



2023-24 Environmental, Social and Governance Report



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Message from the President and CEO

The world, and the needs of the Canadian agriculture and food industry, are evolving. Together, agriculture and food has a generational opportunity to address some of the most pressing global issues — including hunger, health, climate change and economic growth — all at once.

Canada and the world need our industry to continue delivering what we always have — safe, reliable, nutritious food. But we can only continue to meet those needs if we meet the environmental, social and governance (ESG) expectations of our customers, stakeholders and partners. Beyond being the right thing to do, strong ESG practices bolster our brand, build trust and make financial sense.

This year, FCC introduced a new winning aspiration that sets the stage for us to deliver more. It inspires us to be bold, act as an industry catalyst and build resilience to make Canada a global leader in food security and sustainable food production. It serves as our north star, informing our corporate strategy so we can deliver greater impact for our industry and for Canada as a whole. And it highlights our commitment to ESG — a commitment we're dedicated to taking one step further.

ESG is the backbone of our strategy. We know that these practices make our industry more profitable, competitive and resilient. So, this year, FCC developed the framework of its new ESG program, which will focus on protecting the environment, building a resilient Canadian food industry, enhancing financial and social inclusion and strengthening responsible business fundamentals.

FCC will help the industry increase production to meet global needs in a sustainable way, which means developing financial tools that increase productivity and rewarding producers for sustainable practices. The countless industry members that already use sustainable practices need more best practices to enhance their operations. In 2023-24, we developed the foundation of our new direct investing programs, which will act as a catalyst in the market and invest in companies developing the needed sustainable technologies for our industry. We added three new Sustainability Incentive programs, including Dairy Farmers of Canada and Lactanet,



Ducks Unlimited Canada and Fertilizer Canada's 4R Nutrient Stewardship (to be launched in the fall), bringing the total number of partnerships to six.

In addition, FCC is working with industry leaders to ensure credible baselines and science-based targets exist for agriculture and food portfolios. This includes understanding the carbon footprint of our lending portfolio while also asking ourselves how we can do better in our operations.

We'll remove barriers that prevent Indigenous Peoples and other under-represented groups from fully participating in the industry. Indigenous Peoples bring generational knowledge of land management and climate friendly practices we would deeply benefit from, and their participation is essential to our industry's success. FCC provides business planning advice and consultation to help Indigenous Nations overcome barriers to financing and successfully begin agricultural operations. FCC also committed a founding donation of \$1 million per year for five years to the National Circle for Indigenous Agriculture and Food, an Indigenous-led, non-profit organization that will help bridge the gap for Indigenous participation in this industry.

I have immense confidence in the agriculture and food industry's ability to enhance sustainable productivity growth while working to eliminate barriers for under-represented groups and Indigenous Peoples. We're dedicated to supporting our customers as they meet these evolving expectations and improve their productivity. FCC has supported the industry for the last 60 years, and our ESG program is maturing so we have a strong foundation to support the industry for the next 60 years and beyond.

A handwritten signature in black ink, appearing to be 'JH', written in a cursive style.

Justine Hendricks
President and Chief Executive Officer

Message from the Board of Directors

FCC's mandate from the federal government positions the organization to support Canadian agriculture and food in a way that enables the industry to be a world leader in sustainable food production. We're not only committed to delivering on this mandate; we consider it to be a strategic advantage and guiding force behind our commitment to environmental, social and governance (ESG).

ESG is deeply embedded as a foundational capability within the refreshed strategic direction for FCC. This means we're committed to continuously refining and increasing ESG strengths and skills at all levels of the organization, including the Board. In the fiscal year 2023-24, the Board enhanced its ESG practices, which included offering extensive formal training to individual Board members and education sessions to the full Board throughout the year.

FCC has a long-standing commitment to ESG through its Drive Away Hunger program, which celebrated its 20th anniversary in 2023-24. The program rallies members of the agriculture and food community to donate food or money to provide meals to Canadians in need. In the spirit of continuous improvement, the program continues to evolve. Program partners now represent the entire value chain, contributing to the donation of more than 143 million meals to food security agencies in Canada in 2023 — more than double their initial goal.



While reflecting on FCC's achievements and refinements in ESG, we're also focused on the future. We remain steadfast in meeting our current commitments while laying the foundation for bold and positive impact. By leveraging ESG trends and addressing risks, FCC will transform challenges into opportunities for the betterment of the industry, customers and the organization.

You're invited to explore FCC's detailed ESG Report, which elaborates on our achievements, challenges and commitments. We're proud of these accomplishments, and we look forward to more evolution and innovation to come.




Sincerely,

A handwritten signature in black ink, which appears to read "Jane Halford".

Jane Halford
Board Chairperson



2023-24 ESG highlights

 <p>Protect the environment</p>	<ul style="list-style-type: none"> • 506 payments for a total of nearly \$825,000 were rewarded to customers for their sustainable and biodiversity practices. • Delivered five net-new customer support programs (seven programs in total) that helped a total of 431 customers and resulted in \$11.4 million in new credit lines and deferred payments on \$572 million of loans. • Offset operational greenhouse gas emissions by 307 tonnes, in line with our 2025 target to reduce emissions by 40%.
 <p>Build a resilient Canadian food industry</p>	<ul style="list-style-type: none"> • Worked with communities and partners to raise 143 million meals through Drive Away Hunger. • Invested \$794,000 in mental health resources for customers, including the first national Farmer Wellness Program. • Invested \$2.2 million in smart farm technology to promote innovation.
 <p>Enhance financial and social inclusion</p>	<ul style="list-style-type: none"> • 2.16% of customers self-declared as Indigenous. • Lent a total of \$4.84 billion to young farmers and entrepreneurs under the age of 40, Indigenous communities and Peoples, and women. • Completed Phase 3 of the Committed level of the Progressive Aboriginal Relations (PAR) certification. • Became a founding partner of the National Circle for Indigenous Agriculture and Food. • Conducted 813 engagements with FCC's farm transition advisory program and 87 advisory engagements with IC Canada to support agribusiness and food entrepreneurs.
 <p>Our responsible business fundamentals</p>	<ul style="list-style-type: none"> • Expanded our employee resource group network to six groups with over 140 employees. • 99% of employees attested to the 2024 FCC Code of Conduct and completed the refresher learning. • 99% of active permanent FCC employees completed nine Information Management and Privacy learning modules.

Message from the Vice-President, Environmental, Social and Governance



ESG is a journey — one that FCC has been making strides on for many years. This year marked a pivotal time in FCC’s history with the launch of a new corporate strategy that places ESG as its backbone, empowering all employees to truly live into our ESG principles and elevate our ESG program. The program seeks to provide our customers and communities the support they need to maintain and enhance Canada’s role as a sustainable food production leader and major exporter, ultimately ensuring global food security.

We’ve re-evaluated FCC’s ESG program to prioritize material topics that are significant to our key stakeholders and aligned with our mandate. When building the strategic framework that supports our ESG program, we focused on material topics under four pillars: protecting the environment, building a resilient Canadian food industry, enhancing financial and social inclusion and ensuring the organization’s long-term resilience through responsible business fundamentals. Through this framework, we’ll take a more meaningful and targeted approach to increasing the resilience of the industry and driving innovation and growth.

Producers are stewards of the land. Their generational expertise, practices and passion for agriculture are rooted in the enduring strength of the agriculture and food production system. Faced with the increasing volatility of climate conditions and new regulatory requirements, our customers know they must prioritize sustainability to make their operations resilient and to leverage the growth opportunities associated with changing market demands. FCC acknowledges that our customers and the industry need support along this journey and will require access to reliable data, industry-specific knowledge and adapted financing. To face unsettling global climate, health and food insecurity, we’re dedicated to offering sustainable finance products and advisory services to the agriculture and food industry to ensure it continues to play its critical role in feeding the growing world population.

There is no greater time than now to seize the generational opportunity that is before us. Everyone in the agriculture and food value chain needs to come together as a united force. The industry’s unity will enhance innovation and accelerate the sustainable food production that is needed to meet the high demands of safe and affordable food. As a Crown corporation that is 100% invested in Canadian agriculture and food, FCC is uniquely positioned to bring the industry together and help it succeed. We’re a **partner**, a **catalyst** and a **champion** to our industry.

You have our commitment that we’ll:

- Partner with industry groups and associations, financial institutions, research centres, academia, business accelerators, communities and government programs to provide innovative solutions for sustainable productivity growth.
- Be a catalyst for change by investing in innovation and providing advisory services to guide our customers as they adopt beneficial management practices and find operational efficiencies that help them to adapt and thrive in a low-carbon economy.
- Champion the current sustainable practices of our customers and share the powerful story of how Canadian agriculture and food production is paving the way in sustainability.
- Continue enhancing the industry’s brand abroad and instilling greater public trust.

The world will turn to Canada for the nutritious and sustainable food we produce.

This is a journey all stakeholders in the agriculture and food value chain must take together.

Marie-Claude Bourgie

A handwritten signature in black ink, appearing to read 'Marie-Claude Bourgie'.

Vice-President, ESG

CORPORATE PROFILE



CANADIAN FOOD
OUR FOUNDATION, OUR FUTURE

LES ALIMENTS CANADIENS
NOTRE HÉRITAGE, NOTRE AVENIR



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

As Canada's largest lender to agriculture and agri-food, FCC provides financing, knowledge and software to primary producers and agribusiness and agri-food operators who provide inputs or add value to the industry. Serving 103,032 customers, primary production is FCC's core business and represents 83.3% of our loan portfolio. With a healthy portfolio of \$51 billion and 31 consecutive years of growth, FCC is a strong, stable partner dedicated to serving Canadian agriculture and agri-food through all economic cycles.

Our roots date back to 1929, when the Canadian Farm Land Board (CFLB) was established. In 1959, the Farm Credit Act established FCC as an agent Crown corporation, making us a successor to the CFLB. Throughout the years, the Act has been amended to broaden our financial and business management services. We're a team of more than 2,500 employees operating in a hybrid work environment. We have 104 offices located primarily in rural Canada, with our Corporate Office located in Regina, Saskatchewan.

STRATEGY





**Canada is a global leader
in growing, processing and
exporting safe and reliable food.**

Canadian producers have been stewards of the land and have a long history of adopting new technology and production practices that feed the world and protect the environment. However, climate change is impacting the landscape of Canadian agriculture and food. There is also increasing demand to feed a world that is expected to reach nearly 10 billion people by 2050.⁽¹⁾

⁽¹⁾ United Nations – Growing population

FCC is a steady presence for agriculture and food, supporting customers' financing needs in good and challenging times. While the industry faces the challenge of feeding a growing world population and accelerating the adoption of sustainable food production practices, FCC is poised to help our customers step up to the challenge and seize a generational opportunity in Canadian food production.

As the largest lender to Canadian agriculture and food, FCC plays a key role in advancing sustainability in the industry by providing data, knowledge and financial support. Our priorities reflect the federal government's mandate to support agriculture and agri-food in a way that enables this vibrant industry to be a world leader in sustainable agriculture. Government priorities for the industry include advancing innovation and opportunities for under-represented groups in Canadian agriculture and agri-food; delivering products to facilitate intergenerational transfers and assist young and

new farmers entering the industry; and working toward climate and sustainability goals, with agriculture and agri-food as a front-line partner.

Driven by our mandate and our passion for agriculture, FCC strives to do more for the industry. To enhance our focus, FCC established a new winning aspiration statement in 2023:

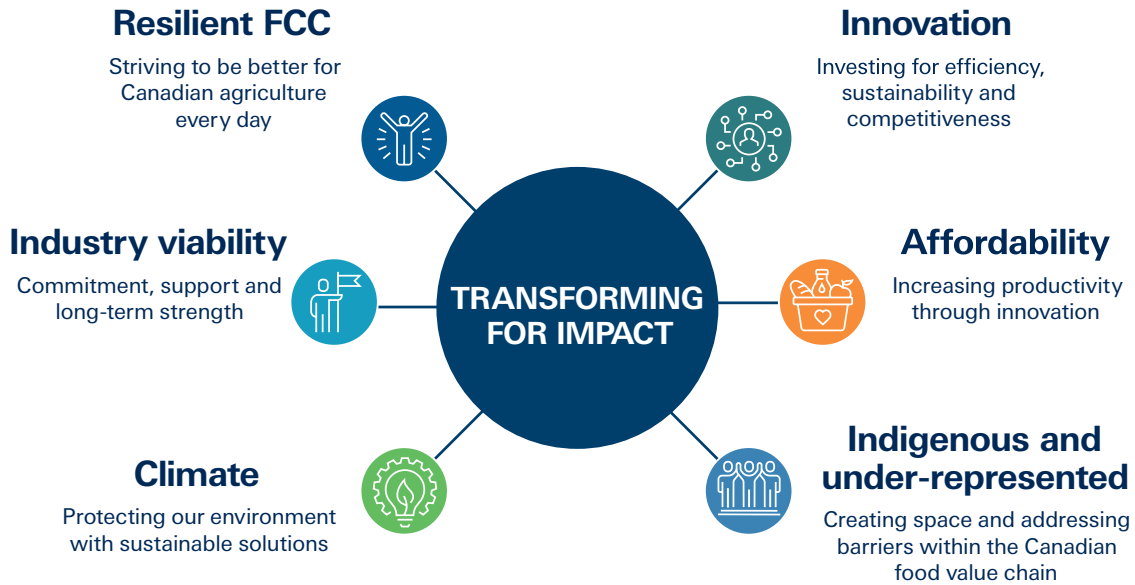
Be bold in making Canada a global leader in food security and sustainable food production by driving innovation, being a catalyst for value creation in the ecosystem and enhancing Canada's brand abroad.



Learn more about our mandate, corporate strategy, mission, vision and values in our [annual report](#).

This aspiration is part of a renewed long-term corporate strategy that will take effect for FCC in fiscal year 2024-25. ESG is the backbone of this new strategy to ensure that our decisions and actions have the desired impact on food security and

sustainable food production. The new strategy identifies six key impact areas that will enable transformational change at FCC so we can achieve our aspiration:



Innovation — investing for efficiency, sustainability and competitiveness

Encourage and process innovations through the agri-food supply chain to lead to higher productivity growth rates, which will enhance the global competitive position of farm operations, food processors and agribusinesses, boost exports and expand the industry’s economic footprint. Higher productivity enables Canada to make significant contributions towards the United Nations Sustainable Development Goal of zero world hunger.



Climate — protecting our environment with sustainable solutions

Unlock opportunities to protect nature and biodiversity so producers and operators can mitigate risks and adapt to climate change impacts. Help the industry develop and adopt sustainable solutions and production practices that aim to reduce greenhouse gas emissions and protect the environment. Focused investments are required for rapid impact, particularly to accelerate innovation and foster the adoption of technology.



Affordability — increasing productivity through innovation

Contribute to addressing food security at home and around the world through a preliminary focus on increasing productivity through innovation. Lower production costs make food more affordable for all Canadians.



Industry viability — commitment, support and long-term strength

Champion our sector through increased public awareness, mental health support, and products and programs that can support diversity and strengthen the agriculture and agri-food workforce of tomorrow.



Indigenous and under-represented — creating space and addressing barriers within the Canadian food value chain

Strengthen relationships with Indigenous Peoples through the lens of reconciliation. Create space for the advancement of the emerging Indigenous economy and increase sector participation by supporting Indigenous farmers to establish businesses and grow within the Canadian food value chain. Help the industry and our customers thrive by addressing the barriers that exclude under-represented groups, with an initial focus on Indigenous Peoples, women entrepreneurs, young farmers and new entrants.



Resilient FCC — striving to be better for Canadian agriculture every day

Build a resilient and strong FCC for the long term to maximize our impact on customers and the industry. Investment in FCC’s business foundation will enable us to continue providing exceptional service and product offerings to Canadian agriculture and food producers. We’ll also better enable our employees so they can be productive and engaged and deliver on our mandate now and in the future.

*UNITED NATIONS
SUSTAINABLE
DEVELOPMENT GOALS*





Our ESG commitments help address the global sustainability issues identified in the 17 United Nations Sustainable Development Goals (SDGs).



While FCC has a direct line of sight to many of them, our efforts focus on where we can make the most impact, given the nature of our business. We strive to make an impact on SDG 2 – Zero Hunger, SDG 10 – Reduced Inequalities, SDG 12 – Responsible Consumption and Production and SDG 13 – Climate Action. We want to build a more inclusive agriculture and agri-food industry and internal workforce that represents the community at large. We also want to ensure our internal operations are environmentally sustainable and help Canada be a world leader in sustainable agriculture and agri-food production.



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



SDG	Issue	Target	FCC support
 <p>2 ZERO HUNGER</p>	<p>As the world’s population grows, a major challenge will be ensuring food security for all. Food insecurity cuts across Canadian demographics and geography, and action is required to address the specific challenges that vulnerable populations face.</p>	<p>By 2030:</p> <ul style="list-style-type: none"> • 2.1 — End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. • 2.3 — Double the agricultural productivity and incomes of small-scale food producers, in particular women, Indigenous Peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment. • 2.4 — Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. 	<ul style="list-style-type: none"> • Champion Drive Away Hunger, which supports food banks at the national, provincial and local levels • Fund school feeding programs • Support food recovery agencies • Provide support for a more inclusive industry • Offer financing, tools and knowledge to support the adoption of new technology or improved practices that enhance agriculture productivity
 <p>10 REDUCED INEQUALITIES</p>	<p>The pandemic has heightened inequalities globally and nationally. To reduce inequality in Canada, an important step is continued progress toward truth and reconciliation.</p>	<ul style="list-style-type: none"> • 10.2 — By 2030, empower and promote social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. • 10.3 — Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. 	<ul style="list-style-type: none"> • Expand FCC’s definition of agriculture to include Indigenous ways of harvesting and gathering • Commit to Indigenous procurement • Work towards Progressive Aboriginal Relations (PAR) certification • Support youth and post-secondary education programs • Set internal diversity, equity and inclusion targets • Launch the National Circle for Indigenous Agriculture and Food (NCIAF)

SDG	Issue	Target	FCC support
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Canada remains one of a few nations capable of addressing the projected demand for agriculture production. Economic growth must align with resource and food system efficiency to promote responsible consumption and production.</p>	<p>By 2030:</p> <ul style="list-style-type: none"> • 12.2 — Achieve sustainable management and efficient use of natural resources. • 12.3 — Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. • 12.5 — Substantially reduce waste generation through prevention, reduction, recycling and reuse. • 12.8 — Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature. 	<ul style="list-style-type: none"> • Increase Sustainability Incentive Program offering • Pilot ESG advisory services with customers • Set customer expectations through our integrity declaration and environmental assessments • Enhance AgExpert to be a tool to help producers on their sustainability journeys • Seek innovation-focused venture capital opportunities • Fund community enhancements that improve sustainability • Seek out food waste reduction opportunities with customers and industry partners
<p>13 CLIMATE ACTION</p> 	<p>Climate change is a global challenge disrupting economies and affecting lives. The pace of change is quickening as the need to limit temperature rise becomes more urgent.</p>	<p>By 2030:</p> <ul style="list-style-type: none"> • 13.1 — Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. • 13.2 — Integrate climate change measures into national policies, strategies and planning. 	<ul style="list-style-type: none"> • Provide responsive customer support related to adverse weather events or agriculture and food-related diseases • Publicly issue climate-related disclosures and measure financed emissions • Offer sustainability products, programs and knowledge • Partner with the agriculture industry, government, academia and financial institutions on sustainability solutions • Work toward setting science-based targets for our operational carbon footprint and financed emissions

ESG GOVERNANCE





Strong governance is foundational to achieving our strategic objectives.

FCC has well-established roles, policies and procedures in place to ensure effective ESG governance and accountability across all levels, including the Board and its committees, management and operational teams. Both our Board and the management team acknowledge the importance of embedding ESG practices within our new strategy.

Board responsibilities and committees

FCC is governed by a Board of Directors representing diversity and various skills and experiences across the agriculture, food and financial industries. With 72% of the members being women, we've exceeded our objective to have at least 50% of our Board being comprised of women.

This past year, with our corporate strategy evolving, ESG oversight shifted from the Board's Corporate Governance Committee to the full Board of Directors and efforts were taken to better integrate ESG responsibilities across the Board and its committees. The Board oversees the ESG direction, program (including materiality assessments) and risk management policies, and approves ESG disclosures. ESG and climate are standing agenda items in Board meetings, which are held five times per year.

The Corporate Governance Committee ensures that ESG-related responsibilities are appropriately allocated across Board committees. It conducts an annual review of the structure and composition of the committees to ensure they can effectively oversee ESG matters.

Additional responsibilities for climate-related disclosures will be assigned to the Audit Committee starting in 2024-25. The Human Resources Committee was also given additional oversight to tie FCC's ESG performance to executive performance. ESG risks are being integrated into FCC's Enterprise Risk Management framework, which is managed by the Risk Committee.

FCC's Board demonstrates leadership and has highlighted ESG as the priority focus area for their education. Directors continue to advance their climate, ESG and diversity, equity and inclusion (DEI) knowledge through interactive seminars, workshops and discussions facilitated by our FCC team and external speakers. Two additional Board members achieved their ESG designations in 2023-24 through Competent Boards.

Senior leadership oversight and responsibilities for ESG

The FCC Enterprise Management Team is accountable for all strategies and provided oversight on the integration of the ESG program within the new corporate strategy.

The Chief Financial Officer chairs the ESG Steering Committee, which includes executive members and selected senior leaders accountable for moving initiatives forward throughout their respective divisions, working collaboratively and championing approved initiatives. The committee met nine times to receive updates on ESG and climate trends and to provide direction on the ESG program. They also attended one ESG education session in 2023-24.

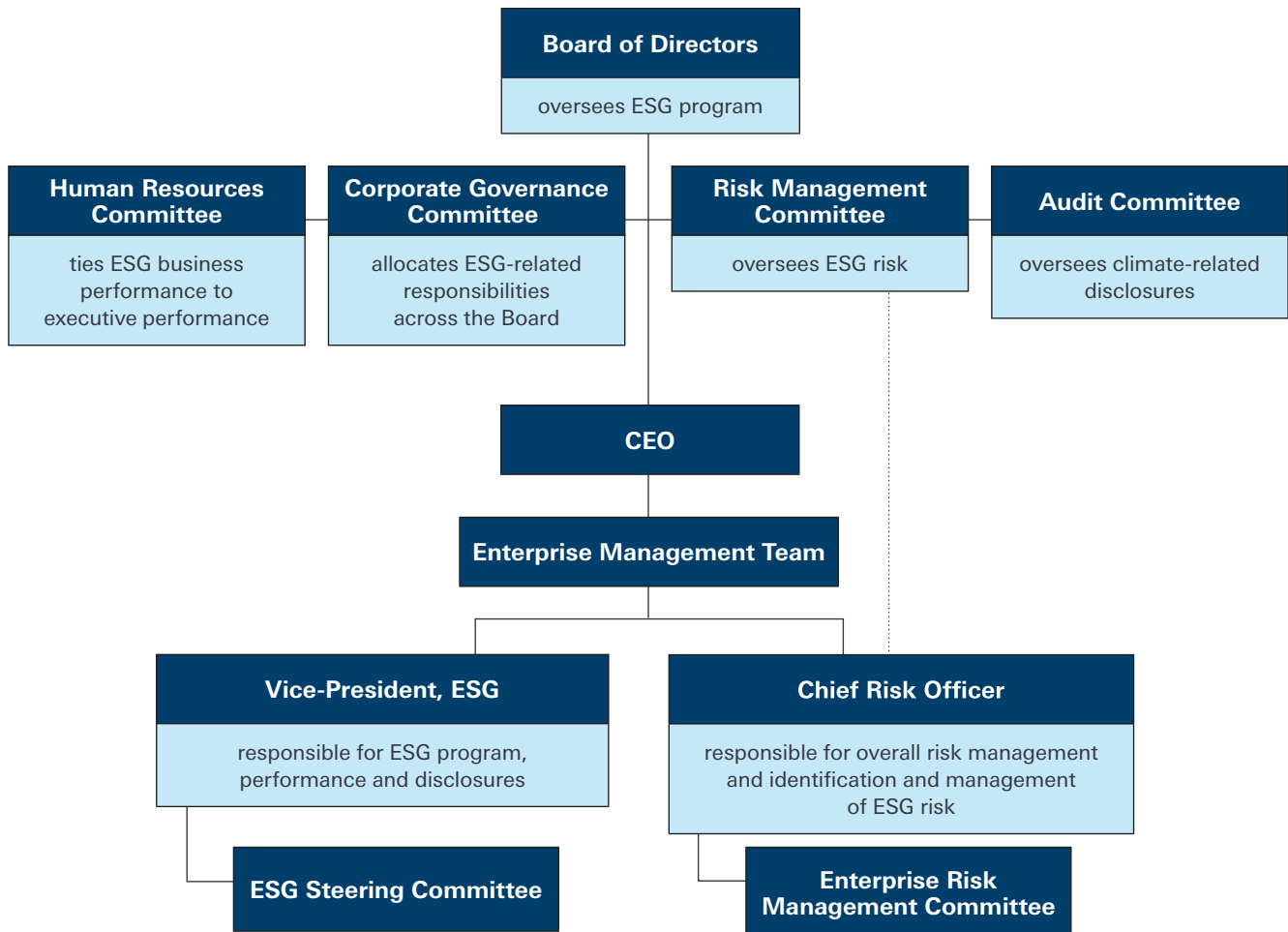
The Enterprise Risk Management Committee ensures we stay within our risk appetite limits through sound policies, frameworks and risk management processes, and they promote and reinforce an integrated culture of risk management. We include climate considerations in FCC's risk management practices by integrating them into our risk register and conducting stress testing. Last year, we set our tolerance for environmental, social and governance through the following risk appetite statement: "We reduce our impact on the environment. We support our customers to do the same by taking risks through product, program and capital availability."

The Vice-President, ESG is responsible for managing the ESG program, including climate-related initiatives, measurement and disclosures. This dedicated position was created in 2024 to help integrate ESG and climate considerations into FCC's operations, policies and decision-making processes. As part of the Enterprise Management Team, the role applies an ESG lens to strategic decision-making. The role also helps to streamline ESG efforts, enhance accountability and make progress across our climate-related risks and opportunities.



Learn more about FCC corporate governance and leadership fcc.ca/About.

ESG oversight and responsibilities



OUR ESG JOURNEY





Supporting Canada to be a leader in food security and sustainable food production is at the heart of what FCC does.

Our ESG framework is the foundation of our decision-making so we can support our customers on their sustainability journeys. Together, we'll build a resilient and innovative Canadian food industry that can feed the world for generations to come.



What is ESG?

ESG is a set of practices that corporations use to assess the impacts they're having beyond their financial performance, such as the impacts they're having on the environment and society, sustainability and ethical practices, their compliance to laws and regulations and their ability to meet stakeholder needs. ESG metrics allow corporations to identify and monitor material non-financial risks and opportunities within their operational activities to ensure their resilience and increase their ability to meet changing market conditions.

Environmental

Environmental considerations include FCC's energy consumption, waste disposal, resource requirements, potential impacts on living beings, promotion of sustainable practices and reducing financed emissions within the agricultural sector.



Social

Societal considerations address the relationships we form with our employees and the people and institutions they engage with while operating within their communities.



Governance

Governance considerations include practices, controls and procedures to govern, make decisions, comply with the law, and meet external and internal stakeholder needs.



FCC's call to action

FCC's 2022 mandate letter from the Minister of Agriculture and Agri-Food called for us to act on climate, food security, mental health, Indigenous reconciliation and financial inclusion issues, among the many other opportunities we have to support

Canada. This letter serves as an additional piece of guidance from the Government of Canada to ensure FCC is aligned with Government of Canada priorities. Now, we're expanding on our capabilities through an ESG program that integrates responsibilities for our business operations and practices with how we serve our customers and rural communities.

Our ESG program is built on significant industry and stakeholder consultation, industry best practices and our mandate priorities to strengthen Canada's position as a world leader in sustainable agriculture. As a federal Crown corporation, FCC is aligned to the priorities of the Government of Canada to achieve net zero by 2050, and included best practices from international frameworks, standards and regulations, as well as the United Nations Sustainable Development Goals.

Materiality

FCC conducts materiality assessments biennially to identify and prioritize ESG topics that are material to our unique position as a Crown corporation dedicated to Canadian agriculture and agri-food. This process helps us understand and focus on the right environmental and social areas for the company.

In 2022, we conducted a materiality assessment that identified and prioritized topics by potential financial impacts and inherent risks from short-, medium- and long-term environmental and social factors. For more information about our materiality assessment process, refer to the [2022-23 ESG Report](#).

This year, we refreshed our materiality assessment in line with our new winning aspiration. This work resulted in an inspiring new ESG framework that is designed to help us deliver on the impacts set out in our new corporate strategy. The ESG framework includes ten material topics with three material topics refreshed from 2022-23: nature and biodiversity, social impact, and talent and performance.



This new ESG framework replaces FCC's What We Stand For commitments. It prioritizes our material topics under four pillars that will enhance our impact on the Canadian agriculture and food industry:



Protect the environment

We'll reduce our operational greenhouse gas emissions. We'll also work with our customers to help them mitigate and adapt to climate change. Together, FCC and customers can seize opportunities to transition to a low-carbon economy and protect nature and biodiversity.



Enhance financial and social inclusion

We'll help the industry and our customers thrive by addressing the needs of under-represented groups such as Indigenous Peoples, women entrepreneurs, young farmers and new entrants.



Build a resilient Canadian food industry

We'll support and showcase Canada as a global leader of food security through sustainable food production.



Our responsible business fundamentals

We'll act with integrity, maintain high ethical standards and protect data. We'll unlock the full potential of our employees by creating an environment that is inclusive and equitable and by increasing engagement through our purpose and our value-driven culture.





FCC President and CEO Justine Hendricks had nearly 500 conversations with stakeholders over the past year.

Stakeholder engagement

FCC's stakeholders include customers, employees, communities, the agriculture and agri-food industry, our shareholder and elected officials, and the financial sector. We look for opportunities to listen to our stakeholders' needs and opinions to better align our ESG program to meet their expectations and build their input into business decisions.

To move towards a sustainable future, it will take collaboration across the full value chain. We're actively involved with several organizations to advance our ESG practices. We leverage partnerships with industry associations, government and research and academia to strive for a more unified approach to advancing sustainable agriculture. By increasing the number of partnerships and syndication loans we have with other Canadian financial institutions, we have leveraged our extensive experience and knowledge of agriculture and agri-food to facilitate the flow of additional capital to the sector.



To find out more information about FCC's assessment on climate risks and opportunities and the work we're doing to support our customers in this area, refer to our [2023-24 Climate-Related Disclosure](#).

Stakeholders	Methods of engagement
 <p>Customers</p>	<ul style="list-style-type: none"> • Materiality assessment (biennially) • Customer surveys (annually and per loan transaction) • FCC Customer Service Centre inquiries (continually) • FCC industry research panel and roundtable (annually)
 <p>Employees</p>	<ul style="list-style-type: none"> • Surveys (annually) • Voluntary communication panel (continually) • Internal senior leadership team online forum (continually) • Individual performance and career development discussions (annually) • Workshops focused on end-user experience (periodically) • Focus groups on cultural transformation (quarterly) • Employee resource groups focused on inclusivity (continually)
 <p>Communities</p>	<ul style="list-style-type: none"> • FCC AgriSpirit recipient interactions (periodically) • National community investment and Drive Away Hunger partners (continually) • School Food Assistance Program recipient interactions (half of the schools in the program have at least 50% Indigenous students) (periodically) • Community funding recipient interactions focused within Regina, Indigenous communities and projects across Canada (continually) • FCC's Indigenous Student Empowerment Fund (annually)
 <p>Agriculture and agri-food industry</p>	<ul style="list-style-type: none"> • Interactions with industry partners (continually) • FCC industry research panel (continually) • Partnerships with associations via memberships and sponsorships (continually) • FCC workshops, learning offerings and special events (continually) • FCC Annual Public Meeting (annually) • Future of Food Conference brings together industry leaders to discuss opportunities and challenges (annually)
 <p>Shareholders and elected officials</p>	<ul style="list-style-type: none"> • Interactions with the Minister and Deputy Minister of Agriculture and Agri-Food Canada (AAFC), Parliamentary Affairs Team and other AAFC representatives (continually) • Member of Parliament engagement program (annually) • FCC Board of Directors interactions (continually)
 <p>Financial sector</p>	<ul style="list-style-type: none"> • Interactions with financial institutions and credit unions at local and national levels (continually) • Interactions with other Crown corporations (continually)

*PROTECT THE
ENVIRONMENT*





Canada’s agricultural and food systems account for 10% of national greenhouse gas (GHG) emissions.⁽²⁾

As global population is projected to increase to 9.7 billion by 2050, the agriculture and agri-food industry faces the challenge of increasing production while lowering emissions.⁽³⁾ Canada can play an important role in this effort as a major global exporter of agricultural and agri-food products. The Canadian agriculture and food industry has global influence and is already among the lowest in emissions intensity for agriculture production in comparison with our international peers.⁽⁴⁾ Building on this strength will help Canada maintain its role as a global agriculture leader and contribute to the national goal of net-zero emissions by 2050.

As a leader in the Canadian agriculture and agri-food industry, FCC is taking concrete steps to support our customers on their transition to a low-carbon economy. We’ll be a catalyst to help the industry and our customers reduce emissions, manage climate risks and take advantage of new opportunities. Our initiatives leverage Canadian agriculture and agri-food industry expertise to support climate action across the value chain so that the industry can adapt and thrive in the face of climate risks and opportunities.

⁽²⁾ Government of Canada: Greenhouse Gas Emissions

⁽³⁾ United Nations – Peace, dignity and equality on a healthy planet: Global Issues – Population

⁽⁴⁾ The Next Green Revolution: How Canada can produce more food and fewer emissions, RBC Economics & Thought Leadership, November 2022
Global Institute for Food Security: Sustainable Agriculture

Material topic:

Climate

Climate impacts are growing in frequency and severity across the globe, causing significant disruptions within the food supply chain. Agriculture is part of the solution to help Canada continue feeding the world in a sustainable way. The Canadian agriculture and food industry needs financing and innovation to build production capacity and adapt to the changing environment. FCC is committed to making this happen. We'll help customers transition to a low-carbon economy by working with the industry to develop and adopt sustainable solutions and production practices that reduce GHG emissions and protect the environment.

Climate risks and opportunities

As a financial institution 100% dedicated to agriculture and food in Canada, it's critical for FCC to understand the climate risks and opportunities that the industry faces. Climate change creates both physical and transition risks for the industry as customers are impacted by fluctuating weather and market conditions. It also creates opportunities within the industry to build resilience by improving food operations and production.

We continue to learn more about the climate opportunities and risks for the agriculture and food industry and measure the emissions related to our portfolio. We're working to better understand how transitioning to a low-carbon economy will impact the businesses we finance, and we've begun examining our portfolio's exposure to transition risk across different scenarios.

To bring attention to climate risks through our enterprise risk management practices, we:

- enhanced our management and Risk Committee oversight on the topic and regularly monitored our climate risk treatment plan
- developed a heatmap to identify sector sensitivity to the transition to a low-carbon economy
- worked with climate experts to better understand the impacts of climate change on agriculture in the prairies

- launched a pilot program to assess the evolving risks and opportunities our largest customers face
- conducted a comprehensive climate stress test

We'll continue to seek feedback from internal and external stakeholders, study agriculture geographic and sector climate data, and explore new opportunities within the industry to develop sustainable finance solutions. In partnership with the industry, we've identified potential opportunities for the industry to take the lead on climate mitigation and adaptation. To help customers move towards a low-carbon economy, we're reviewing GHG emission estimates and commitments throughout the Canadian agriculture and food system. We'll also start to apply guidance from the International Sustainability Standards Board for setting baselines and science-based targets on our portfolios. As new information on climate risks, opportunities and data in the agriculture sector becomes available, we'll partner with the industry on various financial and non-financial pilot projects.

To find out more information about FCC's assessment on climate risks and opportunities and the work we're doing to support our customers in this area, refer to our [2023-24 Climate-Related Disclosure](#).

Sustainability programs and lending

Sustainability Incentive Program

To enable Canada to be a world leader in sustainable agriculture and food production, FCC is committed to providing sustainability and environmental-focused financing, knowledge, tools and innovation to our customers.



In 2023-24, we received 506 successful applications for our Sustainability Incentive Program and awarded nearly \$825,000 in incentives to customers.

Producers need research, time and capital to adopt sustainable practices. We work with the industry to understand these needs and provide tailored solutions. We look for opportunities to support industry-led initiatives that have established systems for verifying and measuring environmental practices. In 2022, we launched a Sustainability Incentive Program that rewards our agriculture

customers for using beneficial management practices to enhance the sustainability of their operations.

Through industry partnerships, we offer an incentive program open to eligible customers who meet these program requirements in sustainability:

Beef:

Canadian Roundtable for Sustainable Beef (CRSB) — rewards customers who are CRSB certified for their sustainable beef practices.

Crops:

Cargill's RegenConnect™ — rewards Canadian producers focusing on 4R nutrient management plans and enhanced efficiency fertilizer.

4R Nutrient Stewardship (new in 2024) — integrates AgExpert with Fertilizer Canada's Nutrient Stewardship Program to reward customers who are using 4R practices for fertilizer application (using the right fertilizer source at the right rate, at the right time and in the right place).

Potato:

McCain Regenerative Agriculture Framework — rewards eligible customers on the framework who implement recognized practices to enhance the resilience of farms by improving soil health, water use efficiency and biodiversity while reducing climate impact (McCain offers an additional payment based on the grower's status in their framework).

Dairy:

Dairy Farmers of Canada and Lactanet (new in 2023) — rewards producers who are implementing sustainable practices using a combination of herd sustainability metrics and Lactanet's proAction™ environment module.

Marginal Areas Program:

Ducks Unlimited Canada (DUC) (new in 2023) — rewards producers with acres enrolled in DUC's Marginal Areas Program to promote biodiversity by converting unproductive cropland into perennial forage.

Customers can receive one payment per year to a maximum of \$2,000 and can reapply annually throughout the life of the program. Participation in the initial programs we launched in 2022-23 (CRSB, Cargill and McCain) increased by 29.6% year over year. A total of 337 producers participated in these three programs in 2023-24 and received a total of \$516,000 in incentives.



Spotlight:

Sustainability Incentive Program with Ducks Unlimited Canada

In November 2023, Ducks Unlimited Canada (DUC) announced their partnership with FCC's Sustainability Incentive Program.

Producers who participate in DUC's Marginal Areas Program in Alberta, Saskatchewan and Manitoba are offered incentives to convert unproductive cropland into a more biodiverse state by planting perennial forage. These croplands are unproductive due to poor drainage, soil conditions, periodic flooding, inaccessibility or salinity. DUC offers an upfront incentive through the Marginal Areas Program where producers commit to a 10-year agreement that helps with the cost of planting perennials and alleviates the financial burden associated with land management.

"Canadian grasslands are some of the most endangered ecosystems in the world. This incentive program is an opportunity for producers to provide natural habitats for wildlife and enhance biodiversity responsibly," said Curtis Grainger, FCC Director of Sustainability Programs. "We hope to encourage seeding marginal areas that are unproductive to perennials, helping to improve profitability, pollinator habitat and act as buffer zones."

In addition to the DUC payment, FCC customers who are participating in the Marginal Areas Program in the Prairies can now receive an incentive payment based on a percentage of their total owing with FCC, capped at a maximum payment of \$2,000 or \$50 per acre of enrolled acres.



Spotlight:

Ag Expert and Area X.O partnership

Area X.O and FCC have worked together for four years to accelerate agtech innovation and adoption by producers and the agriculture industry. Area X.O is home of the Ottawa Smart Farm powered by AgExpert, a research and development complex that focuses on next-generation smart mobility, autonomy and connectivity. Building on four years of collaboration with Area X.O, FCC is expanding its sponsorship of the Ottawa Smart Farm over the next three years.

Area X.O is one of four smart farms FCC brings together and supports across the country. Our enhanced FCC-Area X.O partnership enables innovators, companies and producers at the Ottawa Smart Farm to collaborate with partners in Manitoba, Alberta and elsewhere in Ontario to address challenges and opportunities related to climate change and sustainability. One of the projects at the Ottawa Smart Farm assesses the impact of nitrogen placement (via strip tillage), rate (via adoption of variable rate technologies), and type (via nitrogen stabilizers) on overall crop performance and nitrous oxide emissions throughout the growing season.

By expanding our sponsorship of the Ottawa Smart Farm, FCC is helping drive the development, commercialization and application of new agricultural technologies that can increase the productivity, profitability and long-term sustainability of producers.

To learn more about the innovative benefits of smart farm technology, refer to the section on food security in this report.

Sustainable lending products

We're developing a Sustainable Finance framework to guide the development of new sustainable finance products and find new ways to reward producers, agribusinesses and agri-food operators for building sustainable operations. This framework will involve collaborating with industry stakeholders to understand the barriers and challenges producers, ranchers and agri-food businesses face when implementing sustainable management practices.

We're currently completing a market test on an incentive program related to capital investment for sustainable projects and asset purchases where financing is required. This market test will give us information on how customers are financing sustainability-related projects within their operations and how we can best support their efforts.

AgExpert software



23,519 FCC customers use AgExpert farm management software, an increase of over 3,000 users since last year.

FCC AgExpert is one of Canada's largest agriculture software companies. Since 2002, AgExpert has provided leading farm management software that allows customers to track and manage data related to crop inputs like seed, fertilizer, crop protection products, water and more.

AgExpert is dedicated to protecting privacy, building trust and being transparent. In 2018, AgExpert became the first Canadian software company to receive AgData Transparent (ADT) certification, meaning customers can share their data in a safe and secure manner from AgExpert (only enter their information once) to other companies they do business with. AgConnexion, Aleop, FieldView, GrainFox and Holos are examples of partners who are also ADT certified, ensuring that our customers have confidence sharing their data.

As of this year, producers who use AgExpert have access to Holos, a whole-farm sustainability calculator developed by Agriculture and Agri-Food Canada. AgExpert users can share their data with the Holos tool to better understand their sustainability footprint. The first integration of

AgExpert and Holos, released this year, focused on calculating the carbon sequestration footprint of farms. Future integrations will give AgExpert customers access to other Holos modules that calculate nitrous oxide, methane and carbon dioxide emissions as they build a picture of their farm's sustainability footprint.

Venture capital



FCC committed \$46.2 million to two new funds and two existing funds in 2023-24. Overall, FCC approved \$70 million of new committed capital to three new funds in 2023-24.

Through FCC's venture capital fund program, we partner with other investors, fund managers and industry participants to foster innovation and support the development of strong companies in the industry. As of March 31, 2024, FCC had 182 venture capital investments in 177 companies across 18 venture capital funds with a total commitment of over \$585.6 million. These funds have investments spanning across all maturity stages, provinces and subsectors of agri-food. Approximately 60% of the capital is invested in companies with a clear ESG focus, such as women and under-represented groups, Indigenous enterprises and later-stage companies working to mature and scale more sustainable practices in agriculture. Examples of our investments include:

- a commitment to a venture capital fund that makes equity investments in early-stage companies where agricultural biotechnology plays a pivotal role in advancing human health, sustainable bioproducts, animal health, plant sciences, and waste and water treatment.
- an investment of approximately \$1.2 million annually to support agriculture- and food-focused accelerators — to date, FCC has partnered with five accelerators that provide services and support to agri-food and agtech startups, with a special emphasis on topics such as cleantech, soil health and food security. This year, we worked with 316 companies through venture capital accelerator support programs.



Spotlight:

Venture capital partnership with AGTECH ACCELERATOR

In September 2023, FCC announced our venture capital funding commitment to Saskatchewan-based AGTECH ACCELERATOR, which was founded and launched in 2021 by Cultivator, Economic Development Regina and Emmertech. Through AGTECH ACCELERATOR, startups receive capital and mentorship to bring to market the systems, machines and data producers are looking for as they advance their own operations to meet the growing needs of sustainable food production.

AGTECH ACCELERATOR is venture capital-backed and each new Canadian company selected receives a \$100,000 equity investment at intake — a first for an accelerator in Saskatchewan and Canada.

"Providing financial support to AGTECH ACCELERATOR is a natural fit for FCC's venture capital program. Investing in our customers goes beyond day-to-day lending to include planning for a future that will benefit from innovations in areas like digital agriculture and technology," said Rebbeca Clarke, Vice-President of FCC's venture capital program. "With support from AGTECH ACCELERATOR, Canadian entrepreneurs can grow and scale with greater strength."

Spotlight:

FCC and IC Canada partner to support Boreal Heartland

Boreal Heartland Herbal Products Inc., which opened in 2017, needed a stronger approach to marketing to be competitive in the food and beverage sector. The Indigenous Financing team put Boreal Heartland manager, Randy Johns, in contact with FCC's Advisory Services team for custom service and advice to help build a marketing plan. Through our ESG Advisory Services pilot, FCC and IC Canada supported Boreal Heartland to help them expand their distribution to store shelves in most Canadian provinces and strengthen their online presence.

"IC Canada can provide knowledge and expertise for a reduced price that Boreal Heartland wouldn't normally have access or connection to," said Milton Greyeyes, FCC Senior Relationship Manager. "The FCC-IC Canada partnership is a value-added service for customers. We can share our industry knowledge and connections and look out for our customers, going beyond a transactional relationship."

IC Canada's support was personalized to address Boreal Heartland's specific challenges. They helped Boreal Heartland identify priority areas, such as marketing and pricing structure, and connected them to experts in those areas, former business owners and executives who understand the industry.

Throughout the partnership, IC Canada maintained Boreal's commitment to sustainability and ethics, which are pillars of Boreal Heartland's business plan. Since Boreal Heartland has harvesters going into the northern forest to forage raw materials, sustainability is foundational in the business. Harvesting must be done in a sustainable way so the plants will still be there in the future. Harvesters' training includes the rule of thirds – where harvesting in a specific area means one third of the plant is left for the animals, one third is left to regenerate and one third can be harvested for human consumption. The company also adheres to the World Health Organization's Good Agriculture and Collection Practices for Medicinal Plants. As well, many harvesters work with their small children, teaching traditional knowledge and skills on working in the forest.

- a sponsorship with Canada's leading cleantech accelerator, Foresight, to support a soil health challenge led by an acceleration program called agriNEXT. FCC has supported similar initiatives led by other partners such as:

- SVG Ventures Thrive, which offers the 2024 SVG Thrive Climate Challenge that targets innovations aligned with advancing the biofuels value chain, on-farm energy and water stewardship;
- Cultivator (powered by Conexus); and
- Bioenterprise Canada.

Since the inception of the venture capital fund program in 2006, FCC has invested \$425 million into 241 companies. Additionally, \$5 million has been invested into five ecosystem partnerships over the last five years.

Sharing knowledge on sustainability

FCC offers various online resources to help our customers learn more about sustainability, including a video series we developed to share stories of Canadian producers and their adoption of sustainable production practices. Produced with RealAgriculture and co-sponsored by RBC, the series profiles a variety of sectors and highlights farm practices that have a positive impact on profit, people and the planet.

We also share business knowledge through our FCC Advisory Services partnership with Inno-centre (IC) Canada. The agribusiness and agri-food advisory services program under IC Canada is designed to support small- and medium-sized enterprises that are facing a key challenge or opportunity in their business. With IC Canada, we launched a pilot project this year to help eight agribusiness and food customers with ESG challenges and opportunities to accelerate growth. Results from this pilot project will be evaluated for future implementation.

"IC Canada's ESG-focused methodology has been transformative. It has provided a lens through which we evaluate potential courses of action, fostering a more strategic and problem-solving mindset. Instead of reacting to challenges, we now proactively anticipate, assess and address issues, ensuring a more sustainable and resilient business model."

— pilot project participant, Raveena Oberoi,
CEO, Just Cakes Bakeshop

Building resilience through customer support

FCC is here to help customers navigate the increased frequency of climate and weather-related shocks – and this year was no exception. With record-setting wildfires in Alberta and B.C., drought in Western Canada, disease pressures in greenhouses, low maple syrup yields and flooding in Eastern Canada, significant wine damage in B.C., to a crisis affecting the pork industry in Ontario, Quebec and the Atlantic provinces, 2023 was a difficult year for many Canadian producers.

We quickly provide customer support following adverse weather events, agriculture- and food-related diseases, or an unfavourable economic environment. In 2023-24, FCC offered five net-new customer support programs (seven programs in total) that helped a total of 431 customers. These programs included either loan deferrals or lines of credit that supported customers to help overcome the following challenges this year:



Low maple syrup yields in Eastern Canada – An unfavourable change in temperature in the spring of 2023 shortened the maple syrup harvest in most parts of the eastern provinces. The total maple syrup production experienced a significant decrease in yields, varying from region to region, compared to the historical average yields. Some maple syrup producers also faced a cash shortfall since they weren't able to generate the revenue they were expecting to pay this year's expenses.



Financial performance of hog farms in Ontario, Quebec and Atlantic provinces – Hog industry partners have faced numerous challenges in recent years, including the pandemic, labour shortages, increased input costs and higher interest rates, packing facility closures, and more. These adverse conditions have impacted the financial performance of hog farms, causing producers to face potential cash shortfalls and additional personal hardship and stress.



Wine producers in B.C. impacted by the winter – Wine sector customers faced financial hardship as a result of prolonged cold temperatures over the 2022 winter that caused significant damage to wine vines across B.C.



Wildfires in Alberta – FCC gave \$10,000 to the Alberta Association of Agricultural Societies (AAAS) for distribution to societies that opened their space for campers and to pen livestock. We also offered online mental health resources and tools.



Volatility of the economic environment – Many Canadian producers experienced cash flow difficulties related to higher-than-average input costs and high interest rates. To help customers with their immediate cash flow needs, we offered an unsecured credit line of up to \$500,000 with no loan processing fees.



Support for Atlantic provinces who suffered from Hurricane Fiona (was active until November 2023) – FCC worked with customers who faced devastating losses, damage to operations, buildings and equipment and financial hardship caused by hurricane-strength winds that impacted the Atlantic provinces.



2022 input credit lines (was active until May 2023) – Additional financing from FCC was available to customers who experienced financial challenges, including cash flow issues, due to higher-than-average input costs and elevated interest rates.

Operational carbon footprint



FCC's total greenhouse gas (GHG) emissions for 2023-24 were 6,503 tCO₂e (tonnes of carbon dioxide equivalent).

As part of FCC's commitment to climate action, we've tracked our operational GHG emissions since 2012. We use the GHG Protocol and the International Organization for Standardization (ISO) 14064-1 guidance to measure and report GHG emissions and removals. FCC follows the operational control boundary to measure and report our direct and indirect GHG emissions for the following scope 1, 2 and 3 emission sources:

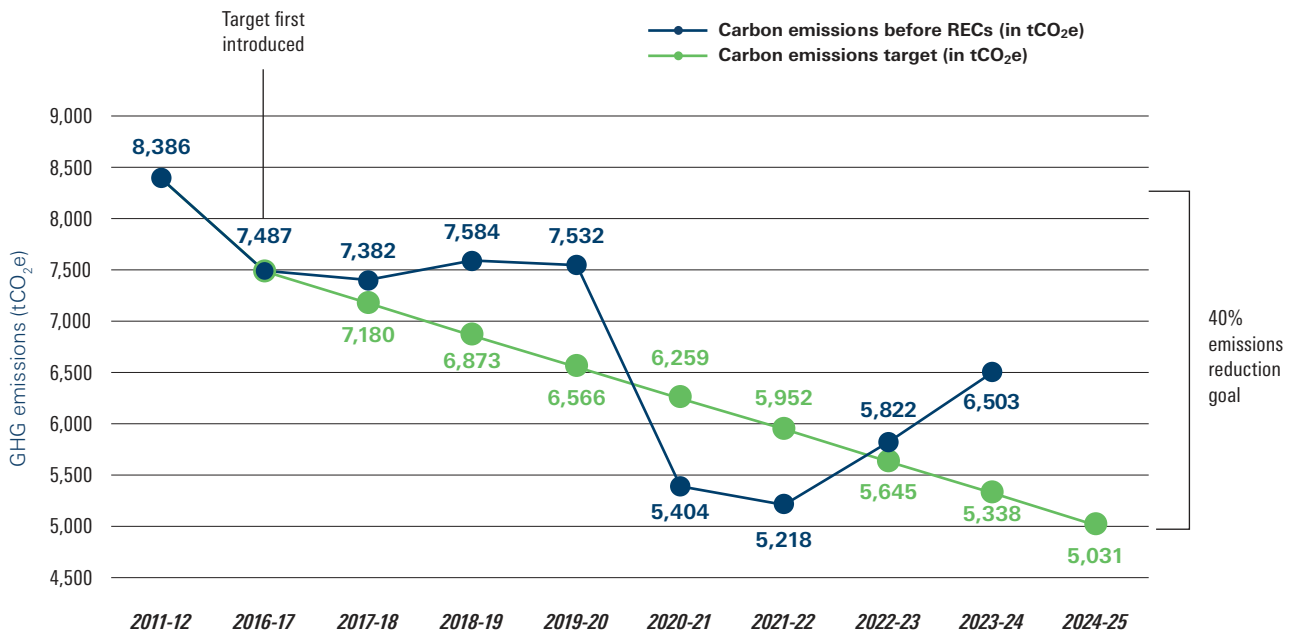
- Scope 1: Emissions from natural gas and other fuels used in heating, ventilation and air conditioning (HVAC) equipment

- Scope 2: Purchased electricity for our offices
- Scope 3: Emissions related to paper usage and business travel

We consider carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) gases when measuring emissions and follow the AR4 (2007) Global Warming Potentials (100-yr) to convert those gases to CO₂e.

In 2016-17, we set an ambitious goal to reduce our operational GHG emissions by 40% by 2025, based on our emissions from the 2011-12 fiscal year. That means reducing our absolute emissions from 8,386 tCO₂e to 5,031 tCO₂e. To reach our target, we set a yearly emission reduction goal of 307 tCO₂e, which we achieve primarily through energy efficiency initiatives, smart travel practices and paper reduction expectations. When required, to meet our yearly emission reduction goal, we purchase renewable energy certificates (RECs).

Meeting our 40% GHG reduction goal



In 2023-24, our total GHG emissions were 6,503 tonnes. This is an approximate 12% increase over 2022-23 emissions due to a rise in the consumption of electricity within our offices and increased vehicle travel and paper usage. To reach this year's

target of emitting 5,338 tonnes or less of CO₂e, we are purchasing RECs equivalent to 1,165 tonnes of CO₂e. FCC is purchasing additional offsets and RECs equivalent to 5,338 tonnes of emissions in order to become carbon neutral⁽⁵⁾ in our operations.

FCC emissions by scope – GHG emissions performance				
FCC's GHG metrics	Unit	2023-24	2022-23	2021-22
Scope 1: Emissions from natural gas and other fuels used in heating, ventilation and air conditioning (HVAC) equipment	tCO ₂ e	1,263	1,443	1,381
Scope 2: Purchased electricity for our offices (location-based) ⁽⁶⁾	tCO ₂ e	3,515	2,789	3,220
Scope 3: Emissions from paper usage	tCO ₂ e	302	143	66
Scope 3: Emissions from business travel	tCO ₂ e	1,423	1,447	551
Total operational emissions (location-based)	tCO₂e	6,503	5,822	5,218
RECs to meet target	tCO ₂ e	1,165	177	0
Net operational GHG emissions (in line with reduction target of 40% by 2025)⁽⁷⁾	tCO₂e	5,338	5,645	5,218
Operational carbon intensity	tCO ₂ e/\$M revenue	2.32	2.62	3.33
Air travel offsets	tCO ₂ e	364	-	-
Other carbon offsets and additional RECs	tCO ₂ e	4,974	-	-
Operational carbon footprint (carbon neutral)	tCO ₂ e	0	-	-

⁽⁵⁾ Carbon neutral refers to balancing the amount of carbon emitted with an equivalent amount of reductions and offsets.

⁽⁶⁾ Location-based reflects the average emissions intensity of grids on which energy consumption occurs.

⁽⁷⁾ Emission factors were used to calculate the GHG emissions for each activity. Local emission factors were used where available; otherwise, we used default regional, national or international factors. Sources of Emission Factors:

- ECCC (2023), Emission Factors and Reference Values Table 1-4
- National Inventory Report: Greenhouse Gas Sources and Sinks in Canada (1990-2021; Part 3)
- Department for Environment Food and Rural Affairs (DEFRA), UK Government Conversion factors for greenhouse gas (GHG) reporting
- ECCC, NIR (2021) Part II, Tableau A6. 1-14
- EPA (2024), Emission factors for Greenhouse gas inventories

Scope 1 and 2 consumption results and reduction initiatives

FCC's Scope 1 and 2 GHG consumption results	Unit	2023-24	2022-23	2021-22
Scope 1: Quantity of natural gas equipment	Gigajoules	24,149	27,230	27,407
Scope 2: Purchased electricity for our offices (location-based)	Gigajoules	31,172	28,573	27,947

In 2023-24, FCC's consumption of natural gas decreased by 11%. This decline in natural gas consumption is primarily due to Canada experiencing a warmer winter, particularly in Saskatchewan, Alberta and Ontario, where a large number of FCC offices are located.⁽⁸⁾

Electricity consumption increased by 9% compared to the previous years' Scope 2 results, yet emissions rose by 26%. This is primarily due to Saskatchewan's emission factor increasing by 18%.⁽⁹⁾ Over 40% of FCC's electricity consumption takes place in Saskatchewan and, therefore, FCC's emissions were negatively impacted by the rising emission factors. Of the overall electricity consumption, 34.5% was from renewable sources.

This year, FCC closed one office, relocated four offices, and opened one office. FCC's operational footprint continues to be part of the criteria considered when assessing office space. This year, all FCC offices were set up to facilitate space sharing. Along with hybrid work, this will allow FCC to increase the number of employees while using office space efficiently and limiting the need to acquire additional office space.

Reducing our Scope 1 and 2 emissions is important to us, and we know there is more work to do to reduce the amount of energy our offices use. FCC doesn't own our office buildings, but we work with property owners to implement environmentally friendly and energy-efficient changes. When a building is being evaluated for lease, we consider the energy efficiency of the structure and equipment as one of the factors in determining whether it's suitable. As part of our revised plan to reduce our operational carbon footprint, we'll look at opportunities to:

- downsize large offices where possible.
- maximize and increase energy efficiency for existing offices.
- secure non-emitting electricity through the procurement of power purchase agreements and RECs.

⁽⁸⁾ Natural Gas Statistics / Canadian Gas Association: Monthly Data – Heating Degree Days – Canada

⁽⁹⁾ Scope 2: National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada, Part 3, Table A13-2 to A13-14, 2021

Scope 3 consumption results and reduction initiatives

FCC's Scope 3 GHG consumption results	Unit	2023-24	2022-23	2021-22
Scope 3 — Quantity of paper used	Tonnes	340	151	69
Scope 3 — Distance of business air travel	Kilometres	4,356,665	5,492,098	735,956
Scope 3 — Distance of business vehicle travel	Kilometres	5,272,967	5,069,403	2,162,846

Paper use

The emissions associated with FCC's paper usage have increased year over year. FCC's paper consumption increased as a result of more employees in the office and an increase in business activity. Future efforts will focus on reducing the amount of paper used throughout the organization.

FCC continues to partner with PrintReleaf, a company that tracks our paper use and purchases trees to plant at global locations that need it the most, contributing to environmental sustainability. Since joining the PrintReleaf program in 2019, we've offset paper consumption by reforesting 1,883 trees in global reforestation projects.

Business travel

In 2023-24, the number of air travel kilometres decreased by 21%. We have remained committed to ensuring employees understand and are committed to purposeful and efficient air travel. We continue to reinforce the organization's sustainable business travel guidelines.

Because FCC has a national presence, travel is required for various business purposes. This year our vehicle travel kilometres increased by 4%. The increase is primarily due to an enhanced organizational focus on visiting customers to maintain strong customer and industry relationships.

We're continually studying customer opinions, behaviours, and preferences to make sure we

provide value in the most effective and environmentally friendly way. To optimize business travel and the customer experience, FCC keeps looking for new ways to interact with customers, including enhancing our digital lending experience.

Waste management

FCC continues to extend the life of its technology hardware and reduce e-waste through the donation of laptops, cell phones and other computer accessories to non-profit organizations across Canada for reuse. Over the last 10 years, we have repurposed over 15,000 pieces of equipment through donations.

We're also committed to reducing waste due to office renovations. We work with vendors to develop a decommissioning plan that includes donating, recycling and diverting materials from landfills.

Climate targets

In 2024-25, we'll announce a new operational emissions reduction target that will put us on a path to net zero in our operations, in line with the federal government's commitment to achieve net-zero emissions by 2050. We have adopted net-zero aligned⁽¹⁰⁾ science-based targets (SBTs) for FCC's operational carbon footprint to ensure it's credible and aligns with the goals of the Paris Agreement, which the Government of Canada ratified in 2016. This target will replace FCC's current goal.

⁽¹⁰⁾ Net-zero aligned is when organizations reduce emissions in line with a 1.5°C scenario, with an option to procure carbon removal credits for remaining emissions.



Scope 3, category 15 – financed emissions

The agriculture and agri-food industry represents about 10% of Canada’s total emissions.⁽¹¹⁾ As a lender focused on this industry, our financing activity contributes to these emissions.

Financed emissions account for the largest share of our emissions footprint, which is common for financial institutions. These emissions are based on the primary revenue associated with a customer. FCC’s financed emissions total is 8.4 MtCO₂e. The majority of these emissions are from primary production, which includes livestock, crops and other sectors. We’ve tracked our financed emissions since 2021 and use the Partnership for Carbon Accounting Financials (PCAF) Standard to calculate financed emissions for business loans.⁽¹²⁾

We recognize that different sectors may have unique energy requirements driven by varying inputs, operations, constraints, equipment and land use needs. This discrepancy underscores the importance of sector-specific analysis in accurately

gauging emissions impact. Measuring our financed emissions on a sector-by-sector level will help us understand these differences from an emissions perspective.

Over the past fiscal year, we’ve analyzed recognized standards to determine the appropriate methodology for setting SBTs for financed emissions. We’ve worked in partnership with financial institutions and the agriculture and food industry to ensure our approach helps Canada maintain and grow its role in sustainable food production and global food security.

We’re developing new programs, tools and initiatives that will help us work with our customers to reduce emissions across their operations and the entire agriculture and agri-food value chain, while recognizing the diverse needs of the industry.

To learn more about our calculation methodology and results for financed emissions, refer to metrics and targets in the [2023-24 Climate-Related Disclosure](#).

⁽¹¹⁾ Government of Canada: Greenhouse gas emissions and agriculture

⁽¹²⁾ Financed emissions = annual revenue amount x (emissions factor by NAICs codes/USD conversion x 1 million) x attribution factor. Attribution factor = (Total owing/total assets). Total assets = total equity + total liability. As per note 92 in the Business Loan asset class of the PCAF Standard, where the sum of total equity and liabilities aren’t available, the customer’s total assets can be used. Motor vehicle asset class wasn’t included at this time as motor vehicle lending is captured within FCC’s broader portfolio.

Material topic:*Nature and biodiversity*

Nature and biodiversity were identified as material topics for FCC in 2023 due to the essential need for healthy biodiversity in a sustainable agriculture and food industry. Farming and agriculture are dependent on the availability and condition of natural resources like nutrient-rich soil, clean water, pollination and vegetation. A healthy ecosystem is essential for sustainable food production. Now more than ever, we recognize the need for strong biodiversity and nature-based solutions that protect our environment and help our customers and the industry respond to climate change.

Nutrient-rich soil with thriving microbiome cultures supports carbon capture and storage underground, which helps the industry further reduce GHG emissions and build resilience to climate change. Moreover, studies comparing crop rotations with monoculture practices have underscored the benefits of crop rotation in providing higher yields, being more resilient during extreme weather events, improving soil biodiversity and producing fewer GHG emissions.⁽¹³⁾

Nature and biodiversity are fast becoming priorities for financial institutions to focus on as the need grows for the financial industry to disclose their nature-related risks and opportunities and measure and report on biodiversity loss. Financial institutions can play a key role in assessing nature-related impact and accelerating nature-related approaches to support our customers to enhance and protect biodiversity. In 2024, we'll deepen our understanding and assess how we can encourage the adoption of beneficial management practices and nature-based solutions through product offerings to not only combat climate change, but build and maintain a vibrant ecosystem for agriculture and food to thrive.



⁽¹³⁾ Agriculture and Agri-Food Canada: Diverse crop rotations shown to increase yields, improve soil health and lower GHGs

*BUILD A RESILIENT
CANADIAN FOOD
INDUSTRY*





Long term-viability of the Canadian agriculture and food industry is key to building a sustainable future.

To ensure that the industry remains strong, FCC supports Canada’s efforts to address food security at home and around the world by increasing productivity through innovation. Enhanced efficiency and lower production costs make food more affordable for all Canadians.

For more than 60 years, FCC has been proud to serve an industry that feeds the world. We acknowledge that Canadian agriculture and food is essential to the health and strength of our country and the globe. Thanks to the hard work of many producers and agriculture entrepreneurs, we have steady access to nutritious and healthy food. FCC will recognize and celebrate the industry through increased public awareness.

Although working in the food and agriculture industry can be a rewarding passion, it also comes with challenges related to weather volatility, changing commodity prices, rising input costs and rural isolation. FCC is here to help our customers be resilient by addressing the stigma around mental health and providing resources and programs to help them find balance as they manage their health and their operations.



Spotlight:

McCain Foods and Moisson Montréal

An “okraboration” between McCain Foods and Moisson Montréal: FCC as a connector

Acting as a connector within the industry, FCC introduced McCain Foods and Moisson Montréal, Canada’s largest foodbank. After the initial introduction, McCain brought their Planet Friendly team to Moisson Montréal for a tour, which resulted in a new partnership between the food industry and an important Canadian food bank.

In June 2023, McCain Foods reached out to Moisson Montréal about a surplus of frozen okra from some U.S. plants. At the time, they didn’t have a food rescue option for over 70 totes of okra (each tote containing 1,200 lbs) that local U.S. food banks didn’t have capacity to accept and redistribute. When FCC agreed to help pay transport costs to deliver the okra safely, Moisson Montréal launched a search for refrigerated storage for the okra. They used their repackaging line (financed by FCC in 2020) to bag the okra into smaller quantities and distribute it throughout Quebec and beyond. Many storage companies answered the call, including Drive Away Hunger donor Congebec Logistics. McCain Foods was also able to secure a transport company to donate their services and soon the okra was on its way to Montréal.

In the end, 76.2 tonnes of okra (84,000 lbs) were rescued. McCain Foods is now a Drive Away Hunger donor, sharing their successes and challenges within this giving community.

Material topic:

Food security

Food insecurity is a complex issue around the world, and Canada isn’t immune to it. Approximately 6.7 million Canadians use non-profit food services, other non-profits and charities every year.⁽¹⁴⁾ FCC is 100% invested in Canadian agriculture and food, and we can help improve access to sufficient, affordable and nutritious food across the country. With rising food costs and affordability being a concern for many Canadians, we seek to support customers to produce more sustainable food at prices that consumers can afford.

Advancing innovation for sustainable food production

FCC recognizes the need to enhance food security through innovative and sustainable food technology. In a recent economic blog post⁽¹⁵⁾ by FCC’s Chief Economist, Jean-Philippe Gervais, FCC identified that growth in agriculture production productivity is slowing. Through sustainable innovation, like smart farm technology, customers can optimize efficiency and look for opportunities to increase productivity while enhancing sustainability.

Smart farming, also known as smart agriculture, is the adoption of advanced technologies and data-driven farm operations to optimize and improve sustainability in agricultural production.⁽¹⁶⁾ Since 2017, FCC has been partnering with smart farms across Canada to invest in meaningful solutions and collaborate on agricultural innovation, economic growth and problem-solving. To date, FCC has helped found the Olds College Smart Farm, the Ottawa Smart Farm at Area X.O, Innovation Farms Manitoba and Innovation Farms Ontario.

Smart farms prove and demonstrate technology and sustainable management practices that can help increase the productivity, profitability and long-term sustainability of producers and food entrepreneurs. Improved practices then fuel the competitiveness of

⁽¹⁴⁾ Second Harvest – food rescue research

⁽¹⁵⁾ Canadian agriculture’s \$30 billion opportunity

⁽¹⁶⁾ IBM – What is smart farming

Canada's agriculture and food industry. Smart farms can help Canada be a leader in food security and sustainable food production by:

- accelerating the development, marketing, adoption and application of new agriculture technology solutions
- creating fresh global market opportunities for agriculture technology innovators, startups and companies
- fostering the creation of new agriculture technology products, companies and jobs

In partnership with smart farms, accelerators and other industry players, we'll help entrepreneurs demonstrate the effectiveness of their innovations to minimize the risks of early adoption and increase uptake by producers and other potential customers.

Reducing hunger

One in six Canadians face food insecurity and struggle to access nutritious food. Consumer demand from non-profit food programs, like food banks, is expected to increase by 18%, translating to more than one million new visits in 2024.⁽¹⁷⁾ As the demand for safe and affordable food continues to increase, the Canadian food system has proven it can help through its vast network of agricultural and food companies and producers.



FCC employees, customers and industry partners from the entire value chain provided over 143 million meals to charitable food security agencies and programs across Canada during the 2023 Drive Away Hunger campaign.

Since 2004, Drive Away Hunger has engaged the agriculture and food industry in providing food and funds to make a significant impact in food security and reclamation across Canada. For the program's 20th anniversary, we engaged partners across the agriculture and food industry to achieve an ambitious goal of providing 60 million meals to Canadians in need.

Twenty-nine percent of Canada's food banks are located in rural and remote communities, where food can be more expensive and difficult to access. In 2023-24, FCC matched up to \$1 million in new donations to food security agencies in Canada. FCC's match was shared with Food Banks Canada and the national food rescue organization, Second



Harvest Canada, who directed the funding to underserved rural and remote areas in need of support. FCC also increased the funding provided to provincial food bank associations from a total of \$80,000 to \$200,000, with these funds again being directed to rural and remote communities.

Of the 143 million meals collected this year, FCC contributed 6.3 million meals towards this year's campaign, with the remaining meals donated by 109 agriculture and food partners across Canada. FCC also provided \$200,000 in funding to school feeding programs at Indigenous and community schools nationwide.



FCC's contribution to Drive Away Hunger more than doubled in 2023. This was in large part due to FCC's commitment to match new donations up to \$1 million.

Tackling food waste

It's estimated that 11.2 million tonnes of good food is wasted every year in Canada.⁽¹⁸⁾ Food industry partners can be a major part of the solution to reclaiming food waste at the production, processing and manufacturing, distribution and retail stages.

In 2023-24, FCC donated \$500,000 to Second Harvest Canada, the largest food rescue charity in Canada and a national leader in food waste recovery, in honour of the 20th year of Drive Away Hunger. In 2023, they rescued and distributed 74 million pounds of food, enough to provide over 205,000 meals daily to food security agencies and people largely in underserved rural and remote communities across Canada. Their efforts divert over 241,000 pounds (nearly 110 tonnes) of greenhouse gas emissions from our atmosphere.

⁽¹⁷⁾ Second Harvest – More than one-third of food charities in Canada forced to turn people away while bracing for new demand in 2024

⁽¹⁸⁾ Second Harvest – the Avoidable Crisis of Food Waste: The roadmap

Material topic:

Social impact

Public trust

FCC recognizes and celebrates the long history of the Canadian agriculture and food industry in producing sustainable food. We also recognize the need to enhance consumer awareness of how food is grown. FCC will be engaging key partners in the agriculture and food industry to produce and deliver a multi-year public awareness campaign. The campaign aims to:

- improve public trust in the food Canadians eat and in those who produce it
- build awareness of the contributions of Canadian food systems to the economy
- promote Canada as a leader in innovative and sustainable food production

Agriculture is worth celebrating. Canada’s Agriculture Day on February 13, 2024, marked a record-breaking year for the Future of Food Conference in Ottawa. Organized by FCC and other industry partners, the sold-out event welcomed 750 attendees, including industry leaders, government officials, policymakers, and the next generation of agriculture and food influencers. The conference featured experts from across the industry and focused on how Canadian agriculture and food could be at the heart of a generational opportunity to address world challenges of climate, health and food security, and set the stage for a sustainable future.

Mental health

“When it comes to hunger and health, our families, our communities and the world rely on Canadian agriculture and food. And we can’t provide what the world needs if we don’t support ourselves first.”

— Justine Hendricks, FCC President and CEO, Future of Food Conference, February 2024

One in three Canadians will experience mental health challenges in their lifetime, and the experience in our industry is no different. Those involved in the Canadian agriculture and food industry work tirelessly to bring food to tables across Canada and beyond. Given the high demands of food insecurity and increased challenges the industry faces, it can be difficult to balance the needs of an operation with one’s mental health.

The 2021 Survey of Farmer Mental Health in Canada found that 76% of farmers experience moderate to high stress levels. Another survey conducted by FCC last fall indicated that young farmers (under the age of 40) have higher stress levels overall and are more worried about financial pressures. Farmers over the age of 40 are more concerned with the unpredictability of the industry.⁽¹⁹⁾ Regardless of age, they shouldn’t have to carry this burden alone. We want to help address the stigma and create awareness around not only the unique challenges people working in our industry face, but the supports available to them.



FCC is partnering with the Canadian Centre for Agricultural Wellbeing to launch the National Farmer Wellness Program that includes a national phone line for mental health support.

Mental health partnerships

FCC will enhance the mental wellness supports we provide to ensure adequate resources and funding for mental health are available to our customers and the industry. We work with various industry partners that offer mental health training and resources.

This year, FCC became a foundational partner of the Canadian Centre for Agricultural Wellbeing. Through this partnership, we will be launching the National Farmer Wellness Program in the summer of 2024, which includes a national support line for producers. The mental health support line provides free agriculturally informed crisis and counselling services. In-person and online counselling is provided at no cost to producers in provinces who have signed onto the program.

⁽¹⁹⁾ The Customer Evolution Survey collected 2,058 responses, out of which 311 panelists self-identified as being under 40 and are classified as a young farmer.



FCC also partners with the following organizations to support mental health initiatives and programs in the industry:

- The Do More Agriculture Foundation
- Ag Health and Safety Alliance’s Gear Up for Ag program
- L’union des producteurs agricoles services through the Travailleurs de rang
- Canadian Agriculture Safety Association’s (CASA) Back to Ag Program

Mental health resources

Tools, resources and information for managing stress, anxiety and work-life balance were shared by mental health experts at FCC’s Young Farmer Summits and FCC Women’s Summits.

The January 2024 edition of FCC’s AgriSuccess magazine focused on mental wellness, showcasing inspirational stories from farm operators and families and providing professional advice. As of March 2024, the online articles from this edition received a total of 8,269 views and over 52,000 physical copies were distributed across Canada.

FCC has also published two mental health magazines, Rooted in Strength and Rooted in Resilience, that are designed to provide Canadian food producers with stories, tools and advice on how to feel stronger in the face of adversity.

“Over time I slowly started sharing my therapy experience with others and quickly found that I was not alone. Little did I know that going to therapy would be the courageous act that would turn my life in a new direction. It sure didn’t feel like it at the time. However, the simple act of reaching out and connecting can be powerful and help us feel seen when we are struggling.”

— Kristen Kelderman, My Story: Courage in Darkness, AgriSuccess Magazine, January 2024

In light of a tragedy such as an illness or workplace accident, we offer the FCC Customer Crisis Fund where customers who meet certain eligibility requirements can access financial support to help manage the impact. This year, 293 customers received funding through this program.

*ENHANCE FINANCIAL
AND SOCIAL INCLUSION*





In alignment with the Government of Canada, one of FCC’s goals is to advance innovation and opportunities for under-represented groups to help them fulfil their aspirations – specifically Indigenous communities and Peoples, women entrepreneurs, young farmers and entrepreneurs, and new entrants to the industry. FCC will expand and enhance financial offerings to address barriers to entry within the Canadian food chain, such as farmland prices, startup costs, access to capital or credit, regulatory requirements and agriculture knowledge.

We consider gender-based analysis plus (GBA+) principles when developing programs and lending that support the participation of women, young people and Indigenous Peoples in agriculture. These activities are consistent with the Government of Canada’s commitment to ensuring greater social and economic inclusion.

Material topic:

Indigenous reconciliACTION

"We have all inherited this moment in history."

— Cadmus Delorme, former Chief of Cowessess First Nation, FCC Corporate Office Meeting, June 2023



FCC remains dedicated to strengthening relationships with Indigenous Peoples through a lens of reconciliation. We offer learning opportunities so employees can learn more about Indigenous history and culture. Every June, people in Canada celebrate National Indigenous History Month and recognize National Indigenous Peoples Day on June 21. FCC offices across Canada recognized the day and celebrated in different ways, including holding blanket exercises.



In June 2023, a total of 160 FCC employees, including the Enterprise Management Team and members of the Board of Directors, attended six blanket exercises in Regina.

Blanket exercises help people understand how the colonization of this land impacts those who were here long before settlers arrived. They engage people's minds and hearts so they can understand why the relationship between Indigenous and non-Indigenous Peoples is often broken and how we can take action together.

"Completing the exercise with my colleagues was a gift, and not only because the vulnerability and emotion connected us. We work together every day and can hold each other accountable as we support FCC's commitment to reconciliACTION."

— Justine Hendricks, FCC President and CEO





In the spirit of reconciliation, FCC offices participate in the Indigenous artwork program. Every office receives an allocation to purchase Indigenous artwork from a local artist. This is an opportunity to build relationships within the local Indigenous community and make the office space more welcoming, inclusive and representative of the people we serve.



Nearly 2,500 FCC employees have completed Indigenous awareness training since it was launched in 2020.

This past year, 323 employees completed the training.

Launched in 2020, FCC's Four Seasons of Reconciliation Indigenous Awareness learning program ensures that all new employees start their journey with FCC by taking foundational Indigenous awareness training. The learning provides an overview of Canada's colonial history and the treaty relationship from the perspectives of Indigenous Peoples, and helps employees build empathy and connection to Indigenous culture. We continue to

share access to this training externally as we foster reconciliation across the broader industry. We're also creating an Indigenous relations learning program that will enhance employee knowledge and confidence to build trusting relationships with Indigenous customers.

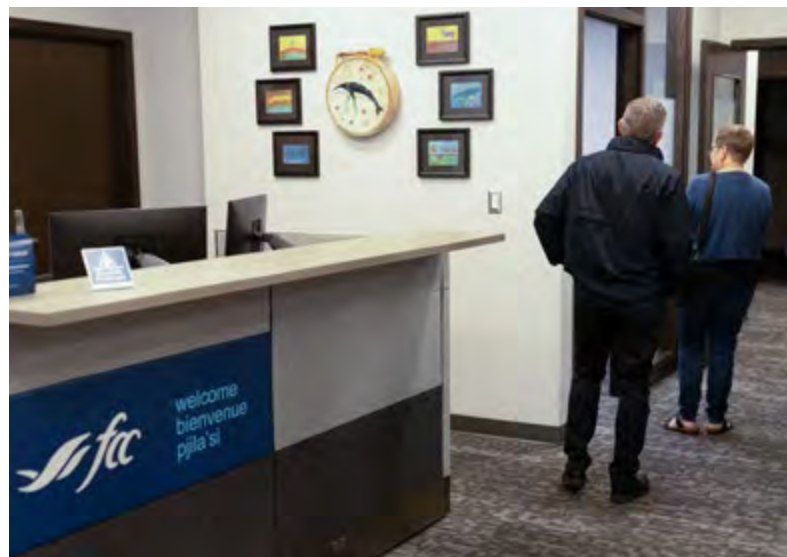


FCC has successfully passed Phase 3 of the Progressive Aboriginal Relations (PAR) certification process and is considered a PAR Committed company. FCC has been approved to apply for certification on April 1, 2025.

Progressive Aboriginal Relations (PAR) certification

FCC began the PAR certification process in late 2022. The PAR program is administered by the Canadian Council for Aboriginal Business (CCAB) and is designed to help companies support the social and economic inclusion of Indigenous Peoples. In 2024-25, we'll focus on moving action plans forward, setting PAR targets and implementing data tracking processes to set the organization up to achieve Gold-level certification.

Part of our PAR action plan includes Indigenous talent recruitment and retention. We've established programs to support post-secondary Indigenous students, including funding internships through the Saskatchewan Indian Institute of Technology (SIIT) and FCC's Indigenous Student Empowerment Fund. Through SIIT, FCC provided 13-month internships to Indigenous graduates and hired 11 SIIT students this year. We've also partnered with Scott Collegiate in Regina, Saskatchewan, to create job opportunities in different areas of the organization and hired 12 of their students in 2023-24.





Spotlight:

Our social impact at Pelican Lake First Nation

Since 2022, Milton Greyeyes, a Senior Relationship Manager on FCC's Indigenous Financing team, has worked closely with Pelican Lake First Nation in Saskatchewan to help them start a grain farm operation run by the band and community members. Milton grew up on Muskeg Lake Cree Nation in central Saskatchewan. He witnessed the challenges and barriers Indigenous entrepreneurs face in getting into agriculture.

Milton, with the support of other FCC employees, was able to overcome some obstacles in working through the intricacies of lending on reserves. The staff on the farming operation are fairly young, so there is opportunity for growth and learning that can be transitioned to the next generation.

With the first growing season under their belt in 2023, Pelican Lake had seeded just over 5,600 acres and crop yields were quite strong overall. They're excited about the future and plan to continue expanding the farm on the reserve.

"Our belief is that everything is connected and what you take, you've got to give something in return. From the land, from the tree, that's where the roots come from and what you've built. And everything is connected. We've tried to look at all different kinds of businesses and sectors that covers all of that. Our hope is to build this farm up to 10,000 acres, and I'm sure we're going to reach that goal." — Chief Peter Bill, Pelican Lake First Nation.

Material topic:

Financial inclusion for under-represented groups

Indigenous Peoples and communities

As a trusted partner, FCC is focused on creating space for the advancement of the emerging Indigenous economy. We strive to increase sector participation by supporting Indigenous farmers to establish businesses and grow within the Canadian food value chain.

"Indigenous Peoples bring generational knowledge of land management, climate friendly practices and technical knowledge we would deeply benefit from."

— Justine Hendricks, FCC President and CEO,
Future of Food Conference, February 2024

Indigenous lending program

FCC was the first national lender in Canada to create an Indigenous business team dedicated exclusively to empowering Indigenous participation in food and agriculture. Our Indigenous Financing team specializes in providing on- and off-reserve financing and resources to Indigenous entrepreneurs, economic development corporations and First Nations communities. This year, we updated our Indigenous lending credit directive and risk appetite. We also introduced a new function and focus on specialized credit to assess lending opportunities consistently with Indigenous customers.



This year, FCC lent \$39 million to 719 Indigenous customers.

On September 15, 2023, FCC celebrated the grand opening of our first on-reserve office at Millbrook First Nation in Nova Scotia. The Millbrook First Nation office was opened in partnership with their economic development group, Ulnooweg Development Group Inc. The opening of this office

is a key milestone in FCC’s commitment to invest in and learn from Indigenous communities. The office serves more than 360 customers with a total loan portfolio of \$133 million in agriculture and \$5.5 million in agri-food.

“We’re excited to welcome this new FCC office. Having the first FCC office in an Indigenous community shows the willingness of a Crown corporation to work with Indigenous people. This office will provide FCC employees with the opportunity to experience working here in beautiful Millbrook. We encourage staff to learn about our community and participate in local events. We look forward to working with FCC to identify employment opportunities for our community members as they arise.”

— Chief Bob Gloade, Millbrook First Nation



In 2023-24, 2.16% of customers self-declared as Indigenous.

Indigenous customer self-declarations

Starting in 2021, FCC gathered Indigenous declaration information from new and existing customers. Self-declarations help us find ways to address barriers experienced by Indigenous businesses and communities. As data on Indigenous customer segmentation matures, this helps to improve our relationship management process with Indigenous communities and focus on important sectors and regions.

Supporting Indigenous business growth and economic development

“Indigenous lands have untapped potential to contribute to the economic resilience and well-being of Canada and help feed the world. FCC plans to be a leader in how ag and food can be a driver of Indigenous wealth creation and management.”

— Shaun Soonias, Director, Indigenous Relations



At the 2024 Future of Food Conference, FCC announced the creation of the first National Circle for Indigenous Agriculture and Food to drive business growth and reconciliation and create a national forum for discussions about Indigenous agriculture.

The National Indigenous Economic Development Board shared that if Canada closed gaps in economic and social outcomes, Indigenous Peoples would add \$27.7 billion to Canada’s economy.⁽²⁰⁾

On Canada’s Ag Day, FCC helped launch the National Circle for Indigenous Agriculture and Food (NCIAF), which will support Indigenous agriculture and food through a community of knowledgeable partners. Located at the First Nations University of Canada in Regina, Saskatchewan, NCIAF is a non-profit, Indigenous-led organization focused on three key pillars of reconciliation, business development and capacity building. It delivers programs through its operations and partnerships with government, industry, post-secondary institutions and other non-profit organizations.

NCIAF will create business opportunities, build capacity through education and training, and connect Indigenous Peoples to valuable networks, resources and funding opportunities while honouring their traditions, lands and Mother Earth.

We actively promote and encourage Indigenous inclusion within our supply chain in support of reconciliation with Indigenous Peoples under the Truth and Reconciliation Commission of Canada.

FCC is committed to increasing our spending on services provided by Indigenous businesses, communities and Peoples. Our goal is to spend a minimum of 5% of our total spending on these items through Indigenous vendors.

Indigenous community engagement

For 20 years, FCC’s AgriSpirit Fund has provided capital project funding to rural communities across Canada. The fund awards between \$5,000 and \$25,000 to various community improvement initiatives that enrich the lives of residents in cities, towns or Indigenous communities with fewer than 150,000 people.

⁽²⁰⁾ National Economic Strategy For Canada 2022: Pathways to Socioeconomic Parity for Indigenous Peoples



Young farmers and entrepreneurs (under the age of 40)



FCC has a total of 20,634 customers who are young farmers or entrepreneurs under the age of 40. This year, we lent \$4.63 billion to our young customers.

As farmland prices and startup costs continue to increase, FCC recognizes the need to make the agriculture and food industry more accessible to the next generation of producers and agribusinesses. The Customer Evolution Survey conducted in the fall of 2023 indicated that young farmers have been actively:

- accessing financing
- attending knowledge events
- diversifying and expanding
- exporting and marketing
- introducing sustainable practices
- investing in equipment, software and technology

Survey results demonstrated that farmers of all ages want to buy land. However, young farmers (younger than the age of 40) are less likely to be able to afford land. Although 55% of young farmers had considered buying land compared to 39% of farmers older than age 40, 18% of young farmers were unable to purchase the land compared to 11% of older farmers.⁽²¹⁾

We offer the Young Farmer Loan and Young Entrepreneur Loan specifically to customers under the age of 40. This year, FCC increased the maximum limits on both these loans from \$1.5 million per household to \$2 million per individual. Increasing the limit supports the industry by providing capital to young borrowers who are faced with rising costs of land, equipment and inputs.

The FCC Starter Loan is also available for first-time producers and agribusiness operators to help them establish a credit history and build business skills. All these products offer flexible financing terms at discounted rates and fees as well as a free subscription to FCC AgExpert software.

In 2022-23, we updated our scoring methodology for the AgriSpirit Fund to remove barriers that could negatively impact results for Indigenous communities. FCC also increased outreach to Indigenous communities to promote the fund. As a result, the number of applicants increased from 21 to 65 this year.

We continue to partner with Actua Canada, a Canadian organization focused on engaging under-represented youth through science, technology, engineering and mathematics (STEM) education. Based on support from FCC and other project funders, Actua delivered high-impact STEM education programming for 43,668 Indigenous youth across 222 communities in Canada this year.

⁽²¹⁾ The Customer Evolution Survey collected 2,058 responses, out of which 311 panelists self-identified as being under 40 and are classified as a young farmer.

Enhancing business knowledge and financial literacy



FCC Knowledge content had over 1.4 million online views in 2023-24.

In addition to customized financing options, FCC offers knowledge and learning events and programs to the next generation of customers. Topics cover business management, financial management, people management and farm transition.

Knowledge resources

FCC continues to share information every week to support business management practices. Our next-generation customers have access to a wealth of information on fcc.ca including:

- Business Plan bundle — 140,000+ views in 2023-24
- Money and Finance Basics articles — 37,000+ views in 2023-24
- Economics Basics guides — 28,000+ views
- Podcasts that highlight producer stories related to business management — 8,000+ listens

The Foundations in Agriculture Management program is an online learning course launched two years ago with RBC and the University of Guelph. It's intended for young producers and focuses on business strategies, farm management, succession planning and financial fundamentals. The program continues to be popular and had over 13,000 registrations in 2023-24.

"Honestly, every part of this course was very helpful in different aspects. From the very first module all the way to the end in the mental health module. All of it was insightful for someone like me who is starting out in the agricultural industry."

— Registered learner, Foundations in Agriculture Management program

Events

In 2023-24, seven Young Farmer Summits (including a national virtual event) were delivered for free at locations across Canada. Topics included resilience, farm transition, team communication and financial management. In total, over 1,100 young producers attended or viewed a summit.

"There was a lot of beneficial information, broken down to easily understand. Great topics and tools to use for our farm business."

— Participant, 2024 Young Farmer Summit





Programs

The FCC Catalyst Academy, in partnership with the Ivey School of Business of the University of Western Ontario, offers a four-day, advanced executive learning program for select FCC next-generation customers. The bilingual learning program is focused on strategic planning, financial analysis, communication, people management and negotiations. This year, 81 young farmers participated in the program.

FCC also provides an advisory offering through IC Canada to agribusiness and food customers who are facing a key challenge or opportunity in their business. Over 50 small and medium-sized enterprises were supported in 2023-24.

FCC Knowledge connected Canadian producers and food and business owners through virtual peer groups. A total of 40 producers from across Canada participated in the peer group program and 42 food and business owners met monthly to discuss various topics related to business management.

Supporting youth in agriculture



FCC provided \$275,000 in funding to 4-H Canada in 2023-24, of which \$125,000 was distributed through the FCC 4-H Club Fund.

Youth and university students are the future of agriculture. To enable their success, FCC supports their education through various funding and programs:

- 4-H Canada is one of the country's longest-running youth organizations for young people between the ages of eight and 20. 4-H funds are used by clubs across Canada to develop programs, purchase resource materials, attract volunteer support or cover costs associated with local events.
- FCC AgExpert software is used in 13 post-secondary classrooms across Canada to help students understand how digital tools can help them monitor costs, improve yields and better manage farm information.

Transition planning



In 2023, FCC Advisory Services completed 813 farm transition engagements, helping farm families get started on their business transition or get unstuck in the transition process.

There are many things to consider when transitioning the family business and its assets to the younger generation and the process can look different for every farm. Since 2018, FCC Advisory Services has been helping farm families gain clarity, identify goals and determine the next steps in their transition journey.

“We weren’t that far apart but another person’s opinions helped bring us together.”

— FCC customer

We also offer an FCC Transition Loan aimed to help both the buyer and seller in a farm transition and we plan to enhance this product. Customers and non-customers can also access transition content on fcc.ca/Knowledge.

FCC launched a new will and estate pre-planning tool this year to help producers successfully plan for the future of their operation. This free, confidential tool can help family members engage resources like lawyers, accountants and wealth advisors in their plans. Since launching this tool in November 2023, over 700 assessments were completed.

Women farmers and entrepreneurs



FCC has a total of 24,772 women customers. This year, we lent \$164 million to women producers and entrepreneurs.

In the fall of 2023, the Customer Evolution Survey⁽²²⁾ was conducted by the FCC Vision Panel to understand the current and evolving beliefs, behaviours, goals and needs of those in Canadian agriculture and food. Survey results indicated that



women experience higher stress levels than men, most notably with respect to workload (+15%), financial pressures (+16%), and inter-familial conflict (+10%). The survey responses also showed that fewer women are considering or pursuing retirement and are more likely to say it wasn’t applicable to them, despite the similarities in average age and business cycles when compared to men. This information will inform future decisions around how to continue to empower women in agriculture and food.

Since launching the FCC Women Entrepreneur Program in 2019, FCC has approved 3,972 Women Entrepreneur Loans totalling more than \$2.9 billion. FCC waives up to \$1,000 in loan processing fees so that borrowers can reinvest those savings into personal and professional development.

We also promote women in the industry as speakers, experts and resources across our channels and programs. Our customers’ stories are highlighted in publications like AgriSuccess magazine and the FCC Knowledge Newsletter, or in our Talking Farm and Food podcast series. To celebrate International Women’s Day, FCC hosted FCC Women’s Summits virtually in English and in-person in French. Over 500 attendees learned about financial health, business transition and mental health.

⁽²²⁾ The Customer Evolution Survey collected 2,058 responses, out of which 668 panelists self-identified as being a woman.

*OUR RESPONSIBLE
BUSINESS
FUNDAMENTALS*





FCC's responsible business fundamentals are at the core of how we operate. These fundamentals will help our employees provide the exceptional service and product offerings to the Canadian agriculture and food industry they're known for. We want to build on our engaged workforce to deliver on our mandate now and in the future.

Material topic:

Talent and performance



In a 2023-24 employee pulse survey, 89% of respondents indicated that they always or often feel like they belong at FCC, are proud to work at FCC and say great things about FCC.

At FCC, we're committed to building and sustaining a culture that positions employees to have a positive impact on colleagues, customers and the industry that feeds the world.

REVITALIZED CULTURE TO REALIZE STRATEGY



Building on our organizational values of trust, respect and integrity, we introduced six cultural attributes in 2023-24 to help us redefine our culture and build the necessary skills to increase our impact on the agriculture and food industry.

Leveraging employee feedback, FCC worked with leadership and employees to understand what attributes would be essential to redefine how we deliver work together. Through this top-down and bottom-up culture definition work, we identified six attributes to build the culture on going forward: rigour, reliability, efficiency, adaptability, innovation and dedication.

Pay equity and compensation

In March 2023, FCC established a Pay Equity Committee consisting of six employees. As required by the Government of Canada's Pay Equity Act, the committee is reviewing job evaluation methodology and pay equity analysis to create a pay equity plan, which will be announced in 2024-25.

In 2022, we began a comprehensive review of FCC's compensation programs, including our guiding principles, compensation philosophy, structure, incentive programs and comparator group. In 2023-24, the review continued and was adjusted to reflect our strategy execution priorities, redefined culture and realigned structure. The compensation review will identify potential changes throughout 2024-25 with implementation of any new programs or processes to begin in 2025-26.

Employee learning and development

FCC is invested in the growth and development of our employees. We're focused on ensuring that we have the right skills and knowledge to meet the evolving needs of our customers and the industry. Employees are encouraged to seek learning opportunities through a variety of options, including seminars, certifications, in-house programs and courses, as well as on-the-job learning. Our employees receive regular performance and career development reviews throughout the year. Performance is based on progress towards their individual and team goals and demonstration of shared behaviours based on cultural attributes.



Employees receive 12 learning days a year to focus on learning activities that enhance performance in their current roles or prepare them for future roles.

Material topic:

Diversity, equity and inclusion

Building an inclusive workplace

FCC knows that a work environment that values diverse experiences and perspectives makes us stronger and more innovative, so we ensure our hiring practices are fair and there is equitable access to employment opportunities. As a federal Crown corporation, we're subject to:

- the Canadian Human Rights Act
- the Employment Equity Act
- the Canadian Multiculturalism Act
- the Official Languages Act
- the Accessible Canada Act
- the Privacy Act



In 2023-24, 18.9% of employees and 10.3% of leaders self-declared as members of equity groups.

Leaders are accountable for considering diversity and equity in their hiring decisions and incorporating equity and inclusion into their day-to-day leadership. We offer leaders with learning opportunities and other supports to help them lean into our commitment to diversity, equity and inclusion (DEI). We also provide them with quarterly reports that compare their results to organizational DEI targets and the composition of their teams compared to available under-represented talent.

Last year, to help all employees better understand equity and inclusion, we hosted more than 15 equity and inclusion learning events and shared numerous articles. Topics covered in the events and articles included Indigenous reconciliation, multiculturalism awareness, allyship, generational diversity, gender equity and Black excellence. We also offered workshops on intentional inclusion, the importance of representation, gentle teaching and neurodiversity in the workplace.



Over 149 employees are enrolled in FCC's second language course-based learning program and over 500 employees are taking second language training through a new self-study platform.

Linguistic diversity is also part of building an inclusive workplace. We're committed to promoting the value of linguistic duality and encouraging employees to develop and maintain proficiency in their second official language. Our Official Languages team helps us create a work environment that promotes and seamlessly allows both of Canada's official languages so all employees can work in their language of choice and contribute to their full potential.

"As an officially bilingual country, it's important to create an environment where both English and French languages are prioritized so that all employees feel valued and connected. Our Official Languages team helps to do this by creating a more diverse and inclusive organization so that we can focus on helping our customers dream, grow and thrive."

— Justine Hendricks, FCC President and CEO, champion of linguistic diversity



Of 262 new employees hired in 2023-24, 76 (29%) self-declared as belonging to an equity group: Aboriginal, persons with a disability or member of a visible minority.

Equitable talent recruitment

FCC recruits employees through a multi-channel process that aims to attract qualified and diverse talent, including members of four designated groups: women; Indigenous, racialized or people of colour; people experiencing disability; and other equity-deserving talent. In 2023-24, FCC focused on helping leaders find qualified and equity-deserving talent.

As part of our commitment to equitable talent sourcing, we worked with 25 diversity-serving organizations, including Indigenous career centres, newcomer centres and organizations serving people experiencing disabilities to attract diverse talent. We also offer opportunities for students to learn and grow with FCC. Of the 69 students hired in our 2023 summer student program, 23 students (33%) self-declared as belonging to an equity group.

Employee resource groups



FCC's employee resource group network expanded from one to six groups.



FCC created its first employee resource group, the Indigenous Affinity Group, to support Indigenous employees, allies and leaders, and develop learning opportunities for the group and colleagues. This

year, we launched five more equity-deserving employee resource groups: Black Professional Network +, The Women's Network, Disability and Accessibility, Mental Health Alliance and The Multicultural Network. These groups provide support, advocacy, education and community for our employees. These groups are created and led by employees in partnership with the DEI team at FCC, based on common interests such as ethnicity, gender, culture, race and disability status. The groups are designed to enhance workplace engagement and inclusivity and are open to everyone, including allies who may not have lived experience, but who want to be a positive voice for change. Over 140 employees have signed up to be part of the groups and each group has a volunteer executive sponsor. These groups are also accountable for supporting and organizing DEI national recognition days or months that celebrate and honour diversity amongst our communities.

Action on accessibility

"As an employee, I'm a passionate advocate for inclusion and accessibility in the workplace. FCC's commitment to accessibility is inspiring and I'm excited to participate in the meaningful action that helps move this important work forward. By doing what we can to help identify and remove barriers, we make FCC a better place for everyone!"

— Lettice Chillog, Program Manager, Facilities, and Chair of the Disability and Accessibility employee resource group

FCC continues to take meaningful action to make our workplace, operations and services more accessible. In 2022, in alignment with the Accessible Canada Act, we unveiled our three-year Accessibility Plan, which outlines gaps in accessibility and action we'll take to close them. The gaps were identified through feedback from more than 300 employees, including many who experience disability, and in partnership with accessibility consultants Left Turn Right Turn. This was essential to ensuring the identified gaps and action plan abides by the foundational principle of Nothing About Us Without Us, where persons with disabilities were equal participants in the development of the plan.



This year, we reviewed our standards for branded material, online and print content, and internal learning materials, which includes an accessible and inclusive language guide to ensure that preferred terminology is top-of-mind. We'll also enhance accessibility in the recruitment and hiring process. This involves reviewing the job application platforms, assessments and interview process to ensure people with disabilities are properly accommodated.

Efforts to increase the retention of employees living with disability are included in our Accessibility Plan at <https://www.fcc-fac.ca/en/online-policy/accessibility>.

Employee health and wellness

"I'd love to see FCC employees, and the industry at large, asking for help without guilt. You can release the notion that you must be perfect. Making mistakes in the process is welcome, and I've got your back."

— Justine Hendricks, FCC President and CEO

Our employees' physical and mental health matters to us. No one should ever go it alone. At FCC, our goal is to reduce the stigma around mental health by providing supports, resources and tools to help employees take care of themselves and support their families and colleagues.

In 2023-24, we introduced new medical coverage for fertility medications and treatments, surrogacy expenses and gender affirmation treatments. Our wellness account now provides coverage for expenses to assist with work-life balance. Through our benefits program, employees can now claim a maximum of \$5,000 per year for psychologist and social worker therapy, which is well over the industry standard.

This year, FCC launched two new resources: TELUS Virtual Health Care, which provides employees and their families access to on-demand health care service 24/7 from anywhere and any device, and the TELUS Health Employee and Family Assistance program, which offers short-term counselling and access to mental and health resources.

In addition to providing medical, dental and insurance benefits, FCC offers the Employee and Family Assistance Program (EFAP) and the Employee Crisis Fund. EFAP gives employees and their families access to support for fitness and physical health, nutrition, mental health, relationships, finances, elder care, legal services and more. FCC's Employee Crisis Fund is co-funded by FCC and voluntary employee contributions and provides eligible employees with up to \$1,000 during times of crisis. This year, the fund supported 25 employees.



130 Wellness Ambassadors across the organization receive monthly communications on resources available to them and their teams.



FCC's Code of Conduct guides how we behave as FCC representatives and in our business relationships. The Code addresses FCC's expectations on several topics, including:

- acting with integrity
- protecting FCC's assets
- avoiding conflicts of interest
- giving or receiving gifts
- hospitality and other benefits
- activities permitted during election periods

Compliance to our Code of Conduct as well as to the Values and Ethics Code for the Public Sector is a condition of employment. All new employees must complete training activities to learn about the Code when they start. Each year, employees are required to attest that they understand and comply with the Code.

FCC's Ethics team is responsible for reviewing declarations relating to conflicts of interest and providing recommendations on how to mitigate risks related to conflicts of interest. Mitigation measures can vary significantly depending on the facts relating to such disclosures. FCC applies a standard process to ensure consistency and objectivity in issuing recommendations.

Material topic:

Business ethics

Internal stakeholder expectations

Acting with integrity



99% of employees submitted their annual attestation to the Code of Conduct and completed the 2024 FCC Code of Conduct refresher online learning.



This year, we enhanced ethical training and awareness activities with online learning and interactive workshops for leaders focused on their accountabilities under the Code. Leaders facilitated discussions on ethical scenarios with their teams.

At FCC, acting with integrity and maintaining the highest ethical standards are fundamental priorities. As a federal Crown corporation, FCC's business ethics expectations are governed by many legislative instruments, including:

- the Public Servants Disclosure Protection Act
- the Canadian Human Rights Act
- the Employment Equity Act
- the Privacy Act
- the Fighting Against Forced Labour and Child Labour in Supply Chains Act

Employees are accountable for reporting potential or actual violations of the Code of Conduct to their leaders, FCC's Ethics Officer, the 24-hour ConfidenceLine or the Office of the Public Sector Integrity Commissioner of Canada.

FCC is governed by the Public Servants Disclosure Protection Act (PSDPA), by related instruments issued by the Treasury Board of Canada and the decisions issued by the Office of the Public Sector Integrity Commissioner. The PSDPA contains provisions to protect employees who make a

disclosure as well as all individuals involved in the management of a disclosure against reprisal. It is a legal obligation to protect the identity of all people involved in a disclosure, to the extent possible. The PSDPA also has strict confidentiality provisions that prevent FCC from disclosing more information than is publicly available through the annual report to the Office of the Chief Human Resources Officer of Canada.

No disclosure under the PSDPA resulted in founded wrongdoing in 2023-24.

More information about FCC's Code of Conduct is available at: <https://www.fcc-fac.ca/en/about-fcc/governance/transparency/code-of-conduct-and-ethics>

Occupational health and safety

As a federal Crown corporation, FCC must meet the requirements of the Canada Labour Code, Part II. This includes establishing one occupational health and safety (OHS) policy committee, OHS workplace committees for offices with more than 20 employees, and OHS representatives for each office and floor. Each workplace committee meets nine

times per year and includes one management and one employee representative. The policy committee meets quarterly and is comprised of both management and employee members. The committees perform a consultative role and report to the Enterprise Management Team through the Executive Vice-President and Chief Human Resources Officer. They're responsible for addressing (or bringing forward) any complaints related to the health and safety of employees. They also participate in the implementation of the hazard prevention program and in changes that may affect occupational health and safety, including work processes and procedures.

A new all-employee training on FCC's OHS, emergency management and physical security processes and procedures, including changes due to hybrid work, was rolled out this year. This training is mandatory for all employees and will occur annually moving forward. We've also updated our emergency management practices and programs to align them to best practices of accessible emergency management. Employees who require additional assistance in case of emergency are able to complete individual evacuation plans.



External stakeholder expectations

Customer standards

FCC has a comprehensive risk-based program that starts with knowing who FCC enters into a business relationship with. FCC trusts that most customers, partners and vendors do the right things. We work with them to resolve material issues, minimize business risks and generate positive impacts on the agriculture and food industry, the Canadian economy and the environment. Our goal is to identify any risk factors and prevent financial crime and situations that could negatively impact FCC's reputation.

FCC is a socially responsible company in both our lending and procurement activities. We only enter into business relationships with individuals or businesses who respect and adhere to applicable municipal bylaws, provincial and federal laws and regulations, and whose activities respect and care for:

- the environment by exercising reasonable care and acting as stewards of land, air quality and water
- animal welfare by applying, at a minimum, the National Farm Animal Care Council codes

- labour standards by upholding requirements set through Canada's labour laws for seasonal workers
- society and human rights

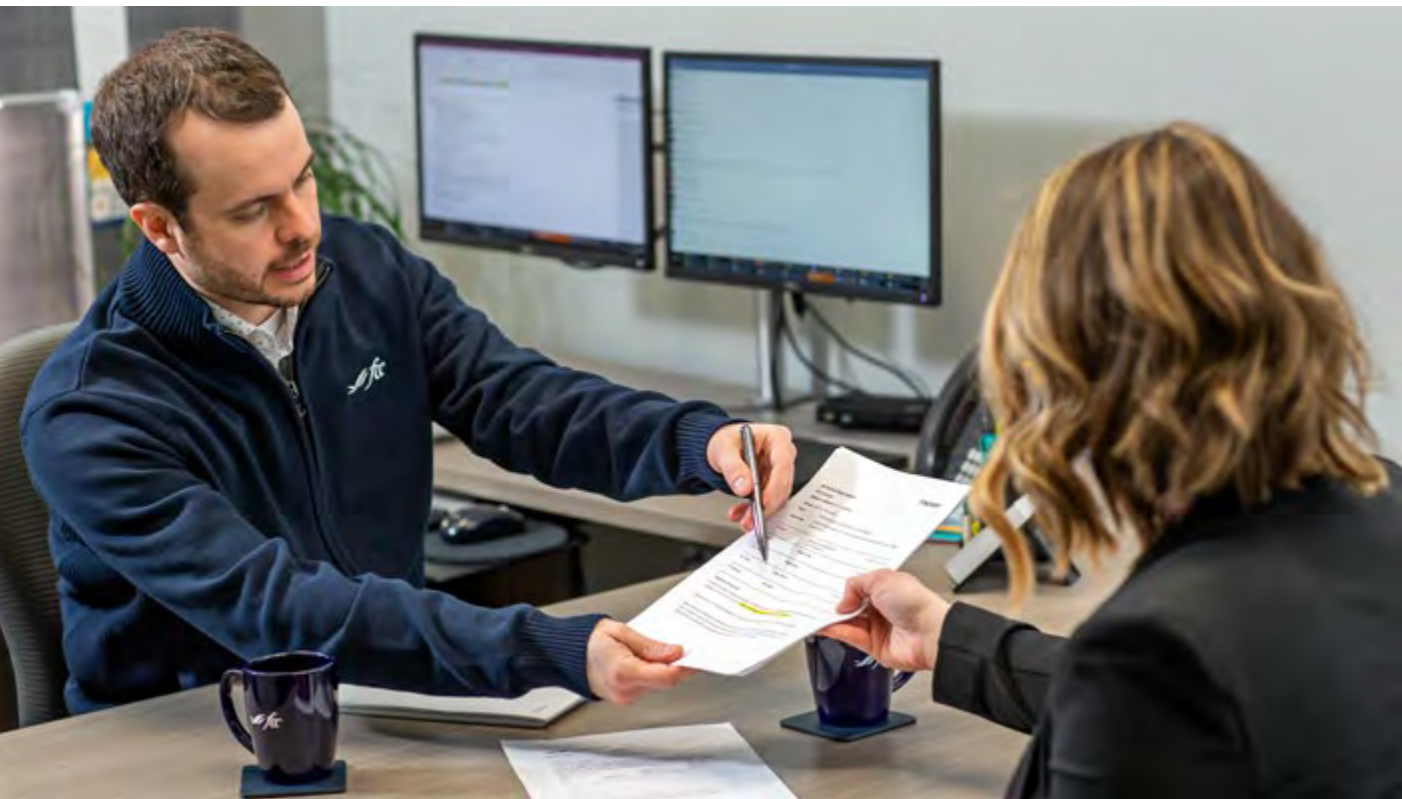
We don't enter into a business relationship with individuals or businesses who:

- willfully neglect applicable operating laws and regulations
- engage in any money laundering activities or are involved in financing terrorist activities
- are involved in illegal or other activities that could harm FCC's reputation or don't align with our commitment to sustainability

All customers must attest that they comply with all aspects of FCC's integrity declaration when they apply for financing. Suppliers must abide with FCC's Supplier Code of Conduct.

Depending on their roles, employees may be required to complete training to identify financial crime red flags and assess and execute related risk management controls.

No significant risks tied to corruption or complaints related to human rights were identified in 2023-24 from an Ethics and PSDPA standpoint.





Third-party risk management

FCC has a third-party risk management policy that defines the requirements and expectations of stakeholders to protect ourselves and our shareholders.

This year, we implemented a risk-based due diligence program to identify, assess, mitigate and monitor risk when contracting with third parties. Current and prospective vendors are assessed to understand the risk the service inherently introduces to the organization. Risk experts across the business are engaged to support a broad assessment of the third party, including controls and other business processes in place at the third-party level to protect FCC and its customers. This added rigour enables us to confidently engage with third parties and make risk-informed decisions around partnership fit.

Procurement and vendor management

It's important the suppliers we work with share FCC values and reflect what we stand for. Our supply chain is typical of a financial institution, procuring primarily IT hardware, software, professional services, leases and leasehold improvements, office supplies, equipment and office furnishings. Our Procurement and Vendor Management policy ensures controls are in place for FCC to obtain value for money, support fairness and transparency in procurement decisions, manage risk for FCC and follow the Treasury Board of Canada Secretariat recommendations. Our Supplier Code of Conduct outlines our expectations of suppliers and helps employees who manage contracts hold suppliers accountable for their ethical and moral business practices.

FCC is committed to the fight against slavery and other forms of forced labour by complying with the Fighting Against Forced Labour and Child Labour in Supply Chains Act. We've taken steps to reduce the risk of forced labour and child labour in our supply chain by:

- updating our Procurement and Vendor Management policy to include responsible business conduct practices related to forced labour and child labour
- requiring all vendors, through the Supplier Code of Conduct, to comply with applicable labour laws, rules and regulations as set through Canadian law and the laws applicable in all jurisdictions they operate in
- enhancing the Reputational Assessment where we ask vendors to attest to the policies they have in place regarding forced labour and child labour (FCC will ensure they don't have any labour practice infractions prior to awarding a contract)

FCC hasn't identified any forced labour or child labour in our activities or supply chains. We'll continue to strengthen our procurement practices in this area over the next year by focusing on vendors operating in high-risk spend categories. We'll also implement a training program to help employees identify potential non-compliant vendors and cease contract discussions where there are concerns related to forced labour or child labour.

Material topic:

Data security

Information management

As our reliance on technology and information increases, so do the risks of threats for attack or breaches that result in the loss or theft of information. Controlling the collection, use and disclosure of personal information is something that we take seriously at FCC. We're committed to enhancing our procedures for safeguarding information and preventing the unauthorized disclosure of confidential and personal customer information.

To clarify expectations of employees, we have three policies (supported by training, procedures and guides) that govern the protection and use of information at FCC:

- The Information Management policy provides direction on managing all information.
- The Privacy policy provides additional direction on managing the personal information of customers, employees and third parties.
- The Acceptable Use of FCC Devices and Software policy provides direction on protecting FCC devices, systems and applications from unauthorized use or access.



Almost all active permanent FCC employees (99%) completed Information Management and Privacy learning.

To help employees and consultants stay vigilant, we performed phishing⁽²³⁾ simulations on a quarterly basis. These phishing tests were conducted in a safe, simulated environment allowing FCC employees and contracted consultants to learn how to detect red flags and phishing traps and avoid clicking malicious links. Smishing (phishing by mobile device texts) test campaigns were also performed this year so that employees could learn to identify red flags with this prevalent type of scamming.

Information governance

We apply industry-standard frameworks such as the National Institute of Standards and Technology (NIST) to ensure the capabilities and controls we have in place to safeguard information are effective. FCC continues to meet the targeted NIST cybersecurity maturity rating of repeatable tier 3. We're developing treatment plans to address gaps and focus on continuous improvement to meet our established maturity target in a complex and dynamic threat environment.

With a majority of IT infrastructure being outsourced to service providers, security standards are in all appropriate service agreements, and service providers are subject to recurring audits. We haven't experienced a privacy breach due to third-party intrusion into our IT systems; however, some of our contracted third parties have experienced a breach of their customers' and employees' personal information caused by an intrusion into their IT systems.

Privacy and access

FCC's Privacy program helps employees identify and manage privacy risks and ensure compliance with the Privacy Act and related Treasury Board instruments. Concerns and complaints about FCC's privacy practices or our compliance with the Privacy Act can be escalated to the Office of the Privacy Commissioner of Canada. The program-level Privacy policy was approved in 2023-24.

No privacy breach that occurred in the fiscal year was assessed to be material. As a result, no notification or complaint was filed with the Office of the Privacy Commissioner of Canada.

Security tools and supports for customers

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

⁽²³⁾ Phishing is when a threat actor poses as a trusted person or organization to trick potential victims into sharing sensitive information via email.

Financial performance

Financial performance (\$ millions)			
	2023-24	2022-23	2021-22
Direct economic value generated			
Revenue	2,806	2,223	1,567
Economic value distributed			
Operating costs	1,780	1,207 ⁽²⁴⁾	338
Employee compensation and benefits ⁽²⁵⁾	343	318	307
Payments to shareholder (dividends)	460	721	560
Community investment	7	4	4
Economic value retained (economic value generated less economic value distributed)	216	-27 ⁽²⁶⁾	358

⁽²⁴⁾ The increase in operating costs is primarily from increased interest expense on our borrowings and in our provision for credit losses.

⁽²⁵⁾ Employee compensation and benefits in 2021-22 and 2022-23 were restated as disclosed in the financial statements in the 2023-24 Annual Report, which also impacts Operating costs.

⁽²⁶⁾ Higher operating costs and a payment to our shareholder, which included partial repayment of \$250 million that was received from the Government of Canada for pandemic support programs, explains the increased value.

About this report

The FCC ESG Report is published annually.

This report features performance data, activities and results for the 2023-24 fiscal year (April 1 – March 31). We plan, execute and report with guidance and oversight from our Board of Directors and the ESG Steering Committee, which is comprised of the Enterprise Management Team members and selected senior leaders.

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



The report was externally reviewed but not assured by a third-party organization. To view 2023-24 GRI and SASB indexes, visit fcc.ca/Reports.



For more information about the FCC ESG Report or program, contact esg@fcc.ca.





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Ce rapport est aussi disponible en français au fac.ca