Farm Credit
Canada

Corporate Plan Summary

2025 to 2029

Operating budget
Capital budget
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Section 1.0 – Executive summary

Farm Credit Canada (FCC) is a federal Crown corporation operating from 103 offices located across Canada, including our corporate office in Regina, Saskatchewan. As Canada's leading lender to agriculture and food, we provide financing, including venture capital, and services to primary producers, agribusinesses and food manufacturers, which each have an important role to play in Canada's food value chain. As the agriculture and food industry continues to evolve in Canada, FCC adapts by supporting a wider variety of businesses involved in the transformation of raw commodities into food and beverage products. As part of the Government of Canada finance ecosystem, we also deliver on the mandate set out by the Federal Minister of Agriculture and Agri-Food. We continue to have a significant and reliable presence in rural Canada while increasing our support for agriculture and food companies in urban centres.

The outlook for Canadian agriculture and food remains positive due to the growing demand for Canadian food products. The world's population is forecast to reach 8.5 billion people in 2030, and to increase to 9.7 billion in 2050 and 10.4 billion by 2100. As more people reach middle class status, they will desire to eat more and better food, creating a substantial opportunity for Canadian agriculture and food. A focus on sustainable productivity growth can help Canada grow more food and meet carbon emission reduction targets.

In order to succeed in a rapidly changing environment, we are transforming our strategic direction, culture and organizational structure, and we will invest in foundational capabilities necessary to enable this transformation. With our renewed strategic direction, we will:

- **Be bold** by being courageous to make choices across the value chain, adopt innovative methods, seek industry perspectives, take calculated risks and offer new ideas and solutions.
- **Be an industry catalyst** by imagining the future of food, showcasing Canada on the global stage, brokering partnerships between FCC and ecosystem players (for example, other financial institutions, Crown corporations and businesses), being a catalyst for innovation, supporting novel products and processes through both traditional lending and venture capital.
- **Build for resilience** by owning the responsibility of enhancing Canada's food ecosystem.

We have identified and prioritized five key impact areas to maximize the impact on Canadian agriculture and food over the 2025-29 plan period. We will use our strong financial position to leverage our capital to facilitate $4.4 billion of new, higher risk lending activities that target key impact areas, significantly increasing industry support. New lending will support sustainable finance, under-represented producers, venture capital expansion and agribusiness and agri-food startups, as well as build deeper partnerships with other financial institutions to ensure the industry has access to the required capital to meet future opportunities. Enabling Indigenous Peoples and other under-represented groups to fully participate in the sector can enhance Canadian productivity and help the long-term viability of the industry.

We believe that a sustainable agriculture and agri-food industry is vital to the success of our customers, the industry and our planet. As we mature our environmental, social and governance practice, we will invest in the capabilities necessary to embed environment, social and governance in the organization and in our financial and non-financial offerings.

This plan also reflects our commitment to the Government of Canada to reduce administration expenses, as required in Budget 2023, and includes total minimum spending reduction requirements and additional efficiency gains.

Section 2.0 – Overview

The Canadian agriculture and agri-food industry plays a vital role in supporting Canada's economy and is one of the sectors with the highest economic growth potential in Canada[1]. The industry contributes $143.8 billion annually to Canada's gross domestic product and is responsible for one in nine Canadian jobs.

FCC is a federal Crown corporation whose mandate is described in the *Farm Credit Canada Act* as follows: *The purpose of the corporation is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation shall be on farming operations, including family farms.*

As Canada's leading financial and business services provider dedicated to growing the agriculture and food industry, FCC offers financing and services tailored to the needs of the industry. We serve primary agriculture, agribusiness and agri-food entrepreneurs along the entire value chain, from suppliers to processors, and ensure they have access to capital and a wide range of financial and business products and services. These include long-term mortgages, short-term credit and venture capital.

As a Crown corporation, we have the unique ability to meet the needs of the industry and our customers beyond our core financial business. We take a comprehensive approach to our services, offering support for business transition, farm management software, mental health resources and learning programs. As well, we invest in our communities through programs like Drive Away Hunger and the AgriSpirit Fund. Dedicating ourselves to business planning, mental wellness, innovation, knowledge and community investment means we offer a well-rounded complement of resources that support the common goal of long-term industry success.

We hire and develop employees who are passionate and knowledgeable about the entire agriculture value chain, so they can build solid relationships with our customers to help them thrive in the marketplace. We demonstrate our dedication by being adaptable to the changing needs of the industry, responding with innovative solutions and being efficient, reliable partners. With rigour and passion, we pursue the goal of growing the Canadian agriculture and food industry by consistently showing up for our customers in all circumstances.

By focusing on activities that help the industry reach its potential, we support the Minister of Agriculture and Agri-Food's goal to make the industry a leader in job creation and innovation. For additional details on how we fulfil our public policy role, see pages 10 to 12 of our 2022-23 Annual Report at FCC.ca > About FCC > Corporate profile > 2022-23 Annual Report.

2.1 Main activities and principal programs

FCC focuses on the specific activities set out in the Minister of Agriculture and Agri-Food's mandate letter to FCC. Our main activities and principal programs include:

Providing producers, agribusinesses and agri-food entrepreneurs with access to required capital through all economic cycles — The industry is affected by volatile commodity and input prices, adverse weather, trade flows, supply chain disruptions, labour challenges, and livestock and crop diseases. We take a long-term view and remain dedicated to customers and the industry by providing access to capital through all economic cycles. We effectively manage and measure risks,

[1] https://agriculture.canada.ca/en/canadas-agriculture-sectors/overview-canadas-agriculture-and-agri-food-sector

ensuring we can support our customers during challenging times in the industry. With 30 consecutive years of portfolio growth, we carefully manage our resources to provide business and financial services to the industry.

Being a catalyst in attracting capital to the industry to advance innovation and promote the value-added food processing sector — Access to capital allows producers, agribusinesses and agri-food operators to adopt innovative practices and business models that help them expand, lower costs, develop new products, compete in global markets and take advantage of trade opportunities. Through FCC Ventures, we invest in entrepreneurs and innovative businesses. We partner with and provide funding to organizations and accelerators that provide connections, mentorship and education to accelerate the growth of startups and emerging businesses in the industry. Our venture capital program supports innovative companies and diverse entrepreneurs across all life cycle stages, provinces and sectors in agriculture.

Reducing barriers to allow young producers, entrepreneurs and under-represented groups to become more established in the agriculture and food industry — We understand the importance of young farmers and entrepreneurs to the future of the industry and have developed targeted programs and services for them, including the FCC Starter, Transition, Young Farmer and Young Entrepreneur loans. We also have a team of business advisors located across Canada to help with intergenerational transfers and support new farmers entering the industry.

We believe that a diverse and inclusive industry strengthens the entire Canadian agriculture, agribusiness and agri-food landscape. We continue to explore new opportunities to address the unique needs of women, Indigenous Peoples and minorities in Canadian agriculture and agri-food.

Supporting producers and agribusiness operators to address business challenges through advisory services, knowledge and management tools — Beyond lending, we offer learning events, multimedia tools, publications and other resources to help customers and others involved in Canadian agriculture improve their management practices and succeed in a complex business environment. In addition, we are working to increase awareness of mental health issues in rural communities through partnerships, mental health publications and resources on our website.

Supporting government policy through collaboration with other financial institutions and agencies — Ensuring producers, agribusiness and agri-food operators have access to international markets and can take advantage of opportunities created through trade agreements is vital to the industry's long-term success. We work with Export Development Canada (EDC), Business Development Bank of Canada (BDC), government agencies, chartered banks and credit unions to advance Canadian agriculture and agri-food and create opportunities for Canadians. We jointly finance customers and leverage each other's unique expertise to strengthen how we collectively serve the full value chain. Our in-depth industry knowledge and deep connections to the agriculture and agri-food industry position us to share our knowledge and experience with other federal Crown corporations and financial partners. FCC plays a key role as part of the Government of Canada's financial ecosystem and this plan positions FCC to play an even more proactive role by building new partnerships and deepening our financial commitment to a larger part of the value chain.

Helping position Canada as a leader in sustainability and climate change mitigation — Canada remains one of the best placed nations to address the projected demand for agriculture production, and economic growth must align with sustainability. Canadian producers, agribusiness and agri-food operators are experts in their fields who have always been focused on sustainable agriculture through the use of strong management practices and the adoption of innovative practices. We recognize the industry contributions and remain committed to further supporting our customers on their sustainability journey. We are exploring options to expand our offerings and partnerships to help customers and the industry prepare for, and respond to, the impacts of climate change. Through partnerships with the industry, we will continue to offer incentive-based programming to encourage adoption of sustainable practices. As we learn more about climate risk and opportunities, we will support the industry's resilience with innovative knowledge, tools and financial products, including venture capital. We will offer our AgExpert software platform to help support producers better understand their sustainability footprint. We will be transparent in our approach, report on our progress annually and continue to adopt the recommendations of the Task Force on Climate-Related Financial Disclosure. FCC is also aligned with the federal government's Greening Government strategy and is taking action to reduce our own greenhouse gas emissions.

Section 3.0 – Operating environment

Opportunities for the Canadian agriculture and food sectors

Geopolitical tensions and climate change have increased concerns around global food security. Russia's war in Ukraine disrupted trade and raised energy costs globally. Ukraine and Russia are among the most important exporters of arable crops in the world. Moreover, many countries rely on Russia for fertilizer exports. Extreme weather events have tightened the balance between supply and demand of commodities and food, leading to more volatility and higher prices. In 2022, the Food and Agriculture Organization Food Price Index reached its highest level on record since 1990.

The challenge to feed the world in a sustainable way has never been more daunting. Global food security challenges and climate change elevates the role and importance of Canada in global food markets. The world's population is forecast to reach 8.5 billion people in 2030, and to increase to 9.7 billion in 2050 and 10.4 billion by 2100[2]. In addition, as more people reach middle class status, they will desire to eat more and better food, creating a substantial opportunity for Canadian agriculture and food.

The Canadian agri-food industry needs to increase its productivity in order to increase food production and meet carbon emission reduction targets. FCC can be a catalyst for the industry to work towards reaching ambitious productivity goals aimed at feeding the world sustainably. We see the industry's opportunity and ability to contribute even more to the Canadian economy. While productivity is still growing, it is growing at a declining rate. If this trend was reversed and the sector performed at the rate of historic peak productivity growth, the result would be a $30 billion gain in farm net income over the next 10 years. Higher productivity may also alleviate food security concerns for Canadians who have recently faced the highest food inflation rate in more than 40 years.

The global population increase represents an opportunity for Canadian agriculture and food to expand in new export markets around the world, and to grow and process more food domestically. Trade is vital to the success of Canada's agriculture and food sectors. Canada exported nearly $93 billion of agriculture and food products in 2022, making it the fifth largest exporter of agriculture and food products in the world. Trade agreements are important in maintaining and creating export opportunities for Canadian agriculture and food products. Yet, supporting and enhancing productivity growth of Canadian agribusinesses, farms and food processors are critical to boosting agri-food exports and feeding the world sustainably.

3.1 Macroeconomic outlook

Demand for agriculture commodity exports remains strong, with high commodity prices (many above their five-year averages). However, declining global economic growth could cause reduced demand for commodities resulting in price pressures. Combined with high interest rates, lower commodity prices could reduce the profitability and cash flow that producers, agribusinesses and food operators need to pay their debts.

Canada's gross domestic product grew 3.4% in 2022 but is projected to soften to around 1.5% growth in 2023, followed by less than 2% growth in 2024. The Bank of Canada has been aggressive in increasing interest rates over the past year. The increased likelihood of the economy slowing further and moderating inflation suggests interest rates are close to peaking, if they have not done so already. The Canadian dollar is expected to remain relatively stable over the next year, although there will likely be volatility in response to movements in oil prices and yield differentials with the U.S.

[2] United Nations, Global Issues, Population

Agriculture sector outlook

Overall, the Canadian agriculture and food sectors remain financially healthy and positioned to face ongoing challenges including a tight labour market, adverse weather and growing conditions, and higher interest rates. Higher borrowing costs in Canada and globally are expected to slow global growth, pushing prices on agriculture commodities down, although strong demand will help offset this pressure. As a result, farm cash receipts, which rose by 14.8% in 2022, are projected to increase by only 6.6% in 2023. Over the plan period, farm product prices will continue to trend lower, resulting in slower farm cash receipt growth. The average growth over the plan period will be 3.4%, with the slowest growth of 1.8% in 2024.

Canadian farm operations remain in a strong financial position according to Statistics Canada's Balance Sheet of the Agriculture Sector, with financial ratios improving in 2022. As a result, Canadian farm operations are well positioned to face the possibility of lower net income in 2023 and 2024 amid high interest rates and softening commodity prices.

Farmland investment

Over the past five years, farmland and building values rose on average more than 7% per year, driven by farm revenue strength and low interest rates. Farmland values increased by 14.6% in 2022, as high commodity prices supported strong demand while supply of available farmland remained limited. This is the highest increase recorded since 1980 and follows gains of 9.5% in 2021 and 5.1% in 2020. This is an average increase of $546 per acre in 2022, by far the highest ever dollar increase for land in a single year. With higher interest rates and slower growth in farm cash receipts, the rise in land values will moderate slightly, with 2023 growth forecasted to be 11.3%. As the growth in farm cash receipts slows over the plan period and interest rates stay higher for longer, farmland values will be impacted. Farmland value growth will continue to moderate with average growth of 5.4% over the remainder of the plan period.

Demand for farm debt

Farm operations continue to make strategic investments in land, buildings and equipment to improve production and meet the increasing demand for food while also focusing on innovation to create efficiencies and adopting new technology and production practices. Pressures on farm profitability and liquidity have created strong demand for operating loans. Canadian farm debt increased by 6.8% in 2022. Interest rates have rapidly increased over the past year, at a rate not seen since the 1980s. With the tightening financial environment, growth of farm debt outstanding is expected to slow to around 5% for 2023 and average 4.3% over the plan period. However, investments on Canadian farms financed with capital or cash are expected to be strong as the increase in farmland values will support capital expenditures.

Food supply chain resilience

Food and beverage manufacturing sales increased by 11.9% year over year in 2022. Sales growth is expected to moderate to 6.5% in 2023, due to lower price inflation and a decline in volumes. Cost pressures in the last two years reduced the profitability margins of food and beverage manufacturers. These margins are expected to improve as inflation slowly eases. The overall outlook for Canadian agriculture and food remains positive due to the growing demand for Canadian food products.

There are two competing influences in the operating environment for agribusinesses due to weather related production challenges. Strong crop prices relative to the five-year average will continue to support strong demand for farm inputs as farm operators seek to increase productivity and remain competitive in the global marketplace. Although strong crop receipts in 2021 and 2022 supported investment in farm buildings, equipment and storage, farm operators have become more cautious amid high interest rates and lower crop production in 2023, which means investment decisions will be highly strategic. The impact on agribusiness is uncertainty about profitability as overall investment is reduced or delayed.

Labour remains a major concern for food processors and agribusinesses, but there are indications the labour market is beginning to ease. Job vacancy rates for food wholesalers and food manufacturers declined over the last four quarters and are now in line with pre-pandemic averages.

Financial services sector

The agriculture market is served by chartered banks, credit unions, provincial lending agencies, equipment manufacturer financing programs, crop input financing programs, independent financing institutions and Crown corporations. Nationally, the primary lenders in agriculture are FCC, chartered banks and credit unions. According to Statistics Canada, farm debt outstanding increased by 6.8% to $138.5 billion in 2022. FCC's market share remained unchanged at 29% in 2022. The market share also remained unchanged for chartered banks at 36% and credit unions at 15%. FCC's portion of Canada's farm debt outstanding was $40.7 billion in 2022, an increase of $3.0 billion over 2021. Only the chartered banks have a greater share of farm debt outstanding, at $49.7 billion.

3.2 Internal environment

FCC has been very successful at its core business. We have a highly experienced workforce and an excellent reputation with both customers and other stakeholders across the agriculture and food ecosystem. In order to stay successful, we must adapt to a rapidly changing environment. We have embarked on an organizational transformation that has three elements:

- Strategic transformation – ensuring we have a new vision that clearly articulates our purpose and a new, crisp and inspiring strategy centered around the customer that all employees understand and can act on so that we maximize our positive impact on the Canadian agriculture and food sector
- Culture revitalization – assessing needs and creating a revitalized culture that builds on the successes of the past and positions our people to meet the challenges of the new vision and strategy
- Organizational re-alignment – creating a modernized organizational structure anchored around agility, innovation, environmental, social and governance practices, performance and collaboration

FCC has experienced year-over-year declines in employee engagement, which mirrors a trend seen across North America. Despite the declines, FCC's engagement remains high compared to our peers in the operating environment, with our 2022 results putting us in the Canadian top quartile of engagement, ahead of others in the Canadian financial service sector and federal Crown corporation comparator groups. Employee feedback through the engagement survey and pulse surveys speaks to a need for clarity on strategy, culture revitalization, prioritization and ensuring that we are making it easier for employees to know what matters most so they can deliver greater results for customers.

Built on our values of trust, respect and integrity, the refreshed culture defines the attributes required for employees to work with each other and with stakeholders as we deliver results that demonstrate our dedication to growing the Canadian agriculture and agri-food industry.

In 2025, we will continue to implement our multi-year diversity, equity and inclusion strategy to achieve three outcomes:

1. FCC's workforce is representative of the communities where we live and work.
2. FCC is an accessible, inclusive and equitable workplace.
3. FCC's commitment to equity, inclusion and accessibility extends beyond its people practices to FCC's customers and communities.

FCC's workforce consists of just under 2,600 positions and approximately 375 outsourced resources that perform ongoing work that would otherwise be done by employees. Augmenting capacity through an outsourced workforce allows us to address talent and skill gaps and provides flexibility to adapt to changing business needs. We are focused on addressing our technical debt and creating efficiencies, thereby allowing us to reallocate existing positions to areas of greatest need. As well, new positions will be added over the plan period to support organizational transformation, business growth, increasing regulatory demands, implementation of FCC's strategic priorities and the enhancement of our risk management capabilities. We have planned for 200 new positions in 2025 to address these requirements, with these positions being allocated throughout the year as needed.

3.3 FCC performance and reviews

We have a stronger than expected opening capital position and this plan projects continuing strength in returns. We will leverage the opportunity we have with our excess capital position to deepen our support and investment in the agriculture and food industry while also supporting Government of Canada policy objectives.

Through an evolution of our risk management and risk quantification practices, we have enhanced our credit risk capital assessment. This has resulted in approximately $1 billion in opening excess capital.

This plan will direct half of the excess capital into stretch capital investments to higher risk lending activities in key impact areas, which could result in $4.4 billion in new lending over the plan period.

This plan reflects our commitment to the Government of Canada to reduce administration expenses as required in Budget 2023 (see Appendix 10).

Special exam reviews

The *Financial Administration Act* requires that a special examination be carried out at least once every 10 years. FCC's last special exam was received in January 2022. Special exams are designed to improve systems and practices at Crown corporations by providing reasonable assurance that statutory control objectives are achieved. The statutory control objectives are:

- assets are safeguarded and controlled
- financial, human and physical resources are managed economically and efficiently
- operations are carried out effectively

The Office of the Auditor General cited no significant deficiencies in the 2022 report and FCC's Enterprise Management Team and the Board of Directors agreed with all six identified recommendations. At the end of fiscal 2023, all recommendations had been fully addressed by management.

Section 4.0 – Objectives, activities, risks, expected results and performance indicators

4.1 Objectives and activities

Our dedication to the agriculture and agri-food industry, including producers, agribusiness and food processors, is unwavering. FCC customers face the enormous challenge of feeding a growing world population while accelerating the adoption of sustainable food production practices. This is an exciting time as we seize the generational opportunity to change the face of Canadian food production. We are prepared to turn this challenge into an opportunity for the Canadian agriculture and agri-food industry – to leverage Canada's significant agricultural resources and support our industry in solving these complex challenges through innovation and sustainability.

In 2023, we established a new aspiration statement to reset our course and create focus:

Be bold in making Canada a global leader in food security and sustainable food production by driving innovation, being a catalyst for value creation in the ecosystem and enhancing Canada's brand abroad.

We will leverage our dedicated workforce and its revitalized culture to meet this challenge and move us toward achieving our aspiration. We have identified three strategic intentions to collectively move us toward the aspiration:

- **Be bold** by being courageous to make choices across the value chain, adopt innovative methods, seek industry perspectives, take calculated risks and offer new ideas and solutions.

- **Be an industry catalyst** by imagining the future of food, showcasing Canada on the global stage, brokering partnerships between FCC and ecosystem players, being a catalyst for innovation, supporting novel products and processes through both traditional lending and venture capital.

- **Build for resilience by owning the** responsibility of enhancing Canada's food ecosystem.

STRATEGIC INTENTIONS	*KEY IMPACT AREAS*
Be bold Be an industry catalyst Build for resilience	Innovation, exports and economic growth
	Productivity, affordability, food security
	Indigenous and under-represented farmers and producers
	Climate change and nature-based solutions
	Industry long-term viability
	Resilient and strong FCC built for long-term sustainability

Progress toward the strategic intentions will be delivered through five key impact areas, which have been prioritized to maximize the impact on Canadian agriculture and food over the plan period. We will direct $500 million of additional capital into stretch capital investments to facilitate $4.4 billion of new, higher risk lending activities targeted towards the key impact areas, significantly increasing industry support. New lending will support sustainable finance, under-represented producers, venture capital expansion, agribusiness and agri-food startups, and will help build deeper partnerships with other financial institutions to ensure the industry has access to the required capital to meet future opportunities. There will be a particular focus on ensuring adequate capital for under-represented groups.

In addition, we have prioritized building a strong and resilient FCC for long-term sustainability and are investing in our business foundation accordingly. This investment will help FCC go beyond providing exceptional service and product offerings to Canadian agriculture and food producers, increase productivity for our employees, and deliver on our mandate.

Innovation, exports and economic growth

There is a need for increased venture capital investment and ecosystem support in Canada that is specific to the unique challenges of agriculture and agri-food businesses and entrepreneurs. The industry needs a financing partner that can provide flexible and patient investment capital across all financing stages, build and facilitate greater connections and networks, and provide domain specific expertise, support and value creation services. FCC, by the nature of our mandate and our position in Canadian agriculture, has the unique opportunity to help Canadian agriculture and agri-food companies grow and scale their operations to solve sustainability and productivity challenges for the industry and the world.

We have expanded our investment in externally managed venture capital funds over the last several years. We have also provided increased support to agriculture-focused accelerator and incubator organizations across Canada. This has increased the investment capacity and support provided through industry-specific funds and acceleration services for Canadian businesses. During fiscal 2024, we began building the foundational capabilities to further expand our FCC Ventures program and enable us to be a catalyst for agriculture and agri-food capital investments.

In 2025, we will continue to invest in the foundational capabilities that will allow us to launch new direct investment channels into the Canadian market and connect the innovation ecosystem across the country. We will leverage partnerships and collaborate with existing venture capital companies and other industry players to incrementally increase both investment and value creation services over the five-year plan period. As a national partner, we will foster, grow and increase innovative entrepreneurs throughout the agri-food supply chain across Canada. This will lead to faster increase in the amount of innovative businesses and higher productivity growth rates, enhance the global competitive position of the industry, boost exports and expand the industry's economic footprint.

Canada's agri-food industry needs strong support for all segments of the market, including startup businesses that drive innovation and create a vibrant industry. Over the plan period, we will increase lending to startups, taking a greater degree of risk to support this segment.

FCC is also committed to building partnerships with Export Development Canada (EDC), Business Development Bank of Canada (BDC) and the Trade Commissioner Service (TCS) to provide our customers with more tools in their efforts to increase production, find new export markets and grow their businesses. Additionally, over the plan period, we will explore ideas for partnerships with other financial institutions, including banks and credit unions, on lending and non-lending offers designed to support growth in the agriculture and agri-food sector.

Productivity, affordability, food security

Canada's agricultural productivity growth has slowed since 2011, consistent with overall productivity trends around the globe. This slowdown has occurred at a time when food security concerns are heightened and climate change is disrupting food production and causing unpredictability in growing seasons. Climate change and reduced productivity mean smaller margins, increased loss, and less predictability for the industry. Innovation and technology can stimulate productivity growth, reduce environmental degradation, improve climate adaptability, and mitigate losses, which going forward, would enhance food security, affordability, and sustainability.

Product and process innovations, technological advancements and adoption of more efficient farm management practices can help Canadian farm operators, agribusinesses and food processors offer safe, healthy and affordable food. Through strategic investment, FCC will continue to play a role in expanding Canada's smart farm infrastructure to encourage the adoption of sustainable farming practices and boost productivity.

Over the plan period, we will also increase the agriculture and food industry's opportunity to support food security and promote Canada as a top contributor in global sustainable food production. Right here in Canada, Food Security remains a concern for many Canadians and we saw an opportunity for the agriculture and agri-food industry to address the issue through programs including FCC's Drive Away Hunger Program. Through this program, FCC serves as a catalyst to get partners across the industry to collect food and money and distribute it to localized food security agencies in communities across Canada.

Indigenous and under-represented farmers and producers

We are committed to truth and reconciliACTION as we rebuild our relationship with Indigenous Peoples by becoming a trusted partner and advancing Indigenous inclusion to achieve economic sovereignty for Indigenous Peoples. We are committed to the prosperity of Indigenous communities. We will invest time and money to ensure we are an organization that Indigenous Peoples want to work with and for. In 2025, we will continue to support lending to Indigenous agriculture and food startups and strengthen our partnerships with Indigenous financial institutions to increase access to capital. We will also continue to lead the creation of the National Circle for Indigenous Agriculture and Food, which will drive Indigenous business growth and participation in the agriculture and agri-food sector by sharing knowledge and empowering the community.

We will address the barriers that exclude under-represented groups from the industry, with an initial focus on women entrepreneurs, young farmers and new entrants. Over the five-year plan period, we will increase the amount of stretch financing to under-represented groups, including women, youth, Indigenous Peoples and minorities to diversify and strengthen the agriculture and agri-food workforce of tomorrow. In 2025, FCC will continue to help under-represented groups gain the necessary skills and knowledge by offering learning programs, events, publications and partnerships.

Climate change and nature-based solutions

Over the plan period, FCC will increase its investment in clean technology innovation, sustainable productivity growth and food value chain resilience. We are uniquely positioned to support the much-needed investment in this sector through our industry knowledge, trusted brand and national presence. With our financial and non-financial offerings, we will help our customers and the industry meet the increasing needs and opportunities ahead.

We have seen first-hand the impacts of climate change-related natural disasters, such as more frequent and intense flooding, drought and forest fires. We will continue to help the industry respond to climate-related natural disasters through customized support programs. We will work with customers and strategic partners to unlock opportunities and solutions to protect nature and biodiversity, build resilient infrastructure, and mitigate and adapt to the impacts of climate change.

In 2025 and beyond, we will continue to look for opportunities to expand our sustainability incentive program to support customers participating in industry-led sustainability initiatives. We will also enhance our environmental support for customers through knowledge offerings, advisory services and farm management tools. In 2025, we will further develop our approach for sustainable financing. Over the plan period, we will significantly invest stretch capital in sustainable finance to help the industry to increase productivity and improve sustainability practices.

We will build upon our AgExpert data-sharing ecosystem, focusing on building partnerships that will help customers enter their data once and share it multiple times to solve multiple problems, including allowing them to better understand their own sustainability footprint. With the AgExpert ecosystem, producers can make better, more informed decisions about their operations by having access to in-season cost of production data. AgExpert is Service Organization Control compliant (SOC 2 Type 2) and Ag Data Transparent certified, ensuring that customer data is managed responsibly, privacy is protected to the highest standards and users remain in control of their information.

Industry long-term viability

FCC will continue to champion Canadian agriculture and food and those who work in this sector through increased public awareness campaigns, mental health support, and products and programs that can support diversity and strengthen the agriculture and agri-food workforce of tomorrow.

The agriculture and food industry needs the trust of all Canadians to be successful. While farmers generally receive high trust scores in public surveys, there is evidence of growing public concern regarding Canada’s food system, due to the limited connection Canadians have to the food production system. According to the 2023 Public Trust Research Report, only 34% of Canadians feel that Canada’s food system is headed in the right direction, compared to 47% in 2020. In 2025, we will partner with the industry to launch a public trust campaign that shares Canada’s story of sustainable agriculture, domestically and abroad.

Although public perceptions have negatively impacted many people in the industry, other known stressors have amplified the mental health challenges those involved in the industry are currently facing, including the difficulties stemming from climate-related impacts, isolation, cost increases, inflation and limited availability of local resources. We believe in a resilient and trusted agriculture industry where our customers and communities feel understood and recognized. We will continue to fund a mental health crisis line for agriculture in partnership with mental health service providers.

FCC recognizes that farm transition is a pressing matter for the Canadian agriculture and agri-food industry. Data from the Census of Agriculture confirms that trends identified in previous census cycles, such as industry consolidation and aging of farm operators, continued in 2021. With the cost of farm assets such as land, buildings and quota continuing to increase, the capital required to become established in the industry and maintain an ongoing operation is significant. We will continue to build confidence and resilience in the next generation by helping them improve their management practices, primarily through knowledge and advisory services tailored to this specific industry need.

Foundational investments for a resilient and strong FCC

To deliver on our mandate and our strategy, we must be rigorous in our approach to investing in our foundational capabilities to ensure we can adapt to changing customer expectations and evolving industry standards. Creating efficiencies behind the scenes will be a key focus so that employees are empowered to better serve our customers and partners and deliver a measurable positive impact on the Canadian agriculture and agri-food industry. We will invest in data and analytics, digital foundations and technology. As we mature our environmental, social and governance practices, we will invest in the capabilities necessary to embed environment, social and governance in the organization and in our financial and non-financial offerings.

To effectively serve the agriculture and agri-food industry, we must adapt our approach to lending and leverage digital solutions to meet the needs of our customers. As loan size has grown due to increasing asset values and customer size, lending has become more complex. Our current approach does not differentiate between smaller customers and larger, more complex customers and will not allow us to grow with the industry into the future or provide the value customers are seeking.

Initiatives about simplifying lending in past corporate plans were discussed and will continue based on size of the customer. We will automate processes to address the needs of smaller customers. We will also work on meeting the more complex needs of larger customers in a more responsive, less employee intensive manner that manages risk without impacting the customer experience. This will take sustained effort and substantial investment to provide employees with the processes, policies, tools and knowledge needed to serve now and into the future. Creating these efficiencies is necessary so that we can do more to invest in activities that add value to customers beyond the lending transaction, such as providing advisory services or connecting them to other resources.

4.2 Risk overview

As a federal Crown corporation, FCC's public policy role is to provide the financing and business solutions Canadian agriculture producers, agribusinesses and agri-food operators need to seize global and domestic opportunities as well as navigate challenging economic cycles. As our customers and organizational complexity evolve, so too must our risk management capabilities. As we look to take on more calculated risks to address the needs of our diverse customer segments, we will need to be able to identify, understand, quantify and manage the spectrum of new risks the organization may become exposed to. Enhancing our risk management practices will enable us to target new customer segments that we previously had limited exposure to and develop new financial and non-financial offerings.

Our risk management objectives and priorities are focused on supporting industry growth and innovation as well as sustaining our success, including the ability to deliver critical operations and withstand events coming from an increasingly complex and digital risk environment. We use an enterprise risk management framework and policy to ensure significant risks are adequately managed. Our willingness to take risks we understand, accept the risk of being a steady presence for the agriculture and agri-food industry, and avoid risks that jeopardize FCC, our customers or the sustainability of the industry, is reflected in FCC's overall risk appetite framework and policy, which is approved annually by our Board of Directors.

Risk categories and mitigating strategies

Our four major categories of risks are strategic, financial, operational and reputation. Each category has distinct risks that are assessed for likelihood and impact using various tools. The overall assessment of risk is reflected in the amount of capital required to mitigate the risk. FCC conducts stress tests to understand the organization's vulnerability to catastrophic scenarios that may affect agriculture.

Strategic risk

Strategic risk refers to the external environment and our ability to develop and implement effective business strategies and maintain our relevance in the marketplace.

The corporate strategy is developed annually and FCC's key strategic priorities are documented in the five-year corporate plan. We assess the external financial environment and activity in the agriculture and agri-food industry to determine emerging risks. The Board reviews and provides oversight on the top enterprise risks during the strategic planning cycle.

In addition to the above, we take risks to support the needs of targeted under-represented groups. We want to spur innovation, create inclusive growth and facilitate intergenerational transfers. We want to ensure that capital is available when and where customers need it. As our business evolves, we accept the risk of a long-term view to remain a steady presence for Canadian agriculture and agri-food industry participants.

Financial risk

Financial risks include credit, liquidity and market risks.

Credit risk is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments to FCC. We are exposed to credit risk in our loans, venture fund holdings and investments. We assess credit risk at the transactional and portfolio levels using best practices for financial institutions.

Credit assessment tools and models are in place to quantify risks on an ongoing basis, establish the required allowance for loan losses and monitorcapital adequacy. We also closely monitor the agriculture and food industry operating environment to ensure our lending policies, activities and practices adequately account for risk and opportunity in the marketplace.

We build relationships with customers and partners who meet our high standards for integrity. As a federal Crown corporation, FCC is a consistent source of financing for all sectors of the industry through all business cycles.

Liquidity risk is the risk that we have insufficient funds to meet payment obligations as they come due. We minimize liquidity risk by using a liquid investment portfolio, getting funding through the Crown Borrowing Framework and accessing an operating line of credit. Due to FCC's approach and readily available source of funds, the overall liquidity risk is negligible and is not reflected in capital requirements. Our focus remains on responsible lending and capital management to ensure that FCC remains financially sound.

Market risk is the potential for loss due to adverse changes in underlying market factors such as interest rates and foreign exchange rates. Market risk exists in our financial instruments and we assess the risk of market events such as interest rate movements. Our market risk policies and limits ensure interest rate and foreign exchange risks are identified, measured, managed and reported on a timely basis.

- **Interest rate risk** is the risk that a change in the interest rate negatively affects FCC's net interest income and fair value measurements. We monitor exposure to interest rate risk through scenario analysis, where we measure the sensitivity of net interest income and fair values to a change in interest rates and balance sheet assumptions.
- **Foreign exchange risk** is the risk that currency fluctuation negatively affects FCC. We minimize currency exposure primarily by matching foreign currency loans against foreign currency funding.

Operational risk
Operational risk is the risk of direct or indirect loss due to inadequate or failed internal processes, people, systems or external events. Operational risk events can affect our ability to deliver our strategy and achieve our objectives through lost opportunities and inefficiency, business disruption, customer impact or financial loss.

FCC focuses on organizational resilience and develops future-fit risk practices that align with our mandate, risk appetite and customer experience priorities. We have established operational risk management policies to support the application of consistent, effective and timely operational risk management practices across all areas of day-to-day work. We continue to implement and enhance risk management policies and practices to mitigate key operational risk areas.

Our processes are organized in a hierarchical process classification framework that provides an end-to-end view of our work processes. We perform risk and control self-assessments on our processes to identify and assess key risks to ensure appropriate controls are in place and risk gaps are mitigated.

Internal audits are conducted to assess the effectiveness of the control environment and provide the Board with assurance that operational risks are effectively managed.

Reputation risk
Reputation risk is the risk that key stakeholders or the public develop negative perceptions about FCC that could adversely affect our reputation and ability to attract and retain customers, business partners and employees. Exposure to reputation risk is often a function of our ability to manage and respond to other risks.

To avoid real or perceived reputational damage, we have a structure to guide employee conduct in interactions with co-workers, customers, industry partners, suppliers, media and the public. We assess any risk event that exceeds FCC's risk appetite for reputation implications.

Incident and crisis management is a key component to managing and mitigating both enterprise and reputation risk. FCC uses both incident and crisis management programs to respond to escalating risk events. We regularly review, test and enhance our crisis response based on assessment and experience.

FCC notes with interest the Fall Economic Statement (FES) published on November 22, 2023, and its reference to reviewing the risk practices of Crown Corporations. We look forward to collaborating with the Department of Finance, Treasury Board Secretariat, and Agriculture and Agri-Food Canada on this review process.

For more detail on FCC's identified risks, see Appendix 7 – Risk and Risk Responses.

4.3 Expected results and performance indicator overview

For each strategic impact area, FCC will develop initiatives, outlined in section 4.1 Objectives and Activities, that show progress toward achieving results.

FCC's strategic priorities are aligned to our mandate and Government of Canada priorities. We report on these priorities through the following impact areas and key performance indicators:

Impact area	FCC key performance indicator
Innovation, exports and economic growth	Accelerate growth in net new agribusiness and agri-food customers
	Loans receivable change
	Venture capital investments through new direct investment channels
	Economic impact measure
Productivity, affordability, food security	Drive Away Hunger
	Smart farm support
Indigenous and under-represented farmers and producers	**Number of current customers who belong to under-represented groups served by FCC:** • Number of current customers under age 40 served by FCC • Number of current Indigenous customers served by FCC • Number of current lending customers who are female
Climate change and nature-based solutions	Sustainability incentive program adoption measure
Industry long-term viability	Advisory services
	Public trust – How do Canadians feel about our food system
	Percentage of FCC customer count in small and medium-sized segments: ag production and agribusiness and agri-food operators
Resilient and strong FCC built for long-term sustainability	Percentage of total employees hired are members of employment equity groups
	Reduce greenhouse gas emissions from internal operations
	Net Promoter Score®

We examine and evaluate our focus to ensure we are meeting our mandate and Government of Canada priorities while balancing the need to be relevant given our position in the marketplace. Measures in this table are reviewed annually and may change to better reflect progress on our strategic direction.

For more detail on FCC's measures and targets, see Appendix 3 – Planned Results.

Section 5.0 – Financial overview

5.1 Expected results for 2024 and plan period 2025 to 2029

FCC's ability to support the agriculture and agri-food industry is made possible by our strong financial and risk management practices. Our financial plan demonstrates FCC's financial ability to deliver on our mandate, efficiently manage our costs, maintain a sound financial position and consistently pay dividends over the plan period. The financial plan includes expected revenue and expense projections resulting from our strategic investment in the five key prioritized impact areas introduced in section 4.0.

In the financial plan, we explain the projected financial results and the major underlying assumptions used in our projections. All other sections of the corporate plan are an integral part of the financial plan and should be read in full to understand our projected financial results.

The financial plan and our key assumptions reflect FCC's outlook on the Canadian agriculture and agri-food industry as outlined in section 3.0. Canada's economy is expected to slow over the plan period as higher inflation limits the spending power of many consumers, higher interest rates take longer to normalize (slowing down investment), and high commodity prices return to more normal levels. Over the next five years, farm debt is expected to grow an average of 4.3% annually, while farmland and building values are expected to grow at an average of 5.4% annually.

We protect FCC's sound financial position through enterprise risk management and capital management practices. Our enterprise risk management framework ensures risks are properly identified and managed. The Board -approved Capital Management policy determines our capital adequacy requirement in relation to these identified risks. These practices enable us to achieve our objectives and support our sustainable business success.

Portfolio growth

Loans receivable is expected to grow from $50.7 billion in 2024 to $66.0 billion in 2029, representing an average annual growth of 5.4% over the plan period. Portfolio growth remains relatively stable over the plan, though high inflation and slowing economic growth has led to softening demand for lending. Portfolio growth includes increased lending activity of $4.4 billion through stretch capital investments in key impact areas outlined in section 4.0. This includes increased lending for sustainable finance, under-represented producers, venture capital expansion and agribusiness and agri-food startups. We will also further collaborate with other financial institutions on lending offers to support growth in the industry.

Profitability

Net interest income is expected to be $1.4 billion in 2024 and is projected to grow to $2.1 billion in 2029. The increase is driven by expected portfolio growth and higher net interest margin.

Net interest margin is projected to increase from 2.70% in 2024 to 3.15% in 2029. The increase in net interest margin is primarily due to the elevated yet stabilizing interest rate environment as inflation eases.

Credit quality

The allowance for credit losses on loans receivable is forecast to be $174 million in 2024 and increases over the plan period to $403 million. The increase over the plan period is driven by lower growth in farm cash receipts with continued softening of commodity prices and slowing farmland value growth, suggesting higher default projections. The increase is also partially from a shift in our portfolio and customer risk profiles due to new lending activities that carry higher risk. FCC continues to focus on sound risk management practices, including maintaining a portfolio that is well diversified in terms of sector and region.

The provision for credit losses is forecasted to increase from $61 million in 2024 to $95 million in 2029, reflecting shifts in portfolio growth and health.

Efficiency

The efficiency ratio improves from 45.5% in 2024 to 42.1% in 2029 due to the strengthening net interest margin as the interest rate environment stabilizes. This is partially offset by slowing growth in administration expenses as efficiencies are realized from investments in our foundational capabilities, as outlined in section 4.0.

The initial years of the plan reflect this investment, and the efficiency ratio in these years is also impacted by lower net interest margin. As we transform our lending approach and develop easier and more consistent lending processes that leverage digital solutions, we will realize efficiency gains. The efficiency ratio improves over the plan period due to these productivity gains our commitment to the cost reductions and improvements in net interest margin.

Administration expenses increase from $640 million in 2024 to $880 million in 2029. They include the financial impact of delivering on our mandate and our strategy while continually improving our foundational capabilities. They also reflect investments in risk management capabilities as the complexity of our customers and our organization has evolved. Redesigning our lending approach is a multi-year transformation to become more responsive to customer needs. The efficiencies from streamlining and automating processes will enable and empower employees to better serve our customers and partners.

Administration expenses overall are $118 million lower than the prior plan and reflect our commitment to meeting the reduction requirements in the Federal Budget 2023.

Capital asset budget

Capital asset expenditures are expected to increase from $27 million in 2024 to $36 million in 2029 as increases in both technology and occupancy asset additions are expected over the plan.

Borrowings

The growing portfolio increases our borrowing requirements, including accrued interest, from $43.9 billion in 2024 to $57.7 billion in 2029, an average annual growth rate of 5.6%.

Capital management

FCC is projecting to remain well capitalized over the plan period and maintain a safe and sound capital position to withstand economic downturns, climate change uncertainty and periods of extended loss, as well to support the strategic direction. A target capital ratio of 15.0% of risk -weighted assets has been established based on FCC’s internal capital adequacy assessment process, which is based on the capital adequacy requirements guideline issued by the Office of the Superintendent of Financial Institutions.

The implementation of a new credit risk capital assessment on April 1, 2023, lowered our target capital requirement, resulting in excess capital of just over $1 billion. FCC will direct half of the excess into capital investments to facilitate $4.4 billion in new lending (refer to section 4.0).

Return on equity measures the efficiency in generating income relative to equity. Return on equity increases from 8.0% in 2024 to 11.2% in 2029, mainly driven by strong net income from the growing portfolio and the improving net interest margin, offset by rising administration expenses and an increase in average equity.

Appendix 1 – Ministerial mandate letter or direction

FCC mandate letter

Quote: 272651

December 16, 2022

Ms. Jane Halford
Chairperson
Farm Credit Canada
1800 Hamilton Street
Regina SK S4P 4L3

Dear Ms. Halford:

The federal government has recognized the importance of a vibrant and sustainable agriculture and agri-food sector to the country's economy and to ensure its food security. We also recognize that Canadian family farms contribute significantly to the vitality of many rural communities across the country.

Therefore, in November 2021, federal, provincial and territorial ministers of agriculture jointly signed the Guelph Statement, which recognizes Canada as a world leader in sustainable agriculture. This vision should also inform the work of Farm Credit Canada (FCC).

Despite many recent challenges, including the COVID-19 pandemic, Canadian agricultural producers and food processors have shown exemplary resilience and continued providing quality products in a particularly difficult context. I would like to thank FCC for supporting the sector by providing financial and advisory services, expanding access to capital and enhancing capital and enhancing its products and services. Canada's producers can rely on FCC as a financial partner in weathering supply chain challenges, commodity price volatility and the rising costs of key agricultural inputs impacted by geopolitical and global market instability. To this end, the Government made sure to support FCC by quickly increasing its capacity to offer financial services.

Reducing greenhouse gas emissions and adapting to climate change remain urgent priorities for our government, and we must ensure that the agricultural sector steps up as a front-line partner. FCC's products and services allow the sector to grow, adopt innovative practices and business models, pursue new markets and close gaps in research, technology and infrastructure. This opens opportunities for early commercialization and deployment of agri-technologies, helping to position Canada as a leader in climate change mitigation.

In addition, in accordance with FCC's mandate, I am asking you to provide the leadership necessary to ensure that it delivers on the following priorities:

- Continue to operate as a responsible lender whose purpose goes beyond financial performance by providing a choice of financing options, filling gaps in industry needs and taking on necessary levels of risk to meet long-term needs, with a primary focus on family farms.
- Continue to be a creative, flexible and patient leader to contribute to a growing and sustainable agricultural sector in Canada, while taking on the necessary levels of risk in order to advance innovation and opportunities for underrepresented groups. Continued efforts should be given to:
    - Build on the Starter Loan, Young Farmer Loan and Young Entrepreneur Loan. Continue to expand and enhance the financial products and services that reduce barriers for young producers, entrepreneurs and underrepresented groups to enter or become more established in Canada's agriculture and food industry,

including supporting intergenerational transfers.

- Offer a steady and stable presence for the Canadian agriculture and agri-food industry through all economic cycles and during challenges, including climate change and natural disasters, price and trade volatility and dysfunctions in the supply chain.
- Enhance input financing as a lever to support producers facing rising input costs associated with geopolitical events and incentivize additional production to combat global food insecurity.
- Enhance support to agri-food and agribusiness entrepreneurs and promote our value-added food processing sector. Support opportunities for early commercialization and deployment of agri-technologies to help position Canada as a leader in sustainability and climate change mitigation.
- Support food security by offering products and services reflecting the social, economic, environmental and health aspects of the agriculture and food system.
- Continue to pursue and promote a strong relationship with other Canadian financial institutions and credit unions and identify opportunities to offer joint financing solutions to mutual customers.
- Be a catalyst in attracting capital to the agriculture and agri-food industry through increased venture capital investment and improved access to capital for industry to accelerate meaningful progress in areas such as improving production capacity and sustainable practices driven by agricultural technology innovation.
- Collaborate with Indigenous communities to encourage more First Nation, Inuit and Métis-led agriculture and food production through targeted financial support and other business solutions.
- Enhance mental health services offerings to support those involved in Canada's agriculture and food system. Work with and provide financial support to likeminded organizations to assist producers with mental health issues through greater awareness and knowledge dissemination and provide greater access to services and support networks in rural communities.
- Continue to expand FCC's advisory services, knowledge offerings and farm management tools to support the broad range of core and emerging business management needs of Canadian producers and agribusiness operators seeking to solve new or specific business challenges.
- Continue to support the prioritization of Canadian land ownership by providing financing to individuals and entities that are able to legally do business in Canada and meet provincial land ownership requirements.
- Implement the recommendations outlined in the 2021 Special Examination Report of the Auditor General of Canada to the FCC Board of Directors.
- Begin to report on climate-related financial risks, in accordance with the Budget 2021 commitment. FCC is encouraged to work with other crown corporations to share best practices.

As Agriculture and Agri-Food Canada works to advance sector-specific priorities outlined in my mandate letter, I ask that you continue to support the Deputy Minister, my principal source of public service support and policy advice for the entire Agriculture and Agri-Food Portfolio, in ensuring a coordinated portfolio. I know that I can count on you and the FCC team to fulfil these priorities and that FCC will commit to tracking and reporting on its progress toward results for Canadians.

In closing, I assure you of my full cooperation so that, together, we can continue to build an innovative, sustainable and prosperous future for agricultural and agri-food producers and processors and protect the sector's reputation for providing high-quality food products to Canada and the world.

Sincerely,
Original signed by
The Honourable Marie-Claude Bibeau, PC, MP

Appendix 2 – Corporate governance structure

Board of Directors

The FCC Board of Directors represents Canadians and the breadth of the agriculture and agri-food industry. The directors' expertise contributes significantly to the corporation's strategic direction. The Board ensures we remain focused on our vision, mission and values, and that we are fulfilling our public policy role as outlined in FCC's mandate.

The Board is composed of a maximum of 12 directors, including the President and CEO and the Chairperson of the Board. All directors except the President and CEO are independent of management. Biographies of the Board members can be found on FCC's website under About FCC > Corporate Profile > Board of Directors.

The Board is responsible for the overall governance of FCC. Directors exercise a stewardship role and approve the corporate strategic direction, corporate plan, quarterly financial reports and evolving environmental, social and governance disclosures.

The roles and responsibilities of the Board and its four subcommittees (Audit, Corporate Governance, Human Resources and Risk) can be found on FCC's website under About FCC > Corporate Profile > Leadership > Board Charters.

The Board's duties and responsibilities fall under the following broad categories:

- integrity — legal and ethical conduct
- strategic planning and risk management
- financial reporting and public disclosure
- leadership development and succession planning
- government relations and environment, social and governance
- communications
- corporate governance

The Board holds five formal meetings per year, using a mix of in-person and virtual meetings to ensure business is conducted in an effective and efficient manner. The Board undergoes an annual self-assessment to ensure it assesses its functioning and performance, and creates targeted action plans to ensure its continued evolution.

Directors are paid an annual retainer and per diem amounts established by the Governor in Council, pursuant to the *Financial Administration Act*. Rates were last set on January 8, 2008. Directors are reimbursed for out-of-pocket expenses, including travel and accommodation while performing their duties. Directors are subject to their own expense policy, which is substantially the same as the expense policy applicable to FCC employees and was refreshed in March 2023.

<table>
<tr><th rowspan="2">Board member</th><th rowspan="2">Current term</th><th rowspan="2">Committee memberships</th><th colspan="6">Reporting period
(10/01/2022 – 09/30/2023)</th></tr>
<tr><th>Committee attendance</th><th>Board meeting attendance</th><th>Retainer (A)</th><th>Per diems (B)</th><th>Total remuneration (A+B)</th><th>Travel and related expenses</th></tr>
<tr><td>Rita Achrekar[1]</td><td>05/21/2021 – 05/20/2025</td><td>Human Resources
Risk
Corporate Governance</td><td>1/1
5/5
4/4</td><td>6/6</td><td>6,200.00</td><td>18,915.00</td><td>25,115.00</td><td>4,811.13</td></tr>
<tr><td>Bertha Campbell</td><td>02/1/2022 – 01/31/2025</td><td>Audit
Human Resources</td><td>6/6
6/6</td><td>6/6</td><td>6,200.00</td><td>26,190.00</td><td>32,390.00</td><td>14,230.06</td></tr>
<tr><td>Sylvie Chagnon[2]</td><td>05/21/2021 – 05/20/2025</td><td>Human Resources
Risk
Corporate Governance (Chair effective August 24, 2023)</td><td>6/6
5/5
0/0</td><td>6/6</td><td>6,304.12</td><td>27,887.50</td><td>34,191.62</td><td>5,901.74</td></tr>
<tr><td>Sylvie Cloutier</td><td>01/27/2023 – 01/28/2026</td><td>Human Resources (Chair)
Risk</td><td>6/6
4/5</td><td>6/6</td><td>7,200.00</td><td>25,462.50</td><td>32,662.50</td><td>7,358.27</td></tr>
<tr><td>Laura Donaldson</td><td>02/1/2022 – 01/31/2025</td><td>Corporate Governance (Chair until August 23, 2023)
Audit</td><td>4/4
6/6</td><td>6/6</td><td>7,095.88</td><td>22,795.00</td><td>29,890.88</td><td>8,674.40</td></tr>
<tr><td>Jane Halford (Board Chair) from 4/26/2020</td><td>04/22/2020 – 04/21/2024</td><td colspan="2">The Board Chairperson is not a member of any specific committee but frequently attends these meetings.</td><td>6/6</td><td>12,400.00</td><td>45,832.50</td><td>58,232.50</td><td>19,027.69</td></tr>
<tr><td>Justine Hendricks[3]</td><td>01/30/2023 – 01/29/2028</td><td colspan="2">The CEO is a director but not a member of any specific committee.</td><td>4/4</td><td colspan="4">The CEO does not receive separate remuneration for her duties as a Board member.
The CEO’s travel expenses, including any travel required for Board purposes, are disclosed on FCC’s public website.</td></tr>
<tr><td>Michele Hengen</td><td>05/21/2021 – 05/20/2024</td><td>Risk (Chair)
Human Resources</td><td>6/6
5/5</td><td>6/6</td><td>7,200.00</td><td>24,492.50</td><td>31,692.50</td><td>2,832.21</td></tr>
<tr><td>James Laws</td><td>05/21/2021 – 05/20/2024</td><td>Audit
Corporate Governance</td><td>6/6
4/4</td><td>6/6</td><td>6,200.00</td><td>27,402.50</td><td>33,602.50</td><td>8,614.04</td></tr>
<tr><td>Michael Tees</td><td>05/21/2021 – 05/20/2025</td><td>Audit
Corporate Governance</td><td>6/6
4/4</td><td>6/6</td><td>6,200.00</td><td>23,765.00</td><td>29,965.00</td><td>19,545.01</td></tr>
<tr><td>Ross Topp [4]</td><td>Appointed by Board of Directors 07/01/2022
Appointed by Order in Council
09/29/2022 – 01/29/2023</td><td colspan="2">The Acting CEO was a director but not a member of any specific committee</td><td>2/2</td><td colspan="4">The Acting CEO did not receive separate remuneration for his duties as a Board member.
The Acting CEO’s travel expenses, including any travel required for Board purposes, were disclosed on FCC’s public website.</td></tr>
<tr><td>Govert Verstralen</td><td>02/1/2022 – 01/31/2025</td><td>Audit (Chair)
Risk</td><td>6/6
5/5</td><td>6/6</td><td>7,200.00</td><td>31,525.00</td><td>38,725.00</td><td>9,320.73</td></tr>
</table>

(1) Rita Achrekar moved from Corporate Governance Committee to Human Resources Committee on August 24, 2023.

(2) Sylvie Chagnon moved from Human Resources to Corporate Governance Committee on August 24, 2023 and replaced Laura Donaldson as Corporate Governance committee Chair.

(3) Order in Council: *Appointment of JUSTINE HENDRICKS of Ottawa, Ontario, to be President and Chief Executive Officer of Farm Credit Canada, to hold office during pleasure for a term of five years, effective January 30, 2023.*

(4) Order in Council: *Appointment of ROSS B. TOPP of Regina, Saskatchewan, to be President and Chief Executive Officer of Farm Credit Canada, on an interim basis, for a term of six months or until such time as a new President and Chief Executive Officer is appointed, whichever occurs first, effective September 29, 2022.*

Enterprise Management Team

The Enterprise Management Team consists of the President and CEO and six Executive Vice-Presidents. Bound by the FCC Code of Conduct, the corporation's senior leaders adhere to the highest ethical standards of business, professional and personal conduct.

The Enterprise Management Team is responsible for business results and corporate decision-making, including the strategic vision, investment strategy, allocation of enterprise resources and resolution of major strategic issues. Biographies are available on FCC's website under About FCC > Corporate Profile > Leadership > Enterprise Management Team.

All executives, except for the President and CEO, are paid within salary ranges and compensation policies disclosed to the FCC Board of Directors. FCC does not offer mid or long-term incentives to any of our employees.

The Governor in Council establishes the President and CEO's compensation. The salary range for the position is $352,400 to $413,500, with a maximum performance award of 26% of base salary.

Senior Leadership Team

The Senior Leadership Team consists of the President and CEO, Executive Vice-Presidents and Vice-Presidents. This team provides input on setting corporate priorities to achieve strategic objectives consistent with FCC's mandate and approved direction.

Governance framework

In addition to the Board, Enterprise Management Team and Senior Leadership Team, FCC's governance framework includes several committees to guide corporate decision-making in areas such as credit policy, enterprise risk management, venture capital management and pension management.

Appendix 3 – Planned results

We achieve our mandate and enhance rural Canada by providing products, services and customer solutions that meet the needs of the Canadian agriculture and agri-food industry, helping producers, agribusinesses and agri-food operators grow their operations, access new market opportunities and innovate. We ensure operations of all sizes have access to capital and we are a strong financial partner through all business cycles. We support the long-term success of Canadian agriculture by focusing on the needs of under-represented groups, agribusinesses and agri-food operators and work to ensure the industry is sustainable and adaptable regardless of the challenges it may face. We foster strong and vibrant communities through our community investment initiatives and other support to customers and employees across Canada.

Short-term outcomes				
Key impact area	FCC key performance indicator	2025 target	2029 target	Data Strategy
Productivity, Affordability, Food Security	Drive Away Hunger	60 million meals	100 million meals	Annual Data from Sponsorium and Community Investment database
	Smart farm support	Establish baseline measure and identify key outcomes for Smart Farm engagements	Achieve 1 key outcome (per established baseline) per Smart Farm engagement per year	Annual data from program database
Industry long-term viability	Advisory services	1,140 customer engagements	2,350 customer engagements	Annual data from FCC's program database
Resilient and strong FCC built for long-term sustainability	Percentage of total employees hired are members of employment equity groups	29%	33%	Annual data from FCC's Human Resources systems
Medium-term outcomes				
Key impact area	FCC key performance indicator	2025 target	2029 target	Data Strategy
Innovation, exports and economic growth	Accelerate growth in net new agribusiness and agri-food customers	400	630	Annual data from FCC's financial systems
	Loans receivable change	5.1%	5.9%	Annual data from FCC's financial systems
	Venture capital Investments through	$50 million	$145 million	Annual data from FCC's Venture capital reports

	new direct investment channels			
Industry long-term viability	Public trust – How do Canadians feel about our food system	34% in Right Direction	42% in Right Direction	Canadian Centre for Food Integrity report
	Percentage of FCC customer count in small and medium-sized segments: ag production and agribusiness and agri-food operators	AgP: > 90% A&A: > 90%	AgP: > 90% A&A: > 90%	Annual data from FCC's financial systems
Resilient and strong FCC built for long-term sustainability	Net Promoter Score®	Within range: 69-73	Within range: 69-73	Customer surveys throughout the year

Long-term outcomes

Key impact area	FCC key performance indicator	2025 target	2029 target	Data Strategy
Innovation, exports and economic growth	Economic impact measure	Establish baseline and trend-based targets	Trend-based target TBD	Annual data from FCC's data warehouse
Indigenous and under-represented farmers and producers	**Number of current customers who belong to under-represented groups served by FCC:**			
	Number of current customers under age 40 served by FCC	21,600	22,100	Annual data from FCC's financial systems and program database
	Number of current Indigenous customers served by FCC	740	940	Annual data from FCC's financial systems
	Number of current lending customers who are female	24,950	26,300	Annual data from FCC's financial systems
Climate change and nature-based solutions	Sustainability incentive program adoption measure	15% increase in program adoption from previous year for programs in market	15% increase in program adoption from previous year for programs in market	Annual data from FCC's program database
Resilient and strong FCC built for long-term sustainability	Reduce greenhouse gas emissions from internal operations	New baseline and science-based target in development*	*N/A: New target is cumulative and doesn't have an annual reduction target.*	Annual data collection of emissions

* New short-term science-based operational carbon footprint target in development that aligns to our ambition of being net-zero by 2050. Implementation of the target is to begin in 2024-25.

With the changes to our strategy, we have added the following key performance indicators to our planned results:

- Drive Away Hunger
- Smart farm support
- Number of current customers who belong to underrepresented groups served by FCC:
  - Number of current Indigenous customers served by FCC
  - Number of current lending customers who are female
- Advisory services
- Venture capital investments through new direct investment channels
- Public trust – How do Canadians feel about our food system
- Economic-impact measure

Names of the following measures have been slightly modified to better reflect what is being measured. They have previously been included as key performance indicators and reported on:

- Accelerate growth in net new agribusiness and agri-food customers
- Number of current customers under age 40 served by FCC
- Sustainability incentive program adoption measure
- Reduce greenhouse gas emissions from internal operations

The following measures from 2023-24 Corporate Plan have been discontinued:

- Total views or interactions with FCC's online business management learning offering
- Customer value measure
- Lending to borrowers under the age of 40
- Percentage of self-declared customers declared Indigenous
- Employee engagement

Chief Executive Officer commitment: I, Justine Hendricks, as President and Chief Executive Officer of Farm Credit Canada, am accountable to the Board of Directors of Farm Credit Canada for the implementation of the results described in this corporate plan and outlined in this appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.

	February 5, 2024
Justine Hendricks President and Chief Executive Officer Farm Credit Canada	Date

Appendix 4 – Chief Financial Officer attestation

In my capacity as Chief Financial Officer of Farm Credit Canada, accountable to the Chief Executive Officer who is accountable to the Board of Directors of Farm Credit Canada, I have reviewed the corporate plan and budgets, and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.

2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.

3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.

4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan.

5. The corporate plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.

6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the corporation.

   In my opinion, the financial information contained in this corporate plan and budgets is sufficient overall to support decision making.

January 26, 2024

Corinna Mitchell-Beaudin
Executive Vice-President and Chief Financial Officer
Farm Credit Canada

month, day, year

Appendix 5 – Financial statements and budget

5.1 Financial statements

Caution regarding forward-looking statements

The information in the corporate plan includes the use of forward-looking financial information. Such forward-looking statements involve known and unknown risks and uncertainties. The financial information is compiled based on certain assumptions of the most probable set of economic conditions and outline management's planned course of action. Although the following statements are based on what management believes are reasonable assumptions, there can be no assurance of future performance. Some factors that could cause such differences include changes in general economic and market conditions, including but not limited to interest rates.

Consolidated Balance Sheet

As at March 31 (millions of Canadian dollars)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Assets				
Cash and cash equivalents	$ 1,782	$ 1,350	$ 1,520	$ 1,320
Short-term investments	222	650	480	580
Accounts receivable and prepaid expenses	39	40	33	35
	2,043	**2,040**	**2,033**	**1,935**
Loans receivable	47,881	51,709	50,714	53,322
Allowance for credit losses	(165)	(186)	(174)	(181)
Loans receivable - net	47,716	51,523	50,540	53,141
Other loans receivable - net	26	27	7	7
Investment at fair value	131	131	149	126
Investment in associates	62	107	83	185
Post-employment benefit assets	292	349	249	260
	48,227	**52,137**	**51,028**	**53,719**
Equipment and leasehold improvements	25	27	25	29
Right-of-use assets	157	149	152	164
Intangible assets	10	16	10	12
Other assets	5	4	5	5
	197	**196**	**192**	**210**
Total assets	**$ 50,467**	**$ 54,373**	**$ 53,253**	**$ 55,864**
Liabilities				
Accounts payable and accrued liabilities	$ 92	$ 90	$ 95	$ 100
	92	**90**	**95**	**100**
Borrowings				
Short-term debt	7,697	10,511	9,595	10,586
Long-term debt	33,672	34,395	34,375	36,038
	41,369	**44,906**	**43,970**	**46,624**
Transition loan liabilities	180	165	178	179
Post-employment benefit liabilities	84	85	93	104
Lease liabilities	160	160	157	168
Other liabilities	5	8	2	3
	429	**418**	**430**	**454**
Total liabilities	**41,890**	**45,414**	**44,495**	**47,178**
Equity				
Contributed capital	250	-	-	-
Retained earnings	8,327	8,959	8,758	8,686
Total equity	**8,577**	**8,959**	**8,758**	**8,686**
Total liabilities and equity	**$ 50,467**	**$ 54,373**	**$ 53,253**	**$ 55,864**

Consolidated Statement of Income

Fiscal year ending March 31 (millions of Canadian dollars)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Interest income	$ 2,223	$ 2,719	$ 2,858	$ 3,118
Interest expense	(869)	(1,306)	(1,470)	(1,645)
Net interest income	**1,354**	**1,413**	**1,388**	**1,473**
Provision for credit losses	(108)	(67)	(61)	(52)
Net interest income after provision for credit losses	**1,246**	**1,346**	**1,327**	**1,421**
Insurance distribution income	16	19	16	17
Net (loss) income from investment in associates	(8)	(4)	(2)	4
Net gain (loss) from financial instruments designated as fair value through profit or loss	16	5	(2)	1
Other expenses	-	(10)	(1)	(3)
Net interest income and non-interest income	**1,270**	**1,356**	**1,338**	**1,440**
Administration expenses	(548)	(642)	(640)	(705)
Net income	**$ 722**	**$ 714**	**$ 698**	**$ 735**

Consolidated Statement of Comprehensive Income

Fiscal year ending March 31 (millions of Canadian dollars)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Net income	**$ 722**	**$ 714**	**$ 698**	**$ 735**
Other comprehensive income				
Item that will never be reclassified to net income				
Remeasurement of post-employment benefit assets and liabilities	(1)	10	(57)	(2)
Total other comprehensive income	**(1)**	**10**	**(57)**	**(2)**
Total comprehensive income	**$ 721**	**$ 724**	**$ 641**	**$ 733**

Consolidated Statement of Changes in Equity

Fiscal year ending March 31 (millions of Canadian dollars)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Contributed capital				
Balance, beginning of year	$ 250	$ 250	$ 250	$ -
Dividends paid	-	(250)	(250)	-
Balance, end of year	**250**	**-**	**-**	**-**
Retained earnings				
Balance, beginning of year	8,076	8,334	8,327	8,758
Net income	722	715	698	735
Other comprehensive (loss) income	(1)	10	(57)	(2)
Dividend paid	(471)	(100)	(210)	(805)
Balance, end of year	**8,327**	**8,959**	**8,758**	**8,686**
Total	**$ 8,577**	**$ 8,964**	**$ 8,758**	**$ 8,686**

Consolidated Statement of Cash Flows

As at March 31 (millions of Canadian dollars)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Operating activities				
Net income	$ 722	$ 714	$ 698	$ 735
Adjustments to determine net cash (used in) provided by operating activities:				
Interest income	(2,223)	(2,719)	(2,858)	(3,118)
Interest expense	869	1,306	1,470	1,645
Provision for credit losses	108	67	61	52
Net unrealized (gain) loss from financial instruments designated as fair value through profit or loss	(15)	(5)	2	(1)
Net loss (income) from investment in associates	8	4	2	(4)
Depreciation of property and equipment	10	9	9	11
Depreciation of right-of-use assets	16	18	16	17
Depreciation of intangible assets	6	10	5	8
Net unrealized foreign exchange gains	(66)	-	(3)	-
Impairment loss on assets held for sale	2	-	-	-
Proceeds from sale of lease portfolio	172	-	-	-
Net cash outflow from loans receivable	(3,242)	(3,320)	(2,932)	(2,622)
Net change in other operating assets and liabilities	2	(5)	1	5
Interest received	2,087	2,675	2,738	3,078
Interest paid	(746)	(1,290)	(1,295)	(1,645)
Cash used in operating activities	**(2,290)**	**(2,536)**	**(2,086)**	**(1,839)**
Investing activities				
Purchase of short-term investments	(699)	(210)	(261)	(100)
Proceeds from maturity of short-term investments	1,063	-	-	-
Disbursements of other loans receivable	-	-	-	-
Repayments from other loans receivable	15	8	18	-
Acquisition of investments at fair value	(58)	(35)	(16)	(34)
Proceeds from sale and repayment of investments at fair value	2	-	7	58
Disbursement paid to investment in associates	(22)	(57)	(13)	(93)
Repayment from investment in associates	2	5	-	1
Purchase of property and equipment	(10)	(11)	(9)	(15)
Purchase of intangible assets	(3)	(10)	(5)	(10)
Cash used in investing activities	**289**	**(310)**	**(279)**	**(193)**
Financing activities				
Long-term debt issued	10,197	9,775	10,076	11,949
Long-term debt repaid	(7,129)	(6,995)	(7,109)	(9,395)
Short-term debt issued	12,997	14,786	13,945	14,160
Short-term debt repaid	(12,988)	(14,562)	(14,333)	(14,060)
Principal repayment of lease liabilities	(15)	(18)	(16)	(17)
Dividend paid	(721)	(350)	(460)	(805)
Cash provided by financing activities	**2,342**	**2,636**	**2,103**	**1,832**
Change in cash and cash equivalents	**341**	**(210)**	**(262)**	**(200)**
Cash and cash equivalents, beginning of year	1,439	1,560	1,782	1,520
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	2	-	-	-
Cash and cash equivalents, end of year	**$ 1,782**	**$ 1,350**	**$ 1,520**	**$ 1,320**

5.2 Operating budget

The operating budget provides details of FCC's forecast income and expenses based on projected revenues over the plan period and is submitted for Treasury Board approval in accordance with section 123 of the *Financial Administration Act*. The table in Appendix 5.2.1 summarizes operating budget information for the preceding, current and future plan years.

5.2.1 Operating budget summary

Fiscal year ending March 31 ($ millions)	2023 Actual	2024 Plan	2024 Forecast	2025 Plan
Portfolio growth				
Loans receivable	47,881	51,709	50,714	53,322
Loans receivable growth rate (per cent)	7.6	6.9	5.9	5.1
Venture capital portfolio	219	265	239	318
Profitability				
Net interest income and margin				
Net interest income	1,354	1,413	1,388	1,473
Net interest margin (per cent)	2.76	2.70	2.70	2.72
Non-interest income				
Insurance distribution income	16	19	16	17
Net (loss) income from investment in associates	(8)	(4)	(2)	4
Other expenses	-	(10)	(1)	(3)
Credit quality				
Credit-impaired loans	814	657	811	896
Allowance for credit losses - loans receivable	165	186	174	181
Write-offs	55	45	56	50
Provision for credit losses	108	67	61	52
Efficiency				
Administration expenses	548	642	640	705
Efficiency ratio (per cent)	40.1	45.1	45.5	47.5
Funding				
Borrowings	41,369	44,906	43,970	46,624
Capital management				
Total capital	8,275	8,595	8,499	8,414
Risk-weighted assets	52,087	56,252	47,961	50,559
Total capital ratio (per cent)	15.9	15.3	17.7	16.6
Debt to equity (ratio X:1)	4.9	5.1	5.1	5.4
Shareholder return				
Net income	722	714	698	735
Return on equity (per cent)	8.4	7.9	8.0	8.4
Dividends	721	350	460	805

5.2.2 Overview of operating budget projections

Portfolio growth

Loans receivable growth in the 2024 forecast is $1.0 billion or 1.0% lower than the 2024 plan, as high inflation has led to historical rate increases and softening demand for lending. The portfolio is projected to grow by $2.6 billion or 5.1% in the 2025 plan relative to the 2024 forecast, driven by continued yet softening demand in a weakening economic environment for Canadian products. Growth is expected in our primary production, agribusiness and agri-food, and Alliance business lines.

Primary producers (primary production financing and Alliances) continue to represent the majority of loans receivable at 80.6% in the 2024 forecast and 80.1% in the 2025 plan. In the 2025 plan, the loans receivable portfolio is comprised of $43.8 billion in primary production and Alliances, and $8.7 billion in agribusiness and agri-food.

The **venture capital** portfolio provides alternative financing through subordinated debt, venture capital and private equity fund investments. Investment objectives are focused on supporting the agriculture sector across the entire life cycle from seed/early-stage to growth/late-stage, helping to strengthen agriculture innovation and productivity, and develop strong Canadian agriculture and agri-food companies. FCC plays an important role in helping fill financing gaps for Canadian agriculture and agri-food businesses and entrepreneurs.

The fund investments are projected to increase by $79 million from 2024 to 2025. This reflects the plan assumptions with respect to new investments, sales and repayment, and changes in the fair value of existing investments.

We will continue to expand investment in venture capital and private equity funds and provide financial support through program funding to organizations that provide accelerator services to startup and early-stage businesses in the industry.

In 2025, FCC Ventures will launch new direct investment channels to the Canadian market as outlined in section 4.0, leveraging partnerships, and collaborating with existing venture capital industry players to incrementally increase both investment and value creation services over the five-year plan period.

Profitability

Net interest income is required to cover administration expenses and the risk of credit losses as well as to make a sufficient profit to meet our capital requirements while investing in the agriculture industry and provide a return to FCC’s shareholder. The 2024 net interest income forecast is $25 million lower than the 2024 plan as the high interest rate environment softened demand and resulted in lower loan portfolio growth. Net interest income is expected to increase by $85 million from the 2024 forecast to the 2025 plan. This is primarily due to a 5.4% growth in loans receivable as well as an increase in the net interest margin from 2.70% to 2.72%.

Net interest margin is net interest income expressed as a percentage of average interest-earning assets.

The net interest margin for the 2024 forecast remains the same at 2.70% when compared to the 2024 plan. The high interest rate environment compresses the interest rate spread between interest-earning assets and interest-bearing liabilities and is offset by the improving impact of equity. Net interest margin is forecast to increase from the 2024 forecast to the 2025 plan as the total earning assets increase more quickly than the interest-bearing liabilities when the interest rate environment begins to normalize.

Non-interest income is generated mainly through FCC insurance and venture capital equity investments identified as investments in associates. The non-interest income forecast of $14 million is lower than the 2024 plan of $15 million due to lower insurance income. Non-interest income is projected to rise in 2025 to $21 million primarily due to higher income from investment in associates.

Other expenses include costs associated with sustainability programs and operational emission reduction activities. They are projected to decrease by $9 million in the 2024 forecast relative to the 2024 plan mostly because programs did not expand as much as anticipated. Total other expenses are projected to be similar in 2025.

Credit quality

We continually monitor our portfolio and the agriculture and agri-food industry to proactively identify issues and develop solutions to help customers through difficult times. FCC has developed customized programs and product options that provide flexibility and support customers in times of challenge and opportunity.

FCC uses sound business practices to analyze credit quality and monitor loans that are performing, past due and impaired. From this analysis, we can better assess the appropriate level of allowance for credit losses and determine whether our risks are within the tolerances stated in the Board-approved risk management policies.

Credit-impaired loans are forecast to be $811 million, $154 million higher than the 2024 plan due to refinements in the definition of default. Credit-impaired loans are projected to increase by $85 million in 2025 due to portfolio growth and an economic environment that will be weaker due to slower growth in farm cash receipts and farmland values.

The **allowance for credit losses** is forecast to be $12 million lower than the 2024 plan at $174 million due to an improvement in portfolio health and a decline in loans receivable. The allowance for credit losses increases to $181 million in the 2025 plan due to portfolio growth.

Write-offs are forecast to be $11 million higher than planned in 2024 because of a few substantial write-offs. They are expected to decrease by $6 million to $50 million in 2025, representing 0.09% of loans receivable.

The **provision for credit losses** is forecast to be $6 million lower than the 2024 plan, reflecting a smaller year-over-year change in allowance for credit losses than previously planned. In 2025, the projected provision of $52 million is $9 million lower than the 2024 forecast, because slower portfolio growth requires less increase in the allowance for credit losses.

Efficiency

A key element of continued financial viability is cost management and operational efficiency balanced against the requirements of advancing our strategy and key impact areas. This includes investing in our foundational capabilities to ensure we remain resilient, strong and sustainable in the long-term in support of the agriculture and agri-food industry, as outlined in section 4.0.

Administration expenses

Administration expenses are forecasted to be $640 million, which is $2 million lower than the 2024 plan, primarily due to cost reductions in professional services with offsetting change across all other cost categories.

In 2025, administration expenses are projected to be $65 million higher than the 2024 forecast. This is driven primarily by increases in employee compensation and benefits, outsourced workforce and technology costs to support operational growth, and investments in our key impact areas, including investments in foundational capabilities. New positions will also be added over the plan period to execute these priorities.

In 2025, there are 200 new positions planned, allocated as needed to support to business growth, implement strategic priorities and mature risk management capabilities.

This plan reflects our commitment to our shareholder to meet the requirements for reducing administration expenses outlined in Appendix 10 related to professional services, travel, and all other discretionary expenses.

The efficiency ratio is forecast to be 45.5%, which is 0.4% greater than the 2024 plan. The increase in the ratio is directly attributed to the high interest rate environment's impact on net interest margin, with slowing projections for farm cash receipts and farm debt outstanding. This is partially offset by lower administration expenses due to spending reduction requirements.

In 2025, the efficiency ratio increases to 47.5% with the increase in administration expenses supporting strategic and foundational investments being offset by the commitment to reduce spending. The ratio continues to be impacted by a lower net interest margin as interest rates take longer to stabilize.

Capital management

FCC's capital management objective is to ensure sufficient capital is held to maintain a safe and sound capital position to withstand economic downturns and periods of extended loss, and support strategic direction.

With the resilience in the agriculture industry throughout the pandemic, FCC was able to maintain a strong capital position and achieve continued financial strength. Consequently, the remaining $250 million capital contribution FCC received in 2020 was fully repaid in 2024.

Capital adequacy assessment is a comparison of FCC's total capital to minimum regulatory capital and target capital to assess current and future capital adequacy. We base our total capital, minimum capital and risk-weighted assets on the Capital Adequacy Requirements guideline issued by the Office of the Superintendent of Financial Institutions. FCC's internal capital adequacy assessment process is used to determine an appropriate target capital ratio.

FCC's internal capital adequacy assessment process, completed in June 2023, brought two significant changes that impacted the total capital ratio, target capital and excess capital effective April 1, 2023:

- A new credit risk capital assessment resulted in a lower dollar amount of capital required to support identified risks. As a result, target capital requirements fell by $1.0 billion, resulting in a direct increase in our 2024 opening excess capital.
- The Office of the Superintendent of Financial Institutions released a new capital adequacy requirements guideline in 2023 for regulated entities in Canada that included Basel III reforms. The result was a decrease in risk-weighted assets of $6.8 billion, as FCC's assets are well-secured.

Total capital ratio is expected to be 17.7% in the 2024 forecast, higher than the plan amount of 15.3%. The 2.4% increase in the forecast ratio is primarily due to the decrease in risk resulting from the Basel III reforms, weighted assets resulting from the Basel III reforms. In 2025, total capital ratio of 16.6% is lower than the 2024 forecast primarily due to a higher dividend payment resulting from the April 1, 2023 increase in excess capital.

The **debt-to-equity** ratio is forecast to be 5.1 to 1, which is the same as the 2024 plan amount. This ratio is projected to increase to 5.4 to 1 in 2025 due to higher debt requirements to fund portfolio growth relative to the growth of retained earnings. The ratio is projected to remain well below the maximum 12 to 1 debt-to-equity ratio set under the *Farm Credit Canada Act*.

Shareholder return

Net income is forecast to be $16 million lower than the 2024 plan. The forecast decrease is driven by lower net interest income offset by lower fees related to sustainability programs. In 2025, net income is projected to increase by $37 million to $735 million due to strong growth in net interest income from an increasing portfolio, a slightly higher net interest margin, and a lower provision offset by higher administration expenses.

Return on equity is forecast at 8.0%, compared to 7.9% in the 2024 plan. Return on equity increases to 8.4% in 2025 due to the increase in net income.

Dividends are paid to the Government of Canada at the discretion of the Board of Directors. FCC's Capital Management policy relates the dividend payment to excess capital and is consistent with the Capital and Dividend Policy Framework for Financial Crown Corporations and our year-end capital adequacy assessment. FCC maintained a strong capital position and made a dividend payment of $460 million in 2024, which consisted of excess capital generated during the last fiscal year and included the final $250 million repayment of contributed capital.

5.2.3 Key assumptions and sensitivity analysis

FCC uses several financial models to determine the five-year plan projections, based on inputs received from various internal divisions. The model has been tested and proven to generate consistently accurate projections based on the data inputs. The input assumptions for this financial plan are consistent with historical experience and are approved by management and the Board of Directors.

In addition to the financial plan projections provided in this document, we run sensitivity and scenario analyses. These analyses assist in financial planning, risk management and resource allocation by testing financial strength across a range of financial plan assumptions and ensuring FCC is making prudent financial and risk management decisions over the long term.

Key assumptions used in the model are based on the economic forecast data outlined in section 3.0, and changes in one or more of the economic factors may significantly impact FCC's financial health in the future. FCC closely follows macroeconomic trends and considers them in the financial projections for the plan period. Although a change in one economic factor can impact various aspects of the financial statements, loans receivable growth is closely correlated to growth in farmland values and farm debt outstanding. Interest rates can impact the net interest margin and may shift lending behaviour between fixed and variable-rate lending, which can also impact the margin. Loan recovery can be impacted by interest rates and changes in farm cash receipts.

The following table shows the impact of changes to key variables on projected net income and the efficiency ratio for 2025.

Fiscal year ending March 31 ($ millions)	Change in net income Change	2025 Plan
Loans receivable	+/- 1%	+/- 7
Net interest margin	+/- 2 bps*	+/- 11
Interest rate curves	+ 100 bps*	+ 19
Allowance fro credit losses	+/- 0.05%	+/- (27)
*basis points		
	Change in efficiency ratio	
Administration expenses	+/- $5 million	+/- 0.34%

5.3 Capital asset budget

The 2025 capital budget is submitted for Treasury Board approval in accordance with section 124 of the *Financial Administration Act*.

Capital asset expenditures for the 2024 forecast are $27 million, a decrease of $6 million from the 2024 plan due primarily to a decline in intangible assets related to computer software expenditures and lower leasehold improvements. Capital asset expenditures are expected to increase from $27 million in 2024 to $54 million in 2025 as right-of-use assets increase due to higher-than-usual renewals and new leases in Toronto, Vancouver and Ottawa. These new office locations will support corporate growth opportunities in new markets.

Capital asset budget Fiscal year ending March 31 ($ millions)	**2023 Actual**	**2024 Plan**	**2024 Forecast**	**2025 Plan**
Furniture and equipment	1	2	2	4
Leasehold improvements	5	6	5	9
Right-of-use assets	15	12	12	28
Occupancy	**21**	**20**	**19**	**41**
Computer hardware	3	3	3	3
Intangible assets	10	10	5	10
Technology	13	13	8	13
Total capital asset budget	**34**	**33**	**27**	**54**

Appendix 6 – Borrowing plan summary

To meet the forecasting funding requirements, FCC requests authority from the Minister of Finance to borrow from the Crown Borrowing Program and capital markets as follows:

i. Short-term financing not exceeding a maximum outstanding of $8.0 billion, which includes:
   - Short-term borrowings from the Crown Borrowing Program
   - A maximum outstanding of $75 million through an operating line of credit
   - A maximum outstanding of U.S. $1.15 billion short-term financing from domestic money markets

ii. Long-term financing through the Crown Borrowing Program not exceeding $17.0 billion of new issuances

Borrowings are used in the normal course of business to fund operations and provide liquidity. Interest rates and market conditions can drive changes in customer preferences or interest rate risk exposures on the balance sheet. We need borrowing authorities that provide flexibility and latitude to effectively finance our balance sheet, manage risks and meet business requirements.

Appendix 7 – Risk and risk responses

Risk governance

The Board of Directors oversees FCC's Enterprise Risk Management framework and policy to ensure risk management is integrated with strategic, financial and operating plans. FCC's Chief Risk Officer leads an independent risk division and supports the Board with its oversight accountabilities.

Each category of risk is governed by a Board-approved policy that details how risks are to be identified, assessed, managed, monitored and reported in accordance with FCC's risk appetite framework, the *Farm Credit Canada Act* and, where applicable, the Finance Minister's Financial Risk Management Guidelines for Crown Corporations (August 2009).

Summary of key risks

Note: Definitions of risk:

- Inherent risk — the risk to FCC if no mitigating factors or controls were in place
- Residual risk —the risk to FCC with the mitigating factors we currently have in place

Title and description of the risk	Impact and response
Strategic risk refers to the external environment and our ability to develop and implement effective business strategies. ***Category:*** *Strategic* ***Probability:*** *High* ***Inherent risk level:*** *High* ***Residual risk level:*** *Medium*	**Impact:** Unforeseen change in the external environment impacts our strategic needs or purpose. **Response:** Potential strategic risks are identified and analyzed through a variety of activities including stakeholder outreach, research, external scanning and consultation with subject matter experts. The Board of Directors discusses the top strategic and emerging risks during its involvement in the strategic planning cycle. The Enterprise Management Team members are accountable for developing risk mitigation plans, monitoring key risk indicators and reporting to the Board on a quarterly basis through enterprise risk reporting.
Credit risk is the risk of financial loss if a borrower or other counterparty fails to meet its financial commitments to FCC. ***Category:*** *Financial* ***Probability:*** *Medium* ***Inherent risk level:*** *High* ***Residual risk level:*** *Medium*	**Impact:** Direct financial loss. **Response:** Because our mandate is to provide financial products, credit risk is the most significant risk we face. We reduce the inherent risk of credit risk by applying sound credit adjudication practices and diversifying across Canada and within the agriculture and agri-food sectors. We rely on committees, divisions and business units to effectively manage credit risk. There are specific policies, processes, systems and strategies to manage credit risk in the lending portfolio. The Risk Management division assesses credit risk at the transactional and portfolio levels. Risk is aggregated through analytics and modelling to quantify capital requirements and the allowance for credit losses to ensure financial resilience over the long run.

Title and description of the risk	Impact and response
	Limits have been established for credit risk, portfolio concentration risk, government and banking liquidity investments, and counterparty credit risk for derivatives.
Liquidity risk is the risk that we will have insufficient funds to meet our payment obligations. ***Category:*** *Financial* ***Probability:*** *Low* ***Inherent risk level:*** *Low* ***Residual risk level:*** *Low*	**Impact:** Inability to meet our payment obligations. **Response:** The corporation minimizes liquidity risk by using a liquid investment portfolio, funding through the Crown Borrowing Framework and accessing an operating line of credit. Policy limits have been established for liquidity risk.
Market risk is a potential loss due to adverse changes in underlying market factors, such as interest rates and foreign exchange rates. ***Category:*** *Financial* ***Probability:*** *Medium* ***Inherent risk level:*** *High* ***Residual risk level:*** *Medium*	**Impact:** Direct financial loss. **Response:** Market risk inherently exists in all interest-bearing assets and liabilities, such as loans, venture capital assets and FCC's debt. Foreign currency risk exists from any transactions based on the U.S. dollar. FCC employs sound financial management practices based on industry practices and guidelines. FCC identifies the sources of market risk, measures these exposures and uses financial management processes and controls to assess, manage and hedge these risks. Treasury monitors factors that impact these risks to assess and manage these risks within tolerances. Policy limits and management thresholds have been established for net interest income variability and the decline in market value of portfolio equity. Other metrics are used operationally to ensure a complete view.

Title and description of the risk	Impact and response
Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or external events. ***Category:*** *Operational* ***Probability:*** *Medium* ***Inherent risk level:*** *High* ***Residual risk level:*** *Medium*	**Impact:** Direct or indirect financial loss. **Response:** Operational risk inherently exists in all of our business activities. Business units are responsible for ensuring appropriate policies and processes are in place to manage risks and internal controls are operating effectively. Risk and control assessments identify and assess key risks to ensure appropriate controls are in place and gaps are closed. Key controls are monitored on a regular basis to determine their effectiveness. We reduce our exposure to third-party risk[3] and cybersecurity incidents through dedicated oversight and policy, as well as assessment and mitigation tools. In addition, our audit program examines processes and provides learning opportunities for continual improvement through assurance activity. We have several policies in place, including a Board-approved Operational Risk Management policy, to manage operational risk.
Reputation risk is the risk that key stakeholders and other members of the public may develop negative perceptions about FCC. ***Category:*** *Reputation* ***Probability:*** *Low* ***Inherent risk level:*** *High* ***Residual risk level:*** *Low*	**Impact:** Negative perceptions about FCC adversely affect the corporation's reputation and our ability to attract and retain customers, business partners and employees. **Response:** To avoid real or perceived reputation damage, we have policies, processes and governance to guide employee conduct in interactions with colleagues, customers, industry partners, suppliers, media and the public. The customer onboarding process requires adherence to various customer identification requirements, including the signing of a declaration stating that they know of no reason why we may have any concern with their business. Crisis and incident management are key components of managing and mitigating both enterprise and reputation risks. FCC uses incident and crisis management programs to respond to escalating risk events.

[3] The risk that third parties inadequately manage FCC's risks.

Appendix 8 – Compliance with legislative and policy requirements

As a federal Crown corporation, FCC is governed by, and must ensure we comply with, several laws, regulations, ministerial directives and relevant Treasury Board Secretariat instruments. FCC's enabling and governing framework is comprised of the *Farm Credit Canada Act* (the act that establishes FCC and sets out our mandate and powers) and the *Financial Administration Act* (the act that sets the statutory regime for the control of Crown corporations).

Compliance with legal and policy requirements emanating from other applicable statutes is also key to FCC's success in fulfilling our mandate and maintaining our reputation. We are enhancing our regulatory compliance management program to better align with industry standards.

Guided by a Board-level Regulatory Compliance policy, the regulatory compliance program encompasses a thorough legislative watch process, the identification of regulatory requirements, the identification and assessment of controls to ensure compliance with requirements, reporting activities to management and the Audit Committee of the Board of Directors, and monitoring and independent testing activities. The program will continue to mature to ensure that adequate controls are in place and that we meet our legal obligations. Under the governance model defined in the Regulatory Compliance policy, oversight is provided by the Internal Audit team and reports on FCC's compliance results are provided to the Audit Committee of the Board of Directors.

FCC's current legislative and regulatory environment consists of 40 federal laws, their related regulations, three orders of the Privy Council Office, three trade agreements and several Treasury Board of Canada instruments. Like other Crown corporations, FCC is subject to laws such as the *Access to Information Act, Privacy Act,* Trade Agreements, and ministerial directives issued under section 89 of the *Financial Administration Act.* An overview of a selection of the requirements that form part of the Regulatory Compliance Program follows.

Access to Information Act

As a federal Crown corporation, FCC is subject to the *Access to Information Act.* This act creates a right of access to records under the control of a government institution in accordance with the principle that government information should be available to the public. The Access *to Information Act* serves to enhance the accountability and transparency of federal institutions and to enable public debate on the conduct of those institutions.

FCC is addressing the new requirements outlined in the Treasury Board Secretariat of Canada - Directive on Proactive Disclosure.

FCC responds to requests received under the *Access to Information Act* and provides information on how to make a request on our website at About FCC > Corporate Governance > Transparency > Access to Information (ATI).

Privacy Act

The *Privacy Act* governs the protection and handling of personal information of individuals by government institutions. It sets out obligations on all the stages of the life cycle of personal information, from its collection to its use, disclosure, retention and disposal.

Our privacy program is under review. The first phase of the review will focus on documenting existing controls and, where appropriate, implementing new controls to ensure we are complying with our legal obligations.

Concerns or complaints about FCC's privacy practices or our compliance with the *Privacy Act* can be submitted to the Vice-President, Law and Corporate Secretary or escalated to the federal government's Privacy Commissioner, whose role includes providing advice and information about protecting personal information of Canadians and enforcing the *Privacy Act*.

Official Languages Act

FCC is committed to meeting the requirements under the *Official Languages Act*, the Official Languages (Communications with and Services to the Public) Regulations, and the Treasury Board Policy on official languages, including related directives.

Trade agreements

Corporate policy supports FCC's ongoing obligation to ensure compliance with applicable trade agreements. FCC's Procurement and Vendor Management policy strengthens and reinforces the corporation's commitment to open, transparent and non-discriminatory procurement practices — key principles that underpin the spirit of the various trade agreements. FCC will continue to report on our obligations related to applicable trade agreements as requested by the Treasury Board and we are committed to ensuring ongoing obligations are met.

Ministerial directives under the *Financial Administration Act*

In 2008, 2015 and 2017, FCC was issued directives under section 89 of the *Financial Administration Act:*

- Order giving a direction to parent Crown corporations involved in commercial lending to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions
- Directive on travel, hospitality, conference and event expenditures
- Directive on employee pensions and compensation (repealing a directive issued in 2014)

All directives have been implemented and we have developed internal controls to ensure that we remain compliant.

Appendix 9 – Government priorities and direction

FCC supports the Government of Canada's government-wide priorities. This plan reflects the guidance provided in the 2022 Statement of Priorities and Accountabilities as well as ongoing consultation with the Minister of Agriculture and Agri-Food, their department and government officials.

Canada's food system contributes 7% to our economy, employs 2.3 million people (11% of the workforce), and is the world's fifth largest agricultural and food exporter. FCC plays a vital role in supporting this sector, offering financing, knowledge and other specialized services to primary producers, family farms, agribusinesses and agri-food operators. We are focused on reducing barriers for young producers, new entrants, women and Indigenous entrepreneurs who are looking to enter or become established in the industry, including supporting intergenerational transfers.

9.1 Transparent and open government

FCC is accountable and transparent to our customers, shareholder and stakeholders. Maintaining their trust and being accountable are key to sustaining these relationships. In alignment with the Government of Canada's commitment to open government, FCC has put mechanisms in place to ensure we adhere to legislative requirements around transparency and proactive disclosure of information. Detailed information is available on FCC's website under About FCC > Corporate Governance > Transparency.

Info Source

All government institutions subject to the *Access to Information Act* and the *Privacy Act* publish an annual inventory of their information holdings, as well as relevant details about personal information under their control. The Info Source inventory can help the public make an access to information or personal information request, or exercise their privacy rights.

FCC Code of Conduct

Acting with integrity is a core value of FCC. The FCC Code of Conduct was refreshed this year to clearly communicate FCC's expectations of ethical behaviour for all employees and to set out how to speak up in good faith and report possible violations of the code. We disclose any founded wrongdoings on our public website under About FCC > Corporate Governance > Transparency > Code of Conduct.

FCC also provides the public with direct access to our Complaints Officer and our Ethics Officer. Access to the Complaints Officer is provided through a toll-free number and email address, and access to the Ethics Officer is provided through FCC ConfidenceLine (a confidential reporting service managed by a third party) if a member of the public would like to discuss a possible breach of ethics.

Access to the industry

FCC holds a public meeting annually to share financial and operational results as well as information on the future of the corporation. Since 2020, the Board Chairperson, President and CEO and Chief Financial Officer have recorded a series of videos to share results and information with Canadians. The 2023 FCC Annual Public Meeting is now live and can be viewed on FCC's website under About FCC > Corporate Governance > Transparency > FCC Annual Public Meeting. Industry representatives and members of the public are invited to submit questions in advance.

9.2 Gender-based analysis plus

Canadian agriculture and food is built on a rich and diverse history. FCC's goal is to help the industry and our customers achieve their full potential by removing barriers within our control such as unconscious bias and eligibility or accessibility constraints. We also work with customers to overcome other barriers to entry including farmland prices, startup costs, access to capital or credit, regulatory requirements, and agriculture and business knowledge. FCC applies gender-based analysis plus considerations to the entire agricultural sector with a particular focus on initiatives to support under-represented groups, specifically Indigenous Peoples and communities, women entrepreneurs and young farmers and entrepreneurs.

Indigenous agricultural operators: FCC continues to support the economic development of Indigenous Peoples and communities who are either entering the industry or growing their agriculture and food businesses. FCC's connection to Indigenous businesses, communities and people will help the industry continually innovate and evolve to feed the world.

We are aware of our role and the historical challenges faced by Indigenous agriculture and food operations, as well as the current political and legislative challenges such as the *Indian Act* and the implementation of the Pass and Permit system. We work with industry partners to support their reconciliation journey and create inclusive, accessible and culturally aware industry connections to pursue opportunities in Indigenous agriculture and food. Our goal is to provide Indigenous customers with a lending experience that is professional, seamless and responsive.

FCC is the only national lender in Canada with a team exclusively dedicated to empowering Indigenous participation in agriculture and food. FCC knows the importance of ensuring Indigenous agriculture and food businesses have more access to capital, partnerships and knowledge, so we continually improve the products and services we offer them. Our definitions of agriculture and eligibility have been expanded to be more inclusive of Indigenous gathering and harvesting products and activities. In 2024-25, we will continue to gather Indigenous declaration information from new and existing customers to help identify and address barriers as well as build on opportunities for Indigenous businesses and communities within the agriculture and food sector.

We remain committed to reconciliACTION and continue to offer Indigenous learning opportunities to our employees. Part of our reconciliation journey is to share FCC's history and demonstrate how employees are accountable for consistently and deliberately taking action to create positive change. More than 2,300 FCC employees have completed Indigenous awareness training. Mandatory training has also been incorporated into the training we give new employees when they start working at FCC. We are developing Indigenous relations learning to give employees the knowledge and confidence to build trusting relationships with Indigenous communities and entrepreneurs. We will also continue to sponsor and participate in a variety of Indigenous forums and events.

FCC's goal is to demonstrate leadership in supporting Indigenous Peoples in all aspects of our business. We consult with several different Indigenous-owned and operated companies to build strategies for Indigenous marketing, human resources, procurement and other business areas. We want to be a trusted partner and have a positive impact when engaging Indigenous communities. In collaboration with the local Indigenous Peoples, on September 15, 2023, FCC opened its first office on reserve land in Millbrook, Nova Scotia. FCC is also moving to a centre-led procurement operating model that will focus on incorporating diversity into our procurement processes and increasing the volume of goods and services procured through Indigenous businesses.

We completed Phase 3 of the Canadian Council for Aboriginal Business Progressive Aboriginal Relations Certification committed phase in November 2023. In 2024-25, we will prepare for the formal Progressive Aboriginal Relations Certification Criteria and Verification Process that begins in April 2025. We are committed to improving Indigenous relations and we intend to undergo external verification of our performance in the future. As part of our Progressive Aboriginal Relations activities, we are developing action plans in the four performance areas: leadership actions, business development, community engagement and employment.

Women entrepreneurs: Prior to the launch of the FCC Women Entrepreneur Program in 2019, our research indicated that women in agriculture and food face a range of challenges, including access to capital to start or grow their business, and access to business and competency skill development and knowledge through tools, resources and experts. In response to these findings, we developed targeted programs and policies to increase their access to capital and learning. Since the launch of the program, over 3,350 Women Entrepreneur Loans have been approved. Under this loan, FCC waives up to $1,000 in processing fees and encourages borrowers to reinvest those savings into personal and professional development.

In 2023, FCC partnered with Farm Management Canada on a national farm women study which explored the unique farm business management experiences, skills development and support needs of farm women. This study showed that farm women are responsible for a diverse and broad range of activities on the farm and that their interactions and relationships with others highly influence their experience. We will use the findings of this study to review our offering and support to women in agriculture and food.

Young farmers and entrepreneurs: FCC continues to work at making the agriculture and food industry more accessible to the next generation of producers and agribusinesses. Although the industry continues to consolidate and the average age of farm operators is increasing, the number of new operators under the age of 35 in Canada is on the rise, and young people are returning to the family farm. However, the price of farmland, startup costs and access to capital or credit can be significant barriers for future operators who come from a farming family as well as those who do not. Young farmers have also identified challenges with navigating family dynamics and intergenerational farm transfers.

We provide young farmers and entrepreneurs with multiple targeted offerings to minimize financial barriers, including the Young Farmer Loan, the Young Entrepreneur Loan, the FCC Starter Loan and the FCC Transition Loan. All products offer flexible financing terms at discounted rates and fees and are reviewed and updated regularly to address barriers. FCC business advisors also provide consultation services to our customers, such as helping farm families who are transferring the family business and its assets to the younger generation. In addition to offering customized finance options, FCC will continue to help the next generation gain the necessary skills and knowledge by offering learning programs, events, publications, and partnerships. We will seek feedback from young farmers to ensure they feel supported and have access to resources that meet their individual needs.

Supporting agricultural youth and university students through funds, programs and partnerships remains a focus for FCC. Our annual support to 4-H Canada provides initiatives and activities to people between the ages of eight and 20. By allowing post-secondary classrooms to use AgExpert, our farm management software, we help students discover the power of innovation and digital decision-making to improve farm management. We will continue to develop partnerships with young farmer associations, industry partners and education centres to inspire, enhance knowledge and create connections for the next generation in agriculture and food.

As we look for ways to further support under-represented groups in the agriculture and food sector, FCC will continue to consider gender-based analysis plus in the development of our financing, knowledge, tools and partnerships.

9.3 Diversity, equity and inclusion

FCC's workforce mirrors the diversity of the communities where we work and live. Our diversity, equity and inclusion vision statement is "Diverse perspectives and experiences fuel our ability to serve the industry that feeds the world. An ever-changing agriculture and food industry needs an innovative and diverse FCC. We unlock the full potential of our people by creating an environment that is inclusive and equitable, and where everyone feels a deep sense of belonging."

FCC is committed to ensuring our hiring practices are fair and attract qualified and diverse talent, including members of four designated groups: women, Indigenous, people experiencing disability and members of visible minorities. In our workforce, 61.9% of employees are women, 3.0% have self-identified as Indigenous, 3.1% have self-identified as persons with disabilities and 11.0% have self-identified as members of a visible minority. In 2023, 26% of students hired in our summer student program self-declared as belonging to an under-represented equity group.

We have various programs and initiatives underway to increase retention of diverse talent and foster inclusivity at FCC. For example, we will engage employees with lived experiences to help us understand if any barriers exist in our organization. Currently, FCC has an Indigenous Affinity Group to support Indigenous employees and their allies. FCC will explore expanding the affinity group model for other designated groups.

It is important to talk about diversity, equity and inclusion within the organization. We will continue to encourage dialogue among FCC employees and provide individuals with support and a sense of belonging by covering topics around workplace barriers, community outreach and cultural learning.

We continue to support diversity in communities across Canada. By partnering with post-secondary institutions, we will continue to seek internship opportunities for students. Through our Indigenous Student Empowerment Fund, we also provide Indigenous business or office education students with up to $1,000 to cover costs such as food, rent, transportation, computers and household bills.

FCC will continue to work with diversity-serving organizations, including Indigenous career centres, newcomer centres and organizations serving people living with disabilities. For example, through our partnership with 4 to 40, a Regina-based non-profit organization, we employ under-engaged persons living with disabilities.

We are aiming to make FCC barrier-free by 2040. Our Accessibility Plan outlines gaps and action required to remove barriers to accessibility for employees, customers and partners.

9.4 Sustainable development and greening government operations

As a financial Crown corporation dedicated to agriculture and food, FCC understands the important role that sustainability plays in ensuring a vibrant industry and the success of our customers. FCC has an opportunity to enable Canada to be a world leader in sustainable agriculture and food production. Our organization considers the environmental, social and governance impacts to the agriculture and food industry when determining how we support our customers on their sustainability journey and how we manage our own operations.

Sustainable development

Agriculture plays a crucial role in our economy, both in feeding a growing population as well as addressing social and environmental impacts. We recognize that Canadian agriculture producers have been stewards of the land for hundreds of years. As sustainable alternatives receive more global attention, Canada's agriculture and agri-food sector can play a leadership role by adopting production practices, nature-based solutions and innovative technologies. FCC's approach to environment, social and governance will continue to align with our federal mandate, as well as support federal environment, social and governance-related commitments.

As a leading lender 100% invested in Canadian agriculture and food, FCC remains committed to supporting customers on their sustainability journey by helping them to innovate, adapt and seize opportunities to meet the growing global food demand while achieving economic prosperity and reducing their environmental footprint.

In 2022, FCC launched a sustainability incentive program to help customers who are participating in industry-led sustainability initiatives, while recognizing the changes they have already made and encouraging others to do the same. This program provides annual incentive payments to eligible customers who meet our partners' sustainability program requirements. The program's initial partnership was with the Canadian Roundtable for Sustainable Beef, and now includes the McCain Regenerative Agriculture Framework, Cargill RegenConnect™, Ducks Unlimited and Dairy Farmers of Canada and Lactanet. FCC will continue to look for opportunities to expand the program with customers and partners.

In addition to the sustainability incentive program, FCC is exploring enhancements to our environmental support for customers, through financing, incentives, knowledge, advisory support and tools. We will work with our customers, industry stakeholders and government as well as research, academic and financial institutions to identify viable opportunities in response to changing conditions within the environment.

FCC is dedicated to advancing our climate approach to better understand the long-term impact of climate change on agriculture and food. We will continue to assess physical and transition opportunities and risks that could impact the industry and our customers. We will also measure our financed emissions (emissions that financial institutions support through lending and investments) to help us better understand how to support our customers' sustainability efforts. To create a consistent risk management approach, FCC will adhere to the spirit and intent of the Office of the Superintendent of Financial Institution's guideline B-15 on climate risk management. FCC will maintain a strong capital base to ensure we have the financial capacity to sustain our business and continually support our customers during unexpected disruptions.

A productive and resilient agriculture and food industry is key to addressing sustainability and global food security, and innovation and growth at all financing stages can accelerate progress. As we continue to enhance our venture capital program, we will support innovation and the development of new technology. Every fund FCC invests in has a unique focus and expertise, creating a complementary and diverse range of investments that help the industry innovate, be resilient and grow.

FCC continues to explore how software can be a tool in helping producers on their sustainability journey. FCC AgExpert is a leading farm management software that can support producers with risk management, reporting and decision-making. A multi-phased experiment is underway between AgExpert and the Agriculture and Agri-Food Canada Holos model to calculate an individual farm's net carbon sequestration result.

Greening government operations

For over a decade, FCC has been focused on reducing operational emissions and has annually disclosed the organization's scope 1, 2 and 3 operational greenhouse gas emissions. Our current 2025 operational carbon footprint goal, set in 2016-17, is to reduce our scope 1, 2 and 3 (category 5 and 6) greenhouse gas emissions by 40% based on 2012 levels. FCC has achieved a 32.7% reduction of our greenhouse gas emissions through a combination of reductions and the purchase of credible offsets. FCC's operational carbon footprint goal and internal reduction strategies are currently aligned with the federal government's Greening Government strategy.

We are developing a science-based, near-term 2030-31 goal to reach net-zero operational emissions by 2050. Work is underway to ensure our internal efforts and reduction strategies are meaningful and ambitious. Reduction strategies will focus on reducing our consumption by operating more efficiently, replacing carbon-intensive energy with low-carbon sources and compensating for unavoidable residual emissions. Meeting our goal will require ongoing support from employees and partnerships with providers and suppliers across Canada who share our values and can provide clean solutions.

Environment, Social and Governance disclosures

FCC publishes two annual environment, social and governance-related disclosures – a standalone environment, social and governance Report and a climate-related disclosures section in our annual report. We are committed to ensuring these disclosures are in line with the Government of Canada's expectations and international reporting and accounting standards.

Our environment, social and governance Report is an overview of the corporation's environment, social and governance commitments and performance, and shares projections of future goals. The report continues to demonstrate how we contribute to the United Nations Sustainable Development Goals of zero hunger, reducing inequalities, responsible consumption and production, and climate action. When disclosing progress, we will continue to follow international environment, social and governance standards set out by the Global Reporting Initiative and the Sustainability Accounting Standards Board.

FCC's climate-related disclosures consider the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures. The disclosures contain key information on our approach to managing climate change, our progress and future considerations under governance, strategy, risks and opportunities, targets and metrics. We will continue to report on both our internal operational emissions and financed emissions following the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials Standard. FCC is committed to enhancing and maturing our disclosures over time to ensure we are in line with current and new standards, including the new sustainability and climate-related reporting standards announced by the International Sustainability Standards Board under the International Financial Reporting Standards Foundation.

Appendix 10 – Cost reduction Budget 2023

As announced in Budget 2023, Crown corporations are required to refocus spending on priority areas by reducing planned growth in administration expenses. The government's request was to reduce administration expenses by at least 3% by 2027, with the reductions being phased in over the next three years. Budget 2023 also required reductions in planned spending related to professional services and travel of 5% in 2024 and 15% in 2025.

FCC is committed to meeting the reduction requirements outlined in the Federal Budget 2023. We are confident that we have and will continue to find workable spending reductions that do not impact our customer service.

Summarized cost savings

The following table summarizes the fiscal savings by year as compared to FCC's currently approved 2024 to 2028 Corporate Plan.

Reduction in administration expenses Fiscal year ending March 31 (millions of Canadian dollars)	2024 Forecast	2025 Plan
Professional services and travel	2	6
All other administration expenses	-	5
Total cost savings	**2**	**11**

Professional services and travel reductions

Reducing our professional services spending is a priority. We will use professional services to support critical areas of strategic investment, customer engagement and industry programming while also managing the risks we are exposed to as a growing financial Crown corporation. Where prudent and possible, we will accomplish work in different ways and consider bringing skills and knowledge in-house rather than leveraging consulting or advisory arrangements.

FCC's travel-related cost reductions focus on non-customer-related travel. This includes costs associated with travel for training and internal meetings. We are also reviewing customer-related programming to identify virtual options or alternative formats that can be equally effective and valuable.

Other administration expenses

A corporate-wide prioritization exercise was completed to identify work that could be slowed down or stopped. The goal of the prioritization exercise was to protect critical areas of strategic investment, customer engagement and industry programming while also managing risk. Continued prioritization efforts will help us meet the cost reduction targets over the plan period.

We are also accelerating investment plans to address legacy technology and communication costs to realize more timely cost savings and efficiencies. In the later plan years, when the benefits of investing in our foundational capabilities to redesign, streamline and automate processes take effect, we will achieve additional efficiency gains.

FCC is confident that we have identified savings which do not impact our ability to deliver our full suite of services to our customers, but allow us to invest in opportunities to support the Canadian agriculture and agri-food industry. FCC is proud to lead the industry in customer satisfaction and small business support, and we intend to continue meeting those expectations.