB. Throughout the years, the Act has been amended to broaden our financial and business management services.

We're a team of more than 2,300 employees operating in a hybrid work environment. We have 103 offices, including 101 field offices located primarily in rural Canada, a government relations office in Ottawa, Ontario, and our corporate office in Regina, Saskatchewan.



Learn more about our mandate, corporate strategy, mission, vision and values in our annual report.

WHAT WE STAND FOR



Our commitments

At FCC, ESG commitments are an integral part of what we do, guide how we operate and are essential to how we support Canadian agriculture and agri-food. They help us set ambitious targets to hold ourselves accountable and support our customers and the industry on their journey. We’re proud to share our ESG story. This report is an overview of our environmental, social and governance performance for the 2022-23 fiscal year and looks ahead to future goals.



Environmental

We operate sustainably and support customers to do the same. We care about the environmental issues affecting our industry and the planet.



Social

We foster a healthy and inclusive society. We strive for equitable practices that support our employees, industry and communities.



Governance

We operate responsibly and with integrity. We hold each other to the highest ethical standards and expect honesty and accountability.

United Nations Sustainable Development Goals

Our ESG commitments help address global sustainability issues identified in the [17 United Nations Sustainable Development Goals \(SDGs\)](#). While FCC has a direct line of sight to many of them, our efforts focus on where we can make the most impact, given the nature of our business. In addition to SDG 2 – Zero Hunger and SDG 12 – Responsible Consumption and Production, we’re exploring support for SDG 10 – Reduced Inequalities and SDG 13 – Climate Action. We seek to build a more representative agriculture and agri-food industry and



Look for the SDG icons throughout the report to learn more about how we contribute to these goals and plan for further support.

internal workforce. We also want to ensure environmental sustainability in our internal operations and support Canada in being a world leader in sustainable agriculture and agri-food production.



SDG	Issue	Target	FCC support
<div>2</div> <div>ZERO HUNGER</div> <div></div>	<p>As the world’s population grows, a major challenge will be ensuring food security for all.</p> <p>Food insecurity cuts across Canadian demographics and geography, and action is required to address the specific challenges that vulnerable populations face.</p>	<p>By 2030:</p> <ul style="list-style-type: none">• 2.1 – End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.• 2.3 - Double the agricultural productivity and incomes of small-scale food producers, in particular women, Indigenous Peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.• 2.4 - Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.	<ul style="list-style-type: none">• Championing Drive Away Hunger, which supports food banks at national, provincial and local levels• Funding for school feeding programs• Supporting food recovery agencies• Providing support for a more inclusive industry• Offering sustainability products, programs and knowledge
<div>10</div> <div>REDUCED INEQUALITIES</div> <div></div>	<p>The pandemic has heightened inequalities globally and nationally.</p> <p>To reduce inequality in Canada, an important step is continued progress toward truth and reconciliation.</p>	<ul style="list-style-type: none">• 10.2 - By 2030, empower and promote social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.• 10.3 - Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	<ul style="list-style-type: none">• Providing support for a more inclusive industry• Expanding FCC’s definition of agriculture to include Indigenous ways of harvesting and gathering• Committing to Indigenous procurement• Working towards Progressive Aboriginal Relations (PAR) certification• Supporting youth and post-secondary education programs• Setting internal diversity, equity and inclusion targets
<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	<p>Canada remains one of a few nations capable of addressing the projected demand for agriculture production.</p> <p>Economic growth must align with resource and food system efficiency to promote responsible consumption and production.</p>	<p>By 2030:</p> <ul style="list-style-type: none">• 12.2 - Achieve sustainable management and efficient use of natural resources.• 12.3 - Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.• 12.5 - Substantially reduce waste generation through prevention, reduction, recycling and reuse.• 12.8 - Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	<ul style="list-style-type: none">• Offering sustainability products, programs and knowledge• Setting customer expectations through our integrity declaration and environmental assessments• Promoting farm record digitization• Seeking innovation-focused venture capital opportunities• Funding for sustainability community enhancements• Seeking out food waste reduction opportunities with customers and industry partners• Setting internal greenhouse gas reduction targets, which are in line with the Greening Government strategy
<div>13</div> <div>CLIMATE ACTION</div> <div></div>	<p>Climate change is a global challenge disrupting economies and affecting lives.</p> <p>The pace of change is quickening as the need to limit temperature rise becomes more urgent.</p>	<ul style="list-style-type: none">• 13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.• 13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	<ul style="list-style-type: none">• Developing an ESG program with a climate component in line with the Guelph Statement• Publicly issuing climate-related disclosures• Exploring financed emissions• Offering sustainability products, programs and knowledge• Exploring how software can be a tool in helping producers on their sustainability journeys• Partnering with the agriculture industry and academia on sustainability solutions• Seeking innovation-focused venture capital opportunities• Setting internal GHG reduction targets, which are in line with the Greening Government strategy

OUR ESG JOURNEY



All ESG report data and examples reflect activities that occurred during the 2022-23 fiscal year (April 1 – March 31). We plan, execute and report with guidance from our Board of Directors, ESG Steering Committee members, Enterprise Management Team and members across the organization.


Stakeholder engagement

FCC stakeholders include customers, employees, communities, the agriculture and agri-food industry, our shareholder and elected officials, and the financial sector. We complete an annual informal stakeholder assessment to ensure our key stakeholders have been correctly identified. We look for opportunities to listen to our stakeholders' needs and opinions to better align our ESG program and ensure their input is built into business decisions. We're responsive to open and honest communication with each of them.



Learn more about our ESG journey and performance over the years at fcc.ca/ESG.

Stakeholder engagement overview

Stakeholders	Methods of engagement
 Customers	<ul style="list-style-type: none">• Materiality assessment (biennial)• Customer surveys (annually)• FCC Customer Service Centre inquiries (continually)• FCC industry research panel and roundtable (periodically)• FCC Annual Public Meeting (annually)
 Employees	<ul style="list-style-type: none">• Employee surveys (annually and periodically)• Voluntary employee communication panel (continually)• Internal senior leadership team online forum (continually)• Individual performance and career development discussions (twice a year)
 Communities	<ul style="list-style-type: none">• FCC AgriSpirit and Regina Spirit Fund recipient interactions (periodically)• National community investment and Drive Away Hunger partners (continually)
 Agriculture and agri-food industry	<ul style="list-style-type: none">• Interactions with industry partners (continually)• FCC industry research panel (continually)• Partnerships with over 250 associations via memberships and sponsoring events and programs (continually)• FCC workshops, learning offerings and special events (continually)
 Shareholders and elected officials	<ul style="list-style-type: none">• Interactions with Minister of Agriculture and Agri-Food Canada (AAFC), Parliamentary Affairs Team and other AAFC representatives (continually)• Member of Parliament engagement program (annually)• FCC Board of Directors interactions (continually)
 Financial sector	<ul style="list-style-type: none">• Financial institution and credit union relationships at local and national levels (continually)• Other Crown corporations (continually)

Materiality




FCC conducted a materiality assessment in 2022 to identify and prioritize ESG topics that were material to our unique position as a Crown corporation dedicated to Canadian agriculture and agri-food. This work expanded on the broad stakeholder materiality assessment that was completed in 2021. Our 2021 materiality assessment resulted in 19 material topics that all rated moderate to high in terms of importance and degree of impact, making it hard to determine priorities.

This fiscal, we refined our materiality assessment approach. ESG topics were identified and prioritized based off potential financial impacts of environmental and social factors over the short-, medium- and long-term time frames. The following ESG topics were identified as relevant to FCC from an inherent risk perspective and categorized as core, enhanced and emerging. This materiality assessment will be refreshed biennially to monitor for changes in importance of topics.

Category		Importance and treatment
Core ESG topics	Climate change (physical, transition and greenhouse gas emissions)	ESG topics of significant interest to FCC stakeholders and will be the focus for FCC
	Diversity, equity and inclusion	
	Food insecurity	
	Under-represented groups	
	Business ethics	
	Information security	
Enhanced ESG topics	ESG governance	ESG topics that are gaining importance to FCC stakeholders and will be monitored for potential impact
	Community engagement & Indigenous Peoples	
	Incorporation of ESG factors in credit analysis	
Emerging ESG topics	Materials sourcing	ESG topics that will be monitored for potential impact
	Environmental and social impacts of supply chain	
	Water management	
	Energy management	
	Systemic risk management	
	Food safety	
	Workforce health and safety	
	Land use & biodiversity	
	Animal care and welfare	
	Antibiotic use in animal production	
	GMO management	

Current materiality topics

FCC also conducted a maturity assessment of the top ranked material topics identified in the materiality process. This assessment benchmarked FCC’s ESG performance for these topics against industry peers and ESG best practices. The results of the materiality and maturity assessments have helped bring clarity to which material topics FCC should focus on. This information is being used to develop FCC’s ESG program along with measures and outcomes. FCC will continue to monitor the remaining topics.

Commitments	Topics
 Environmental	Climate change
 Social	Under-represented groups
	Indigenous Peoples
	Diversity, equity and inclusion
	Food insecurity
 Governance	Business ethics
	Information security

REPORTING FRAMEWORKS AND ASSURANCE

We regularly review ESG reporting regulations, standards and framework developments, and prepared this report following Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.

FCC material topics are those most relevant to us given our unique position of being a financial Crown corporation dedicated to the agriculture and agri-food industry. To learn more about FCC's materiality process, see the Materiality section (page 15) in this report.

The report was externally reviewed but not assured by a third-party organization. To view 2022-23 GRI and SASB indexes, visit fcc.ca/ESGReports.

Share your thoughts



If you have feedback about FCC ESG priorities and performance, we invite you to email us at esg@fcc.ca. Find past sustainability reports at fcc.ca/ESGReports.

ENVIRONMENTAL

Our commitment: We operate sustainably and support our customers to do the same.



We care about the environmental issues affecting our industry and the planet.

Material issue

Climate change

FCC is in it for the long haul. We'll set targets to reduce our greenhouse gas (GHG) emissions to be net-zero aligned and look at how to enable our customers and the industry to transition to a low-carbon economy.



Spotlight:
Sustainability Incentive Program

Julie Dawson and her husband Andrew manage a mixed farming operation in eastern Ontario. As cattle producers, getting certified with the CRSB and participating in the FCC Sustainability Incentive Program was a natural fit.


“We have been doing conservation tillage for 20 years,” says Julie. “We believe in doing as little to disturb the soil and the microbes as possible. Our beef cattle fit into that whole picture. We have been doing rotational grazing for many years. We are trying to use the land in a way that leaves it better than when we found it. It’s who we are.”

Julie is appreciative of FCC’s involvement in sustainability and sees opportunity to educate more producers on the benefits.

To learn more about FCC’s Sustainability Incentive Program, visit fcc.ca/SustainabilityPrograms.

Understanding environmental opportunities and risks



 73% of respondents who have a sustainability plan do so because they believe in environmental responsibility, based on an FCC-administered survey involving 1,094 ag producers.

At FCC, we recognize that climate change, and its physical impacts such as severe weather and its transition impacts such as market expectations, is likely to present increasing challenges and opportunities for the Canadian agriculture and food industry. Given its relevance to the industry, to stakeholders and to international and global climate goals, FCC is in the final stages of developing an ESG program with a climate component that is progressive and iterative.

FCC is taking its cue from the Guelph Statement, which recognized Canada as a world leader in sustainable agriculture. The program will address the changing and diverse needs of the agriculture and food industry and FCC’s role in enabling customers to transition to a low-carbon economy. FCC has sought to understand our stakeholders’ needs, including a quantitative study that surveyed producers (59% FCC customers and 41% non-customers) across Canada. Guiding principles have been established to identify key behaviours and expectations for FCC to achieve throughout the implementation of the program. And FCC is looking to understand how to set measurable, science-based targets to hold us accountable to a Paris-aligned climate ambition.

We continue to advance on our climate-risk approach and the development of measures and models to better understand the long-term impact of climate change on agriculture and food. In 2022-23, climate scenario analysis was conducted on our portfolio with particular focus on GHG emissions scenarios and transition risk. Our assessments and analysis have been important factors in our overall

understanding of climate-related opportunities and risks, and in FCC’s long-term vision for supporting the industry. This year, FCC also formed an internal climate risk team to continue to build knowledge and partnerships to advance this work.


More information about FCC’s current state, targets and future steps to ensure we effectively manage climate risk and opportunities for our operations and customers can be found in our second set of climate-related disclosures. The disclosures are based on the Task Force on Climate-Related Financial Disclosures (TCFD) standards and can be found in our [annual report](#).

Supporting our customers’ sustainability journeys



Sustainability has become a principle driving the agriculture and food industry. FCC has an opportunity to enable Canada to be a world leader in sustainable agriculture and food production. Within our ESG program, we’re exploring how FCC can provide sustainability and environmental-focused financing, knowledge, tools and innovation for our customers.

Sustainability programs and financing

 262 producers were recognized for their sustainable practices and received an incentive in 2022 as part of FCC’s Sustainability Incentive Program.

Producers are key to growing a more sustainable future for agriculture, and these changes require research, time and capital. To understand FCC’s ability to drive the adoption of sustainable practices, we launched a [Sustainability Incentive Program](#) pilot in May 2022. The pilot encourages customers to participate in sector-specific sustainability programs with incentive payments for those who qualify in

meeting the criteria of those programs. This allows FCC to work with industry partners to understand their unique needs so we can better tailor our activities.

Initiatives under the 2022 program included partnerships with the Canadian Roundtable for Sustainable Beef (CRSB), McCain’s Regenerative Agriculture Framework and Cargill’s Canadian RegenConnect™ Program. The program re-opened May 2023 for new applications. During the pilot phase, FCC will review the program and continue to look for opportunities to partner with industry-led sustainability initiatives that have established systems for verification and measurement of environmental practices.



The Sustainability Incentive Program encourages customers to adopt beneficial management practices. Through incentive payments, the goal is to reward those investing in implementing additional sustainable practices. Customers can receive one payment per year at a maximum of \$2,000 from FCC and can reapply annually. Incentive payments are calculated as a portion of a customers’ eligible lending with FCC.

“The CRSB program in Canada is highly recognized around the world for being leaders in the beef industry and it’s great to have the support of FCC.”

– FCC customer

FCC also offers the Enviro-Loan, which encourages sound environmental practices by deferring principal payments on environmental-related projects or upgrades, and the Energy Loan, which assists producers who want to use renewable energy sources on their farms to save money and become more self-sufficient by producing their own energy. In addition to these two loan products, other FCC loan products are used by customers to finance sustainability-related projects within their operations.

Spotlight:
Innovation Farms

Located on Rutherford Farms – a 5,500-acre commercial seed farm in Manitoba – Innovation Farms Powered by AgExpert will provide industry and academics with access to leading-edge equipment, technology and production practices – plus, a full-scale testing environment. In order to gain valuable insights from their testing, research and technology, the farm uses AgExpert Field and Accounting software.

AgExpert software helps producers determine which strategies and inputs deliver results and which ones might be underperforming. It provides necessary information to help producers make better, more sustainable business decisions.

Rick Rutherford, president of Rutherford Farms sees the value of using data to track an operation’s environmental footprint.

“That’s where the influx is coming from in sustainability. If you can’t document what you’ve physically done on your farm, it doesn’t carry validity,” he says.

Get the full story at <https://www.fcc-fac.ca/en/knowledge/digital-farming-future.html>.

Sharing knowledge



50% of respondents believe FCC can support their sustainability efforts through knowledge and products, based on an FCC-administered survey involving 1,094 ag producers.

FCC knows that customers and the agriculture and food industry are committed to being sustainability champions, and that small changes can make big differences. This year, FCC worked with RealAgriculture and RBC to develop a new series on sustainability in Canadian agriculture, highlighting stories of current practices and raising awareness of the importance to the industry. The series will be launched next fiscal year.

In addition, FCC published new articles on sustainability topics for all sectors of the agriculture and food industry this year. Topics included how to be sustainable and profitable on the farm, in your food and beverage business, and as a food processor.

AgExpert software

FCC is exploring how software can be a tool in helping producers on their sustainability journeys. [FCC AgExpert](#) is a leading farm management software and was Canada’s first headquartered ag technology organization to achieve AgData Transparent (ADT) certification. The ADT seal ensures that farmers retain control and ownership of their data when they enter it into AgExpert tools. This is important as we develop a trusted data ecosystem that allows producers to easily share their data with other trusted companies. The goal is to create efficiencies around data sharing that will improve their processes in risk management, reporting and decision-making.

In 2022-23, research was completed to help better understand customer and industry needs around on-farm sustainability. As a result, a multi-phased experiment was conducted between AgExpert and the Agriculture and Agri-Food Canada Holos model. The Holos model is designed to help Canadian farmers better understand their sustainability footprint. The experiment proved that customer data in AgExpert could be shared with the Holos model to calculate an individual farm’s net carbon sequestration result. The next steps of the experiment involve streamlining the data-sharing process, working on the accuracy of the model and displaying the model output in a way that’s more easily understood by our customers. Future iterations may involve looking beyond carbon sequestration into areas of methane gas and nitrous oxide.

Venture capital



FCC committed over \$64.4 million, with approved commitment up to \$125 million, to five new funds in 2022-23, including investment in funds with specific focus on areas such as women and under-represented founders, Indigenous enterprises and later-stage companies working to mature and scale more sustainable practices in ag.

Historically, venture investment in Canada’s agri-food value chain has not been significant and FCC wants to change that by acting as a catalyst to increase investment in ag and create a simpler path for entrepreneurs to move from an idea to a business. We also want to connect early-stage companies with groups that can provide advice, support, connections and investment. FCC’s total [venture capital program](#) as of March 31, 2023, includes investment in 16 funds with a total commitment of almost \$540 million. Each fund FCC invests in has a slightly unique focus and expertise, creating a complementary and increasingly diverse range of investments that are helping Canadian agriculture companies and entrepreneurs innovate and grow.

This year, FCC expanded our partnerships with groups that support the development of start-up companies by providing a new three-year sponsorship to Foresight to support the launch of their ag-focused cleantech acceleration program called agriNEXT. Foresight has been delivering fixed-term, cohort-based, membership-driven acceleration programming to support the growth and resilience of cleantech innovators in Western Canada since 2014. As part of the agriNEXT program, funds will support 20 seed-stage cleantech agriculture companies annually with technology and industry-specific training, mentorship and ecosystem engagement with funders, investors and corporate partners. With this new partnership, FCC is providing program support to four ag-focused accelerator programs across Canada.

In addition, FCC has made a commitment to a venture capital fund that makes equity investments in mid-market companies across the food value chain who are well positioned to prioritize the sustainability transformation occurring within our food system. The fund works closely with entrepreneurs and operators in building a resilient and sustainable food system.

Customer support



“FCC plays a positive role in shaping the future of Canadian agriculture and food, and enhancing food security and sustainability. Our strategic investments in venture capital fund partnerships ensure a brighter future for the industry we serve.”

– Rebecca Clarke, Vice-President and Treasurer, FCC

FCC continues to provide responsive customer support programs for adverse weather events or agriculture and food related diseases. In 2022-23, FCC provided five customer support programs that assisted 286 customers for a total of \$110.4 million. This help came as either new lending or deferred loan payments.


Environmental community enhancements



- We support projects that make a positive change globally and in local communities, including:
- The FCC [AgriSpirit Fund](https://www.fcc-fac.ca/en/community/apply-funding.html) supports rural communities with populations under 150,000 to enhance lives and support sustainability. While not the main criteria for selection, 74% of the projects chosen in 2022-23 were related to energy efficiency, sustainable food practices and avoiding food waste. All projects are in communities with agriculture in the surrounding area, positively impacting the quality of life for FCC customers and those in the agriculture industry. Learn more about our community enhancements at <https://www.fcc-fac.ca/en/community/apply-funding.html>.
 - FCC continues to extend the life of our electronics and reduces e-waste through the donation of laptops, cell phones and other computer accessories to non-profit organizations across Canada. Over the last 10 years, FCC has repurposed over 10,000 pieces of equipment through donation.
 - To continue acknowledging employee long-service milestones in a meaningful way, we evolved our recognition program to include planting a tree through a new partnership with Tree Canada, a national non-profit organization dedicated to planting and nurturing trees in rural and urban environments. Employees with milestone anniversaries in 2023 had a tree planted in their honour and received a digital certificate of confirmation from Tree Canada.
 - Since joining the PrintReleaf program in 2019, we've offset paper consumption by reforesting 1,578 trees in global reforestation projects. PrintReleaf tracks paper use across FCC and automatically purchases trees to plant at global locations that need it the most, contributing to environmental sustainability.


Operational carbon footprint



 FCC set an ambition to be net-zero aligned in our internal operations.

FCC will explore how to meet our net-zero aligned ambition by setting science-based targets¹. This aligns to the latest climate science best practices required to meet global goals. Establishing this medium-term target with corresponding actions will also position FCC to achieve the long-term net-zero target.

We'll achieve this target through a combination of emission reductions alongside offsetting FCC's residual operational Scope 1, 2 and 3 emissions through the purchase of credible offsets. For our emission reduction, we'll focus where we can have the greatest impact and explore options to purchase carbon offsets and renewable energy certificates (RECs), including power purchase agreements (PPAs). We'll also address other GHG sources in our operation, such as setting sustainable business travel guidelines and encouraging a reduction in non-essential business travel.

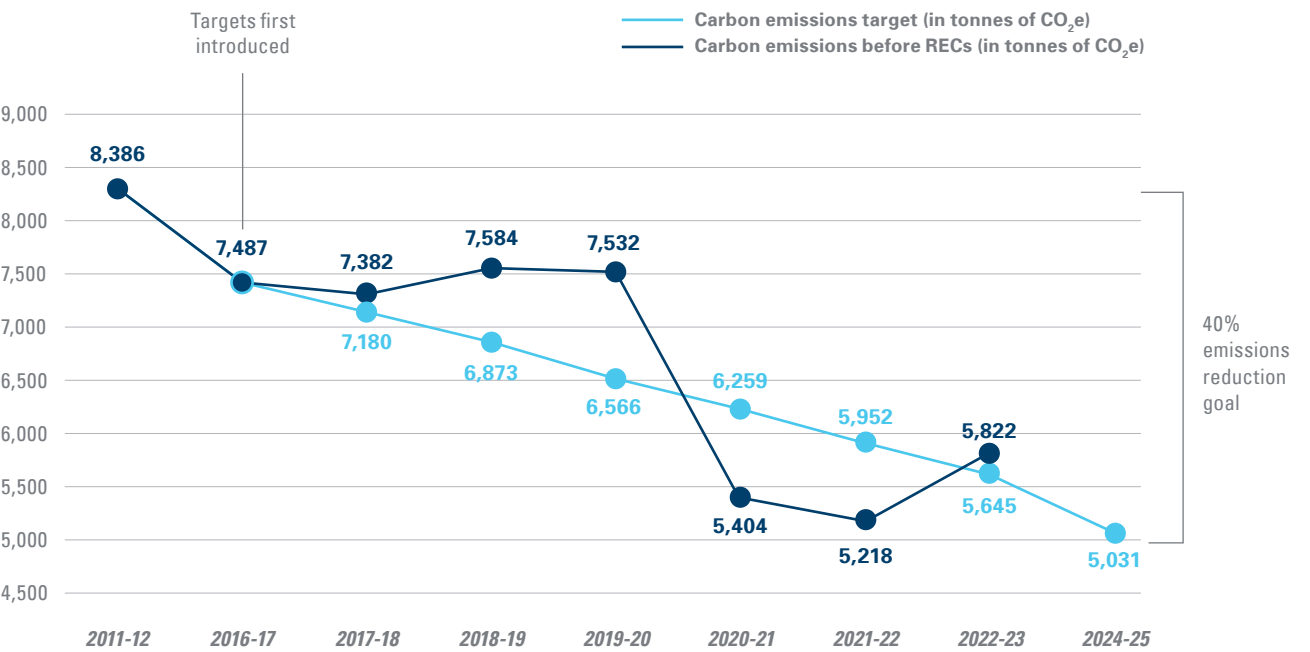
 FCC total GHG emissions for 2022-23 were 5,822 t CO₂e – a 30.6% reduction based on our 2011-12 baseline.

Our current 2025 goal, set in 2016-17, is to reduce FCC's GHG emissions by 40% (established from a 2011-2012 baseline). By reducing emissions by 307 tonnes of CO₂e every year from 2017 to 2025, we're on track to meet this target. This year, our total GHG emissions were 5,822 tonnes. To reach this year's target of 5,645, we'll purchase RECs equivalent to 177 tonnes of CO₂e. This increase is primarily due to additional activities coming out of pandemic restrictions.

¹ Net-zero aligned is when organizations reduce emissions in line with a 1.5°C scenario, with an option to procure offsets for remaining emissions.

Meeting our 40% GHG reduction goal

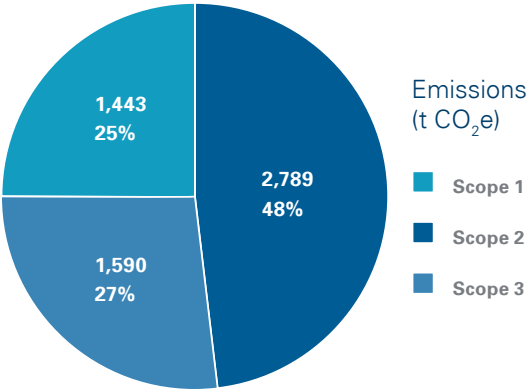
GHG emissions (in tonnes of CO₂e)



FCC emissions by scope

FCC measures and reports our direct and indirect GHG emissions related to upstream activities for Scope 1, 2 and 3 following GHG Protocol accounting principles. We record two scopes related to office utilities consumptions to determine our footprint:

- Scope 1** – direct emissions tied to consumption of natural gas, liquid fuel and refrigerants.
- Scope 2** – indirect emissions tied to purchased electricity. This year’s calculations are based on a representative sample of 92% of our total office square footage.
- Scope 3** – emissions tied to other indirect emissions from business air and vehicle travel and paper use.



Scope ²	Emissions (t CO ₂ e)	2020-21	2021-22	2022-23
Scope 1	Direct GHG emissions from sources that are owned and/or controlled by FCC (for example, on-site fuel combustion)	1,487	1,381	1,443
Scope 2	Emissions created from the consumption of purchased electricity that occurs off-site but attributable to FCC activities	3,639	3,220	2,789
Scope 3	Emissions from sources not owned or controlled by FCC, but still integral to operations	278 Air travel 5t Vehicle travel 223 t Paper ³ 50 t	617 Air travel 75 t Vehicle travel 476 t Paper ³ 66 t	1,590 Air travel 454 t Vehicle travel 993 t Paper ³ 143 t
Total		5,404	5,218	5,822

² Source of Emissions Factors
U.S. Environmental Protection Agency, 2023 GHG Emissions Factor Hub
<https://www.epa.gov/climateleadership/ghg-emission-factors-hub>
Environment and Climate Change Canada, 2022 Emissions Factors and Reference Values Publication
https://publications.gc.ca/collections/collection_2022/eccc/En84-294-2022-eng.pdf
NRCAN (2020) Comprehensive Energy Use Database, 1990 to 2018, Office of Energy Efficiency, Natural Resources Canada, January 2020. https://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/menus/trends/comprehensive_tables/list.cfm
³ GHG emissions associated with paper are calculated using the tonnes of paper used by FCC and the emissions factors associated with various levels of recycled content within the paper sources.

Scope 1 and 2 emissions

In 2022-23, FCC used 55,919 gigajoules (GJ) of energy. The consumption of natural gas, diesel and propane increased by 1% over the previous year. Of this usage, there was no consumption from renewable sources. FCC’s electricity consumption was 28,573 GJ (7,937,079 Kilowatts), an increase of 2.2% over the previous year. There was an increase in FCC’s electricity consumption; however, there was an overall GHG reduction due to a cleaner grid. Of this consumption, 42.9% was from renewable sources. FCC does not directly participate in the sale of any energy sources.

While FCC does not own our office buildings, we work with property owners to implement environmentally friendly and energy-efficient changes. And when a building is being evaluated for lease, we consider the energy efficiency of the structure and equipment as one of the factors in determining whether it’s suitable office space. Managing our GHG footprint is important to FCC, and we know there is more work to do to reduce our office utilities.

When it comes to office space, this year, FCC closed one satellite office, relocated four offices, and opened one office and two satellite offices. Based on these changes, FCC’s overall office square footage was reduced by 2.4%.

FCC’s operational footprint continues to be part of the criteria considered when assessing office space. This year, we reviewed our 1:1 employee to desk or office ratio. As FCC’s employee count increases, we’re committed to continuing to implement space sharing across the organization, which helps to balance the opportunity for employees to take advantage of hybrid work while using our space efficiently and limiting the need for additional space. At the end of this fiscal year, 28% of FCC workstations are set up as space sharing, with anticipation for further increases in the coming year.



Scope 3 internal emissions

Scope 3 emissions	2020-21 totals	2021-22 totals	2022-23 totals
Vehicle travel	1,011,845 km	2,162,846 km	5,069,403 km
Air travel	46,425 km	735,956 km	5,492,098 km
Paper usage	52 tonnes of paper	69 tonnes of paper	151 tonnes of paper

This year, based on pre-pandemic totals, we saw our Scope 3 GHG emissions increase in all three categories. This increase was anticipated as the organization returned to near-normal operations post-pandemic. However, FCC remains committed to embracing business travel patterns learned during the pandemic and exploring how a hybrid work environment, enhanced customer digital offerings and understanding customer communication preferences can impact the organization’s emissions.

Business travel: At the start of this year, we set a goal to reduce air travel by 20% per employee over a pre-pandemic baseline. The results show that even though our air travel kilometres increased from 2021-22, we reduced air travel by 36% from pre-pandemic levels. To achieve this goal, we asked employees to travel smart when serving customers and keeping operations running efficiently and smoothly. Smart travel guidelines, the travel reduction target and regular monitoring and reporting helped FCC remain focused on air travel emissions. When required, our field employees meet customers face-to-face. To further understand potential vehicle travel efficiencies, FCC will explore collecting additional data from employees.

Hybrid work environment: FCC has embraced a hybrid work environment, with most employees working from both home and in the office, and some working entirely remotely. This year, employee feedback indicated that flexible work arrangements

are highly desirable. Based on this feedback, leaders recognized the potential to maximize the value of in-office time. As a result, upgrades were made to the physical office environment to encourage collaboration, facilitate space-sharing and streamline hybrid meetings. Also, as of this year, FCC has implemented standardized IT hardware for all employees and workspaces, making it easier to move between workspaces and office locations. Future work includes exploring the tracking of employee commutes.

Customer interactions: Through enhancements and awareness, FCC continues to empower customers to manage their portfolios and data. This year, enhancements to the Alliance portal of Online Services were made to simplify the submission of financing applications by Alliance partners and enable digital requests for crop input increases by customers. Work is also underway to better understand our customer attitudes, behaviours and preferences to ensure we’re serving them in a way that adds value to their businesses in the most efficient way for them and FCC.

Paper and waste: FCC’s paper use increased this year with the return of more employees to the office, more in-person events and tradeshow, and an additional national mental health publication. Advancements and awareness of digital enhancements to processes, such as business documentation, marketing and publications will continue at FCC.

FCC remains focused on reducing waste due to office renovations. When services are available, we dispose of furniture and other pieces through donations, recycling and diversion. Waste created from office change is currently not part of our GHG emissions calculations. However, this Scope 3 category is being explored as part of the ESG program.

Scope 3 financed emissions

FCC remains committed to furthering our understanding of climate opportunities and risks for the agriculture and food industry and understanding emissions related to our portfolio. Last year, we completed an assessment using aggregated data by sector and geography for an initial benchmark of our financed emissions. This year, we calculated our Scope 3 Category 15 emissions related to our downstream activities using emission factors aligned with the North American Industry Classification System (NAICS) and provided by Partnership for Carbon Accounting Financials (PCAF). While it’s the first iteration of the calculation using the PCAF standard, FCC will strive to improve data availability and quality to meet the standard’s requirements and remain consistent while aiming to increase precision with other methods of calculation highlighted in the standard. This information will be considered in our ESG program.



Learn more about financed emissions in our 2022-23 climate-related disclosures, which can be found in our [annual report](#).



SOCIAL



Our commitment: We foster a healthy and inclusive society.



We strive for equitable practices that support our employees, industry and communities.

Material issue

Under-represented groups

Our goal is to help the industry and our customers achieve their full potential – and that includes initiatives to support under-represented groups, specifically Indigenous communities and Peoples, women entrepreneurs, and young farmers and entrepreneurs. Barriers to entry exist, such as farmland prices, start-up costs, access to capital or credit, regulatory requirements, and agriculture knowledge. FCC remains committed to Gender-based Analysis Plus (GBA+) to identify and work towards removing barriers as we develop programs and initiatives to support under-represented groups.

Indigenous communities and Peoples



On **Canada’s Agriculture Day** (February 15, 2023), over 640 attendees, including producers, processors, retailers, suppliers, government officials, policymakers and the next generation of agriculture and food influencers, attended the Future of Food Conference, which was organized by FCC and other industry partners. The theme of the conference was innovation and the power of what can happen when industry comes together and collaborates. Chief Cadmus Delorme received a standing ovation for his captivating and moving keynote about re-igniting the Indigenous passion for agriculture.



FCC began the Progressive Aboriginal Relations (PAR) certification process in late 2020. The PAR program is administered by the Canadian Council for Aboriginal Business (CCAB) and is designed to help companies advance their ability to support the social and economic inclusion of Indigenous Peoples. The program has four critical drivers to sustain a company’s focus on progressive and positive relations with Indigenous businesses and communities: leadership actions, employment, business development and community relationships. The certification process typically takes companies seven years to complete. This year, we completed Phase 2 of the three-year “committed” phase and we’re on track to move into the certification phase by 2024.

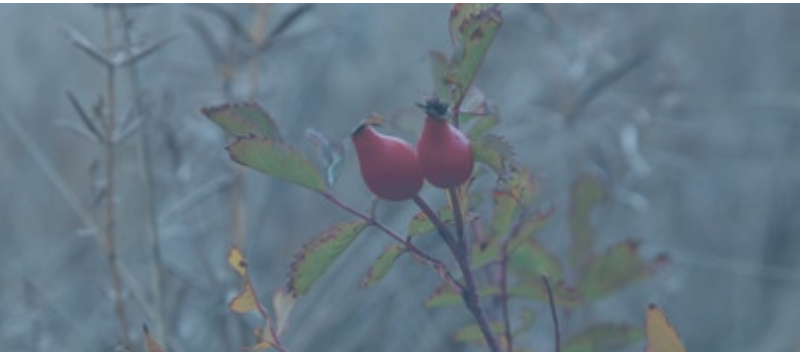
This year, FCC employees continued to collaborate, sponsor, attend, present and network in a variety of Indigenous forums to build trust and relationships, and increase brand awareness with Indigenous agriculture and food businesses. For example, FCC sponsored and participated in the 2022 Indigenous Agriculture Summit and Beyond the Harvest Indigenous Food Security Summit. FCC also partnered with Saskatchewan’s Ministry of Agriculture, Saskatchewan Indian Equity Foundation and Saskatchewan Cattlemen’s Association to deliver the Saskatchewan Indigenous Cattle Producers Conference.

We continue to make progress on our [Indigenous lending program](#) with a goal of enabling more Indigenous community participation in the Canadian agriculture and agri-food industry. Last year, FCC began gathering Indigenous declaration information from new and existing customers, which helps us make informed decisions on addressing barriers experienced by Indigenous businesses and communities within the agriculture sector. As of the end of March 2023, 30,496 FCC customers have been surveyed, of which 665 have declared as Indigenous. We believe that this number will continue to grow as more new and existing customers complete the declaration.



Canadian Council for
Aboriginal Business

FCC has completed
Phase 2 of the PAR
certification process.



Women entrepreneurs



\$401.7M of lending was to women entrepreneurs this fiscal year.

FCC remains committed to empowering women in agriculture and food through increased access to:

- capital to start or grow their business
- business and competency skill development for themselves and their business
- tools, resources and people to learn from

Since the launch of the FCC [Women Entrepreneur Program](#) in 2019, FCC has approved 3,350 Women Entrepreneur Loans totalling over \$2.2 billion. Under this loan, FCC waives up to \$1,000 in processing fees and encourages borrowers to reinvest those savings into personal and professional development, suiting their individual and growing business needs.

In addition to the capital that women need to grow their business, FCC also provides meaningful skill development opportunities. For example, on International Women’s Day, FCC hosted both a French and English FCC Women’s Summit to an in-person and virtual audience. The events were attended by a total of 400 attendees. Topics focused on financial health, business transition and mental health.

FCC continues to profile women entrepreneurs throughout our programs, including in our quarterly AgriSuccess magazine, our monthly Talking Farm and Food podcast series and within the weekly articles of the FCC Knowledge Newsletter. We also highlight women in the industry as speakers, experts and resources across our channels and programs.



Young farmers and entrepreneurs



FCC loaned \$5.05 B to young farmers and entrepreneurs this fiscal year, surpassing our \$4.65 B goal.

FCC continues to work towards making the agriculture and food industry more accessible to the next generation of producers and agribusinesses. FCC’s [Young Farmer Loan](#) and [Young Entrepreneur Loan](#) are aimed at producers under 40, and our FCC Starter Loan is for first-time producers and agribusiness operators between 18 and 25 and is intended to help establish a credit history and build business skills. All products offer flexible financing terms at discounted rates and fees. Qualifying loans also receive a free subscription to FCC AgExpert software to support digital record-keeping and financial literacy.

Being successful in agriculture is a lifelong journey of learning, adapting and growing to keep up in today’s changing world. In addition to customized financing options, FCC helps our next-generation customers gain the skills and knowledge tied to business management, farm transition, managing people and financial literacy through sharing information in a variety of ways, including:

- **Events:** FCC has been delivering Young Farmer Summits since 2017. This year, we delivered six Young Farmer Summits at locations across Canada, with one being delivered in our first hybrid format (face-to-face and streaming online). This year’s summits included topics such as resiliency, farm transition, team communication and financial management. In total, over 1,000 young producers attended or viewed a summit.

- **Articles:** Our next-generation customers have access to a wealth of information at [fcc.ca](#) on important topics, such as preparing for a loan, developing a business plan and understanding markets. Within FCC business essentials learning paths, our Money and Finance Basics and Economics Basics guides continue to have active readership, with over 45,000 views this year.
- **Partnerships:** FCC partnered with the Ivey Academy at Ivey School of Business to launch a four-day, advanced executive learning program for select FCC next-generation customers. The learning program focused on strategic planning, financial analysis, communication, people management and negotiations. In this inaugural year, 51 FCC producers participated in the program. FCC also launched a new advisory offering for agribusiness and food customers, which includes 40 hours of advisory support through an external operation partner, IC Canada. This year, 11 customers were supported with this program.
- **Peer groups:** New this year was the launch of agriculture and food FCC peer groups, with a goal of connecting growth-minded individuals to share goals, challenges and to support each other’s business success. In total, 68 people participated in this pilot during the year. Planning is underway to determine moving the program forward based on lessons learned.

“I realize I am not alone. I have felt like I had ideas that were helpful to other people’s growth, and I have implemented many ideas from the group on my own farm. I felt inspired and motivated by the wonderfully diverse group. I am thankful to have been chosen to be a part.”

– FCC peer group participant

Supporting agriculture students



FCC provided \$250,000 in funding to 4-H Canada in 2022, with \$100,000 distributed through Farm Credit Canada’s 4-H Club Fund, to support 200 4-H Canada clubs across Canada.

FCC knows that youth and university students are the next generation of agriculture, and continues to support young Canadians through funds and programs, including:

- Our annual FCC [4-H Club Fund](#). 4-H Canada is one of the country’s longest-running youth organizations for young people between the ages of eight and 20. The funds will be used to support initiatives and activities such as developing existing programs, purchasing resource materials, volunteer support or costs associated with local events.
- Enabling FCC AgExpert to be used in 13 post-secondary classrooms across Canada to assist in helping students understand how digital decision-making can allow them to monitor costs, improve yields and better manage farm information.
- Relaunching of The Foundations in Agriculture Management programs offered in partnership with RBC and the University of Guelph. The video series is targeted at young producers and ag students, and focuses on agricultural business strategy and planning, farm management, succession planning and financial fundamentals.

Transition planning



FCC Advisory Services completed over 812 client engagements, helping farm families get started on their business transition or get unstuck in the transition process.

FCC knows there are many things to consider when transitioning the family business and its assets to the younger generation and the process can look different for every farm. Since 2018, the FCC [Advisory Services](#) team has been helping farm families gain clarity, identify goals and determine the next steps in their transition journey. This year, customers who responded to the post-engagement survey gave their experience an average value rating of 4.9 out of 5 and said that their likelihood to take action on their farm transition as a result of the service was 4.6 out of 5. In addition to this complimentary service, FCC continues to offer an FCC Transition Loan aimed to help both the buyer and seller in a farm transition and is looking at opportunities to further enhance this offer.

In addition to the Advisory Services team and the FCC Transition Loan, we continue to develop transition content on [fcc.ca/Knowledge](#) to educate and grow financial literacy. This year, we delivered a nine-part webinar series on farm transition. Hosted by FCC business advisors and transition experts, each month featured a different step in the process. This event series received 3,500 views on-demand. FCC’s Transition content saw over 106,00 views, our most successful year.



Rooted in resilience



Mental health



In November 2022, Rooted in Resilience, FCC's new mental health publication, was delivered to 180,000 rural mailboxes across Canada and was made available online.

Rooted in Resilience is the second and latest mental health publication designed for Canadian producers, authored by mental health experts and created by FCC. The publication focuses on reinforcing resilient mindsets and behaviours by offering clear, practical steps to manage stress, anxiety and depression. It showcases inspirational stories from farm operators and families and professional advice that can help our customers and the industry to grow even stronger and continue to thrive. This publication can be found on FCC's updated Wellness page, which provides provincial mental health helplines and other resources.

Mental health remains top of mind at FCC events, including the Young Farmer Summits, Women Summits and FCC Forum. FCC also sponsored a mental health presentation at the 2022 Canadian Western Agribition that featured a mental health expert and coincided with the launch of the Rooted in Resilience publication.

In addition to providing mental health resources to customers, FCC continues to work with several industry partners who provide mental health support, including:

- Do More Agriculture Foundation, which offers the Community Fund sponsored by FCC, delivering mental health first-aid workshops in rural communities across Canada. This year, 366 people in 24 communities were trained.
- Au coeur des familles agricoles, which enables support, training and education for their Travailleurs de rang program, where mental health specialists function as a mobile mental health unit for producers in rural Quebec.
- Ag Health and Safety Association, which provided 14 training sessions in 10 post-secondary ag colleges and schools to 648 students across Canada through the Gear Up for Ag program. The course offers physical safety and mental health training for ag students.
- Canadian Agriculture Safety Association, which launched a new mental health hub in March 2023. The hub is a living resource populated with links to programs and information to connect farmers, farm workers, farm families and communities to mental health supports as needed.

Experiencing a tragedy, like an illness or workplace accident, can have devastating effects on your personal and professional life. In 2022-23, the FCC AgCrisis Fund was changed to the FCC Customer Crisis Fund, and the eligibility criteria was expanded to support all FCC customers. The fund is available to customers on a case-by-case basis, and this year, over 329 customers received financial support through it. The fund is one way we show support to customers facing tragedies that impact their lives and businesses.

Employee well-being is also important to FCC. We offer employees meaningful benefits and programs



This year, over 820 employees engaged on mental wellness through 156 posts, 10,625 views and 794 reactions on FCC's intranet.

that support and enable the health of employees and their families. In addition to medical, dental and insurance benefits, FCC offers the Employee and Family Assistance Program (EFAP) and the Employee Crisis Fund. EFAP gives employees and their families access to support for fitness and physical health, nutrition, mental health, relationships, finances, elder care, legal services and more. FCC's Employee Crisis Fund is co-funded by FCC and voluntary employee contributions and provides eligible employees with up to \$1,000 as a show of compassion during times of crisis. This year, the fund supported 32 employees.

Our holistic internal mental health action plan ensures we remain deliberate with our focus. FCC provides supports, resources and tools to help employees take care of themselves and support their families and colleagues. Employees have access to:

- The Not Myself Today® platform, developed by the Canadian Mental Health Association to help increase awareness and understanding of mental health to foster a safe and supportive culture at FCC.
- Headspace, an online meditation platform to help with focus, breathing and staying calm through the skills of relaxation and mindfulness.
- MindBeacon, a guided program based on digital cognitive behavioural therapy.

FCC remains committed to the health and mental well-being of our employees by providing access to different channels of support to create a better health and wellness experience. FCC continues to host an annual mental wellness week that highlights many of the available resources for employees, including the LifeWorks app, which provides help on a variety of topics including, legal questions, career enhancement, smoking cessation, access to a dietitian, self-care and meditation. Leveraging virtual care options has helped reach more employees and provide more tools and resources to be our best selves.

Spotlight:

Rooted in Resilience

Belinda Bowman came face-to-face with mental illness after the sudden and tragic loss of her fiancé Troy Snobelen, who was killed in a snowmobile accident in 2019. After the initial shock of the accident, she struggled to communicate her distress to those around her.

She began working with a therapist and was diagnosed with post-traumatic stress disorder and anxiety. Over many months of sessions, she learned how important it is to be present in the moment, process your feelings and understand why you're feeling that way.

"Finding self-awareness, being able to identify my feelings and taking time to sit with my feelings has changed how I live my life," she says.


Her journey is one of many featured in FCC's Rooted in Resilience publication, which helps you take action to support mental health.

To learn more about Rooted in Resilience, visit fcc.ca/Wellness.

Material issue

Indigenous Peoples



 June 2022 was a historic moment in FCC’s truth and reconciliation journey.

FCC is committed to truth and reconciliation and continues to expand learning opportunities to its employees to deepen their knowledge and awareness. Every June, people in Canada celebrate National Indigenous History Month and recognize National Indigenous Peoples Day on June 21. On June 20, at our corporate office, we brought together local Indigenous leaders and FCC employees to celebrate Indigenous Peoples and honour our commitments in a meaningful way. The day was filled with many events, including:

- A pipe ceremony led by Pipe Carrier and Knowledge Keeper, Murray Ironchild, from the Piapot First Nation in Saskatchewan. At the beginning of the ceremony he shared stories of his teachings and life. All those in attendance listened with respect and interest, acknowledging the unique opportunity to learn some Indigenous knowledge.
- Raising the Treaty 4 and Métis flags to acknowledge the traditional territories of Indigenous Peoples and commemorate the agreement we made to share this land, and listening to remarks from Indigenous dignitaries who explained what reconciliation meant to them and why it was important. Hearing directly from Indigenous leaders was an opportunity for many FCC employees to understand how they can be better allies at work and in their personal lives.
- Unveiling of Indigenous artwork by the artist, who shared the meaning behind each of the pieces. Indigenous artwork will be rolled out to all FCC offices in 2023-24.

The next day, in partnership with the City of Regina and other members from the Regina Equity, Diversity and Inclusion Network, FCC delivered an in-person National Indigenous Peoples Day celebration. The day featured Indigenous performances, artists, food and speeches from government and corporate representatives, including our CEO. In addition, many FCC employees volunteered to help set up, manage booths and take down at the end of the day. In June, FCC also internally facilitated an Indigenous panel discussion. Three Indigenous employees shared their perspectives on reconciliation and offered guidance on how allies can play an important role.



“Reconciliation has been a difficult word for me because of the impact the policies have had on my family and me. FCC commissioned this art through my self-expression and my healing. So, it’s beautiful and meaningful to be here.”

– Agnes Woodward, Artist

This year, FCC renewed our contract with 4 Seasons of Reconciliation to ensure that all new employees start their journey with FCC by gaining foundational Indigenous awareness training as part of their onboarding. To date, more than 2,300 FCC employees have completed the mandatory learning, which provides an overview of Canada’s colonial history and the treaty relationship from the perspectives of Indigenous Peoples. FCC is also developing an Indigenous relations learning with a goal of helping employees become comfortable with reconciliation and everyone’s role within it. The learning will give employees the knowledge and confidence to build trusting relationships with Indigenous customers and prospects.

FCC’s goal is to demonstrate leadership in supporting Indigenous Peoples in all aspects of our business. In addition to being committed to promoting and partnering with Indigenous communities to support economic development focused on enhancing Indigenous involvement in agriculture, FCC is also encouraging Indigenous inclusion in other areas. One way is through our supply chain. FCC is transitioning to a centre-led procurement operating model that focuses on

incorporating diversity into the organization’s procurement processes and outcomes, including setting and achieving specific procurement targets created to increase our procurement of goods and services through Indigenous businesses. This year, FCC leased office space from a First Nation landlord. To celebrate this partnership, an on-site land acknowledgment was delivered at the start of the space’s first official meeting.

This year, as part of our review of the methodology used to select rural communities receiving funding for capital projects through the FCC AgriSpirit Fund, we identified two barriers that could negatively impact the scoring results for Indigenous communities. Based on this review, FCC updated the scoring methodology and believes that this change enables equal opportunities for Canada’s Indigenous communities.

At a national level, this year FCC partnered with Actua Canada, a Canadian organization focused on engaging under-represented youth through science, technology, engineering and mathematics (STEM) education. FCC’s sponsorship went directly to Actua’s Digital Agriculture Project, which focuses on providing agriculture STEM programs to girls and young women and Indigenous youth across Canada’s prairies. Our investment supported Actua’s ability to deliver hands-on STEM experiences to underserved youth who are facing significant challenges because of the pandemic and systemic barriers. Based on support from FCC and other project funders, in 2022, Actua network members in Alberta, Saskatchewan and Manitoba engaged 57,635 youth, including 2,289 Indigenous youth and 2,903 girls in digital skills activities related to digital agriculture. And 77% of respondents thought the program was amazing or very good.

Information on FCC’s other Indigenous-focused initiatives can be found on page 31 (Under-represented groups), page 40 (Diversity, equity and inclusion), and page 48 (Food insecurity).





Spotlight:
Blanket Exercise

As part of FCC’s commitment to truth and reconciliation, the Indigenous Affinity Group brought in facilitators to take employees through an interactive blanket exercise workshop where they explored the nation-to-nation relationship between Indigenous and non-Indigenous peoples in Canada.

The workshop helps people understand how the colonization of this land impacts those who were here long before settlers arrived. It engages people’s minds and hearts in understanding why the relationship between Indigenous and non-Indigenous peoples is often broken and how we can take action together.

“It was informative, authentic, inclusive and very powerful. Thank you FCC Indigenous Affinity Group for providing this learning experience. I am truly grateful for the opportunity.”
– Janet Cook, FCC employee

“A very powerful and emotional experience. I’m grateful for the opportunity to learn and for the connection to more trusted resources to continue the learning journey.”
– Candace Hill, FCC employee

Material issue

Diversity, equity and inclusion



We continue to develop a workforce that represents the diversity and strengths of the industry and communities we serve. FCC knows that a work environment that values diverse experiences and perspectives makes us stronger and more innovative. We ensure that our hiring practices are fair and that there is equitable access to employment opportunities. As a federal Crown corporation, FCC is subject to the Canadian Human Rights Act, Employment Equity Act, Canadian Multiculturalism Act, Official Languages Act, Accessible Canada Act and the Privacy Act.

- 3% of applicants to FCC job competitions this year self-identified as diverse.
- 30.8% of all new hires at FCC this year were individuals who self-identified as a visible minority, up 8% from last year and exceeding our goal of 20%.

FCC recruitment is a multi-channel process that aims to attract qualified and diverse talent, including members of four designated groups: women, Indigenous, racialized or people of colour, people experiencing disability, and other equity-deserving talent. FCC continues to execute our Indigenous Employment Equity Plan, which focuses on workforce supply, talent and candidate readiness; recruitment, retention, advancement and partnership; and workplace inclusion and accountability.

We engaged 22 diversity-serving organizations, including Indigenous career centres, newcomer centres and organizations serving people experiencing disabilities.

This year, we partnered with Tokata HR Solutions, an Indigenous consulting firm, to support our priorities of engaging and developing Indigenous talent. Through this partnership, FCC has attended events at post-secondary institutions and provided work placements for Indigenous high school students. We continued our contract with post-secondary institutions for the [Indigenous Student Empowerment Fund](#), which provides Indigenous business or office education students with up to \$1,000 to cover costs such as food, rent, transportation, computers and household bills. In December, FCC sponsored holiday hampers for Indigenous students at Saskatchewan Polytechnic. More than 200 students received financial and mental-health support from the holiday hampers. FCC employees also volunteered to serve a hot holiday lunch to the students.

- We believe that we can see our diversity-focused engagement in action:
- Through our partnership with Tokata HR Solutions, two high school students job shadowed in our Marketing division as part of their media studies curriculum.
 - As part of our internship program between the Saskatchewan Indian Institute of Technology and our Information Technology division, we had 22 students join the IT team for a 13-month internship.
 - Through our partnership with 4 to 40, a Regina-based non-profit that enables employers to engage under-engaged persons living with disabilities in meaningful work, five individuals returned to FCC and one individual is being re-trained for new roles within the organization.
 - As part of our annual summer student program, 33% of students hired during the fiscal year self-declared as belonging to an equity group.



FCC published its first Accessibility Plan in alignment with the Government of Canada’s Accessible Canada Act.

Our three-year Accessibility Plan outlines gaps in accessibility that FCC has uncovered and steps it will take in the next three years to close those gaps as part of its commitment to making FCC barrier-free by 2040. The plan also involved creating a feedback mechanism for how employees, customers and other FCC stakeholders can share feedback on accessibility gaps they experience so that FCC can take action. In developing the plan, we consulted with individuals who have direct and indirect experience with disability on what gaps they’ve experienced or noticed – including 335 employees who took time to share their feedback. FCC then worked with a third-party accessibility consulting firm to prioritize the gaps and create a meaningful action plan. Work is underway on the actions outlined in the plan. To learn more about FCC’s Accessibility Plan, visit <https://www.fcc-fac.ca/en/site-information/accessibility.html>.



FCC is establishing its first Pay Equity Committee.

Pay equity is defined as equal pay for work of equal value and is intended to address the gender wage gap and contribute to Canada’s social and economic development. Nominations for FCC’s first Pay Equity Committee were gathered in late 2022, with election of the initial four employee representatives in March 2023. Once established, this committee will be responsible for reviewing our pay equity results and will approve the plan to address any pay equity issues. FCC’s plan will be created and implemented by September 2024.

In 2022, FCC began a comprehensive review of FCC’s compensation programs. This review includes looking at our compensation philosophy, structure, incentive programs, comparator group and benefit programs. The objective is to ensure our compensation programs are meeting employee needs and market trends, while supporting our Board-approved objective to maintain a compensation structure that supports the attraction and retention of employees. Following this analysis, recommendations on any potential changes will be identified, with implementation of any new structures or processes to start in the 2023-24 fiscal year.



Over 1,000 employees engaged monthly on DEI through FCC’s intranet.

FCC shares information and encourages meaningful DEI dialogue through our intranet about many important topics and events, including a weekly Thursday Think Tank post focused on generating meaningful DEI dialogue and asking thought-provoking questions that encourage social good. This year, there were 791 posts, over 29,000 views and nearly 6,400 reactions to content and conversations.



FCC hosted more than 12 equity and inclusion learning events and initiatives this year, with more than 3,000 internal and external attendees.

In addition to monetary contributions, FCC’s learning events and initiatives provide individuals with additional support and a sense of belonging by covering topics around workplace barriers, community outreach and cultural learning.



Vaisakhi (April): Punjabi farmers collectively celebrate the spring harvest and reflect on values of sharing, seva (selfless service), community and living by honest means. To recognize the Indo-Canadian community, FCC advertised in Punjabi for the first time.



Asian Heritage Month (May): A group of Indo-Canadian employees held a lunch and learn to share the different aspects of their culture, farming practices and what it means to them.



Pride Month (June): FCC employees marched in Pride parades across the country, with the biggest turnout being in Regina, Sask. In addition, resources were shared internally on gender identity and sexual orientation to help remove the stigma on the topic.



National Indigenous Peoples Day (June): FCC, in partnership with the City of Regina and other members from the local Diversity and Inclusion Network, organized an in-person National Indigenous Peoples Day celebration.



Orange Shirt Day / National Day for Truth and Reconciliation (September): FCC employees participated in events for the National Day of Truth and Reconciliation, including Miyo-wicîwîtowin Day to reflect and learn about the tragic history and ongoing trauma of residential schools. FCC also launched a four-part video series that featured an Elder who shares his experiences as a residential school survivor.



Linguistic Duality Day (September): FCC employees shared personal stories related to the importance of receiving and offering both internal and customer services in the recipients’ official language of choice, highlighting the value for relationship-building and business. Bilingual employees were encouraged to use an optional new email signature inviting recipients to respond in their official language of choice.



National Disability Employment Awareness Month (NDEAM) (October): FCC participated in Light It Up! For NDEAM, a one-night, national, co-ordinated special lighting event to recognize the many ways people who have a disability contribute to businesses and communities across Canada.



Black History Month (February): FCC held four internal employee learning events across Canada, including dance classes, a cooking class and a panel discussion where employees shared their lived experiences and suggestions on how to be better allies to Black and other racialized employees.



Francophonie Month (March): To celebrate living into Part VII of the Official Languages Act, which includes recognition of equality of status of both English and French, and the development of linguistic minority communities, a video was shared with employees highlighting the programs and initiatives FCC has contributed to through our Linguistic Duality Fund. Employees were also invited to participate in Franco challenges throughout the month and share an aspect of their Francophonie, regardless of their first language, to build a work environment conducive to the use of French.



International Women’s Day (March): FCC employees volunteered to plan internal events for International Women’s Day, which included panel discussions featuring women in leadership, as well as additional learning resources around the topic of equity and equality.



90% of employees believe FCC is taking action to become more diverse and inclusive.

FCC has created a culture built on 100% accountability for our impacts on people and results, and on committed partnership. Our culture defines how we intentionally show up at work each day, how we interact with one another and how we work together to deliver results for Canadian agriculture and food. This year, FCC recognized the 20-year anniversary of our culture. We celebrated the commitment of employees and leaders in living FCC’s culture and reinforced the importance of a strong culture on business outcomes. During July and August, over 5,000 culture celebration recognitions were shared among employees.

We’re completing an end-to-end review of our employee experience to make the organization even stronger. This work includes completing an external labour market scan to understand expectations and how they align to our current offering. Internal interviews and focus groups, combined with existing survey data are also being used to identify opportunities. The work is being summarized, and gaps identified. The gap analysis and recommendations will be available in early 2023-24, which will result in a roadmap and action plan.



88% of employees shared insights and feedback as part of our annual engagement survey.

FCC strives to create a work environment where individuals feel safe, respected, engaged, motivated and valued for who they are and for their contributions to the organization. We know feedback is key to creating and sustaining this type of environment. Each year, employees share their insights and feedback as part of our annual engagement survey and pulse surveys, administered by Kincentric, a global consulting firm specializing in all aspects of the employee experience and HR advisory services. We use their engagement model as it aligns with our culture and vision for the employee experience, and we use their

benchmarking data to help us track our progress against other financial institutions and their Canadian Top Quartile scores. Kincentric defines employee engagement as “the level of an employee’s psychological investment in their organization.” Their model uses six questions to understand employee sentiment related to what they SAY about their employer, their desire to STAY and their motivation to STRIVE. An engaged employee is someone whose average response for the six engagement questions is 4.5 out of 6 or higher (on average, they agree or strongly agree with the six questions). This year, our engagement score was 81%.

Our high participation rate tells leaders that employees are motivated to tell us about their day-to-day experience and share insights into how we can improve through open-ended comments and scaled questions. Topics included on our surveys include senior leadership, work enablement, manager care, health and well-being, culture and learning. Results from the surveys are used at the enterprise, divisional and team level as input into decision-making and to develop action plans to enhance the employee experience. We continue to advance how we request feedback, how we share it thoughtfully to fuel decision-making and leadership, and how we close the communication loop with employees to ensure they have confidence in how their feedback is influencing organizational advancement and improvement for employees and customers.



“FCC’s culture promotes the value of caring, empathy and respect for others. Our culture allows us to name things better in order to be able to act consciously, by relying on the different tools offered. Those values are bound to elevate us as human beings, whether in our professional or personal roles.”

– Chantal Mercier, FCC employee



Through quarterly articles, employees are invited to participate in group discussions on different topics of DEI.

Employee learning and development is another key component to building a successful organization. Each year, employees are encouraged to seek learning opportunities through a variety of options, including seminars, certifications and in-house programs and courses. Employees receive learning days to enable time to focus on these activities. Instilling an inclusive mindset, which helps expand employee perspectives and behaviours, is one area of learning that FCC is focused on. This year, all employees were asked to actively work on creating a more inclusive environment through self-reflection, team discussions, events and other activities.

We understand that discussions around racism can be difficult and feel uncomfortable, but they’re necessary for FCC to advance as a corporation. Throughout the year, information was provided to employees to help them gain a better understanding of systemic racism. In one article, an FCC employee with lived experience shared his story and his advice on how all employees can be better anti-racists. The article featured individual reflection questions and a leader conversation guide to help facilitate team discussions.

“Everyone agrees that this is an important conversation and are thankful FCC is creating safe space to have it. We are all learning from each other. We really appreciated the article and how honest and raw it was. This transparency is needed.”

– Lyne Robichaud, FCC employee



Over 110 employees are enrolled in FCC’s second language course-based learning program and over 70 employees have embarked on second language learning through the new platform.

Many people encounter challenges when learning or speaking a language, and they can often result in feelings of doubt, discomfort and low self-esteem when using a language. In a work setting, linguistic insecurity can have a negative effect on someone’s career, keeping them away from seeking opportunities or speaking up to add value. By creating an environment conducive to the use of both official languages, in which linguistic diversity and cross-cultural communication skills are promoted, FCC can create a workplace where all employees can work in their official language of choice, feel respected and valued, and can contribute to their full potential.

This year, FCC promoted the advantages of a bilingual work environment and provided additional ways employees can communicate in their preferred official language, including an optional e-signature for bilingual employees to invite recipients to communicate in their office language of choice. We delivered workshops to national teams on efficient practices for leading bilingual meetings, supported over 20 meetings with remote simultaneous interpretation, and are procuring a technological solution to support remote simultaneous interpretation for all meeting types (in-person, hybrid and virtual) to make this service more accessible.

We also refined internal processes for determining the language designations of positions. A leadership toolkit was developed to equip leaders with knowledge to objectively determine the language designation of positions on their team and support the bilingual recruitment process. Accurate language designations will ensure FCC has the bilingual capacity to fulfil its official languages obligations.

We improved our internal language training program this year. The curriculum was redesigned to enable course-based learning paths and the launch of a self-study platform. Any employee who wants to further their language proficiency can use FCC’s new online language training platform.

Workforce composition⁴

TOTAL EMPLOYEES ⁵						
	2020-21		2021-22		2022-23	
	Female	Male	Female	Male	Female	Male
Full time	1,104	748	1,175	780	1,258	827
Part time	32	4	29	4	19	6
Permanent	1,136	753	1,207	784	1,277	833
Temporary	97	51	85	52	89	55

⁴The workforce composition data is presented as of March 31, 2023. Employees are located only in Canada.

⁵The total number of FCC employees is presented on a headcount basis, excluding casual staff, students, employees on leave and contingent workers.

OVERALL NEW HIRES			
	2020-21	2021-22	2022-23
Female	55.9%	56.1%	57.4%
Male	44.1%	43.9%	42.6%

OVERALL EXITS			
	2020-21	2021-22	2022-23
Female	58.8%	55.0%	51.3%
Male	42.2%	45.0%	48.7%

BY MANAGEMENT ⁶ VS. NON-MANAGEMENT ⁷ AND GENDER			
	2020-21	2021-22	2022-23
Management	49.2% F 50.8% M	50.5% F 49.5% M	51.5% F 48.5% M
Non-management	64.2% F 35.8% M	63.9% F 36.1% M	64.2% F 35.9% M

⁶ Management refers to any employee who has direct and/or indirect reports.

⁷ Non-management refers to any employee with no direct and/or indirect reports.

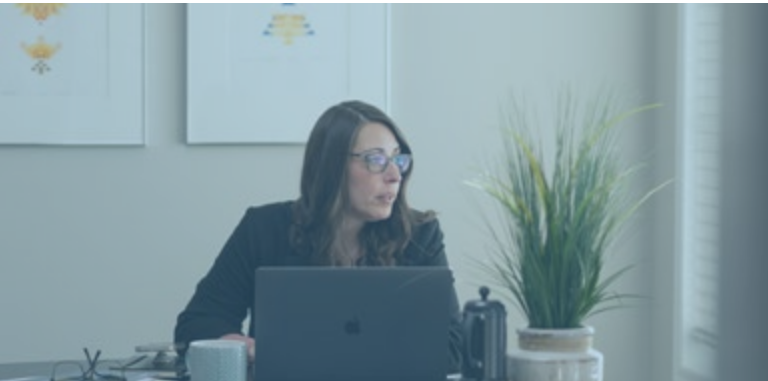
NEW HIRES BY EQUITY GROUP ⁸			
	2020-21	2021-22	2022-23
Members of visual minorities	13.1%	19.5%	24.7%
Aboriginal Peoples	7.8%	4.5%	3.2%
Persons with disabilities	0.8%	1.9%	2.1%

⁸Self-declaration responses are voluntary from employees. Values do not add to 100% as employees from non-equity groups or those who choose not to self-declare are not included.

EXITS BY EQUITY GROUP ⁹			
	2020-21	2021-22	2022-23
Members of visual minorities	12.4%	12.7%	13.8%
Aboriginal Peoples	5.9%	7.1%	4.0%
Persons with disabilities	3.3%	4.2%	5.9%

⁹ Values do not add to 100% as employees from non-equity groups or those who choose not to self-declare are not included.

FCC continues to engage employees with lived experiences to understand what, if any, barriers exist to FCC’s ability to retain, engage and advance diverse talent. Ongoing efforts to increase retention of diverse talent are reflected in the various programs and initiatives that help foster an environment of inclusion at FCC. New partnerships with Indigenous supporting organizations and FCC’s Indigenous Resource Group have increased engagement to support and retain Indigenous talent. Efforts to increase the retention of employees living with disability are included in FCC’s newly published Accessibility Plan.





Spotlight:

Entosystem

Entosystem produces insect proteins for animal consumption and reduces food waste in the process. The company recovers rejected fruits and vegetables from grocery stores and restaurants and downgraded grains from mills to feed its insect larvae.

Fly larvae, which have exceptional nutritional value, are then used to replace soy and fish protein in livestock feed and pet food.

In Canada, nearly 58% of all food produced goes to waste. This food waste represents a loss of over \$30 billion a year. Thanks to businesses like Entosystem, some of that food will now be recovered. By promoting more solutions to the food waste problem in Canada, we can strengthen our food systems and support Canada’s transition to a greener economy.

Get the full story at <https://www.fcc-fac.ca/en/about-fcc/media-centre/customer-stories/insect-superpowers.html>.

Material issue

Food insecurity

Food insecurity is a complex issue around the world, and Canada is not immune to it. Approximately 6.7 million Canadians use non-profit food services every year¹⁰. As the only lender 100% invested in Canadian agriculture and food, we believe that we can make a difference in the inadequacy and insecure access to sufficient, affordable and nutritious food experienced by many Canadians across the country.

Reducing hunger



FCC employees, customers and community partners provided over 40 million meals to charitable food security agencies and programs across Canada during the 2022 Drive Away Hunger campaign.

Since its founding by FCC in 2004, the annual Drive Away Hunger campaign has been a catalyst for engaging the agriculture and food community in providing food and funds, and engaging in reclamation initiatives to support charitable food security agencies and programs across the country. Those who grow, produce or process food and beverages every day truly understand and appreciate the importance of providing high-quality and nutritious food. FCC and our industry partners are proud to support this initiative. Of the 40 million meals collected, FCC contributed 2.5 million meals towards this year’s campaign, with the remaining meals donated by 90 agriculture and food partners across Canada. FCC also provided \$200,000 in funding to school feeding programs at Indigenous and community schools nationwide.

Tackling food waste



FCC donated \$75,000 to Second Harvest Canada, a national leader in food waste recovery, which enables the delivery of over 225,000 meals to local aid agencies and the people they serve, while diverting over 784,000 lbs of greenhouse gas emissions from our atmosphere.

It’s estimated that 11.2 million tonnes of good food is wasted every year in Canada. Also, 3.2 million tonnes of surplus edible food is produced each year but only 4% of that is rescued and redistributed for human consumption¹⁰. This is food that could be provided to charitable food support programs across the country. FCC knows that food reclamation is an important strategy for reducing food insecurity and combating climate change. If we use more food that’s currently available, we can provide it to those struggling and reduce pressure to produce more.

In March 2023, FCC donated \$75,000 to Second Harvest Canada. In addition to delivering meals to local aid agencies, some of the funds will be directed towards funding food shipments to northern communities in Canada. These deliveries are made possible by a third-party logistics partner, who enables the transportation of large volumes of food across the country by truck, boat, plane and train, across terrain that includes ice roads, and reaches as far north as the Arctic Circle. With the help of FCC and other Indigenous-led partner organizations, this funding will assist in bridging supply chain gaps and supporting these northern communities with increased food access.

In 2019, FCC donated \$150,000 to Canada’s largest charitable food distribution hub, Moisson Montréal, to establish a repackaging line. This line allows them to accept and redistribute large quantities of surplus fruit and vegetables to organizations that feed people in need. In 2022, 349,915 lbs were

repackaged on the line and redistributed throughout Quebec and Ontario. Since the line became operational in 2021, 380,599 lbs of food has been saved, with an increase in production of over 10 times year over year.

“It is an extremely difficult time right now for our friends and neighbours on low incomes and the local food banks that serve them. Drive Away Hunger is a shining example of what can happen when the Canadian agriculture and food industry works together.”



– Kirstin Beardsley, Chief Executive Officer, Food Banks Canada

Responsible supply chain

It’s important the suppliers we work with share FCC values and reflect what we stand for. Our supply chain is typical of a financial institution, primarily IT hardware, software, professional consulting services, leases and leasehold improvements, office supplies, equipment and office furnishings.

Our Procurement and Vendor Risk Management policy supports fair consideration of suppliers, appropriate risk management for FCC and our shareholders, and follows the Treasury Board of Canada Secretariat recommendations. Our Supplier Code of Conduct outlines our expectations and processes to help employees who manage contracts hold suppliers accountable for their ethical and moral business practices.

In addition to focusing on Indigenous-owned businesses, the procurement program that FCC is developing will also focus on contracting with businesses that have similar values. For example, companies that have programs in place that support truth and reconciliation by means of their own awareness programs and hiring practices. To learn more about FCC’s commitment to providing greater access to procurement opportunities for Indigenous Peoples, see the Indigenous Peoples section (page 38) in this report.

¹⁰ Food Rescue Research | Second Harvest

GOVERNANCE



Our commitment: We operate responsibly and with integrity.



We hold each other to the highest ethical standards and expect honesty and accountability.

Material issue

Business ethics

At FCC, acting with integrity and maintaining the highest ethical standards are fundamental priorities. As a federal Crown corporation, FCC is governed by the Public Servants Disclosure Protection Act (PSDPA), the Canadian Human Rights Act and the Employment Equity Act.



Internal stakeholder expectations



93% of active employees completed the 2022 FCC Code of Conduct Refresher and 100% submitted their annual Integrity Declaration.

FCC knows that doing business with integrity, focusing on good governance, complying with policies and properly remediating negative impact will maintain our reputation as a trusted partner to our customers, our shareholder and the public. In addition to FCC’s [Code of Conduct](#), FCC employees are governed and must comply with the Values and Ethics Code for the Public Sector.

Our Code of Conduct is an overarching policy that is foundational for all FCC policies and procedures and applies to all employees, including permanent, term, casual, contract and work placements and, to some extent, our Board members, whenever and wherever they are representing FCC. The Code of Conduct guides how we behave as FCC representatives and in our business relationships, including acting with integrity, protecting FCC’s assets, avoiding conflicts of interest, pursuing outside activities, giving or receiving gifts, conducting business during elections and reporting violations. FCC’s Ethics Officer promotes awareness and understanding of the Code of Conduct on behalf of the CEO and the Board and ensures employees have a safe environment for disclosing potential wrongdoing in the organization. The Ethics Office also provides information and advice to employees regarding disclosures of potential wrongdoing and ensuring investigations.

Compliance to the Code of Conduct and the Values and Ethics Code for the Public Sector are a condition of employment, and all new employees must complete online training as part of their onboarding curriculum. Each year, employees are required to attest that they understand and comply with the Code of Conduct, as well as complete or participate in any learning and awareness activities launched throughout the year. On appointment, and every year during their tenure, all Board of Directors members must sign a declaration committing to act in accordance with applicable portions of the Code of Conduct and other applicable policies.

“Employees who think they’ve seen something that doesn’t look right are accountable for speaking up without fear of reprisal. We’re here to support and protect them while ensuring they abide by the law.”

– Nancy Lafleur, FCC Ethics Officer
(also Senior Officer for Internal Disclosures under the PSDPA)



Employees are expected to report a suspicion of violation or a violation of the Code of Conduct. When reporting issues like policy breaches, potential fraud or other unacceptable behaviour, employees can engage their manager, FCC’s Ethics Officer, the 24-hour ConfidenceLine or The Office of the Public Sector Integrity Commissioner of Canada. When an FCC employee or a third party discloses potential wrongdoing, FCC follows a thorough process to ensure it is fair towards the employee alleged to have committed a wrongdoing and all those involved in the disclosure. FCC ensures the employee is protected against reprisal and that the investigation complies with the PSDPA. This year, in addition to the annual Code of Conduct learning, all employees completed learning to further their understanding of the importance of reporting potential violations of the Code of Conduct and acts of wrongdoing, and the process FCC undertakes to investigate these disclosures. To complete the learning, employees had to achieve 100% on a quiz.

In 2022-23, in accordance with the PSDPA, FCC reported one disclosure that resulted in founded wrongdoings by employees. More information is available at <https://www.fcc-fac.ca/en/about-fcc/governance/transparency/code-of-conduct-and-ethics/public-servants-disclosure-protection-act.html>.

External stakeholder expectations

Integrity is a requirement of those who do business with FCC. Customers, partners and vendors play a role in ensuring integrity and FCC has policies and processes in place to support this.

We lend and contract with those individuals or businesses who respect and adhere to applicable municipal bylaws, provincial and federal laws and regulations, who hold all permits and licenses required by law, and whose activities respect and care for:

- the environment by exercising reasonable care to safeguard the environment through stewardship of land, air quality and water;
- animal welfare through application of the National Farm Animal Care Council (NFACC) Codes as a foundation for animal care;
- labour standards by upholding requirements set through Canada’s labour laws including for seasonal workers; and in general, society and human rights.

When completing new lending with FCC, all customers must sign an Integrity Declaration form that they abide by these requirements.

The industry has seen increasing focus on stewardship standards set by retailers and expected by customers. FCC acknowledges that most customers do the right thing, and we’re committed to supporting the industry over the long term and through all cycles. We work with customers to understand the material issues that they face and to help them identify and resolve issues in a way that generates a positive impact on the environment and society, while minimizing the risks associated with their business.

It’s also important that the suppliers and third-party vendors we work with share FCC values and reflect what we stand for. FCC has procurement and vendor management controls in place to manage relationships and expectations of vendors, including:

- A Supplier Code of Conduct, which outlines our expectations and processes to help employees who manage contracts hold suppliers accountable for their ethical and moral business practices.
- A Procurement and Vendor Management policy that supports fair consideration of suppliers and follows the Treasury Board of Canada Secretariat recommendations.
- A third-party risk management policy that defines the requirements and expectations of stakeholders, consistent with industry good practice, across the third-party lifecycle to protect FCC and our shareholders.

This year saw the continuation of work that began during the previous fiscal to build additional rigor and strengthen FCC practices around the management of third-party risk. The program, which is planned for implementation early next fiscal, will be embedded within FCC’s vendor sourcing and selection process and consider the risk a product or service inherently introduces to the organization. If a risk is identified, a deliberate practice to assess and rate the controls and operations of both current and prospective partners will be followed. In doing so, FCC can make informed decisions with respect to partnership fit to better protect both FCC and our customers.

To mitigate financial crime risk, FCC has a comprehensive risk-based program starting with knowing who FCC transacts or enters a business relationship with. We know most of our customers, partners and vendors operate with reputable business practices aligned with our integrity expectations. However, to protect our integrity and reputation as a responsible lender and partner in the agriculture and food industry, we have measures in place to identify those who may pose a higher risk for corrupt practices. In the instance of potential wrongdoing by customers, dealers, retailers, vendors or venture capital partners, we report to a centralized FCC team specializing in sensitive customer incidents.

All employees play a role in FCC’s risk governance program, which is built on the three lines of defense, including (first) risk-taking, (second) risk challenge and (third) assurance functions. Specific roles in all lines are required to complete Know Your Customer training to better identify financial crime red flags, assess and execute related risk management controls and do their part to protect FCC. Ongoing training and awareness are provided as FCC risks evolve with changes in the industry, our product offerings or delivery channels.

These three key lines of defense principles are followed by FCC employees:

- **Ask questions.** If there’s something you don’t understand, ask for clarification. Does the information they provided make sense?
- **Trust your gut.** If something feels off, it likely is. If you find yourself feeling uncomfortable, or you think something wrong could be taking place, ask for help.
- **Engage the pros.** Reach out to the experts at FCC.

As part of our third line of defense, a team at FCC is responsible for reviewing processes on a case-by-case basis and informing the Senior Leadership Team and the Board of Directors on how key risks are being managed.


No significant risks tied to corruption or complaints related to human rights were identified in 2022-23.

Material issue

Information security

Information security is vital to Canadians, and controlling the collection, use and disclosure of personal information is a pressing issue facing the financial services industry. We’re committed to safeguarding customer and employee personal information and have prioritized ongoing efforts to prevent the unauthorized disclosure of confidential and personal information.

Employee due diligence




100% of active permanent FCC employees completed Cybersecurity Fundamentals and 99% of active permanent FCC employees completed two quarterly learnings.

FCC knows that information is at the heart of the organization’s activities. Whether it’s policies, procedures, project management documentation, personal information or proprietary information like our models and strategies, FCC must protect this information from the time we create or collect it to the moment we dispose of it. To clarify FCC’s expectations of employees, we have two policies that govern the use of information, and they are supported by procedures and guides that provide more context and direction.

- Enterprise Information Management Policy, which provides direction on managing all information.
- [Privacy Policy](#), which provides additional direction on managing personal information of customers, employees and third parties.

Employees spend a lot of time plugged in and they play an important role when it comes to protecting information and FCC systems. This year, an integrated information risk learning and awareness program was developed, leveraging various internal learning and communication channels. As part of this program, we began providing quarterly, mandatory learning to employees. We also provided privacy training to consultants.


This year, under the umbrella of the above program, FCC launched a new cybersecurity learning program to provide employees with additional knowledge to help avoid cybersecurity threats faced at the office, at home and on the go. This learning was mandatory for all employees and focused on providing awareness and the skills needed to help reduce the risk of cybersecurity attacks. Also, to remain vigilant, additional cybersecurity bite-sized learning was released periodically throughout the year, as well as numerous phishing simulations. Quarterly learning and awareness solutions, whose accumulated content will equate to a comprehensive solution, and simulation tactics will be delivered each year.



“Protecting our systems and information takes commitment every day, which is supported by our culture of ownership at FCC. As our reliance on technology and information increases, so do the associated risks, including threats of attack or breaches. Loss or theft of information is one of the highest risks for many enterprises. And like others, FCC needs to continue focusing on the enhancement of our practices to protect the information entrusted to us.”

– Travis Asmundson, Executive Vice-President and Chief Information Officer

Organizational governance



FCC achieved our targeted cybersecurity maturity target based on the National Institute of Standards and Technology Cybersecurity Framework.

In addition to employee diligence, FCC continues to mature the organization’s governance and practices related to confidential information management. This year, a Technology and Information Risk Governance Committee was formed to provide oversight for technology and information risk. Other work included:

- A Digitization of Records standard and Storage of Digital Records standard were created to provide guidance to internal teams who are responsible for designing and implementing processes that use digital records.
- A robust set of control objectives has been developed to provide benchmarks and guidance for consistently managing information security risk and FCC’s ability to protect information.
- Creation of an enterprise incident management framework, which includes job aids and response plan templates, to be used by teams.
- Implementation of new software security tools to assist with the implementation of controls that prevent and detect unauthorized information sharing and access across FCC’s network.

FCC is guided by industry-standard frameworks such as the National Institute of Standards and Technology (NIST) to ensure effective capabilities and controls for safeguarding information. A third-party cybersecurity NIST assessment was completed in 2022 based on controls in place as of December 2021 and compared to 2019 results. The landscape from 2019 and 2022 has significantly changed both in terms of the threats that FCC faces and the safeguards now available to mitigate the risks that these threats pose. Similarly, the expectations of organizations has evolved. The assessment showed that FCC’s cybersecurity maturity score has increased from the previous score in 2019. Treatment plans were created to address gaps and focus on continuous improvement.

Much of our IT infrastructure is outsourced to service providers. Security standards are documented and included in all appropriate service agreements, and service providers are subject to recurring audits. We haven’t experienced a privacy breach due to third-party intrusion into our IT systems.

FCC’s Privacy and Access to Information team manages FCC’s Privacy and Access to Information Program. It provides oversight to help us identify and manage privacy risks. Concerns and complaints about FCC privacy practices or our compliance with the Privacy Act can be escalated to the Office of the Privacy Commissioner of Canada. One breach that occurred in the fiscal year was assessed to be material and reported to the Commissioner in accordance with the Privacy Act. No complaint was filed with the Office of the Federal Privacy Commissioner.

FCC’s risk appetite statement sets the tone for the risks we’re willing to accept as an organization, as well as which risks we want to avoid. This year, FCC refreshed our risk appetite statement to incorporate privacy risk and the role employees play in preventing the improper disclosure of confidential information. As FCC increases the use of online solutions to deliver financing and services, and continues to connect virtually in our flexible work environment, protecting confidential and personal information has never mattered more. Our risk appetite limits are monitored by senior management and our Board of Directors, and we investigate, take action and report any results that are outside of the limits.

Supporting customers

FCC continues to help our customers follow good information security practices by providing resources to keep them informed about data privacy and security. Topics include protecting operational data and personal information online and being fraud-aware and cybersecure.



ESG governance

Effective corporate governance is foundational to our success. FCC has well-established structures, policies, processes and programs to enable effective governance at a Board and management level. The organization also has formalized ESG governance, including Board and committee accountability, steering committee accountability, senior leadership accountability and business unit accountability.

FCC is governed by a Board of Directors representing various skills and experiences across the agriculture, agri-food and financial industries and reflects Canada’s diversity. FCC’s Board has exceeded gender parity, with 72% of the members being women. The Board oversees the corporation’s ESG direction and program, and risk management policies, including FCC’s climate change direction. The Board meets six times annually and in 2022-23, ESG topics were discussed during three strategic sessions. ESG topics also became standard agenda items for the Board’s Risk Management and Corporate Governance committees. Going forward, ESG and climate topics, disclosures and financials will be brought to the Board of Directors.

FCC’s Board demonstrates leadership through their continued knowledge and development of ESG and has highlighted this as the priority focus area for Board education this fiscal year. In 2022-23, the Board received two education sessions specific to ESG and climate change requirements. In addition, two Board members pursued certification courses through the Global Risk Institute while some members expanded their knowledge through other ESG online training. ESG education will continue to be a focus area for Board development.

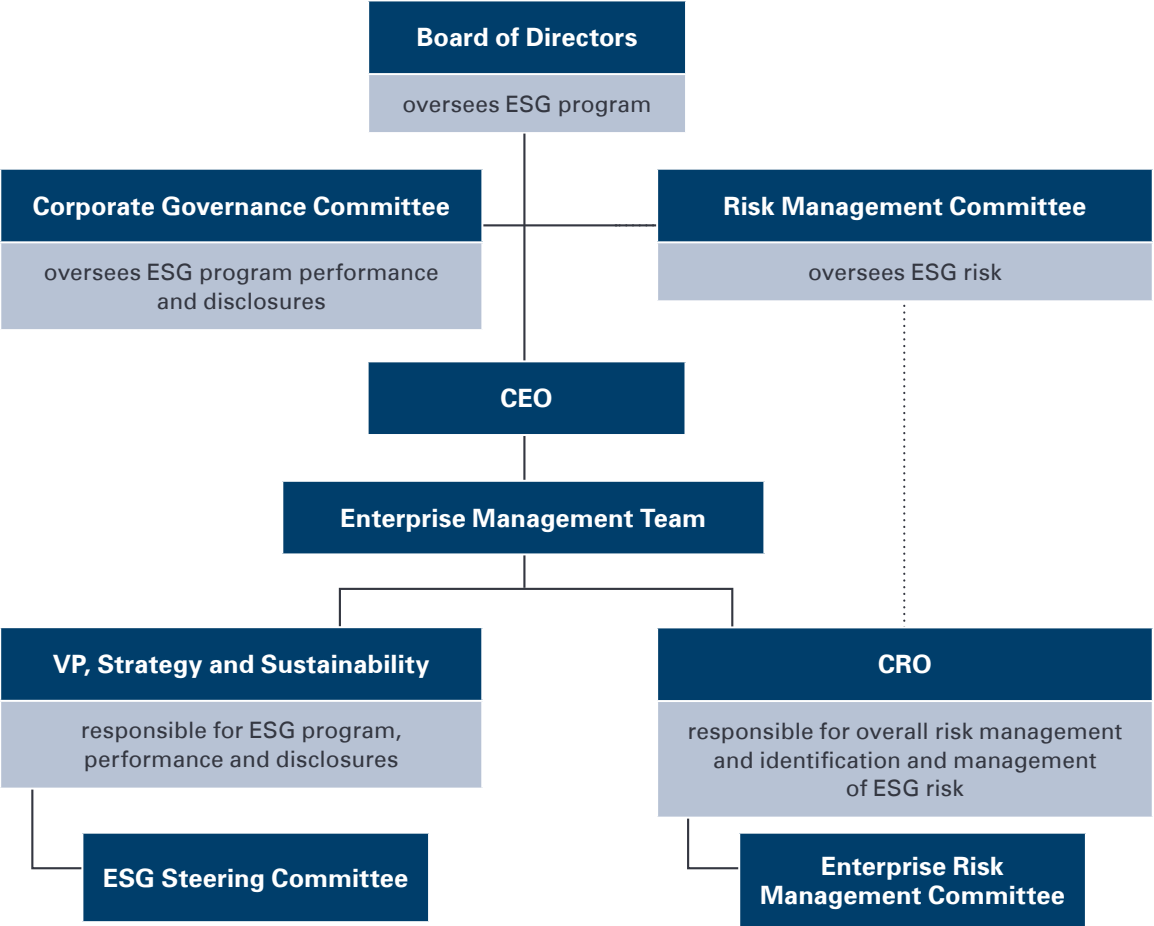
Last year, FCC formed an ESG Steering Committee comprised of senior executive members accountable for moving initiatives forward throughout their respective divisions, working collaboratively and championing approved initiatives. In 2022-23, the committee met six times and two updates were done by email. Continued ESG-specific education was top of mind for this committee too. Steering committee members attended one education session and received additional resources throughout the year. Going forward, the ESG program will be integrated into the organizational strategy with oversight by the Enterprise Management Team. The ESG Steering Committee will be repurposed as an implementation working committee.

The Enterprise Risk Management Committee is accountable for organizational risk identification and management, which includes the development of risk treatment plans to mitigate risks associated with ESG. FCC’s climate risk treatment plan is monitored throughout the year, with quarterly reporting to the committee.

In addition to committees, the FCC Enterprise Management Team is accountable for all strategies. FCC knows that executing on the ESG program requires organizational collaboration. We continue to further formalize the ESG program within the organization.

Learn more about FCC corporate governance and leadership at <https://www.fcc-fac.ca/en/about-fcc.html>.

ESG oversight and responsibilities



Risk management

As a financial Crown corporation with a mandate to support the agriculture and food industry, risk is inherent in all FCC activities. We have governance, systems and processes to maintain and advance enterprise risk management practices consistent with federally regulated financial institutions. Effective risk management helps protect customer relationships and our overall strength and viability. FCC will continue to evolve risk capabilities to deliver exceptional customer experiences over the long term. Doing so will ensure continuously changing customer preferences and demands for seamless transactions and decisions can be met while new and changing risks remain appropriately managed.

This year, FCC embarked on an optimization effort to streamline risk governance, decision-making and accountabilities. Focus areas identified include metrics and measures, reporting, assessments, governance committees and control testing. The organization also continues to advance its objective of aligning third-party risk management practices to the industry and our peers, and work is underway to develop related key risk indicators, supporting technology and reporting. We're also strengthening our network of business partners and third parties and streamlining our procurement practices.

FCC continues to strengthen organizational resilience to manage disruptive threats and capitalize on accelerating change. This year, stress testing was updated to include both shorter-term and long-term sensitivity scenarios. We also continued to focus on crisis and business continuity practices, strengthening the governance of our crisis and incident response programs.

ESG risks have been identified within FCC's enterprise risk register. Climate risk was once again identified as a key risk related to the physical adverse climate events and transition requirements to a low-carbon economy. As a result, a revised FCC risk appetite was approved at the beginning of 2022 to include tolerance for ESG to acknowledge current expectations. FCC will continue to evaluate and adapt the risk appetite statement based on evolving environmental conditions and requirements.

Learn more about our risk management practices in our [annual report](#).



Financial performance

FCC is governed by the Farm Credit Canada Act and the Financial Administration Act. Our profits contribute to developing new products and services, reinvesting in the agriculture and food industry and

rural communities, and providing a dividend to our shareholder, the Government of Canada. With a healthy portfolio of \$47.7 billion and 30 consecutive years of growth, FCC is a strong, stable partner dedicated to serving Canadian agriculture and food through all economic cycles.

FINANCIAL PERFORMANCE			
	2020-21	2021-22	2022-23
Direct economic value generated			
Revenue	1,576.0	1,567.0	2,222.7
Economic value distributed			
Operating costs	484.7	339.6	1,210.3 ¹⁴
Employee wages and benefits	284.5 ¹¹	304.9	314.5
Payments to shareholder (dividends)	0 ¹²	560.1	720.5
Community investment	4.3	3.7	4.0
Economic value retained (economic value generated less economic value distributed)	802.5 ¹³	358.7	-26.6 ¹⁵

¹¹ Employee wages and benefits in 2020-21 was restated as disclosed in the financial statement in the 2021-22 Annual Report.

¹² Due to the pandemic, FCC didn't provide payments to our shareholder. Instead, those funds were applied toward emergency customer measures.

¹³ No payment to our shareholder explains the increased value.

¹⁴ The increase in operating costs is primarily from increased interest expense on our borrowings and in our provision for credit losses.

¹⁵ Higher operating costs and a payment to our shareholder, which included partial repayment of \$250 million that was received from the Government of Canada for pandemic support programs, explains the increased value.





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