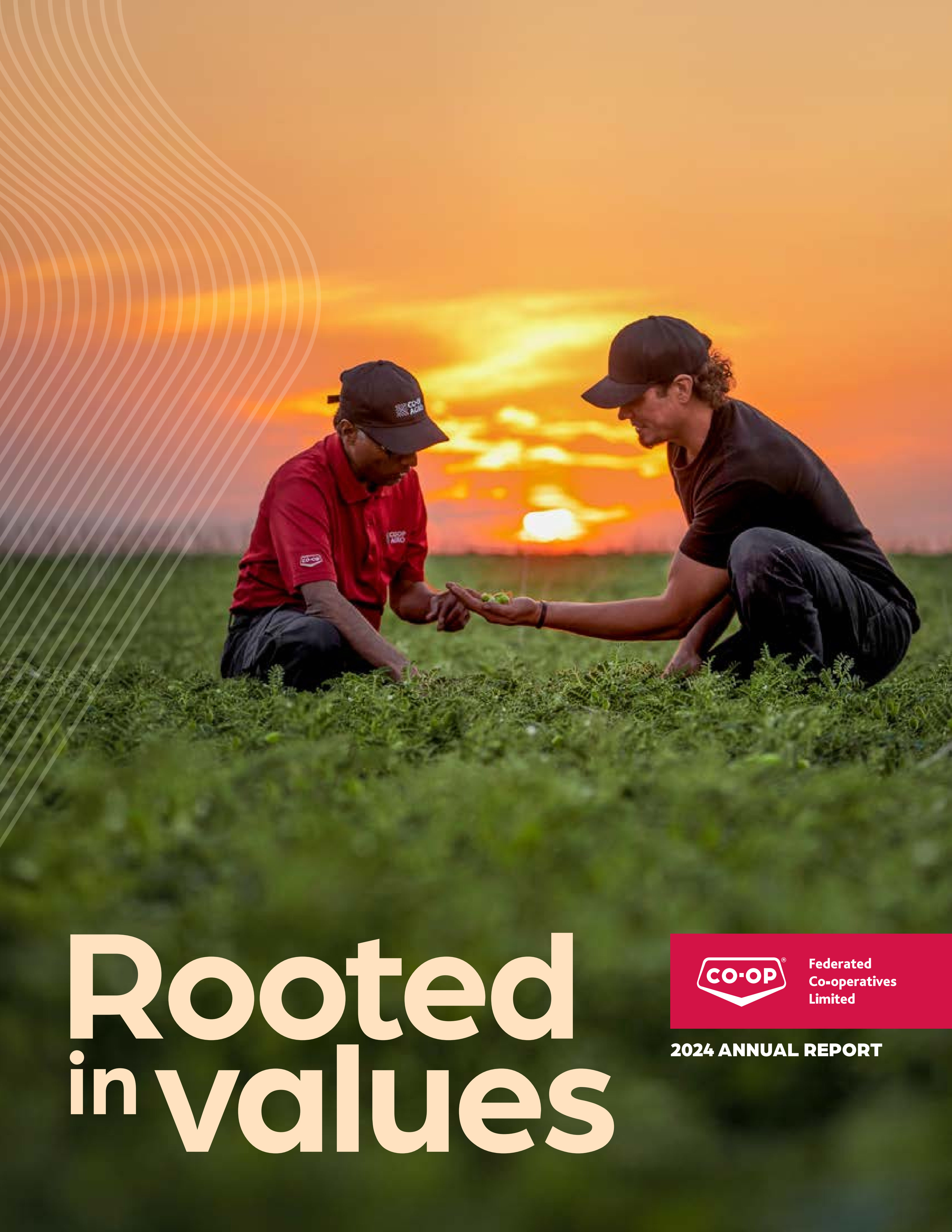


Rooted in values

Federated Co-operatives Limited

2024 ANNUAL REPORT

Honouring the land and its peoples

We acknowledge that Federated Co-operatives Limited (FCL) has locations across Western Canada which includes numerous Treaties and unceded lands and is the historic and present-day home of dozens of Indigenous communities. FCL recognizes Indigenous peoples as the first inhabitants of these lands, and is committed to working toward reconciliation, community building, sustainable practices and economic independence for Indigenous communities.

Table of Contents

Membership

FCL is owned by 156 autonomous local co-operatives across Western Canada. Together, FCL and those local co-operatives form the Co-operative Retailing System (CRS). The CRS serves our members and communities with products and services that help build, feed and fuel individuals and communities from Vancouver Island to northwestern Ontario and into the North.

FCL is a second-tier co-operative, meaning that its members are other co-operatives, and its primary purpose is to serve those co-operatives.

FCL has three membership types: member retail co-operative, affiliate member and associate member. Most of our members fall within the first category and are local co-operative associations that serve the individual members of their communities by providing goods and services. An affiliate member is a co-operative that resells the goods it buys from FCL to its members but doesn't meet all criteria of a member retail co-operative. Finally, an associate member is every other organization, co-operative or otherwise, that doesn't meet all the requirements to be a member retail co-operative or affiliate member.

Retail and affiliate members can send between one and five delegates as representatives to FCL's Annual Meeting, determined by their annual purchase levels from FCL. Each associate member can send one delegate, regardless of purchase level.

FCL's Board of Directors consists of 15 directors elected from five districts for three-year terms. Only delegates from member retail co-operatives are eligible for nomination to FCL's Board of Directors. Director terms are staggered so that each year, one director is elected in each district. Following the director election and Annual Meeting, the board attends a reorganization meeting, at which time the Board of Directors elect a President/Chair of the Board and Vice-Chair.

Membership changes

Effective Oct. 31, 2024, FCL was made up of 156 member retail co-operatives, two affiliate members and six associate members. Five changes occurred during the year:

- Winkler Consumers Co-operative Ltd. and La Co-operative Paroissale de St. Joseph amalgamated to form Winkler Consumers Co-operative Ltd. The name was later changed to Gardenland Consumers Co-operative Ltd.
- The Saskatoon Co-operative Association Limited and The Vonda Co-operative Association Limited amalgamated to form The Saskatoon Co-operative Association Limited.
- The Lake Lenore Co-operative Association Limited and Lake Lenore Grocery Co-op amalgamated to form The Lake Lenore Co-operative Association Limited.
- Simpson Co-operative Association dissolved.
- Rosenort Co-operative Limited withdrew its membership.

FCL members by classification

156 Retail Co-operatives Members

2 Affiliate Members

6 Associate Members

FCL members by province

*all membership types

18 British Columbia

28 Alberta

87 Saskatchewan

30 Manitoba

1 Ontario

FCL at a Glance

Co-op in Western Canada

FCL's business is largely business-to-business (B2B). Working together, FCL and 156 independent local co-operative associations form the CRS and help to grow, build, feed and fuel Western Canada.

650+
communities

27,000+
employees

2.2M+
members

To learn more about FCL, refer to the About Us and FCL Membership sections for this report or visit **www.fcl.crs**.

We operate 50+ facilities in 5 provinces:

- **2** Petroleum Terminals
- **1** Refinery
- **32** Propane Centres
- **3** Fertilizer Terminals
- **5** Distribution Centres
- **1** Ethanol Plant
- **2** Feed Plants
- **9** Offices
- **2** Lumber Distribution Centres
- **1** Central Fill Pharmacy

3,500+ FCL employees

$11.9 billion in sales

Sharon Alford
President/Chair of the Board

> **As we stay rooted in our values, we're poised to make a lasting impact on communities across Western Canada.**

President's Message

This has been a remarkable year of resilience and unwavering commitment to our shared purpose as a co-operative. In the face of challenges, the principles that have long grounded us have strengthened our resolve and guided our path forward. Our theme for this year's annual report, "Rooted in Values," captures this commitment, underscoring the core values that form the backbone of the CRS and have been pivotal in navigating an unpredictable year.

The board's role has centred on overseeing a rapidly evolving environment, always with an eye toward long-term success. As part of that oversight, we've ensured our CEO and leadership team have the resources and support they need, allowing us to effectively navigate an ever-changing landscape. Flexibility has been essential, and the board has continued to prioritize diligence and adaptability.

This past year has reinforced the importance of sound governance as a foundation for sustainable growth. FCL proudly accepted the Excellence in Governance award from the Governance Professionals of Canada, a significant honour that highlights our leadership in advancing co-operative board governance standards.

Building on this foundation, we leverage tools like board skills assessments to identify strengths and areas for development and training for our directors, ensuring we draw on a wide range of skills and perspectives that meet the needs of the organization. Through ongoing governance education, orientation and mentorship, new directors are well-prepared to contribute effectively and uphold the values that define our co-operative model.

One notable event in 2024 was an impactful cybersecurity incident, which underscored the importance of vigilance and resilience in today's world. This experience highlighted our commitment to supporting our communities, operating with integrity and continuously improving our systems to ensure security and reliability.

This year, the board was closely engaged in the corporate planning process, where we took time to focus on both immediate needs and our long-term strategic direction. This collaboration has provided invaluable tools for future planning and strengthened our commitment to staying relevant and resilient. We are mindful that, in times of change, staying rooted in our co-operative values gives us stability and confidence to face future challenges.

Building and maintaining strong relationships is also foundational to who we are as co-operatives. The strength of our system depends on our shared commitment and active engagement from both FCL and local Co-ops. By working together, we will maintain and strengthen positive partnerships at the heart of our system. The board remains committed to supporting and facilitating these relationships with local boards and Co-op leaders. Initiatives like the launch of the Director Portal have enhanced board communication, and our Leaders Conference in Regina allowed directors to gain deeper insights into FCL operations. Moments like these are invaluable, helping foster connections and equip our elected officials with the insights they need to guide our co-operative system effectively into the future.

As I reflect on my own journey as Board President, I feel immense gratitude for the privilege of providing leadership to this incredible organization. Over the past five and a half years, I have witnessed firsthand the resilience, dedication and commitment that define our board and our people throughout the CRS. From natural disasters to economic shifts, the strength of our governance continues to be a strong foundation to carry us forward.

> **I am incredibly proud of our dedication to diversity, inclusion and the welcoming of new voices and perspectives, which bring both fresh energy and renewed commitment to our co-operative purpose.**

As I prepare to pass the torch to new leadership, I am filled with optimism for the future. Although challenges will undoubtedly come, I am confident our co-operative values and commitment to local Co-ops, Western Canadian communities and our incredible people will continue to guide us forward.

Rooted in integrity, excellence and responsibility, we're poised to keep making a positive impact. With our collective purpose guiding us, I'm confident in our continued strength to make a lasting difference for Co-ops and the communities they serve.

CEO's Message

Reflecting on 2024 fills me with pride — not because the year was smooth or easy, but because of how we, as the CRS, responded to challenges together. Our resilience, rooted in our co-operative values, helped us to stand strong and I'm inspired by what we've accomplished and how we've evolved. In times of adversity, it's our values that act as our compass, guiding us to find the right path and face obstacles together.

This year highlighted the importance of our commitment to our strategic thrusts — Local Co-op Relationships, Employee Experience and Operational Excellence. These focus areas are essential in informing our actions as we pursue our corporate goals and objectives. Strengthening this foundation is vital for our effectiveness today and for building a sustainable future.

Our co-operative model is at its best when we collaborate to build trusting, mutually respectful relationships that advance our CRS value proposition. Strong, productive relationships are foundational to delivering on our mission and essential for making a difference in members' lives.

Our commitment to our people remains a core priority. This year, we expanded initiatives to support mental health and wellness, engagement and inclusion. We are dedicated to creating a workplace where everyone feels valued, enabling team members to bring their whole selves to work.

Operational excellence is essential to our long-term resilience. It's about more than keeping pace with change; it's about our ability to anticipate and respond as we prepare for the future. By prioritizing continuous improvement, we optimize our processes, create efficiencies and find new ways to add value for local Co-ops.

To be effective in these areas, we must remain focused on our purpose. The world is rapidly evolving, and so are the needs of local Co-ops and communities. By concentrating our efforts in areas that provide the most value to the CRS, we ensure that we remain efficient and sustainable. Navigating ambiguity and making responsible choices are key to our collective role as stewards of the co-operative, and we embrace the privilege and challenge wholeheartedly because we believe in the positive impact we have across Western Canada.

Throughout the year, we celebrated milestones and honoured key transitions within our leadership team. We said goodbye to senior leaders who announced their retirement and left an inspiring legacy, and we welcomed new leaders who bring fresh perspectives and a steadfast commitment to the co-operative model. This infusion of experience and new energy reinforces our commitment to values and growth, and I'm confident these leaders will continue to carry our mission with dedication.

Looking forward, I believe deeply in the power of the CRS to continue to feed, fuel and grow Western Canada. To do this, we will remain adaptable and responsive to the world around us. While change is inevitable, our core co-operative values are non-negotiable. These values guide us forward, strengthening our unity and collaboration. We are committed to supporting each other, recognizing that our people are at the heart of everything we do, and prioritizing the unique needs of our communities that make us stronger.

> **Together, we're building a sustainable future that honours our co-operative roots and remains true to our purpose.**

As we look ahead, I am optimistic and energized by what lies before us, confident we will continue to take steps that improve the CRS and our communities today and for the next generation.

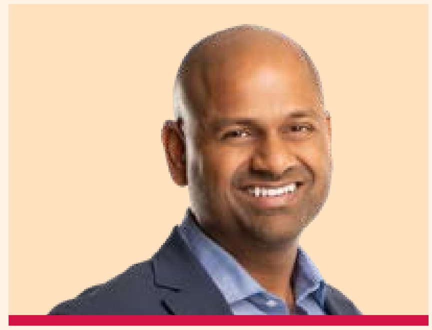
Heather Ryan
Chief Executive Officer

> **Our mission to support and strengthen Western Canada remains at the heart of everything we do.**

Senior Leadership

Heather Ryan
Chief Executive Officer

Roman Coba
Vice-President,
Technology



Rick Fernandes
Vice-President,
Consumer Products

Meghan Gervais
Vice-President,
Health, Safety and Compliance

Leanne Hawes
Vice-President,
Co-op and External Relations

Ron Healey
Vice-President,
Energy and Ag

Kyle Sokul
Vice-President,
Supply Chain

Tony Van Burgsteden
Vice-President,
Finance

Shauna Wilkinson
Vice-President,
People and Culture

About Us

We do business differently.

FCL does business differently. We were created by local Co-ops. We are owned by local Co-ops. We are fundamentally invested in the success of local Co-ops as they serve more than two million members through retail locations in over 650 communities across Western Canada.

We exist to help the 156 independent local Co-op associations in the CRS and their communities find and sustain long-term success.

FCL's support for these local Co-ops and their communities comes in the form of:

Strategy and leadership

Providing responsible, innovative leadership to support the CRS and to sustain a vibrant and unified federation.

Wholesaling

Sourcing products across all lines of business that leverage the purchasing power of the CRS.

Manufacturing

Creating products that allow local Co-ops to participate in and benefit from the whole value chain.

Logistics

Managing a logistics network to ensure that products are delivered reliably to local Co-ops and their members.

Operations

Sharing operational best practices and standards to enhance the success of local Co-ops.

Business enabling services

Providing a range of back-office services that help local Co-ops remain competitive while providing a positive customer experience that makes a difference in members' lives.

Vision

Building sustainable communities together.

Mission

To provide responsible, innovative leadership and support to the CRS for the benefit of members, employees and Canadian communities.

Values

Integrity | Excellence | Responsibility

Year in Review

November

Sweláps Market opening

- FCL, The Grocery People (TGP) and industry partners worked with Tkèmlúps te Secwépemc to host the grand opening of their new grocery store, Sweláps Market, in Kamloops, B.C.

Caring Company designation

- For a seventh consecutive year, FCL received a Caring Company designation from Imagine Canada, which recognizes organizations that donate an annual minimum of one per cent of their pre-tax profit to non-profit and charitable organizations.

People Forward system

- FCL and 50 local Co-ops (approximately 19,000 employees) moved onto the People Forward system, which is aimed at improving the employee experience by empowering the CRS with modern HR technology, consistent HR practices and reliable HR data.

CAMA Awards

- FCL received two best in show awards, seven category awards and six certificates of merit at the Best of CAMA Awards which recognizes marketing excellence.

Governance Excellence Award

- FCL won an Excellence in Governance Award for the Director Development Program from the Governance Professionals of Canada.

New Tempo Gas Bars

- Grand opening of eight FCL-owned TEMPO® Gas Bars in Calgary, featuring Fuelled by Co-op, and the pilot launch of the WESTWAY REWARDS™ independent frequency program.

January

180 new food products

- The Consumer Products store brands team launched 180 new food products in 2024, including CO-OP GOLD® Soda, which returned to store shelves across Western Canada. Proudly made in Edmonton, Alta., it is available in five sought after flavours — Cola, Root Beer, Ginger Ale, Orange and Lemon Lime.

Supply Chain Support Centre

- The Supply Chain Support Centre launched to provide centralized customer service for local Co-ops for products ordered through FCL Distribution Centres.

Cardlock credit card upgrade

- FCL's Energy team began a CRS-wide rollout to enable the use of credit cards at CO-OP® Cardlocks. By the end of the fiscal year, 51 Co-op Cardlock locations had been upgraded, providing an improved experience for Co-op customers.

February

First Co-op Combine Conference

- The first Co-op Combine Conference and Trade Show was held to celebrate the Co-op Ag community. The conference hosted more than 600 participants, including industry leaders, local Co-ops, suppliers and partners.

Red Cross partnership

- FCL renewed a five-year partnership with the Canadian Red Cross to continue making a difference in the lives of individuals, families and communities.

United Way campaign

- FCL announced more than $223,000 was raised during our workplace United Way campaign, supported by both employee and FCL contributions.

New freight rate model

- A new freight rate model was implemented to improve efficiencies and increase transparency in the cost for freight in grocery and hardware deliveries for Co-ops.

BINLogic

- Launched BINLOGIC™ as part of the Co-op AGZONE™ brand of agribusiness digital solutions. BINLogic is an exclusive wireless and handheld grain monitoring system that enables growers to access real-time sensor data on their grain from anywhere.

March

95th Annual Meeting

FCL's 95th Annual Meeting was held in Saskatoon, Sask., bringing together more than 270 Co-op leaders from across Western Canada.

CRM tool pilot

Launched the first local Co-op pilot for a Customer Relationship Management tool. This initiative is designed to deliver a 360-degree view of business-to-business customer interactions.

Proudly Western Canadian

The Proudly Western Canadian program was introduced to Co-op convenience stores to differentiate themselves from competitors and provide a unique shopping experience for customers.

April

Co-op Spring Conference

- Hosted the second Co-op Spring Conference in Saskatoon, bringing over 400 CRS leaders and team members to network and learn together.

May

Canadian Grand Prix awards

- FCL won four awards at the 31st Canadian Grand Prix New Product Awards presented by the Retail Council of Canada.

Canada Plastics Pact

- FCL renewed a three-year commitment to the Canada Plastics Pact. This year, FCL reported a 16 per cent decrease in problematic plastics, a 41 per cent increase in packaging that is recyclable, and a 126 per cent increase in post-consumer recycled plastics sourced for the CRS.

June

Launching Co-op Essentials

In partnership with Otter Co-op, the first pilot CO-OP ESSENTIALS® Food Store opened in Surrey, B.C., offering a new format for convenient one-stop shopping with everyday savings on everyday essentials.

Co-op Community Spaces anniversary

Co-op Community Spaces celebrated 10 years by announcing 14 new recipient projects. Over the past decade, Co-op has given $13.5 million to capital projects across Western Canada.

HR systems for CEC

People Forward launched for employees of the Co-op Ethanol Complex.

Modern tools for Co-op Board Members

FCL launched a more modern intranet portal to improve communication with Co-op Board Members. The portal provides access to documents and relevant information through mobile and online platforms.

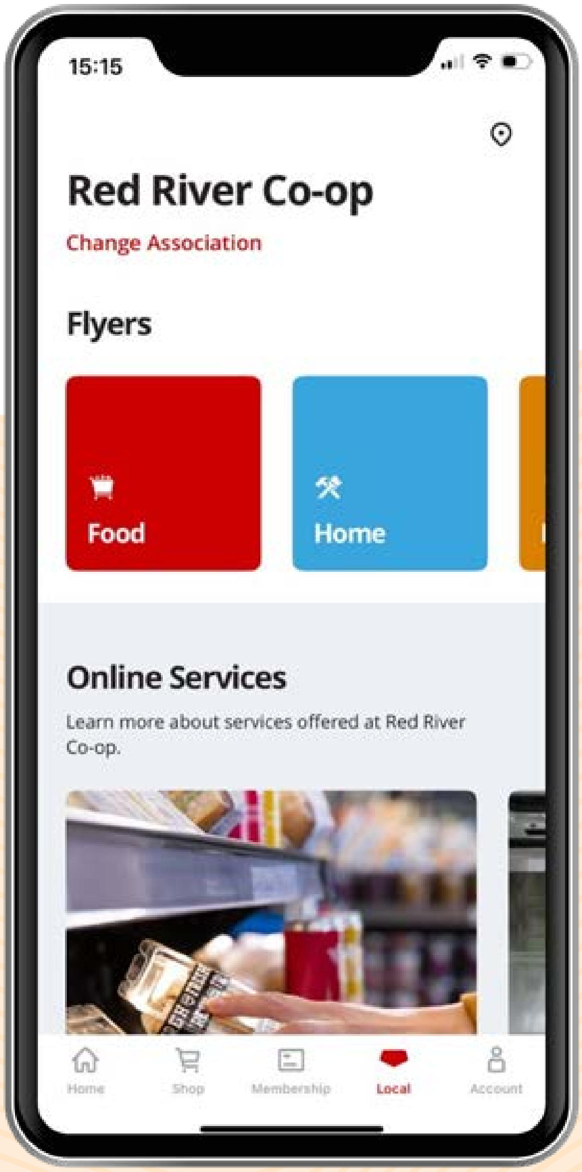
July

Response to Jasper wildfires

In response to the Jasper wildfires, local Co-ops and TGP's Your Jasper Grocer stepped up to support those impacted through donations, customer fundraisers, till campaigns and more. Through the Co-op Helps matching program, FCL contributed an additional $5,000 to each of the local Co-op donations, resulting in a total contribution of $46,358 to the Canadian Red Cross 2024 Alberta Wildfires Appeal.

Fertilizer sales record

The Fertilizer team had a record year with a 10 per cent increase in sales year-over-year. Results exceeded budgeted net sales, volume and margin targets.



August

Co-op App anniversary

In its first year, the new Co-op app achieved 180,000 downloads (an increase of 132 per cent over 2023), 140,000 digital accounts created (an increase of 541 per cent over 2023) and 41,000 online memberships purchased (an increase of 28 per cent over 2023).

Ag product growth

In 2024, private brand ag product sales volume increased by 11 per cent, supported by the addition of a new crop protection product, Governor, increasing FCL's portfolio of private brand ag products to 19.

Since 2017, Fuel Good Day has raised

$5 Million

for **local charities and non-profit organizations.**

September

Fuel Good Day success

Co-ops across Western Canada raised over $700,000 to support more than 200 community organizations through FUEL GOOD DAY® – the largest amount to date. Since 2017, Fuel Good Day has raised more than $5 million for local charities and non-profit organizations.

Central fill service

Co-op Central Services Pharmacy opened in Regina to support local Co-ops in Saskatchewan by using automation to accurately and efficiently package and label prescriptions for Co-ops. This service enables Co-op pharmacists to provide enhanced customer care by freeing up their time to focus on education, patient support and clinical services.

Brownlee Family Foundation Award

FCL received the Brownlee Family Foundation Award from the Saskatoon Food Bank and Learning Centre (SFBLC) in recognition of FCL's ongoing commitment to the organization through regular food donations and providing freezer space for SFBLC to store a larger product inventory in FCL's Saskatoon Distribution Centre.

Clayoquot Sound support

FCL contributed $150,000 over three years to support the Clayoquot Sound Biosphere Centre Community Kitchen project in Tofino, B.C., matching Ucluelet Co-op's contribution.

October

Co-op support for governance

Continued our 40 years of support by committing $1.3 million over five years to the Canadian Centre for the Study of Co-operatives and the CRS Chair in Co-operative Governance at the University of Saskatchewan.

CX Impact Award recognition

The New Member Experience program, the result of a collaboration with FCL and local Co-ops, was recognized with a 2024 CX Impact Award. The New Member Experience — online membership sign-up, centralized welcome packages, and cash back and equity statement enhancements — improves new member activation and the onboarding experience.

Expanding Co-op's fuel network

In 2024, an additional 14 Husky Gas Bars were converted to two Co-op Gas Bars (including the only one in a national park) and 12 Tempo Gas Bars. Through the Husky acquisition, a total of 74 new Co-op Gas Bars and 28 Tempo Gas Bars were added, expanding the Co-op fuel network.

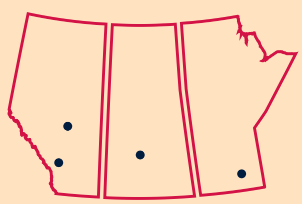
Sustainability Highlights

Below is an overview of the accomplishments of the CRS' sustainability initiatives for the year. All metrics are based on the 2023 calendar year unless otherwise stated.

Diverted over 39% of waste from the landfill, including **109,618 kg** of batteries and **157,525 kg** of steel that were recycled.

Recycled 296,715 kg of plastic wrap and film from local Co-ops and FCL distribution centres, which were baled and sold to be **processed into composite decking.**

Over 374,400 kg of food was donated to food banks in Calgary, Edmonton, Saskatoon and Winnipeg, equivalent to over **$3.2 million in value.**



Donated an equivalant of **$73,000 of pet food to local pet rescue organizations** in Calgary, Edmonton, Saskatoon and Winnipeg.

The Home and Building Solutions team **sourced 330 new Canadian Made Products** bringing the total offered to 3,378.

Reduced fuel consumption for merchandise and petroleum fleet vehicles from 48 L/100 km in 2022 **to 46 L/100 km.**

Over **16 million kg** of fresh produce sourced from **Western Canadian farmers.**

Composted over 118,016 kg of organics from our distribution centres, a **153% increase** from 2022 – 23.

Recycled 269,230 kg of cardboard at FCL distribution centres.

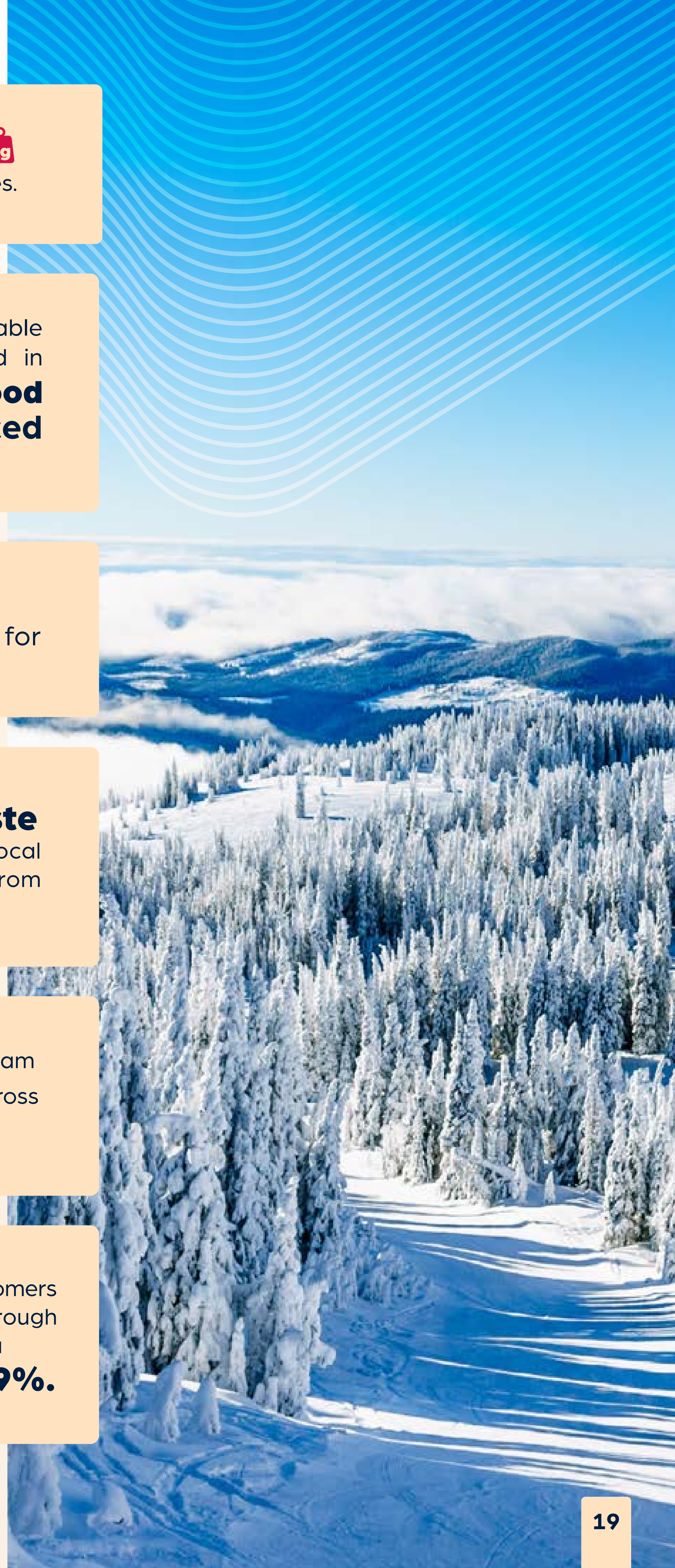
FCL's commitment to our Sustainable Fish and Seafood Policy resulted in **94% of the fish and seafood being sustainably sourced** in 2023, up from **89%** in 2022.

Contributed $2.1 million to support research initiatives for **impacted site remediation.**

5.2 million kg of food waste was rescued and repurposed to local farms through the Loop program from **109 participating Co-op locations.**

The **GROWN WITH PURPOSE®** program has **422,300 acres** recorded across **116 participating farms.**

The CRS continued to encourage customers to recycle their vehicle batteries through the **Battery Bucks program**, hitting a **recycle return rate of 109%.**



Directors

Elected by the delegates of member co-operatives, FCL's Board of Directors oversees the management of the business and the affairs of the co-operative in accordance with the Canada Cooperatives Act and FCL's bylaws. The directors must act honestly and in good faith, with a view to the best interests of the Federation as a whole.

The Board is committed to FCL's values: integrity, excellence and responsibility. This means adhering to the highest standards of ethics, honesty and good governance. The Board believes that operating according to these standards is critical to protecting the interests of FCL, its member-owners and its customers.

One of the Board's core responsibilities is to set the long-term strategic direction for FCL and to provide oversight that guides FCL towards achieving its goals. The Board and Senior Leadership Team establish the Corporate Plan, based on a five-year planning horizon, with the resulting strategic direction cascaded into the organization to inform annual business planning. Each business unit develops its plan and budget to support these corporate priorities, with the Board then approving the overall budget for FCL. The Board receives regular progress reports on the status of the strategic projects and each business unit's plans and uses a balanced scorecard with key performance indicators to measure corporate performance.

The Board met 11 times in 2023-24, with nine regular board meetings, one reorganization meeting and one special meeting. Eight meetings were held in person and three were held remotely.

The Board proposed two bylaw changes for the delegates' consideration. The first, introducing term limits for FCL directors, was not passed at the Annual Meeting. The second change, related to the election of a chair and secretary at District Meetings, was passed.

Meetings with our members

The fifth annual Leaders Conference was held Nov. 3-4, 2023, in Regina, Sask., the first of these meetings held outside of Saskatoon. The meeting was attended by 473 registered delegates, GMs/CEOs and FCL SLT who had the opportunity to visit FCL's largest asset, the Co-op Refinery Complex.

FCL held its Annual Meeting in March. Director elections took place at the meeting with the following directors elected:

- District 1 – Cole Jackson was elected for his first term
- District 2 – Paul Hames was acclaimed for his second term
- District 3 – Robert Grimsrud was acclaimed for his second full term
- District 4 – Valerie Pearson was acclaimed for her fourth term
- District 5 – Matthew Heide was elected for his first term

Following the Annual Meeting, Sharon Alford was elected for a fifth term as President/Chair and Paul Hames was elected Vice-Chair.

June District Meetings were held in Prince George and Sidney, B.C., Yorkton and Saskatoon, Sask. and Brandon, Man.

Director Development Program

The Director Development Program is available to board directors across the CRS. It has three objectives: promote leading practices in co-operative board governance, support boards in being strategic in their guidance of their co-operative and provide tools supporting the roles and responsibilities of a director.

Series 3 of the program — Advanced Co-operative Governance — was released in 2021. This course was developed by FCL in partnership with the Canadian Centre for the Study of Co-operatives, affiliated with the Johnson Shoyama Graduate School of Public Policy at the University of Saskatchewan and University of Regina. Upon completion of this program, directors obtain the Co-op Director.D. designation — the first co-operative director designation in Canada, which identifies the skills and competencies needed to be an effective director at a co-operative. Congratulations to the nine local Co-op directors who achieved this designation in 2023.

Director Development Program data for 2024 fiscal year:

- Series 1: Foundations of Co-op Governance – 22 completions
- Series 2: Building Strategic Leadership – 19 completions
- Series 3: Advanced Co-operative Governance – nine completions

Committees

Governance Committee:
Paul Hames (Chair), Sharon Alford, Graham Anderson, Valerie Pearson, Donna Smith

Audit Committee:
Darlene Thorburn (Chair), Miranda Flury, Randy Graham, Cole Jackson, Richard Stefansson

Human Resources Committee:
Robert Grimsrud (Chair), Graham Anderson, Marc Girard, Paul Hames, Donna Smith

Sustainability Committee:
Brett Ferguson (Chair), Matthew Heide, Valerie Pearson, Garth Weiterman

Code of Conduct and Ethics Committee:
Paul Hames (Chair), Sharon Alford, Robert Grimsrud

Credentials Committee:
Paul Hames (Chair), Valerie Pearson, Donna Smith, Richard Stefansson

The President/Chair of the Board sits as an ex-officio member on all committees.

District	Director	Board Meetings Attended	Committee Meetings Attended	Term Expires
1	**Miranda Flury,** Fort St. John, B.C.[3]	9/9	4/4	2025
1	**Donna Smith,** Stony Plain, Alta.	11/11	10/10	2026
1	**Tara Burke,** Wainwright, Alta.[1]	3/3	3/3	2024
1	**Cole Jackson,** Mannville, Alta.[2]	8/8	3/3	2027
2	**Darlene Thorburn,** Victoria, B.C.	11/11	6/6	2026
2	**Paul Hames,** Brentwood Bay, B.C.	11/11	10/10	2027
2	**Graham Anderson,** Powell River, B.C.	11/11	9/9	2025
3	**Brett Ferguson,** Weyburn, Sask.	10/11	4/4	2025
3	**Robert Grimsrud,** Estevan, Sask.	11/11	7/7	2027
3	**Marc Girard,** Moose Jaw, Sask.	11/11	5/5	2026
4	**Valerie Pearson,** Saskatoon, Sask.	11/11	9/9	2027
4	**Randy Graham,** Battleford, Sask.	11/11	4/4	2025
4	**Garth Weiterman,** Outlook, Sask.	11/11	4/4	2026
5	**Sharon Alford,** Swan River, Man.	11/11	19/19	2025
5	**Jocelyn VanKoughnet,** Carman, Man.[1]	3/3	1/1	2024
5	**Matthew Heide,** Boissevain, Man.[2]	8/8	3/3	2027
5	**Richard Stefansson,** Beausejour, Man.	11/11	4/4	2026

[1] Term ended March 4, 2024
[2] Term began March 4, 2024
[3] Vacated October 15, 2024

Sharon Alford
President/Chair of the Board

Paul Hames
Vice-Chair of the Board

Graham Anderson
Director

Marc Girard
Director

Randy Graham
Director

Robert Grimsrud
Director

Valerie Pearson
Director

Donna Smith
Director

Richard Stefansson
Director

Directors

Brett Ferguson
Director

Miranda Flury
Director

Matthew Heide
Director

Cole Jackson
Director

Darlene Thorburn
Director

Garth Weiterman
Director

Financial Highlights

Membership returns

FCL is owned by its local co-operative members. A significant portion of FCL's earnings is returned to its member-owners in the form of patronage allocations based on their purchases throughout the year. The Board has approved the following patronage allocation rates:

Crop Supplies	4.000%
Food	2.380%
Home and Building Solutions	2.000%
Energy – Fuels[1]	3.007¢/L
Energy – Propane[1]	10.000¢/L
Energy – Oil and Grease	8.000%
Fertilizer[2]	5.500$/MT

[1]Cents per litre (¢/L)
[2]Dollars per metric ton ($/MT)

2024 Highlights

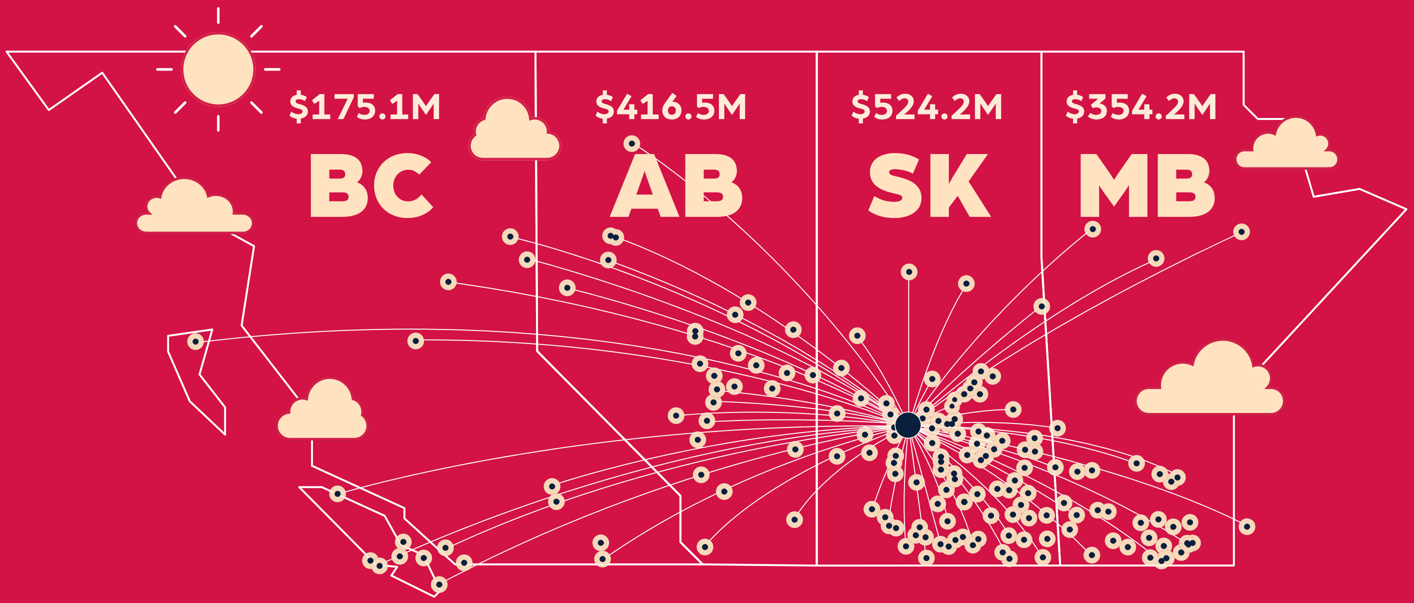
Sales	Net income
$11.9 billion	**$297 million**

Patronage allocation	Share redemption
$252 million	**$230 million**

Five-year patronage allocation

Over the last five years, FCL has made patronage allocations of nearly $1.5 billion and share redemptions of $1.2 billion in cash to its member-owners.

Every dollar of our profits stays right here to support Western Canadians and make a difference where we live and work. That's something we can all be proud of.



Operational Context

The challenges of 2024 underscored the resilience, adaptability and strength of the CRS. Together, we navigated economic pressures, unexpected disruptions and rapid changes with determination, collaboration and an unwavering focus on our mission. Despite these challenges, we remained committed to serving our communities, supporting local Co-ops and upholding the values that define us. In a year of constant change, our commitment to integrity, excellence and responsibility remained steadfast, keeping us focused on our vision of ***building sustainable communities together.***

Throughout 2024, the

dedication, collaboration and ingenuity

of our people shone brightly.

Western Canada faced devastating wildfires and broad rail disruptions, testing our operations, yet our teams delivered vital fuel, supplies and support to local Co-ops, demonstrating the true power of cooperation. Additionally, a fuel supply disruption caused by the Winnipeg Products Pipeline outage showcased our ability to be agile and overcome logistical challenges.

On the environmental front, federal initiatives addressing climate change required us to assess and adapt our operations to meet evolving expectations. Separate sustainability initiatives, including measures to reduce plastic waste, have also driven us to support local Co-ops in aligning with these important changes.

We also faced a significant cybersecurity incident that temporarily disrupted projects and operations. However, the collaboration and quick action of our teams brought us through this challenge with strength and determination. With lessons learned, we've taken concrete steps to enhance our security measures and safeguard our systems in an ever-evolving digital landscape.

Throughout 2024, the dedication, collaboration and ingenuity of our people shone brightly. Together, we demonstrated what it means to be a co-operative — making decisions rooted in our values and staying committed to serving local Co-ops and our communities. As we look ahead, we carry the confidence that no matter what comes our way, we will continue to adapt, innovate and thrive, building a sustainable and brighter future for everyone.

Corporate Goals

Corporate goals define the focus areas and desired outcomes for implementing strategies that align with our long-term direction.

People

We inspire a culture of collaboration, inclusion and well-being.

Financial

We generate sustainable value, market returns and long-term **growth for the CRS.**

Market

We understand and address local Co-op and consumer needs to **drive targeted CRS growth and performance.**

Sustainability

Environmental, social and fiscal considerations are embedded in planning and decision-making to the advantage of the CRS.

Operations

Through safe, sustainable and efficient operations, **we collaborate with local Co-ops** to lead business innovations in shared systems, processes and services to create value for the CRS.

Our goals set the direction, guide our strategy and align our collective efforts toward long-term success.

Strategic Thrusts

Strategic thrusts are the key areas of focus that complement and support the achievement of our five-year corporate goals.

1. Employee Experience
2. Local Co-op Relationships
3. Operational Excellence

By continually strengthening these core areas, and remaining rooted in our values, we build resilience to effectively support the CRS and withstand challenges that come our way. This focused work ensures we have a solid foundation for long-term success and adaptability.

Employee Experience: You're at Home Here

Together we create an environment where team members feel at home and find success, community and purpose.

FCL's commitment to employee experience is about creating a workplace where everyone feels valued, included and truly like ***they are at home here.*** FCL believes in fostering a diverse and inclusive culture where everyone can thrive, and this comes to life through initiatives that support growth, connection and well-being.

Our Employee Promise:

You're at Home Here: At Co-op, you'll find success, community and purpose.

Listening and learning together

FCL is committed to prioritizing employee engagement by addressing key areas for improvement, based on feedback from the 2023 employee engagement survey. This year, our engagement efforts focused on Enable (removing barriers to productivity) and Support (fostering career growth, recognition and well-being). Key actions included:

- **Career development tools:** Expanded resources to support team members and team leaders to effectively manage annual performance and career development conversations, leveraging the new systems that are available to many employees.
- **Well-being:** Workspace reviews and an organization-wide Wellness Challenge fostered healthier, more effective work environments.

FCL recognizes that employee experience directly influences engagement. In 2024, a new people goal was also added to business unit planning to reinforce our focus on creating a positive employee experience, ensuring it is integrated into every part of our operations. By continuously improving the experience offered to employees, we are creating the foundation for a positive and inclusive workplace culture.

$248k donated to 67 organizations

though the Community Investment Fund, which allows employees to allocate funds to causes that matter most to them.

22 FCL team members were Community Builders

award recipients in recognition of their support of local charities where they make a difference through volunteerism.

Employees at every level feel connected to our communities, our members and to the co-operative model
– *Engagement focus group feedback.*

Empowering growth and connection

Teams and individuals across the CRS continue to take steps to make Co-op a place where every employee can bring their whole selves to work. Team members participated in several opportunities to learn, connect and grow in 2024, including:

Inclusion Networks: FCL has five Inclusion Networks dedicated to equity-deserving groups: Indigenous Peoples, Persons with Disabilities, Persons of Colour, Women, and the Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer+ (2SLGBTQ+) communities. These networks create space for connection, shared experiences and meaningful action to reduce barriers and enhance inclusion.

Diversity and Inclusion: Throughout the year, FCL offered opportunities to build purpose, inclusion and community connections, such as local pride parades, the Kairos Blanket Exercise, Rock Your Roots Walk for Reconciliation and cultural learning sessions.

Employee Well-being offerings were expanded in alignment with the four pillars: Psychological, Physical, Financial and Social, supporting a holistic approach to employee experience and well-being. One addition was the Religious Literacy programming, which deepened understanding of various religious and spiritual practices to foster respect and inclusion.

These efforts highlight FCL's dedication to fostering an inclusive, equitable and supportive workplace, where every employee feels empowered to be their authentic self and can grow and succeed.

5 Inclusion Networks
championing equity and diversity.

385 employees completed the 4 Seasons of Reconciliation course in 2024 to deepen their understanding of Indigenous history in Canada, supporting reconciliation through learning and action.

64 per cent
of employees responding to FCL's Diversity and Inclusion survey reported no uncomfortable diversity or inclusion-related experiences at FCL.

Modern tools for success

FCL is committed to empowering team members with new self-service technology and dedicated support. The CRS rollout and use of modern and consistent HR technology, practices and data aim to improve the employee experience by equipping leaders with real-time insights to improve decision making and providing a stronger alignment between employee goals and organizational objectives.

Local Co-op Relationships

FCL collaborates with local Co-ops to build trusting, mutually respectful relationships that advance the CRS value proposition.

Through strategic leadership, products, programs and services, FCL and local Co-ops partner together to make a difference in members' lives. Together, we form a sustainable network of co-operative retailers, differentiated by our shared values and principles, serving our members and communities across Western Canada.

In 2024, we continued to strengthen these relationships through collaboration, communication and shared action, prioritizing the overall health of the CRS and its economic and social impact.

79 local Co-ops were visited during FCL's Senior Leadership Team tour in spring 2024.

Prioritizing relationships and enhancing our service

FCL and local Co-ops continued to develop and refine the CRS Relationship Framework initiated in 2023. This framework will offer metrics to better understand the effectiveness of our efforts and focus on CRS relationships. Key elements include:

- Shared understanding through effective communication, intentional engagement and the delivery of relevant, quality services as well as joint action and priority setting to achieve value across all member-owner relationships.
- Embracing our co-operative identity and leaning into what makes Co-op a different kind of business.
- Focusing on leveraging CRS capabilities to drive business results and a commitment to strengthen and sustain system-wide economic health and operational excellence.

This year, we also offered a Member Satisfaction (MSAT) Pulse Check Survey that provided valuable insights into how FCL serves local Co-ops. Overall, 81 per cent of respondents expressed satisfaction with FCL services.

Through multiple touchpoints, FCL has maintained a continued focus on enhancing our services and support. Areas for improvement include enhancing communication on service delivery, leveraging technology to better meet diverse needs and fostering a culture of service with alignment on values and priorities.

112 local GMs and CEOs contributed to a new assessment of the FCL–local Co–op relationship.

Celebrating co-operative values

Canada's Co-op Week was held Oct. 13 – 19, 2024, and the CRS celebrated with activities including lunch-and-learns, articles on co-operative principles and local Co-op trivia, helping employees deepen their understanding of co-operatives and their importance to Western Canada.

1,822 **CRS employees participated in the Co-op Week Employee Contest.**

506 **attended the Co-op Week lunch and learn** that discussed why co-operatives are different from other businesses, co-operative challenges, FCL's purpose and how as team members we can support that purpose.

A new animated commercial, "What If?" promoted Co-op's unique business model online and in cinemas during Co-op Week, generating a combined total of over

1.3 million views.

Investing in support and growth

From crisis management to acquisitions and amalgamations, FCL supported local Co-ops through significant transitions. Marketing efforts like the Together We Win campaign drove traffic to Co-op stores and supported community investment, while the Co-op Helps matching program amplified local Co-op efforts to support local needs, causes and emergencies.

Co-op Helps supported local food banks and offered relief for the Red Cross Jasper, Alta., and Kelowna, B.C., Wildfires Appeal.

Bringing the CRS together

Events such as the Spring Conference, Combine Conference, Annual Meeting and Leaders Conference fostered networking, learning and collaboration between local Co-ops and FCL.

By prioritizing strong CRS relationships, we ensure the co-operative system thrives — delivering economic returns, strengthening communities and living our purpose together.

Online membership sign up levels increased by four per cent in 2024,

with 39,177 new consumer members and **1,485 business members signing up** through the web or Co-op app.

131 local Co-ops (or 84 per cent) attended at least one FCL governance or operational meeting in 2024.

Operational Excellence

We maximize CRS competitiveness by executing safe, reliable and efficient operations while advancing the strategic priorities that create long-term sustainable value for the CRS.

FCL pursues operational excellence with a focus on continuous improvement across all areas of our business to ensure we continue to deliver value to local Co-ops so they can remain competitive and well-positioned to meet evolving challenges and opportunities.

By prioritizing operational excellence, we continue to strengthen the CRS, drive sustainable growth and deliver meaningful value for local Co-op member-owners and their communities.

Enhanced support and service

To offer improved service to local Co-ops, FCL launched the Supply Chain Support Centre in 2024 to provide centralized customer service with extended service hours. FCL also implemented a new freight rate model that provides improved efficiencies and transparency in the costs for freight in grocery and hardware deliveries for Co-ops.

To support pharmacy services, FCL opened a central fill service location in Regina, Sask., with seven local Co-op locations actively using the service. This service is intended to improve packaging efficiency to allow pharmacists more time to focus on enhanced patient care and enable Co-op Pharmacies to bid on long-term care contracts that expand operations and services. FCL will continue to seek opportunities to support packaging for pharmacies in other provinces, as regulations allow.

A Fresh Item Management (FIM) production planning tool rolled out to 81 Co-op Food Stores, demonstrating improvements in sales, inventory management and in-stock position for in-store made products.

Focus on safe, reliable operations

FCL invested more than $140 million in the Co-op Refinery Complex's 2024 Turnaround, creating approximately 2,200 additional temporary jobs. As part of the project, a Common Services Outage (CSO) was completed. Scheduled for every six years, the CSO encompasses common services work required by external agencies such as SaskPower and TransGas, along with equipment only isolatable during a complete process outage. This work led to the temporary shutdown of natural gas, power, steam, the Flare #1 system and common equipment. The work completed through the CSO was integral to ensuring the Refinery continues to operate safely and reliably.

Growth and expansion

FCL continues to support local Co-ops to expand their presence with new locations and product offerings, contributing to long-term sustainability and value creation.

In 2024, local Co-ops opened or acquired 32 new locations across Western Canada, including six greenfield food and petroleum sites. The liquor business saw growth with 26 new locations added in 2024, and FCL focused on expanding the liquor category management team to support this growing business line.

Carbon footprint

In 2023, FCL's reported Scope 1 and Scope 2 emissions were 2.38 million tonnes of carbon dioxide equivalent. As a result of higher production at CRC, emissions increased by 6.5 per cent from the previous year. Emissions reported are calculated using industry best practices and the globally accepted Greenhouse Gas Protocol.

Statement on the Co-operative Identity

International Co-op Alliance

Co-operatives

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote), and co-operatives at other levels are also organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.

Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Manchester, United Kingdom
Sept. 23, 1995

Code of Ethical Standards for Co-operatives

We recognize that this consumer-owned co-operative has a responsibility to respect, to promote and to protect the rights of consumers, and that these rights include:

The right to safety | The right to be informed | The right to choose | The right to be heard

In support of its responsibility to appreciate the rights of consumers, this co-operative shall aim to observe and apply in all of its activities, the following:

Ethical Standards

- All claims, statements, information, advice, and proposals shall be honest and factual.
- Sufficient disclosure of pertinent facts and information shall be made to enable others to adequately judge the offered product, service, or proposal, and its suitability for the purpose to be served.
- Due regard shall be given to public decency and good taste.
- Unfair exploitation in any form shall be avoided.
- Comparison of co-operative merchandising, products, services, philosophy, principles, or practices, to those of others shall only be made honestly and fairly, and without intent to harmfully disparage.
- The interests of the membership as a whole shall be paramount to the interests of the institution.
- The co-operative shall aim to be equitable in the treatment of its members.
- Knowingly advising or persuading individuals to take action that may not be in their best interests shall be avoided.

Application of the Code

Having acknowledged that the consumer has certain rights, and being resolved to conduct our activities in the interests of the consumer, we shall, at all times, when applying this code or interpreting its intent, emphasize ethical human relations and values rather than technicalities or legalisms.

Our test for compliance to this Code of Ethical Standards shall be the effect of a communication or action on the ordinary or trusting mind. We recognize that it is not sufficient that a discerning, knowledgeable, or analytical person may derive a correct interpretation if others may be misled.

The Code of Ethical Standards is adopted by the Board of Directors as an official policy of FCL and is recommended for adoption by all retail co-operatives served by FCL.

2024
Financial Statements

Independent Auditor's Report

To the Members of Federated Co-operatives Limited:

Opinion

We have audited the consolidated financial statements of Federated Co-operatives Limited and its subsidiaries (the "Co-operative"), which comprise the consolidated statement of financial position as at October 31, 2024, and the consolidated statements of comprehensive income, members' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Co-operative as at October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Co-operative to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
December 18, 2024

Consolidated Statements of Comprehensive Income

Years ended October 31		In millions of CAD $	
Notes		**2024**	2023
	Sales	**$ 11,884**	$ 12,460
16	**Cost of Products Sold**	**10,690**	10,850
	Gross Margin	**1,194**	1,610
16	Operating and administration expenses	**687**	632
16	Loyalty payments	**198**	200
16, 18	Finance costs	**50**	49
8, 10	Impairment losses	**83**	16
22	Losses on risk management contracts - realized	**16**	158
22	Losses (gains) on risk management contracts - unrealized	**5**	(198)
15	Other income	**(155)**	(165)
		884	692
	Net Income Before Income Taxes	**310**	918
20	Income taxes	**13**	137
	Net Income Before Other Comprehensive Income	**297**	781
14	Actuarial gain on defined benefit plan (net of tax)	**-**	22
	Total Comprehensive Income	**$ 297**	$ 803

Consolidated Statements of Cash Flows

Years ended October 31		In millions of CAD $	
Notes		**2024**	2023
	Operating Activities		
	Net income	**$ 297**	$ 781
	Adjustments for:		
16	Depreciation and amortization	**436**	444
15	Loss (gain) on disposal of long-lived assets	**1**	(7)
16	Impairment losses	**83**	16
20	Deferred tax	**(166)**	92
22	Unrealized losses (gains) on risk management contracts	**5**	(198)
12	Settlement of asset retirement obligations	**(10)**	(8)
12	Accretion	**6**	7
	Contributions to the pension liability, net of expense	**(1)**	(2)
	Changes in non-cash operating working capital:		
	Members accounts receivable	**(226)**	255
	Non-members accounts receivable	**(17)**	66
	Inventories	**211**	(206)
	Prepaid expenses	**(5)**	1
	Accounts payable	**5**	(202)
	Income taxes payable	**145**	(27)
	Cash provided by operating activities	**764**	1,012
	Investing Activities		
	Additions to short-term investments	**(82)**	(96)
	Increase to investments and advances	**(26)**	(129)
8, 9	Additions to long-lived assets	**(390)**	(367)
	Additions to intangible assets	**(98)**	(24)
	Proceeds from sale of long-lived assets	**9**	7
	Cash used in investing activities	**(587)**	(609)
	Financing Activities		
	Redemption of share capital	**(323)**	(280)
	Proceeds from (repayment of) members' funds, net	**104**	(15)
19	Principal repayment of lease obligations	**(7)**	(11)
	Cash used in financing activities	**(226)**	(306)
	(Decrease) Increase in Cash and Cash Equivalents	**(49)**	97
	Cash and Cash Equivalents, Beginning of Year	**520**	423
	Cash and Cash Equivalents, End of Year	**$ 471**	$ 520
	Cash and Cash Equivalents are comprised of:		
	Cash	**199**	344
	Cash equivalents	**272**	176
		$ 471	$ 520

Consolidated Statements of Financial Position

As at October 31		In millions of CAD $	
Notes		**2024**	2023
	Current Assets		
	Cash and cash equivalents	**$ 471**	$ 520
	Short-term investments	**1,874**	1,792
	Members accounts receivable	**1,586**	1,360
	Non-members accounts receivable	**542**	525
6	Inventories	**1,089**	1,300
	Prepaid expenses	**33**	28
	Income taxes receivable	**-**	6
7	Current portion of advances	**202**	184
		5,797	5,715
	Non-Current Assets		
7	Investments and advances	**303**	295
20	Deferred tax asset	**5**	4
9	Investment property	**32**	31
8	Property, plant and equipment	**3,412**	3,518
10	Intangible assets	**374**	312
		$ 9,923	$ 9,875
	Current Liabilities		
	Accounts payable	**$ 1,381**	$ 1,394
11	Members' funds	**703**	599
11	Current portion of long-term debt	**300**	-
	Income taxes payable	**139**	-
		2,523	1,993
	Non-Current Liabilities		
19	Long-term lease obligations	**37**	40
11	Long-term debt	**-**	300
12	Asset retirement obligations	**121**	108
14	Pension liability	**23**	24
20	Deferred tax liability	**623**	788
		804	1,260
	Members' Equity		
13	Members' share capital	**2,059**	2,130
	Retained earnings and accumulated other comprehensive loss	**4,530**	4,485
		6,589	6,615
	Non-controlling interest	**7**	7
		6,596	6,622
		$ 9,923	$ 9,875

On behalf of the Board:

________________ Director

________________ Director

Consolidated Statements of Members' Equity

As at October 31 In millions of CAD $

	Members' Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Equity
Balance as at October 31, 2022	**$ 2,011**	**$ (91)**	**$ 4,172**	**$ 8**	**$ 6,100**
Net income	-	-	781	-	781
Other comprehensive income	-	22	-	-	22
Non-controlling interest	-	-	-	(1)	(1)
Patronage allocation	399	-	(399)	-	-
Redemption of shares	(280)	-	-	-	(280)
Balance as at October 31, 2023	**$ 2,130**	**$ (69)**	**$ 4,554**	**$ 7**	**$ 6,622**
Net income	-	-	297	-	297
Other comprehensive income	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Patronage allocation	252	-	(252)	-	-
Redemption of shares	(323)	-	-	-	(323)
Balance as at October 31, 2024	**$ 2,059**	**$ (69)**	**$ 4,599**	**$ 7**	**$ 6,596**

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 1 Federated Co-operatives Limited

Federated Co-operatives Limited is incorporated under the *Canada Cooperatives Act.* The address of the registered office is 401-22nd Street East, Saskatoon, Sask., S7K 0H2. The consolidated financial statements as at and for the years ended October 31, 2024 and 2023 comprise Federated Co-operatives Limited and its subsidiaries (collectively, "the Co-operative"). The Co-operative provides central wholesaling, manufacturing, refining and administrative services to 156 locally-owned retail co-operatives across Western Canada.

Note 2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorized for issue by the Board of Directors on December 18, 2024.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for risk management contracts, cash and cash equivalents and short-term investments, as detailed in the accounting policies disclosed in Note 3. The accounting policies described in Note 3 have been applied consistently to all periods presented in these consolidated financial statements.

(c) Functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Co-operative's functional and presentation currency.

Note 3 Material accounting policies

(a) Basis of consolidation

i. Subsidiaries

The consolidated financial statements include the accounts of the Co-operative and its subsidiaries. Subsidiaries are entities that the Co-operative controls. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All subsidiaries' functional currency is Canadian dollars.

ii. Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from said transactions, are eliminated on consolidation.

(b) Foreign currency translations

Items included in the Co-operative's consolidated financial statements are measured using the functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity, are recognized in the consolidated statements of comprehensive income.

(c) Fair value measurement

A number of the Co-operative's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Co-operative characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Co-operative recognizes transfers between levels of the hierarchy at the end of the reporting period during which the change has occurred.

(d) Cash and cash equivalents

Cash and cash equivalents consist of balances with financial institutions and investments in money market instruments which have a maturity of three months or less at the time of purchase.

(e) Financial instruments

i. Initial measurement and classification

Financial assets and financial liabilities are recognized in the Co-operative's consolidated statements of financial position when the Co-operative becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. The Co-operative initially measures and classifies financial assets and liabilities to reflect the segment in which they are managed and the related cash flow characteristics. Subsequently, financial assets and liabilities are classified and measured either at amortized cost or fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities subsequently measured at FVTPL are recognized immediately in comprehensive income. If not subsequently measured at FVTPL, transaction costs are included in the fair value on initial recognition.

ii. Derecognition

The Co-operative derecognizes a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the contractual rights to receive the cash flow. Any difference between the carrying amount of the asset and the consideration received is recognized in comprehensive income. The Co-operative derecognizes a financial liability when it is extinguished. Any difference between the carrying amount of the liability extinguished and the consideration paid is recognized in comprehensive income.

iii. Non-derivative financial assets

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment losses if:

- the asset is held within a segment with an objective to hold assets in order to collect contractual cash flows, and;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets, other than those measured at amortized cost, are subsequently measured at FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless there is a change in the business model of managing them.

Financial assets measured at amortized cost are comprised of members and non-members accounts receivable and investments and advances. Financial assets measured at FVTPL comprise cash and cash equivalents and short-term investments. In addition, derivative financial instruments measured at FVTPL are included in non-members accounts receivable.

iv. Non-derivative financial liabilities

Financial liabilities, other than those measured at amortized cost, are subsequently measured at FVTPL.

Financial liabilities measured at amortized cost are comprised of accounts payable, members' funds and long-term debt. Financial liabilities measured at FVTPL are comprised of derivative financial instruments and are included in accounts payable.

v. Derivative financial instruments

The Co-operative uses derivative financial instruments, such as financial contracts, to manage exposure to fluctuations in commodity prices and foreign currency exchange rates as part of its overall risk management program. The Co-operative's policy is not to use derivative financial instruments for speculative purposes. The Co-operative has chosen not to use hedge accounting for any derivative financial instruments. All derivative instruments are recognized on the trade date at fair value on the consolidated statements of financial position as either an asset or liability and subsequently at FVTPL. Realized gains or losses from financial derivatives are recognized as they occur. Unrealized gains or losses are recognized in comprehensive income at each respective reporting period-end. The fair value of these transactions is based on the estimated amounts that would have been paid to, or received from, counterparties to settle the outstanding transactions with reference to the estimated future prices as of the reporting date.

Fixed-price commodity contracts entered into for the purpose of receipt or delivery in accordance with the Co-operative's expected purchase, sale or usage requirements are not considered to be derivative financial instruments.

vi. Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statements of financial position, when the Co-operative has the legally enforceable right to set-off the recognized amounts and it intends to realize the asset and settle the liability simultaneously. Assets and liabilities related to derivative financial instruments are currently offset.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method and the weighted average method. The cost of inventories includes all costs of acquisition, production or conversion and other costs incurred to bring them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling. Various factors impact estimates of net realizable value, including fluctuations in prices due to seasonality, damage to inventory, permanent declines in sales prices, inventory levels and obsolescence. A write-down is recognized if the carrying amount exceeds net realizable value and may be reversed if the circumstances which caused it no longer exist.

(g) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures directly attributable to bringing the asset to the location, installing it for its intended use and any related borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components.

ii. Subsequent cost

Subsequent expenditures are capitalized when it is probable that future economic benefit will flow to the Co-operative. When the cost of replacing part of an item of property, plant and equipment is capitalized, the carrying amount of the replaced part is derecognized. The costs of planned major inspection, overhaul and turnaround activities are capitalized when they benefit future years of operations. Repairs and maintenance costs are expensed as incurred. Any gain or loss arising on the disposal of an item is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in other income.

iii. Borrowing costs

The Co-operative capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset until such time that the asset is substantially ready for its intended use or sale. The Co-operative identifies a qualifying asset as one that takes a minimum of one year to get ready for its intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Co-operative capitalizes the actual borrowing costs incurred on that borrowing during the period, less any investment income earned on the temporary investment of these borrowings. To the extent that a qualifying asset is funded generally, the Co-operative determines borrowing costs eligible for capitalization by applying the weighted average cost of borrowing for the period to the expenditures on that asset. All other borrowing costs are expensed in the period in which they occur.

iv. Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset description	Estimated useful life (years)
Buildings	50
Equipment and fixtures	3 – 30
Right-of-use (ROU) assets	Lease term

(h) Intangible assets

i. Supply agreements

The Co-operative has exclusive supply agreements with various retail members to supply virtually all of their food, home and building supplies, ag solutions and energy product requirements. The supply agreements are initially measured at fair value using the discounted cash flow method. The supply agreements are subsequently measured at cost and amortized over the estimated useful life of the agreements, which range from one to 30 years, less any accumulated impairment losses.

ii. Emission credits

The Co-operative is subject to compliance with various Canadian clean fuel regulations. Credits purchased from third parties are used to meet the Co-operative's compliance requirements for each respective program. The credits purchased are measured at cost with an indefinite useful life and are derecognized when used for compliance.

iii. Research and development

Research is an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge or understanding. Research costs are expensed as incurred.

Development activities involve a plan and design to produce new or substantially improved products and/or processes. Development costs are capitalized if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Co-operative intends to, and has sufficient resources to, complete the development and to use or sell the asset. Development costs capitalized include the costs directly attributable to preparing the asset for its intended use. Other development costs are expensed as incurred. Capitalized development costs are depreciated straight-line over the expected useful life of the asset.

iv. Goodwill

The Co-operative measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest acquired, less the fair value of the identifiable assets acquired, and liabilities assumed, all measured as at the acquisition date. Goodwill is assigned to an appropriate cash generating unit (CGU), or groups of CGUs, and tested annually for impairment. Impairment losses are recognized in comprehensive income and are not subject to reversal.

(i) Investment property

Investment property is property held to earn rental income and/or for capital appreciation, but not held for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured initially at cost, including transaction costs, and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Rental income and operating expenses from investment property are reported in comprehensive income. When the use of a property changes such that it is reclassified as property, plant and equipment, its net book value at the date of reclassification becomes its cost for subsequent accounting. Buildings classified as investment property are depreciated straight-line over the useful life of 50 years.

(j) Leased assets

i. The Co-operative as lessor

Leases that transfer substantially all of the risks and rewards of ownership are accounted for as finance leases. At commencement, a lease receivable at an amount equal to the net investment in the lease is recognized. Subsequently, lease income is recognized on a straight-line basis over the lease term. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease term.

ii. The Co-operative as lessee

A lease is a contract that conveys the right to control the use of an identified asset for a period of time. The Co-operative recognizes a ROU asset and lease obligation at an amount equal to the present value of the future lease payments on the lease commencement date. The discount rate used in the present value calculation is the interest rate implicit in the lease or, if the rate cannot be readily determined, the Co-operative's incremental borrowing rate. Lease costs are recognized in comprehensive income as depreciation of the ROU asset and finance costs of the lease obligation. Lease obligations are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments and ROU assets are adjusted by the same remeasurement amount. Leases with terms of less than twelve months, leases of low-value assets and contracts that do not contain a lease are charged to comprehensive income on a straight-line basis over the lease term.

(k) Impairment

i. Non-financial assets

At the end of each reporting period, the Co-operative reviews its tangible and intangible assets to determine whether there is any indication of impairment or impairment reversal. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, or reversal of previously recorded impairment losses. Where it is not possible to estimate the recoverable amount of an individual asset, the Co-operative estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs. Otherwise, corporate assets are allocated to the smallest group of CGUs for which a reasonable and consistent allocation base can be identified.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is assessed using the estimated future cash flows discounted to their present value using a pre-tax rate. Fair value less costs of disposal is the amount that would be obtained from the sale of the asset in an arm's length transaction between two knowledgeable and willing parties.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income. An impairment loss in respect to goodwill is not reversed.

ii. Financial assets

The Co-operative determines impairment of financial assets measured at amortized cost using an expected credit loss model whereby a loss allowance is recorded that is either equal to the 12-month expected credit losses or, where the credit risk on that financial instrument has increased significantly since initial recognition, equal to the lifetime expected credit losses.

Evidence of an increase in credit risk includes default or delinquency by a debtor, restructuring of an amount due to the Co-operative on terms that the Co-operative would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market due to financial difficulty. An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income. Any decrease in impairment loss is reversed through comprehensive income when an event occurring after the impairment was recognized causes the amount of impairment loss to decrease.

(l) Employee benefits

i. Defined contribution plan

The Co-operative provides a defined contribution plan to qualifying employees. This is a post-employment plan under which the Co-operative pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The cost of the pension benefits earned by employees in the defined contribution pension plans are expensed as incurred.

ii. Defined benefit plan

The Co-operative provides a defined benefit plan to certain employees at the Consumers' Co-operative Refineries Limited (CCRL) in Regina. The cost of the benefits earned by employees is determined by a qualified actuary using the projected unit credit method based on service and management's best estimate of demographic and financial assumptions. The Co-operative accrues its obligations under the plan and the related costs, net of plan assets. The plan assets are valued at fair value and categorized within Level 2 of the fair value hierarchy. The Co-operative recognizes actuarial gains or losses immediately in other comprehensive income (OCI) which are then transferred directly to retained earnings. Changes in the present value of the defined benefit obligation resulting from plan amendments, settlements and curtailments are recognized when they occur in comprehensive income as past service costs. The defined benefit asset or liability is comprised of the present value of the defined benefit obligation and the fair value of plan assets from which the obligations are to be settled. Plan assets are measured at fair value based on the closing bid price when there is a quoted price in an active market. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Co-operative's creditors. Defined benefit obligations are estimated by discounting expected future payments using the year-end market rate of interest for high-grade corporate debt instruments with cash flows that match the timing and amount of expected benefit payments.

iii. Retirement allowance

The Co-operative is committed to providing certain employees at the CCRL with a retirement allowance. The entitlement to these benefits is conditional on the employee remaining in service up to their retirement age. The expected cost of these benefits was estimated using management's best estimate of service years of the qualifying employees. This obligation is re-valued annually and changes are recognized in OCI.

(m) Provisions

A provision is recognized if, as a result of a past event, the Co-operative has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of future cash flows required to settle the present obligation at the balance sheet date, discounted using a risk-adjusted rate. Changes in the estimated provision or changes in the discount rate are recognized as a change in the liability.

Provisions are recognized for asset retirement obligations (ARO) associated with the participation of retail members in the Co-operative's contaminated site management program. No provision for an ARO has been accrued for the facilities at the CCRL and the Ethanol Complex as the expected timing of the reclamation activity cannot be estimated at this time. The liability is recorded in the period in which the obligation arises with a corresponding increase to the carrying value of the related asset. The liability is accreted over time as the effect of discounting unwinds; this expense is recognized as a finance cost. The costs capitalized to the related asset are depreciated in a manner consistent with the depreciation of the underlying asset. Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the ARO and the related asset retirement cost. Actual reclamation expenditures are charged against the provision as they are incurred.

(n) Revenue recognition

i. Sale of goods and services

Revenue is recognized when the Co-operative satisfies the performance obligations in its contracts by transferring control of a product or service to its customers. Revenue for the sale of goods is recognized upon delivery to the customer. Revenue for the sale of services is recognized when the promised service is rendered. Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates. When the amount of these returns, discounts and rebates are probable and can be measured reliably, they are recognized as a reduction of revenue as the sales are recognized. The pricing of the Co-operative's sales contracts with customers are generally fixed, with the exception of energy products, which are based on market-related pricing. No significant element of financing is deemed present due to the short-term nature of the sales contracts. Due to the nature of the business, the Co-operative does not generally have warranty claims that are not passed through to the end customer.

ii. Co-op Gift Cards

The Co-operative administers all gift cards on behalf of its retail members. When a Co-op Gift Card is purchased by an individual customer, the Co-operative recognizes a liability in accounts payable when it receives the corresponding cash from the retail members. Upon recognition of the liability, management recognizes a percentage as income based on the historical experience of unredeemed gift cards at the time of the gift card sale. The percentage recognized as income is reviewed annually and adjusted based on changes in experience. When a Co-op Gift Card is redeemed, the Co-operative reduces the corresponding gift card liability and reimburses the retail member.

iii. Other income

Interest income is recognized as it accrues as other income, using the effective interest method. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Co-operative will meet the attached conditions. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant with the costs that it is intended to compensate. Government grants are recognized in other income.

(o) Income taxes

Income tax is comprised of current and deferred tax. Current and deferred tax is recognized in comprehensive income except to the extent that it relates to a business combination or is recognized directly in equity or OCI.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustments to income taxes payable in respect to previous years.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. The carrying amount of a deferred tax asset is reviewed at each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Segment reporting

An operating segment is a component of the Co-operative that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses with other operating segments. To be classified as a segment, discrete financial information must be available and operating results must be reviewed by the chief operating decision-maker.

(q) Business combinations

Business combinations are accounted for using the acquisition method of accounting, in which the identifiable net assets acquired and liabilities assumed are recognized and measured at their fair value at the acquisition date. For each business combination, the Co-operative recognizes any non-controlling interest in the acquired entity either at fair value or at the proportionate share of the acquired entity's net identifiable assets. Any excess of the purchase price for each acquisition plus any non-controlling interest in the acquired entity, over the fair value of the net identifiable assets acquired, is recognized as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in comprehensive income as a bargain purchase. Transaction costs are expensed as incurred.

Note 4 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the application of accounting policies and the reported amount of assets, liabilities, revenues, expenses, gains and losses. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Material estimates and judgements used in the preparation of the consolidated financial statements are described below.

(a) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets represent a material portion of the Co-operative's total assets. Changes in the use of the asset may cause the estimated useful lives of these assets to change. These useful lives are reviewed annually and any adjustment to depreciation or amortization is made prospectively.

(b) Recoverability of long-lived tangible and intangible assets

The Co-operative assesses each asset or CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term prices, discount rates, operating costs, future capital requirements, future viability of retail stores, decommissioning costs and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Judgement is required when determining what constitutes a CGU.

(c) Decommissioning and reclamation provision

Material decommissioning and reclamation activities are not undertaken until near the end of the useful life of the asset. Actual costs are uncertain and the estimate can vary as a result of changes to regulations, the emergence of new technology, operating experience, prices and reclamation plans. A significant change to the estimated costs, discount rate or useful lives of the assets may result in a material change in the amount presented on the consolidated financial statements. The liability at the reporting date represents management's best estimate of the present value of the future decommissioning costs required.

(d) Deferred tax

The Co-operative operates in a number of tax jurisdictions and is required to estimate income taxes in each of these jurisdictions in preparing its consolidated financial statements. In this calculation, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, allowances, changes in tax law and management's expectations about future results. The Co-operative estimates deferred taxes based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The effect of these differences is recorded as deferred tax assets or liabilities in the consolidated financial statements.

(e) Leases

Management applies judgement in determining whether a contract is, or contains, a lease from both a lessee and lessor perspective. This assessment is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Key judgements include whether a contract identifies an asset (or portion of an asset), whether the lessee obtains substantially all the economic benefits of the asset over the contract term and whether the lessee has the right to direct the asset's use. Judgement is also applied in determining the interest rate used to discount the present value of fixed payments in accounting for the lease obligation and corresponding ROU asset, and in determining whether it is likely that a lease term will be extended.

(f) Pension benefits

The determination of the cost of the defined benefit pension plan reflects a number of assumptions. The valuation of these plans is prepared by an independent actuary engaged by the Co-operative. These assumptions include, but are not limited to, the discount rate, salary escalation, retirement age, termination and mortality. The discount rate is based on the yield of high-grade Canadian corporate bonds with cash flows that match the expected benefit payments. Future salary increases are based on expected long-term inflation rates and an assumption for productivity. Retirement and termination rates are based on historical plan experience. Mortality rates are based on the latest industry best practice. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in plan experience and actuarial recommendations.

(g) Retirement allowance

The determination of the retirement allowance reflects a number of assumptions. The liability reflects management's best estimate of the expected future payments. Assumptions include retirement age, termination and mortality rates, and discount rates. The assumptions are reviewed annually and adjusted where necessary.

(h) Fair value of financial instruments

The fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position is derived from observable market inputs, wherever possible. If not available, fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where these level 2 inputs are not available, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments and reported expenses and income.

(i) Business combinations

The Co-operative uses judgement in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. The Co-operative may engage independent third parties to determine the fair value of property, plant and equipment, and intangible assets. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values placed on the acquired assets and liabilities assumed affect the amount of goodwill recorded on an acquisition.

Note 5 New standards and interpretations adopted and not yet adopted

(a) New standards adopted

The IASB and IFRS Interpretations Committee ("IFRIC") have issued certain standards and amendments or interpretations to existing standards that were effective for the Co-operative on November 1, 2023. The transition to the accounting pronouncements as listed below had no material impact on the Co-operative.

i. IFRS 17, Insurance Contracts

This standard is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The Co-operative has applied the updated guidance in accounting for insurance contracts after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

ii. Amendments to IAS 8 – Definition of Accounting Estimate

This amendment was issued to clarify the definition of an accounting estimate and distinction from an accounting policy. The distinction is important, as changes in accounting policies are accounted for retrospectively, while changes in accounting estimates are accounted for prospectively. The amendment is aimed to reduce the diversity of application in practice. The Co-operative has applied the guidance in distinguishing changes in accounting estimates from accounting policies after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

iii. Amendments to IAS 1 – Disclosure of Accounting Policy

This amendment was issued to require companies to disclose their material accounting policy information rather than their significant accounting policies. In addition, IFRS Practice Statement 2 was amended to provide additional examples on the application of materiality to accounting policy disclosures. The Co-operative has applied the guidance in disclosing material accounting policy information rather than significant accounting policy information after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

(b) New standards and interpretations not yet adopted

The IASB has issued the following standards that were not yet effective as at October 31, 2024.

i. Amendments to IAS 1 – Classification of liabilities as current or non-current

This amendment clarifies the requirements of determining if a liability is current or non-current, depending on the existence of a substantive right to defer settlement of the liability for at least 12 months at the end of the reporting period. In addition, the amendment clarifies that covenants that are settled after the reporting date shall not affect the classification of the liability as current or non-current. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

ii. Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

This amendment provides guidance on the measurement of a right-of-use asset and corresponding lease liability in a sale and leaseback transaction when lease payments are variable. The amendment clarifies that on initial recognition, the seller-lessee will include variable lease payments in the measurement of its lease liability. Following initial recognition, the seller-lessee will apply the general requirements for subsequent accounting of the lease liability, where no gain or loss relating to the right-of-use asset will be recognized. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

iii. Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

This amendment requires companies to disclose qualitative and quantitative information about supplier finance arrangements, including the effects of these arrangements on the company's liabilities, cash flows and the exposure to liquidity risk. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

Note 6 **Inventories**

	2024	2023
Manufactured product	**549**	773
Goods purchased for resale	**472**	476
Parts and supplies	**68**	51
	1,089	1,300

In 2024, write-downs of inventory to net realizable value amounted to $3 (2023 - $10) and were included in cost of products sold.

Note 7 **Investments and advances**

	2024	2023
Investments:		
CHS Inc.	**9**	5
Interprovincial Cooperative Limited	**4**	4
The Co-operators Group Limited	**2**	2
Other	**1**	1
Advances:		
Retail lending program	**484**	463
Other agreements	**5**	4
	505	479
Less: current portion	**(202)**	(184)
	303	295

The interest rate related to the retail lending program is based on the prime rate and payments are expected to be received in the next one to 20 years.

Note 8 **Property, plant and equipment**

	2024	2023
Manufacturing	**2,484**	2,535
Wholesaling	**704**	686
Assets under construction	**224**	297
Net book value	**3,412**	3,518

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

	Land and buildings	Equipment and fixtures	Assets under construction	Right-of-use assets	Total
Cost					
At October 31, 2022	671	6,763	306	57	7,797
Additions	6	128	240	24	398
Disposals	(4)	(48)	-	(5)	(57)
Transfers	45	176	(221)	-	-
Changes in ARO estimates	(24)	-	-	-	(24)
At October 31, 2023	694	7,019	325	76	8,114
Additions	11	230	135	9	385
Disposals	(16)	(204)	-	(20)	(240)
Transfers	15	113	(128)	-	-
Changes in ARO estimates	17	-	-	-	17
At October 31, 2024	721	7,158	332	65	8,276
Accumulated depreciation					
At October 31, 2022	209	3,970	8	26	4,213
Depreciation	16	396	-	10	422
Disposals	(3)	(47)	-	(5)	(55)
Impairment (reversals) losses	(4)	-	20	-	16
At October 31, 2023	218	4,319	28	31	4,596
Depreciation	21	385	-	9	415
Disposals	(10)	(204)	-	(16)	(230)
Impairment losses	3	-	80	-	83
At October 31, 2024	232	4,500	108	24	4,864
Net book value at October 31, 2024	**489**	**2,658**	**224**	**41**	**3,412**
Net book value at October 31, 2023	476	2,700	297	45	3,518

Capitalized borrowing costs

Capitalized borrowing costs related to property, plant and equipment amounted to $3 (2023 - $4), with a capitalization rate of 4% (2023 - 4%).

Impairment testing of other non-current assets

In 2024, the Co-operative recognized impairment of $1 (2023 - reversal of $4) on asset retirement costs in the Energy segment, due to vacant sites that have no value in use.

The Co-operative has undertaken a number of projects to reduce the carbon intensity of fuel produced in the Energy segment. In 2024, it was determined that $38 (2023 - $4) of these development costs will not be recovered.

Over the past several years, the Co-operative has undertaken a number of foundational technology projects that require significant development costs. During the year, it was determined that $42 (2023 - $16) of these development costs will not be recovered. This impairment cost is administrative in nature and is allocated to all reportable segments.

In 2024, the Co-operative determined that the carrying amount of certain long-lived assets in the Ag Solutions segment exceeded the recoverable amount, resulting in an impairment of $2 (2023 - $nil).

Changes in accounting estimates

In 2023, the Co-operative changed the estimated useful lives of certain assets in the Energy segment. The increase in useful lives resulted in a $17 reduction of annual depreciation expense beginning in 2023.

Note 9 **Investment property**

	2024	2023
Cost		
Balance, beginning of year	**50**	51
Additions	**2**	-
Disposals	**(1)**	(1)
Balance, end of year	**51**	50
Accumulated depreciation		
Balance, beginning of year	**19**	21
Depreciation	**1**	1
Disposals	**(1)**	(3)
Balance, end of year	**19**	19
Net book value, end of year	**32**	31

Net rental income from investment properties recognized in other income was $10 (2023 - $10).

The fair value of investment properties at October 31, 2024 was $57 (2023 - $54). This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy. The fair value of investment properties was determined using the appraisal value when available or a discounted cash flow of the future lease payments on the investment properties. No independent valuation was performed on any of the investment properties.

Note 10 **Intangible assets**

	Energy supply agreements	Ag and consumer business supply agreements	Emission credits	Goodwill	Total
Cost					
At October 31, 2022	156	232	-	3	391
Additions[1]	27	24	-	-	51
Disposals	(1)	-	-	-	(1)
At October 31, 2023	182	256	-	3	441
Additions[1]	6	13	63	-	82
Disposals	(2)	-	-	-	(2)
At October 31, 2024	186	269	63	3	521
Accumulated amortization					
At October 31, 2022	20	89	-	-	109
Amortization	15	6	-	-	21
Disposals	(1)	-	-	-	(1)
At October 31, 2023	34	95	-	-	129
Amortization	13	7	-	-	20
Disposals	(2)	-	-	-	(2)
At October 31, 2024	45	102	-	-	147
Net book value at October 31, 2024	**141**	**167**	**63**	**3**	**374**
Net book value at October 31, 2023	148	161	-	3	312

[1] The accruals for supply agreements were $49 (2023 - $65). This is a non-cash decrease to the accrual of $16 (2023 - increase of $27) in the year.

Impairment

The Co-operative performed its annual impairment test for goodwill, and no impairment was identified. The CGU's recoverable amount was determined on a fair value less costs of disposal approach.

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 11 **Borrowing**

The Co-operative's borrowings are measured at amortized cost.

	2024	2023
Members' funds	**703**	599
Long-term debt (less net unamortized debt issuance costs)	**300**	300
Total borrowing	**1,003**	899

Bank indebtedness

Bank indebtedness consists of an unsecured revolving credit facility, with a maturity date of February 19, 2026. The Co-operative can draw on the credit facility to a maximum of $150. As at October 31, 2024, no amount was drawn under the credit facility (2023 - $nil).

Financial covenants associated with the Co-operative's syndicated credit facility are reviewed regularly and controls are in place to maintain compliance with the covenants. The Co-operative has complied with all financial covenants for the year ended October 31, 2024 and October 31, 2023.

Members' funds

	2024	2023
Balance, beginning of year	**599**	614
Proceeds	**5,705**	6,441
Repayments	**(5,601)**	(6,456)
Balance, end of year	**703**	599

Members' funds accumulate interest at a rate of prime less 1.1% (2023 - prime less 1.1%) and are repayable on demand. Interest accrued on members' funds as at October 31, 2024 was $32 (2023 - $31).

Long-term debt

In June 2015, the Co-operative issued unsecured Series 2015-1 notes for gross proceeds of $300. The notes are due on June 17, 2025, bear interest at 3.92% per annum and require semi-annual interest only payments.

The Co-operative may, at its option, redeem all or part of the notes at any time prior to maturity by paying accrued and outstanding interest, plus the greater of the face amount of the notes and the price which provides a yield equal to the yield to maturity of a Government of Canada bond with a term to maturity equal to the remaining term on the notes, plus 0.5%.

In conjunction with closing of the note offering, issuance costs of $2.5 were incurred. These costs reduce the carrying value of the notes and are amortized over the expected life of the notes using the effective interest rate method, resulting in an effective rate of 4.0%. As at October 31, 2024, unamortized debt issue costs totalled $nil (2023 - $nil).

Note 12 **Asset retirement obligations**

The Co-operative's decommissioning liabilities consist of reclamation and closure costs. The obligations were determined using an inflation rate of 2% (2023 - 2%) and discount rate of 5% (2023 - 5% to 6%). The Co-operative estimates the total undiscounted payments of future obligations to be $201 (2023 - $204) which will be incurred over the next one to 30 years.

While the provision is based on the best estimate of future costs, discount rates and the economic lives of the underlying assets, there is uncertainty regarding the amount and timing of these costs.

	2024	2023
Balance, beginning of year	**108**	133
Additions	**1**	1
Settlement of asset retirement obligations	**(10)**	(8)
Change in estimate and discount rates	**16**	(25)
Accretion expense (Note 18)	**6**	7
Balance, end of year	**121**	108

Note 13 **Members' share capital**

The Co-operative is authorized to issue an unlimited number of member shares of $100 (in dollars) par value each. Under certain circumstances, and with the approval of the Board of Directors, member shares may be redeemed at par value.

(Thousands of shares)	**2024**	2023
Balance, beginning of year	**21,304**	20,114
Shares issued for current year's patronage allocation	**2,516**	3,990
Shares redeemed	**(3,233)**	(2,800)
Balance, end of year	**20,587**	21,304

Note 14 **Pension liability**

	2024	2023
Defined benefit plan asset	**(38)**	(31)
Retirement allowance	**61**	55
	23	24

(a) Defined contribution plan

The Co-operative provides a defined contribution plan, with expenses charged to comprehensive income for services rendered by employees during the year. With this plan, the Co-operative and the majority of its employees make contributions to one multi-employer defined contribution plan. The Co-operative's total expense for these plans in 2024 was $20 (2023 - $18).

(b) Defined benefit plan

The defined benefit plan covers certain non-management employees at the CCRL in Regina. The plan provides pensions based on the number of years in service and the average of the best three years earnings. Employees are required to contribute 7% of pensionable earnings to the plan.

The costs of the Co-operative's defined benefit plan are determined periodically by independent actuaries, with results as of December 31, 2022 and extrapolated to October 31, 2024. The costs charged to comprehensive income for the year include the costs for benefits provided for services rendered during the year, using the projected unit credit method pro-rated on services. Actuarial gains or losses are recognized in OCI as incurred.

A reconciliation of the funded status of the benefits plan to the consolidated financial statements is as follows:

	2024	2023
Plan assets		
Fair value, beginning of year	**308**	308
Employer contributions	**-**	2
Employee contributions	**3**	3
Benefits paid	**(11)**	(11)
Net transfers	**-**	(1)
Expected return on plan assets	**17**	17
Actuarial gains (losses)	**48**	(10)
Fair value, end of year	**365**	308
Accrued benefit obligation		
Balance, beginning of year	**268**	261
Employee contributions	**3**	3
Current service cost	**3**	3
Interest cost	**15**	14
Benefits paid	**(11)**	(11)
Remeasurement losses (gains)	**35**	(2)
Balance, end of year	**313**	268
Funded status	**52**	40
Effect of asset ceiling		
Balance, beginning of year	**(9)**	(48)
Interest income	**-**	(3)
Remeasurement (losses) gains	**(5)**	42
Balance, end of year	**(14)**	(9)
Net pension asset	**38**	31

The actual return on plan assets for the year ended October 31, 2024 was a gain of $65 (2023 - $7).

The total actuarial gain recognized in OCI net of tax in 2024 was $6 (2023 - $26). Total actuarial gains and losses are not reclassified to comprehensive income.

The expense recognized for the defined benefit plan and the retirement allowance is as follows:

	2024	2023
Current service cost	**3**	3
Interest on accrued benefit obligation	**15**	14
Expected return on plan assets	**(17)**	(17)
Interest on the effect of asset ceiling	**-**	3
Total	**1**	3

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Actuarial assumptions

The cost of the Co-operative's defined benefit plan is determined periodically by independent actuaries, using the projected unit credit method of valuation. The significant actuarial assumptions were as follows:

	2024	2023
Discount rate – obligation	**4.80%**	5.60%
Discount rate – expense	**5.60%**	5.40%
Rate of compensation increase	**3.00%**	3.00%

The discount rate to be used in the determination of the pension cost is to be based on the yield at the beginning of the year on high-grade corporate bonds of similar duration to the plan's liabilities.

Expected return on plan assets is the expected long-term rate of return on plan assets for the year and is based on plan assets at the beginning of the year that have been adjusted on a weighted average basis for contributions and benefit payments expected for that year.

The composition of the defined benefit pension plan assets as at October 31 was as follows:

	2024	2023
Equity instruments	**62%**	55%
Fixed income securities	**37%**	38%
Money market	**1%**	7%
Total	**100%**	100%

The Co-operative made cash contributions to its defined benefit pension plan in 2024 of $nil due to a contribution holiday that has arisen in order to comply with requirements of the *Income Tax Act*. Due to the continuation of the contribution holiday, the Co-operative expects to make cash contributions of $nil in 2025.

(c) Retirement allowance

The entitlement to this benefit is conditional on the employee remaining in service up to their retirement age. This allowance is treated like a defined benefit obligation for accounting purposes. Assumptions that influence the calculation of the obligation are the ages of the employees included in the allowance, their likelihood to still be employed at the CCRL at retirement and the discount rate used. The allowance is not impacted by changes in salaries as these were fixed at the time of the settlement of the previous defined benefit obligation.

	2024	2023
Accrued benefit obligation		
Balance, beginning of year	**55**	54
Past service cost	**(2)**	(4)
Remeasurement losses	**8**	5
Balance, end of year	**61**	55

The total actuarial loss recognized in OCI net of tax in 2024 was $6 (2023 - $4). Total actuarial gains and losses are not reclassified to comprehensive income.

Actuarial assumptions

The present value of the retirement allowance was discounted at 4.80% (2023 - 5.60%). The Co-operative expects to make cash payments against its retirement allowance in 2025 up to a maximum of $10.

(d) Actuarial sensitivities

The sensitivity of the defined benefit obligation to changes in relevant actuarial assumptions is:

	2024	2023
(Decrease) increase in defined benefit obligation		
Discount rate		
1% increase	**(46)**	(36)
1% decrease	**60**	46
Rate of compensation increase		
1% increase	**11**	8
1% decrease	**(9)**	(7)

The sensitivity analysis provided in the table above is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independent of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

Note 15 **Other (income) expenses**

	2024	2023
Interest income	**(173)**	(147)
Rental income (Note 9)	**(10)**	(10)
Loss (gain) on disposal of property, plant and equipment	**1**	(7)
Other miscellaneous	**27**	(1)
	(155)	(165)

Note 16 **Expenses by nature**

	2024	2023
Changes in inventory	**9,972**	10,127
Personnel expenses (Note 17)	**477**	452
Depreciation and amortization (Note 8, 9, 10)	**436**	444
Other expenses	**492**	459
Loyalty payments	**198**	200
Impairment losses (Note 8, 10)	**83**	16
Finance costs (Note 18)	**50**	49
	11,708	11,747

Loyalty payments

On November 1, 2019, the Co-operative entered into agreements with the majority of its retail members related to a loyalty payment which provides its retail members more timely cash flows. Provided the retail member uses the Co-operative's centralized services and purchases from the Co-operative 90% or more of their goods for resale that the Co-operative supplies, the Co-operative pays a quarterly amount calculated on a formula based on litres of fuel purchased at an established rate per litre. The amount per litre may vary year to year.

Expenses by nature reconcile to the consolidated statements of comprehensive income as follows:

	2024	2023
Cost of products sold	**10,690**	10,850
Operating and administration expenses	**687**	632
Loyalty payments	**198**	200
Impairment losses (Note 8, 10)	**83**	16
Finance costs (Note 18)	**50**	49
	11,708	11,747

Note 17 **Personnel expenses**

The following personnel expenses are included in cost of products sold and operating and administration expenses:

	2024	2023
Wages and salaries	**413**	393
Statutory and other company benefits	**43**	38
Expenses related to defined contribution plan (Note 14)	**20**	18
Expenses related to defined benefit plan (Note 14)	**1**	3
	477	452

In 2024, $169 (2023 - $168) of personnel expenses were included in cost of products sold and $308 (2023 - $284) were included in operating and administration expenses.

Note 18 **Finance costs**

	2024	2023
Interest expenses	**42**	40
Accretion of asset retirement obligations (Note 12)	**6**	7
Interest expense on lease obligations (Note 19)	**2**	2
	50	49

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 19 Leases

The Co-operative as lessor

The Co-operative is party to a number of leases involving its investment properties including land, building/store facilities, gas bars, and propane tanks.

Payments received under these operating leases are recognized in other income with net rental income totaling $10 (2023 - $10) for the year ended October 31, 2024. Of this operating lease income recognized, $4 (2023 - $4) was contingent income based on gross sales and/or fuel sales of the lessee.

The investment property leases have lease terms between one and 25 years. Substantially all of these leases have renewal options for additional terms based on market rates. There is no option to purchase the property at the end of the lease term.

The future minimum lease receipts of the operating leases are:

< 1 year	1-5 years	> 5 years	Total
4	13	25	42

The Co-operative as lessee

The Co-operative leases railcars, land, buildings and equipment with lease payments in 2024 of $9 (2023 - $11). The current portion of lease obligations are included in accounts payable. Lease terms are between one and 20 years with renewal options available at market rates.

Lease obligations are as follows:

	Railcars	Land and buildings	Others	Total
At October 31, 2022	10	20	3	33
Additions	21	1	2	24
Lease payments	(6)	(3)	(2)	(11)
Interest expense	1	1	-	2
At October 31, 2023	26	19	3	48
Additions	8	1	-	9
Terminations	(4)	(1)	-	(5)
Lease payments	(6)	(2)	(1)	(9)
Interest expense	1	1	-	2
Lease obligations	25	18	2	45
Less: current portion	(6)	(1)	(1)	(8)
At October 31, 2024	**19**	**17**	**1**	**37**

The future minimum lease payments for these leases are as follows:

	< 1 year	1-5 years	> 5 years	Total
Railcars	7	21	-	28
Land and buildings	2	6	17	25
Others	1	1	-	2
Total	10	28	17	55

Note 20 **Corporate income taxes**

The Co-operative's effective tax rate is determined as follows:

	2024	2023
Net income before tax	**310**	918
Patronage allocation	**(252)**	(399)
Net income before tax less patronage allocation	**58**	519
Combined federal and provincial income tax rate[1]	**27.00%**	27.00%
Computed tax expense based on the combined rate	**16**	140
(Decrease) increase resulting from:		
Manufacturing and processing tax rate reduction	**(5)**	(1)
Rate differential in different provinces	**2**	(4)
Adjustment to previous year's estimated tax provision	**-**	2
Provision for income taxes	**13**	137
Effective rate on net income before tax less patronage allocation	**22.41%**	26.40%
Classified in the consolidated statements of comprehensive income as:		
Income taxes – current	**179**	45
Income taxes – deferred	**(166)**	92
Provision for income taxes	**13**	137

[1]There was no significant change in the combined federal and provincial income tax rates.

In respect of each type of temporary difference, unused tax losses and unused tax credits, the amounts of deferred tax assets and liabilities recognized in the consolidated statements of financial position at October 31 and the amount of deferred tax expense recognized in comprehensive income and OCI were:

	October 31, 2023	**Deferred tax in comprehensive income**	**Deferred tax in OCI**	**October 31, 2024**
Non-capital loss and deductible patronage allocation carry forwards	62	(55)	-	**7**
Miscellaneous accruals and reserves	46	4	-	**50**
Net book value in excess of undepreciated capital cost	(648)	25	-	**(623)**
Patronage allocations deferred for income tax purposes	(244)	192	-	**(52)**
Net deferred tax liability	(784)	166	-	**(618)**

Classified in the consolidated financial statements as:

	2024	2023
Deferred tax assets	**5**	4
Deferred tax liabilities	**(623)**	(788)
Net deferred tax liability	**(618)**	(784)

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related benefit through future taxable profits is probable. The Co-operative has determined that all recognized deferred tax assets will be realized through a combination of future reversals of temporary differences and taxable income prior to their date of expiration.

As at October 31, 2024, the Co-operative has non-capital losses available to offset income for tax purposes of $27 which expire between 2039 - 2044 (2023 - $22 which expire in 2038 - 2043).

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 21 Commitments and contingencies

A commitment is an enforceable and legally binding agreement to make a payment in the future for the purchase of goods or services. At October 31, 2024, the Co-operative has commitments that require the following minimum future payments which are not accrued for in the consolidated statements of financial position.

	< 1 year	1-5 years	> 5 years	Total
Purchase commitments	92	43	-	135
Contractual commitments for supply agreements	14	5	-	19
Other commitments	1	2	2	5
Total	**107**	**50**	**2**	**159**

In the normal course of operations, the Co-operative is subject to various claims and lawsuits on occasion. While it is not possible to determine the ultimate outcome of such actions at this time, it is management's opinion that the final resolution of such matters will not have a material adverse effect on the Co-operative's financial condition or results of operations.

Note 22 Financial instruments and risk management

The Co-operative is exposed to financial risks from its financial instruments comprising liquidity, credit and market risk. The Co-operative employs risk management strategies and policies to ensure these risks are in compliance with the Co-operative's strategy and risk tolerance levels. This note presents information about the Co-operative's exposure to the related risks and the objectives, policies and processes for measuring and managing risk.

(a) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss. The Co-operative's credit policy is designed to ensure that there is a standard credit practice throughout the Co-operative to measure and monitor credit risk. The policy outlines delegation of authority, the due diligence process required to approve a new customer and the maximum amount of credit exposure per single entity. Before transactions begin with a new customer or counterparty, their creditworthiness is assessed and a maximum credit limit is allocated. The assessment process is outlined in the credit policy and considers both quantitative and qualitative factors. The Co-operative constantly monitors the exposure to any single customer along with the financial position of the customer. If it is deemed that a customer's credit risk has increased, the Co-operative will work to reduce the credit exposure and lower the credit limit allocated. Regular reports are generated to monitor credit risk. A substantial portion of the Co-operative's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk. The carrying amount of cash and cash equivalents, short-term investments, accounts receivable and investments and advances represent the Co-operative's maximum credit exposure.

The Co-operative's accounts receivable was aged as follows:

	2024		2023	
	Members	**Non-members**	Members	Non-members
Current	**1,543**	**541**	1,306	529
Past due (1-30 days)	**39**	**4**	53	1
Past due (31-60 days)	**2**	**1**	-	1
Past due (more than 60 days)	**2**	**4**	1	2
Allowance for doubtful accounts	**-**	**(8)**	-	(8)
Total accounts receivable	**1,586**	**542**	1,360	525

The loss allowance for non-members accounts receivable must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition. Current economic conditions, customer history, why the accounts are past due and the accounts' industry are all considered when determining whether past due accounts should be allowed for or written-off. The allowance for doubtful accounts is calculated on a specific-identification basis for high risk accounts receivables and on a statistically-derived allowance basis for the remainder. The balance in allowance for doubtful accounts as at October 31, 2024, was $8 (2023 - $8).

(b) Liquidity risk

Liquidity risk is the risk that the Co-operative will not be able to meet its financial obligations when they come due. The Co-operative manages its liquidity risk by ensuring an optimal capital structure is in place that provides financial flexibility and access to capital needed to fund growth opportunities, while ensuring commitments and obligations can be met in a cost-effective manner. The following policies and processes are in place to mitigate this risk:

- Maintain an optimal capital structure that reflects the Co-operative's strategy
- Forecast free cash flow from operations and spending requirements to allow the Co-operative to maintain sufficient cash and credit facilities to meet these future requirements
- Maintain a balance sheet that meets investment grade rating metrics which allows ease of access to debt
- Maintain sufficient short-term credit availability
- Maintain long-term relationships with lenders
- Invest surplus cash based on the Co-operative's investment policies that ensures investments are in a range of short-term dated money market securities. Investments are only permitted with high quality securities

The table below outlines the Co-operative's available debt facilities as of October 31, 2024:

	Total amount	Outstanding	Available
Credit facility	150	-	150

The Co-operative has contractual commitments to purchase certain services, for its intangible assets, and other commitments as described in Note 21.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	On demand	< 1 year	1-5 years	> 5 years
As at October 31, 2024						
Accounts payable	1,381	1,381	-	1,381	-	-
Members' funds	703	703	703	-	-	-
Long-term debt[1]	300	312	-	312	-	-
As at October 31, 2023						
Accounts payable	1,394	1,394	-	1,394	-	-
Members' funds	599	599	599	-	-	-
Long-term debt[1]	300	324	-	12	312	-

[1]Contractual cash flows include contractual interest payments related to debt obligations.

(c) Market risk

Market risk is the risk of uncertainty arising from possible market price movements and their impact on the future performance of the Co-operative. Market price movements could adversely affect the value of the Co-operative's financial assets, liabilities and expected future cash flows. The Co-operative is exposed to a number of different market risks comprising foreign currency risk, interest rate risk and price risk.

The Co-operative uses derivative financial instruments to manage its exposure to cash flow variability from commodity prices and fluctuating foreign currency exchange rates. The Co-operative does not apply hedge accounting to any of its derivative financial instruments. As a result, gains or losses from changes in the fair value are recognized in the consolidated statements of comprehensive income.

i. Foreign currency risk

The Co-operative is exposed to foreign currency risk primarily relating to revenues, capital and operating expenditures that are denominated in a currency other than Canadian dollars. As at October 31, 2024, the carrying amount of financial instruments measured in foreign currency includes cash (US $6), accounts receivable (US $6), accounts payable (US $2) and lease obligations (US $18). The Co-operative is not exposed to material foreign exchange risk on its consolidated financial statements.

At times the Co-operative will hedge forecasted foreign currency denominated operating and capital exposure through the use of forward currency contracts. No such contracts were outstanding at October 31, 2024. Any foreign currency forward contracts entered into are not designated as hedging instruments for accounting purposes. A 1% strengthening in the exchange rates on commodity contracts would result in a foreign exchange gain of $nil. A 1% decrease would have an equal but opposite effect.

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

ii. Interest rate risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. This exposure is managed by monitoring forecasted borrowing requirements and monitoring market changes in interest rates.

Financial assets bearing variable interest rate exposure are cash and cash equivalents and short-term investments. Short-term investments are invested in short-term, high-quality securities. The primary objective is to ensure liquidity and preservation of principal while achieving a satisfactory return portfolio. Financial liabilities bearing interest rate exposure are bank indebtedness and members' funds. The Co-operative determined that a 1% increase in the interest rate would result in an increase of $22 in interest income. A 1% decrease would have an equal but opposite effect.

iii. Commodity price risk

Commodity price risk arises from fluctuations in future commodity prices and may have an effect on comprehensive income and future cash flows. To partially mitigate exposure to commodity price risk, the Co-operative uses commodity derivative financial instruments, such as swap contracts, to manage exposure to price volatility associated with the purchase of natural gas and crude oil. The Co-operative is exposed to commodity price risk on its derivative financial instruments. The sensitivity analyses are calculated with reference to period-end balances. For the purpose of the sensitivity analyses, the effect of a variation in a particular assumption on the fair value of the financial instrument was calculated independently of any change in another assumption. Based on the Co-operative's contract position at October 31, 2024, a 10% strengthening in natural gas commodity prices would result in a $3 gain. A 10% decrease would have an equal but opposite effect.

(d) Classification and fair values of financial assets and liabilities

The classification and fair values of financial assets and liabilities, along with carrying amounts are as follows:

	Fair value through profit or loss	Amortized cost	Total carrying amount
As at October 31, 2024			
Cash and cash equivalents	471	-	471
Short-term investments	1,874	-	1,874
Members accounts receivable	-	1,586	1,586
Non-members accounts receivable	-	542	542
Investments and advances	-	505	505
Total assets	2,345	2,633	4,978
Accounts payable[1]	9	1,372	1,381
Members' funds	-	703	703
Long-term debt	-	300	300
Total liabilities	9	2,375	2,384

[1]Includes fair value of derivative financial instruments related to the Energy segment.

	Fair value through profit or loss	Amortized cost	Total carrying amount
As at October 31, 2023			
Cash and cash equivalents	520	-	520
Short-term investments	1,792	-	1,792
Members accounts receivable	-	1,360	1,360
Non-members accounts receivable[1]	3	522	525
Investments and advances	-	479	479
Total assets	2,315	2,361	4,676
Accounts payable[1]	11	1,383	1,394
Members' funds	-	599	599
Long-term debt	-	300	300
Total liabilities	11	2,282	2,293

[1]Includes fair value of derivative financial instruments related to the Energy segment.

Fair value hierarchy

Except as otherwise disclosed, the fair market value of the Co-operative's financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments or the interest rate being similar to market rates.

The following table presents the Co-operative's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis or measured at amortized cost and require fair value disclosure:

	Level 1	Level 2	Level 3	Total
As at October 31, 2024				
Amortized cost				
Investments and advances	-	505	-	505
Total assets	-	505	-	505
Fair value on a recurring basis				
Accounts payable[1]	-	9	-	9
Total liabilities	-	9	-	9

[1]Represents fair value of derivative financial instruments related to the Energy segment.

	Level 1	Level 2	Level 3	Total
As at October 31, 2023				
Fair value on a recurring basis				
Non-members accounts receivable[1]	-	3	-	3
Amortized cost				
Investments and advances	-	479	-	479
Total assets	-	482	-	482
Fair value on a recurring basis				
Accounts payable[1]	-	11	-	11
Total liabilities	-	11	-	11

[1]Represents fair value of derivative financial instruments related to the Energy segment.

(e) Risk management contracts

Derivative contracts are used principally as hedging instruments to fix commodities' input costs (the purchase of natural gas and crude oil inputs). Because hedge accounting is not applied, gains or losses related to derivatives are recorded in the consolidated statements of comprehensive income. A realized loss of $16 (2023 - $158) and an unrealized loss of $5 (2023 gain - $198) have been recognized in 2024. All contracts are settled on a net basis and the majority mature within a one-year period. The carrying amount of derivative contracts at October 31, 2024 included with accounts payable is the fair value of $9 (2023 - $11) and derivative contracts included with accounts receivable is the fair value of $nil (2023 - $3) which are derived from quoted market prices.

The following table summarizes the fair value of derivatives on the consolidated statements of financial position:

	2024	2023
Crude oil contracts	**-**	15
Crude differential contracts	**-**	(5)
Diesel contracts	**-**	(20)
Gasoline contracts	**-**	(2)
Natural gas contracts	**(9)**	4
Total	**(9)**	(8)

The following table summarizes the different components of the gains (losses) on risk management contracts included in net income:

	2024	2023
Crude oil contracts	**(14)**	(31)
Crude differential contracts	**1**	16
Diesel contracts	**14**	70
Gasoline contracts	**2**	(1)
Natural gas contracts	**(24)**	(14)
Total	**(21)**	40

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 23 **Capital structure framework**

The objectives of the Co-operative's capital structure framework are to:

- maintain a balance sheet that supports an investment grade rating profile,
- provide access to cost effective capital required to support the Co-operative's growth strategy,
- provide financial flexibility and the ability to withstand unexpected stress, and
- be easily understood by stakeholders and comparable to other entities.

The Co-operative's capital structure consists of bank indebtedness, members' funds, long-term debt and members' equity, net of cash and cash equivalents and short-term investments. The calculation is set out in the following table:

	2024	2023
Members' funds	**703**	599
Long-term debt	**300**	300
Total debt	**1,003**	899
Less: cash and cash equivalents	**(471)**	(520)
Less: short-term investments	**(1,874)**	(1,792)
Net cash and cash equivalents and short-term investments	**(1,342)**	(1,413)
Members' equity	**6,589**	6,615
Non-controlling interest	**7**	7
Capital under management	**5,254**	5,209

The Co-operative's capital is monitored through the equity to asset ratio, the net debt to net debt plus members' equity ratio, the net debt to cash flow from operations ratio and the net debt to earnings before interest, taxes, depreciation and amortization. Due to the cyclical nature of the business environment, various situations can arise where the ratios fall outside of the Co-operative's targets. The Co-operative monitors the capital structure and may take actions such as adjusting capital spending, repaying debt and managing its members' equity in order to achieve the stated objectives.

Note 24 **Related party transactions**

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly. Key management personnel of the Co-operative include all members of the Senior Leadership Team and the Board of Directors.

In addition to their salaries and employee benefits, the Co-operative provides a post-employment benefit plan for the Senior Leadership Team.

Key management personnel compensation comprised the following:

	2024	2023
Short-term salary and employee benefits	**9**	8
Post-employment benefits	**1**	1
Total	**10**	9

Note 25 **Group entities**

Outlined in the table below is a list of the Co-operative's significant subsidiaries:

Name of subsidiary	Principal activity	Country of incorporation and operation	Ownership interest 2024	Ownership interest 2023
Consumers' Co-operative Refineries Limited (CCRL)	Manufactures and supplies petroleum	Canada	**100%**	100%
Crestere Investments Limited	Holds investments	Canada	**100%**	100%
FCL Enterprises Ltd.	Holds investment property	Canada	**N/A**	100%
FCL Ventures Ltd.	Holds investment property	Canada	**100%**	100%
102078290 Saskatchewan Ltd.	Manufactures and supplies ethanol	Canada	**100%**	100%
2214896 Alberta Ltd.	Operated oil and gas assets	Canada	**100%**	100%
FCL Support Services Co-operative	Central fill pharmacy services	Canada	**100%**	100%
Red Shield Insurance Ltd.	Captive insurance	Canada	**100%**	100%
Red Shield Insurance Ltd.	Captive insurance	Barbados	**100%**	100%
Blair's Crop Solutions (2020) Inc.	Supplies crop, fertilizer and farm related products	Canada	**80%**	80%

Effective November 1, 2023, FCL Enterprises Ltd. amalgamated with FCL Ventures Ltd.

Note 26 **Operating segments**

The Co-operative has four reportable segments, which are the Co-operative's strategic business units (SBUs). These SBUs offer different products and services and are managed separately as they have different processes and marketing strategies. The following summary describes the operations of each SBU:

- Ag Solutions: includes purchasing, manufacturing and distribution of crop, fertilizer, animal feed and farm related products
- Food: includes purchasing and distribution of food and pharmacy products on a wholesale and retail basis
- Home and Building Solutions: includes purchasing and distribution of home and building supplies on a wholesale basis
- Energy: includes refining, manufacturing, distribution and marketing of petroleum and ethanol products

		Sales	Depreciation and amortization	Interest income	Finance costs	Income taxes	Net income
Ag Solutions	**2024**	**1,991**	**11**	**20**	**6**	**2**	**52**
	2023	2,083	10	8	3	5	40
Food	**2024**	**2,258**	**17**	**17**	**4**	**1**	**32**
	2023	2,175	16	12	4	8	67
Home and Building	**2024**	**380**	**6**	**4**	**1**	**-**	**7**
Solutions	2023	379	6	2	-	1	9
Energy	**2024**	**7,255**	**402**	**132**	**39**	**10**	**206**
	2023	7,823	412	125	42	123	665
Total	**2024**	**11,884**	**436**	**173**	**50**	**13**	**297**
	2023	12,460	444	147	49	137	781

Note 27 **Subsequent events**

Share redemption

Subsequent to year end, the Board of Directors approved a share redemption in the amount of $226 (2023 - $320) out of the $252 (2023 - $399) patronage allocation on December 18, 2024.

Notes

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