



BIG SKY



WINTER 2023



## Customer experience is key focus in 2023



Russell Alich  
Interim Senior Director  
of Operations  
and General Manager  
CHS Big Sky

Greetings! I have met many of you, but for some this may serve as my introduction to you. I assumed the role of interim senior director of operations and general manager of CHS Big Sky in December 2022. I began my career with CHS 15 years ago and have worked in the energy and agronomy divisions. I look forward to working with you in the coming months.

As we move into 2023, CHS is committed to discovering opportunities to work better together as one CHS. What does this mean to our local customers and owners? We are working collaboratively across all of CHS to deliver products and services to our customers. Working as one CHS will enable your cooperative to execute more efficiently, from planning to sourcing, sales to delivery and effective invoicing. CHS leaders from across the enterprise have been highly engaged in this work. It is truly an exciting time as we develop ways to better serve our owners and customers.

CHS Big Sky is continually reviewing areas where we can improve customer experience.

We have several different capital investment projects underway. We are installing a new receiving system in our Rudyard location, which will dramatically increase the speed of handling products there. As a result, customers will see product delivered in a more timely manner.

Our next project is installing a new drive-over scale at the Shelby grain facility. The new scale will allow our team to weigh trucks faster and get them back to the field quicker. Our biggest project will be at the Harlem agronomy facility. We are investing in a new fertilizer-handling facility, which will address the inefficiencies of aging equipment. The upgrade will include new storage and a faster receiving and loadout system. Our goal is to break ground this spring with it operational by the fall of 2023.

Safety is a key value at CHS Big Sky. To keep our employees and customers safe, we are working to eliminate confined space entry and fall hazards. We have purchased additional fall protection to make work areas safer and easier for employees to do their jobs.

As we move through this year, it remains our goal to uphold the values of CHS. Integrity, safety, inclusion and cooperative spirit are always at the forefront of what we do. ■

# CHS Big Sky reports strong results for fiscal year 2022

| MARGINS                  | FY2022              | FY2021              |
|--------------------------|---------------------|---------------------|
| Grain                    | \$6,135,094         | \$6,895,693         |
| Fertilizer               | \$14,902,566        | \$7,181,493         |
| CPP                      | \$4,617,247         | \$2,727,232         |
| Feed                     | \$678,510           | \$591,684           |
| Seed                     | \$142,963           | \$106,501           |
| Energy                   | \$1,209,868         | \$1,160,305         |
| Merchandise              | \$198,616           | \$386,512           |
| Service                  | \$2,303,933         | \$2,037,416         |
| <b>Total Margins</b>     | <b>\$30,188,797</b> | <b>\$19,049,421</b> |
| EXPENSES                 | \$23,836,913        | \$16,947,444        |
| LOCAL SAVINGS            | \$6,351,884         | \$4,139,393         |
| PATRONAGE & EQUITY INV   | \$553,728           | \$338,337           |
| <b>TOTAL NET SAVINGS</b> | <b>\$6,905,612</b>  | <b>\$4,477,730</b>  |

## The cooperative difference: Patronage

For fiscal year 2022 (Sept. 1, 2021-Aug. 31, 2022), CHS Big Sky is returning \$3.7 million in patronage to local member-owners. Patronage is one of the key benefits of co-op membership.

### FY2022 Patronage Rates

|                 |                          |
|-----------------|--------------------------|
| Winter Wheat    | \$0.047 cents per bushel |
| Spring Wheat    | \$0.086 cents per bushel |
| Barley          | \$0.062 cents per bushel |
| Fertilizer      | 9.0% of purchases        |
| Crop Protection | 9.2% of purchases        |
| Feed            | 6.8% of purchases        |
| Seed            | 1.3% of purchases        |
| Energy Products | 4.5% of purchases        |



## Planning is the first step to a successful year



Perry Johnston  
Agronomy Sales  
Manager  
CHS Big Sky

Supply chain issues and drought grabbed headlines in 2022. These factors caused our business processes to change from beginning to end. We encourage you to work with your agronomy sales representatives to utilize all programs available to your

operation. As we look forward, planning for all of your farm needs now is even more important than in the past.

Currently, CHS Big Sky is preparing for spring needs. This includes crop protection forecasting, crop nutrient contracting and providing tools and training for our agronomists to best serve your needs.

Today's farm planning discussion will also help with farm succession, and financial planning can help ensure your legacy continues. Annual farm planning involves looking in a long-term direction so that key details aren't missed. CHS Big Sky has the tools to assist in this annual planning process, which creates a stronger foundation for those long-term planning goals.

What does that mean for you as the customer? We have the resources necessary to help with annual business planning across all divisions in CHS. The agronomy sales representative you work with now will connect you to resources in our agronomy, energy, grain and feed divisions, which could include contracting for positions in energy, grain or other inputs related to your business.

Please reach out to your sales representative to discuss your farm's needs for the upcoming season. ■

# New innovations equal new opportunities

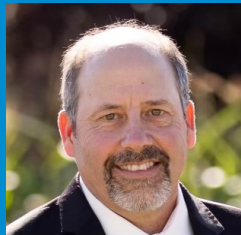
As producers, we know that rain and grain go hand-in-hand. Last year's extreme drought had us scratching our heads all summer. We saw much of the same volumes in 2022 as we did in 2021. The daily conversation around the table was the tough weather conditions. On the other hand, some areas to the north were very fortunate and received more rain than some irrigated farms, which produced beautiful crops. Rain or shine, good or bad, right or wrong, our farmers were optimistic and put the drill back in the ground for another round.

Because of the uncertainty and unrest in the world, we have been experiencing higher-than-usual prices for our commodities. CHS elevators have been disciplined to gain better values at the export and domestic grain markets. Wheat volumes were down across our three shuttle facilities, but our specialty commodity business is showing promising growth with malt barley, peas, garbanzo beans and canola crops.

In 2020, the grain department within CHS rolled out a way of collaborating and communicating, which they called internally Western Wheat. This model has become a powerful story within CHS for how innovation, transparency, inclusion, collaboration and strategic alignment, along with a huge dose of dedication and creativity by our CHS team members, has streamlined our grain supply chain to better serve the needs of our customers.

For fiscal year 2022, Temco, our export facility in Kalama, Wash., increased its overall market share of the exports delivering off the PNW by over 4% from last fiscal year. This is an incredible accomplishment since we had a 40% decrease of volume year over year. We saw total wheat volumes throughout the PNW corridor in 2019-20 of 14.6 MT decrease to 8.69 MT in 2021-22, giving us 37.5% market share on wheat shipments, up 1%. We reduced demerge charges from the railroad of over \$2.5 million by communicating the quality required when it was logistically needed. This is just one example of how our new efficiencies through this model are impacting the bottom line and enabling CHS to return more equity back to our farmer-owners. This has also allowed for facility expansion and growth in the country.

As CHS continues to evolve and adapt to best serve our farmer-owners, we are dedicated to the growth of agriculture. The future of CHS is bright and we are looking forward to serving the needs of our owners and communities for generations to come. ■



Ken Slezak  
Grain Originator  
CHS Big Sky

# Meet board member Joe Sisk

Joe Sisk hails from Galata, Montana, and represents District 2 on the CHS Big Sky Producer Board. After a long day in the field, we were able to catch up with Joe to get more information about his farming operation and why he values doing business with cooperatives like CHS.

**Tell us about your farming operation.** My great-grandfather homesteaded our farm in 1911. I'm the fourth generation to farm our land. We grow a variety of crops including wheat, barley, peas, garbanzo beans, mustard, irrigated alfalfa and corn. We also run a cow/calf operation.

**Did you always want to be a farmer?** Yes, I wanted to follow in my family's footsteps and farm. I'm looking forward to seeing the next generation continue our operation.

**Tell us about your family.** My wife is Lore. We have two children. Our daughter lives in Valier, Montana, and owns a construction business with her husband. My son and his wife work with me and are now the fifth generation to farm.

**How did you become interested in the board?** I started serving on the producer board for the CHS locations managed out of Cut Bank when the manager approached me about filling a vacancy on the board. I've served on our local electric cooperative board for the past 20 years and have an interest in cooperatives and the benefits they can provide to their members.

**Why are cooperatives important?** Cooperatives provide valuable services and products to members. I feel it's important to do business with cooperatives because I know I'm an owner and have the opportunity to have a voice in decisions. Doing business with CHS Big Sky allows returns in the form of cash patronage and equity redemption. ■

Joe and Lore Sisk



# Take a look at three financing programs from CHS Big Sky

In 2023, CHS Big Sky is offering three financing programs, and one of them is sure to be a good fit for your operation.



Tanisha McDuffie  
Credit Administrator  
CHS Big Sky

## CHS Capital Promotional Crop Input Loan

Provides financing for input purchases (excluding fuel) from Sept. 1, 2022, through Aug. 31, 2023.

- 8.5% interest (variable) through maturity on Jan. 15, 2024
- Requires approved CHS Capital Loan
- Application deadline: June 15, 2023
- Maximum loan \$500,000
- \$200 loan fee

## CHS Capital Feed Loan

Provides financing for all feed purchases from Sept. 1, 2022, through Aug. 31, 2023.

- 10% (variable) interest through maturity on Jan. 15, 2024
- Requires approved CHS Capital Loan
- Application deadline: June 15, 2023
- Maximum loan \$100,000
- \$100 loan fee

## Autumn Rewards

Provides financing for chemical and seed from Sept. 1, 2022, through Aug. 31, 2023.

- 4.9% (variable) interest until Dec. 15, 2023, then 8.5% (variable) until maturity
- Requires approved CHS Capital Loan
- Application deadline: June 15, 2023
- Must have AA/A credit
- Maximum loan \$500,000
- Maturity date: Jan. 15, 2024
- \$200 loan fee ■

## Preparation is key to a safe work environment

Safety is a core value of CHS. We put the safety and well-being of our employees, customers and communities first. As we move into the busy spring season, safety preparations are key in preventing workplace accidents.

Our team is currently conducting preventative maintenance on vehicle, equipment and facilities to ensure readiness and a successful spring season. We discussed events that caused incidents or delays in the past and developed a plan of action to prevent future occurrences.



Mark Tigbao  
Safety Specialist  
CHS Big Sky

Good preparation can make all the difference between success and failure. Our goal is to get it right from the start.

## Working in cold environments

While we're all looking forward to warmer temperatures, winter weather may be with us for a few more months. Environmental cold can affect any person exposed to cold air temperatures and puts anyone at risk of cold stress. As wind speed increases, it causes the cold air temperature to feel even colder, increasing the risk of cold stress to an exposed person, especially if you are working outdoors. Protecting employees during the coldest winter months is a priority.

- Take frequent short breaks in warm dry areas, to allow the body to warm up
- Try to work during the warmest part of the day
- Use the buddy system (work in pairs)
- Drink warm, sweet beverages. Avoid drinks with alcohol
- Use engineering controls such as radiant heaters (if available)
- Layer clothing and keep clothes dry. Remove any wet clothing or boots and put on dry items before working in a cold environment

We continue to cultivate a culture of safety at CHS Big Sky. If you ever have safety concerns, please reach out to me. ■