

CANADA PORK

2017

ANNUAL

REPORT



CANADA PORK NATIONAL PORK MARKETING PROGRAM

CANADA PORK IS A NATIONAL ALLIANCE OF INNOVATIVE PORK PRODUCERS AND MEAT PROCESSORS COMMITTED TO SUPPORTING END-USER CUSTOMERS AND CONSUMERS IN THE RETAIL AND FOODSERVICE MARKETPLACE. CANADA PORK MARKET DEVELOPMENT SPECIALISTS FOCUS ON INCREASING DEMAND, MARKET SHARE, PROFIT POTENTIAL AND CATEGORY GROWTH FOR PREMIUM QUALITY CANADIAN PORK.

CANADA PORK IS A DIVISION OF CANADA PORK INTERNATIONAL (CPI). CPI IS THE MARKET DEVELOPMENT AND PROMOTION AGENCY FOR THE CANADIAN PORK INDUSTRY REPRESENTING CANADIAN PORK PRODUCERS AND PARTICIPATING MEAT PROCESSING COMPANIES.

VISION: Canadian pork is recognized as the highest quality and preferred protein choice in the domestic marketplace.

MISSION: Canada Pork National Pork Marketing (NPM) programs will improve competitive position, market share and the prosperity of the Canadian pork industry.

CANADA PORK CANADA
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MESSAGE FROM THE CHAIR, DICKSON GOULD

On behalf of the National Pork Marketing committee, I am pleased to present the Canada Pork 2017 Annual Report.

This is the third year of reporting under the 2014 – 2018 Strategic Plan which was developed to deliver the industry's vision for Canadian pork: to be recognized as the highest quality and preferred protein choice in the domestic marketplace. The Canada Pork program continues to provide strong results against that vision based on our mission to improve competitive position, market share and the prosperity of the Canadian pork industry.

Canada Pork programs and services are achieving increased industry participation across all sectors and participating regions. The Verified Canadian Pork™ (VCP) program has exceeded committee expectations—Canada Pork has 31 licensed supply partners serving the retail and foodservice sectors featuring over 60 VCP co-branded products in the Canadian marketplace. The VCP program was successfully launched in Japan, China and Mexico and has become

a global Canadian pork branding initiative. This outcome is the result of the industry's targeted and collaborative marketing programs.

The "Farm to Table Quality Assurance" value proposition based on Canadian Pork Excellence coupled with a HACCP based delivery system is resonating with end-user customers and consumers around the world.

With the national pork marketing initiative entering its final year based on the current agri-marketing framework I am confident that Canada Pork has created a sustainable business model to build on for the future.

This annual report provides me with the opportunity to thank the committee, management and support staff for Canada Pork. Their continuing leadership, innovation and commitment together with their dedication and enthusiasm for the industry is critical to delivering further growth, profitability and value to our stakeholders.

Dickson Gould

CANADA PORK COMMITTEE MEMBERS

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Canadian Pork Council

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President, BC Pork Producers' Association
Board of Directors,
Canadian Pork Council
for British Columbia

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Maple Leaf Foods Inc.

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Pork Producer and Board Director, Ontario Pork
Board of Directors, Canadian Pork Council for Ontario

HANS KRISTENSEN
Pork Producer, Board of Directors
Canadian Pork Council for Maritimes

CANADA PORK PROGRAMS



CANADIAN PORK NATIONAL BRANDING STRATEGY VERIFIED CANADIAN PORK™

The Verified Canadian Pork™ (VCP) brand represents a farm-to-table quality assurance proposition for end-user customers and consumers based on CQA, PigTrace, responsible animal care and a world-renowned meat inspection system.

OBJECTIVES:

- 1) Increase customer and consumer confidence and awareness.
- 2) Differentiate from commodities, competitors and other protein choices.
- 3) Provide a credible national platform for generic and premium brand building in the domestic and export marketplace.
- 4) Support National Pork Marketing (NPM) processor partners and provincial organizations in all markets.

VERIFIED CANADIAN PORK™ PARTNER PROGRAMS GROWTH

MARKETING PROGRAMS	2015	2016	2017	% CHANGE
CATEGORY 1 / Retail & Foodservice Programs	0	5	11	120%
CATEGORY 2 / Co-brand Programs	0	14	15	7%
CATEGORY 3 / Co-brand Programs	0	1	1	0%
CATEGORY 4 / Co-brand Programs	0	1	12	1100%
CATEGORY 5 / Co-brand Programs	0	0	23	
Other	0	1	1	0%
	0	22	63	186%

LICENSED VCP PARTNERS

National Pork Marketing Processor Suppliers	0	12	12	0%
National Pork Marketing Producer Organizations	0	8	8	0%
Further Processors	0	1	3	200%
Purveyor / Distributors	0	2	5	150%
Retail End-users	0	5	8	60%
Foodservice End-users	0	0	2	
Other	0	1	1	0%
	0	29	39	34%

VERIFIED CANADIAN PORK™ PARTNER PROGRAM

Verified Canadian Pork™ (VCP) generic programs were developed to differentiate VCP from imported commodity pork products and increase consumer confidence and awareness of CQA, animal care and traceability programs in Canada. Available in the marketplace across all categories, VCP programs identify Canadian pork content to consumers at the retail meat case, processed meat counter and on the menu. The VCP program differentiates Canadian pork offered by end-user customers, allowing them to offer something exclusive to consumers.

VERIFIED CANADIAN PORK™ RETAIL PROGRAM

The Verified Canadian Pork™ brand is a unique partnership opportunity between Canadian farmers, processors and retail operators seeking to differentiate themselves in the Canadian marketplace with a truly exceptional program.

Participation in the VCP program requires a no-charge licensing agreement between Canada Pork, the retail partner, participating supply partners and further processors if applicable.

The VCP program can be utilized as a stand-alone brand or integrated into a co-brand or private label branding strategy.

VERIFIED CANADIAN PORK™ FOODSERVICE PROGRAM

The Verified Canadian Pork™ brand is a unique partnership opportunity between Canadian farmers, processors and foodservice end-user customers seeking to differentiate themselves in the Canadian marketplace with a truly exceptional program.

Participation in the VCP program requires a no-charge licensing agreement between Canada Pork, the foodservice partner, participating supply partners and further processors if applicable.

The VCP program can be utilized as a stand-alone brand or integrated into a co-brand or private label branding strategy.

DISTRIBUTOR EDUCATION PROGRAM (DEP)

PROCESSOR, RETAIL AND FOODSERVICE DISTRIBUTOR EDUCATION PROGRAMS (DEP)

Canada Pork conducts DEP sessions at the request of retail and foodservice end-user customers and NPM processors. The sessions focus on meat quality, yield performance and the hidden profit potential of expanding Canadian pork assortments. The seminars and training sessions also focus on Canadian pork on-farm and in-plant food safety and quality assurance systems and how Canada Pork programs and services can help build the pork category into a profit and sales growth centre in the meat case and on the menu.

BRANDING CATEGORIES

- 1) Generic retail or foodservice VCP program (single or multiple VCP supply partners)
- 2) Co-branded products owned by National Pork Marketing (NPM) processors
- 3) Co-branded products owned by customers of NPM processors
- 4) Further processed co-branded products owned by NPM processors
- 5) Further processed co-branded products owned by NPM customers

RETAIL PROGRAMS & SERVICES

- Branded & co-branded support
- Point of sale material development
- Recipe development
- Consumer marketing support
- Supply chain development
- Education and training seminars
- Verified Canadian Pork™ brand promotion support

FOODSERVICE PROGRAMS & SERVICES

- Menu development
- Recipe development
- New product development
- Supply chain development
- Education and training seminars (front and back of house)
- Verified Canadian Pork™ brand promotion support

The Canada Pork team works with industry to provide educational workshops, training seminars, and product development events to increase carcass utilization and value optimization.

- 1) Retail merchandising demonstrations
- 2) Foodservice portion cutting demos
- 3) Carcass and sub-primal cutting
- 4) New and under-utilized cuts
- 5) Preparation and cooking seminars
- 6) Benchmarking yield/financial performance

OVER 60 VCP CO-BRANDED PRODUCTS IN THE CANADIAN MARKETPLACE

RETAIL PARTNERS



FURTHER PROCESSING PARTNERS



FOODSERVICE PARTNERS



PRIMARY PROCESSING PARTNERS



EDUCATION

VERIFIED CANADIAN PORK™ VIDEO PRODUCTIONS

Canada Pork developed and launched a series of Home Chef style videos promoting Verified Canadian Pork™. The videos feature Chef Jonathan Collins and are available on the Canada Pork YouTube channel. Each video focuses on a specific cooking method for pork including braising, roasting, grilling, sautéing and barbecuing. In the videos, Chef Collins provides an overview of each cooking method and demonstrates the best way to use it when cooking pork.

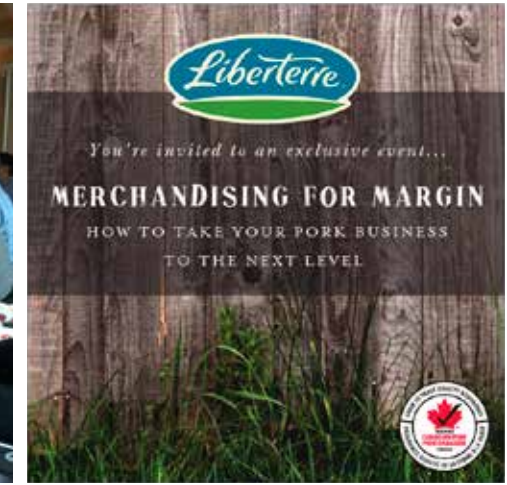
This represents the second series of Verified Canadian Pork video productions, bringing the total number of videos to twelve.

These videos help improve end-user customer and consumer confidence and awareness of Canadian pork. In addition, they promote and demonstrate the value of new and underutilized cuts across all sectors.

The videos are available on the VCP website. They can also be linked from stakeholder websites.

NEW VIDEOS INCLUDE:

- GRILL / SMOKED BONE IN PORK LOIN WITH FINGERLINGS
- SAUTÉ / PORK TENDERLOIN CUTLET WITH HEIRLOOM BEETS AND CARROTS
- ROAST / HONEY PEPPER OUTSIDE PORK LEG WITH YUKON GOLD POTATO GRATIN
- BARBECUE / CHARRED PORK SHOULDER CAPICOLA STEAKS
- BRAISE / BRAISED PORK BELLY LITTLE GEM LETTUCE WRAPS



DISTRIBUTOR EDUCATION PROGRAMS (DEP) SESSIONS

Canada Pork has made it a strategic priority to conduct training seminars with national pork marketing processors, retail and foodservice end-user customers, and national pork marketing producer partners. These events build demand for Canadian pork and contribute to growing the pork category in both sales and profit by improving customer confidence and awareness of Canadian pork. The sessions focus on Canadian pork on-farm and in-plant food safety, quality assurance systems and cut utilization.

This year the Canada Pork team developed "Verified Canadian Pork Star" performers, a 4-page brochure outlining nine different pork specialty items selected from the carcass. The brochure includes the cut source along with the wholesale and marketing names for each of the VCP star performers. This resource will be used to support DEP sessions and provide new and innovative offerings to demonstrate ways to expand pork items at retail and foodservice operations.

In total, the team presented six DEP sessions for end-user customers: two cutting sessions for large national retail customers, one session for a customer of a NPM primary supply member, two events to support NPM producer organizations, and a joint DEP with Canada Beef for retail and foodservice customers in Western Canada.



TRADE ADS

VERIFIED CANADIAN PORK™ NATIONAL TRADE ADVERTISING SUPPORT

The Verified Canadian Pork™ brand was promoted in two industry publications during the spring of 2017. Ads were placed in the March and April/May issues of *Canadian Grocer* and the February and March issues of *Foodservice and Hospitality* magazine. These two national publications are the most-read trade magazines in their respective industries with an estimated 75,000-plus readers per issue.

Two full-page ads were created focused on messaging that supports the VCP brand promise: Canadian Pork Excellence (which includes CQA, PigTrace and responsible animal care), no added growth hormones and a world class processing and inspection system. The ads featured images of fresh and fully cooked French style rib racks presented in a classic “Coat of Arms” style. The second *Canadian Grocer* ad was teamed with a one-page advertorial written in an interview style and outlining the VCP partner program opportunity.

This is the second year ads were created and placed in these publications, building on the success and momentum of last year’s campaign. This year’s ads also featured the logos of our primary processor supply partners.



FARM TO TABLE QUALITY ASSURANCE
LOCALLY FARMED
FEDERALLY APPROVED
GLOBALLY DISTRIBUTED

CANADIAN PORK EXCELLENCE IS THE CANADA'S ON-FARM QUALITY AND SAFETY ASSURANCE SYSTEM.
CPE promotes best management practices for animal care and food safety to ensure the best quality and safest pork in the world.

RESPONSIBLE ANIMAL CARE: THE CODES OF PRACTICE FOR THE CARE AND HANDLING OF PIGS IN CANADA.
The codes of practice are nationally developed guidelines for housing, care, transportation and animal handling.

PIGTRACE CANADA: NATIONAL LIVESTOCK IDENTIFICATION AND TRACEABILITY SYSTEM.
Canada is the only country in North America to implement a national central identification and traceability system with mandatory participation by all producers, ensuring the highest level of food health and safety.

RAISED WITHOUT ADDED GROWTH HORMONES.
Canadian farmers do not use growth hormones to raise pigs.

PROCESSING QUALITY AND SAFETY ASSURANCE SYSTEM.
World's leading pork processors are CPQA nationally recognized HACCP approved plants, maintaining the highest standards for freshness, quality and safety.

Verified Canadian Pork™
Locally farmed, federally approved, globally distributed

Canada Pork is a division of Canada Pork International, a national alliance of innovative pork producers and meat processors committed to building consumer trust, driving sustainable marketing solutions and growing consumer demand.

TELL US ABOUT VERIFIED CANADIAN PORK™
The Verified Canadian Pork™ (VCP) brand represents a sustainable quality assurance program for participating farmers and processors to differentiate Canada in the marketplace with some of the best pork in the world. The VCP brand is built on a foundation of no added growth hormones, responsible animal care and mandatory traceability. It's raised without the use of growth hormones. All pork produced in Canada and is annually processed at participating federally approved HACCP plants across Canada.

WHAT PROGRAMS AND SERVICES ARE AVAILABLE TO LICENSED RETAILERS OF VERIFIED CANADIAN PORK?
The Canada Pork team brings market based programs, services and expertise to licensees, distributor, market chain and category growth at the store level for premium quality Canadian Pork. For licensed Verified Canadian Pork retailers, Canada Pork can offer private label national development, consumer marketing support, on-site retail development, education and training resources, and VCP brand promotional support.

HOW CAN RETAILERS FIND OUT MORE?
The Canada Pork team looks forward to working with the retail sector, including grocers and manufacturers of frozen processed pork products, to develop the pork category into a profit and sales growth leader.

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VCP WEBSITE

WWW.VERIFIEDCANADIANPORK.COM

Canada Pork developed and launched the Verified Canadian Pork™ website. The website, which supports Canada Pork and its national pork marketing member organizations, provides information about the Verified Canadian Pork brand to industry, end-user customers and consumers.

Available in French and English, the website includes links to the Verified Canadian Pork Home Chef and Home Butcher video productions as well as Canada Pork industry resource documents, nutritional information and recipes.

The website provides key information and official reference links that support the “Farm to Table Quality Assurance” promise that the VCP brand brings to the world’s table. The website also serves as a recipe gateway for users to access pork recipes from our provincial pork producer partners.

Home | About Us | Partners in Success | Pork Producers | Pork Processors | Further Processors | Retail | Foodservice | Industry Resources

Verified Canadian Pork™
Locally Farmed, Federally Approved, Globally Distributed.

NO ADDED GROWTH HORMONES
Like all Canadian pork, Verified Canadian Pork™ is raised without added growth hormones.

Food Safety
Canada's on-farm production, food safety and quality assurance system.

Animal Care
Canada's animal care and handling assurance system.

Traceability
Canada's mandatory national identification and traceability system.

Hazard Analysis and Critical Control Points
Canada's in-plant Food Safety and Quality Assurance system.

Learn More | Learn More | Learn More | Learn More | Learn More

QUALITY without compromise | Farm to Table Quality Assurance Programs | home BUTCHER | Home Meat Cutting Videos | home CHEF | Home Chef Recipe Videos | CANADIAN PORK recipes | Canadian Pork Recipes

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EVALUATION

PERFORMANCE MEASURES

Annual satisfaction survey of five stakeholder groups to measure five strategic categories of performance. The aggregate score provides the Canada Pork satisfaction index.

- | | |
|---------------------------------|---------------------------------------|
| 1) National Industry Partners | 1) Awareness of Programs |
| 2) Provincial Producer Partners | 2) Technical Expertise & Knowledge |
| 3) Processors | 3) Programs, Services |
| 4) Retail Operators | 4) Promotional Materials & Collateral |
| 5) Foodservice Operators | 5) Professionalism & Communication |

MARKET INDICATORS

- 1) Canadian pork per capita disappearance
- 2) Size of market and growth trends for Canadian pork in Canada
- 3) Pork imports as a percentage of disappearance
- 4) Pork demand index

Market Indicators provided by Statistics Canada.

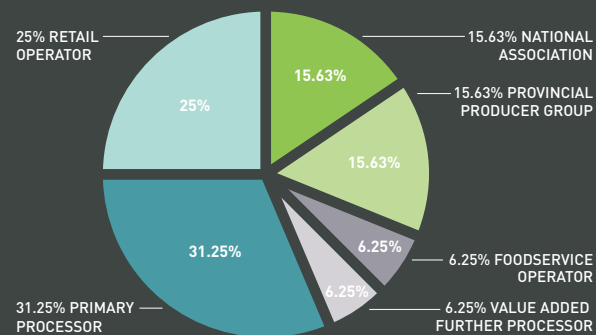
KEY FINDINGS FROM ANNUAL EVALUATION

- The Canadian market remains the largest destination for Canadian pork, representing 760,000 tonnes in 2016.
- The Canadian pork demand index continues to trend upwards at 111.6% in 2016; this compares to the 2005 baseline of 100% and 88.7% in 2012.
- Pork disappearance (consumption) in Canada was 15.2 kg in 2016, down from 16.5 kg in 2015.
- Pork imports as a percentage of disappearance (consumption) for 2016 was 28%, below the 2012 record high of 31%.
- The performance measure Satisfaction Index for Canada Pork achieved an index rating of 83% in 2017 compared to 75.4% in 2015 (+8.4%).

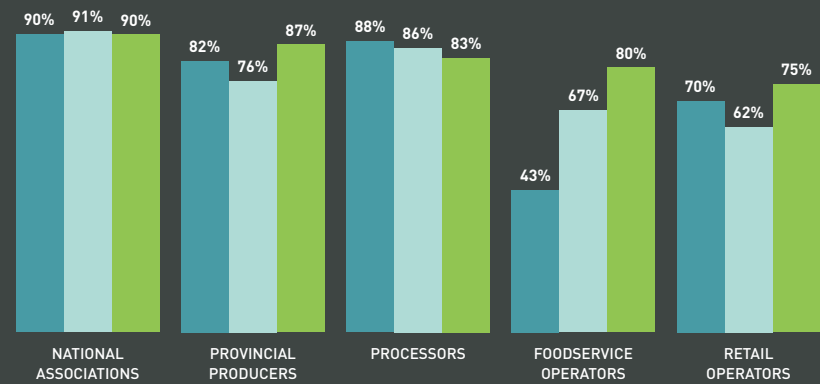
CANADA PORK SATISFACTION SURVEY 2017

EACH YEAR CANADA PORK CONDUCTS AN ONLINE SATISFACTION SURVEY WITH STAKEHOLDERS AND END-USER PARTNERS TO EVALUATE THE PROGRAMS AND SERVICES OFFERED BY THE NATIONAL PORK MARKETING (NPM) PROGRAM.

The survey consists of five key questions representing a cross section of strategic priorities and activities based on the annual marketing plan. Respondents are asked to rank each area based on a scale of 1–10 with 10 being the highest rating. The results provide a satisfaction index percentage for each program and service area by stakeholder and end-user group. Satisfaction index scores are key performance measures and provide Canada Pork staff and NPM committee with valuable insights and direct feedback for improvements. In addition, stakeholders are asked to evaluate the impact of the VCP brand, which is shown in a separate graph.



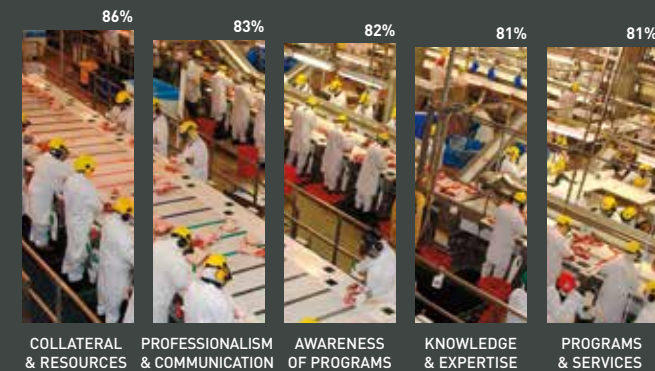
RESPONSE BY SEGMENT
60 stakeholders across 7 industry segments were sent the online survey. 32 stakeholders in 6 categories responded, a 54% response rate, an increase of 5% over 2016.



APPROVAL RATING INDUSTRY SEGMENT COMPARISON ■ 2014 ■ 2015 ■ 2016
Combining five strategic categories provides an aggregate score by industry segment:
Awareness of Canada Pork | Evaluation of technical expertise and knowledge
Evaluation of programs and services | Evaluation of presentations and communication
Evaluation of promotional materials and resources



PROVINCIAL PRODUCER GROUPS
TOP THREE PROGRAMS OF INTEREST TO PROVINCIAL PRODUCER GROUPS
1. Activities/resources focused on responsible animal care.
2. Activities/resources focused on on-farm safety and quality assurance.
3. Pork production product knowledge and training sessions.



PROCESSORS
TOP THREE PROGRAMS OF INTEREST TO PROCESSORS
1. Consumer education about cooking methods for pork.
2. Activities/resources focused on meat quality attributes and differentiation.
3. Pork production product knowledge and training sessions.



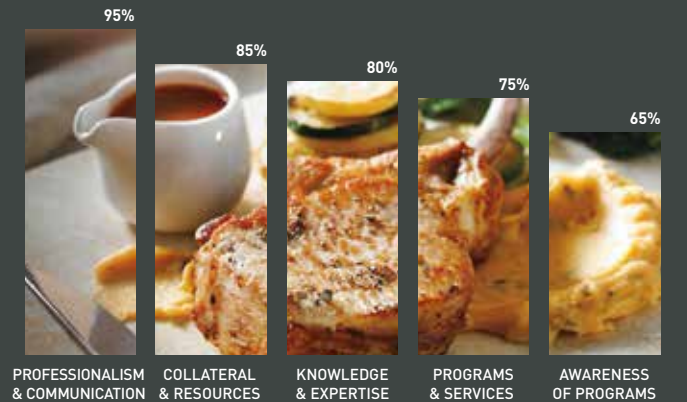
EVALUATION OF VCP™ BRAND IN THE MARKETPLACE



NATIONAL ASSOCIATIONS
TOP THREE PROGRAMS OF INTEREST TO NATIONAL ASSOCIATIONS
1. Verified Canadian Pork™ branded programs.
2. Verified Canadian Pork™ partner programs.
3. Training and promotion on new and under-utilized cuts.

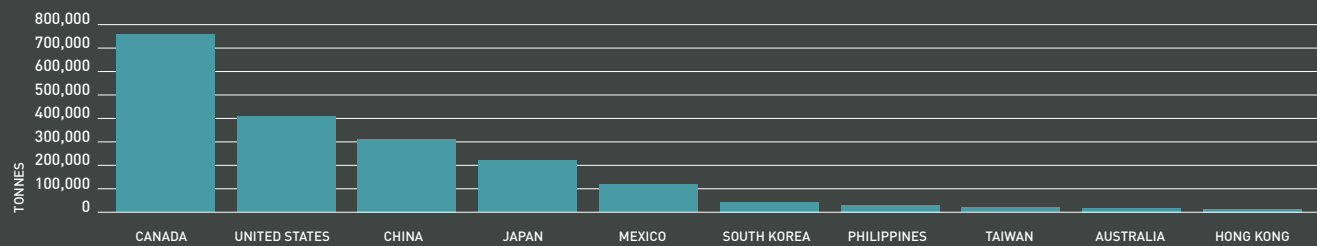


RETAIL OPERATORS
TOP THREE PROGRAMS OF INTEREST TO RETAILERS
1. Activities/resources focused on responsible animal care.
2. Activities/resources focused on traceability.
3. Consumer education about cooking methods for pork.



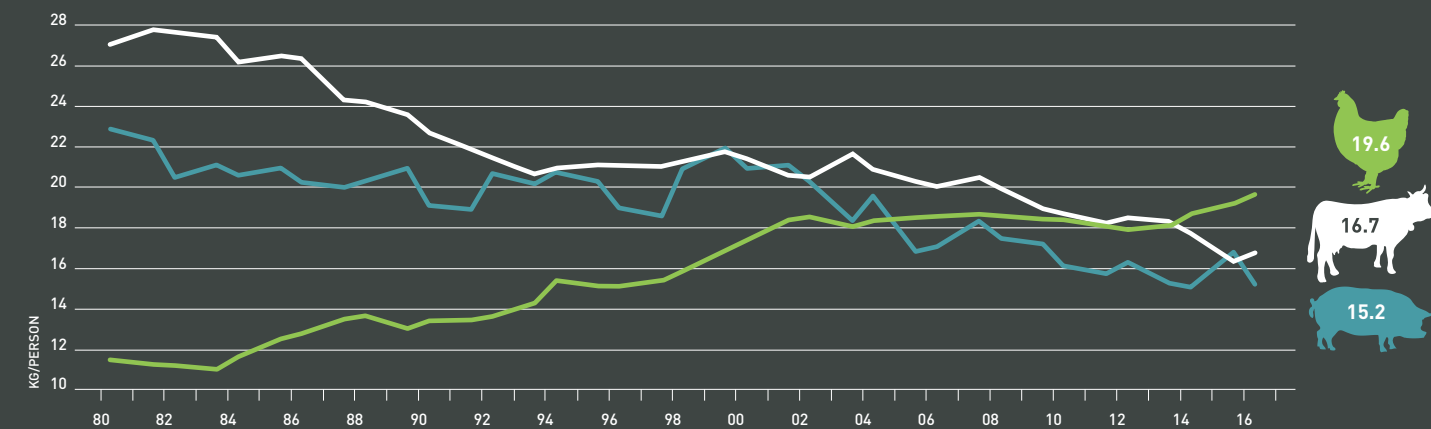
FOODSERVICE OPERATORS
TOP THREE PROGRAMS OF INTEREST TO FOODSERVICE
1. Activities/resources focused on responsible animal care.
2. Activities/resources focused on on-farm safety and quality assurance.
3. Activities/resources focused on in-plant safety and quality assurance.

MARKET INDICATORS



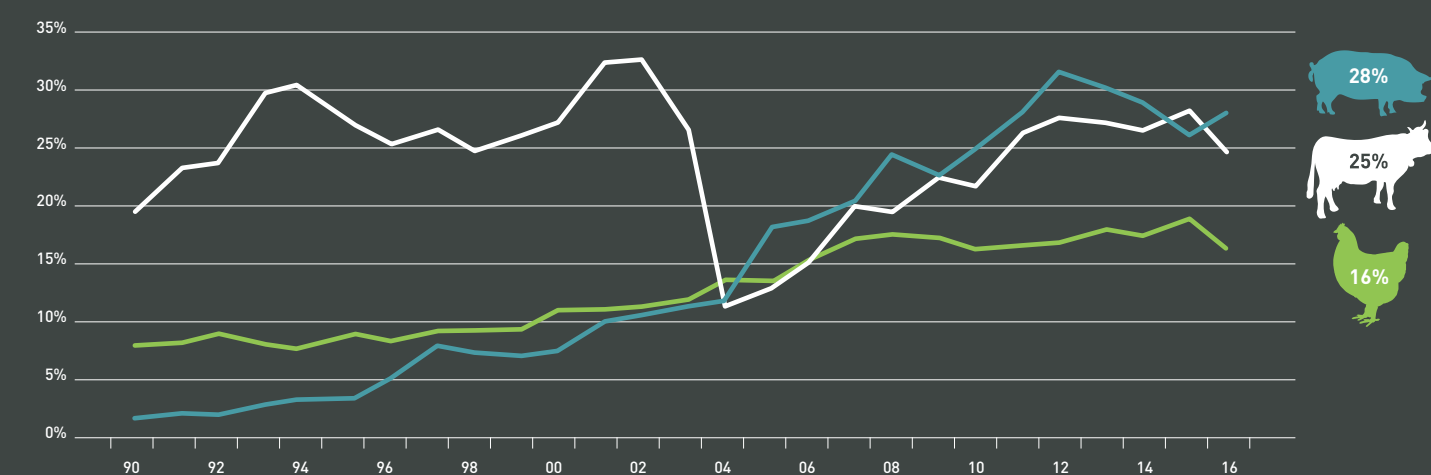
CANADA'S TOP TEN PORK MARKET DESTINATIONS 2016

Source: Statistics Canada



CANADA MEAT DISAPPEARANCE (CONSUMPTION) | 1980-2016

Source: Statistics Canada



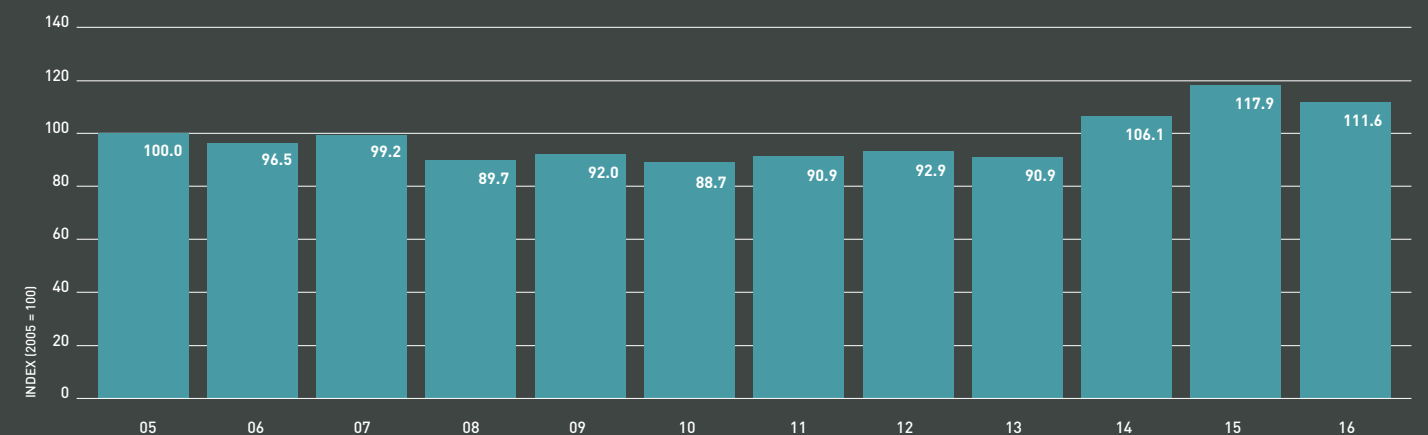
MEAT IMPORTS AS A % OF DOMESTIC DISAPPEARANCE (CONSUMPTION)

Source: Statistics Canada / Table 002-0010 - Supply and Disappearance of Food in Canada



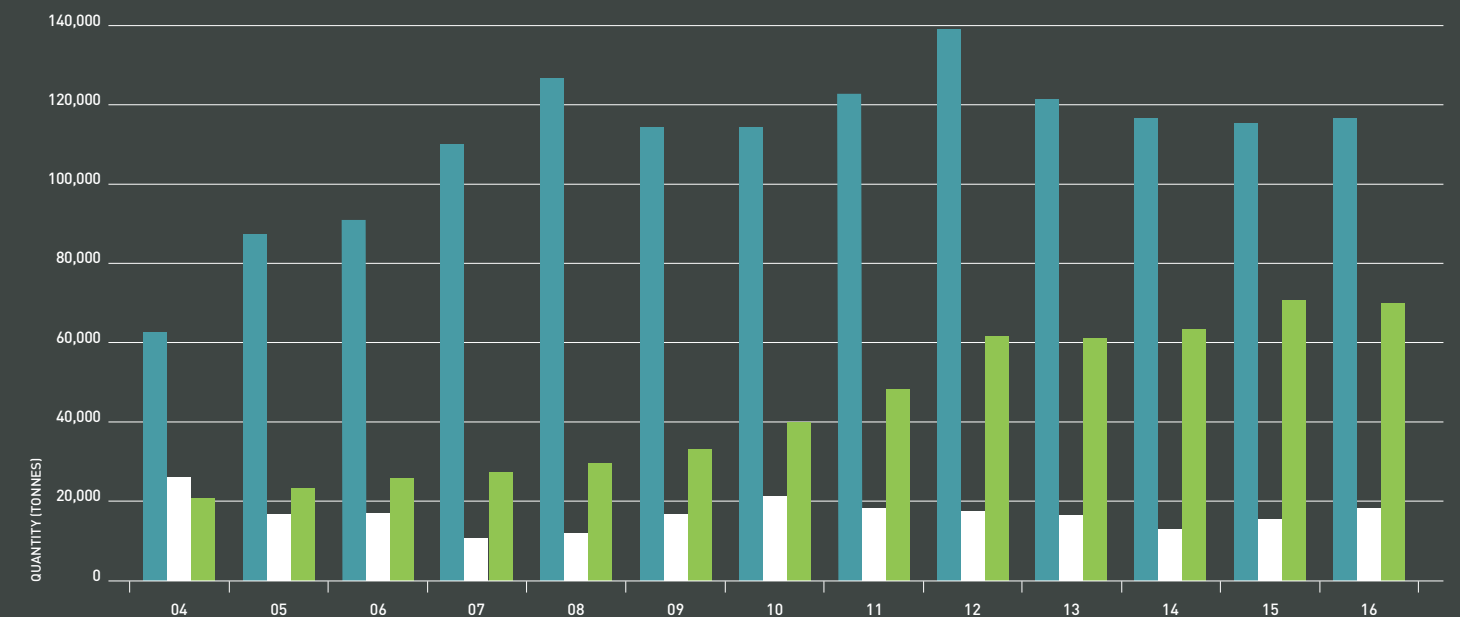
CANADIAN PORK DISAPPEARANCE IN CANADA | 2006-2016

Source: Statistics Canada



CANADIAN PORK DEMAND INDEX | 2005-2016

Source: Statistics Canada and Agriculture and Agri-Food Canada



PORK IMPORTS INTO CANADA | 2004 - 2016

Source: Statistics Canada

■ FRESH AND FROZEN ■ OFFAL ■ PROCESSED



FOR MORE INFORMATION ABOUT CANADA PORK PROGRAMS AND SERVICES CONTACT:

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Growing Forward 2 



This material has been made possible through Growing Forward 2, a federal-provincial-territorial initiative.

NATIONAL PORK MARKETING PROCESSOR MEMBERS:



On nourrit le monde
 Feeding the world



NATIONAL PORK MARKETING PROVINCIAL PRODUCER ORGANIZATIONS: BC PORK PRODUCERS, ALBERTA PORK, SASKATCHEWAN PORK DEVELOPMENT BOARD, MANITOBA PORK COUNCIL, ONTARIO PORK PRODUCERS MARKETING BOARD, PORC NB PORK, PORK NOVA SCOTIA, PEI HOG COMMODITY MARKETING BOARD.

PARTNERS IN SUCCESS: CANADIAN PORK COUNCIL, CANADIAN MEAT COUNCIL.