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 habitants of these lands, and is committed to working toward reconciliation, community building, sustainable practices and economic independence for Indigenous communities.

The Four Winds Cultural Centre (above) in the community of Southport in the Rural Municipality of Portage la Prairie, Manitoba and the Willband Creek Park accessible viewpoint (cover) in Abbotsford, B.C., are Co-op Community Spaces recipients. Co-op Community Spaces has been developed to help protect and beautify spaces across Western Canada by supporting projects that improve the places Canadians meet, play, learn and share.
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<th>Section</th>
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<td>Operations</td>
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<td>36</td>
<td>Financial</td>
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<td>Sustainability</td>
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<td>Statement on the Co-operative Identity</td>
</tr>
<tr>
<td>45</td>
<td>Code of Ethical Standards for Co-operatives</td>
</tr>
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</table>
MEMBERSHIP.

Federated Co-operatives Limited (FCL) is owned by 161 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, 2023, FCL was made up of 161 member retail co-operatives, two affiliate members and six associate members. Three changes occurred during the year:

- East End Storefront Co-operative dissolved.

FCL Members by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>British</td>
<td>18</td>
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<tr>
<td>Columbia</td>
<td></td>
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<tr>
<td>Alberta</td>
<td>28</td>
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<tr>
<td>Saskatchewan</td>
<td>90</td>
</tr>
<tr>
<td>Manitoba</td>
<td>32</td>
</tr>
<tr>
<td>Ontario</td>
<td>1</td>
</tr>
</tbody>
</table>
FCL AT A GLANCE.

**CO-OP IN WESTERN CANADA**
FCL and local Co-ops help build, feed, fuel and grow Western Canada.

FCL’s business is largely business-to-business (B2B). Working together, FCL and more than 160 independent local co-operative associations form the CRS and help to fuel, feed, grow and build Western Canada.

![Map of Western Canada showing Co-op communities](image)

- **650+ communities**
- **26,400+ employees**
- **2.1M+ members**

**FCL OPERATES 55+ FACILITIES IN 5 PROVINCES:**

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Count</th>
<th>Icon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum Terminals</td>
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<td><img src="image" alt="Petroleum icon" /></td>
</tr>
<tr>
<td>Refinery</td>
<td>1</td>
<td><img src="image" alt="Refinery icon" /></td>
</tr>
<tr>
<td>Propane Centres</td>
<td>31</td>
<td><img src="image" alt="Propane icon" /></td>
</tr>
<tr>
<td>Ethanol Plant</td>
<td>1</td>
<td><img src="image" alt="Ethanol icon" /></td>
</tr>
<tr>
<td>Feed Plants</td>
<td>3</td>
<td><img src="image" alt="Feed icon" /></td>
</tr>
<tr>
<td>Offices</td>
<td>9</td>
<td><img src="image" alt="Office icon" /></td>
</tr>
<tr>
<td>Fertilizer Terminals</td>
<td>3</td>
<td><img src="image" alt="Fertilizer icon" /></td>
</tr>
<tr>
<td>Distribution Centres</td>
<td>5</td>
<td><img src="image" alt="Distribution icon" /></td>
</tr>
<tr>
<td>Lumber Distribution Facilities</td>
<td>2</td>
<td><img src="image" alt="Lumber icon" /></td>
</tr>
</tbody>
</table>

- **3,500+ FCL employees**
- **$12.5 BILLION in sales**

We support local Co-ops across Western Canada to deliver service to more than **2.1 MILLION** Co-op members in 650+ communities.
Co-op has a long, proud history and, as we move forward, we want to stay true to that legacy—while ensuring we remain competitive and relevant in a constantly changing world.

Sharon Alford
President/Chair of the Board

SHARON ALFORD
President/Chair of the Board
For me, 2023 felt like a breath of fresh air in many ways. The thread that ran through the highlights of 2023 was connection, and the highly anticipated coming back together as a group and with individual local Co-ops.

For the first time since 2019, we gathered in person at the Co-op Leaders Conference. Our theme, Governance in Uncertain Times, signalled our awareness of everything going on in the world around us. There is much that is out of our control and will continue to be. However, kicking off the year surrounded by a team of passionate, engaged and talented FCL and Local Co-op directors reminded me there are many things we can control.

We continue to plan for the future while remaining agile enough to respond when challenges come our way

We continue to strive for excellence in the way we operate the business every day, and in the service we provide to our local Co-ops as they serve their members.

We can overcome challenges and continue to thrive as we work together as the CRS. Throughout the year, I was able to visit many Co-ops across Western Canada, and it served as a reminder of what is at the heart of our business: people. From our member-owners to our team members, to the communities in which we live, work and operate, we wouldn’t be who we are without the people who support us. As a co-operative, engaged people are an essential ingredient to our success.

With that in mind, building and supporting relationships was a central focus for our board throughout 2023. In addition to staying in-touch with local Co-ops, we formally established a mentorship program for newly elected FCL board members and a board onboarding session, to enhance new directors’ understanding of their roles so they can make an immediate impact in helping set the strategic direction for FCL and provide oversight of our operations.

As these new programs are set in place, they form a solid foundation for us to change and evolve in a way that works for FCL and Co-ops across the Federation. Co-op has a long, proud history and, as we move forward, we want to stay true to that legacy—while ensuring we remain competitive and relevant in a constantly changing world. We are better prepared to have hard conversations, make the important decisions and face uncertainty when we do it together.

As we reflect on 2023, and look forward to 2024, let us be open to evolving, improving and growing together, while also being proud of what we have already accomplished—together.
CEO’S MESSAGE.

I am struck by how these past few years have fundamentally challenged our assumptions and transformed so much of what we thought we knew to be true. Considering 2023, although it was in some ways more stable, it also provided a tangible example of how we may never see status quo again—at least not in the short term.

What we also saw in 2023 is that Co-op is very well situated to weather the challenges that arise through periods of uncertainty. Our values-based approach to business has always grounded Co-op on what matters to people, to members and to our communities. These principles have kept our compass focused, even as the landscape continued to shift around us. We will always need to adjust and pivot, and we are well positioned to do so. We will continue to plan strategically for what we can, stay true to our focus areas and prepare as best we can for events we can’t anticipate.

Our strength lies not only in our values and our plans, but in how we bring those to life—together

Every single team member across the CRS is part of how we do business, and how we grow and evolve. Relationships are fundamental to this, between FCL and local Co-ops, between team members and leaders, between Co-op boards and strategic partners, and the list goes on. Co-operatives are built on co-operation, and this is not lost on me. These relationships take ongoing work and dedication, and they’re not always easy. But when they are truly collaborative, they make us unstoppable.

Just as relationships form a key part of our foundation, so too does our operational excellence. Our day-to-day commitment to running the business well is essential. Without that, we are not meeting the expectations of who our members and customers know us to be, and who we know ourselves to be. We rightfully pay attention to significant projects underway that will undoubtedly enhance our operations and our customer experience. But those projects depend on a solid, well-operated business. We can’t do one without the other.

As you read through this year’s annual report, I encourage you to take stock of what we accomplished in 2023, how we collectively ran the business and how it sets the stage for an exciting year to come. From the Energy Roadmap and path to compliance, to technological initiatives and an enhanced member experience, to a renewed focus on employee experience and engaging and retaining top talent, to recognizing that change truly does begin in our backyard, we are working together to bring our values to life.

Our co-operative model is a unique advantage. Together, we are well positioned in this ever-changing world. Together, we are stronger. Together, we have a very bright future.
Our values-based approach to business has always centred on what matters to people, to members and to our communities, and those principles kept our compass focused, even as the landscape continued to shift around us.

Heather Ryan
Chief Executive Officer
Together, we have a very bright future.
ABOUT US.

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 over two million members through retail locations in over 650 communities across Western Canada.

We exist to help the 161 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 their members’ lives.

**Marketing Support**
Building a brand that maintains Co-op’s relevance and increases market share for local Co-ops.

We are a co–operative to our core, supporting other co–operatives so they can serve Western Canadians

VISION
Building sustainable communities together

MISSION
To provide responsible, innovative leadership and support to the Co-operative Retailing System for the benefit of members, employees and Canadian communities

VALUES
Integrity | Excellence | Responsibility

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YEAR IN REVIEW.

NOVEMBER 2022

- In partnership with Alberni District Co-op, the Tseshaht First Nation opened the first Western Nations gas bar in British Columbia.

- FCL won five awards at the Best of CAMA Awards, Canadian Agri-Food Marketers Alliance’s annual event recognizing industry-leading marketing and communications projects from the agricultural sector.
• Donated $90,000 worth of primers, paints, stains and specialty coatings to complete 122 projects in over 83 communities through Communities in Full Colour.
FEBRUARY 2023

- FCL hosted its first in-person annual meeting since 2020 as delegates from across Western Canada attended to review the 2022 financial results, discuss the CRS’s future and elect FCL’s Board of Directors. It was also Heather Ryan’s first opportunity to address the delegation as CEO.

- FCL brought winter to life in Regina as the first-ever presenting sponsor of Frost Regina, which hosted nearly 90,000 visitors to celebrate the fun and beauty that stems from the cold winter climate through art, music and culture.

March 2023

- The Co-op Refinery Complex (CRC) invested more than $112 million into the annual turnaround project, which was completed in May.
APRIL 2023

• The Change Begins in Our Backyard campaign launched in celebration of Earth month, to highlight and affirm Co-op’s commitment to sustainability through its focus on making decisions that work for today, while keeping the future health of local communities top of mind.

• To reduce single-use plastics, FCL announced it would no longer be sourcing plastic checkout bags for the CRS.

• Leaders from across the CRS attended the inaugural Spring Conference in Saskatoon.

MAY 2023

• FCL won the Household Product Award for our Co-op Gold Multi-Purpose Cleaner at the Canadian Grand Prix New Product Awards. Co-op Gold and Co-op Gold Pure products have now won 15 Grand Prix Awards since 2016.

• While transitioning to a new paint supplier, FCL worked with local Co-ops to divert 575 gallons of colourant from the landfill which was repurposed by a mulch company to be used in colouring their products.

• A Lumber Distribution Hub became operational in Fort Saskatchewan, Alberta to serve local Co-ops in B.C., Alberta and Northwest Saskatchewan. This Hub creates operational efficiencies for Co-op Home Centres by centralizing inventory to improve the CRS’s working capital and procurement functionality, which allows local Lumber and Building Materials teams more time to focus on their customers.

• The Change Begins in Our Backyard campaign launched in celebration of Earth month, to highlight and affirm Co-op’s commitment to sustainability through its focus on making decisions that work for today, while keeping the future health of local communities top of mind.

• To reduce single-use plastics, FCL announced it would no longer be sourcing plastic checkout bags for the CRS.

• Leaders from across the CRS attended the inaugural Spring Conference in Saskatoon.

FCL announced it would
NO LONGER BE SOURCING PLASTIC CHECKOUT BAGS

Co-op Gold and Co-op Gold
Pure products have now won
15 GRAND PRIX AWARDS SINCE 2016
FCL announced 15 new community projects which received a combined $1 million in funding through the Co-op Community Spaces program.

Through the Co-op Helps program, FCL supported local Co-op donation and fundraising efforts in response to the Alberta Wildfires.

**JUNE 2023**

**JULY 2023**

- FCL launched a new oat beverage at Food Stores across Western Canada. Made from locally grown oats, this product is a testament to Co-op’s commitment to offering sustainably and locally sourced products.

- For the seventh consecutive year, Imagine Canada recognized FCL with a Caring Company designation for donating more than $7.9 million in the 2022 fiscal year.

**AUGUST 2023**

- FCL received a 2023 Canadian Grocer Impact Award for Diversity, Equity and Inclusion for Co-op Gold Bison products, which are co-branded with Wanuskewin Heritage Park.

- The Co-op Refinery Environmental Sustainability Team (CREST) collected bottles and cans from turnaround tents and trailers as part of its Turnaround Recycling Program and in 2023, donated $8,000 to Big Brothers Big Sisters of Regina and Area with 37,389 containers collected and recycled.

Canadian Grocer Impact Award recipient for DIVERSITY, EQUITY AND INCLUSION
FCL, on behalf of Co-ops across Western Canada, committed $125,000 to the University of Regina Press for Indigenous language preservation. These funds will help create textbooks and audio resources supporting the development of post-secondary Dakota and Dene language courses.

Fuel Good Day raised more than $645,000 to support 168 community groups across Western Canada.

FCL committed to a renewed partnership with the Canadian Red Cross with an investment of $1 million over five years, ensuring the continued support of a trusted emergency response partner for the CRS.

October 2023

- FCL partnered with six Alberta Co-ops to support 4-H Alberta and the programming they bring to young people each year. Included is the creation of the Co-op Growing Leaders Program that will provide local youth with new opportunities and positive life experiences.

- FCL committed to a renewed partnership with the Canadian Centre for the Study of Co-operatives with an investment of $1 million over five years. This partnership will support the advancement of co-operative education in post-secondary institutions and drive innovation within the co-operative sector.
Here’s a by-the-numbers look at 2022-23 sustainability highlights at FCL and throughout the CRS. All metrics are for the 2022 calendar year unless otherwise noted.

Recycled 300,385 kg of plastic wrap and film from our local Co-ops and distribution centres, which were baled and sold to be processed into composite decking.

62% of waste diverted from the landfill.

46,470 kg of organics composted from our distribution centres.

Food waste rescued and repurposed to local farms through the Loop program was 4.46 million kg from 99 participating locations.

RECYCLED 300,385 KG OF PLASTIC WRAP AND FILM from our local Co-ops and distribution centres, which were baled and sold to be processed into composite decking.

Sourced almost 18 million kg of fresh fruits and vegetables from Western Canadian farmers.

The CRS continues to encourage customers to recycle their vehicle batteries, hitting a recycle return rate of 98%.
FCL’s commitment to reducing greenhouse gas emissions:

- 40 per cent reduction by 2030
- Aspiring for net neutral by 2050

A solar canopy was installed at one of FCL’s cardlock sites in Regina to reduce energy costs and support FCL’s commitment to reducing emissions.

Our commitment to the Sustainable Fish and Seafood Policy has seen an increase to 89% of the fish and seafood sustainably sourced in 2022, from 87% in 2021.

FCL contributed $2.2 million on research that supports impacted site remediation initiatives.

Donated equivalent to $73,000 in value of pet food to local pet rescue organizations in Calgary, Edmonton, Saskatoon and Winnipeg (fiscal year 2023).

Donated over 936,000 lbs of food equivalent of over $3.3 million in value to food banks in Calgary, Edmonton, Saskatoon and Winnipeg (fiscal year 2023).

Reduced fuel consumption for merchandise and petroleum fleet vehicles from 49 L/100 km in 2021 to 48 L/100 km.

The Home and Building Solutions team (HABS) sourced 21 new Canadian made products in 2022, bringing the total offered to 3,048.
DIRECTORS.

Elected by the delegates of member co-operatives, FCL's Board of Directors oversee 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 members-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 five-year corporate goals that are supported by annual, evolving strategic priorities. 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 ten times in 2022–23, with nine regular board meetings and one special meeting. Seven meetings were held in person and three were held virtually.

Two bylaw changes were proposed by the Board. The first is proposing term limits for FCL Directors, acknowledging that leading governance practices support term limits to ensure turnover and to refresh the board. The second one, regarding the election of Chair and Secretary of District Meetings, recognizes that by proposing that the two district directors not up for election in each district be appointed to fill the roles of secretary and chair of the meeting will result in a more efficient meeting.

Meetings with our members

The fourth annual Co-op Leaders Conference was held in November, hosting 388 registered delegates at the first in-person conference since 2019.

FCL's Annual Meeting, which took place in February, was also held in person for the first time since 2020.

- District 1 – Donna Smith, retiring director acclaimed for a further term
- District 2 – Darlene Thorburn, retiring director acclaimed for a further term
- District 3 – Marc Girard, retiring director re-elected for a further term
- District 4 – Ryan Anderson, retiring director and Garth Weiterman elected
- District 5 – John Rudyk, retiring director and Richard Stefansson elected

Following the Annual Meeting, Sharon Alford was elected for a third term as President/Chair of the Board and Robert Grimsrud was elected Vice Chair.

June District Meetings were held in Prince George and Sidney, B.C., Yorkton and Saskatoon, Sask. and Winnipeg, 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 guidance of their co-operative and provide tools supporting the roles and responsibilities of a director.

Series 3 of the program was released in 2021 — Advanced Co-operative Governance. This course was developed by FCL in partnership with the Canadian Centre of Co-operative Studies, 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 four Co-op directors who achieved this designation in 2023.

Director Development Program data for 2023:

- Series 1 Foundations of Co-op Governance – 29 completions
- Series 2 Building Strategic Leadership – 15 completions
- Series 3 Advanced Co-operative Governance – 4 completions
# COMMITTEES

**Governance Committee**  
Robert Grimsrud (Chair), Sharon Alford, Tara Burke, Paul Hames, Darlene Thorburn

**Audit Committee**  
Randy Graham (Chair), Tara Burke, Paul Hames, Richard Stefansson, Darlene Thorburn

**Human Resources Committee**  
Valerie Pearson (Chair), Graham Anderson, Miranda Flury, Marc Girard, Robert Grimsrud

**Sustainability Committee**  
Donna Smith (Chair), Brett Ferguson, Jocelyn VanKoughnet, Garth Weiterman

**Code of Conduct and Ethics Committee**  
Robert Grimsrud (Chair), Sharon Alford, Valerie Pearson

**Credentials Committee**  
Robert Grimsrud (Chair), Graham Anderson, Paul Hames, Richard Stefansson

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

<table>
<thead>
<tr>
<th>District</th>
<th>Director</th>
<th>Board Meetings Attended</th>
<th>Committee Meetings Attended</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Miranda Flury, Fort St. John, BC</td>
<td>9/10</td>
<td>5/5</td>
<td>2025</td>
</tr>
<tr>
<td>1</td>
<td>Donna Smith, Stony Plain, AB</td>
<td>10/10</td>
<td>4/4</td>
<td>2026</td>
</tr>
<tr>
<td>1</td>
<td>Tara Burke, Wainwright, AB</td>
<td>10/10</td>
<td>10/10</td>
<td>2024</td>
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<tr>
<td>2</td>
<td>Darlene Thorburn, Victoria, BC</td>
<td>9.5/10</td>
<td>9/10</td>
<td>2026</td>
</tr>
<tr>
<td>2</td>
<td>Paul Hames, Brentwood Bay, BC</td>
<td>9.5/10</td>
<td>9/9</td>
<td>2024</td>
</tr>
<tr>
<td>2</td>
<td>Graham Anderson, Powell River, BC</td>
<td>10/10</td>
<td>4/4</td>
<td>2025</td>
</tr>
<tr>
<td>3</td>
<td>Brett Ferguson, Weyburn, SK</td>
<td>10/10</td>
<td>4/4</td>
<td>2025</td>
</tr>
<tr>
<td>3</td>
<td>Robert Grimsrud, Estevan, SK</td>
<td>10/10</td>
<td>11/11</td>
<td>2024</td>
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<tr>
<td>3</td>
<td>Marc Girard, Moose Jaw, SK</td>
<td>10/10</td>
<td>5/5</td>
<td>2026</td>
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<tr>
<td>4</td>
<td>Valerie Pearson, Saskatoon, SK</td>
<td>10/10</td>
<td>5/5</td>
<td>2024</td>
</tr>
<tr>
<td>4</td>
<td>Randy Graham, Battleford, SK</td>
<td>10/10</td>
<td>4/4</td>
<td>2025</td>
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<tr>
<td>4</td>
<td>Ryan Anderson, Melfort, SK</td>
<td>3/3</td>
<td>3/3</td>
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<tr>
<td>4</td>
<td>Garth Weiterman, Outlook, SK</td>
<td>7/7</td>
<td>3/3</td>
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<td>5</td>
<td>Sharon Alford, Swan River, MB</td>
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<tr>
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<td>Jocelyn VanKoughnet, Carman, MB</td>
<td>10/10</td>
<td>4/4</td>
<td>2024</td>
</tr>
<tr>
<td>5</td>
<td>John Rudyk, Fisher Branch, MB</td>
<td>1/1</td>
<td>1/1</td>
<td>2023</td>
</tr>
<tr>
<td>5</td>
<td>Richard Stefansson, Beausejour, MB</td>
<td>3/3</td>
<td>3/3</td>
<td>2026</td>
</tr>
</tbody>
</table>

1 Term ended February 27, 2023  
2 Elected February 27, 2023
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:

- **3.020%** for Crop Supplies
- **3.917%** for Food
- **2.013%** for Home and Building Solutions
- **11.125%** for Energy-Oil and Grease

**Energy-Fuels**

- 5.570¢/L

**Energy-Propane**

- 11.596¢/L

**Fertilizer**

- 5.091$/MT

cents per litre (¢/L); dollars per metric ton ($/MT)
2023 HIGHLIGHTS

Sales
$12.5 BILLION

Net income
$781 MILLION

Patronage allocation
$399 MILLION

Share redemption
$320 MILLION

FIVE YEAR PATRONAGE ALLOCATION

Over the last five years, FCL has made patronage allocations of more than $1.9 billion and share redemptions of nearly $2.0 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.
PEOPLE.

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

FCL is working hard to ensure our people are at the heart of everything we do. As we look across the CRS, we recognize that if we want Co-op to be a great place to shop, it first needs to be a great place to work. Fostering an environment where team members can grow, thrive and connect is imperative to our success and we are continually evolving to meet their expectations and the needs of the CRS. FCL’s goal is to have the employee experience be an intentional consideration in everything we do.

FCL’s commitment to our employees is evidenced by the work we began in 2023. The needs of employees have changed, and we are evolving to meet those needs by enhancing our career development and training opportunities, workplace flexibility and wellness programs. We are also working to better connect team members to our vision by taking purposeful actions and providing opportunities that allow them to make a meaningful impact.

Our Employee Promise: You’re at Home Here: At Co-op, you will find success, community and purpose

Employee experience is about building a feeling of trust so team members know they are supported and valued

A DIVERSE AND INCLUSIVE WORKPLACE
that helps build a better quality of life at work and at home is key to attracting and retaining team members
Empowering team members with flexibility

Ensuring we offer a diverse and inclusive workplace that helps build a better quality of life at work and at home is key to attracting and retaining team members. Remote work options—for eligible roles—is a key component of this commitment, positively contributing to team members' overall experience by supporting their wellbeing, productivity and accessibility in an efficient and sustainable way.

Elevating engagement

Employee engagement is an output of the employee experience and FCL regularly seeks feedback to better understand employee perspectives.

The 2023 Employee Engagement Survey saw a participation rate of 79 per cent and while results show that we have made progress in some areas, opportunities for improvement were identified related to barriers to productivity, career and development, recognition and wellbeing, and leader engagement.

Focus groups were held with employees across all levels and many locations to gain insights into the employee experience within these focus areas. This feedback will pave the way for actionable recommendations that will further strengthen engagement and improve the employee experience for individuals across FCL.

Thriving together

In 2023, we continued to focus on the psychological, social, physical and financial wellbeing of our team members. Not Myself Today Mental Health Moments provided a weekly opportunity for CRS team members at all levels to take time to focus on mental health and engage in related discussions. The opening of FCL’s first-ever Reflection Rooms enhances our support for creating inclusive spaces, allowing team members to pray, reflect or meditate in a non-denominational space. The new Inclusive Spaces Task Team explored additional options to make workspaces more inclusive from both a physical and psychological perspective.

Wellness Week in February featured tips on nutrition, sleep and hygiene to combat the February blues. FCL recognized Healthy Workplace Month in October for the first time with both in-person events and educational webinars, including sessions on financial wellbeing and budgeting.
Fostering a diverse and inclusive environment where team members find success, community and purpose is a cornerstone of the employee experience. In 2023, FCL moved forward on key initiatives to support and enhance the employee experience by ensuring team members can bring their whole selves to work.

A Roadmap to Strengthen Diversity and Inclusion at Your Co-op continued to evolve in 2023, adding resources to complement existing modules and developing a cohort model for local Co-ops. Supported by the Diversity, Inclusion and Employee Wellbeing (DIEW) team, the cohort works together to build relationships, share ideas and encourage one another to advance their individual Co-op’s diversity and inclusion journey.

FCL proudly launched three new offerings within the Diversity and Inclusion Learning Path: The Basics, Inclusive Talent Acquisition and 4 Seasons of Reconciliation, an Indigenous education offering available to all CRS employees and Boards of Directors. Educational webinars focusing on recognizing the diversity of Indigenous Peoples and anti-racism were also conducted.

In 2023, FCL took further steps in our journey to advance truth and reconciliation and acknowledge Canada’s history with Indigenous peoples. A partnership with the Office of the Treaty Commissioner was established to participate in Truth and Reconciliation through the Treaty Implementation framework. This initiative assesses where we
are on our reconciliation journey and helps create an action plan to move our organization forward. An Indigenous Recruitment Strategy was also developed, in partnership with FHQ Developments and Tokata HR Solutions, which is expected to launch in 2024.

July marked the launch of our Persons with Disabilities and Allies Task Team while our Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer+ Task Team continued its tradition of painting the sidewalk outside of our Home Office in rainbow colours in June to celebrate Pride. The Co-op Refinery Complex (CRC) held its first-ever Pride event this year, flying the Progress Pride flag outside its facilities and sharing educational materials. The Intercultural Inclusion Network and Women’s Inclusion Network focused on equity-deserving groups, including Women, Persons with Disabilities, Indigenous Peoples, Persons of Colour and 2SLGBTQ+ individuals. Other task teams within our inclusion networks collaborated with FCL business units to share insights into the development of relevant materials and programs.

**T-shirts with the Co-op Local Love logo were created by Marketing in collaboration with the 2SLGBTQ+ task team, to represent the Progress Pride Flag**

**Evolving our people processes and systems**

People Forward is a transformative and collaborative multi-year program that aims to improve the hire-to-retire employee experience with self-serve Human Resource (HR) technology, consistent HR practices and reliable data to create a standard foundation across the CRS.

Over the last year, the People Forward Program team worked diligently to prepare FCL and 50 local Co-ops—including approximately 19,000 team members—to adopt new technology and processes that will be introduced with the program implementation. Resources were created, including communications, change management and training plans, videos and user guides.

The People Forward program team will launch this new program to the first wave in November 2023. The remainder of FCL and approximately 100 local Co-ops will move onto the People Forward solution in successive waves.
MARKET.

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

Keeping it fresh

FCL is committed to bringing local, sustainable and innovative products to consumers across Western Canada. This approach not only aligns with our commitment to sustainability but also allows us to foster reciprocal relationships along the local production chain — from farmer to food store — to get top quality, locally produced products to Co-op customers.

In 2022-23, FCL launched two store brands products in collaboration with local growers and processors. These products include CO-OP GOLD PURE® Oat Beverage and CO-OP® GOLD Beer that features Lager, Pilsner and Light varieties.

Co-op Gold Pure Oat Beverage is a collaborative effort with Cas-Grain Farms, a Tisdale-based oat farmer, and Sonic Milling, a Saskatoon-based Pacific Ridge (PACRIDGE) food processing company. Co-op Gold Lager Beer initially launched in Saskatchewan in 2022, and in 2023, we expanded the selection to include Pilsner and Light options and introduced the full range of products in Alberta. A portion of the malt barley used in these beers is sourced from a grower in Killam, Alberta, prepared by Prairie Malt in Biggar, Sask, and brewed by Great Western Brewing in Saskatoon.

FCL and local Co-ops continue to work alongside these and many other growers across Western Canada, offering agronomic expertise to help them grow safe, nutritional food in a sustainable manner. Each grower supports their local Co-op and participates in Co-op’s on-farm GROWN WITH PURPOSE™ sustainability program.

Advancing independent fuel business through Tempo and Western Nations brands

Advancing and growing independent fuel business is strategically important to the CRS as we work to increase our customer base across Western Canada. Part of this strategy involves the evolution of the independent fuel brands, Tempo and Western Nations, to meet the needs of dealers and their communities.

FCL’s acquisition of Husky retail fuel sites enabled the expansion of the Tempo fuel network with the conversion of 17 Husky locations to the Tempo brand across Western Canada. These conversions provided an opportunity to update the Tempo brand look, logo and style guide. Additional program enhancements included:

• Development of the Fuelled by Co-op program that leverages the strength of the Co-op brand.
• A unique convenience store program that leverages the experience and quality of the Co-op convenience store program.

FCL launched the C-STORE EVOLUTION STRATEGY ROADMAP in 2023.
In 2023, FCL focused on supporting Co-ops to build relationships and develop partnerships with Indigenous communities that would benefit from the Western Nations brand which represents a growing network of independent, Indigenous owned and operated gas bars. Increasing brand awareness through billboard campaigns, digital ad campaigns, video assets and participation in Indigenous economic trade shows and events was also a priority in 2023.

Key developments to ensure both Tempo and Western Nations brands remain competitive were the introduction of a gift card program and a new independent rewards program, WestWay Rewards, increased seasonal marketing promotions and programs, and the launch of Tempo and Western Nations social media channels.

Welcoming new and supporting all independent dealers is part of the CRS’ strategy to increase overall market share in the fuel industry.

Evolving convenience stores in a dynamic market

In response to the evolving landscape of consumer needs and market dynamics, FCL launched the C-Store Evolution Strategy Roadmap in 2023, with a goal to keep Co-op convenience stores relevant and add incremental sales and profit.

To differentiate the Co-op convenience store offerings from competitors and provide consumers with high-quality products at competitive prices, we focused on introducing more Co-op Gold private label products. In collaboration with local Co-ops, FCL developed a centralized promotion strategy featuring seasonal offerings and enhancing the visibility and accessibility of private label products in the store. These private label products can now be found in Co-op, Tempo and Western Nations convenience stores.

In response to consumer trends, FCL also focused on sourcing new food and beverage options for convenience stores. A new Cold Coffee Program launched in 2023 and the development of a Freezer to Oven Hot Food Program began, focusing on product variety and ease of program execution.

A cross-functional team within FCL and local Co-ops collaborated to develop the Proudly Western Canadian program and operating guide for convenience stores. This innovative marketing initiative, which is successfully used in Co-op food stores, helps consumers identify locally sourced and produced products, a crucial differentiator in today’s competitive market.

FCL will continue to execute the C-Store Evolution Strategy to meet the needs of Co-ops in an evolving marketplace.

Cultivating success: supporting agriculture growth

As trusted advisors to growers and stewards of the environment, Co-op Grow Team members hold various designations and licenses that require a commitment to continuing professional development. FCL Ag Solutions helps support those efforts, and in 2023, FCL hosted 39 GrowActive webinars with 1675 attendees and three animal nutrition webinars with over 190 attendees.

The CRS employs 92 licensed Agrologists, 77 Certified Crop Advisors and 86 4R Nutrient Agronomists, who provide knowledgeable solutions to farm customers across Western Canada.

In turn, Co-ops continue to support growers and farmers in making informed, real-time decisions to enhance their operations. In 2023, 37 Co-ops used the digital agriculture platform, AGZONE™ FIELD alongside growers on over five million acres, an increase of 42 per cent or nearly 1.5 million acres from 2022. Grow Team members scouted and made recommendations on weed, disease and insect control on over 22,175 fields, an increase of 14,782 or 50 per cent over 2022.

5 MILLION ACRES TRacked
through AgZone FIELD to support farmers to make informed, real-time decisions
**IPCO Facility upgrade completion**

Our membership in Interprovincial Co-operatives (IPCO) continues to enable the growth of Co-op Agro Private Brand crop protection products. This manufacturing facility is not only critical in supporting our trusted advisor status with growers, but also helps mitigate supply chain risks. This past year, IPCO completed a significant plant modernization project, doubling its output capacity.

**Growth in membership**

The Membership Matters More campaign kicked off its second year in 2023 and was recognized as Best in Show at the Canadian Agri-food Marketers Alliance (CAMA) Awards and winner of a Saskatchewan Award for Communications Excellence (ACE). Founded on real stories from real members, this engaging campaign is uniquely Co-op. When the initial campaign wrapped up in November 2022, the numbers spoke for themselves — a 25 per cent increase in new memberships over the same period the year prior, a 100 per cent increase in email subscriptions over the same period in 2021, and 33.9 million digital impressions.

Local Co-ops were a key contributor to the campaign’s success, as membership sign-up increased dramatically when local Co-ops promoted the campaign, particularly during Co-op Week. This campaign transitioned to an always-on membership campaign that has continued to drive membership growth throughout the year on digital channels. Another exciting addition to the membership portfolio is the Online Business Membership Form (OBMF), which allows any local Co-op offering online membership sign-up for personal accounts to offer the same opportunity for businesses. The OBMF launched CRS-wide in August.

**Online Business Membership Form:**

- **PILOTED WITH 5** local Co-ops
- **NOW LIVE WITH 76** local Co-ops

**Evolving marketing services to support growth**

As a company that operates within multiple lines of business in hundreds of locations throughout Western Canada, marketing is a foundational activity that builds the Co-op brand and drives business. Throughout 2023, strategic campaigns highlighted how Co-op is a different kind of business — Membership Matters More, Here for Your Farm, Change Begins in Our Backyard and support for the Husky conversion sites, to name a few.

A key goal in 2023 was to build Co-op’s marketing database so we could better reach and support local Co-op members and customers. To do this, we launched multiple campaigns to continuously seek promotional email sign-ups, Co-op app downloads and Co-op membership sign-ups. These efforts will also assist us to better target and market to members and customers.
Whether it’s major marketing campaigns, or working on unique requests from local Co-ops, the Marketing team took on and delivered more than 800 campaigns and projects last year, a year-over-year increase of more than 27 per cent.

Co-op members are the heart of our business. They are Co-op’s most loyal customers and are quite literally invested in our success. Enhancing the member experience is the focus of several interrelated projects that achieved significant milestones in 2023.

The refreshed Co-op app and co-op.crs website went live in July, giving customers a modernized digital experience and drawing thousands of new users. Verified members can now update their personal profile and check their past equity statements from participating Co-ops. The refreshed app also allows Co-ops to add local content and promotions directly and uniquely relevant to their customers — something competitors cannot match.

These projects are foundational to the next exciting evolution of Co-op’s membership benefits. Co-op Member Plus, our points-based loyalty program, went live in beta for all team members at Cornerstone Co-op’s St. Paul food store in October, which tests the technology and experience in a real-world setting. The partnership between the project team and the pilot Co-ops, Cornerstone and Lloydminster and District, has been instrumental in the learnings, progress and planning for the next steps on this historical undertaking.
Turnaround: A project fuelled by preparedness

Turnaround was a significant undertaking in 2023, with the project being one of the largest Turnarounds in the history of the Co-op Refinery Complex (CRC).

A project of this magnitude requires meticulous year-round planning and was guided by a challenge set last year: to maximize diesel production and inventories leading into the 2023 Turnaround. The focus was on setting the organization up to successfully fuel spring seeding and harvest seasons, and to ensure that the CRS had the product it needed to serve both its members and customers across Western Canada. The CRC, Energy and Supply Chain teams delivered by working together to achieve the highest system wide diesel inventories since 2019.

Building on those efforts, the CRC achieved a Turnaround Readiness Index score above the industry average. Spearheaded by the Steering and Planning committees and cross-functional teams, this outcome further emphasized a commitment to the safety, integrity and reliability of the operation.

The 2023 Turnaround was

ONE OF THE LARGEST IN THE HISTORY OF THE CRC.
CEC Production

Turnaround itself was well-planned and executed in 2023. Over the course of 57 days, upwards of 1,400 employees and contractors dedicated approximately 510,000 person hours to complete more than 2,000 work orders as part of the annual maintenance and upgrade mega-project. The Section IV and V Turnarounds were significant undertakings that required unexpected repairs to critical infrastructure. While these increased logistical challenges and altered timelines, all teams rallied together to complete the work safely and effectively.

At the end of the day, the success of Turnaround is ultimately tied to safety performance. It is about continuous improvement and all team members doing their part to protect the safety of those on site and in the local community. In 2023, this included a renewed focus on developing robust safety action plans, communicating with teams about the importance of recognizing hazards, reviewing hazard assessments throughout the plant, and bringing a renewed focus on key safety areas (slips, trips and falls, confined space entry, eye injuries and traffic management). The team embraced this approach, leading to strong safety results.

From those who were on the tools and in the field, to those involved in planning, safety and execution, CRC team members came together to set a new standard of excellence for Turnaround and for our organization.

Fuelling Western Canada

The Co-op Ethanol Complex produced 131 million litres of ethanol in 2023, an increase of 4.8 million litres from our previous record in 2017.

FCL’s fleet of 250 petroleum tankers travelled nearly 49 million kilometres to deliver 3.6 billion litres of fuel to Co-ops and their customers.

Modernizing work tools, enhancing support

FCL has introduced and adopted new tools and technology that enable better connection, collaboration and support. In 2023, new live, on-demand and self-serve technology support was introduced to help team members get the most out of this new technology and offer access to help and training for specific issues. Using these new support resources, team members have learned new skills, resulting in savings of time and effort that will continue to grow as adoption of these new tools also increases.

Announced in 2023, the Service Enablement project seeks to make broad improvements to the ServiceNow platform and launch the CRS Service Centre self-service portal. The overarching goal is to improve service delivery and align experiences across various business functions, including Information Technology, Human Resources and more. The CRS Service Centre, set to launch alongside People Forward, will offer an improved user experience through a more user-friendly homepage, enhanced support features and expanded self-serve options.
Elevating in-store technology

FCL’s commitment to technological advancement extends to the replacement and enhancement of Point of Sale (POS) systems. This technology is key to providing improved access to data and business intelligence, enabling faster and more informed business decisions. The ongoing efforts focus on delivering unified and integrated technology that is user-friendly and enables growth for the CRS.

The introduction of Emerald, a next-generation POS ecosystem, is set to streamline store operations in Food, Fuel, and Liquor commodities. Following a successful pilot in five Co-op Liquor stores in Alberta in 2023, the rollout will continue across the CRS in 2024 and beyond.

In 2023, the Mi9 project team adjusted the rollout plans to prioritize local Co-op support throughout the implementation. The Mi9 POS system has been rolled out to 51 Co-op Home Centres, or nearly 50 per cent of all stores across Western Canada.

FCL also continued to roll out the Electronic Shelf Label (ESL) program to help local Co-ops manage in-store pricing more effectively. By the end of 2023, more than 1.5 million active Electronic Shelf Labels were installed across 130 Co-op stores, exceeding expectations for return on investment.

The rollout will continue in food stores throughout 2024, with plans to explore additional ESL capabilities and expand the program to other business lines, like liquor, convenience, and home and building stores.

More than 1.5 million active Electronic Shelf Labels were installed across 130 Co-op stores

Driving value through centre-led procurement

FCL continues to deliver on opportunities to drive value-added procurement services and expertise to advance Co-op’s competitiveness. In 2023, FCL drove $21 million in annual, repeatable savings for the CRS by leveraging our strategic sourcing and supplier negotiation processes in partnership with FCL and CRS stakeholders. We continue to execute not only quantitative value, but also qualitative value in the form of cost avoidance, optimized service models and reciprocal business agreements. FCL’s centre-led procurement team also supports many strategic priorities by delivering materials, services, processes, innovation and governance to enable strong execution of projects such as the Energy Roadmap and many others.

In 2023, FCL’s procurement activities drove $21 million in annual, repeatable savings for the CRS

THE INTRODUCTION OF EMERALD, A NEXT-GENERATION POS ECOSYSTEM, is set to streamline store operations in Food, Fuel and Liquor commodities.
NAVIGATING WILDFIRES AND BUILDING COMMUNITY RESILIENCE

As another season of destructive and devastating wildfires affected Northern Alberta, British Columbia, Yellowknife and the Yukon, FCL and local Co-ops stepped up to make a difference for those directly impacted.

Many wildfires were classified as out of control, forcing families to evacuate their homes, leaving many without food, water or shelter. In some cases, families were left without a home to return to.

Many local Co-ops not only donated to wildfire relief efforts but remained open to provide necessary supplies to support the firefighters and essential workers in their community. FCL met the challenge head on and worked closely with local Co-ops to ensure they had enough food and fuel to meet supply demands.

Yellowknife Co-op remained open, but Yellowknife’s airport was closed, so FCL’s Supply Chain Operations team worked with Arctic Co-operatives Limited, an affiliate member of FCL, to coordinate flights with various airlines to transport food supplies out of the Edmonton distribution centre. Justin Nelson, GM of Yellowknife Co-op, commended FCL’s proactive approach in addressing challenges and thanked FCL’s professional drivers for risking their safety to deliver vital supplies to the brave fire crews and volunteers.

FCL also worked with local officials in multiple jurisdictions to find alternate routes to bypass fires. On Vancouver Island, highway access to Ucluelet and Tofino was blocked, and the only alternate route was a narrow and unmaintained logging road that added four hours of travel in remote and un-serviced areas. FCL’s Government Relations team worked with officials from three levels of government to establish a piloted convoy to escort vehicles through at designated times to keep travel as safe as possible. Thanks to the coordinated efforts of FCL, local Co-ops and our positive relationships with government, FCL’s fuel carrier made the first trek across the logging road ensuring safe delivery of product.

Co-op was recognized in these communities for our reliable and exceptional service and for providing a level of comfort in a distressing time. This focus on community support is a great example of how Co-op is a different kind of business because of our caring and authentic relationship with the people we serve.

FCL FUEL CARRIERS HAULED 31 LOADS (1,143,647 LITRES) OF FUEL ACROSS THE DETOUR to Port Alberni, Ucluelet and Tofino
Investing in Growth in the CRS

FCL partners with local Co-ops to support acquisitions and capital projects to grow our network strategically and improve services in local communities. In 2023, 27 greenfield projects and 94 renovations and expansions valued at over $212 million were completed by FCL and local Co-ops. This is in addition to over $265 million of sustaining capital to maintain safe, reliable and efficient operations across FCL locations and facilities.

The 27 greenfield sites comprised 14 energy projects (cardlock, gas bar, c-store, etc.), seven food/liquor/pharmacy projects, a home and building centre, three agro sites, a warehouse/administration project and a multi-commodity development.

FCL advised local Co-ops on 30 growth opportunities in 2023, and while several were finalized by the local Co-op, FCL supported the addition of a new home and building centre and a food store through acquisitions in 2023.

In 2023, the CRS expanded operations to serve 25 new communities across Western Canada.

A total of 91 sites were successfully converted from the Husky brand, WITH 74 SITES CONVERTING TO CO-OP AND 17 TO TEMPO

Husky Integration

In 2022, FCL took ownership of 171 Husky retail fuel sites from Cenovus Energy Inc. On Jan. 1, 2023, the CRS took over the fuel supply agreement for nearly 50 per cent of these sites, resulting in the growth of supplied fuel volumes out of the CRC. Volumes will continue to increase as we begin supplying the remaining sites from the CRC in late 2024. Following a full year of operations, the CRS sold 318 million litres across the acquired Husky network in 2023.

January 2023 also marked the beginning of wave two of Husky-to-Co-op Gas Bar conversions. During 2023, 90 per cent of conversions were completed in the allotted seven-day timeframe. This is a testament to the successful collaboration, organization and communication between the Energy Integration team, 23 unique local Co-ops and other partners.

In 2024, the focus will remain on the acquired Independent Dealer locations, including negotiations, re-signs, program development, conversion to Tempo or Western Nations and successfully integrating the remaining sites into the CRS fuel network.
The Core Financials project is a transformational change of the legacy financial system to the JD Edwards (JDE) platform. The project is moving the CRS off the antiquated Mainframe system and onto an agile tier-one financial system, providing the critical infrastructure needed to grow the CRS, refine processes and remain competitive.

Automation tools scan invoices and auto-populate data in the Core Financial system, reducing manual effort and allowing team members to work more efficiently.

At the CRC, over 2,000 invoices from more than 30 vendors were processed in the first two months of use.

Embracing change to prepare for the future

This core financial system impacts every area of our business. It is crucial to our success of many strategic projects and is a financial keystone for future projects like Digital Accounts Receivable, Co-op Member Plus and more.

Recognizing the complexity involved in launching the system to local Co-ops, the project team took two years to plan, design and configure the system before implementation. Comprehensive training plans and a post-go-live support structure are key elements of the implementation plan.

A focus on a smooth transition and ongoing improvement

In 2023, 17 local Co-ops transitioned to the Core Financial system, bringing the total to 20 Co-ops using the system. This is a significant change for local Co-ops and with any major technology implementation, some challenges are expected. The project team continues to learn and adjust with each wave, and remains committed to supporting the CRS through this change. Local Co-op feedback has resulted in enhanced training approaches, extended support between rollouts and further system enhancements in preparation for additional rollouts to some of the largest Co-op associations in 2024.
Driving energy forward: Building a more sustainable tomorrow

FCL's goal is to reduce greenhouse gas emissions by 40 per cent of 2015 levels by 2030. Caring for the environment, and a collective commitment to the low-carbon economy, is vitally important to the future of the organization.

FCL continued to take this mandate to heart by working on many important sustainability initiatives and projects this past year.

Co-op Energy Roadmap

The Co-op Energy Roadmap is leading Co-op’s transition to the low carbon economy and considers the investments required to reduce the environmental impacts of our fuels. In 2023, we made significant progress on Energy Roadmap projects – meeting many organizational targets.

The Integrated Agriculture Complex (IAC), which includes a proposed 15,000 barrel-per-day renewable diesel complex, and approximately 1.1 million metric tonne canola crush plant, achieved several evaluation milestones in 2023. Collectively, the IAC will be wrapping up the Front-End Engineering and Design (FEED) and analysis phase of the project in 2024.

Carbon capture projects at both the Co-op Ethanol Complex (CEC) and Co-op Refinery Complex (CRC) continued to progress in 2023. If both projects proceed to be commissioned, approximately 850,000 tonnes of emissions are expected to be captured.

The processing and blending of plant-based fuels is another key deliverable for the Energy Roadmap. At CRC, increased ethanol blending was at the detailed engineering stage, with rail offloading, renewable diesel and biodiesel storage and blending currently in pre-FEED.

Environmental, social and fiscal considerations are embedded in planning and decision-making to the advantage of the CRS.
Co-op’s newest brand pillar, Care for the Environment, came to life through the Change Begins in Our Backyard campaign, which kicked off during Earth Month in April 2023. The campaign was designed centrally and executed both centrally and locally, giving local Co-ops the opportunity to highlight initiatives most relevant to their communities.

As an internal celebration of the CRS-wide work being done on sustainability, a series of stories were shared throughout April. This included presentations from South Country Co-op and Otter Co-op, who provided examples of how sustainability is being prioritized at Co-ops across Western Canada.

One such initiative that touches every member of the CRS is reducing problematic plastics. FCL has focused on finding environmentally friendly plastic alternatives for years, and this commitment was reaffirmed when Co-op signed the Canada Plastics Pact (CPP) in January 2022. In alignment with changing federal regulations, significant progress was made in 2023, including the elimination of single-use plastic checkout bags, sourcing and providing alternative options for small items like plastic cutlery and stir sticks, and reducing the use of styrofoam in Home and Building Solutions packaging.

Public consultation and stakeholder engagement has been a priority for the Energy Roadmap. FCL engaged with Indigenous communities and stakeholders near the proposed Regina based Energy Roadmap projects. An open house provided Regina and area residents with the opportunity for real and meaningful engagement, learning more about the Regina based projects and added an opportunity to provide feedback to the project team.

The Energy Roadmap projects took important steps toward and through their stage gate processes in 2023. At the completion of each stage gate, a formal review and approval process is undertaken to evaluate the overall Energy Roadmap program as it continues to adapt to the changing markets and regulatory variables.

While progress has been made, there is still work to be done. The Energy Roadmap, and these large capital projects, are expected to fuel work in the years ahead. As Co-op drives energy forward, the focus will continue to be on emission reduction, maximizing fuel-producing assets, and offering lower carbon fuel sources to Co-op members and customers.
With a focus on achieving sustainability across its operations, FCL implemented two new programs in 2023 to support its technology services.

The Secure Print program aimed to reduce the number of unwanted or unneeded print jobs by having team members physically visit the printer to complete printing. As a result, 48,254 fewer pages were printed in 2023 than in 2022, or the equivalent to a one year carbon sequestration of a forest of 361 trees.

The Print Optimization program was focused on reducing our carbon footprint by offering remote technology and printer support services to reduce the number of vehicles required for service delivery. As a result of this program, FCL will reduce our carbon footprint by 863 kilograms of carbon dioxide and cut printer power consumption by 6,666 kilowatt hours.

### Carbon footprint

Large capital investments are underway to meet our greenhouse gas (GHG) reduction commitment of 40 per cent of Scope 1 and 2 combined from the 2015 base year by 2030. Planned emission reduction initiatives will start to come online in 2024.

In 2022, FCL’s reported Scope 1 and Scope 2 emissions were 2.23 million tonnes of carbon dioxide equivalent, a reduction of seven per cent from the Base Year (2015). Emissions reported are calculated using industry best practices, and the globally accepted Greenhouse Gas Protocol. CRC and CEC are regulated facilities that report verified Scope 1 emissions annually to Environment and Climate Change Canada. Reported data is based on the calendar year, which is consistent with industry standards. Data for 2023 was not available prior to publication.

### Absolute Emissions (tCO2e)

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### Scope 1 Emissions (tCO2e)

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### Percentage of Emission Reduction from 2015 Base Year (%)

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<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

1 Tonnes of carbon dioxide equivalent
2 Reported data reflects FCL fleet and facilities.
3 Terra Grain Fuels was acquired in 2019 and rebranded to CEC in 2021.
4 In 2022, a base year recalculation was performed upon divestment of Crude Oil Assets.
5 The organizational boundary was altered in the last year and the emissions associated were adjusted to reflect these changes.

### Print Optimization efforts resulted in energy savings equivalent to not powering 17 homes for one month
STRONGER TOGETHER

Positive working relationships between FCL and local Co-ops are imperative for our shared success and the sustainability of the CRS. We know that our relationships must be built on mutual trust, respect, accountability and understanding, engaging all roles and perspectives more than we ever have before.

We’ve supported that engagement through new regional meetings with general managers and CEOs, strategic planning discussions and other intentional connection points. FCL’s Senior Leadership Team resumed visits to local Co-ops after Covid-19 restrictions limited such activities. In one week, leaders visited 72 Co-ops across Canada from Port Alberni, B.C., to Beausejour, Man. Collectively, these conversations support leaders in deepening their relationships, reviewing operational challenges and opportunities, and discussing how we can align priorities and plans.

In 2023, we also began developing the CRS Relationship Framework. This framework aims to identify, assess and action what is foundational and critical to the relationships between FCL and local Co-ops, as well as local Co-ops with each other. Throughout 2023, we engaged over 190 leaders, team members and board members across the CRS in focused conversations about the positive potential that can be driven from our relationships. By focusing our relationships and integrating our collective strengths, we deliver distinctly different, relevant and sustainable value for Co-op members across Western Canada.

RELATIONSHIPS BUILT ON TRUST

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“Evolving the relationship — everyone involved realizes that relationships are two-way. Everyone has responsibility within that relationship. It’s not one person’s or party’s responsibility to repair or to evolve to the next level. Everyone must do it.”

CRS Relationship Framework
focus group participant
Working together for a more inclusive future
FCL’s commitment to Indigenous truth and reconciliation is integral to our business. We are moving forward in our truth and reconciliation journey, ensuring our actions align with our words. We are proud of the steps we took in 2023 to ensure Indigenous rights are recognized and their voices are heard.

On behalf of local Co-ops across Western Canada, FCL announced a partnership with the University of Regina Press Indigenous Publishing Program to translate academic materials into traditional Indigenous languages. Funding of $125,000 will support the translation of print and audio materials to Dakota and Dene languages, with potential for Cree and Saulteaux languages in the future. These materials will be made available to universities and educational institutions across Canada. Our commitment to truth and reconciliation, particularly in response to Call to Action 14 focusing on the preservation and revitalization of Indigenous languages, is showcased through this impactful initiative, reflecting our dedication to meaningful action.

FCL recognizes the importance of meaningful engagement, particularly in the area of economic reconciliation. Consulting with Indigenous communities in parallel with our Energy Roadmap initiative has opened further conversations about opportunities that may be found with local Co-ops.

Consultation and seeking opportunities for mutually beneficial partnerships with Indigenous communities continues to be a focus for FCL and within Co-op business lines. Throughout 2023, funds were allocated to Indigenous communities through the Community Building Assistance Program currently operating with three Western Nations gas bars. This funding is directed toward community infrastructure, programming and events. Western Nations gas bars are Indigenous-owned-and-operated, fuelled by Co-op through supply agreements with their nearest Co-op association.

In 2023, FCL continued our involvement with various reconciliation committees, including the Prairie Rivers Reconciliation Committee, Reconciliation Saskatoon and Regina Reconciliation. While FCL’s organizational commitment to reconciliation remains strong, we also believe in the importance of taking individual action. We continue to create opportunities and encourage and share ideas about what reconciliation action can look like across the CRS.

FCL also worked with local Co-ops to develop relationships and understand the needs of local Friendship Centres, Tribal Councils and Indigenous communities. FCL will continue to work to help connect local Co-ops and their Indigenous neighbours and build authentic relationships that go beyond business transactions. Working together, we can build a stronger, more inclusive future.
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 Standard**

- 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 Federated Co-operatives Limited and is recommended for adoption by all retail co-operatives served by FCL.