

A Year of Support

By Eric Williamson, Board Chair



Greetings! I hope that 2021 has gone well for you and your operations. Last year we noted that 2020 was an exceptional year of change due to COVID-19 and all the disruptions that it brought, but 2021 has proven to be equally challenging with unprecedented high temperatures and roller coaster markets. As

you navigate these opportunities and uncertainties our CHS team is here to support your needs with timely products, advice, and marketing options. It is times like these that make being part of a global network truly valuable.

At CHS, we believe in supporting the communities we live and work in. Your CHS team gave over \$20,000 of support to local youth through 4-H livestock auctions. Our CHS Harvest for Hunger campaign aided many food banks in our local communities with 84,209 pounds of food and \$3,532 raised, with a match of \$8,175 from CHS Inc. Through our Seeds for Stewardship grant program with CHS we supported the Warden Fire Department with a \$10,000 grant for the purchase of a thermal imaging camera.

Even with significant changes in all the markets we deal in we were able to register another profitable year and we will be returning value to our customers through patronage soon. The agronomy division was affected by global supply chain issues for most of the year. Shipping delays and manufacturing problems caused shortages of many products and also increased the market prices of these products. Your CHS agronomy team worked tirelessly to buy ahead and protect prices to benefit all of our operations. These supply issues are even more pronounced today. Please plan ahead and contact your agronomy sales representative to make sure you have what you need for the coming year.

From the time of our last annual update, energy prices have gone from cyclically low to near historic highs. These kinds of markets present a lot of risk to our inventory values. In a rising market there is always the fear of buying in inventory right before a price drop and suffering a market loss. Our energy staff carefully navigated these markets to maintain the best pricing and availability for our customers. They also have many options to lock in pricing for your future needs. Please consider visiting with one of our certified energy specialists about the various options that can help protect your profitability.

Our grain division continued to perform well in an ever-changing marketplace. Wheat bushels were down significantly due to drought issues in our dryland service areas, but corn bushels are expected to be higher than



normal. Our grain division staff is constantly monitoring the markets and is happy to give you an update any time you'd like. They also offer pricing tools and storage options to lock in favorable prices and protect your bottom line from volatile price swings. CHS continues to improve the Kennewick facility to increase throughput and minimize the time required to unload your grain and get your trucks headed back to the field.

Our seed division strives to provide you with the high-quality seed that you need to be successful. Please contact your local agronomy representative to discuss any seed needs you may have. Supply chain concerns are just as much of an issue with seed as they are with so many other products right now. CHS does have local seed production for many of the seed products we sell. However, these arrangements need to be made well ahead of time so it is never too early to start discussing your 2022 needs so we can be sure to have what you need.

Your local board will have some transitions this year. Alan Hadley and Remie DeRuwe are both stepping down from the board this year. Alan is moving out-of-state and Remie has completed his 3-year term. I'd like to thank them for their service on the board and their contributions to the success of CHS Sun Basin Growers. I am also departing from the board this year at the end of my term. It has been a pleasure serving you, our patrons, and working with the talented staff of CHS SunBasin Growers. Three new board members were elected to the producer board this year including Jeff Shawver and Andrew Schaefer from the South Region, and Farrah Wardenaar from the Northwest Region. The producer board supports CHS management by examining and giving input on the strategic business plan, including budget, capital expenditures and major expansion projects.

Those of us on the producer board would like to thank all of you for choosing CHS and hope you have a blessed holiday season and a prosperous year. ■

Grain Prices Remain Strong

By Camron Bishop, Grain Department Manager



As we had anticipated, grain markets have performed very well since harvest.

Drought put a major damper on wheat production throughout many parts of the U.S. growing regions this year.

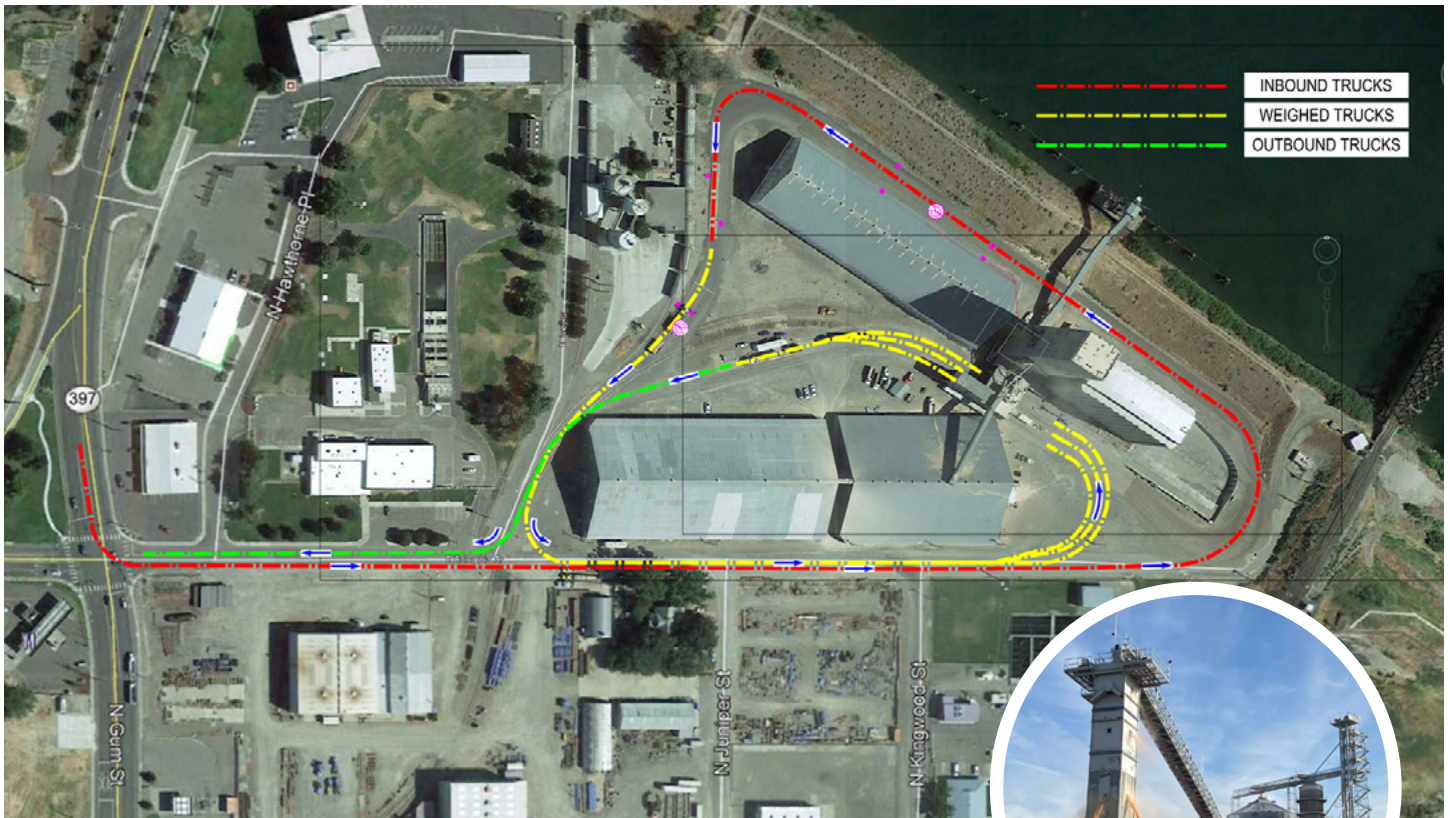
Locally, our SWW crop suffered through one of the worst droughts on record in central and eastern Washington. The lack of moisture caused the protein in SWW to be a lot higher than what some of our export customers prefer, which initiated protein scales like we've

never seen before. Although the discounts are steep, growers are getting quite a bit more per bushel for their crop over the last few years. There is hope that these buyers will relax their requirements in the coming months but that remains to be seen.

On the bright side, rains have started to materialize to get the newly planted crop out of the ground going into winter, giving us a little optimism for next year's crop. The NOAA just released their winter weather predictions, showing a propensity towards higher precipitation and lower temperatures

throughout Washington and across the northern tier of the western U.S.

We look for prices to stay strong going into 2022 with stocks to use on all wheats predicted to drop from over 50% last year to around 30% this year. SWW is the lowest of the carryout predictions at 16% stocks to use, with DNS not far back at 22.5% and HRW at 35.7%. Canada also felt the impact from the drought with all wheat production being down 38% from 2020. Keep an eye on new crop pricing as we are seeing decent levels to start locking in some of next year's production. ■



KENNEBEC TRAFFIC FLOW

We are going to be making a change to the traffic flow at our Kennebec terminal this year. For the last 20-plus years, we have had trucks entering and exiting at the west end of our property.

The neighboring business has railcars that can impede the inbound/outbound space we have available to safely get trucks through. That small entrance can

cause bottlenecks we would like to eliminate to keep a continuous flow in and out of the facility.

By having the trucks come in through the east end, we will be able to stage more trucks on our property and have a one-way entrance and a one-way exit from the facility. The map we have displayed here shows the new traffic flow, which we will be using in the coming year. Please share

this with your drivers so they are familiar when they come to dump the grain. If you have any questions or concerns, please contact Camron or Mike in the marketing office at 509-765-3881 so we can address any issues or concerns you may have. ■

Proactivity Over Reactivity



By Rufino Gonzalez, Purchasing Specialist

In the chemical world, we are used to being able to deliver products same or next day. It is no secret that doing so has become a challenge, even with something as routine as glyphosates. These challenges bring stressful times for everyone.

At CHS Sun Basin Growers, we are being proactive. We have started bringing in products for the upcoming season: chemicals, fertilizer, and twine. We want to continue to be the trusted and reliable supplier our customers are used to and expect. Help us by talking about your needs with one of our agronomy sales reps today.

At some point, we may not have the exact product you are looking for at the location you are visiting, but chances are we will have it or have something similar at a different location close by. We cover a large area, and our size and scale allows us the flexibility we need to serve our customers. ■

CHS reports fiscal year 2021 net income of \$554.0 million

CHS Inc. reported net income of \$554.0 million for the fiscal year ended Aug. 31, 2021, reflecting an increase of 31% or \$131.5 million compared to fiscal year 2020. Annual revenues were the highest recorded by CHS since fiscal year 2014.

Based on fiscal year 2021 earnings, the CHS Board of Directors has approved return of an estimated \$50 million in cash patronage and \$100 million in equity redemptions to member cooperatives and individual owners in fiscal year 2022. ■

CHS Inc. Earnings* by Segment (in thousands \$)

	Years Ended August 31,	
	2021	2020
Energy	\$ (10,596)	\$ 225,317
Ag	298,096	53,724
Nitrogen Production	121,035	51,837
Foods	67,902	24,179
Corporate and Other	38,883	31,821
Income before income taxes	515,320	386,878
Income tax benefit	(38,249)	(36,731)
Net income	553,569	423,609
Net (loss) income attributable to noncontrolling interests	(383)	1,170
Net income attributable to CHS Inc.	\$ 553,952	\$ 422,439



Key financial drivers for fiscal year 2021 include:

- Consolidated revenues of \$38.4 billion for fiscal year 2021 compared to \$28.4 billion for fiscal year 2020, a year-over-year increase of 35%.
- Significantly improved earnings across our Ag segment compared to the prior year driven by strong global demand for grains and oilseeds which drove commodity prices higher and a full year of improved trade relations between the United States and foreign trade partners.
- Equity earnings from investments, particularly from CF Nitrogen and Ventura Foods, were a significant source of earnings during fiscal year 2021.
- While improved refining margins in our refined fuels business resulted in increased margins as demand shocks from the COVID-19 pandemic began to subside, the resulting margin improvements were more than offset by exceptionally high costs for renewable energy credits and less favorable pricing on heavy Canadian crude oil processed by our refineries, resulting in lower earnings.

“Our employees once again demonstrated their commitment to delivering products and services to our owners and customers around the world, driving a significant increase in earnings in fiscal year 2021 over the prior year,” said Jay Debertin, president, and CEO of CHS Inc. “For the year, overall demand for grain and oilseed helped drive strength in agriculture, as well as crop nutrients and crop protection products and services. Based on fiscal year 2021 earnings, the company will return an estimated \$50 million in cash patronage and \$100 million in equity redemptions to member cooperatives and individual owners in fiscal year 2022.”

For a breakdown of the local business segment results, please contact your CHS SunBasin Growers location.



**SUNBASIN
GROWERS**

PO Box 608
10555 Rd O NW
Quincy, WA 98848

PRSR STD
U.S. Postage
PAID
Permit #86
Marshall, MN
56258

2022 Fuel Contracts

By Dale Michelson, Energy Department Manager

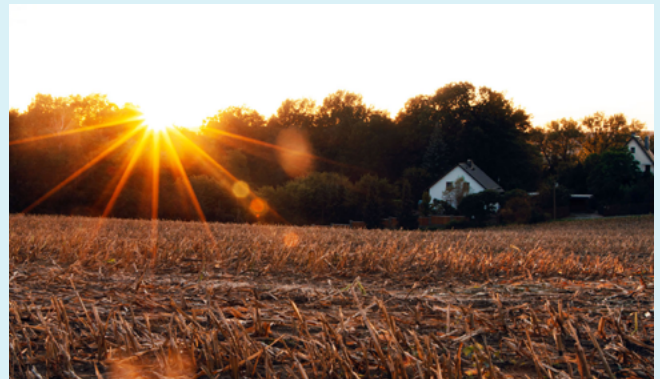


With the way fuel prices are continuing to rise, this may be a time to think about contracting next season's fuel needs. Here at CHS SunBasin Growers, we see contracts as a type of insurance. Sometimes there are no financial savings by contracting, but to insure that if the markets are

volatile or a natural disaster such as a hurricane strikes, you have fuel locked in at a price that works for you. We advise that you contract, at most, 50 percent of your needs just in case the markets go down and to protect yourself if the weather or other issues keep you from taking the gallons within the contracted time frame. The contract we are using is a multi-month contract.

Multi-month contracts work by allowing you to select three consecutive months and the number of gallons you want. Then any time within that three-month period you can take the gallons, with all gallons required to be taken in that 90-day period. Another benefit of contracting is that nothing is invoiced until the gallons are delivered.

If you would like more information about contracting contact your CES (certified energy specialist) or call the office for assistance at 509-765-3465



Also to help you keep current with fuel prices we offer a daily email called "Fuel notes and trends" where we provide information on what is happening in the world of energy. This is not a daily quote on prices but information to show which direction prices are trending and what may be pushing the market one way or another. To get your name on the daily emails, contact Marion Rice at 509-760-4015 or marion.rice@chsinc.com and let him know you would like to receive the daily email. ■