

# Building sustainability through cooperative strength

2022 CHS Sustainability Report



CHS®

# Building sustainability through cooperative strength



Caring for people and the environment will always be at the heart of the agricultural cooperative system. That is why CHS takes an outcome-based approach to sustainability with a long-term focus on people, community, economic viability and environmental success.



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# Growing together toward a sustainable future



CHS is committed to supporting owners, customers and the communities we serve, protecting the land we rely on and preserving our resources for generations to come. As a company with deep roots in agriculture, we recognize the importance of being good stewards of land, air and water — all critical to the success of our owners and our business, now and in the future. We recognize the health of our resources is vital to the future of agriculture and the global food system. Diversified in agronomy, grains, foods and energy, we strive to make our world better every day and with every opportunity.

CHS is integrating sustainability into our core businesses and creating opportunities for owners. In 2022, we added dedicated leaders and support resources and formalized our sustainability business function. We also focused on developing the internal governance and processes needed to execute long-term success related to environmental and social factors. Equally important, we are strengthening

our role in the cooperative system, which is critical to building a more sustainable and adaptable global food network. These actions will help us reduce our impact on the planet, create new market opportunities and continue to build a better future for the farmers and ranchers of today and tomorrow.

The CHS Board of Directors and CHS leaders share a common goal of feeding the world sustainably through business practices that protect and preserve our finite resources. We are proud to share our progress with you in this report and look forward to continuing the conversation as we identify and address opportunities to create a sustainable future.

**Jay Debertin**  
President and Chief Executive Officer

# Continuing our sustainability journey



CHS has a foundational commitment to communities and the environment. We are dedicated to protecting the land we rely on and remain resolute in our quest to help secure the global food supply in these times of unprecedented demand and volatility.

Our journey is well underway and the building blocks to long-term, sustainable success have been built. As we take the next step, it is essential for CHS to clearly define sustainability for ourselves and our stakeholders, building the processes and teams needed to ensure enduring success.

In fiscal year 2022, we established an executive sustainability and innovation council, with enterprise oversight for sustainability by the CHS Board of Directors and support from the Board's Corporate Risk and Audit committees. We also conducted the company's first materiality assessment, formalizing the process of engaging stakeholders, including owners, to help devise and guide our path forward.

Sustainability is not new to CHS. One example of this can be seen in the remarkable water treatment partnership between our refinery at McPherson, Kan., and the city of McPherson. Several years ago, we developed a way to use treated city wastewater to help run our refining operations, rather than pulling groundwater from the Equus Beds Aquifer, which supplies fresh water to thousands of residents in McPherson, Wichita and other cities in south-central Kansas. The result is reduced demand on the aquifer by a million gallons of water per day to help it maintain a more sustainable level.

As we formalize our sustainability function, we will continue to develop our efforts in ESG (environmental, social and governance) programs by appointing a dedicated climate director and expanding the innovation team, as technology advancements will play a key role in our long-term success.

No matter where you are in your sustainability journey, know that CHS intends to not only act on our company's sustainability opportunities, but also find



ways to support our owners in their sustainability journeys. I am committed to listening to internal and external stakeholders and being thoughtful as we build the sustainability and innovation function at CHS. And I am dedicated to working closely with all our owners as we embark on this journey together, bringing ESG clarity and excellence to the cooperative system.

A handwritten signature in black ink that reads "Megan".

**Megan Rock**

Vice president, sustainability and innovation, and chief sustainability officer



## ESG explained

ESG indicates environmental, social and governance factors that constitute how a company addresses sustainability.

# To our owners: About this report



Over the past two decades, you have heard “sustainability” used in a variety of contexts. The word has evolved significantly from environmental consciousness to where we are today: a holistic approach to management that includes efficiency, profitability, risk management, social impacts and long-term success.

More than simply environmental conservation, sustainability now means doing more with less, increasing yields and profits, protecting human resources, providing community support and fostering inclusion and diversity. Each aspect of sustainability promotes long-term success for you, our owners, and for CHS, so we cannot only survive, but thrive, for the next generation of farmers, ranchers and agricultural leaders.

Over the past six months, the CHS sustainability team conducted an assessment of perceptions and needs related to sustainability. You’ll learn more about the details regarding the assessment process and outcomes, but here’s the one message we heard most loudly: Help define sustainability.

This report will answer the primary questions we received during our assessment: What is sustainability and ESG? What does sustainability mean to CHS? What is CHS doing about sustainability and what have we already accomplished?

We also learned that everyone’s relationship with sustainability is personal. Whether you’re a 20-year

professional, a fifth-generation farmer or rancher or just beginning to learn about sustainability, the journey is different for each individual.

This report was developed with our owners in mind. You’ll see notes throughout the report that define terms and are meant to help our owners progress through their own sustainability journeys. In many cases, “sustainability” and “ESG” are used interchangeably, reflecting our broad definition of sustainability and its impact on all aspects of our company and our status as a cooperative.

As CHS moves toward industry-accepted ESG reporting standards, you will also notice information that demonstrates our first step toward alignment with the widely used standards. Alongside updates on CHS operations and our supply chain, you’ll notice information on CHS policies such as ethics and compliance, plus updates on diversity and industry engagement. The overall approach is a broader look at sustainability and ESG as the next step in our journey.

The CHS team is proud to present our second annual sustainability report, which provides highlights of our sustainability efforts across the CHS global footprint and the entire enterprise in fiscal year 2022. We hope you’ll give us your feedback and your ideas at [sustainability@chsinc.com](mailto:sustainability@chsinc.com). Let’s continue the journey together as we connect, grow and thrive.

## Talking about sustainability

Sustainability is not new, although the terminology has changed over the past 20 years. The underlying concepts are the same: improving efficiency, leveraging innovation, increasing yields, improving soil health and growing more with less. As an industry, we are perfectly positioned to tell the story of sustainable agriculture. ESG is a term that encompasses environmental, social and governance initiatives. Investing and finance communities have used this terminology for some time.

# Who we are



CHS Inc. is a leading global agribusiness owned by farmers, ranchers and cooperatives across the United States. Diversified in energy, agronomy, grains and foods, CHS is committed to creating connections to empower agriculture, helping its farmer-owners, customers and other stakeholders grow their businesses through its domestic and global operations. CHS supplies energy, seed, crop nutrients, crop protection products, grain marketing services, production and agricultural services, animal nutrition products, foods and food ingredients, and risk management services. The company operates petroleum refineries and pipelines and manufactures, markets and distributes Cenex® brand refined fuels, lubricants, propane and renewable energy products.

We operate in 43 states in the U.S. and reach customers around the world, marketing grain in 65 countries. Our preferred stock trades on the NASDAQ exchange under CHSCP, CHSCO, CHSCN, CHSCM and CHSCL.

Our history began in the late 1920s, when farmers in the Pacific Northwest formed a grain cooperative and farmers in the Midwest formed grain and energy supply cooperatives. Since then, we've experienced a number of mergers, including a pivotal one in 1998, which created CHS by merging Harvest States, a grain, processing and food company, and Cenex, an energy and agricultural inputs company. By joining these two complementary cooperatives, we added value and opportunity in business and growth for our owners and customers. Through all this growth and change, one thing remains constant: our commitment to agricultural producers and rural America.

## Cooperative strength and governance

CHS owners include:

- About 900 local cooperatives who represent an estimated 450,000 producers
- Nearly 75,000 individual farmers and ranchers who buy crop inputs and energy from us or sell us grain

About 20,000 preferred stock holders are nonmember owners of CHS. While CHS is not a traditional investor-owned company, we have fixed-rate preferred stock that is available to the public on the NASDAQ stock exchange.

The CHS Board of Directors consists of 17 farmers and ranchers representing eight regions throughout the U.S., who are elected by CHS owners from their region. Once elected, CHS Board members commit to represent the interests of all CHS member-owners. The directors own, manage and direct complex business operations, including farms and ranches, trucking firms and distribution companies. Each region has between one and four directors, depending on the amount of voting equity and amount of business done with CHS in that region. The CHS Board regularly revisits board representation to ensure fair and equitable representation by region.



*“Generations of farmers and ranchers have cared for our land and water resources to sustain the agricultural system. As a farmer and a CHS Board member, I value using sustainable practices to support global food security and to ensure that future generations of producers will continue to thrive.”*

*Steve Fritel  
Chair, CHS Board of Directors  
Corporate Risk Committee*

# Our purpose and values



## Creating connections to empower agriculture

### Integrity

We set high standards and hold ourselves accountable.

### Inclusion

We believe excellence and growth stem from diverse thinking.

### Safety

We put the well-being of our people, customers and communities first every day.

### Cooperative spirit

We work together for shared success and to strengthen our communities.



*“Sustainability has always been practiced at CHS. Our values and culture align perfectly with a long-term vision of caring for the land, our people, our owners and customers, and the communities where they live and work.”*

*Dan Schurr  
Chair, CHS Board of Directors*

# Facts at a glance



CHS is the largest farmer-owned cooperative in the U.S.



**10,000+ employees**  
around the world



**\$1.7 billion net income**  
**in fiscal 2022**  
ending Aug. 31, 2022



CHS owners  
**900 cooperatives**  
**75,000 producers**  
**20,000 preferred stockholders**



**\$47.8 billion revenues**  
**in fiscal 2022**  
ending Aug. 31, 2022



**450+ communities**  
**in 16 states**  
served by CHS country  
operations retail businesses



**\$3.1 billion returned**  
to owners in the past 10 years

## Core business annual production



### Agronomy

**9 million tons** of fertilizer shipped

**Investments in production and distribution** (CF Nitrogen, deep-water port, river, rail and truck facilities)

Proprietary crop protection and crop nutrition products, including **soy-based adjuvants** and **enhanced efficiency fertilizers**



### Global grain and processing

**2 billion bushels** of grain sold in **65 countries**

**7,000 tons** of soybean meal from more than **300,000 bushels** of soybeans processed daily

**300,000 tons** of canola meal from more than **450,000 tons** of seed annually

Refine **2 billion pounds** of soybean and canola oil

Two plants produce **360,000 gallons** of ethanol and **1,200 tons** of DDGS per day from **260,000 bushels** of corn



### Energy

**2 refineries**

**3.2 billion gallons** of fuel

**2,000 miles** of pipelines

**35 million transportation miles**

**Genex® brand** more than **1,450** retail locations

**3 billion gallons** of refined fuel products

**27 million gallons** of lubricants



## CHS joint ventures

Ardent Mills, LLC, was formed in May 2014 as a joint venture between Conagra Brands, Cargill and CHS. The largest wheat miller in North America, Ardent Mills includes 40 mills, three baking mix facilities, a specialty bakery and the Ardent Mills Innovation Center at the company's headquarters in Denver, Colo. While traditional flour is the largest portion of its product portfolio, Ardent Mills has a growing emerging nutrition business that includes gluten-free and ancient grains like quinoa and chickpeas. The company operates in the U.S., Canada and Puerto Rico. Darin Hunhoff, CHS executive vice president, energy, holds a seat on the Ardent Mills board of directors.



Ventura Foods, LLC, a joint venture between CHS and Mitsui Group, serves foodservice and retail customers in more than 60 countries as a leader in oils, dressings, sauces, mayonnaises and margarines. Established in 1996, Ventura Foods is based in Brea, Calif. CHS President and CEO Jay Debertin is chair of the Ventura Foods board of directors. David Black, CHS senior vice president for transformation and chief information officer, and Jim Zappa, senior vice president and deputy general counsel, serve on the board.



## Engagement

We are committed to engaging with and serving our owners, customers and employees.

Our annual meeting is an opportunity for owners to attend educational sessions and participate in the governance of CHS. Throughout the year, in-person and virtual events provide company updates and information to help owners and customers make business decisions.

Our employees participate in frequent employee town halls — either in person or virtually — make connections and gain information through our intranet site and learn alongside owners and customers at meetings and forums throughout the year.



## Industry involvement

CHS employees are encouraged to be active in industry and community organizations, providing their expertise and supporting ag and energy industry initiatives. Their leadership helps further efforts in organizations, including The Fertilizer Institute, the Propane Education & Research Council, Agricultural Retailers Association, Grain Elevator and Processing Society, National Grain and Feed Association, Agriculture Future of America and many others.

# Sustainability materiality assessment



The essential first step in our formalized sustainability journey was to conduct a materiality assessment. The assessment process identifies the topics that are most relevant to internal and external stakeholders. CHS completed its materiality assessment near the end of fiscal year 2022.

Throughout the materiality assessment process, we engaged with internal and external stakeholders to solicit direct input on topics related to ESG. The process helped us better understand industry trends and expectations and gave us a clearer picture of where CHS is in our own sustainability journey. What we learned from the assessment is informing development of our sustainability strategies and focus areas.

Undertaking the materiality assessment demonstrates the commitment by CHS to thoughtfully integrate sustainability into every part of our business, while being mindful of what is most important to CHS owners, employees and other stakeholders. CHS is committed to environmental consciousness, positive social impact and long-term economic viability.

## Methodology: A layered approach

Our aim was to learn how stakeholders think about sustainability, gather their thoughts on the role CHS should play in sustainability and identify challenges to creating opportunities around sustainability. We used the following methodology:

- We solicited direct input on sustainability from employees through an online survey, group listening sessions and one-on-one discussions. The survey was sent to all business units and all employees were encouraged to provide feedback. Listening sessions and one-on-one discussions included representatives from all business units and levels of experience. Participants held varying degrees of knowledge and previous exposure to ESG and sustainability concepts.
- With the same objectives in mind, we engaged with more than two dozen industry leaders and business partners through one-on-one interviews.
- The same questions were used in internal and external listening sessions and one-on-one interviews.

### Stakeholder engagement

- Farmer-and rancher-owners
- Member cooperative leaders
- CHS employees
- CHS leaders
- CHS Board of Directors
- Financial partners
- Ag and energy industry leaders and subject matter experts
- Trade association representatives
- Food company leaders
- CSO of a major brand
- Agriculture student-focused organization leaders
- Agriculture students

*“We have to work on this. We all need to be more inclusive and we want to leave our environment in better condition.”*

*CHS farmer-owner*

# Turning input into action

Through the assessment process, we heard a variety of sentiments and a broad range of understanding about sustainability. By analyzing the input provided, we identified common themes and have a better grasp of the differences between internal and external stakeholder perceptions.

The assessment helped clarify what is most important to CHS regarding sustainability and has pointed out areas we should prioritize for focus. We will continue using the findings to develop our long-term sustainability strategy.

## What we heard:

Participants wanted to know what sustainability means to CHS. Sustainability has many names and efforts to define it universally can seem elusive.

## What we'll do:

The content in this report is a direct result of that feedback. Starting with this document, CHS will communicate with and educate owners and customers on key aspects of sustainability. Throughout the report, environmental and social topics are defined, as well as how CHS will govern sustainability.

## What we heard:

Sustainability presents an opportunity for CHS and for our owners.

## What we'll do:

As we more clearly define our sustainability strategy, CHS is committed to unearthing and building opportunities. CHS will use its voice to join conversations and build partnerships within the industry and within the cooperative system.

## What we heard:

Sustainability must make economic sense.

## What we'll do:

CHS is committed to a voluntary, outcome-based approach to sustainability, both within CHS operations and on owners' farms, ranches and cooperatives. While sustainability is a "new" way of doing business, it is rooted in practices that are intuitive to farmers and ranchers — doing more with less, being stewards of the land, giving back to the community and employees, and doing business ethically. While there is a strong business case for CHS to activate additional sustainability initiatives, anything we do must incentivize growers and support operational profitability.

## What we heard:

CHS must be a part of the conversation on sustainability.

## What we'll do:

We are committed to continuing to build our sustainability and innovation function and fully embedding it into our business model. Without total commitment, there is financial and reputational risk related to greenhouse gas emissions and water use and social aspects such as human rights and diversity, equity and inclusion. Building sustainability into the culture of CHS is not only the right thing to do for our business and for our future, it is also necessary so that we can continue to attract prospective talent and remain an employer of choice.

## Thoughtful approach

We started by gathering input from internal and external stakeholders, including farmers, ranchers and member cooperative leaders. What we learned will guide our strategies and programs.

*"Governance is important; it's how stakeholders have a seat at the table...It is crucially important to invest wisely in efficiencies."*

*CHS farmer-owner*

# Environmental factors



Environmental components of ESG include contributions to address climate change through greenhouse gas emissions, waste management and energy efficiency. For agriculture, this includes particular attention to carbon sequestration.

## Sustainable water use

At the CHS refinery in McPherson, Kan., water conservation is integral to everyday operations.

Since investing \$60 million in a water treatment facility in 2015, CHS has helped save 700 gallons of water a minute — 1 million gallons a day — by reusing treated wastewater for refinery operations in partnership with the city of McPherson. This innovative process has helped stabilize the Equus Beds Aquifer, which is recharging as environmental conditions allow.

Two additional water savings projects are planned for the McPherson refinery:

- A pondwater vault will reclaim 300 gallons per minute of the refinery's treated wastewater by treating it, then reusing it in our boiler systems and cooling towers. The \$2 million project is beginning in late calendar year 2022.
- A pH neutralization project will pretreat wastewater at the rate of 100 gallons per minute for reuse in our boiler systems and cooling towers. The \$2.5 million project is planned for calendar year 2023.



## Recycling oil-bearing wastewater treatment material

One aspect of wastewater treatment at the CHS McPherson refinery is recycling oil-bearing secondary materials generated during the treatment process. In the past, handling these secondary materials required removing them from the system, loading them into rented boxes and transporting them to a permitted disposal facility.

Today, oil-bearing material generated through wastewater treatment at the refinery is injected into the refinery's coker as part of the production stream. Recycling this material eliminates about 1,400 tons of waste per year and saves an estimated \$1.6 million per year in disposal fees, transportation costs and labor. The same process is being added to the company's Laurel, Mont., refinery process.

## Enhanced partnership through water

At the CHS soybean processing facility in Mankato, Minn., improving water quality is a top priority. CHS has consistently and dramatically enhanced process water quality released to the city of Mankato over the past decade, earning the city's trust through several award nominations, as well as a five-year water permit. Upgrading to stainless steel water tanks has helped enhance reliability of the system.

## Keeping phosphorus fertilizer in place

Enhanced efficiency fertilizer technology developed and patented by CHS is helping to make phosphorus more available to developing crops. This improves grower return on input investment and helps reduce phosphorus runoff risk to protect water sources. Trivar® fertilizer additive containing patented Levesol® employs three modes of action to improve phosphorus availability for better plant nutrition.

## Climate-smart support

In April 2022, CHS joined other agricultural leaders to publicly support the Field to Market Climate-Smart Innovative Finance Initiative proposal to the USDA Partnerships for Climate-Smart Commodities National Funding Opportunity. We are committed to scaling climate-smart practices and strengthening markets for climate-smart commodities. We welcome the opportunity to explore how innovative financial solutions can support native grain and oilseed farmers in accelerating sustainability and allocating associated climate benefits to customers.



## Battling deforestation

In South America, a regional CHS policy on sustainability is in place that includes efforts to prevent deforestation. CHS Brazil supports entities that work against illegal deforestation and participates in preservation, reforestation and protection actions with Save Cerrado and SOS Mata Atlântica, including developing projects to plant native seedlings.

CHS teams in Brazil participate in several programs to ensure soybeans and other crops sourced there are produced on existing agricultural acres and not on land recently cleared through unlawful deforestation of native vegetation. Some examples:

- Joining audit programs such as the Amazon Soy Moratorium, in which grain traders agree not to purchase soybeans from land cleared after 2008, and Green Grains from Pará, an agreement aimed at accountability for social and environmental aspects of grain production to avoid the sale of products from illegally deforested areas.
- Participating in the Roundtable on Responsible Soy (RTRS) Association, a global coalition of thought leaders with the goal of creating a certification standard for responsible soybean production, and Coalition Group (ABAG). Both promote initiatives against illegal deforestation.
- Using a satellite-enhanced data system to compile data on environmental, social and legal issues related to soybean procurement and identify whether a farmer/partner is subject to embargoes or restrictions resulting from illegal deforestation.
- Joining with nongovernment organizations such as SOS Mata Atlântica and Save Cerrado to preserve and restore native forests, especially in regions where CHS operates (Cerrado and Mata Atlantida biomes).
- Providing native plant seedlings to employees and their families for planting around CHS storage facilities. This outreach helps promote a better quality of life for local citizens and encourages compliance with environmental standards.



CHS received a low-interest “green” loan for its Brazil operations from Bank of America in recognition of sustainable soybean sourcing practices.

## Clean air focus

Consistent attention to reducing greenhouse gas emissions from CHS processing plants is providing long-term improvement. Monitoring carbon dioxide emissions at the company’s soy processing facility in Mankato, Minn., shows a steady reduction in direct emissions.

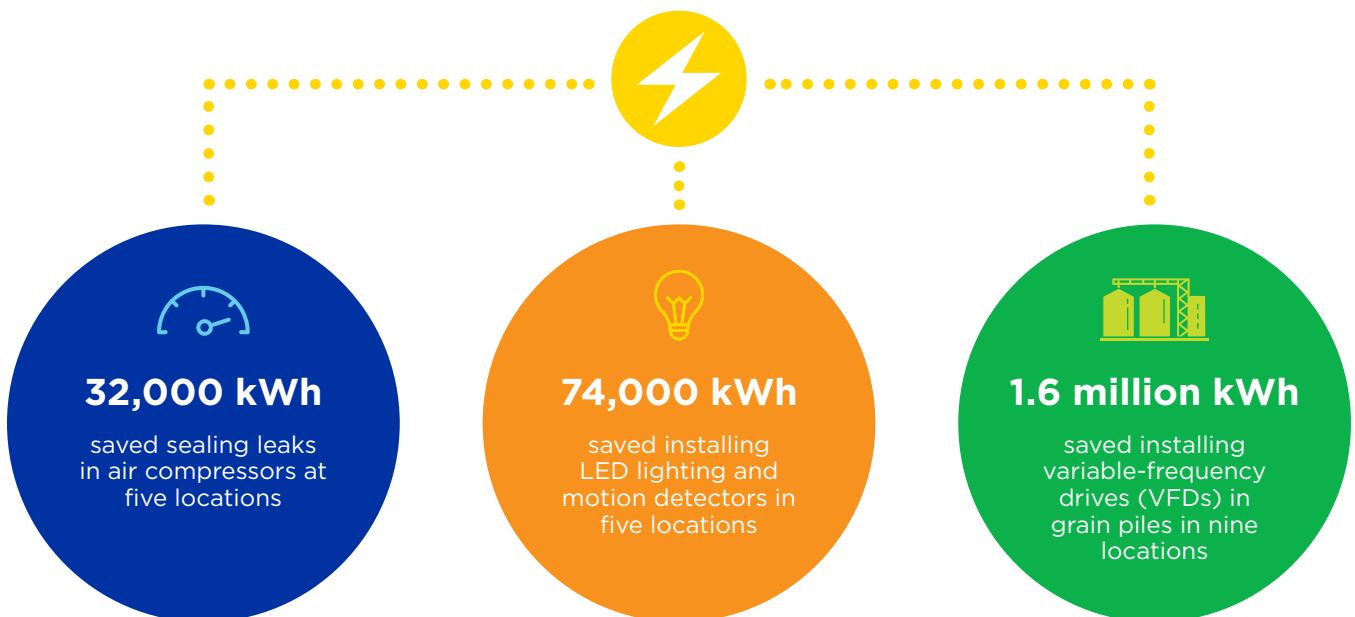
# Carbon 101

The U.S. Environmental Protection Agency (EPA) defines greenhouse gas (GHG) emissions as gases that trap heat in the atmosphere such as carbon dioxide, methane and nitrous oxide. Collectively, they are often referred to as “carbon.” Agricultural operations can play a role in carbon sequestering – capturing and storing carbon in soil – and in reducing GHG emissions through innovative farming practices. Supply chain GHG emissions are categorized as Scope 1, 2 or 3. From the perspective of CHS, Scope 1 emissions are direct emissions from CHS operations. Scope 2 emissions are associated with the energy CHS uses in its operations.

Scope 3 emissions are typically the largest category of emissions for an organization. For CHS, Scope 3 includes all emissions associated with commodities, goods and services upstream and emissions from commodities, goods and services sold by CHS. Upstream examples include emissions generated by growing and harvesting grains and oilseeds and producing fertilizer and crude oil purchased by CHS. Downstream examples include emissions generated by customers further processing grains and oilseeds and using fertilizers and energy products.

## Energy savings through incremental change

Paying attention to small opportunities can add up to big reductions in energy use. A number of projects are decreasing CHS energy use. A few examples:



Note: According to the U.S. Energy Information Administration, in 2021, the average U.S. household used about 886 kWh per month.

# Social factors

Social components of ESG include human rights, labor standards throughout the supply chain and adherence to workplace health and safety. Community connections are another key factor.

## Training emergency responders

CHS expertise helps prepare local first responders to handle emergencies related to agricultural operations and supports community safety around our facilities. Examples:

- An emergency response drill for Stark County (N.D.) responders provided training on reacting to hazardous chemical spills, ammonia release and fires.
- A farm rescue training session in northwestern Minnesota for fire fighters, emergency medical teams and hospital staff demonstrated the hazards of grain engulfment and rescue techniques with specialized equipment.
- The CHS refinery in McPherson, Kan., built a state-of-the-art fire training facility where 20 volunteer employees complete weekly safety drills, including rope rescue, live fire and medical response training. Since opening in 2018, the facility has brought much-needed specialized training to the area, not only for the refinery, but for the McPherson City Fire Department and other safety organizations in the state.

## Supporting diversity and inclusion

Inclusion is a CHS core value. We believe excellence and growth stem from diverse thinking and that CHS should be a leader in building work environments grounded in inclusion.

We work to foster an inclusive culture where everyone is welcomed, respected and empowered to succeed, knowing it will provide value not just for our employees, but also for our owners and customers.

Achieving a culture of inclusion and diversity is a journey. As we seek to grow our culture, we're balancing immediate actions with ongoing education and long-term change.



*“As a leader in agriculture, CHS is committed to helping our farmer-owners succeed in their journey to become more sustainable. Stewardship, community giving and inclusion are at the foundation of CHS and we will continue to foster an environment that supports them.”*

*C.J. Blew  
CHS Board of Directors*





## Leadership

We are equipping and empowering people leaders to lead inclusively with clarity and accountability.

- All CHS people leaders and human resources professionals — nearly 20% of the workforce — received inclusion and diversity training in fiscal year 2022. Remaining employees will have access to diversity and inclusion information in fiscal year 2023.
- Unconscious bias training was added to our Leading for Results training curriculum.

## Talent

We are investing in an employee experience that embeds inclusion, diversity, equity and accessibility as foundational to attract, develop and retain top talent.

- We have benchmarked and are tracking the diversity of the CHS workforce. Today, 23% of our global workforce are women and 8% of our U.S. workforce are people of color.
- In fiscal year 2022, we implemented a companywide career framework to ensure objective job classifications and hiring and promotion decisions for all employees.
- To ensure current and potential employees have access to open positions, we use a sponsored job platform that partners with more than 10,000 job boards to ensure talented people are aware of opportunities at CHS across all locations. This recruiting system allows focus on diverse populations, including military/veterans, those with disabilities, those connected to state workforce centers and a range of racial and ethnic groups.



## Culture

We champion authenticity so all employees feel a collective sense of belonging and responsibility.

- CHS employees can participate in voluntary, employee-led resource groups (ERGs) made up of individuals who join together as allies and advocates based on common interests, backgrounds or demographics. A new group, CultivateHer, was added in 2022 to focus on developing women in business roles. Other groups include Harvest Pride, supporting the LGBTQ+ community; Mozaiko, supporting culture and ethnic diversity; a veterans ERG to support active military personnel and veterans, and WiL, encouraging women in leadership.

## Inclusion and diversity drive performance

**Diverse teams that act inclusively make better decisions:**



**87% of the time**



**2X faster**

Source: Cloverpop

### People at the center

At CHS, our people are at the heart of everything we do. Through inclusive, diverse teams, we will deliver opportunities for collaboration and growth.

#### Inclusion

Creating an environment where everyone feels welcomed, respected and empowered to succeed

#### Diversity

Difference within a group or structure based on identities and life experiences

#### Equity

Acknowledging barriers and ensuring all are removed so everyone can grow, contribute, and develop

#### Accessibility

Unhindered access to information, experiences, environments and systems for people of all abilities and life experiences

## Measuring success

### In employee surveys



#### 6% improvement

employees feel like they can be themselves at work

2021 vs. 2019 results



#### 6% improvement

inclusion and diversity index score

2022 vs. 2019 results



## Spirit of Service Days

Through the first-ever CHS Spirit of Service Days, 600 employee volunteers donated more than 1,200 hours in service to more than 30 communities.

## Supporting future leaders, safety and diversity in agriculture

In 2022, the CHS Foundation celebrated 75 years of giving. Since 1947, the foundation has contributed nearly \$84 million to develop ag leaders. In fiscal 2022, the CHS Foundation and CHS community giving program contributed a combined \$6 million to support ag safety, develop future ag leaders and build strong communities.

As part of its 75th anniversary celebration, the CHS Foundation launched a grant program to award \$75,000 to help teachers engage students in experiential agricultural education. The foundation also contributed \$1 million to the National 4-H Council to support 4-H youth as they engage in diversity, equity and inclusion programming.



## Supporting communities

The CHS Seeds for Stewardship matching grants program matches contributions of up to \$10,000 by member cooperatives to support local projects. In fiscal 2022, CHS Community Giving matched member co-op contributions to invest a combined \$720,000 in more than 170 communities.

CHS Community Giving also empowered CHS employees to positively impact the rural communities where they live and work by launching new employee giving and volunteerism programs. During the 2022 CHS Giving Campaign, CHS and our employees raised more than \$1 million to support 540 nonprofit organizations across the U.S. through employee contributions and a dollar-for-dollar match by CHS.

## 2022 CHS stewardship support



**\$6+ million**  
invested in communities, safety  
and developing future leaders



**5,000 students**  
educated about ag careers



**\$784,000**  
awarded to 23 co-op  
education programs



**86**  
matching community  
grants in 18 states



**\$1.4 million**  
invested in university projects



**\$350,000**  
contributed to support  
rural communities

## Health and safety

Safety is one of our four core values at CHS. The CHS culture of safety includes monitoring perceptions of our employees through surveys and incident reports.

### Driver safety focus

Sustaining safe working environments for CHS employees and promoting health and safety in our communities is important to CHS. Continuous monitoring of safety metrics helps us measure our performance over time, targeting areas for improvement and gauging the value of new processes and equipment that support safety. CHS emphasizes driver safety supported by training, policy and use of technology. In fiscal 2022, the CHS fleet of more than 2,700 vehicles remained in the top 5% of U.S. Department of Transportation (DOT) crash rates.

### Farm safety support

CHS Community Giving provides funding and other support each year for safety camps for kids working with the Progressive Ag Foundation and grain bin safety training for farmers, cooperative employees and community first responders. CHS Seeds for Stewardship grants match funds contributed by member cooperatives to provide grain bin rescue equipment for communities.

## Protecting human rights

The CHS human rights policy applies to all CHS employees and those who represent the company through joint ventures and partnerships. The policy stipulates:

- Compliance with all applicable labor laws prohibiting slavery and human trafficking, and those regarding child labor
- Encouraging respect for human rights in communities in which we operate
- Compliance with relevant and applicable human rights laws, declarations and principles, including minimum wage requirements and maximum hours of daily labor



## Nurse scholar program

Through AgriSafe, CHS supports the Nurse Scholar program, which provides training on health risks and concerns specific to agriculture. With better understanding of the symptoms and effective treatment related to those concerns, nurses serving rural areas can more confidently meet patient needs.

## Health training for rural America

Providing information to help young people care for their health and addressing mental health concerns in rural America are two areas supported by CHS Community Giving. Through AgriSafe, CHS supports the Invest in Your Health program, a wellness initiative for high school and college students, and Total Farmer Health, which trains health care professionals and rural influencers to identify mental health concerns and link individuals to treatment resources.



**1,500 students**  
will receive Invest in Your Health training over three years



**1,300 people**  
will receive Total Farmer Health training over three years

## Well-being resources

For owners and customers, CHS offers an online resource tool with links to national, regional and state health and well-being resources. The tool is designed to help farmers, ranchers and others in the cooperative system find support for recognizing and managing anxiety and stress.

CHS is committed to offering employees a comprehensive, sustainable benefits package that provides access to high-quality health care and other wellness resources. One of those benefits is access to the Employee Assistance Program, which offers confidential counseling on person issues, legal information and resources, and support for work/life needs. And the comprehensive Fit 360 program gives employees incentives and support to live healthier lives by improving their physical, mental and financial health.



## Member education

Providing current market information, sharing new strategies for improving efficiency and offering opportunities to build leadership skills are just some of the ways CHS helps farmer-owners and cooperative leaders build skills and knowledge.

### Annual meeting education sessions

One highly anticipated aspect of each CHS annual meeting is the series of education sessions giving owners a look at market trends, aspects of equity management, cooperative business management topics, resources for owners and more.

### Encouraging new leaders

Encouraging new leaders to step into roles at member cooperatives is key to sustainability of the cooperative system. In conjunction with the CHS annual meeting, cooperatives nominate young leaders to attend the CHS New Leaders Forum, where participants learn about the benefits of cooperative ownership, gain skills in advocacy and communication, interact with members of the CHS Board of Directors and other CHS leaders, and network with other young leaders.

### Leadership conference

The biennial CHS Cooperative Leadership Conference brings together member cooperative directors and managers for team-building, learning and inspiration. Keynote speakers provide new perspectives and offer strategies to help local boards work together more effectively and plan for future success.

## Economic performance and owner return

As a cooperative, CHS supports its owners and rural communities by returning a portion of profits to its owners, which include cooperatives throughout America and farmer-owners.

Over the past 10 years, CHS has returned nearly \$3.1 billion to its owners. Diverse business segments, sound strategic direction and emphasis on adding value in its commodity-based businesses help CHS maintain strong cash flow revenues that allow cash returns to owners.



# Sustainability governance



Governance indicates the principles defining the rights, responsibilities and expectations of stakeholders. As a cooperative, CHS has certain governance norms, including giving owners a voice in cooperative direction and returning a share of our profits to our owners. Relative to ESG, governance refers to the processes, procedures and internal controls needed to effectively manage and integrate the “E” and “S” into a business.

## Leadership support

At CHS, sustainability starts at the top. The CHS Board of Directors, supported by its Corporate Risk and Audit committees, has oversight for sustainability. To support formation of the sustainability and innovation function, CHS hired its first vice president of sustainability and innovation/chief sustainability officer (CSO). The CSO is supported by an innovation and sustainability team, as well as the CHS Enterprise Leadership Team Innovation and Sustainability Council. The council is a cross-functional team tasked with building and executing sustainability and innovation strategies across the enterprise.

## CHS Sustainability and Innovation Charter

At CHS, we take a cross-functional approach to sustainability and innovation that provides lasting value for CHS and our owners, customers, employees and communities. We will ensure sustainability and innovation are a vital part of CHS as the company evolves.

Using a principle-based, proactive and integrated approach to sustainability and innovation, we will connect CHS personnel, owners and customers with the resources, tools and support required to address needs and opportunities, bringing the CHS commitment to sustainability and innovation to life as a high-impact corporate asset.

## Code of conduct

The CHS Code of Conduct is routinely discussed at employee team meetings and each employee is required to take regular training on the code. A no-retaliation policy is in place to encourage employees to bring concerns forward and every concern is addressed promptly and thoroughly.

*“With an eye to the future, CHS leaders are fully committed to integrating sustainability into our core businesses. The CHS Strategic Leadership Team understands the importance of scaling sustainability for future economic success, aligning with the CHS growth framework to create additional value for CHS and its owners.”*

*Olivia Nelligan  
Executive vice president, chief financial officer and chief strategy officer*



## Trade compliance

Ongoing training and vigilance is required to understand and adhere to regulations around global trading. The CHS global trade programs team uses case-study-based training to address typical trade compliance risks and empower employees to help CHS stay competitive in the complex regulated global marketplace with integrity and confidence.

## Transportation and logistics compliance

Consistently performing in the upper echelon of U.S. commercial fleets for safety, CHS transportation and logistics teams are committed to complying with changing federal and state regulations while operating efficiently and safely. In-cab computer systems and paperless documentation help ensure compliance, while keeping drivers focused on safe and timely operation.

## Fraud prevention

CHS uses a fraud risk assessment tool developed by a cross-functional team to promote a consistent framework and streamlined process for engaging CHS businesses in fraud detection and prevention. Better understanding of fraud scenarios, risks to CHS and fraud mitigation helps identify areas for improvement and supports more effective action to avoid costs related to real or attempted fraud.

## Brazil compliance monitoring

CHS Brazil surveys growers who receive financing from the company to ensure they are following prescribed guidelines and to confirm that a large portion of CHS grain purchases are made directly with producers who use SIMFAZ (a Portuguese acronym for Farm Monitoring System) to monitor management of environmental, social and financial risks.

The Brazil team controls all certificates, licenses and permits needed for effective operations and compliance with sustainability and legal requirements. A standardized process identifies licenses and certifications that are about to expire and assists with renewal to help prevent noncompliance.

*“Policy considerations are fundamental to the sustainability conversation. There are many tables at which those conversations are occurring and many voices seeking to be heard. CHS is committed to being at these tables, connecting rural communities and ensuring the voices of producers and cooperatives are heard and included in key conversations.”*

*Jim Zappa  
Senior vice president, legal and government affairs*



# Accelerating innovation to serve the cooperative system

Innovation is the gateway to sustainable agriculture. Innovation is leading the way to monitor, report and calculate carbon and incentivize regenerative agricultural practices. Emerging technologies are giving producers additional opportunities to do more with less and solve persistent challenges seen on farms and ranches.

CHS innovation efforts provide visibility into new ideas and enhance operational business value by addressing company challenges in new ways. In 2022, CHS explored technologies that impact supply chain automation, real-time soil sensing for agronomic recommendations, traceability in row crops and animal nutrition technologies that impact livestock monitoring and sustainable grazing.

As the company looks to the future, CHS remains committed to creating a culture of innovation that maximizes value for our owners.



## Cooperative Ventures

CHS and GROWMARK, Inc., formed Cooperative Ventures in 2021. The corporate venture capital fund is playing a key role in supporting sustainability and innovation in agriculture and the cooperative system. The fund is investing in emerging technologies that will positively impact growers, reinforcing CHS commitment to outcome-based efficiencies rooted in innovative technologies.



## Cooperative Ventures has four fields of play:

- **Crop production:** Crop nutrients, seed technology and genetics, crop protection, biologicals and precision agriculture
- **Last-mile supply chain:** Products and services to enhance supply chain efficiency, specifically the link between retail/distribution and producers
- **Farm business enablement:** Software to help farmers operate their businesses more effectively
- **Sustainability:** Systems and technologies to help farmers, ranchers and cooperatives monitor and reduce their environmental impact

Cooperative Ventures is guided by a board of directors and a fund manager. Leveraging the cooperative strength of CHS and Growmark, the fund is using the size and scale of our collective organizations to drive adoption of systems and technologies that address industry problems. Cooperative Ventures will announce its first startup investment in fiscal 2023.

*“The goal of the Cooperative Ventures fund is to pursue strategic investments that solve industry challenges, improve operational efficiency and lead to long-term solutions for CHS and our owners.”*

*Ben Van Straten  
Director of innovation and sustainability, CHS*





**As we continue on our sustainability journey, we look to our purpose — creating connections to empower agriculture — as our guiding star.**

**Our cooperative spirit will drive our actions as we continue our long-term focus on people, community, economic viability and environmental success. We hope you'll join us on the journey.**



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