Georgette Arcand is a proud generational Co-op member who relies on Co-op’s community support in her work as the program director for the Prince Albert Indian and Métis Friendship Centre.

We acknowledge that FCL’s home office is on Treaty 6 Territory, the traditional lands of the Cree, Saulteaux, Dene, Nakota, Lakota and Dakota peoples, and the homeland of the Métis. FCL recognizes the deep history of this land and its sacred connection with Indigenous peoples. In the spirit of reconciliation, sustainability and integrity, we commit to building meaningful relationships with Indigenous peoples and honouring our responsibility towards this land.
MISSION.
To provide responsible, innovative leadership and support to the Co-operative Retailing System for the benefit of members, employees and Canadian communities.

VISION.
Building sustainable communities together

VALUES.
Integrity | Excellence | Responsibility
FCL AT A GLANCE

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

We operate 40+ facilities in 5 provinces

- 2 Petroleum Terminals
- 1 Refinery
- 26 Propane Centres
- 7 Offices
- 5 Distribution Centres
- 3 Fertilizer Terminals
- 3 Feed Plants
- 1 Ethanol Plant

3,300+ FCL employees
$12.5 billion in sales

Delivering service to 620+ communities
FCL MEMBERSHIP

FCL is owned by 164 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.

Membership Changes
Effective Oct. 31, 2022, FCL was made up of 164 member retail co-operatives, two affiliate members and six associate members. One change occurred during the year: Clearview Consumers Co-op Ltd. and Cooperatives Industrielles de St. Malo Ltd. amalgamated to form Clearview Consumers Co-op Ltd.

FCL Members by Classification

164 Member Retail Co-operatives 2 Affiliate Members 6 Associate Members

FCL Members by Province

19 British Columbia 28 Alberta 92 Saskatchewan
32 Manitoba 1 Ontario
We began 2022 with cautious optimism as we emerged from the COVID-19 pandemic and embraced new ways to connect and work with others. Although COVID-19 has not gone away, we have undergone transition and transformation in its wake.

Across our Federation, we continue to forge ahead, seizing opportunities, navigating unpredictable challenges and finding new ways to collaborate, appreciating that we are stronger, together. The 2021 Leaders Conference was held virtually once more, with Diversity and Inclusion being one of the key focus areas for the year. The Annual Meeting was also held virtually, with topics of resilience and strengthening our co-operatives at the forefront. It was during this meeting that Federated Co-operatives Limited (FCL) began its transitional journey as we celebrated CEO Scott Banda, who officially retired May 6, 2022.

Scott revolutionized almost every aspect of FCL during his 12 years as CEO. He recognized the importance of the employee experience in attracting top talent, elevated the Co-op brand, modernized technology and processes across the business, and redefined our vision and commitment to our values-based co-operative federation. I would like to recognize and thank Scott for his outstanding achievements and leadership during his time with FCL. I was honoured to work with him and deeply respect his vision and unwavering belief in the co-op model. The solid foundation he created will benefit FCL for years to come.

Recognizing that one of the most important roles a board plays is leadership recruitment, a Search Committee was created for FCL’s next CEO. A significant portion of the Board’s work during the year was focused on the search for the right person to lead FCL and steward our Co-operative Retailing System (CRS) into the future. It was with great pleasure that I announced the appointment of Heather Ryan as Chief Executive Officer. Heather is a champion of the co-operative business model and a strong advocate and role model for FCL’s values, vision and brand. Having served as Vice-President, Supply Chain and Vice-President, Human Resources, her experience and leadership will help ensure FCL and the CRS are well-positioned for success as we enter transformative projects and partnerships across Western Canada.

Following the CEO transition, our Board continued work on improving governance processes, including how we communicate with our members. We identified the need for consistency to ensure all members across the CRS receive the same information, and the information is shared with the right people in a timely way. We also continued to strengthen our relationships with local Co-ops through conversations and meetings, listening to what Co-ops are experiencing and focusing on improving connections.

We have carried forward new ways to work and meet that were developed out of necessity during the pandemic. This has helped us grow and become more adaptable, which has enhanced our openness to more possibilities in how we meet and interact as a board and with our members. The ability to incorporate efficiencies such as virtual meetings, when appropriate, will provide flexibility and reduce travel time required for board members, making the role accessible to more delegates and helping ensure diversity of our board to reflect the people and communities we serve.

Just as important as a strong and diverse board is the strength and diversity of the CRS. I want to recognize the dedication and continued hard work of the entire CRS throughout the year. There will always be opportunities to pursue and challenges to navigate and I am grateful for your continued commitment to FCL, our Co-ops and our members. The work you do matters and makes a difference.

As we continue to forge ahead together, I trust you will continue to take pride in being a Co-op member. Whether your role is at FCL or throughout the CRS, we are all members, and part of something special. Let’s continue our focus on strengthening relationships, promoting the value of Co-ops in our own communities, and keeping members at the heart of what we do.
“WE ARE ALL MEMBERS AND PART OF SOMETHING SPECIAL. LET’S CONTINUE OUR FOCUS ON STRENGTHENING RELATIONSHIPS, PROMOTING THE VALUE OF CO-OPS IN OUR OWN COMMUNITIES AND KEEPING MEMBERS AT THE HEART OF WHAT WE DO.”

— SHARON ALFORD
President / Chair of the Board
“WE ARE PROUD TO BE A MEMBER-OWNED ORGANIZATION THAT IS COMMITTED TO MAKING CO-OP MEMBERSHIPS MATTER.”

— HEATHER RYAN
CHIEF EXECUTIVE OFFICER
In my first year as CEO, it is an honour to present you with this year’s annual report.

Reflecting on 2022, there is so much that we have experienced as a Federation. We were again able to face obstacles head on because we tackled them together and stayed true to being a different kind of business. I’m so proud of how we have continued to respond in the face of adversity, being guided by values and focusing on our purpose — serving our Co-op member-owners and generating value for the Co-operative Retailing System (CRS).

Wide-sweeping effects from both the pandemic and the war on Ukraine contributed to a number of ongoing challenges. Supply chain issues impacted almost every area of our business and while inflation positively impacted our revenues, it negatively impacted sales and challenged consumer spending.

This year was marked by a change in leadership at FCL as Scott Banda announced his retirement, effective May 2022. It was a privilege to work with Scott and I am so humbled and honoured to pick up where he left off. Going forward, the foundation of the CRS is solid, and we continue to evolve and adapt to the needs of our members. I am focused on supporting our teams to ensure we are striving to provide our very best for the local Co-ops. We are proud to be a member-owned organization that is committed to making Co-op memberships matter.

By the challenges and change in leadership, we remember 2022 for the advancement of many transformative projects. Significant steps were taken on the Co-op Energy Roadmap, positioning the CRS to compete in a low carbon economy. In January, we announced plans to construct an Integrated Agriculture Complex, including a canola crush facility, in partnership with AGT Foods, to support the production of renewable diesel. FCL also participated in research looking at innovative technologies, including hydrogen and carbon capture, to support our goal of reducing emissions across our operations by 40 per cent by 2030.

FCL and local Co-ops also acquired over 170 Husky retail fuel sites across Western Canada. This strategic investment enables Co-ops to grow in new and existing markets, and to welcome new members. Increasing the volume of fuel sales will enable FCL to improve utilization of the Co-op Refinery Complex (CRC) which benefits all Co-ops and Co-op members through patronage and equity.

Co-ops were built by and for members and we continue to focus on opportunities to enhance the member and customer experience. A number of projects and programs continue to look at how to understand the needs of Co-op customers so we can deliver unique and personal experiences. Over 4,000 Co-op stories were collected in 2022, sharing why their Co-op membership matters. These experiences are what make Co-op a different kind of business and demonstrate the value of moving from a Co-op shopper to a Co-op member.

On the sales side, FCL saw a significant increase, achieving a new sales record in 2022. This growth is due largely to the impact of inflation, which affected every area of our business. We achieved record sales in our Ag Solutions business lines, including a record year for fertilizer. A combination of increasingly competitive markets and industry-wide demand destruction led to a decline in real sales (or ‘sales volumes’) in our food, home and building solutions and crop supplies businesses. Our Co-op model and diverse portfolio continue to be a differentiator that enables us to plan long-term and withstand challenging market conditions.

Our continued focus on growing and maintaining an engaged workforce is more important than ever as we face labour shortages across Western Canada. Our team members have always been foundational to who we are and how we support Co-ops and their local communities. Prioritizing employee wellness and creating a diverse and inclusive workplace is top of mind, as we want to continue to create an environment where everyone can bring their whole selves to work. This has come to life as we provide: more flexibility in our hybrid work model, access to inclusion networks, opportunities for training and education, access to mental health support and programs like Not Myself Today, and more opportunities for open conversations that help to break down the stigma around mental health.

Reconciliation also continues to be a priority for FCL, and in 2022, we established partnerships that support economic reconciliation and our commitment to building a workforce that better represents the communities we serve.

A new brand attribute — Care for the Environment — was announced in 2022. Our commitment to sustainability is central to our purpose and ensures we can meet the needs of today without compromising the ability of future generations to meet the needs of tomorrow.

We can look back on this year with pride in how we overcame every obstacle and made significant, strategic progress on many fronts by joining together — across our business units and with our Co-op owners. The unity of the CRS is critical to our success. Working together, we have made a significant impact on Western Canada for nearly 100 years. I look forward with optimism, knowing the strength of our model and our dedication to building sustainable communities together will guide us into the future. We are a different kind of business. We Are Co-op.
ABOUT US.

Federated Co-operatives Limited (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 nearly two million members through retail locations in over 620 communities across Western Canada.

We exist to help the over 160 independent local Co-op associations in our Co-operative Retailing System (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 reliably delivered 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, advisory and support services that help local Co-ops remain competitive while creating a positive customer experience that makes a difference in members’ lives.

Together, We are Co-op.

Aspirational Statement
Strong co-operative governance is the foundation upon which we pursue a common purpose with our local Co-op owners. Working together, we sustain a vibrant, unified Federation by creating shared value. We leverage our financial strength to steward the sustainable growth of our Co-operative Retailing System. At Co-op, our members and customers feel at home, because we are part of the fabric of the communities we serve. We foster meaningful careers and inspire our employees to bring our brand to life every day. We model and celebrate a culture of teamwork, learning and innovation.
YEAR IN REVIEW.
November 2021

• On behalf of the CRS, FCL enters into an agreement to purchase over 170 Husky retail fuel sites from Cenovus Energy Inc. This represents the largest retail acquisition in Co-op’s history.

• As severe flooding impacts areas of British Columbia, FCL works closely with impacted Co-ops to deliver fuel and other essential goods into these communities as quickly and safely as possible.

• Co-op took home 10 awards from the Canadian Agri-Food Marketers Alliance, celebrating excellence in ag marketing and communications, including the highly coveted Best of Show — Marketing award for Grown With Purpose.

• The Co-op Ethanol Complex (CEC) celebrates two milestone achievements: Nov. 8, when CEC surpassed 1.5 billion litres of ethanol produced, and Nov. 15, when the facility marked a one-day production record of 466,979 litres, surpassing the previous record set in 2011.

• Roll out of the Co-op Pharmacy app begins. The app provides secure, confidential access to prescription profiles and is available for free download on Apple and Android devices.

December 2021

• Through a partnership between the Saskatchewan Public Safety Agency (SPSA), Co-op becomes a major distributor of COVID rapid antigen tests for Saskatchewan residents. FCL’s Saskatoon Distribution Centre coordinates logistics to ensure over 180 local Co-op locations receive a consistent supply of test kits.

January 2022

• Federated Co-operatives Limited signs a memorandum of understanding with AGT Food and Ingredients Inc. to form a joint venture partnership. The partnership aims to construct a $360 million canola crush facility which will supply nearly half of the feedstock required for a 15,000-barrel-per-day renewable diesel plant. The canola crush facility and renewable diesel plant are part of a $2 billion investment FCL announced to construct an Integrated Agriculture Complex.
March 2022

- The digital agronomy tool, CO-OP® AGZONE launches. It includes a suite of digital solutions to support Western Canadian producers at key touchpoints: in the field, in the yard and in the books.
- Gambler First Nation and Heritage Co-op partner to open a Western Nations gas bar in Brandon, Man. This is the first Western Nations location to open in Manitoba.
- Together, FCL and local Co-ops across Western Canada announce a $100,000 donation to the Canadian Red Cross Ukraine Humanitarian Crisis Appeal to aid relief efforts in Ukraine.
- Manitoba Co-ops partner with the provincial government to become a major distributor of COVID rapid antigen tests for Manitoba communities.
- The Regina Lumber and Building Materials Distribution Hub begins shipping product to Central and East Zone Co-ops in Saskatchewan and Manitoba.

February 2022

- Federated Co-operatives Limited holds its 93rd Annual Meeting of Members. Delegates from across Western Canada and throughout the Co-operative Retailing System (CRS) joined together virtually for the second time in FCL’s history to participate in our co-operative’s democratic governance process.
- Shop.crs, Co-op’s online grocery shopping platform, celebrates its second anniversary and is available at 53 locations across 25 Co-op associations.
- FCL announces the sale of its Crude Oil production assets to ROK Resources for $71 M.
April 2022

• The FCL Board of Directors announces the appointment of Heather Ryan as the company’s new Chief Executive Officer. The appointment follows the retirement announcement of Scott Banda, who held the position for 12 years.

• The Co-op Refinery Complex (CRC) invests more than $100 million in Turnaround, when part of the Refinery is taken offline for repairs, maintenance and upgrades. The investment is an integral part of ensuring that the Refinery continues to operate safely and reliably. It also represents a significant economic investment in Regina and surrounding area.

• Federated Co-operatives Limited, on behalf of 160 local Co-ops across Western Canada, signs the Canada Plastics Pact (CPP), committing to reducing problematic plastics throughout the supply chain.

May 2022

• FCL transitions to a new supply and distribution partner, Wallace & Carey, introducing a new supply and delivery model for Co-op Convenience Stores, maximizing efficiency to offer the best Co-op and customer experience and to ensure relevancy in a rapidly changing environment.

• FCL partners with Whitecap Resources and the Saskatchewan Ministry of Energy and Resources on a research study about the potential development of a hydrogen hub in Saskatchewan. Researching new technologies supports FCL’s commitment to reduce emissions across our operations, while fostering sustainability.
June 2022

- Co-op invests $1 million in 13 community projects across Western Canada through the Community Spaces Program, which was developed as part of Co-op’s commitment to protect, beautify and improve spaces in the communities it serves. Since 2015, Co-op Community Spaces has provided $11.5 million to 160 projects in three categories: recreation, environmental conservation and urban agriculture.

- FCL CEO Heather Ryan announces a $1 million dollar donation to Wanuskewin Heritage Park to assist the park with its programming, resource management activities, and application to become Saskatchewan’s first UNESCO World Heritage Site by 2025.

- The Co-op Fuel Terminal in Ashcroft, B.C., begins operation. The terminal has the capacity to store up to 5.6 million litres of fuel and the capacity to create renewable fuel blends with ethanol, biodiesel and renewable diesel.

July 2022

- FCL is named one of Canada’s Best Employers for Diversity by Forbes and Statista. To determine the annual list, Statista surveys about 10,000 professionals working for companies employing at least 500 people in their Canadian operations on a variety of factors, including employee opinions, diversity among top executives and board members and other diversity engagement indicators.

August 2022

- The Canadian Competition Bureau approves FCL’s acquisition of Husky retail fuel sites from Cenovus Energy Inc. FCL takes ownership of the sites on Sept. 13 with the majority of sites being sold immediately to local Co-ops across Western Canada. Sites will slowly be transitioned to Co-ops or one of Co-op’s independent brands over the next 18 months.

- Furthering our commitment to truth and reconciliation, FCL enters into a three-year partnership to develop an Indigenous HR Strategy with FHQ Developments and Tokata HR Solutions. The newfound partnership will play a critical role in building and sourcing Indigenous talent to meet business needs.
Co-op’s annual Fuel Good Day raises $650,000 to support local charities and non-profit organizations across Western Canada. Since its inception in 2017, Fuel Good Day has raised more than $3.65 million for over 800 local organizations.

FCL announces a partnership with Wanuskewin Heritage Park to bring a new line of bison products to Co-op shelves. Recipes for the burgers, jerky, smokies and meat sticks were developed at Wanuskewin and brought to life by the Co-op team. The bison are sourced in Alberta, products are produced in Saskatchewan, and sold in packaging with artwork by Linus Woods, an Ojibway/Dakota artist from the Long Plain First Nation in Southern Manitoba. With a portion of the proceeds staying at Wanuskewin to support cultural programming, all aspects of the project are uniquely Western Canadian.
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 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 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 11 times in 2021-2022, with eight regular board meetings and three special meetings. Six meetings were held remotely, and five in person. The Board continued its review of its participation in other co-operative organizations — including the four Western Canadian provincial co-op associations, Co-ops and Mutuals Canada, The Wasagaming Foundation and Goldeye Centre — and ultimately decided to end its memberships and financially support those organizations on a project-by-project basis after 2024 when current funding commitments end.

Two bylaw changes were proposed by the Board: one regarding the manner in which delegate numbers are determined for any election to fill a vacancy and, the other regarding the conflict of interest of directors sitting on both the FCL Board and the board of a member retail Co-op, with the recommendation being that a director sitting on the FCL Board leave their local Co-op board.

The Board also agreed to take a new compensation structure forward to delegates, as proposed and recommended by FCL Management. The new structure will be easier to administer and more transparent, moves from a blend of annual retainer and per diems to an annual retainer only, with per diems payable only for travel to and from board meetings.

The highlight of the Board’s work this year was the selection of a new CEO following the retirement of Scott Banda. After establishing a CEO Search Committee and its terms of reference, the Board completed its process and selected Heather Ryan as the new CEO effective May 6, 2022.

Meetings with our members

The third-annual Leaders Conference in November 2021 was held virtually once again, attended by 495 registered delegates. February’s FCL Annual Meeting was also held virtually. District elections took place at the meeting with the following directors elected:

- District 1 – Judy Clavier retiring director, Miranda Flury elected
- District 2 – Graham Anderson retiring director and acclaimed for a further term
- District 3 – Don Mathies retiring director, Brett Ferguson elected, Lyle Olson resigned and Marc Girard was elected to fill vacancy
- District 4 – Randy Graham re-elected
- District 5 – Sharon Alford retiring director and acclaimed for a further term

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

June District Meetings were held in person for the first time in three years, which is the first in person meeting under the new districts. Meetings were held in Edmonton and Medicine Hat, Alta., Regina and Saskatoon, Sask. and Onanole, 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 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 D.D. — 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 12 retail directors who achieved this designation in 2022.

Director Development Program data for 2022

- Series 1 – Foundations of Co-op Governance — 35 completions
- Series 2 – Building Strategic Leadership — 27 completions
- Series 3 – Advanced Co-operative Governance — 12 completions
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.

**COMMITTEES**

**Governance Committee**  
Robert Grimsrud (Chair), Sharon Alford, Ryan Anderson, Tara Burke, Darlene Thorburn

**Audit Committee**  
Jocelyn VanKoughnet (Chair), Tara Burke, Randy Graham, John Rudyk, Darlene Thorburn

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

**Sustainability Committee**  
Donna Smith (Chair), Graham Anderson, Ryan Anderson, Brett Ferguson

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

**Credentials Committee**  
Robert Grimsrud (Chair), Miranda Flury, Paul Hames, Jocelyn VanKoughnet

*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</th>
<th>Additional Per Diems¹</th>
<th>Term Expires</th>
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<td>1</td>
<td>Judy Clavier, Dawson Creek, BC²</td>
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<td>Darlene Thorburn, Victoria, BC</td>
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<td>Paul Hames, Brentwood Bay, BC</td>
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<td>John Rudyk, Fisher Branch, MB</td>
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¹ Includes business unit reviews, corporate planning, board development, board committees, retail and other meetings and travel.
² Term ended February 28, 2022
³ Elected February 28, 2022
⁴ President/Chair of the Board does not receive per diems
Membership Returns

FCL is owned by its local co-operative members. A significant portion of FCL’s earnings are 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:

- Ag Solutions: 3.224%
- Feed: 0.0%
- Food: 3.508%
- Home and Building Solutions: 2.415%
- Freight: 0.0%
- Energy-Oil and Grease: 13.289%

¢/L – Cents per litre; $/MT – $ per Metric tonne
Over the last five years, FCL has made patronage allocations of more than $2.3 billion and share redemptions of nearly $1.8 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, and a testament to why membership matters.
2021-22 SUSTAINABILITY HIGHLIGHTS.

Here's a by-the-numbers look at 2021-22 sustainability highlights at FCL and throughout the CRS.

- Diverted over 58% of waste from landfills.
- Recycled 247,638 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 over 15 million kg of fresh fruits and vegetables from Western Canadian farmers.
- Food waste rescued and repurposed to local farms through the Loop program was 3.79 million kg from 78 participating locations.
- FCL donated over 550,000 kg of food to food banks in Calgary, Edmonton, Saskatoon and Winnipeg, equivalent to nearly $3.5 million in value.
- Fuel consumption in litres per 100 km of merchandise decreased from 37.92 L/100 km in 2020 to 36.16 L/100 km in 2021.
FCL’s commitment to reducing greenhouse gas emissions:
• 40 per cent reduction by 2030
• Aspiring for net neutral by 2050

*All metrics are for 2021 unless otherwise noted.

Composted over 69,831 kg of organics from our distribution centres.

The CRS was one of the recipients of the Green Award of Excellence with an impressive 105% battery recycle return rate.

FCL signed onto the Canada Plastics Pact, signaling our collective commitment to focus on the sustainability of our communities in our business practices and do our part as stewards of the environment.

FCL’s contribution of $1.79 million on impacted site remediation research initiatives was leveraged to receive $356,000 in Scientific Research and Experimental Development tax credits.
FCL’s Human Resources business unit changed its name to People and Culture to emphasize the importance of how people and culture are integrated in all our programs, practices and processes.

**Moments that matter**

Since the COVID-19 pandemic, organizations are noticing shifts in team members’ relationships with their work. Team members are seeking fulfilling work, connecting with the purpose and values of their organization, and a leadership team who advocates for them. While flexible work arrangements and spending accounts are some of the tangible benefits of working at FCL, there are many day-to-day opportunities, or moments that matter, that can influence an employee’s experience. The People and Culture team at FCL will continue to lead the development of programs and resources to support this experience, but it will be the leaders across FCL that will bring our intended hire-to-retire employee experience to life.

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 Shauna Wilkinson,  
 Vice-President, People & Culture
Our Employee Promise:
You’re at home here.
At Co-op, you will find success, community and purpose.

FCL’s purpose is to partner and deliver value to local Co-ops in the work we do each day. To do this well, all team members must be aligned and understand how their work contributes to that purpose. In 2022, stakeholders from across the CRS came together to discuss the importance of aligning to one competency model that identified the foundational competencies required to support our customer experience north star. We crafted ‘The Co-op Goal: Making a Difference in Members’ Lives’ which aligns to our north star and will be used to assess performance based on a team member’s contribution to serving local Co-ops.

People Forward
People Forward is a transformative and collaborative multi-year program that aims to improve the hire-to-retire employee experience with easy-to-use HR technology, consistent practices and reliable data to create a standard foundation across the CRS. Overall, this program will enhance the CRS employee experience, keep up with growing business demands and help the CRS stay competitive to attract and retain team members.

Over the last year, the People Forward Program hit many milestones, including aligning local Co-ops and FCL to a single pay cycle, creating a CRS-wide job catalogue, and developing standardized HR documentation with support from local Co-ops. The program created content for instructor-led training, self-paced learning and in-app guidance, and continued to leverage three People Forward Advisory Networks to support implementing change and communications to front-line team members across the CRS.

The People Forward Program continues to build the design and configuration of our new technologies and will soon be testing and training for our new processes, with a targeted program launch in 2023.

Bringing our whole selves to work
FCL’s Diversity and Inclusion strategy (Connect + Belong + Grow) supports the creation of environments where all Co-op team members can bring their whole selves to work. In February 2022, FCL launched a roadmap to help local Co-ops introduce or evolve their diversity and inclusion journey. The roadmap equipped local Co-ops with tools to embed diversity and inclusion into day-to-day operations, as well as the foundations to build a business case to share with their own local stakeholders.

FCL team members provided valuable information on their experiences through the second FCL Diversity and Inclusion survey. Results showed progress in many areas, such as FCL’s overall development with diversity and inclusion practices and initiatives, as well as growth in team members’ own experiences. To ensure we have a workplace that represents our communities, we established a partnership with FHQ Developments and Tokata HR Solutions to support a more inclusive and representative workforce by recruiting qualified Indigenous team members across the CRS. FCL also recognized the National Day for Truth and Reconciliation on Sept. 30 by providing employees with time to reflect and learn about Canada’s history with Indigenous Peoples. FCL’s two inclusion networks—the Women’s Inclusion Network and Intercultural Inclusion Network—have continued to provide several educational opportunities to FCL team members, such as book studies and sessions on race, gender and disability inequalities. FCL team members also participated in Pride events celebrating and honouring the 2SLGBTQ+ communities across Western Canada.

As team member mental health and overall wellness continue to be a focus for FCL, we introduced more opportunities for team members to engage in conversations to break the stigma around mental health. This included ten-week Mental Health Moment programs where team members across the CRS gathered to have conversations about mental illness, working with emotions and addressing stress.
MARKET

WE CLEARLY UNDERSTAND, RELATE TO AND FOCUS ON LOCAL CO-OP AND CONSUMER NEEDS TO DRIVE TARGETED GROWTH AND PERFORMANCE.

More options for customers to shop Co-op

FCL remains focused on responding to the needs of Co-ops and their customers and in 2022 important steps were taken to further enhance the customers’ digital experience with these needs in mind. Online shopping options were introduced in 2020, and are now available in food, home and building solutions and pharmacy business lines.

A central Co-op Account login was added to Shop.crs in 2022, which moves us towards a single identity for customers across all digital channels. This standard focuses on ensuring data security while improving the online customer experience.

Online grocery shopping through Shop.crs expanded to more Co-op locations in 2022 and 50 per cent of all Co-ops using online shopping have now added delivery options, a service that customers have come to expect in recent years. The platform was also enhanced for Co-ops to offer over 700 items sourced through partnerships with local vendors. Co-ops are truly invested in our communities and supporting local businesses and making local products available to members and customers is just one example of how Co-ops are bringing this value to life.

Pharmacy goes digital

The Co-op Pharmacy app has helped our members since its initial release in the summer of 2021. It provides secure, confidential access to prescription profiles. Users can refill their prescriptions quickly and easily from anywhere and receive pickup reminders from their local Co-op Pharmacy when their prescriptions are ready. There have been more than 20,000 prescription orders through the app since it launched, and 13,000 flu vaccinations were booked through the new appointment scheduler this fall alone.

Managing customer relationships

FCL launched a foundational Customer Relationship Management (CRM) system in 2022. The new CRM system manages relationships and interactions between FCL, its commercial accounts and local Co-ops. FCL will gather feedback and identify opportunities to improve the CRM before rolling out to local Co-ops in 2023.

Our members are the heart of our business. They are our most loyal customers and are quite literally invested in our success. Without them, Co-op would not exist as it does today.
The Farm to Fork strategy and program requirements were developed over the past year. Its purpose is to accelerate local programming, enhance the Co-op brand values and differentiate local and sustainable products on Co-op store shelves.

The impact of this program is far-reaching across the diverse business lines within FCL and local Co-ops. Co-op is uniquely positioned to work alongside growers and livestock producers, providing agronomic expertise and developing programs that improve accessibility to local products and support local communities.

In 2022, we launched Berkshire Sired Pork in collaboration with Winkler Meats and Valley Lea Farms. This premium pork is fully traceable right back to the farm in Ste. Anne, Manitoba. We also launched Co-op Gold Lager in Saskatchewan in collaboration with Great Western Brewing Company. This is the first Co-op Gold product to use ingredients grown under Co-op’s on-farm sustainability program, GROWN WITH PURPOSE®. Several exciting programs and products are under development for 2023, highlighting and supporting Western Canadian producers and processors.

Digital tools enhance support for local farmers

With deep roots in Western Canada as trusted advisors to growers, Co-op continues to expand our digital agricultural platform, AgZone. We are supporting 357 Co-op users on AgZone FIELD, a digital agronomy tool that reduces time spent on manual data collection and analysis, captures important field data and helps agronomists make informed, real-time decisions with their grower customers.

Our Co-op Grow Team members continue to work with farm customers to track over 3.6 million acres at 4,800 farms across Western Canada. We continue to pursue and will introduce more digital solutions that will positively impact our farm customers, our team members and local Co-ops.

Co-op Grow Team members also continue to work alongside growers to promote farm stewardship through our agronomic sustainability program, Grown with Purpose. In 2022, the 84 Co-op agronomists with a 4R designation helped growers build 4R nutrient stewardship plans — the heart of Grown With Purpose — on 440,000 acres.

3.6 M acres

at 4,800 farms across Western Canada tracked through AgZone FIELD.
Expanding Co-op Crop Protection products

Co-op is a strong, trusted and recognized brand in agriculture, and we continue to grow our presence in the market. In 2022, two new Co-op Agro-branded crop protection products were added to the Co-op portfolio to provide more options for farm customers. Manufactured in Western Canada through IPCO, these products complement our existing brands and represent a compelling and relevant portfolio of options to protect crop yields through effective weed control.

ENHANCING THE MEMBER EXPERIENCE

During the past year, and in response to changing customer expectations, significant progress was made on developing the infrastructure for digitally enabled, member-exclusive benefits. That work has laid the foundation for exciting milestones on the horizon for 2023, including the initial launch of a refreshed consumer app and web experience through the Connected Digital Ecosystem project, supported by an additional channel for excellent customer service through a new Customer Care Centre. All of these benefits are intended to drive greater member activity within and across our lines of business.

The focus we have placed on members and the experiences they have helped us bring our Customer Experience North Star to life: Making a Difference in Members’ Lives. This focus will continue to not only make a difference, but help Co-op be seen as a different kind of business and create a unique competitive advantage for our businesses and our brand.

To prepare for a successful rollout of Member Plus, it’s important that we build our membership base prior to launch. To that end, a CRS-wide membership campaign, Membership Matters More, was launched in fall 2022. This strategy to increase Co-op membership will continue throughout 2023.

With all these pieces well underway, we are on track to provide our members with competitive, member-exclusive benefits to continuously improve our member experience.

The Membership Matters More campaign doubled email acquisitions and grew Co-op membership by 25 per cent more than the same period in 2021.
MEMBERSHIP MATTERS MORE.
Co-op Ethanol Complex - Finding value in innovation

The partnership between Co-op and Western Canadian producers is unique and mutually beneficial. The Co-op Ethanol Complex (CEC) plays an integral role in advancing this reciprocal relationship.

Farmers and ranchers purchase products for their operations from Co-op Agro Centres. The CEC purchases up to 350,000 tonnes of wheat, corn, rye and triticale from about 400 Western Canadian farmers every year. This is used to produce up to 150 million litres of ethanol, most of which is destined for CRC to be used in Co-op gasoline.

This year, the CEC saw an opportunity to use the strength of our co-operative system to further build relationships with farmers and add value to the CRS. Leveraging Co-op’s strong relationships with local farm communities, Co-ops began to broker grain purchases to produce ethanol at CEC and to execute the sales of Dried Distillers’ Grains, which are sold to ranchers and incorporated into livestock feed rations. Keeping the value of these transactions within the CRS provides benefits that can be passed on to local communities and members.

Optimizing our distribution network

FCL regularly reviews and benchmarks distribution centre capacity utilization to ensure the CRS’s current and future needs are met, given volume trends and growth projections. In 2022, there was a broader strategic review initiated to look at the entire supply chain—from supplier to shelf—and better understand our current state and identify all opportunities to increase efficiencies and service reliability.

The objective is to best position FCL to effectively meet future supply chain needs for the CRS and ensure long-term sustainability of FCL’s supply chain assets, while optimizing the required capital expenditures. We partnered with an industry-leading consultant in supply chain optimization to conduct the review, which is the first of this magnitude. Recommendations and potential actions to move forward are expected to be planned and introduced in 2023.
NEW ASHCROFT TERMINAL TO ENABLE GROWTH STRATEGY IN B.C.

A new Co-op fuel terminal in Ashcroft, B.C. was commissioned to improve the reliability and security of fuel supply across the B.C. interior and lower mainland. The new terminal will also enhance FCL’s distribution and renewable fuel blending infrastructure. The facility can blend gasoline with up to 85 per cent ethanol content and diesel with up to 20 per cent biodiesel content or up to 100 per cent renewable diesel content.

Products blended at Ashcroft include an increased amount of renewable content to help reduce vehicles’ carbon emissions. This supports our commitment to reduce greenhouse gas emissions 40 per cent below 2015 levels by 2030 and our aspirational goal to achieve net-zero emissions by 2050.

The Ashcroft fuel terminal supplies fuel to local Co-op Gas Bars and Cardlocks through B.C.’s lower mainland, interior and on Vancouver Island, and is critical to our energy growth strategy in B.C.

Construction of the terminal was completed on time and on budget, in July 2022. Safety has been a priority from the start, and the terminal boasts an exceptional safety record both in construction and operations.

Transportation Management System

FCL successfully rolled out a new transportation management system (TMS) to our five Distribution Centres in 2022. This new technology replaces our legacy systems responsible for the outbound distribution of merchandise products from FCL to local Co-ops. Now, FCL is moving to enhance the new software system and will be adding additional components, including freight review mechanisms for shipping and charge allocations. This project was integral to our supply chain optimization priority, and we will see a more improved, efficient, aligned and transparent model across the CRS.

ENABLING HYBRID WORK WITH A FOCUS ON DATA SECURITY

With more people working from home and using online services daily, our technology teams heightened their focus on protecting FCL from cyber threats and ensured team members have the right tools for the job, regardless of where they work.

Several programs, tools and processes were launched to help maintain the security of our IT environments, including the expansion of our email phishing platform and education, the introduction of an additional layer of email protection, expanding multi-factor authentication to all CRS user accounts and enhancements to our endpoint and network account protection.

Co-ops also upgraded to Moneris Checkout — a comprehensive online payment solution with enhanced fraud-prevention tools that are the industry standard for reducing instances of fraud during card-not-present transactions — offering greater protection to Co-ops and their members.

To support a hybrid work environment, FCL’s Innovation team expanded services within the Modern Workplace, our overarching term for the IT tools, resources and training available to support team members. Adding to previously implemented tools like Teams, WebEx and OneDrive, a Tap to Print service was introduced, which allows any FCL team member to access and print, copy or scan from any machine in any FCL facility by simply tapping their ID card.

Digital tools to support in-store efficiency

The Electronic Shelf Label (ESL) program, a digital cloud-based platform, was introduced to help local Co-ops manage in store pricing more efficiently. The platform is integrated with local Co-op’s Retail Network Standardization (RNS) infrastructure, allowing stores to have digital pricing labels display the product’s latest price in real time, with a similar look to traditional paper shelf labels. The program has successfully integrated into over 35 food stores and will continue to expand to more food stores and other lines of business in 2023.

“... The way we work has changed significantly in recent years, and data security and connectivity has become even more essential as many organizations have transitioned to remote or hybrid ways of working.”

Roman Coba,
VP Technology

Nearly 53 million km

Travelled by FCL’s fleet of 217 petroleum tankers to deliver 3.5 billion litres of fuel to Co-ops and their customers.
Over 80,000 kg of food delivered by air to B.C. Co-ops impacted by flooding.
Supporting communities in time of need

FCL is focused on supplying essential goods to communities across Western Canada. This was challenged when severe flooding in British Columbia cut off all transportation by road and rail and limited our ability to deliver food and fuel to the lower mainland and Vancouver Island.

This was an unprecedented challenge that could only be addressed through collaboration and creativity. Our Logistics team worked directly with impacted local Co-ops to look at safe and timely options to transport essential products and other supplies into these communities. Obtaining permits allowed us to deliver food and fuel by truck through the United States and, for the first time, FCL coordinated air cargo shipments to deliver fresh food directly to the lower mainland.

Co-op Refinery Complex — Investing in a safe, reliable future

The Co-op Refinery Complex’s (CRC) annual Turnaround is an example of our commitment to Fuelling Western Canada by preparing the facility to operate reliably for another year. The planning phase starts two years in advance, and 2022 turnaround readiness benchmarked at the first quartile. During the approximately 45-day execution phase, 700,000 hours of work went into CRC’s annual maintenance and upgrade mega-project. Driven by teamwork and a commitment to safety, quality and efficiency, workers, support staff and contractors came together to complete turnaround, a crucial investment that ensures the safety and reliability of CRC.

In the spring of 2022, a new management re-organization, including a new General Manager role, was introduced for the Co-op Refinery Complex. Since then, a focused effort has been made on introducing a new work model, helping the refinery increase competitiveness while efficiently maintaining industry standards, and focusing on ensuring the facility operates at a high level of reliability.
WE GENERATE SUSTAINABLE VALUE, MARKET RETURNS AND LONG-TERM PROFITABILITY FOR THE CRS.

Investing in growth

FCL partners with local Co-ops to support acquisitions and capital projects to grow our network strategically and improve services in local communities. In 2022, three expansions, 31 greenfield facilities and 130 renovations valued at over $220 million were completed by FCL and local Co-ops. This does not include over $200 million of sustaining capital to maintain safe, reliable and efficient operations across FCL.

The 31 greenfield sites were comprised of 17 energy projects (cardlock, gas bar, c-store, etc.), a home and building centre, eight liquor stores, a bulk fuel terminal, fertilizer plant, new lumber hub and two new food stores.

The CRS also saw significant growth through acquisitions in 2022, most notably through the purchase of retail fuel sites from Cenovus Energy Inc. More information can be found on page 37.

Cost savings through centre-led procurement

FCL continues to deliver on opportunities where value-added procurement services and expertise can advance Co-op’s competitiveness. Based on the work executed, by the end of 2022, FCL captured $60 million in annual, repeatable savings that will benefit the CRS. These savings have been achieved through advancing our strategic sourcing and supplier negotiation processes in partnership with our FCL and CRS stakeholders. FCL’s centre-led procurement group expanded its support to many strategic priority projects by delivering materials, services and innovation, and a governance structure to enable strong execution of projects, like the Energy Roadmap and many others.

Additionally, 2022 saw the CRC procurement team integrated into the centre-led procurement organization, creating the Manufacturing Facilities Procurement Team to bring alignment and consistency in procurement practices across all FCL facilities to leverage efficiencies and create additional value for the CRS.

31

new facilities opened to serve Co-op members and customers in 2022.
The centre-led procurement model generated approximately $60 million in annual, repeatable cost savings for the CRS.

Risk Management — Protecting FCL, Co-ops and Members

Margins on refinery production of gasoline and diesel are very volatile, which can cause major variations in earnings and cash flows. To help offset these volatile margins and provide more stability to member patronage allocations and share redemptions to Co-ops, FCL engages in hedging activities. In 2022, FCL hedged approximately 46 per cent of our fuel production.

The refining industry was severely impacted by the COVID-19 pandemic, which led to rationing existing refinery capacity and some refiners shutting down facilities. The Russian invasion of Ukraine on February 24, 2022 triggered record high crack spreads and petroleum pricing as countries imposed economic sanctions on Russian energy products.

These record crack spreads provided higher margins on non-hedged production, but created losses on our hedged production. Even after accounting for these losses, FCL’s realized crack spreads were the highest in its history. While we experienced a hedging loss of $576 million in 2022, our strategic hedging activities enabled us to continue to support a strong patronage allocation of 4.9 cents per litre on fuel in 2022.

Core financial systems for the CRS

Synergy — our new core financial software solution — is a modern scalable system that supports local Co-ops by providing the foundation for automation of several manual processes. Three pilot locations successfully launched this year: Lake Country Co-op in May and Sherwood and Turtleford Co-ops in October.

Crack Spread: The difference between the price of oil a company purchases and the price of the gasoline and diesel it sells.
170+ retail fuel sites added to the CRS, including 30 in new communities.
To generate sustainable value and long-term profitability for the CRS, in November 2021, FCL announced an investment of $264 million to purchase Husky retail fuel sites—the largest retail acquisition in Co-op’s history. Following their review, the Canadian Competition Bureau approved the acquisition of 171 retail fuel sites in August, including a mix of corporate-owned and dealer-owned gas bar sites, as well as car washes and convenience stores.

Adding these gas bars to the CRS will expand the presence of local Co-ops across Western Canada, enhancing their ability to serve their communities and welcome new members.

This acquisition is about creating value and enhancing the long-term sustainability of the CRS by:

- Increasing utilization of the Co-op Refinery Complex
- Capturing a mature portfolio of assets and new litres, cost-effectively
- Significantly increasing our presence and enhancing brand awareness in under-represented markets in Alberta and British Columbia
- Acquiring real estate in key urban areas that is not possible through traditional greenfield development

Most of the acquired sites were sold to local Co-ops who had the option of obtaining financial support from FCL’s Lending Program and Retail Investment Program. As member-owners of the FCL, Co-ops seeking to participate in growth projects have access to these funding programs.

FCL’s cross-functional Husky Integration project team worked closely with and leveraged the strengths and experience of local Co-ops to make plans for site conversions. The first five Husky pilot sites converted to the Co-op brand on schedule in October and early November 2022. The remaining conversions will be rolled out in waves beginning January 2023 and continue through 2024. This collaborative and cross-functional support provided by the Husky Integration project team with support from participating local Co-ops has paved the way for future growth projects, ensuring that we continue to build sustainable communities together.

This project will benefit all Co-ops and their members by creating opportunities to increase fuel sales across the CRS. It has also allowed us to enter approximately 30 new communities to tell the Co-op brand story. This acquisition shows we can compete and thrive when we work together with a focus on the long-term sustainability and benefit of the CRS.
SUSTAINABILITY

ENVIRONMENTAL, SOCIAL AND FISCAL CONSIDERATIONS ARE EMBEDDED IN PLANNING AND DECISION-MAKING PROCESSES TO ENHANCE THE RESILIENCE OF THE CRS.

Committed to caring for the environment
As a tangible commitment to sustainability, Co-op adopted a fourth brand attribute in 2022: Care for the Environment. We are stewards of the land, ensuring we can sustain Western Canada for generations to come.

There are many initiatives underway to reduce our environmental footprint. In 2022, we signed the Canada Plastics Pact, which has enabled us to work with organizations across Canada to reduce/replace problematic single-use plastics (SUP). With this effort, we are prepared for the Nation-wide ban of SUPs, which will prohibit the sale of these items in December 2023.

When it comes to reducing food waste, many local Co-ops are working with the Loop Resource Program (Loop) to connect grocery stores with farmers, who can use food that cannot be donated for human consumption as food for animals. FCL Distribution Centres are partners in Loop and more than 6,000 tons of food have been diverted from landfills to more than 500 partner farmers.

We will continue to directly support Co-ops in more sustainable practices in 2023, assisting with solutions for FCL and local Co-ops to manage their environmental footprint.

Helping our communities in times of need
Co-op Helps was developed in 2020 to support our communities during the pandemic. In June 2022, it was relaunched as an always-on matching program that supports two categories of response: disaster relief in support of activated Canadian Red Cross appeals, and assistance for emergent needs in the charitable sector.

Since then, Co-ops have used the matching program to support the Canadian Red Cross Ukraine Humanitarian Crisis Appeal, local food banks, James Smith Cree Nation and more.

Co-op Helps is one of the many programs and partnerships that contribute to FCL’s Imagine Canada Caring Company designation, in addition to the significant ongoing support local Co-ops provide to their communities.

$7.9 M
value of cash and in-kind donations made to organisations across Western Canada.

Recipient of Community Spaces funding in Regina.
Taking steps toward a low-carbon future

In 2022, FCL continued to make progress on initiatives outlined in the Co-op Energy Roadmap. This project represents a substantial pivot for our organization as we transition to the low carbon economy and a path to a more sustainable future. A key component of the Energy Roadmap is our commitment to reduce our greenhouse gas emissions by 40 per cent below 2015 levels by 2030.

In early 2022, FCL announced our intention to construct an Integrated Agriculture Complex near the CRC in Regina. This complex will include both a canola crush facility and a renewable diesel plant. To build the canola crush facility, we signed a Memorandum of Understanding to form a joint venture partnership with AGT Foods. Once operational, the canola crush facility will supply approximately half of the feedstock for the 15,000 barrel-a-day renewable diesel plant with the remainder of the supply contracted from other sources.

Refining renewable diesel will allow Co-ops to support farm customers from seed to tank. FCL will provide the inputs needed to grow their crops each year. At the end of the season, the crops will be used to make renewable diesel and fuel farm operations for another year.

In October 2021, FCL announced a partnership with Whitecap Resources to bring capture carbon and sequestration to the CRC and CEC. Planning and design work continued throughout the year to bring these capabilities to our facilities. By capturing carbon emissions, the carbon intensity of our fuels will be lowered, making our renewable diesel and ethanol a more sustainable fuel for the future.

The Energy Roadmap will continue to guide our work into the future, as we transition to the low carbon economy. It demonstrates FCL's commitment to being a thoughtful and responsible neighbour, ensuring we will Fuel Western Canada for generations to come.

CARBON FOOTPRINT

Large capital investments are underway to meet our commitment of 40% emissions reduction by 2030 with reductions starting in 2024. In 2021, FCL’s reported emissions were 2.38 million tonnes of carbon dioxide equivalent. While emissions were up eight per cent from the previous year due to increased driving and travel following the relaxing of pandemic restrictions, they are down two per cent from 2019’s pre-pandemic level.

Reported emissions are calculated using industry best practices and the globally accepted Greenhouse Gas Protocol. The Co-op Refinery Complex (CRC) and Co-op Ethanol Complex (CEC) are regulated facilities that report annually to Environment and Climate Change Canada. Reported data is based on the calendar year, which is consistent with industry standards. Data for the current year was not yet available prior to publication.

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<sup>1</sup>Tonnes of carbon dioxide equivalent

<sup>2</sup>This value has been updated since the 2021 FCL Annual Report to reflect the final value that was not available at time of publication.

<sup>3</sup>Crude oil assets acquired in late 2019 are incorporated in 2020 results.

<sup>4</sup>Reported data reflects FCL fleet and facilities.

<sup>5</sup>Terra Grain Fuels was acquired in 2019 and rebranded to CEC in 2021. Retroactive results from 2019 have been previously reported to the Saskatchewan Ministry of Environment and are shown only for comparison purposes.
CREATING MEANINGFUL PARTNERSHIPS

As a co-operative, our values align closely with those of Indigenous communities, and part of our vision to Build Sustainable Communities Together is to ensure we create meaningful partnerships and relationships reflective of the communities we serve. Through the connections we make with Indigenous communities, we can embark on economic reconciliation and work together to respond to the Calls to Action as outlined in the Truth and Reconciliation Commission Report.

In 2022, two new Western Nations gas bars opened in Brandon, Man. and Port Alberni, B.C. These independent sites are run by Indigenous owners with the support and brand recognition of Co-op. There is an ambitious growth strategy in place to see additional Western Nations sites across Western Canada.

Our relationship with Wanuskewin Heritage Park continued to flourish, with a $1-million contribution on behalf of Co-ops across Western Canada to support their goal of becoming a UNESCO World Heritage Site aimed at bringing global tourism to Western Canada and supporting truth and reconciliation. This partnership included the launch of private label Co-op bison products. A portion of the proceeds from these sales will also return to Wanuskewin to support cultural education programs.

Co-operatives First, funded by FCL, continues to be a key channel for Indigenous co-op development. Since Co-operatives First was established in 2016, 69 Co-operatives have been formed under their guidance and support. Success stories from the past year include the growth of the Kici Anishinabek Kananakachiwewat Community Service Co-operative, an Elder-run co-op that carries out traditional cultural and land-based activities, promotes healthy and balanced lifestyles, and provides education about the Onakawawin language, and support of a fishing co-op based in La Loche that had existed for decades and required support to move forward successfully. FCL is also working with Co-operatives First to provide cultural training modules for our team members.

Supporting all of this work is our growing FCL Indigenous Relations team, which added resources to partner with local Co-ops to support relationships across Western Canada.
Bison product packaging features artwork by Linus Woods, an Indigenous artist from Manitoba.
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
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.