

IMPACT REPORT 2022

**ON EVERY SHELF.
IN EVERY HOME.
FOR ALL CANADIANS.**

Food, Health & Consumer Products of Canada is the leading voice uniting companies, large and small, that provide access to the food, health, and consumer products Canadians rely on every day.

As a leader in evidence-based, growth-oriented policy, we help our members support the well-being of all Canadians and the security of our food supply, while contributing to the expansion of Canada's economy and the sustainability of our healthcare system and the environment.

Together, we work to create a favourable business environment that allows our members to grow, innovate, and provide value to Canadians.

**FOOD, HEALTH &
CONSUMER PRODUCTS
OF CANADA**



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FHCP's CEO & Executive Leadership Conference, October 2022

PAST, PRESENT, AND FUTURE

FOR FOOD, HEALTH, AND CONSUMER PRODUCTS IN CANADA

Food, Health & Consumer Products of Canada (FHCP) is the leading Canadian voice representing companies, large and small, that provide access to the food, health, and consumer products Canadians rely on every day. These products are fixtures in kitchens, pantries, and medicine cabinets across the country.

We help our members by advocating for a business environment that supports the competitiveness of our sector, so that Canadians have choice and ready access to safe and innovative products for themselves and their families.

The FHCP name is relatively new, but our mandate to support industry in navigating regulatory and business challenges has a long history. In 2020, the boards of Food & Consumer Products of Canada and Consumer Health Products Canada agreed that joining forces to create a new association would allow for a more effective voice with a common vision, allowing us to better serve our members in an ever-evolving business environment. Our inaugural year under our new FHCP banner was dedicated to bringing this vision to life, by amplifying our influence among governments and industry stakeholders and advocating for the issues that matter most to our sector.

The need for a united voice was made clearer by the COVID-19 pandemic, and the path towards economic recovery. The last three years have shown that Canada's resilience and self-reliance depend on both strong domestic manufacturing and global supply chains for essential products. Food, health, and consumer product manufacturing has a unique capacity to power Canada's post-COVID recovery by ensuring that Canadians can get the products they need at prices they can afford, and powering critical investment, innovation, jobs, and growth.



Our members need their voices heard by governments now more than ever. The unprecedented amount of regulatory change, consolidation in grocery retail, and the cumulative labour and supply chain challenges that existed before the pandemic have escalated to critical levels. Combined with increased consumer awareness and expectations for innovative, safe, and sustainably made products, our members face some of the most pressing global challenges of our time.

Our strategic work is guided by four interconnected and mutually supporting goal areas: **COLLABORATE**, **INFLUENCE**, **TRANSFORM**, and **SERVE**. Collaborating with others adds credibility to our work and helps us achieve more. Our advocacy work helps ensure that our priorities make it on the government's political agenda and that we effectively influence government decision making. Our expertise, and that of our members, enables us to play a leadership role in transforming how we approach emerging issues, allowing our members to reach their full potential. Above all, we exist to serve our members, striving to consistently prove our value as an exceptional association that our members see as an essential part of their business.

Our sector is present in every province, across rural and urban communities, employing over 350,000 Canadians in companies of all sizes that manufacture and distribute the safe, high-quality products that are at the heart of healthy homes, healthy communities, and a healthy Canada.

COLLABORATE

SHAPING POLICIES AND REGULATIONS THAT ARE GOOD FOR BUSINESS AND CANADIANS

FHCP has been a long-standing industry leader in policy and regulatory dialogue with government, advocating for the development of modern and effective regulations to create a business operating environment that promotes growth, innovation, and competitiveness without compromising safety and quality.

Recognized for its regulatory expertise, our team works to streamline incoming product labelling requirements that respond to a wide variety of government initiatives and advocate for evidence-based, agile policies that reduce regulatory burden, allowing our members to make effective business decisions in their quest for compliance.

As a sector leader, FHCP participates on the Agile Regulations Roundtable (ART), which brings together key stakeholders and government to collectively advance growth and competitiveness in Canada, offering us a unique opportunity to bring industry's perspective to issues of importance to our members and Canadians.

EFFECTIVE PUBLIC POLICY AND REGULATIONS FOR FOOD AND BEVERAGE

To support members as they work towards meeting the *Voluntary sodium reduction targets for processed foods 2020-2025*, FHCP developed a white paper to underscore the perspective of the Canadian food industry, share our journey thus far, highlight the challenges we continue to face, and present collective recommendations for Health Canada to consider as they look to monitor the progress against the voluntary targets in 2023.

For years, our regulatory team, under the leadership and expert guidance of Michi Furuya Chang, Senior Vice President, Public Policy & Regulatory Affairs, has been actively engaging key decision makers at Health Canada to communicate our support for front-of-package labelling (FOPL) that is simple, science-based, informative, and transparent. Several of our key recommendations were reflected in the final FOPL



Michi Furuya Chang

regulations, published in July, including exemptions for foods with recognized health benefits and a proportionately sized magnifying glass symbol that incites consumer curiosity instead of concern.

Galvanizing the support of other industry associations, FHCP led efforts to raise concerns about Health Canada's proposed *Supplemented foods regulations*, arguing for policies that did not discriminate against the foods they were targeting and labels that are neither alarmist nor confusing.

We continue to advocate for discretion and flexibility to the infeasible 2026 compliance deadline for the published FOPL and *Supplemented foods regulations*. Industry remains strained by significant supply chain challenges, as well as other government-mandated labelling initiatives, which are worsened by the limited capacity of package design and printing houses in Canada to change the volume of labels requiring FOPL in a condensed timeframe.

ENSURING PRODUCT SAFETY

Over three million Canadians are impacted by food allergies, including 600,000 children. These individuals rely on safe food manufacturing processes and the judicious use of precautionary allergen labelling on products to reduce their risk of allergic reactions.

For manufacturers, recalls are expensive to not only the company's bottom line but also its reputation. In 2021, over 30 per cent of all food recalls were allergen related. Through our participation in the Food Allergy Canada Food Manufacturers Stakeholder Council, we contributed to the development of Food Allergy Canada's *Allergen Management Guidelines for Food Manufacturers* — a landmark food safety resource, released in November, for manufacturers to manage food allergens in their facilities, including guidance on the use of precautionary allergen labelling.

Through our participation in the Canadian Food Inspection Agency's Food Advisory Committee, we are also contributing to collective effort to reduce food fraud — an issue that not only impacts the health and safety of consumers but also challenges the priority that manufacturers place on safety and transparency in all aspects of the food production process.

INFLUENCING HEALTH PRODUCT POLICY AND REGULATION

Recognizing the need for our members to meet shifting consumer habits, we met with Amazon to discuss the challenges our members were experiencing with Amazon's listing algorithms, including delays and significant business costs. Our engagement led to Amazon having their systems auto-validate products based on Health Canada's databases, reducing product suppression and post-listing questions.

Under the strategic leadership and guidance of Christine Gillis, Vice President, Health Policy & Regulatory Affairs, FHCP has engaged with key decision makers at Health Canada throughout the development of their proposal to create enhanced Natural Health Product Plain Language Labelling (NHP PLL) regulations. Leveraging our experience with the development and implementation of plain language labelling regulations for over-the-counter (OTC) drugs, we encouraged Health Canada to incorporate into their NHP proposal the lessons learned from the OTC drug process. The final NHP PLL regulations, published in July 2021, reflect many of FHCP's recommendations, including measures to support the use of innovative labelling and flexibility in the application of requirements to avoid unintended business impacts at odds with the spirit of the regulations.



Christine Gillis

Health Canada introduced regulatory amendments to reduce record retention timelines for natural health products and over-the-counter drugs. We contributed to this initiative by providing a cost-benefit analysis to estimate the reduction in burden and decrease in the costs of compliance.

As our members await regulatory changes to separate OTC drugs from the prescription drug regime under Health Canada's Self-Care Framework, we advocated for interim relief measures for OTC drugs that would alleviate the burden associated with application of requirements intended for prescription drugs. Thirteen of our recommended measures made Health Canada's list of solutions in their action plan.



PLANT-BASED FOODS
OF CANADA

A Division of Food, Health & Consumer Products

DID YOU KNOW? Plant-Based Foods of Canada (PBFC), a division of FHCP, is the collective voice for the companies that

make and market plant-based foods. PBFC works to increase awareness with consumers, government, and industry partners of the plant-based foods sector; modernize industry regulations; and make plant-based options widely available, convenient, affordable, and exciting for consumers.

PBFC leverages the expertise and strategic guidance of FHCP on issues of policy and regulatory importance to ensure alignment with FHCP policy positions and priorities. As the leading voice on the plant-based industry, PBFC is actively engaged in discussions impacting plant-based foods in Canada, including regulatory modernization.

PBFC is proud to partner with the U.S.-based Plant-Based Foods Association (PBA) as the exclusive licensing agent of the Certified Plant Based program to companies in Canada, launched to ensure confidence in the word "plant-based" and to help consumers easily identify plant-based products on shelves.



PROTECTING OUR PLANET AND ITS VALUABLE RESOURCES

A TIMELINE OF LEADERSHIP

2019



became the first national trade association in Canada to endorse the Ellen MacArthur Foundation's vision for a New Plastics Economy, moving toward a future of zero plastic waste

2021



co-founded the Canada Plastics Pact, an organization driving collaboration in rethinking how we design, use, and reuse plastic packaging to realize a circular economy for Canada



pledged the Global Self-Care Federation's Charter for Environmentally Sustainable Self-Care, which aims to reduce pharmaceuticals in the environment, improve the performance of plastic packaging and eliminate plastic pollution, and lessen industry's carbon footprint



supported the development and launch of Circular Materials, a not-for-profit Producer Responsibility Organization created by producers for producers, that will operate across provinces as new Extended Producer Responsibility initiatives are introduced

2022



named winner of a *Canadian Grocer* Impact Award in the sustainability category, a direct recognition of the efforts of Michelle Saunders, Vice President, Sustainability, who continues to shine as an industry leader and expert, helping move Canada towards a future of zero plastic waste

FACILITATING STAKEHOLDER ALIGNMENT AND DRIVING RESULTS

FHCP is a recognized industry leader in moving Canada towards a future of zero plastic waste. Government leaders have met with our Sustainability Working Group several times over the past year, and we continue to engage in numerous ongoing policy discussions and consultations, having identified ourselves as the go-to experts on plastics and packaging.

Our members continue to seek support in developing effective and progressive policies towards environmental sustainability while promoting business innovation. To support these needs, we hosted member-exclusive webinars with the Canada Plastics Pact and the Global Self-Care Federation.

We continue to work closely with other industry associations, like Circular Materials, Canada Plastics Pact, and Retail Council of Canada, to provide our members with opportunities to collaborate, and ensure they are prepared to both achieve their corporate targets and inform and respond to the regulatory environment in Canada.

With the return of in-person events and in recognition of our leadership in the sustainability space, we were invited to fulfill leadership roles at the Canadian Stewardship Conference, the Canadian Waste Resource Conference, and the Coffee Association Conference, allowing us the opportunity to speak on our commitment to sustainability and highlight the activities of our association and members.

EXTENDED PRODUCER RESPONSIBILITY

In 2022 we were actively involved in conversations with nine provincial governments and one territorial government on either the introduction, transition, or expansion of Extended Producer Responsibility (EPR) for packaging across the country. FHCP also sits on several advisory boards and boards of directors in the packaging EPR space across the country and is highly engaged in EPR for pharmaceuticals. Our work aims to improve interprovincial alignment of regulation and to drive improved environmental outcomes.

2023 will mark the launch of the transition to full EPR in Ontario, with industry assuming complete financial and operational responsibility for the development and delivery of curbside recycling across the province. We anticipate the roll out of a new EPR program in New Brunswick and that other provinces will launch similar programs in future years, and we continue to be involved in all relative discussions with governments and regulators. This engagement ensures our members can provide input to inform the policy framework and keeps them abreast of additional cost increases to their businesses. FHCP remains focused on creating and facilitating opportunities for our members to achieve regulatory compliance, meet corporate sustainability priorities, and improve outcomes for the environment.

LOOKING TO THE FUTURE

Looking to 2023 and beyond, FHCP will remain actively engaged in a leadership role as Environment and Climate Change Canada considers a significant volume of policy and regulatory work focused on plastics and plastic packaging to drive a circular economy. As Canada looks to take a leadership role in the elimination of plastic pollution, we are involved every step of the way, making sure plastic remains in the economy and out of the environment.

Emissions is becoming a high-priority file for both governments and our retail partners and of heightened interest for consumers. For our sector, this involves end-of-life outcomes for packaging as well as greenhouse gas emissions throughout the supply chain, and we are committed to working with our industry partners and members to provide information and resources to ensure alignment and develop best practices.

We will continue to work with the Sustainability Working Group on shaping public policy and regulations that impact our industry, while expanding information sharing with the broader membership, recognizing the wide industry impact of upcoming sustainability initiatives in both retail and government.



INFLUENCE

A GOVERNMENT RELATIONS POWERHOUSE

We work to ensure that all government's political priorities and decisions support and grow our sector's ability to contribute to the economy, healthcare, and the lives of Canadians. We continue to raise our top priorities in meetings with federal and provincial ministers, senior advisors to ministers, opposition critics, Members of Parliament on critical committees that deal with issues pertinent to our industry, and senior officials across a range of departments.

For the tenth consecutive year, Carla Ventin, Senior Vice President, Government Relations, was named a top 100 lobbyist in Canada by *The Hill Times*, Canada's influential, Ottawa-based political newspaper. The list identifies top public policy influencers and was based on more than 6,000 registered lobbyists, evaluating reputation, track record, proven results, and influence with and access to government.

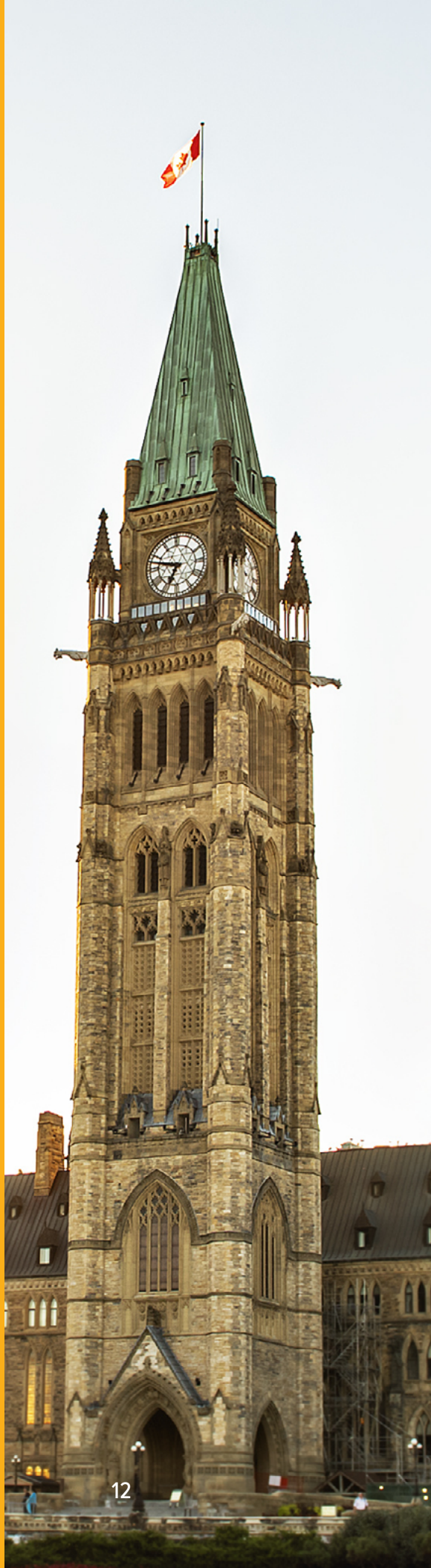
RECOGNITION OF OUR EXPERTISE

In the spring, Carla Ventin appeared before the Agriculture and Agri-Food Committee as a witness for their study on supply chain disruptions, giving us the opportunity to advance our key advocacy goals on this important file and impress upon the Committee the seriousness of the issues faced by our members. The labour shortage remains critical, production costs are up, and disruptions to the supply chain are constant.

Our reputation as leading experts in our field garnered Ventin an invitation to join the Chamber of Commerce's Food Supply Council, created to bring together a cross-sectoral coalition representing all components of the supply chain across Canada. We leveraged this opportunity to make it clear that business is not back to normal, advocating for coordinated, strategic investments in critical infrastructure to address supply chain vulnerabilities and deficiencies.



Carla Ventin



The Council continues to meet monthly to explore opportunities to raise the profile of our industry and its top issues. FHCP also actively contributes to the Canadian Manufacturing Coalition, spearheaded by the Canadian Manufacturers & Exporters, to develop common policy positions and align our advocacy efforts with Canada's other manufacturing sectors so that we can speak with one voice to decision makers.

Our push for government investments to address labour challenges and strengthen supply chains was reflected in the federal budget; the Temporary Foreign Worker Program Workforce Solutions Roadmap, released in April; the National Supply Chain Task Force's Final Report, released in October; and through increased targets for immigrants and additional funding to process applications and address backlog, as announced in the Fall Economic Statement in November. Labour shortages significantly impact food manufacturers, where 1 in 10 jobs remain unfulfilled. These measures are important steps towards filling the current domestic labour gap and provide additional certainty for manufacturers at a critical time in economic recovery.

In September we attended the inaugural meeting of the federal government's new Manufacturing Policy Roundtable, led by Innovation, Science and Economic Development Canada (ISED). Our advocacy led to the launch of this Roundtable, which aims to help public and private sector partners better anticipate and mitigate critical infrastructure-related threats to minimize manufacturing disruptions.

Closing out the year, FHCP's CEO, Michael Graydon, appeared before the Agriculture and Agri-Food Committee's study on food inflation. Graydon shared that Canada's inflationary environment is due to skyrocketing costs of food and goods globally, that our members' input costs have increased and will continue to increase well into 2023, and that industry faces labour, ingredient, and packaging shortages, impacting our ability to produce and deliver essential, everyday products to Canadians.



LEVERAGING PROVINCIAL ELECTIONS TO INCREASE OUR REACH

With the call of provincial elections in both Ontario and Quebec this year, we actively engaged with candidates across all political parties throughout the campaign periods. Our strategic objectives included capitalizing on the political climate and elevating FHCP's profile and priorities with future policymakers, the media, and the public; building critical inroads across parties to support FHCP's priorities, regardless of the election outcome; engaging members to help amplify our voice with candidates, political parties, the media, and the public; and driving traffic to our platform with a robust digital campaign. All candidates received a letter from us alongside our election priorities and a questionnaire seeking their support for our key asks: address critical labour shortages, unlock more self-care options, implement a Grocery Code of Conduct, and support a circular economy for plastics.

EXPANSION IN QUEBEC

This year, we made engagement and advocacy in Quebec a high priority to ensure we're meeting the unique needs of our Quebec-based members and assisting members from across the country in navigating the Quebec market. To further our narrative with the Quebec government, we met with the Minister of Agriculture to discuss critical issues such as labour, supply chain, and the need for a Grocery Code of Conduct. Following the province's health care plan announcement in March, we began engaging with Health, Regulatory Reform, and Professional Orders officials and critical health stakeholders on increasing self-care options.

OPPORTUNITIES IN THE ATLANTIC REGION

In the fall, we expanded our outreach into the Atlantic provinces, meeting with key ministries responsible for agri-food and economic development to discuss our industry's priorities, including our competitiveness and supply chain challenges, a Code of Conduct for grocery suppliers and retailers, and the sugar-sweetened beverage tax recently implemented in Newfoundland and Labrador.



TRANSFORM

NAVIGATING A PERFECT STORM OF SUPPLY CHAIN DISRUPTIONS

Disruptions at any point in our integrated supply chains can cause ripple effects, as shown this year by the widespread impacts of the Omicron variant of COVID-19, the devastating British Columbia floods, and the protest blockade of the Windsor-Detroit Ambassador Bridge. These unforeseen obstacles exacerbated our industry's long-standing supply chain fragilities, including structural issues; ongoing shortages; and increased prices in labour, packaging, and ingredients.

We responded to extreme weather conditions in British Columbia by assisting members as they sought alternative shipping options and providing the most up-to-date infrastructure repair information through regular updates. Our advocacy included working with the Canadian Food Inspection Agency (CFIA) to introduce flexibilities to labelling and packaging for certain foods imported from the United States and sold either at retail or to foodservice establishments in B.C., to ensure residents in areas impacted by extreme weather could still access the items they need.

Alongside other prominent industry associations, we were invited to attend sectoral Supply Chain Roundtables between February and June with the Minister of Transport and his Cabinet colleagues. We highlighted the ongoing labour challenges in our sector, the need to protect critical infrastructure, and the impact events like trucker blockades and rail strike threats have on Canada's international reputation. Our input at these roundtables was key in informing the development of a National Supply Chain Strategy.

Due to our active engagement and collaboration in industry consultations through the year, the National Supply Chain Task Force's Final Report, released in October, included four of the five recommendations from our submission: digitizing the supply chain; establishing a federal governance structure to oversee, coordinate, and share information; investments in both human and labour infrastructure; and investments in physical infrastructure.

THE FUTURE OF SUPPLY CHAIN

Our Supply Chain Council continues to explore and share insights on automation, electrification, and digital developments to create industry-led improvements that add value to our member companies' operations, while also addressing immediate needs. We work together with members on community-based supply chain projects, pilots, and proof of concepts and act as a liaison between members and industry stakeholders or vendors.

We are currently developing a white paper on industry road transportation, with the goal of providing an in-depth analysis of the critical shortage in truck drivers and the need to invest in improved processes and technology to ensure goods and ingredients can freely flow across national and provincial borders and make it to store shelves with reduced waste of both products and time.

Additionally, we are developing a voluntary protocol concept for product allocation to ensure all market customers are treated consistently and encourage retailer and supplier collaboration on best practice planning, such as sharing data, aligning on product forecasts, and on-shelf availability.

Lastly, we plan to launch a Supply Chain Benchmarking Study to both assess current industry performance and evaluate opportunity areas for supply chain process enhancements and developments. Our member surveys helped to inform a great number of our successes in our advocacy for improvements to the supply chain this year, and our goal is to utilize this benchmarking to mitigate future disruptions and identify high-value, actionable insights.





CLOSING IN ON A GROCERY CODE OF CONDUCT

YEARS OF IMBALANCE

In Canada, the consolidation of the grocery retail sector has resulted in five companies controlling more than 80 per cent of grocery and drug store sales, while the largest supplier represents less than three per cent of a large retailer's volume.

For years, grocery giants have used this power imbalance to unilaterally impose fees and raise costs on suppliers, contributing to increases in the cost of doing business with no return on investment or opportunities for growth. These unfair practices pose a serious threat to the food, health, and consumer products manufacturing sector in Canada, as well as primary (farmers) and secondary suppliers.

Our government relations efforts have long included actively engaging all levels of governments and political decision makers and working with industry stakeholders to build and expand support for a Grocery Code of Conduct in Canada.

In late 2020, federal, provincial, and territorial (FPT) Agriculture Ministers announced the creation of a working group to look at unfair grocery practices and propose concrete next steps, a critical step in recognizing the importance of food security and the need to strengthen supply chains and bolster domestic manufacturing.

MAKING HEADWAY

In March 2021, we launched a first-of-its-kind, recommended Grocery Supply Code of Practice in partnership with Empire Company Ltd., which further drove national conversation on the issue of fair practice in grocery retail. Political and industry leaders across the country responded positively, applauding us and Empire for our collaborative leadership, and by June it was endorsed by nine leading organizations representing a broad range of manufacturers, farmers, and suppliers, and two federal parliamentary committees — Agriculture and Agri-Food and Industry, Science and Technology.

In July 2021, FPT Agriculture Ministers officially recognized the need for a Code of Conduct to stabilize the retailer-supplier relationship and called on industry to achieve a concrete solution.

NEARING THE FINISH LINE

Following the July FPT Minister announcement, a Steering Committee, co-chaired by FHCP's CEO, Michael Graydon, and comprised of individuals from ten key association stakeholder groups, was formed with the goal of creating terms of reference and a work plan aimed at developing a formal Grocery Industry Code of Conduct.

The complexity of developing an industry-wide Code of Conduct cannot be overstated. A cross-industry Code Development Group of business leaders, including representatives from FHCP's Board of Directors, was established to provide perspectives and recommendations on issues such as payments, deductions, fines, and fees. As Code development continued through the late summer and early fall, a subset of leaders from the Code Development Group were selected to finalize the content and provisions of a Code of Conduct. FHCP's Senior Vice President of Industry Affairs & Membership Development, Errol Cerit, was involved in both the broader Code Development and subgroup Code Development teams. In November 2022, this group completed a draft Code of Conduct for the Steering Committee to propose to the FPT Ministers.

This November update to the FPT Ministers marked the single biggest advancement in Code development in over a year, providing a detailed breakdown of proposed components that, together, will help improve transparency, predictability, and fairness in dealings between Canada's retail, supplier, and agricultural communities.

The proposed Code will include a set of integrated measures to promote fair and ethical trading and contractual certainty for companies of all sizes, including trade rule provisions supported by clear definitions, a dispute resolution mechanism, an adjudication process, mediation and arbitration models, and enforcement mechanisms.



Errol Cerit



PAVING THE WAY FOR SELF-CARE IN CANADA

Self-care encompasses everything from making healthy lifestyle choices to treating minor health ailments, managing — or better yet preventing — chronic diseases, and more. As the COVID-19 pandemic demonstrated, self-care also plays a vital role in public health emergency response.

FHCP has been a leader in all things self-care for decades. As the representative of the global self-care movement in Canada, we work with national and international stakeholders to promote the economic and social value of self-care, and advocate for a national self-care strategy with Canadian decision makers.

Despite increasing public recognition that supporting Canadians in playing a larger role in managing their health is critical to the long-term sustainability of our healthcare system, Canada makes minimal acknowledgement at the federal level of the importance of self-care or the need for a comprehensive strategy to guide governments in helping Canadians practice it safely and effectively.

In May, we renewed our call for a National Self-Care Strategy as an effective no- to low-cost complement to investments in our publicly funded healthcare system, calling on the Health Committee in the House of Commons and Social Affairs, Science and Technology in the Senate to study this critical issue.

Our calls include a range of recommendations for how to support Canadians to practice self-care, including improved health literacy and better use of digital technology. We also advocate for improvements to the self-care regulatory environment so that Canadians have access to a range of consumer health products and the health product industry can grow and innovate to best meet consumer needs.

As members of the Global Self-Care Federation, we welcomed the October 2022 launch of the Self-Care Readiness Index, which examines self-care readiness and opportunities for advancement in countries around the world. The Index revealed that Canadian consumers and healthcare practitioners are supportive of self-care but require more assistance to practice it, and that Canada lags its economic peer countries on support for self-care, particularly within the regulatory environment.

This spring, we welcomed the Quebec government's investments in a post-pandemic healthcare system recovery in their provincial budget. The five-year plan integrates self-care into an option-heavy "frontline of the future," proposes a single-window online portal to give Quebecers digital access to their health records, and introduces a shift towards reimbursement based on patient load for family healthcare teams to incentivize self-care. We will continue our engagement with the Quebec government on the advancement of self-care in the province, including changes to its drug scheduling system to improve access to self-care products.

RIISING TO THE CHALLENGE OF MEETING UNPRECEDENTED DEMAND

The critical importance of access to self-care products has never been clearer than the recent shortage of children's pain relievers. The major manufacturers of these medicines planned for higher-than-normal demand for this year's cold and flu season, but by late spring rates of respiratory infections in children were already far ahead of expectations, putting pressure on inventories just as increased production was supposed to replenish them. Then, media misreporting about the need for a prescription for children's acetaminophen caused understandable stockpiling by parents, which led demand to spike to three to four times above normal levels and resulted in empty store shelves, spurring more panic buying.

To assist our members with meeting extraordinary demand and ensure Canadians could access the products they need, we worked in partnership with our members and Health Canada to leverage regulatory flexibilities that would allow manufacturers to boost production or imports, provided they did not compromise consumer safety. Those flexibilities made it possible for our member companies to increase supply by importing products for sale in pharmacies and use in hospitals.

Our frequent touchpoints with the federal Health Minister on this issue and our appearance before the House of Commons Standing Committee on Health positioned FHCP as an industry expert and collaborative partner in the self-care space, allowing us to enter 2023 with an opportunity to work with government and other stakeholders to advance long-term solutions for creating an environment in Canada that supports a steady supply of self-care products.



REGULATION OF SELF-CARE PRODUCTS

As part of our call for a National Self-Care Strategy, we have been advocating for improvements to the regulatory environment so that Canadians have access to a range of products for managing their health and the health product industry is able to thrive and innovate to best meet consumer needs.

At the heart of this work is Health Canada's Self-Care Framework, which is intended to separate lower-risk products, such as over-the-counter drugs and natural health products, from the prescription drug framework. We continued our advocacy for action under this stalled Framework and pressed for the introduction of interim relief measures for over-the-counter drugs that would alleviate the burden associated with the application of requirements intended for prescription drugs. Thirteen of our recommended measures made Health Canada's list of solutions in their action plan.

As part of the Self-Care Framework, Health Canada introduced final enhanced Natural Health Product Plain Language Labelling (NHP PLL) regulations in July 2022. FHCP engaged with Health Canada during their development of these regulations, leveraging our experience with the development and implementation of plain language labelling regulations for over-the-counter (OTC) drugs. We encouraged Health Canada to incorporate the lessons learned from the OTC PLL process into their NHP proposal. The final NHP PLL regulations reflect many of our recommendations, including measures to support the use of innovative labelling and flexibility in the application of requirements to avoid unintended business impacts at odds with the spirit of the regulations.



SERVE

EVENTS AT A GLANCE

4



signature
in-person
events

10



specialty
webinars



attendee satisfaction



over

600

in-person event
attendees



84%
event
participation

FROM MEMBER COMPANIES

FHCP team,
you raised the bar
yet again!

The energy of being
in-person is simply
different and it was
great! I left with a
creative recharge and a
phone full of inspiration!

WHAT ATTENDEES SAID

An extremely relevant,
thought-provoking group
of speakers. Great to get
out of the office and invest
in time learning with and
from my peers.

Outstanding,
impactful, impressive!

EDUCATION THAT ADDS VALUE

We strive to be a best-in-class association that delivers a superior experience and equips all members with the tools and information they need to effectively navigate their business environment and reach their bottom line.

With the lifting of in-person pandemic restrictions, 2022 saw the revival of our signature events as they were meant to be: in person and offering not only timely business insights but also valuable, face-to-face networking opportunities with industry peers.

In the spring, we launched with our annual **Supply Chain Symposium**, attended by over 130 experts. Themed *Recovery. Resilience. Reimagine.*, we featured five enlightening keynote presentations on topics from reshoring, to changing consumer habits, to the move toward electric automotive transportation, as well as a panel discussion on the future of infrastructure.

Shortly after, attendees at our annual **Sales & Marketing Symposium** were challenged to *Be Bold* about business post-pandemic and think differently about the future to recover and reemerge stronger than ever. Attendees were treated to eight keynote speakers covering industry trends, the economy, and how to overcome personal and business obstacles to achieve success.

After a three-year hiatus, **FHCP's Charity Golf Tournament** returned in the fall at the beautiful Georgetown Golf Club, bringing over 130 industry professionals and stakeholders together in support of Food Banks Canada. We raised \$12,635, contributing to a total of \$148,191 raised for Food Banks Canada by FHCP since 2005.

In October, we were back in person for our premier **CEO & Executive Leadership Conference**, set in picturesque Niagara-on-the-Lake. Themed *Lead the Way. Forward Together.*, we featured a panel on forward-thinking sustainability experts as well as five keynote speakers who shared insights on how to move our industry through a wide range of issues, including diversity in the workplace, peer-driven mental health support, the need to embrace disruptive innovation, and navigating the current economic landscape. Attendees were treated to two full days of invaluable networking with their peers.

In between these in-person events were webinars and virtual trade talks that provided manufacturing members with the education and insights they need to stay on top of industry research, sector-specific announcements, consumer analytics, regulatory compliance, and emerging trends, and positioned our associates to share their expertise with leaders in our sector. With an average 4.4 out of 5 in attendee satisfaction, it is no surprise that our participation rate among member companies reached 84 per cent!

CONSISTENTLY TRUSTED BY INDUSTRY

We are our industry's subject-matter expert, committed to its advancement and the business continuity of our members. From rising retail pressures making it harder for companies to grow, to overregulation and costly product labelling, to taking a leadership role in sustainability initiatives that are good for consumers and the planet, we help our members navigate and respond to any number of hard-pressing issues. With **117 manufacturing members**, **51 associate members**, and **7 sales/broker agencies**, we represent and support business leaders across all aspects of our industry.

Even as our members continue to face huge challenges throughout post-pandemic economic recovery, our value alongside them has been crystal clear. That's why we welcomed 17 new members in 2022 while also retaining 95 per cent of our membership in the last fiscal year!

The reason is simple. As one of Canada's leading national associations we consistently:

ADD VALUE and increase participation in member programs while introducing new initiatives in response to listening to our members' needs

GROW by adding member companies that reflect both manufacturers of all sizes and regions across Canada and innovative problem solvers from new business sectors

INCREASE MEMBER ENGAGEMENT with opportunities to participate on committees with functional areas and provide increased touchpoints with FHCP experts

ENHANCE associate membership value by working closely with members to identify timely issues and relevant topics and the best ways to communicate them

OPTIMIZE our members' business efficiencies by delivering key insights on topic areas across all functional business areas

TAILOR member communications to meet specific business needs and job functions through our exclusive digital send outs

TRANSFORMATIVE GROWTH

Positive organizational culture is critical to our success, as it improves our ability to attract and retain top talent to ensure our members' needs are met by employees who are engaged, inspired, and have the tools they need to work effectively. Over the last year we increased and strengthened our capacity in key functional areas of our work, including policy and regulatory affairs, sustainability, and government relations, demonstrating our commitment to ensuring success with our priority files.

We survey our employees annually and continue to score higher in both job and organization satisfaction when compared to other not-for-profit organizations and companies within our geographical proximity; our staff participation rate is consistently above 90 per cent. The FHCP team is a collective of smart, resourceful, and dedicated experts working collaboratively to meet the needs of our members and shape the face of our industry. We know that if we create a great place to work, they can continue to achieve great things.

We are committed to creating an equitable and inclusive work environment where all forms of diversity are welcomed, valued, and respected. Our Equity, Diversity and Inclusion (EDI) Working Group developed a multi-year framework to guide our journey and ensure that EDI is at the forefront of all our business decisions. Our internal EDI Council is now implementing the commitments and initiatives of that framework, including education and training, inclusive practices, talent acquisition, and management programs. At FHCP, we believe equity, diversity, and inclusion are crucial to our success, align with our core values, drive high performance and growth, and positively influence all aspects of our operations.

As a socially responsible organization, we are committed to doing our part to address food insecurity in Canada. We continue to support Food Banks Canada through the proceeds of our annual golf tournament, as well as food banks local to our Mississauga and Ottawa offices with year-end donations as well as essential items through employee-led food drives.



FHCP's CEO & Executive Leadership Conference, October 2022

CONTINUED AND RELIABLE RESILIENCE

A MESSAGE FROM OUR CEO, MICHAEL GRAYDON

“Life doesn’t get easier or more forgiving; we get stronger and more resilient.”

– Dr. Steve Maraboli

If the first two years of the COVID-19 pandemic were an exercise in crisis management, 2022 made crystal clear the need to collaboratively tackle perhaps an even harder challenge — strengthening essential Canadian manufacturing and supply chains for the long run. At FHCP, we know that the best way to forge ahead is to treat the root cause: our failure to put food, health, and consumer product manufacturing at the heart of Canada’s economy.

The harsh reality is that Canada’s high costs of doing business and uncompetitive business environment have long constrained essential manufacturing, and this year we saw the consequences more clearly than ever. Labour shortages, growing regulatory burden, an unpredictable retail environment, increasingly aware consumers, and supply chain disruptions continue to dramatically shape all aspects of our daily lives and our operations.

Yet our members successfully continue to meet the expectations of Canadians, ensuring the products they rely on are available and accessible, despite navigating an increasing number of challenges. We’re proud to say that their ability to meet the needs of Canadians is a direct result of our team’s commitment to meeting theirs.

This year we saw great success in putting the need for supply chain investments and advancements on the desks of federal decision makers, with

the establishment of the Supply Chain Task Force and their recent recommendations, which were heavily informed by our advocacy. Our years of encouraging self-care as an effective tool for improving health outcomes and sustaining health care systems was recognized in Quebec's provincial budget. Long-awaited labelling requirements were formally launched, advised by our team of experts pushing for regulations developed with an economic lens. And our leadership in working towards a circular economy was recognized with an industry Impact Award in sustainability. Despite feeling like we're navigating through a never-ending sea of challenges, 2022 proved to be a year of huge advancement for our sector.

But the battle is never fully over. Demand spikes; shortages in ingredients, packaging, and labour; extreme weather; transportation disruptions; and the war in Ukraine are among a multitude of reasons the cost of producing, selling, and buying food has risen. And when costs increase, prices generally do as well.

With inflation now at historic highs, we understand the growing concerns Canadians have about rising food prices. That's why Canada needs a mandatory and enforceable Grocery Code of Conduct, with a broad scope that captures all products on grocery store shelves. Not only will it level the playing field between retailers and suppliers, it will also ensure Canada remains a competitive environment and Canadians can reliably find the products they need.

An industry Steering Committee, which I am pleased to Co-Chair, has recently made the largest step in our quest towards a Code in the last two years, working diligently to ensure that every last detail reflects the realities of the Canadian operating environment and represents the unique needs of all stakeholders, large and small. As we move into 2023, I look forward to transitioning from a development phase to hopefully one of broad implementation, with a formalized Grocery Code of Conduct that will change the face of grocery retail in Canada.



As our industry evolves, so do we. At our core, the FHCP team is dedicated to meeting the needs of our members so that they can thrive. Canadians want to see shelves stocked with innovative products they know are safe and in quantities and variety that allow for consumer choice. Our members are committed to meeting those needs, and we're committed to helping them achieve this, every step of the way.

Michael Graydon

Chief Executive Officer,
Food, Health & Consumer Products of Canada

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