

ANNUAL REPORT  
2020-2021

THE  
**ART**  
OF THE  
**POSSIBLE**



PROTEIN  
INDUSTRIES  
CANADA

# VISION

Canada is a global leader in plant protein.

# MISSION

We invest collaboratively to accelerate innovation and the competitiveness of the Canadian plant protein sector.

## WHO WE ARE AND WHAT WE DO

Protein Industries Canada is an industry-led, not-for-profit organization created to position Canada as a global source of high-quality plant protein and plant-based co-products. Together with trailblazing companies, NGOs, all levels of government and academia, we are working to develop a collaborative and innovative plant-based food, feed and ingredient ecosystem that creates products and technologies to grow the Canadian economy.

As one of Canada's five Superclusters, we co-invest into large-scale science and innovation projects and ecosystem-building activities that have the potential to transform Canada's agriculture and food production sector. Together we will help secure Canada's position as a global leader in the production of plant-based food, feed and ingredients, while also helping tackle some of the world's most pressing issues — food insecurity, global health, nutrition and carbon emissions.

We believe that by 2035, Canada can own upwards of 10 per cent of the global plant-based food, feed and ingredient sector. This could mean an additional \$25 billion in annual sales for Canada.

# TABLE OF CONTENTS

- ▶ **02** Who We Are
- ▶ **03** Key Metrics
- ▶ **04** Minister's Message
- ▶ **05** Chair's Report
- ▶ **06** CEO Report
- ▶ **07** Our Members
- ▶ **08** EY Overview
- ▶ **11** Technology Projects
- ▶ **18** Capacity Building Prprojects
- ▶ **20** 2020-21 Objectives and Results
- ▶ **24** 2021-22 Objectives
- ▶ **28** Board of Directors & Governance
- ▶ **29** Staff
- ▶ **30** Appendix A – Reporting to the Federal Government
- ▶ **47** Appendix B – Audited Financial Statements

# KEY METRICS



**22**

TOTAL PROJECTS



**\$352M**

PROJECT VALUE



**\$227M**

INDUSTRY INVESTMENT



**189**

ORGANIZATIONS INVOLVED IN PROJECTS



**87**

SMALL TO MEDIUM-SIZED ENTERPRISES (SME) INVOLVED IN PROJECTS



**107**

ACADEMIC & RESEARCH INSTITUTIONS INVOLVED



**344**

EXPECTED PRODUCTS, SERVICES & PROCESSES



**47**

ANTICIPATED IP ASSETS



**\$198M**

FOLLOW-ON INVESTMENT



**2,250**

MEDIA ARTICLES



**6,200\***

DIRECT & INDIRECT JOBS



**\$8.9B\***

10-YEAR EXPECTED GDP

\*from 15 analyzed projects



MESSAGE FROM  
THE HONOURABLE

# François-Philippe Champagne

MINISTER OF INNOVATION,  
SCIENCE AND INDUSTRY

**Innovation is the key to growing Canada's economy and acts as a gateway to global markets.**

The Superclusters were designed to foster innovation at the speed of business, which is critical to staying competitive in the global innovation race today.

Our investment in Canada's Superclusters was about doing things differently: new partnerships, new projects and new investments — with ecosystem-level results to take Canada further, faster. And they are doing just that. The overall momentum and progress to date is compelling. In just over three years, the Superclusters have approved hundreds of projects and supported the creation of thousands of new jobs. Their membership is strong and continues to grow.

The last year has been challenging, but the Superclusters pivoted to address the most critical needs of our country, demonstrating the flexibility of the program's model. I am proud of the contributions they have made to support Canada's response to COVID-19 by keeping businesses going and growing to help secure critical health-care supplies, equipment and technology.

Superclusters are supercharging innovation ecosystems across the country in areas where Canada has a significant competitive advantage, and they are having a positive impact on our economic recovery

across all sectors. They have developed a network of industry leaders, academics and representatives from the business community, governments and not-for-profits to create new business opportunities and drive economic growth. Together, members advance cutting-edge research, develop a highly skilled and diverse workforce, and help smaller companies scale up — all while establishing Canada as a world leader in digital technologies, plant-based protein industries, next-generation manufacturing, artificial intelligence and the ocean economy.

The Protein Industries Canada Supercluster is working to develop innovative agricultural processing advancements, new variants of plant-based proteins and other plant-based products to meet consumer demand for alternative protein products. It is positioning Canada as a global leader in plant protein.

Over this past year, you have advanced transformative projects, from using a variety of western Canadian crops for the development of new plant-based protein products and ingredients that can be sold domestically and abroad to introducing Canadian youth to an array of career opportunities available to them in the growing plant protein, agri-food and digital agriculture sectors.

Thank you for your continued dedication to building a strong foundation for collaborative research and developing world-leading innovation ecosystems across Canada. Your accomplishments over the past year demonstrate the incredible possibilities that we can achieve when we work together.



## MESSAGE FROM THE CHAIR

# Frank Hart

CHAIR, PROTEIN  
INDUSTRIES CANADA

**The past year was unique, if not challenging. The impacts of COVID-19 were sudden and unprecedented, and everything seemingly changed overnight.**

Canada's agrifood sector faced challenges around supply chains, both in sourcing products and getting product to market. For the first time, many Canadians witnessed the fragility of Canada's food supply chain. Empty grocery store shelves, which led to the inability to get favourite — and sometimes necessary — items, demonstrated how much Canada relies on an interdependent and complex food value chain.

It was a timely reminder as to why the work Protein Industries Canada does is so important. Securing Canada's domestic supply chain, through increased domestic processing, is one way to support our economic recovery, while also ensuring Canadians, and our customers around the world, have access to safe and nutritious food. Domestic processing capacity will insulate Canada from trade disruptions and allow the country to capture the value from processing, thereby growing Canada's agriculture-related GDP.

We continue to make tremendous advancements in each of our technology and capacity building project streams. The strength of the plant-based food, feed and ingredients sector, and its support for what we do, is apparent in the continued high level of investment into and participation in these activities. In the past two-plus years, Protein Industries Canada's project investments have leveraged more than \$217 million

from industry into commercialized innovation into the plant-based, food and feed sectors. This additional investment by private companies is evidence of the importance of the Supercluster program and the confidence that Canadian SMEs have in the potential of Canada's plant-based sector. This investment into innovation will underpin the future growth of our sector.

Over the past three years, I have witnessed an increased awareness and confidence that Canada is a global leader in plant-based food, feed and ingredients. The role Protein Industries Canada is playing to set the agenda, create connections, advance Canada's position and enhance Canada's global competitiveness is taking hold. This is apparent at many levels, including within our ever-growing membership, the number of companies in our ecosystem and Canada's international profile. It was perhaps most evident, however, at our Annual General Meeting (AGM) in September, when we had 14 highly qualified applicants apply for three board positions. As Board Chair, I was pleased to see such high interest and passion for what we do at Protein Industries Canada.

As we move into the fourth of our initial five-year mandate, we have also started spending more time thinking about the future — not only that of Protein Industries Canada, but that of Canada's plant-based food, feed and ingredients ecosystem. The Board of Directors and senior management spent considerable time developing a strategy to advance Canada's position in the global plant-protein industry, recognizing both the unique challenges and opportunities available to Canada.

We believe strongly that this is Canada's opportunity, and that the time to act is now. We appreciate the leadership and advocacy demonstrated by the federal government in creating the Innovation Supercluster Initiative and are excited about our opportunity to continue to drive Canada's innovation agenda and support our economic recovery.



## MESSAGE FROM THE CEO

# Bill Greuel

CEO, PROTEIN  
INDUSTRIES CANADA

### The 2020-21 fiscal year marked the third year of existence for Protein Industries Canada, and our second year of full operations.

While it was not a year many (or any) could anticipate, it did make clear the need for domestic processing, and the importance of the work Protein Industries Canada is undertaking. Our members never faltered, even through disrupted supply chains and shut-downs, and throughout the year an additional 13 technology projects were advanced, investing a further \$209 million into Canada's plant-based food, feed and ingredient ecosystem.

Over the course of the past two years, Protein Industries Canada and our members have invested more than \$352 million into growing Canada's innovation economy through our 22 transformative projects.

These projects represent the strength, resiliency and potential of Canada's agrifood sector. These trailblazing companies believe fully in the opportunity plant-based food brings to Canada, and, more importantly, how they, along with the entire ecosystem, can contribute to Canada's economic recovery from COVID-19. Initial analyses of 15 of Protein Industries Canada's projects indicated that we will add 6,200 direct and indirect jobs to Canada and contribute \$8.9 billion to Canada's GDP in the next 10 years.

Plant-based food, feed and ingredients represent a once-in-a-generation economic opportunity for Canada. In 2020-21, Protein Industries Canada contracted Ernst and Young to complete a global market

analysis on the plant-based market. The report sets the global market at \$250 billion CDN by 2035, with meat alternatives expected to make up \$180 billion of that total. Other estimates put it much higher. We (confidently) predict it will be measured in the hundreds of billions.

We believe Canada can own 10 per cent of that global market, representing \$25 billion of annual economic growth, while also contributing significantly to Canada's transition to a zero-carbon economy, addressing national and global food security and nutritional challenges, and providing long-term stable employment opportunities. With the right investments in innovation and ecosystem-building activities, Canada will be able to be a leader in the global market. No other nation has the combination of access to the raw commodities, international trade agreements and innovation ecosystem to rival Canada.

We do need to act quickly. There are many other countries vying for this opportunity. We must continue to support innovation and build out the ecosystem. We must take advantage of our unique position as a leader in growing sustainable raw materials, our international reputation and our strong trade relationships to create value for Canadians while addressing some of society's key challenges.

Over the next year, Protein Industries Canada's priority will be building out Canada's plant-based ecosystem. With upwards of 90 per cent of our initial tranche of funding committed, we will focus on building connections and capacity between our members and the larger ecosystem. We will also continue work on the creation of a Sector Roadmap. The Roadmap will set a bold vision for Canada and will articulate the urgency of a national response. The goal of the Strategy is to facilitate a national dialogue and build a foundation of stakeholders committed to working together to execute this Strategy. I hope you join us on the journey.

# OUR MEMBERS



**280**

MEMBERS



**13**

INTERNATIONAL MEMBERS



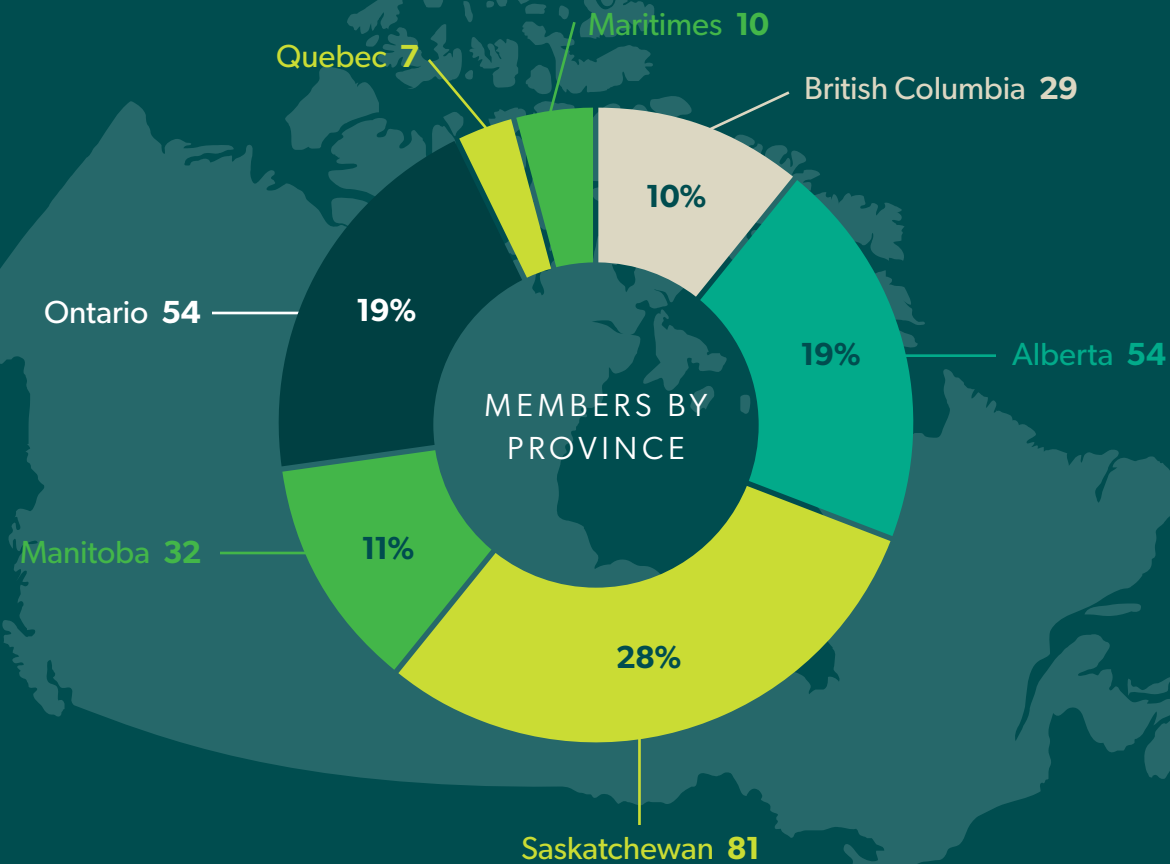
**571**

CONNECTIONS MADE

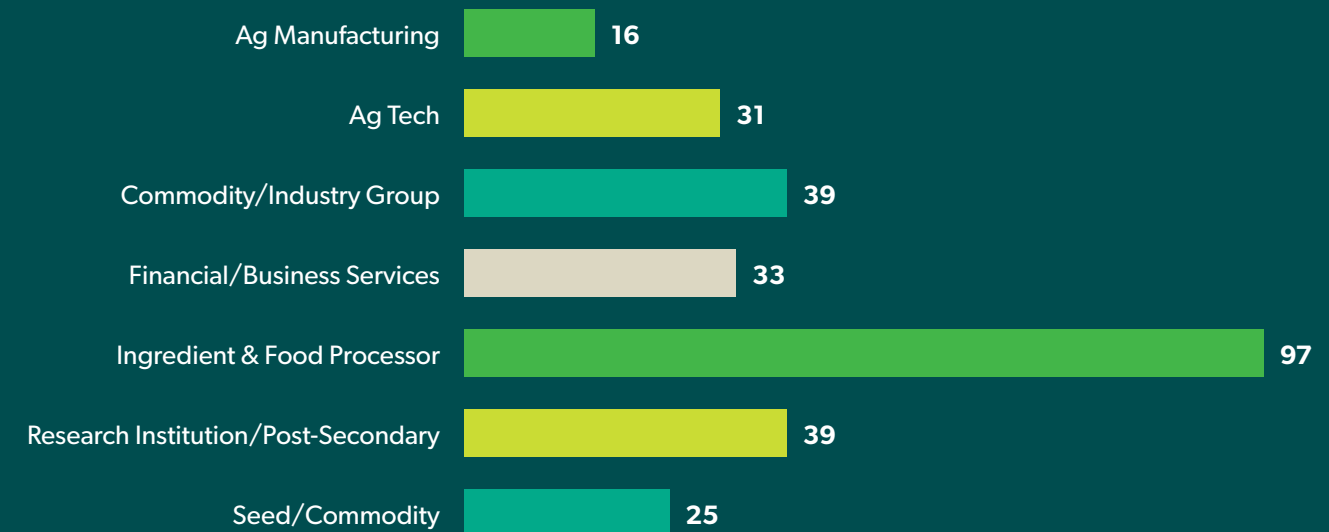


**1,520**

PARTICIPANTS IN PIC EVENTS



## MEMBERS BY CLASSIFICATION

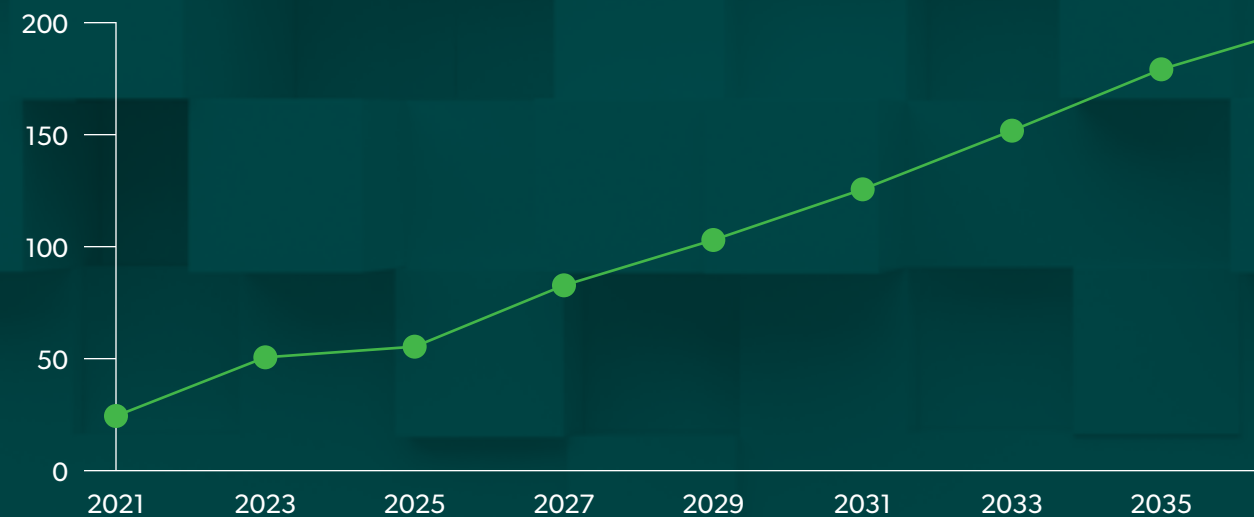


# CHARTING CANADA'S COURSE TO THE TOP OF THE PLANT-PROTEIN SUPPLY CHAIN

In the latter part of the 2020-21 fiscal, Protein Industries Canada commissioned Ernst and Young to determine the global plant-based food market out to 2035. Based on their research, Ernst and Young determined there would be a global opportunity of up to \$250 billion by 2035, with meat alternatives expected to be up to \$180 billion of that total.

Importantly, Canadian crops like peas, lentils and other pulses will all significantly rise in demand as the overall market increases. This means good things for Canadian innovation, helping Canada build on its already strong reputation. Other areas, like our strong food safety system, sustainable practices, market access, and strong skills, talent and research clusters only help to reinforce this reputation while bringing us closer to our 2035 goals.

Global Alternative Meat Market (CDN\$ Billion) – Optimal



The report cites more work to be done, however. As Canada works to capture a significant share of the 2035 global plant-based foods market, so do other countries around the world. The United States, the Netherlands, Singapore and China are considered some of Canada's top competitors in the plant-based foods space, each for their own reasons. While our sector is growing at a rate comparable to theirs, important steps will need to be taken to ensure we keep pace. **These actions include the following:**



**Implementing diversified strategies**



**Improving branding and showcasing Canada's competitive positioning**



**Advancing processing capabilities**



**Facilitating regulatory modernization and improving inter-jurisdictional coordination and collaboration**



**Enabling ingredient manufacturing and formulation**



**Improving access to capital**

Canada is well on its way to being a leader in the supply of plant-based food, feed and ingredients. By focusing on the appropriate steps and building on our already strong reputation, we can meet our goal of capturing 10 per cent of the global market by 2035 — or making one in every 10 plant-based meals Canadian.



# A SECTOR DRIVEN TOWARD SUSTAINABILITY

Ensuring the future sustainability of Canada's agrifood sector requires collaboration, innovation and a focus on bettering the sector as a whole.

The partners involved in Protein Industries Canada's projects take each of these values to heart, a fact that comes across as they take their projects from idea to fully formed technology or food product.

*"The Protein Industries Canada co-investment is essential to our development of capacity to meet growing demand using our novel patented technology to lower the cost and energy requirements to produce plant protein ingredients."*

– **Brad Shapka**, President of GrainFrac



Sure Growth Solutions



# 64%

OF ACTIVE PROJECTS  
HAVE A POSITIVE  
ENVIRONMENTAL BENEFIT

*"We're most looking forward to helping achieve meaningful chemical cost reductions for the farmer, as well as sustainable food."*

– **Dan McCann**, Founder and CEO of Precision.ai

This concept applies to project partners along the plant-based food, feed and ingredients value chain. Farmer-focused Sure Growth Solutions is working alongside Precision.ai, Exceed Grain Marketing and the Global Institute for Food Security to develop spraying technology that lowers the amount of pesticide used on a field. Meanwhile, ingredient processor GrainFrac has partnered with Tomtene Seed Farms and Ripple Foods to reduce the water and energy use associated with specialized dry processing technology.

These advancements represent bigger motivations within the sector — a wider desire to keep it economically strong while preserving the environment, now and into the future.



Precision.ai  
Photo credit: Seungbum Steve Ryu

# BENEFITING CANADIANS, FROM FARMER TO CONSUMER

Tasty, nutritious meals. Fulfilling jobs. A healthy environment. A steady supply of safe food. New technology, from farm to manufacturing facility.

It doesn't take much searching to find the reasons why Canadians along the value chain support the expansion of the country's plant-based food, feed and ingredient sector.

*“There is a significant impact that will be realized in the clinical nutrition market as a result of this project. This market is one that requires nutrition solutions based on scientific evidence.”*

– Eric Zimmerman, Co-founder and CEO of EMN



Avena Foods team doing hands-on product development at the Prairie Research Kitchen in Winnipeg. Photo credit: Avena Foods

*“Big Mountain Foods is focused on innovating clean label and allergen-free products to provide consumers with a healthy plant-based lifestyle.”*

– Jasmine Byrne, Vice President of Big Mountain Foods Ltd.

Of particular note from this past year are projects like that led by Enhanced Medical Nutrition and Infnit Nutrition Canada, which focuses on expanding plant-based protein products for both medical and at-home use; this project pays special attention to developing modular powders that can be flushed through feeding tubes, helping improve protein intake of patients in clinical settings. Avena Foods, Big Mountain Foods, Daiya Foods, Bakenology and The Village Bakery, meanwhile, are focused on utilizing pulse flours in new ways, including in egg replacements and baked goods, helping expand the choices available to consumers. And finally, projects like that led by Roquette and Prairie Fava are offering Canadians new job opportunities; on its own, this particular project is adding 130 new opportunities to Canada's job market.

As an increasing number of partners from Protein Industries Canada's Supercluster invest in projects that lead to the development of everything from on-farm technology to food products that will soon line grocery store shelves, the benefits Canadians can look forward to will only increase.



Big Mountain Foods' mother-daughter duo Jasmine and Kimberly Chamberland. Photo credit: Big Mountain Foods

# 2020-21 APPROVED TECHNOLOGY PROJECTS

During the 2020-21 fiscal year, an additional 13 technology projects were approved. These 13 projects represent a total project value of \$210 million, with a Protein Industries Canada investment of \$76 million and an industry investment of \$134 million.

Protein Industries Canada finished the fiscal year with a total of 19 active technology projects, and a total commitment of \$346 million. At the end of 2020-21, more than 91 per cent of Protein Industries Canada's technology funds were committed.

COVID-19 had an impact on the operations of many of our members, and in March 2020, Protein Industries Canada introduced several measures to assist companies through this turbulent period. These changes included extending all memberships to August 2020, moving to a continual in-take process for technology projects and moving to monthly advances and a higher eligible reimbursement rate for wages. In total, 55 companies participated in Protein Industries Canada's COVID response program and an additional \$6.4 million was invested.



**13**

TECHNOLOGY  
PROJECTS



**\$210M**

PROJECT  
VALUE



**\$76M**

PIC  
INVESTMENT



**\$134M**

INDUSTRY  
INVESTMENT



Jason Persall, owner of Persall Fine Foods  
Photo credit: Persall Fine Foods

## GRIFFITH FOODS, PERSALL FINE FOODS, K2MILLING

The \$1.2 million investment will work to research and develop new plant-based protein ingredients such as flours and texturized protein blends. Together, Griffith Foods, Persall Fine Foods and k2MILLING will work with food processors to ensure the ingredients complement pre-existing manufacturing infrastructure, while still tasting great and having a pleasing texture for consumers.

Approximately \$1.2 million is being invested in the project: \$611,000 from Protein Industries Canada and \$611,000 from the partners collectively.

*“By collaborating with our consortium partners and PIC, we look forward to advancing Canada’s plant-protein industry with innovative, functional ingredients.”*

– **Joachim Baur**, Director of Product and Process Innovation at Griffith Foods

The ingredients developed will allow food and meat processors to enter the plant-protein market, expanding and diversifying Canada’s plant-based protein ecosystem. Final products will be sold as new vegan, vegetarian and/or flexitarian meal options to foodservice and retail locations throughout Canada and the United States.

## ROQUETTE AND PRAIRIE FAVA

This \$28.5 million project split between Protein Industries Canada, Roquette and Prairie Fava will develop new technologies and processes to build capacity in Canada’s growing plant protein sector.

Together, the consortium will work to address nutrition and processing challenges for pea and fava on the Prairies, while also exploring the utility of blended pea-fava protein products.

The project will encompass a wide spectrum of areas, ranging from breeding, to agronomic improvements, through to finished product testing and human clinical trials.

It will address unique processing challenges associated with running a pea processing plant in Western Canada, as well as evaluating and improving current pea and fava varieties that are suitable for Roquette’s new plant. The partnership will also focus on the development of end-products and pea-fava ingredient blends.

*“This PIC investment provides us with an opportunity to collaborate with Prairie Fava on developing and strengthening the value-chain for pulse crops across the Canadian Prairies. Growers, livestock producers, food innovators and consumers will all see the benefits of this supercluster funding.”*

– **Dominique Baumann**, CEO of Roquette Canada



Photo credit: Roquette Canada



*Ingredion Inc.'s and Verdient Foods' processing facilities in Vanscoy, Saskatchewan.  
Photo credit: Ingredion Inc.*

## INGREDION, INGREDION PLANT BASED PROTEIN SPECIALTIES, VERDIENT FOODS, T BASE 4 INVESTMENTS AND O.M.D. FOOD PRODUCTS

The \$46.2 million project will see a consortium of Ingredion, Verdient Foods, T Base 4 Investments and O.M.D. Food Products develop and commercialize new technology that will improve the functionality of pulse-based ingredients. Initially focusing on yellow peas, the partners will use physical processing techniques to turn the commodities into ingredients that will be available to food processors and manufacturers in Canada and internationally. Following the processing of yellow peas, the partners expect to shift their work to commodities such as lentils, chickpeas, green peas and fava beans.

*“We share a common vision with Protein Industries Canada, and with our valued partner, Ingredion, a leading ingredient solutions provider. That shared vision is to create a broad range of sustainable plant proteins and plant-based products to meet the explosive growth in demand. Our goal is to add value within Canada, rather than just shipping megatonnage overseas at commodity prices. To add jobs and grow our GDP.”*

**– James Cameron,** Co-Founder of Verdient

A total of \$46.2 million has been committed to the project, with the partners investing \$33.1 million and Protein Industries Canada committing an additional \$13.1 million. The partners expect the pulse-based ingredients to be of interest to large-scale food processors and manufacturers throughout Canada and international markets, helping drive further investment into Canada’s economy and the plant-protein sector.

## SIGHTLINE INNOVATION, DL SEEDS AND SEEDNET

This \$3.5 million project will utilize leading-edge artificial intelligence and data trust tools to optimize current plant breeding processes. Their objective is to develop yellow pea varieties that combine high-yield potential and high-protein content, a composition long awaited by farmers and processors in the plant-protein ecosystem.

The consortium, consisting of Sightline Innovation, DL Seeds and SeedNet, will invest \$1.75 million, or half of the total project budget, with Protein Industries Canada’s co-investment making up the other half.



*DL Seeds team  
Photo credit: DL Seeds*

To develop the new varieties, DL Seeds will introduce unique yellow pea parent lines from Europe, which will be adapted to Canada’s growing conditions by utilizing a multi-party breeding program and proprietary datasets. The process will be streamlined by a wide range of algorithms provided by Sightline Innovation, including proprietary frameworks that were successfully used in the analysis of human health genomics. SeedNet, an experienced industry group composed of 12 certified seed growers, will market and distribute the new products across Western Canada.



Photo credit: Saskatchewan Food Industry Development Centre Inc.

## MERA FOOD GROUP, MERA DEVELOPMENTS AND BENSON FARMS

The project will see \$7.9 million, of which \$3.8 million is from Protein Industries Canada and \$4.1 million is from the consortium, invested to developing new plant-based protein products and ingredients that will be sold to markets in Western Canada and Asia.

During the first phase of their project, Mera Food Group, Mera Developments and Benson Farms will utilize commodities — including oats, lentils, hemp, fava beans and chickpeas — to develop milks and other products for consumers in Western Canada before targeting Asian markets in the second phase.

*“Working in the Food Centre with our partners at Protein Industries Canada and Federated Co-operatives Limited, we look forward to the development of several new value-added food products from commodities produced and now processed in the prairies.”*

– **Wayne Goranson**, President of Mera Food Group

Throughout the project, Benson Farms will help determine the best varieties of the commodities to use via trial plots. Mera Food Group and Mera Developments, meanwhile, will focus on developing the plant-based protein products and ingredients, including in an outside partnership with Federated Co-operatives Limited (FCL).

## GRAINFRAC, TOMTENE SEED FARM AND RIPPLE FOODS

The \$4.3 million investment will work to develop new, high-protein pulse-based ingredients for the non-dairy beverage market.

GrainFrac, Tomtene Seed Farm and Ripple Foods have partnered to develop and utilize specialized dry processing technology patented by GrainFrac. This technology will process pulses chosen and supplied by Tomtene Seed Farm into fine flours, whose starches and proteins will then be separated in order to extract as much protein as possible into concentrates and isolates. Ripple Foods plans to test these ingredients in 36 new beverage formulations, in response to the rising demand for plant-based dairy-alternative beverages.



Steve Tomtene  
Photo credit: Tomtene Seed Farm

*“The Protein Industries Canada co-investment is essential to our development of capacity to meet growing demand using our novel patented technology to lower the cost and energy requirements to produce plant protein ingredients.”*

– **Brad Shapka**, President of GrainFrac

Initial testing showed pea flour processed using the new technology had a protein content almost nine per cent higher than that processed using a pin-milled method. The ingredients shown to have the highest protein content will be used in Ripple Foods’ formulations, as well as marketed to other processors and manufacturers outside of the partnership following the completion of the project.



Dan McCann, CEO & Founder of Precision.ai

## PRECISION.AI, SURE GROWTH SOLUTIONS, EXCEED GRAIN MARKETING AND THE GLOBAL INSTITUTE FOR FOOD SECURITY (GIFS) AT THE UNIVERSITY OF SASKATCHEWAN

The \$26.5 million project, led by Precision.ai, Sure Growth Solutions Inc., Exceed Grain Marketing and the Global Institute for Food Security (GIFS) at the University of Saskatchewan, will develop new technology that specifically targets pests when spraying fields, increasing efficiencies and providing economic benefits for farmers.

*“Our partnership with PIC, Sure Growth Solutions, Exceed Grain Marketing and GIFS is the perfect balance of innovation and industry expertise to deliver a paradigm-defining solution that protects money, time and the environment to make healthier, more sustainable food for everyone.”*

– Daniel McCann, CEO & Founder of Precision.ai

The new technology uses artificial intelligence to detect weeds and other crop pests while passing over a field. This is estimated to reduce pesticide use by up to 95 per cent while maintaining crop yield, saving farmers approximately \$52 per acre per growing season. Additionally, the technology can be retrofitted to upgrade new or existing sprayers, making it suitable for all Canadian farmers.

Once the technology is fully developed, the consortium members will expand on the project, testing the technology for other commodities and international standards of maximum residue level (MRL) compliance and protein content. Both streams of testing will strengthen international market opportunities.

## CANADA PROTEIN INGREDIENTS – INGRÉDIENTS PROTÉIQUES DU CANADA (CPI-IPC), DJ HENDRICK INTERNATIONAL, AGROCORP PROCESSING, SEMENCES PROGRAIN AND SYNTHESIS NETWORK

This project recognizes an investment of \$41.3 million into the development of an innovative proprietary process to produce high-quality and highly sought-after soybean protein ingredients and soybean oil that comply with non-GM and Organic labelling standards.



Jim Millington, CEO of CPI-IPC

*“This investment enables Canada Protein Ingredients to meet growing global demands with completely made-in-Canada products.”*

– Jim Millington, CEO of CPI-IPC

CPI-IPC, DJ Hendrick International, Agrocrop Processing, Semences Prograin and Synthesis Network will be investing approximately \$33.4 million, with the remaining \$7.8 million being invested by Protein Industries Canada.

CPI-IPC will process the crops at a brand-new, first-of-its-kind facility in Canada, expected to break ground in the next few years. Once completed, the commercial plant will process 25,000 MT of crops per year, with the potential to increase capacity and expand to other crops, following the growing demand for clean-label plant-based protein products.

Semences Prograin will develop and test new non-GM soybean varieties optimized for Canada’s growing conditions, while DJ Hendrick International and Agrocrop Processing will assist in developing, testing and marketing the new end products to international markets.



Combining Avena Purity Protocol Oat Flour and Avena Best Pulse Flours to maximize quality protein in beverages.  
Photo credit: Avena Foods

## AVENA FOODS, BAKENOLOGY, BIG MOUNTAIN FOODS, DAIYA FOOD AND THE VILLAGE BAKERY

The \$9.4 million project will see Avena Foods, Big Mountain Foods, Daiya Foods, Bakenology and The Village Bakery develop new applications for Avena Foods' proprietary tempered pulse flours.

The consortium partners will work to better understand and take advantage of the potential for these pulse-based ingredients by determining their nutritional and functional attributes, outlining which pulse varieties serve as best inputs for processing, and providing clarity to the overall industry on how to optimize processing methods and formulate end products.

*“Support from PIC is critical in transitioning Avena’s tempered flours from promising food ingredients to an innovative suite of clean-label, nutritious and functional ingredients for food manufacturers. This project will open up a new, important market for farmers and provide significant benefits to consumers.”*

– **Gord Flaten**, CEO of Avena Foods

Avena Foods' tempered pulse products undergo a thermal-treatment process that improves flavour and functionality. Their flours will be used in the development of a pulse-based egg replacement, and have the potential to be applied in a wide range of food products such as bakery products, extruded snacks, confectionary products, noodles and pasta, plant-based meat analogues, soups, sauces and dressings, baby food and specialty applications such as flavorings. Big Mountain Foods and Daiya Foods, both based out of Vancouver, B.C., will utilize the flours in the development of new products for the growing vegan and flexitarian markets, both in North America and overseas. Bakenology and The Village Bakery, based in the United Kingdom, will utilize the Canadian plant-protein ingredients in food products that will be shipped across Europe.

## ENHANCED MEDICAL NUTRITION AND INFINIT NUTRITION CANADA

This \$2.2 million project will see a partnership between Enhanced Medical Nutrition (EMN) and Infnit Nutrition Canada (INC) to develop a novel plant-based protein blend to meet the protein needs of hospitalized and outpatient individuals, and highly active athletic consumers.

The partners are also engaging with Dr. Stuart Phillips, an internationally recognized dietary, protein, exercise and nutrition scientist, on the project. Phillips will conduct research to investigate the plant-protein blend at the Protein Metabolism Research Lab (PMRL) at McMaster University.



The Enhanced Medical Nutrition team

*“This market is one that requires nutrition solutions based on scientific evidence. With the help of McMaster and PIC, we can create science-driven plant-protein powders that will meet the growing demand for these products in the clinical setting.”*

– **Eric Zimmerman**, Co-Founder and CEO of EMN

The companies will work together to create ready-to-mix and modular protein powders that are allergen-free, clean label and ethically sourced and manufactured from Canadian raw materials. The modular powders will be used in healthcare settings where they can be mixed into beverages or soft foods, increasing the protein content of the meal, or flushed through feeding tubes to deliver a dose of protein on top of the prescribed tube feed. The ready-to-mix powders will also be designed for hospital use, as well as for outpatient settings and at-home use.





Merit Functional Foods plant in Winnipeg, Manitoba.  
Photo credit: Merit Functional Foods

## MERIT FUNCTIONAL FOODS, TWC NUTRITION, DAIYA FOODS AND GRAND RIVER FOODS

The project will see \$63.6 million invested to develop new plant-based foods and ingredients from some of Canada's most widely grown crops.

Merit Functional Foods, TWC Nutrition, Daiya Foods and Grand River Foods have joined forces to utilize Merit Functional Foods' pea, canola and blended pea-canola protein ingredients in new plant-based products. This could include alternative meat products, alternative dairy products and other beverages, developed by TWC Nutrition, Daiya Foods and Grand River Foods.

*"Supported by Protein Industries Canada's generous investment, we will be accelerating the next generation of plant-based foods with our game-changing protein ingredients. Together with this team, we'll make the taste, texture and fortification limitations of plant-based products a thing of the past. Whether used in a meat or dairy alternative, ready-to-drink beverage, supplement powder or beyond, this collaboration and our novel and value-added proteins will lift the Canadian Agri-Food industry as whole."*

– **Ryan Bracken**, Co-CEO of Merit Functional Foods

Utilizing two widely grown Canadian crops in the project also presents significant opportunity for Canadian farmers, providing them with new options for marketing their commodities. Sourcing these ingredients domestically represents a new opportunity for Daiya Foods, TWC Nutrition and Grand River Foods, who will also be able to use them to expand both their Canadian and international markets.

## FARMERS EDGE, OPI SYSTEMS AND TRUSTBIX

This project will see \$17.1 million, of which 50 per cent will be provided by Protein Industries Canada with Farmers Edge, OPIsystems and TrustBIX providing investments of \$6 million, \$2.2 million and \$334,000 respectively. Partners will continue ongoing efforts to improve traceability and marketing opportunities by creating a platform for Canada's plant-based food, feed and ingredient sector.

Each partners' expertise will intersect to enhance production practices and storage and marketing decisions, increasing returns and creating a reliable food supply to feed the growing population.



Photo credit: Farmers Edge

*"We look forward to continuing this important work with our partners, the federal government and Protein Industries Canada, as we invest through this project to enhance our digital platform."*

– **Wade Barnes**, CEO of Farmers Edge

Farmers Edge provides the field-level analysis and advanced predictive modeling; OPIsystems' technology helps producers dry, condition and store grain in ways that optimize quality while reducing energy consumption and spoilage losses; and TrustBIX provides blockchain connectivity between the partners to verify traceability for grain marketing.

The platform's marketing element will build on traceability work with the Standards Council of Canada, focusing on matching buyers to producers, executing contracts, and searching out or monitoring regulatory and other standards. The transparency of this process presents the potential for new market opportunities while also providing buyers and consumers with assurance that their food was produced in a way that meets regulatory standards and best aligns with their values.

# 2020-21 APPROVED CAPACITY BUILDING PROJECTS

In June 2020, Protein Industries Canada launched our capacity building program stream.



3 CAPACITY PROJECTS

The capacity building program is focused on advancing Canada's agrifood sector and creating a competitive and sustainable business environment, while incenting new approaches to doing business and removing barriers to growth.



\$6.5M PROJECT VALUE

The capacity building program brings together forward-thinking companies and organizations to develop projects that will build Canada's plant-protein ecosystem and help realize Canada's agrifood potential.



\$1.8M PIC INVESTMENT

By the end of the fiscal, there were three active capacity building projects valued at \$6.5 million, with a Protein Industries Canada investment of \$1.8 million, leveraging \$4.7 million from industry. These projects include work in regulatory, international engagement, Indigenous engagement, and skills, talent and access to labour.



\$4.7M INDUSTRY INVESTMENT

In March 2021, a special call for projects was launched. The call asked for projects in four priority areas:

- Skills, Talent and Access to Labour
- Infrastructure
- Access to Capital
- Global Brand

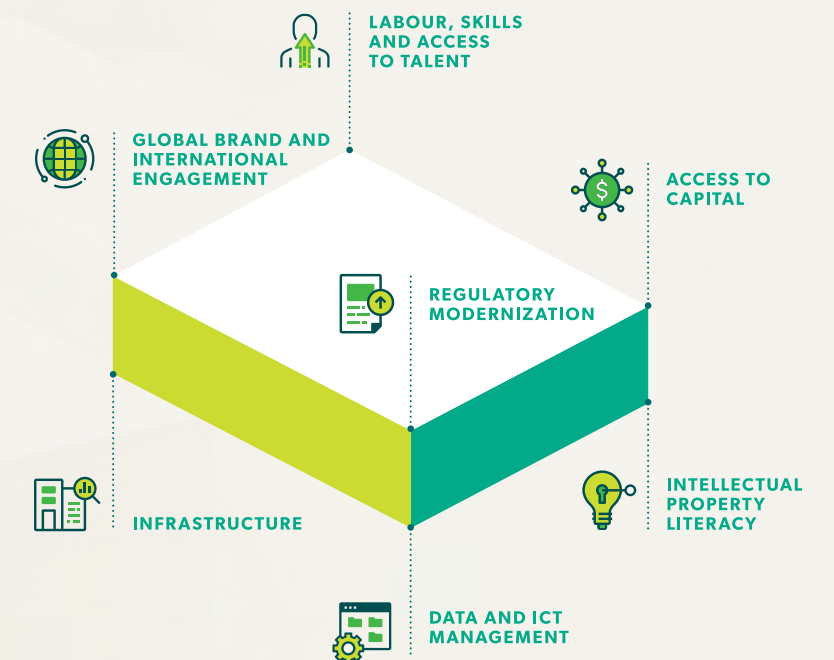
As a result of the call, 13 new Expressions of Interest (EOIs) were received, with seven moving on to full project applications.

Protein Industries Canada began accepting project proposals for its capacity building program in the summer of 2020. Since that time, organizations interested in improving Canada's plant-based food, feed and ingredients sector have submitted 15 proposals, with three being approved through to co-invested projects.

From developing a national strategy to improve diversity and inclusion of Indigenous groups in the Canadian agriculture and agri-food sector, to researching the effects of plant protein in pet food, this past year's capacity building projects helped strengthen the sector at every level. This includes the project led by the Enterprise Machine Intelligence & Learning Initiative (EMILI), Actua and Agriculture in the Classroom Canada (AITC-C). Focused on teaching youth about the career opportunities available in the agrifood sector, the project will reach 69,000 students in kindergarten through Grade 12 across the prairie provinces, particularly Indigenous and other under-represented groups.

These outcomes are just the beginning for Protein Industries Canada's capacity building program. As more projects are unveiled, Canada's plant-based food, feed and ingredients sector can look forward to a stronger, more resilient ecosystem.

## 7 Capacity Building Priorities





## EMILI, ACTUA AND AGRICULTURE IN THE CLASSROOM CANADA (AITC-C)

Protein Industries Canada's first capacity building investment will help develop and deliver a program to introduce youth in kindergarten through Grade 12 to the career opportunities available to them in the plant-protein, agrifood and digital agriculture sectors.

Part of a \$2 million co-investment with the Enterprise Machine Intelligence & Learning Initiative (EMILI), national STEM outreach charity Actua, and Agriculture in the Classroom Canada (AITC-C), the project is intended to help address the agriculture industry's growing need for a skilled workforce. It focuses on building capacity and fostering a competitive business environment within the plant-protein sector as Canada works toward positioning itself as a global leader in the supply of plant-based ingredients, food and feed.

*"In order to attract more skilled talent to the plant protein and digital agriculture sectors, we need to engage early and ensure that school-age students know about the exciting and ever-growing opportunities in the agri-food industry."*

– **Ray Bouchard**, Board Chair of EMILI

Because of its reach across the agriculture industry and its potential to raise high awareness of the job opportunities available to the future generation, the project has gained support from several companies with pre-existing Protein Industries Canada technology projects, such as Avena Foods, Roquette, Ingredion and Botaneco.

## INDIGENOUS WORKS AND UNIVERSITY OF SASKATCHEWAN

This \$500,000 project will see a partnership between Indigenous Works and the University of Saskatchewan to develop a national strategy to improve diversity and inclusion of Indigenous groups in the Canadian agriculture and agri-food sector.

Led by Indigenous Works, the project is part of the organization's Luminary Initiative, a six-year program created to advance Indigenous-led research and innovation that will transform economies, generate employment, and improve wellbeing of Indigenous groups in Canada. The Luminary Initiative brings together a consortium of more than 140 organizations from the Indigenous research and business communities to address the 'engagement gap' and co-develop a strategy and plan that will provide the coordination and collaborations to grow new research and innovations in Canada. Luminary will be advancing strategies in a variety of sectors starting with the Indigenous agriculture and agri-food sector.

In addition to the Luminary consortium, Indigenous Works has joined forces with the University of Saskatchewan and the University of Regina, partners who will provide research support and strategic guidance throughout the project. From an industry standpoint, Nutrien and Farm Credit Canada will support the initiative, joined by other companies in the sector that wish to contribute to the discussion. The main outcomes of the project will be a new profile about Indigenous participation in the agriculture-agrifood sector.

*"By advancing an innovation culture with Indigenous businesses and communities, and growing the collaborations among researchers, research agencies and Indigenous business, we can develop new products, new service lines, new innovative approaches and solutions that are good for all Canadians and the Canadian economy."*

– **Kelly Lendsay**, President and CEO of Indigenous Works

The finalized strategy will be used by the plant-based food, feed and ingredient ecosystem to create programs, policies and initiatives to address identified gaps and improve diversity and inclusion of Indigenous people.

# 2020-21 OBJECTIVES AND RESULTS



13 TECHNOLOGY PROJECTS

Canada's burgeoning plant-protein ecosystem saw significant growth in the 2020-21 fiscal year, despite the challenges of COVID-19.

While Protein Industries Canada is just one player in the emerging ecosystem, the strength and the potential of the sector was solidified by the accomplishments of the Supercluster and its partners.

It has become clear that Canada is well-positioned to be a global leader in the production and processing of sustainably produced, high quality plant-based food and ingredients.



3 CAPACITY PROJECTS

The third full year of operations for Protein Industries Canada brought major progress in many key areas — most notably in the technology and capacity building programs. This progress represents significant steps to help build and strengthen Canada's plant-protein ecosystem. The strength and confidence that exists within the sector is apparent in the support Protein Industries Canada receives from the multinationals, SMEs, academic institutions and NGOs that make up the ecosystem.

#### In 2020-21, Protein Industries Canada:

- Approved an additional 13 technology projects, for a total of 19 active technology projects;
- Launched the capacity building project stream, and completed the year with three approved projects;
- Committed \$352 million to the growth of Canada's plant-based food, feed and ingredient ecosystem; and
- Leveraged \$227 million from industry.



\$352M PROJECT VALUE



\$227M INDUSTRY INVESTMENT

The core work of Protein Industries Canada in 2020-21 revolved around five main themes:

- Agrifood Leadership
- Sector Competitiveness
- Sector Growth
- Operational Excellence
- Sector Collaboration

## AGRIFOOD LEADERSHIP

The agrifood sector is an integrated and complex industry. To achieve the objective of \$25 billion in annual sales by 2035, we, as an industry, need to be coordinated and work collaboratively to distinguish Canada as the global leader in the production of plant-based food, feed and Ingredients. Protein Industries Canada is an important voice for Canada's plant-based sector — both domestically and internationally.

Over the past year, Protein Industries Canada has used our position as a leader in the agrifood sector to create interest in and increase the profile of Canada's plant-based ecosystem.

Though there were fewer opportunities to gather physically because of COVID-19, Protein Industries Canada took advantage of every opportunity to tell our story and that of our members — and a main tenant of that message was the importance of collaboration. Throughout the year, Protein Industries Canada hosted 21 events, and spoke at more than 60 domestic and international events. Protein Industries Canada also appeared in 2,600 news and broadcast stories between April 1, 2020 and March 31, 2021.

**Objective:** Build a coalition of partners willing to collaborate with the goal of attracting increased investment for the sector, leading to economic growth for Canada

**Results:** Over the past year, Protein Industries Canada advanced 13 new technology projects, for a total of 19 active technology projects valued at more than \$346 million. Protein Industries Canada's initial investment of \$124 million has leveraged a further \$222 million from private industry. Cumulatively, these 19 projects include 152 collaborators — including SMEs and academic institutions.

In addition, Protein Industries Canada's investment has often led to follow-up investment for our members — often in the form of other public funding, new clients or new venture capital investment. For example, Merit Functional Foods was able to secure an additional \$95 million in debt financing following Protein Industries Canada's initial investment. Likewise, Provision Analytics raised a further \$3.2 million CDN in private equity and grant funding in April of 2020, following the announcement of their Supercluster project in March 2020. Verge and Precision.ai also had successful raises — building on their co-investment from the Supercluster with venture capital investments of \$3.9 million CDN and \$20 million CDN respectively.

In addition, an independent economic analysis on our project portfolio indicates that we are on track to exceed our target of \$4.5 billion of incremental GDP and the creation of 5,000 jobs.

*“This facility will be a world leader in plant-based proteins and will create good jobs in a fast-growing field. And by using 100 per cent Canadian inputs, it will also support farmers who produce the canola and yellow peas used in Merit's products.”*

— Prime Minister Justin Trudeau

## SECTOR GROWTH

The growth of Canada's plant-based food, feed and ingredient ecosystem requires increased private sector investments across the entire value chain, from plant breeding and production agriculture through to value-added processing and market development. Investments made by Protein Industries Canada will leverage private-sector contributions to increase research and development into the production of plant protein in Canada.

### Objectives:

- Development, evaluation and co-funding of strong technology projects.
- Implementation of a science plan to identify key areas of investment.
- The creation and commercialization of new products.
- Co-investment projects focused on commercial products and processes.

**Results:** Over the past year, significant progress has been made on the technology program with 19 active projects. A priority was to ensure projects fill the gaps outlined in Protein Industries Canada's Science Plan, as well as to ensure all projects had a commercialization aspect. The 19 active projects are expected to result in 376 new processes, services and products and 124 new pieces of IP.

*Botaneco, the lead company on the first project announced by Protein Industries Canada in June 2019, completed its key trials in the development of its new plant-based protein ingredient for aquaculture feed. The canola-based ingredient has a 75 per cent protein content and showed excellent feed acceptance, salmon growth and weight gain. The product tested as one of the most effective plant-based proteins for aquaculture.*

## SECTOR COLLABORATION

Sector Collaboration is a central tenant to Supercluster operation. Enhanced collaboration among private-sector firms, between private sector firms and academic institutions, and between private sector firms and federal government institutions spanning research, policy and regulation is key to the success of the cluster and the industry. Collaboration is a central tenant of how Protein Industries Canada approaches all things.

### Objectives:

- A strong membership base, including key strategic partners, anchor firms and academic institutions engaged in the sector and aligned with Protein Industries Canada.
- Increased collaboration in both technology and capacity building projects.
- Projects that include a range of partners from across the value-chain, and public and private research institutions.
- A focus on building relationships both domestically and internationally to further build Canada's plant-protein ecosystem.

**Results:** From initial membership sales in 2019 through to annual renewal in 2020, Protein Industries Canada retained 75 per cent of our initial members; we have since grown our membership to 280. We now have members in every Canadian province, plus 10 international members. The launch of a new member portal with enhanced collaboration features, along with increased communication activities, has furthered member and stakeholder engagement, and awareness and interest in Protein Industries Canada.

The average collaboration index for Protein Industries Canada's technology projects is nine, meaning that every project has, on average, nine partners or contributors from across industry and academia. Protein Industries Canada spends significant effort on supporting the development of consortiums for both technology and capacity building projects.

A priority for Protein Industries Canada over the past year was fostering collaborations, with the goal of engaging priority international audiences and businesses. In 2020-21, Protein Industries Canada engaged 39 non-Canadian businesses, and participated in 19 international collaboration events and 10 international/virtual missions.

## SECTOR COMPETITIVENESS

To be successful, we need to build a business environment that supports innovation and the commercialization of new technology, as well as improve Canada's international reputation to secure foreign direct investment and market access for plant-based products and co-products. Protein Industries Canada's capacity building stream focuses on investments into priority areas necessary to ensure a competitive environment and build capacity in the sector.

### Objectives:

- Implementation of capacity building strategy.
- Development of new markets: a strong Protein Industries Canada and Canadian plant-protein sector international reputation.
- Regulatory modernization through collaboration with key industry associations and federal government departments.
- Increase access to capital for member companies.
- Help the sector build a strong workforce for the future.

**Results:** Protein Industries Canada's capacity building strategy was approved by the Board of Directors in May 2020 and subsequently rolled out to industry. The strategy was created after extensive stakeholder engagement, including a Western Canada roadshow in February 2020 that saw more than 200 stakeholders provide their input and feedback on the capacity building priorities. The capacity building program started accepting project proposals over the summer of 2020, and at the end of fiscal had two active projects valued at more than \$2 million.

The development of new markets continued through the last fiscal, though COVID-19 impacted plans to travel and new approaches had to be taken. The addition of a Business Development Manager helped accelerate international relationships and created new opportunities for Protein Industries Canada to work with Agriculture and Agri-Food Canada, Global Affairs Canada and the Trade Commission Service. Both the Netherlands and Japan were priority markets, with several webinars and match-making events being held for each market. The accumulation was a virtual mission to Japan and Taiwan that took place in January 2021. The mission, focused on foreign direct investment, saw six Canadian plant protein companies pitch to Japanese investors.

Regulatory modernization is necessary to advance the ecosystem. Canada requires a regulatory process that keeps pace with innovation — allowing new products to be developed and commercialized while still ensuring the safety of our food. Over the past year, Protein Industries Canada focused on advancing three regulatory priorities:

- 1. Requirements for a protein efficiency ratio study (PER) to make a protein content claim;**
- 2. Clarification on whether canola protein is considered a novel food by Health Canada; and**
- 3. The regulatory environment surrounding the use of advanced breeding tools.**

Various progress was made on all three priority areas — though there is still work to fully resolve the above-mentioned regulatory issues.

For the first, requirements for a protein efficiency ratio (PER) study to make a protein claim, Health Canada has introduced an interim step to allow PDCAAS (industry standard), to be accepted in addition to PER to be used to make a protein content claim.

On clarification on whether canola protein is considered a novel food by Health Canada, it was determined that canola protein is a novel food, and a novel foods submission was made by a Canadian company that will be producing canola protein isolates. This submission is currently under review.

On the final priority regarding the regulatory environment surrounding the use of advanced breeding tools, while some advances have been made around recognizing that gene-editing is not novel, there is still work to do around what constitutes novelty and the long service standard (410 days) to determine novelty.

The general pace of regulatory approval, and the lack of clarity around the regulatory process, continues to be one of the most significant challenges for Protein Industries Canada's members.

Access to capital continues to be the most pressing issue facing Protein Industries Canada's members. Unfortunately, 2020 proved to be a trying year for the capital markets, as COVID saw many funds and deals seemingly dry up overnight. This, combined with the developing plant-protein ecosystem, can make finding private investment difficult for many companies. Throughout 2020-21, Protein Industries Canada undertook many activities to advance relationships with the capital community and to gain new opportunities for our member companies. This included one-on-one introductions, creating opportunities for members to be showcased at events such as the Alternative Protein Virtual Pitch Event in collaboration with Natural Products Canada and the Ag Innovation Showcase in partnership with the Protein Highway and the US Consulate in Minneapolis.

In the latter half of the fiscal, Protein Industries Canada started the development of a Capital Growth Strategy. The goal of the strategy is to help secure the capital required for Canada to capture our share of the global plant-based opportunity. It is estimated that the capital requirement needed to achieve \$25 billion in additional food, feed and ingredient sales could be upwards of \$15 billion over the next decade. The Capital Growth Strategy will educate the capital community regarding the economic opportunity, address the capital gap that exists for ingredient processing companies and work to create opportunities for Indigenous participation in investment opportunities. In Q4 of 2020-21, extensive stakeholder consultation was undertaken to help better understand the challenges Canadian companies are facing and to understand what the capital community is looking for in plant-based investments.

## OPERATIONAL EXCELLENCE

As a member-based organization that administers public funds and helps to execute large-scale technology and capacity building projects, we require due diligence, strong financial management and transparency.

### Objectives:

- The continued development, review, approval and execution of projects.
- A high degree of due diligence regarding the investment of Protein Industries Canada funds.
- Implementation of a customer relationship management (CRM) system and a new member portal.
- Creation of project management steering committees.
- A fully engaged and effective workforce.

**Results:** The third year of operations saw significant progress in operations for Protein Industries Canada. The addition of key positions such as Business Development Manager, Marketing and Communication Consultants, a Controller and a Project Advisor allowed Protein Industries Canada to improve in many areas, such as member and stakeholder engagement and project management.

The addition of quarterly project management steering committees has helped ensure that projects are advancing, that reporting requirements are met, and that there is a high level of oversight and due diligence in the administration of funds. This includes all approved project proponents completing a financial due diligence, the signing of the Master Project Agreement before any funds are dispersed, and that project spend by milestone is compared to progress by milestone and reviewed at each Steering Committee Meeting.

In the past year, Protein Industries Canada filled all key positions and grew to 19 team members. Staff members participate in monthly all-hands meetings and develop work plans that include personal and professional development goals. Staff have also participated in team training and in planning sessions that occur throughout the year.

Protein Industries Canada also committed to the federal government's 50-30 Challenge — a program to accelerate diversity and to encourage Canadian organizations to adopt practices to improve equity. Protein Industries Canada has a gender-parity board of directors as well as gender-parity within their senior leadership team. In addition, 15 per cent of Protein Industries Canada staff are new Canadians.

In the fall of 2020, Protein Industries Canada implemented a CRM to help improve member collaboration and matchmaking opportunities. A new member portal with enhanced functionality was introduced in Q4 of 2020-21.

# 2021-22 OBJECTIVES

As plans are made to recover and re-strengthen Canada post-COVID, we know that Canada's agrifood sector has the potential to be a key industry. Our agrifood sector has demonstrated that it is resilient, with a strong growth trajectory. At Protein Industries Canada, we believe that achieving this growth opportunity will happen by increasing value-added processing in Canada, in turn creating significant economic benefit for Canadians from farm to fork.

The primary goal of Protein Industries Canada is to support Canada's agrifood sector in the transition from a commodity supplier to a provider of ingredients, food and feed. We are working with trailblazing companies to increase domestic processing and capture the associated value and economic benefits for Canadians. Protein Industries Canada will do this through continued investment into innovation and research, while supporting the development of the ecosystem.

The success of Protein Industries Canada, and the level of investment made by the industry in the past year, is evidence of the confidence that exists in the emerging sector. We need to seize the opportunity and build on this momentum.

If Canada makes ingredient processing and food manufacturing a higher national priority, we can build an industry that can further help with our economic recovery, while also contributing to some of the largest challenges facing our global society: food security, health and nutrition, and carbon reduction.

The opportunity for Canada is significant. With the global market expected to be measured in the hundreds of billions, Canada has the potential to reach more than \$25 billion in sales annually by 2035. Continued focus on Canada's plant-based sector will help accelerate Canada's position, driving our economic recovery and allowing us to be at the forefront of the global plant-based food competition.

The time is now to make our ingredient and food processing sector a higher priority for Canada, including through continued investment and a deliberate plan. To that end, a major undertaking for Protein Industries Canada in 2021-22 will be the creation of a Sector Roadmap. The Roadmap will serve as a clear articulation of the urgency and outcomes that are facing Canada as we work to establish ourselves as a global leader in the production of plant-based ingredients and food.

In addition to the creation of the Strategy, Protein Industries Canada will continue to deliver on outcomes associated with investments made in technology and capacity building projects. Specifically, continued investment into the sector, the forging of new collaborations, the development of new products and processes, the assessment and development of new markets, improved access to venture capital funding and the creation of a more competitive business environment.

## IN 2021-22, PROTEIN INDUSTRIES CANADA WILL:

- Create and roll out a strategy for the sector, including priority activities necessary for Canada to capture its share of the anticipated \$250 billion global plant-protein market;
- Implement an Access to Capital Strategy;
- Continue the delivery of technology and capacity building investment streams;
- Continue to focus on priority areas of regulatory modernization, international engagement, infrastructure, and skills, talent and access to labour;
- Support the development of sustainability indicators and the collection and interoperability of data to support the indicators;
- Create a strategy for incubators and accelerators in the food and ingredient space; and
- Work to increase connections between members, capital firms, potential clients and more.



## THE FOLLOWING WORK PLAN HAS BEEN ORGANIZED AROUND SIX THEMES:

- **Agrifood Leadership** strives to address the underlying need for a strongly united voice that will increase the profile of the agrifood sector in Canada.
- **Sector Growth** centres on growing Canada's plant-based foods sector.
- **Sector Collaboration** seeks to improve partnerships among private sector firms, between private sector firms and academic institutions, and between private sector firms and government institutions spanning research, policy and regulation.
- **Sector Competitiveness** is about building a business environment that supports innovation and the commercialization of new technology, as well as improving Canada's international reputation.
- **Operational Excellence** is a requirement for Protein Industries Canada; as a member-based organization that administers public funds, we require due diligence, strong financial management and transparency.
- **Organizational Sustainability**-related activities will help us build a structure and mandate coupled with industry relevance, so we can achieve the organization's and sector's long-term objectives.

### AGRIFOOD LEADERSHIP

**Objective:** Protein Industries Canada is viewed as a leading organization working to increase the profile of Canada's plant-based foods and agrifood sector.

**Key Actions:**

- Work with key federal organizations, such as the Canadian Chamber of Commerce, Canadian Federation of Business and Canadian Agriculture Policy Institute (CAPI) to help develop and evolve Protein Industries Canada's positions on issues related to Canada's industrial policy, green growth and sector competitiveness;
- Create opportunities to increase the profile of the agrifood sector as a leading industry in Canada;

- Create awareness both domestically and internationally of the potential of Canada as a leader in the production of plant-based food, feed and ingredients;
- Increase engagement with federal departments and agencies whose programs and policies affect the agrifood sector; and
- Champion the concept of "Marketing the Canadian Plate".

**Objective:** Build stakeholder support for the Sector Roadmap and ownership of activities.

**Key Actions:**

- Through consultation and engagement, define stakeholder activities in the Sector Roadmap across academia, government, industry and the finance community;
- Ensure awareness of the Sector Roadmap amongst members and key stakeholders;
- Enlist others to co-champion major activities as defined in the sector roadmap.

### SECTOR GROWTH

**Objective:** Further define and begin to execute the major Protein Industries Canada activities identified in the Sector Roadmap.

**Key Actions:**

- Complete, in consultation with Protein Industries Canada's membership and key stakeholders, the development of the Sector Roadmap; and
- Determine Protein Industries Canada's priority activities and begin plans to execute, such as:
  - Drive the development of an industry-led food and ingredient tech incubator; and
  - Champion support for capital investment focused on plant-based ingredient and food manufacturers for pre-to-early-growth revenues stage companies looking to scale.



**Objective:** Increase the number of firms engaged in Canada's plant-based foods sector and Protein Industries Canada's membership base.

**Key Actions:**

- Develop and execute an engagement and member recruitment plan for:
  - Large industry players and anchor firms;
  - SMEs; and
  - The capital community.

## SECTOR COLLABORATION

**Objective:** A membership base that supports Protein Industries Canada's direction.

**Key Actions:**

- Deliver a strong Member Value Proposition (MVP) and consider the evolution of the MVP to support the growing ecosystem;
- Develop a deep understanding of member's needs and work to build increased connections between members; and
- Engage members in ownership of the Sector Roadmap.

**Objective:** Create connections between industry associations, academia and government to align activities and investments to advance the sector efficiently and quickly.

**Key Actions:**

- Foster public/private partnerships and the alignment of resources on the activities that will drive the growth of Canada's plant-based foods sector;
- Foster collaboration, including joint projects, communication and capacity building initiatives with Canada's other Superclusters;

- Develop and execute an engagement plan for all levels of government; and
- Develop and execute an engagement plan for the VPs Research at Canada's U15.

## SECTOR COMPETITIVENESS

**Objective:** A business environment that supports sustainable innovation and commercialization.

**Key Actions:**

- Develop the concept of a Regulatory Centre of Excellence;
- Continue to drive regulatory modernization for protein labelling, novel food approvals, advanced breeding tools, fortification and labelling requirements for plant-based milk and meat alternatives through collaboration with key industry associations and federal government departments (ISED and AAFC);
- Engage with universities and the college system to focus more resources on the development of talent and skills important to the growth of the plant-based food sector;
- Complete an inter-jurisdictional comparative analysis on capital investment incentives; and
- Position Canada's plant-based foods sector as a contributor to global climate change and C-neutrality goals.

**Objective:** A strong international reputation for Protein Industries Canada and the Canadian plant-based foods sector.

**Key Actions:**

- Create and foster relationships with key international markets with the support of ISED, AAFC, GAC, WED and provincial trade departments and agencies to position Canada as the supplier of choice for plant-based foods and ingredients;
- Improve Canada's reputation and brand as a market for foreign direct investment for ingredient manufacturing and plant-based foods; and
- Define Canada's plant-based food brand including the determination of product attributes valued by end-use customers.

## OPERATIONAL EXCELLENCE

**Objective:** Investments that align with the greatest opportunities for economic growth.

**Key Actions:**

- Ensure the continued development, review, approval and execution of projects;
- Ensure a high degree of due diligence regarding the investment of Protein Industries Canada funds; and
- Ensure the investments and project pipeline are aligned with member needs by proactively addressing current and future opportunities for growth as well as constraints to growth.

**Objective:** A diverse, inclusive, engaged and effective workforce.

**Key Actions:**

- Ensure that every member of the team is part of discussions and understands how their work contributes to the success of Protein Industries Canada;
- Ensure every staff member has a learning and development plan; and
- Assess whether current Protein Industries Canada policies, practices and procedures are inclusive and sensitive to various cultural, gender and LGBTQ2S+ differences.

## ORGANIZATIONAL SUSTAINABILITY

**Objective:** A plan that will sustain Protein Industries Canada beyond the current five-year mandate.

**Key Actions:**

- Build broad industry and stakeholder support for the Sector Roadmap;
- Develop a business plan that contemplates multiple future operational scenarios; and
- Work with the Government of Canada and the department of Innovation, Science and Economic Development to consider options around recapitalization and the future of Protein Industries Canada.

# CORPORATE BOARD OF DIRECTORS



FRANK HART  
Regina, SK



ANNETTE REVET  
Regina, SK



DAVID DZISIAK  
Calgary, AB



MURAD AL-KATIB  
Regina, SK



ALLISON AMMETER  
Red Deer, AB



RAY BOUCHARD  
Oak Bluff, MB



KAREN CHAD  
Calgary, AB



KAREN CHURCHILL  
Saskatoon, SK



LAURIE DMYTRYSHYN  
Saskatoon, SK



MARY DONLEVY-KONKIN  
Saskatoon, SK



TYLER GROENEVELD  
Calgary, AB



GEORGE LAFOND  
Victoria, BC

## BOARD GOVERNANCE

Protein Industries Canada's Board of Directors is responsible for the strategic direction and fiduciary oversight of the organization. The Board of Directors is made up of individuals from across Canada.

During the fiscal year 2020-21, all board meetings were held virtually. Throughout the year, the board met eight times. In addition, a one-day virtual board orientation and two virtual strategic planning sessions were held.

There are two committees of the board: Governance and Nominating, and Audit and Finance. Committees meet in advance of regular board meetings.

### Governance and Nominating Committee Members:

- Chair: Annette Revet
- Frank Hart (ex-officio)
- Tyler Groeneveld
- Allison Ammeter
- Mary Donlevy-Konkin
- George Lafond
- Karen Churchill

### Audit and Finance Committee Members:

- Chair: Dave Dzisiak
- Frank Hart (ex-officio)
- Ray Bouchard
- Murad Al-Katib
- Laurie Dmytryshyn

Protein Industries Canada is committed to diversity and gender-parity within its Board of Directors. In 2020, Protein Industries Canada reached its goal of gender parity, while also bringing the right mix of skills and expertise to support the long-term success of the organization.

# STAFF



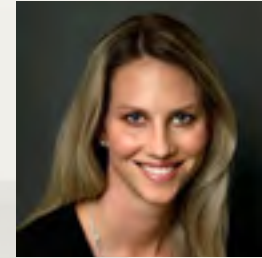
**BILL GREUEL**  
CEO



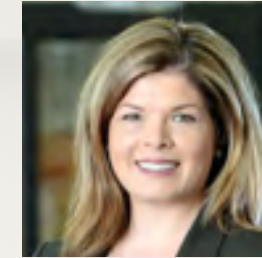
**CHRIS ANDERSON**  
CTO



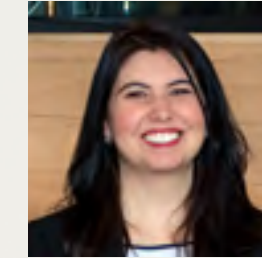
**DEIDRE PLOSZ ROWLEY**  
Corporate Secretary and  
Executive Assistant to the CEO



**KASSANDRA QUAYLE**  
CFO



**TIFFANY STEPHENSON**  
CMO



**CAMILA JERGER**  
Ecosystem Development  
Manager



**CARSON SINCLAIR**  
Program Specialist



**CLAUDIA SAMAYOA**  
Director of Program Funding



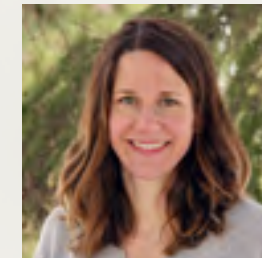
**DIANE HARMS**  
Program Specialist



**GABRIEL VALENTINI**  
Marketing and  
Communications Consultant



**JEANNETTE CALDWELL**  
Controller



**KARRA-LEE GERRITS**  
Vice-President, Strategy  
& Business Development



**KAY JIN**  
Data and System Analyst



**LAUREL WINGERT**  
Financial Analyst



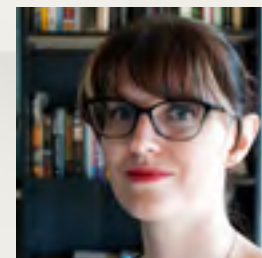
**LISA CAMPBELL**  
Director of Programs  
and Regulatory



**MEGHAN GERVAIS**  
Director of  
Intellectual Property



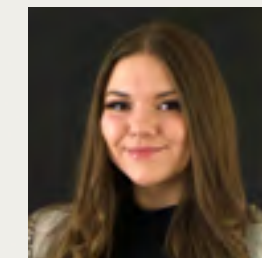
**MELISSA FLORY**  
Junior Accountant



**MIRANDA BURSKI**  
Marketing and  
Communications Consultant



**STEPH LUNDE**  
Project Advisor



**VICTORIA THUL**  
Student Intern



# APPENDIX A: REPORTING TO THE FEDERAL GOVERNMENT

## E

A summary of any updates to the Recipient's investment policies, standards and procedures, if any

### INVESTMENT POLICY STATEMENT (IPS)

#### I. Purpose

The purpose of this Investment Policy Statement (IPS) is to establish guidelines for the investable assets (the "Portfolio") of Protein Industries Canada. This document shall apply to the Finance and Audit Committee of the Board, as well as all Investment Managers hired to assist with the management of the Portfolio.

#### II. Investment Objectives & Constraints

- A. The objective of the Portfolio is the preservation of the capital to meet future disbursement requirements.
- B. The Portfolio is also subject to the following constraints:
  - (a) Protein Industries Canada shall not encumber the Portfolio in any way, including, but not limited to, encumbrances in any way connected to (i) borrowing money; (ii) issuing any debt obligations or securities; (iii) guaranteeing any debt or other obligation of a person, mortgagor or other entity; or (iv) pledging all or any portion of the Portfolio by way of security for payment to any creditor.
  - (b) Investments of the Portfolio in the securities of any one issuer, or two or more affiliated entities, shall be limited to no more than ten per cent (10%) of the investment portfolio's assets.

- (c) Subsection II B (b) does not apply in respect to:
  - (i) investments in securities issued by the Government of Canada or the government of a province, or securities that carry the full faith and credit of either; and
  - (ii) any index, segregated, mutual or pooled fund.
- (d) Investments of the Portfolio in securities with a credit rating of "A" (including all sub-classifications of this rating category), by at least one of the recognized credit rating agencies, shall be limited to no more than twenty per cent (20%) of the investment Portfolio's assets.
- (e) Investments of the Portfolio in securities with a credit rating of "AA" (including all sub-classifications of this rating category), by at least one of the recognized credit rating agencies, shall be limited to no more than seventy per cent (70%) of the investment Portfolio's assets.
- (f) Investments in securities that are not issued by, or carry the full faith and credit of either the Government of Canada or the government of a province, shall be limited to no more than eighty per cent (80%) of the investment Portfolio's assets.
- (g) Where external credit ratings are applied, investments or counterparts shall have a credit rating from at least two of the four following rating agencies: Moody's Investors Service Inc., Standard & Poor's Ratings Services, Fitch Rating Ltd., and DBRS Ltd. When there are two or more ratings for an entity or security, the lower of the highest two ratings should be used to determine eligibility, in accordance with Basel III rules. When there is an assumption of government support in the rating, standard-alone ratings should be used where available; otherwise the official rating should be used.
- (h) Protein Industries Canada shall not invest the Portfolio in securities that are not denominated in Canadian dollars.

### III. Description of Responsibilities

A. The responsibilities of each party involved in managing the Portfolio are defined below:

1. Finance and Audit Committee:

The Finance and Audit (“Committee”) is established under the authority of, and is accountable to, the Board of Directors (the “Board”) of Protein Industries Canada. The Committee assists the Board in fulfilling its governance responsibilities with respect to Protein Industries Canada’s Portfolio.

Without limiting the generality of the foregoing, the Committee shall:

- (a) approve the appointment and termination of Investment Managers;
- (b) review and approve Investment Manager mandates;
- (c) approve the appointment and termination of Protein Industries Canada’s investment custodians and other providers of investment-related services, or delegate such approval as appropriate;
- (d) review, on a quarterly basis, all matters related to the investment of the Portfolio;
- (e) review, at least annually, the Statement of Investment Policy, and monitor compliance with this policy;
- (f) review, at least annually, the performance of each Investment Manager and providers of investment-related services;
- (g) implement investment matters as provided for in the Statement of Investment Policy;
- (h) monitor, as required, Protein Industries Canada staff’s compliance with guidelines and processes for the selection of Investment Managers, including compliance with Protein Industries Canada’s conflict of interest policies;
- (i) approve the management fee on the Portfolio and any modifications thereto.

2. Investment Manager:

The Investment Manager (“Manager”) is a person or organization that makes investments of the Portfolio on behalf of Protein Industries Canada under this Investment Policy Statement. The Manager may handle all activities associated with the management of the Portfolio from

day-to-day buying and selling securities, to portfolio monitoring, transaction settlement, performance measurement, and regulatory and client reporting.

### IV. Fiduciary Duty

A. In seeking to attain the investment objectives set forth in the IPS, the Prudent Investor Rule shall apply, which states that the Finance and Audit Committee is under a duty to Protein Industries Canada to invest and manage the Portfolio as a prudent investor would, as described below:

1. The exercise of reasonable care, skill and caution that is applied to investments not in isolation but in the context of the Portfolio and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suited to the Portfolio.
2. In making and implementing investment decisions, the Finance and Audit Committee has a duty to diversify the Portfolio unless, under the circumstances, it is prudent not to do so.
3. In addition, the Finance and Audit Committee must:
  - (a) Conform to fundamental fiduciary duties of loyalty and impartiality.
  - (b) Act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents (i.e. Investment Managers).
  - (c) Incur only costs that are reasonable in amount and appropriate to the management of the Portfolio.

B. The Prudent Investor Rule is based on the following five basic principles:

1. Sound diversification is fundamental to risk management and is therefore ordinarily required of the Finance and Audit Committee.
2. Risk and return are so directly related that the Finance and Audit Committee has a duty to analyze and make conscious decisions concerning the levels of risk appropriate to the purposes, distribution requirements and other circumstances of the Portfolio.
3. The Finance and Audit Committee has a duty to avoid fees, transaction costs and other expenses that are not justified by needs and realistic objectives of the Portfolio.
4. The fiduciary duty of impartiality requires a balancing of the elements of return between production of income and the protection of purchasing power.

5. The Finance and Audit Committee may have a duty as well as having the authority to delegate as prudent investors would.

C. Conflict of Interest Concerning Investment Management:

- (a) The Finance and Audit Committee shall ensure that all Investment Managers or advisors who are involved in the investment management of the Portfolio disclose in writing, on a timely basis, the nature and extent of his/her interest, including any material interest in any entity that is a party to a transaction with Protein Industries Canada.
- (b) The Finance and Audit Committee shall also ensure that Protein Industries Canada's conflict of interest policies and procedures cover, among others, voting, prohibited transactions, continuing disclosure and avoidance standards.

## V. Investment Philosophy

The basic tenet upon which the IPS is based is for the preservation of the capital to meet future disbursement requirements.

## VI. General Guidelines

- A. Maturities of the Securities. The maturities and terms of investments shall match the profile of Protein Industries Canada's forecasted disbursements of the Portfolio. In cases where the timing of disbursements is unknown, investments shall be held in securities with term to maturity of one year or less.
- B. Permitted Investments. The following constitute permitted investments:
  - (a) bank certificates of deposit;
  - (b) banker's acceptances;
  - (c) treasury bills, commercial paper and other short-term securities, bonds and notes issued by the federal government, provincial governments, municipal governments and corporations; and
  - (d) other fixed-income securities that carry the full faith and credit of the Government of Canada.
- C. Prohibited Investments and Trading Activities. Protein Industries Canada undertakes not to engage or invest the Portfolio in the following:

- (a) equities or shares issued by any corporation;
- (b) hedge funds or funds of hedge funds;
- (c) fixed-income instruments rated below A- by Standard & Poors or Fitch Ratings, A3 by Moody's or A- by DBRS;
- (d) derivatives or any instruments that have derivative holdings or features;
- (e) non-marketable securities;
- (f) commodities;
- (g) repurchase agreements against securities which are not permitted to be held in the Portfolio;
- (h) margin transactions or any form of leveraging; and
- (i) exchange traded funds, segregated, mutual or pooled funds.

## VII. Monitoring Portfolio Investments & Performance

- A. The Investment Manager shall prepare a quarterly performance report, which should include the Portfolio's performance, asset allocation, and compliance with all applicable guidelines defined in the IPS. The Portfolio and individual Investment Managers shall be measured against appropriate benchmarks for the asset class.
- B. Performance of the Portfolio, as well as individual Investment Managers, shall be measured versus appropriate benchmarks over rolling 3- and 5-year periods, measured quarterly.
- C. The Portfolio shall be reviewed at least quarterly to ensure that all Investment Managers remain in compliance with all applicable guidelines defined in the IPS.

## VIII. IPS Review

- A. Any of the following shall trigger a review of the IPS:
  1. A change to Protein Industries Canada's Investment Objectives.
  2. In the absence of any change to Protein Industries Canada's Investment Objectives, the IPS should be reviewed at least annually.



## F

**A statement of remuneration setting out the total compensation paid to the Recipient's officers, employees or directors, whose compensation exceeds \$300,000 that year, including any fee, allowance or other benefit;**

For the fiscal period ending March 31, 2021 one employee's total compensation was in excess of \$300,000.

## G

**Executive confirmation that the financial controls of the organization operate as intended**

A strong financial control environment exists at Protein Industries Canada. The Chief Executive Officer and Chief Financial Officer did not note any instances in the fiscal year in which the financial control environment did not operate as intended.

## H

**Executive confirmation that the Intellectual Property Strategy operates as intended and continues to support the objectives set out in the Corporate Plan**

The following information serves to confirm that Protein Industries Canada's Intellectual Property Strategy operates as intended and continues to support the objectives set out in the Corporate Plan:

Protein Industries Canada continues to support SMEs by providing opportunities to enhance intellectual property literacy, and access to resources including the Protein Industries Canada Director of Intellectual Property. In the fiscal year 2020-21, Protein Industries Canada hosted three intellectual property webinars

with more than 90 attendees from across Canada, and more than 50 subsequent views. The webinars provided an introduction to intellectual property and addressed more advanced topics including licensing, commercialization, collaboration and extracting value from intellectual property. Protein Industries Canada's Intellectual Property Registry, branded the "IP Hub" has launched as part of Protein Industries Canada's Member Portal, and provides abstracts and key contacts for intellectual property developed in Protein Industries Canada's technology projects. Through 2021 Protein Industries Canada's Director of Intellectual Property will continue to support project consortia on the development and execution of the Intellectual Property Rationales for technology projects. Protein Industries Canada will further strengthen intellectual property initiatives by working with an Intellectual Property Advisory Committee, who will provide support, advice and guidance to Protein Industries Canada regarding various issues related to intellectual property strategy and management.

**A summary of any updates made to the Recipient's Intellectual Property Strategy**

In 2020 Protein Industries Canada worked to better understand stakeholder needs and opportunities related to intellectual property management in the agrifood sector. Stakeholders (including members, board members, federal organizations, ISED and industry experts) were invited to share their perspectives on the intellectual property initiatives Protein Industries Canada could undertake to maximize the economic value of intellectual property generated by Protein Industries Canada members. Discussion topics included corporate intellectual property strategies, access to public sector intellectual property, intellectual property services and resources available to Protein Industries Canada members, and the relative importance of intellectual property creation, protection and commercialization in each of Protein Industries Canada's four technology pillars.

Input from stakeholder discussions, coupled with experience garnered from execution of Protein Industries Canada technology projects, informed updates to Protein Industries Canada's Intellectual Property Strategy. Protein Industries Canada's Intellectual Property Strategy 2.0 incorporates principles intended to maximize the value of Protein Industries Canada and member investments into the creation of intellectual property and outlines broad initiatives that Protein Industries Canada is undertaking to support our members in strategic management of intellectual property.

Updates to Protein Industries Canada's Intellectual Property Strategy include:

1. Updated section for Principles of Intellectual Property Management;
2. The development of a section outlining initiatives that will support member use of intellectual property as a strategic asset, including creation of an intellectual property advisory committee and an introduction to the IP Hub;
3. An update to the governance section to parallel that in the current Data Strategy; and
4. Consolidation of previous appendices to include content related to intellectual property rationales, the intellectual property registry, dispute resolution and intellectual property reporting as required by the Contribution Agreement.

ISED indicated approval for the revised strategy on February 12, 2021.

## K

### A summary of instances where foreground intellectual property was not included on the member-accessible registry

The member-accessible registry of foreground intellectual property (Protein Industries Canada's IP Hub) is active. Two patent filings have been included on the member-accessible registry.

Four provisional patent applications and 29 trade secrets have been reported to Protein Industries Canada. These instances of foreground intellectual property are business-confidential and have not been included on the registry.

## L

### Dispute Resolution

To date, there have been no conflicts among members and Protein Industries Canada that required a formal dispute resolution process. This includes disputes under the Member Code of Conduct, the Project Selection Committee/Applicant Interaction Policy and the Appeal Process under the Project Selection Guidance Document.

## M

### The number of SME members that accessed independent expertise and advice in respect of intellectual property through the mechanism referenced in Subsection 15.2(f)

Protein Industries Canada hosted three intellectual property webinars between April 2020 and March 2021. These webinars provided 38 attendees from member companies and 53 prospective members/stakeholders with direct programming to increase understanding of intellectual property and its uses. The webinars are available for on-demand viewing and have been accessed more than 50 times. Topics covered in the webinars included methods to secure protection of new technology, approaches to intellectual property strategy, extracting value from intellectual property, licensing and collaboration. Attendees were also provided an overview of Protein Industries Canada and the Intellectual Property Rationale and Registry processes. The workshops were presented collaboratively with MLT Aikins and Protein Industries Canada.

Members participating in the development of Expressions of Interest or Full Proposals for Eligible Projects were provided opportunities to work with Protein Industries Canada's Director of Intellectual Property on development of the Intellectual Property Strategy for their project. Independent advice was provided to 45 member companies through this mechanism.

## N

### A statement of Funded Eligible Costs incurred and paid in the year

Statement of Funded Eligible Costs	2020-21	
	Eligible Funded	ISI Funded
Total Funded Eligible Costs:	\$147,943,137	\$38,592,278
Operating & Administration	\$4,482,696	\$3,362,022
Ultimate Recipient Led Projects	\$143,297,941	\$35,067,756
Recipient Led Projects	\$162,500	\$162,500

## O

### A statement of Unfunded Eligible Costs incurred and paid in the year

Statement of Unfunded Eligible Costs (Cash Basis)	2020-21
Total Unfunded Eligible Costs:	\$902,168
Operating & Administration	\$73,670
Ultimate Recipient Led Projects	\$828,498

## Q

### A summary of the results of evaluations and audits carried out by the Recipient during the year, if any

There were no evaluations or audits carried out during the year except the annual financial statement audit. Protein Industries Canada will complete internal audits on all projects prior to project completion.

## R

### A summary of Industry Matching Funds received during the year

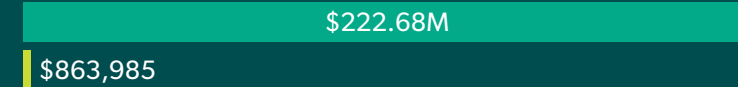
Summary of Industry Matching Funds	2020-21
Ultimate Recipient	\$108,124,538
Industry Eligible Program Management Fees & Membership	\$2,410,837
Industry Eligible Sponsorships	\$30,000
<b>Total</b>	<b>\$110,565,375</b>

# T: KEY PERFORMANCE INDICATORS

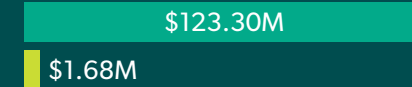
## LEVERAGE / INVESTMENT

Technology Project Capacity Building Project

### Industry Matching Funds



### PIC Investment



Total Project Value	\$348.53M
Total Industry Matching Funds	\$223.55M
Total PIC Investment	\$124.98M

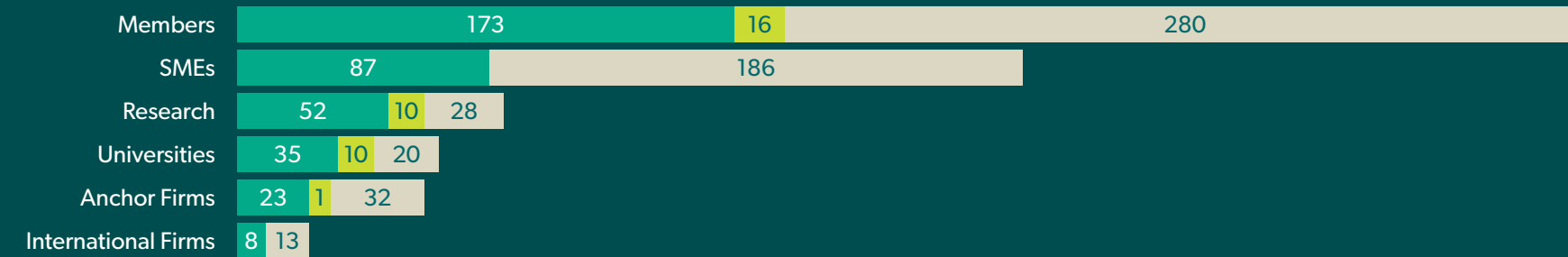
## EMPLOYMENT

Job Retention: Number of existing positions/employees PIC reimburses for	946
Anticipated Jobs: Number of potential jobs created by March 31, 2023	892.5
Number of direct, indirect and induced jobs by March 31, 2031 from 15 projects	6,200

## ENGAGEMENT

### Number of Project Participants & Members

Technology Project Capacity Building Project All



Number of organizations collaborating in projects	189
Member retention rate for industry members	74%
Number of connections (outside of projects) – events, introductions, other connections	571
Number of international events PIC attended	10
Number of international events PIC was the organizer or partner	21
Number of international collaboration meetings	19

## VALUE CREATION

### Number of Services, Products or Processes Expected or Developed

Expected Developed



### Number of Intellectual Property Assets

Registered Non-Registered



## INSTIGATOR

Follow on investment – Capital – VC, government, private equity, other	198.4M
Number of organizations that received follow-on investment	7
Number of new joint ventures, partnerships or corporations	2

## SOCIAL GOOD

Percentage of projects that have environmental benefits	68%
---	-----

## GDP

10-year GDP expected from 15 projects analyzed	8.9B
--	------



# U

## Data Security Statement

Protein Industries Canada is committed to protecting our members' and program data. Our IT service provider virtually protects Protein Industries Canada's data by utilizing several types of anti-virus software, including Sophos Intercept X Advanced, Huntress, Threat Locker, Barracuda SPAM, Malware, Virus Filtering and DNS Filtering, along with deploying Multi-Factor Authentication for employee sign-in. Our website utilizes Craft CMS software to protect any information housed on that site. Information that might be considered sensitive (e.g. project proposals and billing information) is stored on separate servers.

# V

## A statement of the Total Funding received during the year for O&A

Statement of Total Funding Received	2020-21
ISI Funding Recognized as Revenue	\$3,297,351
Program Management Fees & Membership Revenue	\$2,561,825
Sponsorship & Other Revenue	\$74,804
<b>Total</b>	<b>\$5,933,980</b>



## 2021 Technology Projects

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.01	Make	Novel Oilseed Processing for High Value Co-Products	This organization will utilize new canola and hemp to create new oleosome and protein products. Each of the materials (oleosomes and proteins) created will be tested for use in feed and food products. New novel feed and food ingredients will create new markets for canola and hemp as well as position them as a world leader in the oleosome and protein extraction technologies.	Botaneco Inc, Corteva, Rowland Seeds Inc.	4	4	\$11,806,938	\$6,165,028	\$5,641,910	On track, about halfway through the project. Aquaculture trials complete, and work continues on the creation of novel oleosomes and protein products.
PIC20.02	Create	Creation and Utilization of High Protein Canola	This project is designed to create a long-term, step-change improvement in protein content in the Canadian canola crop. Corteva will drive this by making canola hybrids that produce high-protein oilseeds for downstream use. This will open new, higher value markets and create economic benefits across the entire value-chain.	Corteva, Botaneco Inc, Bunge Canada	1	2	\$27,688,383	\$14,496,210	\$13,192,173	On track, about halfway through the project. Work continues on new trait development for canola hybrids.
PIC20.03	Grow	Empowering Farming Through Data	This project aims to put together a usable and complete Farm Level Dataset and create a tool by which the farmer can access or share this dataset. This Farm Level Dataset will then be leveraged by the consortium to help solve specific issues faced by farmers today.	Provision Analytics, Verge Technologies Inc, Coutts Agro Ltd., Skymatics	0	0	\$9,258,105	\$5,093,367	\$4,164,738	On track, about halfway through the project. Activities in data modelling and profiling are complete, while work continues on system integration.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.05	Make	Sustainable Protein Nourishment	The focus of this project is to provide the industry with nutritionally balanced, functional, organoleptically pleasing, textured plant protein blends that can be utilized within existing process infrastructure and help the meat processing industry access the alternative proteins market.	Griffith Fine Foods Ltd., Persall Fine Foods Co., K2 Milling	1	1	\$1,216,303	\$663,854	\$552,450	On track, project is in phase 1 of 5. Project activities have included running primary trials and the development of alternative protein ingredients.
PIC20.08	Make	Tech development and commercialization of high quality plant protein ingredients and consumer products	This project will address nutritional challenges and processing challenges for pea and fava. Research will explore means to overcome the amino acid deficiencies of pulse proteins, address anti-nutritional components through processing research, and address functionality constraints. The clinical health benefits of pulse proteins will also be examined. The research also encompasses breeding of improved fava bean varieties. This proposal presents a unique eco-system partnership to continue to develop the pea protein segment in Western Canada and to exploit the numerous application opportunities for fava beans.	Roquette Canada Ltd., Prairie Fava	8	4		\$9,918,849	\$18,560,431	On track, about halfway through the project. Activities in the first part of the project have included the growing of new pea varieties and the beginning stages of commercializing pea protein.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.09	Make	Improve Functional Properties of Pulse Ingredients	This consortium and its partners will launch a new facility that will result in the Canadian production of flavour-neutralized plant-based protein and other pulse fractions grown in Canada and around the world. As such, this project has identified four key opportunities to address. These are: (A) Understanding and directly addressing the plant-based protein flavour challenge by enabling ingredient production using its novel technology (B) Further enabling the production of Canadian value-added plant-based protein products and ingredients, (C) Capitalizing on plant-based protein opportunities locally and globally, and (D) Enabling existing and new Canadian food manufacturers who need competitive access to products with increased functionality.	Ingredion Plant Based Protein Specialties (Canada) Inc (IPBPS), Ingredion Incorporated (Ingredion), T Base 4 Investments Corp (T Base 4), Verdient Foods Inc., O.M.D. Food Products Corp (OMD)	1	1	\$46,192,041	\$13,080,876	\$33,111,165	On track, this project has begun commissioning on pulse-based feedstock. Work will continue on building a processing facility and product development this year.
PIC20.11	Make	Commercializing the world's foremost canola and pea protein ingredients	The Project Lead is in the planning stages of building a state-of-the-art protein processing facility to produce novel canola and pea protein isolates. Using a proprietary process, their isolates have high purity and solubility, making them neutral in flavour and less gritty than standard plant protein isolates.	Merit Functional Foods Corp, Pitura Seeds, The Winning Combination	10	1	\$63,568,271	\$10,608,229	\$52,960,042	Project is nearing completion. Final commissioning stages of new processing facility. Final stage completion and results forthcoming.



Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.16	Make	Development of a pulse-based ecosystem by producing local pulse ingredients for vegetable protein and plant-based food applications	The consortium will develop a suite of plant-based ingredients formulated from existing commercial protein concentrates. The proposed ingredients will compete with existing and emerging ingredients that are typically formulated with (more expensive) protein isolates. The use of dry fractionated pulse proteins as a feedstock will enable the consortium to create lower-cost products using less energy and water than traditional processes. The proposed project will employ two custom-designed extruders in a pilot scale facility. Pre-treatment (enzymatic or fermentation) will be used to process the protein concentrate feedstock prior to extrusion. The consortium will process pea, lentil and faba bean protein concentrate into high-moisture meat analogue, texturized vegetable protein, tempeh, tofu, pasta and non-dairy analogues. Pre-commercial production of this suite of products will enable the consortium to complete market development activities including contracting third-party service providers to create and test market acceptance of consumer-ready products using the ingredients. Successful launch of the protein concentrate-based products will provide a new market opportunity for Canadian-grown pulses.	AGT Food & Ingredients Inc., Ulivit Superfood Inc	2	3	\$12,939,944	\$5,922,550	\$7,017,394	Project in earlier stages, work continuing on pilot plant establishment and developing a non-extruded pulse tofu.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.17	Make	A novel approach to improving the value of fibrous byproducts from pulse processing industry	The Project Lead has developed a proprietary micronutrient fertilizer technology that uses low-value organic fiber from the food processing industry to transport nutrients to plants. The project consortium will use this technology to upgrade low-value fiber stream from pulse processing. The project will enable the consortium to demonstrate pilot-scale manufacturing and develop the market for this new micronutrient fertilizer.	Lucent Biosciences, AGT Food & Ingredients Inc.,	5	7	\$2,916,054	\$1,441,185	\$1,474,869	Project is nearing completion. Final product development is in progress, and will result in a pilot scale micronutrient fertilizer.
PIC20.20	Create	Yellow Peas and Data Trust Tech	The project focuses on the development of high-protein pea varieties for use in Western Canada. Top protein content lines will be brought in to create an even higher protein content for yellow pea varieties that perform better in terms of protein content and yield than current varieties available for Western Canadian farmers. To accelerate data acquisition, protection, valuation and computational analysis the seed developer will work with a Canadian tech SME for deployment of data trust technology under R&D conditions, and significant computational (AI/machine learning) tools and expertise.	Sightline Innovation Inc., DL Seeds Inc., SeedNet Inc.	3	4	\$3,514,180	\$2,032,056	\$1,482,125	Project is on track, review of high-protein crossing parents is complete. Work will continue on identifying datasets and analyzing phenomics data.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.29A	Grow	Automated Risk Management Systems for the Value Chain	This project will initially focus on capturing and developing artificial intelligence for grower risk management to value-added protein opportunities. This will involve data science on crop health management practices and prediction modelling. Parallel activities on an International traceability/sourcing standards will be undertaken with the Standards Council of Canada that will involve direct input into a digital permission-based ledger to remove regulatory (market entry) barriers for existing and new value-added plant protein products. The resulting risk management solutions from the data sets will be harnessed to set the stage for e-commerce connecting the value chain stakeholders.	Farmers Edge Inc., OPI Systems Inc.	3	3		\$9,520,144	\$11,475,305	Project is nearing completion. Initial work required for Part 1 of this project is in the final stages. Final base work on smart agronomy and traceability will set up Part 2 of this project to begin next year.
PIC20.29B	Grow	Automated Risk Management Systems for the Value Chain (Part 2)	This project will continue work developing artificial intelligence for grower risk management to value-added protein opportunities.	Farmers Edge Inc., OPI Systems Inc., TrustBix	3	3	\$17,105,118	\$8,552,559	\$8,552,559	Project work has just begun, and the steering committee will meet to kick off the project.
PIC20.32	Make	Development of new plant protein products for Asian markets by leveraging soy processing tech	The project is envisioned as Phase 1 of a larger transformational effort that includes new protein food and ingredient development through the enhancement of cavitation technology. Both established and emerging Western Canadian crop sources will be used to formulate new products based on market research and trials in Asian markets. Market channels will be developed to promote traceable 'Made in Canada' products.	Mera Development Corp., Mera Food Inc., Benson Farms (101107514 Saskatchewan Ltd.)	6	0	\$7,880,986	\$3,830,416	\$4,050,570	On track, facility for preliminary trials has been selected, and work will continue on Asian market research and data analytics.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC20.35	Make	Improving cost/energy efficiency of pulse protein with patented tech ACAPS	The objective is to bring broader variety of high quality, high-purity plant proteins to market, but in a much more cost-effective manner. In addition to being able to manufacture at lower cost, the project lead can also produce protein from a number of raw material sources including pulses (peas, lentils, mung bean, etc.), oilseed meals and cereal grains. Their process also has lower environmental impact by greatly reducing the use of water and energy in the production process.	GrainFrac Inc., Tomtene Seed Farms , Ripple Foods	0	1	\$4,336,018	\$2,289,009	\$2,047,009	Project is in the early stages of activity. Work begins on the production of protein concentrates from different pulse grains.
PIC20.47	Make	Commercialize innovative Canadian food processing tech to manufacture soy protein ingredients for domestic and global markets	A unique Canadian value chain partnership has formed to co-invest in innovation that will build and operate Canada's first advanced hexane-free processing facility for high-value food ingredients derived from non-GMO and organic soybeans, hemp and other oilseeds.	Canada Protein Ingredients Ltd. (CPI-IPC SeedComm), DJ Hendrick International Inc (DJHill), Agrocrop Processing Ltd., Semences Prograin Inc., Synthesis Network Ltd.	1	1	\$41,287,407	\$7,877,447	\$33,409,960	Project is in the early stages of activity. Work begins on the pilot plant proof of concept and site selection of the processing facility.
PIC20.52	Grow	Sustainable traceable "zero-chem" ecosystem	This project aims to create a sustainable, traceable "Zero Chemical Residue" ecosystem for the Canadian plant protein industry, consisting of development and commercialization of a revolutionary new crop protection technology that leverages artificial intelligence to reduce chemical use by up to 95%.	Precision.ai Inc., Global Institute for Food Security (GIFS), Exceed Grain Marketing, Sure Growth Solutions	10	2	\$26,467,552	\$13,805,810	\$12,661,742	On track, work continues on in-field analysis, technology validation, data management, and continual improvement to AI.

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
PIC21.01	Sell	Limited Exploiting the potential of tempered whole pulse flours with specific functionality in plant-based foods	The project seeks to improve and scale-up current milling technology, develop baseline information on the functional and nutritional properties of pulse flours, determine which pulse varieties are best suited to milling, if off-grade pulses may be used in milling, and investigate market potential and appropriate marketing activities. Four of the project lead's current customers have joined the consortium as project partners and will be doing product development of pulse ingredients in both new and existing products, with commercialization of products possible within the timeline of the project. Two of these project partners are located in the UK, an important export market for Canada.	Avena Foods Limited, Daiya Foods Ltd., Big Mountain Foods Ltd., The Village Bakery, Bakenology	2	3	\$9,406,469	\$3,306,428	\$6,100,041	Project work is in the early stages. Work is progressing in the areas of market research and acquisition of pulse-based samples for test processing.
PIC21.05	Sell	Evidence-based plant protein enteral and fitness nutrition	Develop and bring novel evidence-based plant protein blend(s) to market supporting a clear gap for both athletic and healthcare populations that meets or exceeds the whey protein isolate gold standard for muscle protein synthesis, digestibility and palatability.	Enhanced Medical Nutrition Inc., Infnit Nutrition	0	1	\$2,212,850	\$1,177,133	\$1,035,717	Project work is in the early stages. Activity has begun on the determination of prototypes for research and clinical testing.
PIC21.10	Make/Sell	Functionality improvement of pea and canola processing	Adding value to Canadian pea and canola proteins and finished products through functionalization and sensory improvements	Merit Functional Foods Corp, Daiya Foods Ltd., The Winning Combination, Grand River Foods	8	3	\$ 9,840,819	\$3,972,772	\$5,868,047	Project work has just begun, and the steering committee will meet to kick off the project.

## 2021 Capacity Building Projects

Project Number	Main Pillar	Project Title	Project Description	Consortium Members	Private Partners	Research & Academic Partners	Total Project Value	PIC Contribution	Industry Contribution	Project Status
CAP21.01	Labour, Skills and Access to Talent	EMILI	Agri-food Opportunity Awareness for Youth	Enterprise Machine Intelligence and Learning Initiative (EMILI), Actua	3	8	\$2,042,807	\$1,428,647	\$614,160	Project work is on-going. The consortium has completed their industry consultation and are nearing the completion of their curriculum development. The project is on pace to have pilot delivery in fall semester.
CAP21.05	Regulatory Modernization	Pulse Canada	The Impact of Animal Protein and Grain Inclusion on Digestibility Parameters and Cardiac Function	Pulse Canada, AGT Food & Ingredients Inc., BSM Partners	3	0	\$4,014,400	\$162,500	\$3,851,900	Project work is on-going. The consortium has made progress in their research and trials.
CAP21.06	Infrastructure	Indigenous Works	Advancing Innovation in Indigenous Agriculture/Agrifoods sector	Indigenous Works Organization Inc., University of Saskatchewan	3	2	\$499,650	\$249,825	\$249,825	Project work is on-going. The consortium has completed the first round of industry consultations and finalized their Luminary Charter Addendum. Currently recruiting Agrifood Luminary Members.
<b>Total</b>					<b>7</b>	<b>10</b>	<b>\$6,556,857</b>	<b>\$1,840,972</b>	<b>\$4,715,885</b>	

# APPENDIX B: AUDITED FINANCIAL STATEMENTS

Financial Statements of

## PROTEIN INDUSTRIES CANADA INC.

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP  
Hill Centre Tower II  
1881 Scarth Street, 20th Floor  
Regina SK S4P 4K9  
Canada  
Tel 306-791-1200  
Fax 306-757-4703

### INDEPENDENT AUDITORS' REPORT

To the Members of Protein Industries Canada Inc.

#### **Opinion**

We have audited the financial statements of Protein Industries Canada Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



Page 2

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Regina, Canada

July 26, 2021





## PROTEIN INDUSTRIES CANADA INC.

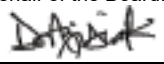
Statement of Financial Position


March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 8,252,075	\$ 2,577,510
Accounts receivable and accrued receivables (note 3)	1,788,687	202,121
Investments	10,100	10,050
Prepaid expenses	121,424	124,298
Innovation, Science and Economic Development Canada funding receivable (note 4)	7,220,955	3,224,149
Project advances receivable	2,843,569	1,859,094
	20,236,810	7,997,222
Property, plant and equipment (note 5)	14,158	16,405
Intangible assets (note 6)	22,238	29,538
	<u>\$ 20,273,206</u>	<u>\$ 8,043,165</u>
<b>Liabilities and Net Surplus</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 8,237,557	\$ 1,597,450
Deferred contributions (note 9)	11,602,725	7,085,083
	19,840,282	8,682,533
Net surplus (deficiency)	432,924	(639,368)
Commitments (note 10)		
	<u>\$ 20,273,206</u>	<u>\$ 8,043,165</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director **David Dzisiak** - A&F Chair

 Director **Frank Hart** - Board Chair

## PROTEIN INDUSTRIES CANADA INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2021 with comparative information for 2020

	2021	2020
Revenue:		
Innovation, Science and Economic Development Canada	\$ 41,336,754	\$ 5,282,780
Project management fees	2,439,444	166,069
Membership and registration fees	122,381	89,048
Other revenue	44,804	14,335
Sponsorship	30,000	-
	43,973,383	5,552,232
Expenses:		
Technology program expenses	37,860,742	2,687,136
Salaries and benefits	2,400,755	1,335,432
Capacity building program expenses	956,414	651,018
Office and administration	812,568	583,013
Consulting and professional fees	520,112	664,695
Events and community engagement	333,800	200,295
Amortization	16,700	11,737
	42,901,091	6,133,326
Excess (deficiency) of revenue over expenses	1,072,292	(581,094)
Net deficiency, beginning of year	(639,368)	(58,274)
Net surplus (deficiency), end of year	<u>\$ 432,924</u>	<u>\$ (639,368)</u>

See accompanying notes to financial statements.

# PROTEIN INDUSTRIES CANADA INC.

## Statement of Cash Flows

Year ended March 31, 2021 with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 1,072,292	\$ (581,094)
Items not involving cash:		
Amortization of property, plant and equipment	9,400	5,437
Amortization of intangibles	7,300	6,300
Accrued interest	(50)	(50)
Changes in non-cash operating working capital:		
Innovation Science and Economic Development Canada funding receivable	(3,996,806)	(3,224,149)
Accounts receivable and accrued receivables	(1,586,566)	(196,531)
Prepaid expenses	2,874	(116,437)
Project advances receivable	(984,475)	(1,859,094)
Accounts payable and accrued liabilities	6,640,107	1,477,887
Deferred contributions	4,517,642	6,380,162
	5,681,718	1,892,431
Investing:		
Purchase of property, plant and equipment	(7,153)	(17,091)
Purchase of intangibles	-	(10,000)
	(7,153)	(27,091)
Increase in cash	5,674,565	1,865,340
Cash, beginning of year	2,577,510	712,170
Cash, end of year	\$ 8,252,075	\$ 2,577,510

See accompanying notes to financial statements.

# PROTEIN INDUSTRIES CANADA INC.

## Notes to Financial Statements

Year ended March 31, 2021

### Nature of operations:

Protein Industries Canada Inc. (the "Corporation" or "PIC") is incorporated under *The Non-Profit Corporations Act, 1995 (Saskatchewan)*. The primary purpose of the Corporation is to raise funds and apply for funding from the Innovation Superclusters Initiative of Innovation, Science and Economic Development Canada (ISED).

Pursuant to a funding agreement, the Corporation receives significant funding revenue from ISED to finance the development and coordination of the Innovation Superclusters Initiative to accelerate growth in the Canadian agriculture and food processing sectors. As a result, the Corporation is dependent upon the continuance of this funding to maintain operations at their current level.

### Program Streams:

Protein Industry Canada Inc. invests in Technology and Capacity Programs. Investments in the Technology Program will be made across four pillars: Create, Grow, Make and Sell. The Technology Program will work with companies to leverage strengths to drive innovation, overcome barriers and explore new opportunities to create more valued-added processing opportunities in Canada. The Capacity Program will focus its investment in priority areas as identified by industry. These areas represent significant opportunities for lasting growth with the potential to impact the long-term success of the sector.

### 1. Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not for profit organizations outlined in Part III of the CPA Canada Handbook.

### 2. Significant accounting policies:

The Corporation's significant accounting policies are as follows:

#### (a) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Funding from ISED is restricted for the purpose of providing funding to eligible recipients for future technology and capacity building programs and the payment of the Corporation's operating and capital expenditures. Restricted contributions for expenses of a future period are recorded as deferred contributions and are recognized in revenue in the year in which the related expenses are incurred. Investment income earned on deferred contributions is recognized in the period in which it is earned. Unrestricted contributions and sponsorships are included in the period received if the amount to be received can be reasonably estimated and collection is reasonably assured.

# PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 2. Significant accounting policies (continued):

The Corporation signed a contribution agreement with ISED Canada. ISED Canada committed to fund the Corporation for eligible program and project costs over a 5-year period commencing in Fiscal Year 2018/19. Under the terms of agreement, ISED will provide a non-repayable contribution to the Corporation for 75% of eligible internal program costs that do not exceed 15% of the total contribution, and 100% of PIC's portion of eligible project costs. The total is not to exceed the lesser of \$152,843,759 or 100% of total Industry Matching Funds obtained by the organization over the 5-year period. The amount of ISED contributions varies from year to year based on forecasted operating and project spend. Annual amounts may be re-allocated to other fiscal years within the 5-year period with the written approval from the Minister of ISED.

Project Management Fees of 4% of total eligible project costs that PIC provides reimbursement for within the Technology Program. Project administration fees are invoiced when the project cost declaration is signed by PIC and the ultimate recipient.

### (b) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Subsequently, they are recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

### (c) Project advances receivable:

Project advances receivable consist of funding provided to project members in advance of eligible project costs being incurred. Advances are drawn down and recognized as revenue when a claim for eligible project costs is reconciled and approved by PIC.

The year-end balance includes accruals for project claims submitted for eligible project costs incurred and not yet reconciled.

### (d) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the straight line method at the following annual rates:

Asset	Rate
Furniture and equipment	20-45%
Leasehold improvements	25%

### (e) Intangible assets:

Intangible assets are stated at cost, less accumulated amortization. Amortization is provided using the straight line method with an annual rate of 20%.

### (f) Income taxes:

The Corporation is incorporated under *The Non-Profit Corporations Act of Saskatchewan*. Under present legislation, no income taxes are payable on reported income of such corporations.

### (g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable and project advances receivable. Actual results could differ from those estimates.

## PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

### 3. Accounts receivable and accrued receivables:

	2021		2020	
Accounts receivable	\$	942,784	\$	202,121
Accrued receivables – Operations		782		-
Accrued receivables – Projects		845,121		-
	\$	1,788,687	\$	202,121

### 4. Innovation Science and Economic Development Canada funding receivable:

The funding receivable relates to funding confirmed by ISED to fund approved and planned projects under the Corporation's Technology and Capacity Programs and operating expenditures.

### 5. Property, plant and equipment:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 28,896	\$ 15,548	\$ 13,348	\$ 15,272
Leasehold improvements	1,295	485	810	1,133
	\$ 30,191	\$ 16,033	\$ 14,158	\$ 16,405

### 6. Intangible assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ 36,500	\$ 14,262	\$ 22,238	\$ 29,538

## PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

### 7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,260 (2020 – \$10,847).

	2021		2020	
Accounts payable	\$	179,252	\$	124,964
Project reimbursement payable		-		1,280,704
Accrued payable – operations		290,805		191,782
Accrued payable – projects		7,767,500		-
	\$	8,237,557	\$	1,597,450

### 8. Line of credit

The Corporation has an authorized operating line of credit of \$1,000,000 repayable on demand. The interest rate charged on the operating line is prime plus 2.00%, payable monthly and is secured by a general security agreement. At year-end, the balance drawn on the operating line was \$nil (2020 - \$nil).

### 9. Deferred contributions:

Deferred contributions represent ISED funding for program costs, for the purpose of providing funding to eligible recipients for future projects and for the payment of the Corporation's subsequent years' operating expenditures. The amounts are recognized as revenue in the period the related expense is incurred.

The change in the deferred contributions balance is as follows:

	2021		2020	
Beginning balance	\$	7,085,083	\$	704,921
Funding received		45,854,396		11,662,942
Recognized as revenue during the year		(41,336,754)		(5,282,780)
	\$	11,602,725	\$	7,085,083

# PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 10. Commitments:

The Corporation is committed to an office space lease over the next two years as follows:

2022	\$ 85,685
2023	85,934

The Corporation invests in projects within the Technology and Capacity programs. Projects are selected through a competitive process and successful proponents enter into Master Project agreements outlining the terms of the investment. As of March 31, 2021, commitments for funding by programs are as follows:

	Total Committed co-investment	Remaining commitment
Technology program	\$ 123,304,799	\$ 82,756,921
Capacity program	1,678,472	1,662,311

## 11. Financial risks and concentration of risk:

The Corporation, through its financial assets and liabilities, has exposures to the following risks from its use of financial instruments:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to cash, accounts receivable, project advances receivable and investments. The carrying amounts of financial assets on the balance sheet represent the Corporation's maximum credit exposure as at March 31, 2021.

The Corporation's accounts receivable and project advances receivable amounts disclosed in the statement of financial position are net of allowance for doubtful accounts (2021 - nil, 2020 - nil), estimated by management of the Corporation based on previous experience and its assessment of the current economic environment. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash and short-term investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies. There has been no change to the risk exposure since the prior period.

# PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 11. Financial risks and concentration of risk (continued):

### (b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

## 12. COVID-19:

The global pandemic declared by the World Health Organization on March 11, 2020 due to the outbreak of COVID-19 has cast uncertainty on the estimates, assumptions and critical judgments exercised by management. Although the development of successful vaccine candidates signals a turning point in the pandemic, ongoing delays in the deployment of these vaccines and the resurgence of variants indicate that the pandemic will continue to impact the Canadian economy for the foreseeable future. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Corporation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Corporation is not known at this time.

## 13. Comparative information:

Certain comparative information have been reclassified to conform with the financial statement presentation adopted in the current period. The changes do not affect prior year earnings.