



INNOVATION IN ACTION

2014
ANNUAL
REPORT



2014 AT A GLANCE

INNOVATION IN **ACTION**

- Second largest canola crop on record, despite severe weather challenges
- Seed exports reach a new high of 9.7 MMT
- Trade agreements completed with South Korea and Europe

	2014 Results	2025 Target
Exported Seed	9.7 MMT	12 MMT
Domestic Processing	7 MMT	14 MMT
Acres	20 million	22 million
Yield	31.5 bu/acre	52 bu/acre
Production	15.6 MMT	26 MMT
High Oleic and Specialty Oil	11% of canola acres*	33% of canola acres
Oil Content (average of No. 1 grade)	44.5%	Maintain global competitiveness in oil content (10 yr average = 44.2%)
Saturated Fat Content	7%	Global leadership position in oil saturated fat content
Meal Crude Protein Content (oil-free basis)	39.6% (10 yr average = 39.9%)	Increase protein availability by target species

MMT = Million Metric Tonnes

Crush volume is for 2013/14 crop year.
All other statistics are for 2014 calendar year.

*Industry estimate



MESSAGE FROM THE CHAIRMAN

As 2014 began, the Canola Council was sharply focused on the power of innovation. We launched our new strategic plan, *Keep it Coming 2025*, a roadmap to keep building our industry through research and partnership. As we put this new plan into action, we could see how our renewed commitment to science and innovative approaches is moving our industry forward.

Together, we are building knowledge and sharing knowledge that helps growers get more profit from every canola acre. We are generating new science-based evidence of benefits that will increase canola's value in the marketplace. With the aid of comprehensive research, we are fine-tuning our marketing approaches, and we are building understanding as we share this information with trading partners around the world.

In short, innovation is making our entire industry stronger. And every part of our value chain is putting innovation into action. Thank you for shaping and sharing our vision.

Terry Youzwa
Chairman



MESSAGE FROM THE PRESIDENT

Once again in 2014, we saw that our full value chain partnership is a powerful advantage in an industry where innovation is the key to success. Our 2025 strategic plan is the framework to guide this partnership. Its impact can be seen in everything the Canola Council does on your behalf, from the halls of the Parliament Building to the fields of the Peace, and halfway across the world in our key markets.

As we move forward with our plan, we are also vigilant to emerging challenges. In 2014, we intensified our efforts on issues that may either hold us back or propel us toward our goals – notably sustainability, pollinator health, public understanding of our industry and our infrastructure for handling and moving product. We also initiated a governance review to ensure that all views at our table are heard and respected.

The power behind all of this activity is our members. Thank you for creating such a strong foundation, and for your continued support.

Patti Miller
President

2014 BOARD OF DIRECTORS



TOP ROW (L > R): Neil Arbuckle, Aaron Brown, Ken Campbell, Brian Chorney, Brian Conn, Conor Dobson, Dave Dzisiak
MIDDLE ROW (L > R): Colin Felstad, Woody Galloway, Ian Grant, Brett Halstead, Adrian Man, Dean McQueen, James Rea
BOTTOM ROW (L > R): Neil Sabourin, Ken Stone, Terry Youzwa

OUR CORE FUNDERS



A NEW PLAN OF ACTION POWERED BY INNOVATION

Our work in 2014 was guided by a new strategic plan for the industry, *Keep it Coming 2025*.

This new strategy is all about innovation. It outlines our plans to enhance research, boost canola's value and pursue science-based regulations to ease the flow of trade. It's about creating and sharing knowledge that helps every part of the industry succeed.

3 STRATEGIC PRIORITIES FOR 2025

SUSTAINABLE, RELIABLE SUPPLY:

Sustainably and profitably increase canola production in Canada to meet global demand for 26 MMT by increasing yield to an average of 52 bushels per acre

DIFFERENTIATED VALUE:

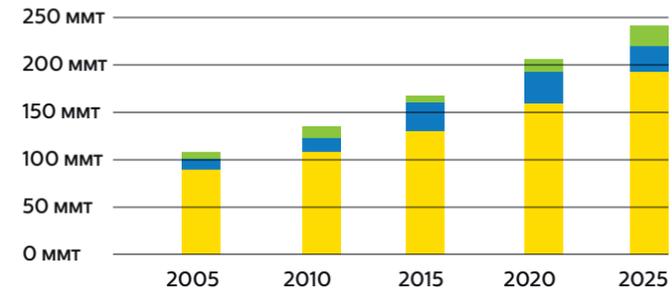
Meet global demand of 26 MMT by differentiating and demonstrating the quality characteristics of seed, oil and meal

STABLE AND OPEN TRADE:

Create a competitive, stable and open trade environment that allows the industry to consistently attain maximum value for canola and its products

Global Vegetable Oil Demand to 2025

Source: LMC Oilseeds & Oils Report 2011



■ Food Use ■ Biofuel Use ■ Industrial Use

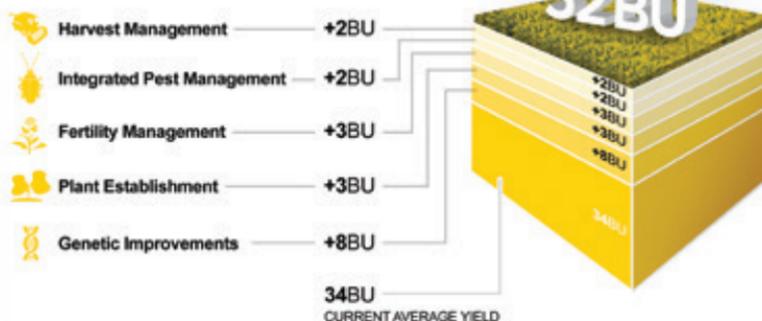
We called our new strategic plan *Keep it Coming* because that's what the world is telling our industry to do. Forecasts project steady growth of global vegetable oil demand to 250 MMT by 2025. We're aiming to produce 12 MMT of canola oil, which will equate to about 5% of the total world market for vegetable oil – about the same as our current market share.

Finding 18 More Bu/Acre

Research shows that genetic advances and improved agronomy can boost average yields from 34 bu/acre to 52 bu/acre by the year 2025, leading to a major increase in supply without a significant increase in canola acres.

The first priority of our new strategic plan is to help growers embrace these untapped opportunities. Through our research and agronomic programs, we are providing opportunities to learn more about the potential to improve in these five areas:

OUR TOOLS FOR INCREASING YIELDS:



To learn more about the Canola Council's strategic plan, visit www.keepitcoming.ca

INNOVATING TO GROW SUSTAINABLE, RELIABLE SUPPLY

To reach our goal of 52 bu/acre by 2025, we need to make the most of every canola field and plant. Research is leading the way, and technology transfer tools are helping growers put new discoveries into action.

INNOVATION IN ACTION

More than \$20 million of government and industry research funding is being directed by the Canola Council between 2013 and 2018.

Outsmarting Uncommon Weather

In 2014 growers confronted everything from a cool, wet June to scorching drought in July to snow in September – and yet they managed to produce the second largest canola crop on record. The results underline the improved resiliency of the crop and our industry's skill at managing the unexpected.

As conditions became more variable, our agronomy team responded by providing growers with the latest information about sclerotinia control and nutrient leaching. Growers challenged by late maturity and early snow received extensive how-to's on harvest timing and straight-cutting – a practice many growers were trying for the first time. This advice helped growers make difficult economic decisions amid highly unusual conditions.

A More Customized Approach to Agronomic Advice

Our agronomic team is moving away from “one size fits all” recommendations and toward approaches that consider the growing conditions on each canola field. Through this “less prescriptive, more descriptive” approach we will respond to each producer's unique circumstances to maximize production and profitability from every planted seed. Information tools like *Canola Watch*, videos, podcasts and media interviews are used to alert growers to current agronomic concerns and improve the transfer of new knowledge to the field.

In 2014 we prepared to introduce a new technology transfer tool called the Canola Research Hub. This first-of-its-kind website illustrates the science behind recommendations and best management practices, with search functions that allow growers to quickly zero in on the research most relevant to their locations and conditions.

HOW WE SHARE AGRONOMIC INFORMATION:

Online

Canola Research Hub **LAUNCHED JAN 2015**
Canola Watch e-newsletter
 Canola Performance Trials
 Canola Diagnostic Tool
 Canola Encyclopedia
 Videos
 Webinars and podcasts
 Growers manual
 Clubroot.ca
 Keepingitclean.ca
 Spraytoswath.ca

In Print

Canola Digest magazine
Science Digest annual research wrap-up
 Guides and fact sheets

In Person

Media interviews
 Presentations, crop walks and field tours
 Retail visits
 Extension calls
 Agronomist training
 Trade shows

Industry Events

CanoLAB
 Canola Discovery Forum
 Agriculture and Pollinator Symposium

Demonstration Plots

Ultimate Canola Challenge

Research Focused on Growers' Priorities

The Canola Council leverages the power of our full value chain partnership by encouraging and administering significant Canola Council of Canada, provincial grower group and public investments in canola R&D. We also foster collaborations with organizations like the Prairie Agricultural Machinery Institute, universities, provincial governments and grower associations. To build consensus on how research dollars should be invested, the Council brings together all partners at the annual Canola Discovery Forum.

With government and industry assistance provided through the Canola Council, researchers are exploring the most effective ways of managing important concerns like over-heating storage bins, evolving disease resistance and pollinator health. Potential game-changing innovations now under study include precision agriculture and big data for nutrient optimization, evaluation of root traits for improved canola growth, yield and stress tolerance, and enhanced pest management using beneficial insects.

Bringing Science to Sustainability

In 2014 the Canola Council played a leadership role in establishing the Canadian Roundtable for Sustainable Crops, a new forum for discussion and action involving all major grains and oilseeds value chains. Through the Roundtable, we are sharing our industry's successful experiences with international sustainability certification systems, measurement approaches and online calculators – approaches that could be transferred to other crops.

The Canola Council also stepped forward as a strong and constructive voice on issues related to pollinator health in 2014. We are encouraging science-based approaches to regulation while promoting responsible production practices and better understanding of the healthy co-existence between canola and bees. In the past year, public

and industry questions were addressed through videos, fact sheets, web content and the Agriculture and Pollinator Symposium in Saskatoon. Through several Canadian and North American initiatives, we are continuing to work in partnership with the honey industry, government and other concerned groups.

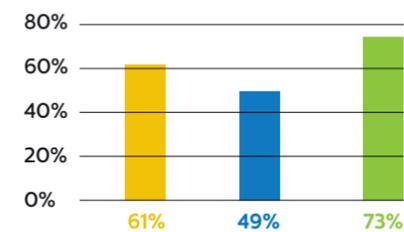
Responding to the Clubroot Challenge

The discovery of a new clubroot pathotype near Edmonton during the 2014 growing season was a reminder that careful management in the field is just as important as the development of clubroot-resistant varieties. Canola Council agronomists continued to encourage vigilant scouting, equipment sanitation and appropriate rotations. A special survey focused on the Edmonton hot zone helped growers gauge the level of risk in their areas.

The Council is also engaging with life science companies, public researchers and extension agronomists to ensure ongoing development of resistant varieties and best management practices.

IMPROVEMENT IN CANOLA SUSTAINABILITY INDICATORS 1990-2010

Source: BASF AgBalance study



■ Economy ■ Society ■ Environment

A study of the Canadian canola sector showed substantial improvements in its economic, societal and environmental impact over a 20-year period.



Six new videos were produced in 2014 on pollinator health, pre- and post-swath disease scouting, and blackleg disease and resistance management.



Canola Watch, our key electronic link to growers, earned a gold award from the Canadian Farm Writers Federation in 2014.

INNOVATION IN ACTION

Through more than 700 meetings, the agronomy team shared information and advice with nearly 42,000 people working in the industry.

INNOVATING TO DIFFERENTIATE VALUE

Innovation created a distinctly different oilseed when canola was created four decades ago – and innovation continues to define canola as a high-value product today.

Research Reinforcing Unique Advantages

One of the most important ways we drive the demand for canola is by investing in scientific research that demonstrates its value over other sources of oil and meal.

Big research news in 2014 included a new Canola Council study showing a low glycemic-load diet with canola oil helps improve both cholesterol and blood glucose control in Type 2 diabetes patients. This discovery provided powerful, attention-getting content for media stories reaching our key influencers.

New research also helped drive canola meal sales by continuing to demonstrate that it can be incorporated into livestock diets at much higher levels than previously thought, and with additional benefits. Studies funded by the Canola Council showed:

- **A dairy cow diet rich in canola meal produces not just more milk but also milk with a higher protein content.**
- **DDGS can be entirely replaced by canola meal in dairy rations with great results.**
- **Weaned pigs can be fed a diet of up to 25% canola meal while maintaining high performance.**
- **Canola meal is a great alternative to soy for production of basa, a popular fish farmed in Vietnam and Thailand.**

Armed with this new data, we are encouraging livestock nutrition experts and feed companies to update the canola meal nutrient profile in their feed formulation software.

INNOVATION IN ACTION

Through Growing Forward 2, \$19 million of government and industry funding is being channelled into market access and development activities from 2013 to 2018.

Data-Driven Marketing Strategies

In 2014 we began to take a more segmented and strategic approach to continue building key markets and expand into second wave markets to diversify our export opportunities. Through consumer research, we are gaining new insights into the dynamics and perceptions of key market segments in India, South Korea and Mexico. Work is also underway to help us better understand meal marketing opportunities beyond the California dairy market. Here in Canada, we are joining forces with the provincial grower groups to conduct consumer research in Ontario, where there is room to increase market share.

Healthy Food + Great Flavour

In 2014 our recipe collection campaigns continued to reinforce canola's greatest marketing asset: a healthy oil with great culinary qualities. Our public information source, CanolaInfo, continued to strengthen our brand by embarking on joint promotions with respected public health organizations and by promoting new recipe collections.

Managing our Global Reputation

Canada supplies up to 70% of all canola traded worldwide. That means the Canadian canola industry carries most of the responsibility for safeguarding canola's reputation. One of our challenges is the persistence of misinformation about biotechnology and the difference between canola and rapeseed.

In 2014 we tackled these issues through CanolaInfo, our public information source. CanolaInfo's *What is canola?* campaign targeted U.S. consumers and health care professionals through print, radio and online media, plus advertorials in the magazine of the Academy of Nutrition and Dietetics. We also worked with the Market Access Secretariat to reach policymakers in our key overseas markets.

Building Consumer Loyalty in China

Despite huge imports of canola seed by China, our product is sometimes confused with rapeseed. In 2014 we helped clear up this confusion and build awareness by launching a new media campaign featuring a Mandarin-language version of CanolaInfo.org, with endorsements by a Chinese nutrition expert and a local celebrity chef. Because the market is so huge, we are taking an incremental approach to brand marketing, zeroing in first on the influential cities of Beijing and Shanghai.

Saying 'Hola' to the Hispanic Market

Our 2014 promotion to U.S. Hispanics builds on the essential elements of our strategic marketing approach: market segmentation, credible spokespeople and a focus on canola's health benefits and great culinary quality.

Media outreach included television and radio interviews as well as online articles with a well-known, Spanish-speaking dietitian, educator and author as our trusted spokesperson.

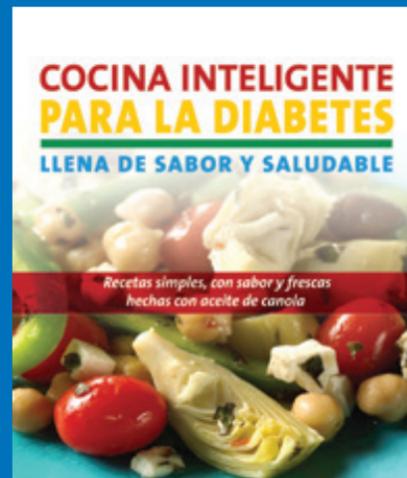
Because this market segment is at higher risk of diabetes, a new Spanish recipe booklet was produced in partnership with the American Diabetes Association. We also presented a webinar that attracted more than 480 registered dietitians who counsel Hispanic/Latino clients and people at risk of diabetes. The webinar highlighted the results of our new Type 2 diabetes study.

Our promotion to Hispanic Americans in 2014 featured dietitian Manuel Villacorta and a new Spanish-language recipe book.



INNOVATION IN ACTION

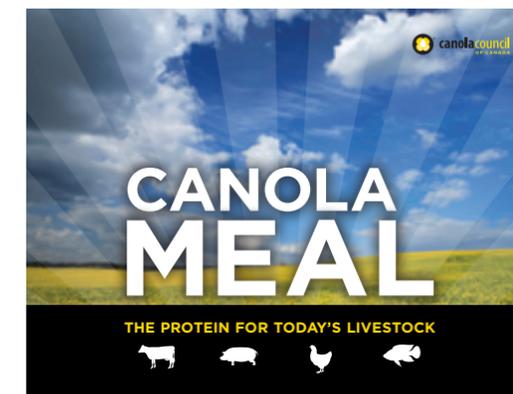
More than 1.6 billion media impressions were generated worldwide in 2014 by media tours, earned media, digital ads and news releases promoting canola oil's health and culinary benefits.



New recipe collections launched in 2014 included The Spice Route: A Journey of Global Flavours, Fuel Up for Fitness, launched during the 2014 Winter Olympics, and 12 Days of Delicious, highlighting canola oil's versatility for holiday desserts.



CANOLAMAZING.com



A multi-species brochure was created highlighting the use and benefits of feeding canola meal to cows, pigs, chickens and fish. Spanish and Mandarin versions will be used to help promote canola meal in markets beyond the U.S.

INNOVATION IN ACTION

264,000 print media impressions were generated by North American coverage of canola meal's advantages for livestock feed in 2014.

TAKING ACTION TO BUILD STABLE, OPEN TRADE

As the pace of innovation accelerates, trading nations are challenged to keep pace. We work with our government partners in pursuit of sound, science-based policies that benefit our value chain and our export customers.

INNOVATION IN ACTION

Exports of Canadian canola seed, oil and meal could increase by \$180 million annually because of major trade agreements signed or negotiated in 2014.

Input into Trade Agreements

Thirteen trade negotiations affecting our industry were under discussion in 2014. Each offered potential to improve market access for canola.

After nine years of negotiation, the Canada-Korea Free Trade Agreement (CKFTA) was signed and ratified, eliminating South Korea's 5% tariff on canola seed and putting us on equal footing with other oilseeds. We also welcomed the formal end of negotiations for the Canada-EU Comprehensive Economic and Trade Agreement (CETA), which will eliminate oil tariffs and improve cooperation so that biotechnology regulations do not serve as trade barriers.

As Trans-Pacific Partnership negotiations continued, the Canola Council worked with international grain allies to promote inclusion of biotechnology provisions in the agreement. The Canola Council also reached out to Japanese processors, our longest-standing buyers of canola seed, to discuss the benefits and implications of more open trade.

Clearing Regulatory Pathways

A new challenge in 2014 was helping Canadian canola processing facilities meet the requirements of China's food and feed safety regulators. The Canola Council worked with the Canadian Oilseed Processors Association (COPA) and the Canadian Food Inspection Agency to organize inspections of Canadian processing plants here at home, while also travelling to China to participate in technical meetings with regulators on blackleg research, export protocols and maximum residue limits for pesticides. Building on significant research undertaken since 2009, the Council has been able to emphasize the full spectrum of blackleg risk mitigation carried out by the value chain, from development of blackleg resistant varieties to on-farm disease management practices to disease destruction in processing.

Encouraging Sound Regulation

In both Canada and the U.S., the Canola Council worked with COPA on the sizeable task of providing input into major reviews of food and feed safety regulations that were underway in 2014. We analyzed the impact of every potential change affecting our value chain, always encouraging policy makers to adopt rules that are consistent, effective, science-based and aligned with major trading partners.

In international markets, Canada is a leader in promoting more science-based regulatory approaches among trading nations, and the Canola Council continues to provide strong support. We work with the Canadian government's Market Access Secretariat to encourage import standards based on sound science for pesticide residue limits and the low-level presence (LLP) of approved biotech traits.

Meeting High Standards

Our annual *Keep it Clean* advertising campaign to canola growers and agri-retailers continues to protect Canadian canola's international reputation for reliability and quality. The campaign gained traction in 2014 with a 165% increase in hits to the online calculator for spray to swath intervals, helping growers minimize pesticide residues.

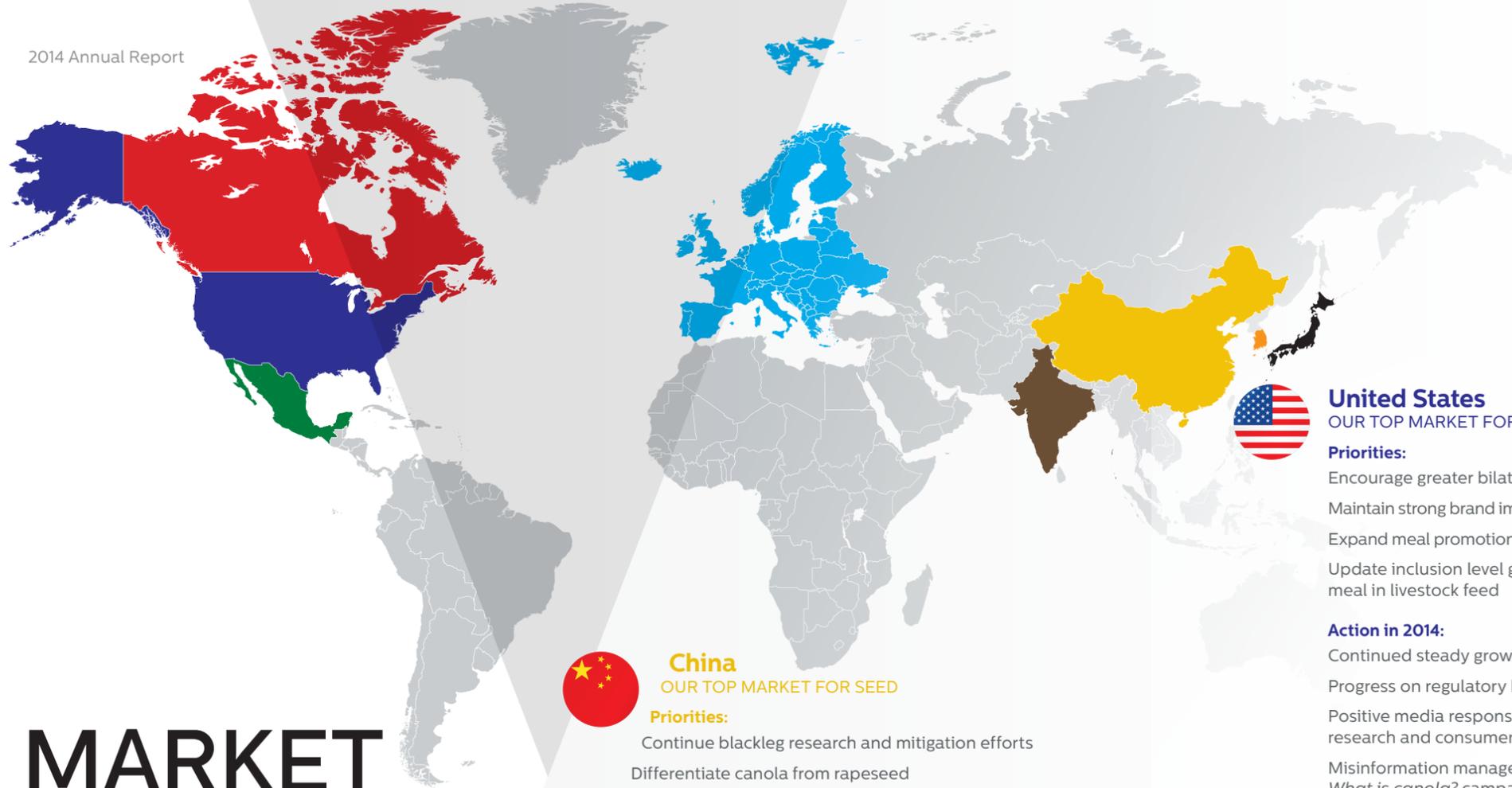
Progress on Biotech

In 2014 we co-chaired the oilseeds and biotechnology working group of the Canada-Mexico partnership as part of our continuing efforts to encourage science-based policies internationally. We also saw encouraging signs that understanding of biotech is growing:

- In India, biotech safety was strongly endorsed by the national newspaper, *The Times of India*.
- In China, the national government began providing media with good scientific information about the safety of GM foods to encourage factual coverage.
- In the U.S., one of the credible voices standing up for plant biotechnology was Dr. David L. Katz, founding director of Yale University's Prevention Research Centre.

INNOVATION IN ACTION

Seven market access missions were made to China, Japan, Mexico and Korea in 2014.



MARKET PROGRESS

For the latest export statistics, visit www.canolacouncil.org



China OUR TOP MARKET FOR SEED

Priorities:

- Continue blackleg research and mitigation efforts
- Differentiate canola from rapeseed
- Clear regulatory pathways for meal and oil exports

Action in 2014:

- Mandarin-language consumer website and media campaign launched
- Coverage of canola oil's fatty acid ratio by more than 100 media outlets
- First processing plant in a rapeseed growing area granted pilot access to Canadian canola seed
- First Canadian canola meal exporter approved under China's new registration process
- Policy and regulatory expertise secured in market



Canada CANOLA OIL REIGNS IN THE WEST, ROOM FOR GROWTH IN THE EAST

Priorities:

- Increase market penetration in Eastern Canada
- Maintain strong brand image and heart-healthy reputation
- Update inclusion level guidelines for canola meal in livestock feed
- Maintain competitive environment for production and processing

Action in 2014:

- Consumer research initiated in Ontario
- Positive media response to Type 2 diabetes research
- Strong partnerships with Heart and Stroke Foundation and Canadian Diabetes Association
- Extensive input into food and feed regulations
- Influencing livestock nutritionists at the Western Nutrition Conference



United States OUR TOP MARKET FOR OIL AND MEAL

Priorities:

- Encourage greater bilateral regulatory cooperation
- Maintain strong brand image and heart-healthy reputation
- Expand meal promotion beyond California dairy market
- Update inclusion level guidelines for canola meal in livestock feed

Action in 2014:

- Continued steady growth in meal market
- Progress on regulatory harmonization
- Positive media response to Type 2 diabetes research and consumer campaigns
- Misinformation managed through *What is canola?* campaign
- Targeted new market segments such as Hispanic consumers



Mexico THIRD LARGEST IMPORTER OF SEED

Priorities:

- Continue to increase consumer awareness

Action in 2014:

- New consumer research completed
- Health virtues highlighted through joint promotion with Mexican Diabetes Federation
- Consumer awareness increased to 40%, up from 9% in 2012
- High conversion rate from awareness to usage



South Korea PROMISING NEW MARKET FOR CANOLA OIL

Priorities:

- Understand consumer preferences
- Engage with in-country influencers
- Increase canola awareness

Action in 2014:

- Canada-Korea Free Trade Agreement ratified, creating potential for \$90 million in additional market access
- Consumer research initiated



Europe PRIME MARKET FOR BIOFUEL

Priorities:

- Continue to position canola oil as the biodiesel feedstock of choice
- Encourage timely approval of biotech traits

Action in 2014:

- Signing of Canada-EU trade agreement will eliminate oil tariffs and encourage timely approvals



Japan SECOND LARGEST IMPORTER OF SEED

Priorities:

- Maintain strong relations with Japanese processors
- Meet stringent import standards
- Pursue new potential for oil and meal sales

Action in 2014:

- Trans-Pacific Partnership negotiations neared completion
- Bi-annual trade visits continued for 38th year
- Processor trade mission



India NEW MARKET FOR CANOLA OIL

Priorities:

- Begin building the canola oil brand among key journalists, dietitians and influencers

Action in 2014:

- Consumer awareness doubled since 2012
- Positive discussions toward a long-term labelling strategy for oil
- Prominent media coverage of oil health benefits

Innovative.
Sustainable.
Resilient.

Creating
superior
value for
a healthier
world.



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