



NAVIGATING THE ROAD TO SUCCESS

ANNUAL REPORT 2016





Food and Beverage Ontario is a not-for-profit organization that speaks on issues and concerns common to Ontario's food and beverage processing industry. Our focus is on the success, prosperity and growth of food and beverage businesses.

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CHAIR REMARKS

MICHAEL BURROWS

This has been a very productive and positive year for Food and Beverage Ontario.



Thanks to the commitment and expertise of the Board of Directors we have made excellent progress in establishing the organization as an advocate for the sector, proven our ability in program delivery and attracted a strong and diverse membership.

We have seen promising developments in our relationships with government, academia and related organizations. I am particularly pleased with our performance under the *Growing Forward 2* initiative. FBO's two priorities — career development and industry innovation have moved decisively from concept to action. Have a look at our latest results at www.tasteyourfuture.ca and www.fboinnovationnetwork.ca.

This year we also recognized that our industry profile at the provincial level must be matched by our profile at the federal level if we are to truly deliver on an improved competitive

environment for processors. To that end, we have partnered with our counterpart organization in Quebec, Conseil de la transformation alimentaire du Québec, and are working together with other provincial food processing associations across the country, to reinvigorate the Canadian Council of Food Processors. With an equally strong voice in both Ottawa and in Ontario, we can finally lay stake to our rightful role as Canada's leading manufacturing sector positively impacting the country's economy.

I want to thank FBO's members for their support and also their foresight in recognizing that together, we are a stronger, more resourceful and ultimately more successful industry.

Michael Burrows

Chair

Food and Beverage Ontario

CEO REMARKS

NORM BEAL

Attracting membership and finding ways to maximize resources has been my focus this year.



FBO is a small organization but we have made tremendous gains working with influential partners such as the Ontario Chamber of Commerce, Provision Coalition and most recently the Canadian Centre for Food Integrity. Together we have leveraged our respective expertise and resources and raised the profile of issues impacting the food and beverage processing sector.

As always at FBO, industry competitiveness and sustainability guide our work which is why addressing issues such as Carbon Cap and Trade and the Waste-Free Ontario Act are important to the sector's long-term health and viability. On pages 6-7, I outline how FBO has been active on a number of key issues and concerns. And thanks to our strong and collaborative relationship with the Ontario Ministry of Agriculture, Food and Rural Affairs we have found ourselves in a good position to communicate both our concerns and support of issues through forums such as Open for Business.

Coming into my second year as the CEO of FBO, it has been my pleasure to work with leaders across the food supply chain, in academia and in government. I offer my immense gratitude to FBO's Board of Directors and staff — Mary Gushie, Jason Crawford, Al Brezina and Isabel Dopta. I look forward to many more years building the influence and value of this organization.

Norm Beal

CEO

Food and Beverage Ontario

OUR MEMBERS

YEAR IN REVIEW

This year FBO made substantial gains in building our membership community with new processor members and industry associates.

Membership increased an impressive 74 percent over the previous year with food and beverage processor businesses joining us from all segments of the industry and representing all sizes of operations from start-up to multi-national corporations. We also received tremendous support from associate members in academia, the financial sector, and supplier and service industries.

Membership return on investment was a key theme for us and we worked hard to keep the lines of communication open with our members to better understand their needs and interests. We heard and took action on a number of membership benefits including:

- Development of a co-packer database with a comprehensive query function to assist Ontario processors in finding businesses

offering additional and available production capacity.

- Development of a funding resource tool to provide processors with an easy to navigate means of locating project and program dollars.
- New networking opportunities, including FBO's sold out 2016 Golf Tournament, for processors and industry stakeholders to meet and build relationships.
- Enhanced FBO website with a 'members only' section and additional member profile perks.

- Informational and educational workshops, webinars and in-person events.

- Return of the FBO Annual Conference showcasing major industry themes.

It has been an exciting time as we bring together the people of Ontario's food and beverage processing industry. With growth in membership comes a stronger and more effective leadership voice for Ontario's businesses and we thank all members for their continued support.

Ontario's food and beverage processors are vital to the continued success and growth of Ontario's agri-food industry. Food and Beverage Ontario provides a strong voice for the industry and this is evident with the 74 percent growth in your membership over the past year. Thank you for the work your organization continues to do to help us to achieve the Premier's Agri-Food Growth Challenge of creating 120,000 new jobs by 2020 and continuing to build a strong reputation for Ontario's agri-food sector both at home here and around the world.

— Jeff Leal, Minister of Agriculture, Food and Rural Affairs

FBO'S ADVOCACY

INFLUENCING PUBLIC POLICY AND PROGRAMS

Waste-Free Ontario Act

On June 1st of this year, the Ontario government passed the Waste-Free Ontario Act (Bill 151) repealing the Waste Diversion Act of 2002 and overhauling processes for how waste is managed and resources recovered in the province. Bill 151 introduces the concept of full producer responsibility — meaning manufacturers and brand holders of a product will be legally and financially responsible for the end-of-life management of that product. As a member of Provision Coalition, FBO partnered on a legal review of Bill 151 and provided input on the new legislation. Over the coming months, and as regulations are developed, FBO will comment on the newly proposed compliance and enforcement authority and the Strategy for a Waste Free Ontario.

Ontario Retirement Pension Plan

FBO actively communicated with the Ontario government over the past year on the proposed Ontario Retirement Pension Plan. With the

Ontario Chamber of Commerce, FBO expressed concern that the cost of administering such a program would be significant. Additionally, limited information was made available on how the program would align with the Canadian Pension Plan or impact a company's existing retirement plan. However, due to the recent announcement by the federal government with respect to pending changes to the Canadian Pension Plan, this is no longer a provincial issue.

Employment Standards & Labour Relations Act

This year, FBO joined the Ontario Chamber of Commerce's Working Together initiative to strengthen the food and beverage processor voice with other manufacturing sectors impacted by changes to employment standards. FBO believes that many of the existing regulations are adequate to protect employees and their rights but lack of current enforcement is a key issue. FBO recognizes that a current review of the employment

landscape in Ontario is important, however government needs to re-double their efforts to enforce the current regulations.

MPAC 2016 Assessment Review Consultations

FBO has approached the Municipal Property Assessment Corporation to address concerns with regard to replacement cost methodology for property evaluation of special purposes building, which includes food facilities. Together with the Ontario Chamber of Commerce and Canadian Manufacturers and Exporters assessment values are being discussed with MPAC and the Ministry of Finance.

Climate Change Action Plan & Ontario Cap and Trade Program

On June 8th, the Ontario government announced release of the Climate Change Action Plan. This plan outlines initiatives to fight climate change, reduce greenhouse gas pollution and transition to a low-carbon economy. FBO was pleased to see that the

plan commits to helping the food and beverage processing sector use innovative technologies and practices to reduce emissions, however there remains concern over the long-term implications of the plan to business input costs and overall cost of production.

The Climate Change Mitigation and Low Carbon Economy Act which includes the regulation for the new cap and trade program and the regulation for the quantification, reporting and verification of greenhouse gas emissions has also been a primary focus. FBO through a strong, collaborative partnership with the Ontario Ministry of Agriculture, Food and Rural Affairs has been addressing specific issues related to the regulations under Carbon Cap and Trade, such as co-generation, with the Ministry of Environment and Climate Change. We look forward to continuing this relationship as we move forward into the implementation of the Climate Change Action Plan.



TASTE YOUR FUTURE CAMPAIGN

OVERVIEW

In March 2016, Food and Beverage Ontario launched the Taste Your Future campaign, showcasing the abundance of jobs in Ontario's food and beverage processing sector.



Research we conducted illustrated to us that two thirds of processors have difficulty finding qualified candidates. They are looking for candidates trained in food safety, business, agriculture, food science, as well as skilled trades and technology. Through consumer research we also learned that while awareness of the employment opportunities in our industry is low, Ontarians have an appetite to learn more.

Taste Your Future focuses on getting students, parents and new Canadians interested in careers in the sector. With the launch of Taste Your Future, FBO aims to help meet Ontario's challenge to create 120,000 new jobs in the agriculture and food industry by the year 2020.

The multi-year campaign will raise awareness for the industry via our www.tasteyourfuture.ca website, our social media channels — Twitter @TasteYourFuture and Facebook/ TasteYourFuture, advertising, media

relations and through dialogue with stakeholders in education, training, workforce planning and more.

In the initial months of the campaign, Taste Your Future was covered by media outlets across Ontario including the Toronto Star, Windsor Star, Waterloo Region Record, Metro News, National Post and more.

We also hosted a workshop to foster collaboration between post-secondary educators and our industry. The workshop featured networking opportunities, presentations and group discussions with more than 60 representatives from the industry, education and government. And we continue to meet regularly with our committee of advisors and others to help spread the word about the program.

Taste Your Future is supported by *Growing Forward 2*, a federal-provincial-territorial initiative.

INNOVATION PROGRAM

STRATEGY

Over the past year, FBO's Innovation Program has made remarkable strides.

With a mandate to identify, assess and optimize innovation resources for food processors in Ontario, FBO's Innovation Program has brought together stakeholders in an advisory team, conducted research into innovation resources available for processors, and assessed and benchmarked Ontario's physical innovation facilities. A survey completed by processors to determine their innovation needs was conducted — results confirmed the importance of simplifying and improving access to resources.

The past year saw a sea change in the landscape of Ontario's food processing innovation facilities with the opening of the Ontario Agri-Food Venture Centre in Colborne, launch of Food Starter in Toronto and changes to the Guelph Food Technology Centre with the facility

now owned by the University of Guelph. Expansion of programs at George Brown College and Niagara College also added capacity.

Engagement of FBO's innovation advisory team has been a real strength of the program, and the enthusiasm of participants from industry, colleges, universities, innovation facilities and government has been inspirational.

A key finding of the last year has been that opportunities exist to work together and support innovation in the industry to create a long term sustainable, network of innovation partners in Ontario. Over the coming year, FBO will be seeking to advance this network concept to better integrate innovation stakeholders and processors to drive a more competitive food and beverage processing sector.



FOOD & BEVERAGE ONTARIO

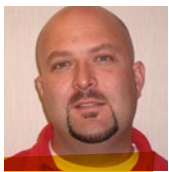
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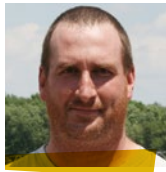
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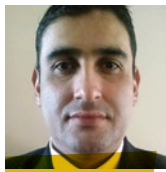
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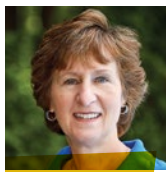
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Chief Executive Officer



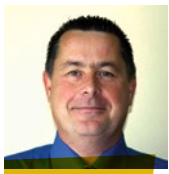
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