

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **August 31, 2022**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from        to

Commission file number: **001-36079**

**CHS Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction of incorporation or organization)

**41-0251095**

(I.R.S. Employer Identification Number)

**5500 Cenex Drive**

**Inver Grove Heights, Minnesota 55077**

(Address of principal executive offices, including zip code)

**(651) 355-6000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
8% Cumulative Redeemable Preferred Stock	CHSCP	The Nasdaq Stock Market LLC
Class B Cumulative Redeemable Preferred Stock, Series 1	CHSCO	The Nasdaq Stock Market LLC
Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2	CHSCN	The Nasdaq Stock Market LLC
Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3	CHSCM	The Nasdaq Stock Market LLC
Class B Cumulative Redeemable Preferred Stock, Series 4	CHSCL	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter:

The Registrant has no voting or non-voting common equity (the Registrant is a member cooperative).

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

The Registrant has no common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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## PART I

### ITEM 1. *BUSINESS*

#### THE COMPANY

CHS Inc. (referred to herein as "CHS," "we," "us" or "our") is the nation's leading integrated agricultural cooperative, providing grain, food, agronomy and energy resources to businesses and consumers on a global basis. As a cooperative, we are owned by farmers and ranchers and member cooperatives (referred to herein as "members") across the United States. We also have preferred shareholders that own shares of our five series of preferred stock, all of which are listed and traded on the Global Select Market of The Nasdaq Stock Market LLC. We buy commodities from and provide products and services to individual agricultural producers, local cooperatives and other companies (including our members and other nonmember customers), both domestically and internationally. We provide a wide variety of products and services, ranging from initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products to agricultural outputs that include grains and oilseeds, processed grains and oilseeds, renewable fuels and food products. A portion of our operations are conducted through equity investments and joint ventures whose operating results are not fully consolidated with our results; rather, a proportionate share of the income or loss from those equity investments and joint ventures is included as a component of our net income using the equity method of accounting. For the year ended August 31, 2022, our total revenues were \$47.8 billion and net income attributable to CHS was \$1.7 billion.

We have aligned our segments based on an assessment of how our businesses operate and the products and services they sell. Our Energy segment derives its revenues through refining, wholesaling and retailing of petroleum products. Our Ag segment derives its revenues through origination and marketing of grain, including service activities conducted at export terminals; through wholesale agronomy sales of crop nutrient and crop protection products; from sales of soybean meal, soybean refined oil and soyflour products; through the production and marketing of renewable fuels; and through retail sales of petroleum and agronomy products, processed sunflowers, feed and farm supplies. Our Ag segment also records equity income from our grain export joint venture and other investments. Our Nitrogen Production segment consists of our equity method investment in CF Industries Nitrogen, LLC ("CF Nitrogen"), and allocated expenses. Our other business operations, primarily our financing and hedging businesses, are included in Corporate and Other because of the nature of their products and services, as well as the relative amount of revenues from those businesses. In addition, our nonconsolidated food production and distribution joint venture, Ventura Foods, LLC ("Ventura Foods"), and our nonconsolidated wheat milling joint venture, Ardent Mills, LLC ("Ardent Mills"), are included in Corporate and Other. For the year ended August 31, 2021, our equity method investment in Ventura Foods was reported separately as our Foods segment. Segment results and balances prior to fiscal 2022 have been recast to reflect Ventura Foods as a component of Corporate and Other.

Our earnings from cooperative business are allocated to members and to a limited extent to nonmembers with which we have agreed to do business on a patronage basis based on the volume of business they do with us. We allocate these earnings to our patrons in the form of patronage refunds, which are also called patronage dividends, and which may be in cash, patrons' equities in the form of capital equity certificates or both. Patrons' equities may be redeemed over time solely at the discretion of our Board of Directors. Earnings derived from nonmembers, which are not treated as patronage, are taxed at federal and state statutory corporate rates and are retained by us as unallocated capital reserves. We also receive patronage refunds from the cooperatives in which we are a member, if those cooperatives have earnings to distribute and if we qualify for patronage refunds from them.

Our origins date back to the early 1930s with the founding of our predecessor companies, Cenex, Inc., and Harvest States Cooperatives. CHS Inc. emerged as the result of the merger of those two entities in 1998 and is headquartered in Inver Grove Heights, Minnesota.

Our internet address is [www.chsinc.com](http://www.chsinc.com). The information contained on our website is not part of, and is not incorporated in, this Annual Report on Form 10-K or any other report we file with or furnish to the Securities and Exchange Commission ("SEC").

## ENERGY

### **Overview**

We are the nation's largest cooperative energy company based on revenues and identifiable assets, with operations that include petroleum refining and pipelines; supply, marketing and distribution of refined fuels (gasoline, diesel fuel and other energy products); blending, sale and distribution of lubricants; and wholesale supply of propane and other natural gas liquids. Our Energy segment processes crude oil into refined petroleum products at our refineries in Laurel, Montana, and McPherson, Kansas, and sells those products under the Cenex<sup>®</sup> brand to member cooperatives and other independent retailers through a network of nearly 1,500 sites, the majority of which are convenience stores marketing Cenex-branded fuels and owned by our member cooperatives. For fiscal 2022, our Energy revenues, after elimination of intersegment revenues, were \$10.3 billion and were primarily from gasoline, diesel fuel and propane.

### **Operations**

*Laurel refinery.* Our Laurel, Montana, refinery processes medium- and high-sulfur crude oil into refined petroleum products that primarily include gasoline, diesel fuel, asphalt and petroleum coke. Our Laurel refinery sources approximately 93% of its crude oil supply from Canada, with the remaining balance obtained from domestic sources, and we have access to Canadian and northwest Montana crude oil through our wholly-owned Front Range Pipeline, LLC, and other common carrier pipelines. Our Laurel refinery also has access to Wyoming crude oil via common carrier pipelines from the south.

Our Laurel refinery processes approximately 63,000 barrels of crude oil per day to produce refined products that consist of approximately 39% gasoline, 42% diesel fuel and other distillates, 10% asphalt, 6% petroleum coke and 3% other products. Refined fuels produced at our Laurel refinery are available via railcars and via the Yellowstone Pipeline to western Montana terminals and to Spokane, Washington; south via common carrier pipelines to Wyoming terminals and Denver, Colorado; and east via our wholly-owned Cenex Pipeline, LLC, to Glendive, Montana, and to Minot, Prosper and Fargo, North Dakota.

*McPherson refinery.* Our McPherson, Kansas, refinery processes approximately 60% low- and medium-sulfur crude oil and approximately 40% heavy-sulfur crude oil into gasoline, diesel fuel and other distillates, petroleum coke and other products. The refinery sources its crude oil through its own pipelines, as well as through joint venture and common carrier pipelines. Low- and medium-sulfur crude oil is sourced from Kansas, Colorado, North Dakota, Oklahoma and Texas, and heavy-sulfur crude oil is sourced from Canada and Wyoming.

Our McPherson refinery processes approximately 114,000 barrels of crude oil per day to produce refined products that consist of approximately 50% gasoline, 43% diesel fuel and other distillates, 5% petroleum coke and 2% other products. These products are loaded into trucks at the McPherson refinery or shipped via common carrier pipelines to other markets.

*Other energy operations.* We operate six propane terminals, four asphalt terminals, seven refined product terminals and three lubricants blending and packaging facilities. We also own and lease a fleet of liquid and pressure trailers and tractors, which transport refined fuels, propane, anhydrous ammonia and other products.

### **Products and Services**

Our Energy segment produces and sells (primarily wholesale) gasoline, diesel fuel, propane, asphalt, lubricants and other related products, and also provides transportation services. In addition to selling products refined at our Laurel and McPherson refineries, we purchase refined petroleum products from third parties. For fiscal 2022, we obtained approximately 82% of the refined petroleum products we sold from our Laurel and McPherson refineries and approximately 18% from third parties.

### **Sales and Marketing: Customers**

We market approximately 80% of our refined fuel products to members, with the balance sold to nonmembers. Sales are made wholesale to member cooperatives and through a network of independent retailers that operate convenience stores under the Cenex brand. We sold approximately 1.5 billion gallons of gasoline and approximately 1.7 billion gallons of diesel fuel in fiscal 2022. We also blend, package and wholesale auto and farm equipment lubricants to members and nonmembers. We are one of the nation's largest propane wholesalers based on revenues. Most of the propane sold in rural areas is for heating and agricultural usage. Annual sales volumes of propane vary greatly depending on weather patterns and crop conditions.

**Industry: Competition**

The petroleum business is highly cyclical. Demand for crude oil and energy products is driven by the condition of local and worldwide economies, local and regional weather patterns and taxation relative to other energy sources, which can significantly affect the price of refined fuel products. Our Energy segment generally experiences higher volumes and revenues in certain operating areas, such as refined products in the spring, summer and early fall when gasoline and diesel fuel usage by our agricultural customers is highest and is subject to domestic supply and demand forces. Other energy products, such as propane, generally experience higher volumes and revenues during the winter heating and crop-drying seasons. More fuel-efficient equipment, reduced crop tillage, depressed prices for crops, weather conditions and government programs that encourage idle acres may all reduce demand for our energy products.

*Regulation.* Governmental regulations and policies, particularly in the areas of taxation, energy and the environment, have a significant impact on our Energy segment. Our Energy segment's operations are subject to laws and related regulations and rules designed to protect the environment that are administered by the U.S. Environmental Protection Agency ("EPA"), the U.S. Department of Transportation ("DOT"), the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, the Federal Energy Regulatory Commission and similar government agencies. These laws, regulations and rules govern, among other things, discharge of materials into the environment, including air and water; reporting storage of hazardous wastes and other hazardous materials; transportation, handling and disposal of wastes and other materials; labeling of pesticides and similar substances; and investigation and remediation of the release of hazardous materials. Failure to comply with these laws, regulations and rules could subject us to administrative penalties, injunctive relief, civil remedies and possible product recalls. Our hedging transactions and activities are subject to the rules and regulations of the exchanges we use and to governing bodies, such as the Chicago Mercantile Exchange ("CME"), the New York Mercantile Exchange ("NYMEX") and the U.S. Commodity Futures Trading Commission ("CFTC").

*Competition.* The petroleum refining and wholesale fuels business is very competitive. Among our competitors are some of the world's largest integrated petroleum companies, which have their own crude oil supplies and distribution and marketing systems. We also compete with smaller domestic refiners and marketers in the midwestern and northwestern United States, with foreign refiners who import products into the United States and with producers and marketers in other industries supplying other forms of energy and fuels to consumers. Given the commodity nature of the end products, profitability in the industry depends largely on margins, as well as operating efficiency, product mix and costs of product distribution and transportation. The retail gasoline market is highly competitive, with competitors that are much larger than CHS and have greater brand recognition and distribution outlets throughout the country and the world than we do. We also are experiencing increased competition from regional and unbranded retailers. Our owned and nonowned retail outlets are located primarily in the northwestern, midwestern and southern United States.

We market refined fuel products in five principal geographic areas. The first area includes the Midwest and Northern Plains. Competition at the wholesale level in this area includes major oil companies, as well as independent refiners and wholesale brokers and/or suppliers. This area has a robust spot market and is influenced by the large refinery center along the Gulf Coast.

To the east of the Midwest and Northern Plains is another unique marketing area. This area centers near Chicago, Illinois, and includes eastern Wisconsin, Illinois and Indiana. In this area, we principally compete with the major oil companies, as well as independent refiners and wholesale brokers and/or suppliers.

Another market area includes Arkansas, Missouri and the northern part of Texas. Competition in this area includes the major oil companies and independent refiners. This area is principally supplied by the Gulf Coast refinery center and is also driven by a strong spot market that reacts quickly to changes in the international and national supply balance.

Another geographic area includes Montana, western North Dakota, Wyoming, Utah, Idaho, Colorado and western South Dakota. Competition at the wholesale level in this area includes the major oil companies and independent refiners.

The last area includes much of Washington and Oregon. We compete with the major oil companies in this area, which is known for volatile prices and an active spot market.

## AG

### **Overview**

Our Ag segment includes global grain and processing, country operations and wholesale agronomy businesses. These businesses work together to facilitate the production, purchase, sale and eventual use of grain and other agricultural products within the United States, as well as internationally. In fiscal 2022, revenues in our Ag segment were \$37.5 billion after elimination of intersegment revenues.

### **Operations**

*Global grain and processing.* We are the nation's largest cooperative marketer of grain and oilseed based on grain sales. Our global grain marketing operations purchase grain directly from agricultural producers and elevator operators primarily in the midwestern and western United States and indirectly through our country operations business. Purchased grain is typically contracted for sale for future delivery at a specified location, and we are responsible for handling the grain and either arranging for or facilitating its transportation to that location. We own and operate export terminals, river terminals and elevators throughout the United States to handle and transport grain and grain products. We also maintain locations in Europe, the Middle East, the Pacific Rim and South America for marketing, merchandising and/or sourcing grains and crop nutrients. We primarily conduct our global grain marketing operations directly, but do conduct some of our operations through joint ventures, including TEMCO, LLC ("TEMCO"), a 50%-owned joint venture with Cargill, Incorporated ("Cargill"), that focuses on exports, primarily to Asia.

Our processing business includes our oilseed processing and renewable fuels production businesses. Oilseed processing is conducted at facilities that crush approximately 132 million bushels of oilseeds on an annual basis, producing approximately 2.7 million short tons of meal and flour and 1.7 billion pounds of edible and inedible oil annually. We purchase our oilseeds from members, other CHS businesses and third parties that have tightly integrated connections with our global grain marketing operations and country operations business. Our renewable fuels business produces 260 million gallons of fuel-grade ethanol, 70 million pounds of inedible corn oil and 640,000 tons of dried distillers grains with solubles ("DDGS") annually. Renewable fuels produced by our production plants are marketed by our global grain marketing business, along with more than 522 million gallons of ethanol and 3.8 million tons of DDGS annually under marketing agreements with ethanol production plants.

*Country operations.* Our country operations business operates 379 agri-operations locations through 28 business units dispersed throughout the midwestern and western United States. Most of these locations purchase grain from farmers and sell agronomy, energy, feed and seed products to those same producers and others, although not all locations provide every product and service. We also manufacture animal feed through nine owned plants and three limited liability companies.

*Wholesale agronomy.* Our wholesale agronomy business includes our wholesale crop nutrients and wholesale crop protection businesses. Our wholesale crop nutrients business delivers products directly to our customers and our country operations business from the manufacturer or through our 11 warehouse terminals and other nonowned storage facilities located throughout the United States. To supplement what is purchased domestically, our Galveston, Texas, deepwater port and terminal receives fertilizer by vessel from origins such as Asia and the Caribbean Basin where significant volumes of urea are produced. The fertilizer is then shipped by rail to destinations within crop-producing regions of the United States. Our wholesale crop protection business operates out of our network of 28 warehouses from which we deliver products directly to our member cooperatives and independent retailers. We also operate a bulk chemical rail terminal in Brooten, Minnesota, where we handle and store bulk crop protection products for some of the crop protection industry's largest chemical manufacturers. This facility has approximately six million gallons of chemical storage capacity.

### **Products and Services**

Our Ag segment provides local cooperatives and farmers with the inputs and services they need to produce grain and raise livestock. These include seed, crop nutrients, crop protection products, animal feed, animal health products, refined fuels and propane. We also buy and merchandise grain in both domestic and international markets. With a portion of the grain we purchase, we produce renewable fuels, including ethanol and DDGS. We also produce refined oils, meal and soyflour at our processing facilities.

## ***Sales and Marketing: Customers***

Our Ag segment provides products and services to a wide range of customers, primarily in the United States. These customers include member and nonmember producers, local cooperatives, elevators, grain dealers, grain processors and crop nutrient and crop protection retailers. We sell our edible oils and soyflour to food companies and our inedible oils may be sold to energy companies. The soybean meal we produce is sold to integrated livestock producers and feed mills. The ethanol and DDGS we produce are sold throughout the United States and to various international customers.

## ***Industry: Competition***

Many of the business activities in our Ag segment are highly seasonal and, consequently, the operating results for our Ag segment will typically vary throughout the year. For example, our country operations business generally experiences higher volumes and revenues during the fall harvest and spring planting seasons and our agronomy business generally experiences higher volumes and revenues during the spring planting season. In addition, our Ag segment operations may be adversely affected by relative levels of supply and demand, both domestic and international, commodity price levels and transportation costs and conditions. Supply is affected by weather conditions, plant disease, insect damage, acreage planted, wars and civil unrest, and government regulations and policies. Demand may be affected by foreign governments and their programs, relationships of foreign countries with the United States, affluence of foreign countries, wars and civil unrest, currency exchange fluctuations and substitution of commodities. Demand may also be affected by changes in eating habits, population growth, per capita consumption of some products and renewable fuels production levels.

*Regulation.* Our Ag operations are subject to laws and related regulations and rules designed to protect the environment and that are administered by the EPA, the DOT and similar government agencies. These laws, regulations and rules govern, among other things, discharge of materials into the environment, including air and water; reporting storage of hazardous wastes and other hazardous materials; transportation, handling and disposal of wastes and other materials; labeling of pesticides and similar substances; and investigation and remediation of the release of hazardous materials. In addition, environmental laws impose a liability on owners and operators for investigation and remediation of contaminated property and on a party who sends hazardous materials to those contaminated properties for treatment, storage, disposal or recycling. In some instances, that liability exists regardless of fault. Our global grain and processing and country operations businesses are also subject to laws and related regulations and rules administered by the U.S. Department of Agriculture, the U.S. Food and Drug Administration and other federal, state, local and foreign governmental agencies that govern processing, packaging, storage, distribution, advertising, labeling, and quality and safety of feed and grain products. Failure to comply with these laws, regulations and rules could subject us to administrative penalties, injunctive relief, civil remedies and possible product recalls. The hedging transactions and activities of our global grain and processing and country operations businesses are subject to the rules and regulations of the exchanges we use and to the governing bodies, such as the CME, the Chicago Board of Trade ("CBOT"), the Minneapolis Grain Exchange ("MGEX") and the CFTC.

*Competition.* In our Ag segment, we have significant competition in the businesses in which we operate based principally on price, services, quality, patronage and alternative products. Our businesses depend on relationships with local cooperatives and private retailers, proximity to customers and producers, competitive pricing and safety of food, feed and grain products. We compete with other large distributors of agricultural products, as well as other regional or local distributors, local cooperatives, retailers and manufacturers.

## **NITROGEN PRODUCTION**

### ***Overview***

Our Nitrogen Production segment consists of our approximate 8% membership interest (based on product tons) in CF Nitrogen, our strategic venture with CF Industries Holdings, Inc. ("CF Industries"), and allocated expenses. In connection with our investment in CF Nitrogen, we entered into a supply agreement with CF Nitrogen that entitles us to purchase up to 1.1 million tons of granular urea and 580,000 tons of urea ammonium nitrate ("UAN") annually for ratable delivery through fiscal 2096. We account for our CF Nitrogen investment using the hypothetical liquidation at book value method. On August 31, 2022, our investment was approximately \$2.6 billion. See Note 6, *Investments*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information.

Our investment in CF Nitrogen positions us and our members for long-term, dependable fertilizer supply, supply chain efficiency and production economics. In addition, the ability to source products from CF Nitrogen production facilities under our supply agreement benefits our members and customers through strategically positioned access to essential fertilizer products.

## **Operations**

CF Nitrogen has six production facilities located in Donaldsonville, Louisiana; Port Neal, Iowa; Medicine Hat, Alberta, Canada; Yazoo City, Mississippi; and Woodward and Verdigris, Oklahoma. Natural gas is the principal raw material and primary fuel source used in the ammonia production process. CF Nitrogen has access to competitively priced natural gas through a reliable network of pipelines connected to major natural gas trading hubs near its production facilities.

## **Products and Services**

CF Nitrogen produces nitrogen-based products, including methanol, UAN, urea and related products.

## **Sales and Marketing: Customers**

CF Nitrogen has three customers, including CHS and two consolidated subsidiaries of CF Industries.

## **Industry: Competition**

*Regulation.* CF Nitrogen is subject to laws and related regulations and rules designed to protect the environment that are administered by the EPA and similar government agencies. These laws, regulations and rules govern, among other things, discharge of materials into the environment, including air and water; reporting storage of hazardous wastes and other hazardous materials; handling and disposal of wastes and other materials; and investigation and remediation of the release of hazardous materials. In addition, environmental laws impose a liability on owners and operators for investigation and remediation of contaminated property and on a party that sends hazardous materials to those contaminated properties for treatment, storage, disposal or recycling. In some instances, that liability exists regardless of fault.

*Competition.* CF Nitrogen competes primarily on delivered price and, to a lesser extent, on customer service and product quality. CF Nitrogen competes domestically with a variety of large companies in the fertilizer industry. There is also significant competition from products sourced from other regions of the world.

## **CORPORATE AND OTHER**

*CHS Capital.* Our wholly-owned financing subsidiary, CHS Capital, LLC ("CHS Capital"), provides member cooperatives with a variety of loans that meet commercial agriculture needs. These loans include operating, term, revolving and other short- and long-term options. CHS Capital also provides loans to individual producers for crop inputs, feed and hedging-related margin calls. Producer operating loans are also offered in strategic geographic regions.

*CHS Hedging.* Our wholly-owned commodity brokerage subsidiary, CHS Hedging, LLC ("CHS Hedging"), is a registered, CFTC-regulated futures commission merchant ("FCM") and a clearing member of the CBOT, CME, NYMEX and MGEX. CHS Hedging provides consulting services and commodity risk management services primarily in the grains, oilseeds, fertilizer, livestock, dairy and energy markets. CHS Hedging is also the FCM for the majority of our commodity futures trading.

*Foods.* Ventura Foods is a joint venture between CHS and Mitsui & Co., with each company owning a 50% interest. Ventura Foods produces and distributes edible oil-based products. We account for our investment in Ventura Foods using the equity method of accounting, and the investment balance was equal to \$410.1 million on August 31, 2022. See Note 6, *Investments*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information.

*Wheat milling.* Ardent Mills, the largest flour miller in the United States, is a joint venture with CHS, Cargill and Conagra Brands, Inc. ("Conagra"). In connection with the Ardent Mills joint venture, CHS, Cargill and Conagra have various ancillary and noncompete agreements including, among other things, an agreement for us to supply Ardent Mills with certain wheat and durum products. We hold a 12% interest in Ardent Mills and account for our investment as an equity method investment due to our ability to exercise significant influence by appointing a member of the Board of Shareholders and Board of Managers of Ardent Mills. On August 31, 2022, our investment in Ardent Mills was \$250.9 million. See Note 6, *Investments*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information.

## HUMAN CAPITAL RESOURCES

Our human capital resources objectives include identifying, attracting, retaining, developing, incentivizing and onboarding our current and new employees. We monitor our progress toward these objectives by measuring human capital metrics such as engagement, total and regrettable turnover, hiring statistics and overall cost of human resources delivery. In addition to these objectives, we also promote a culture focused on diversity and inclusion, provide learning and development opportunities, maintain the health and safety of our employees, encourage community involvement and offer competitive pay and benefits. Additional information regarding our employee population and human capital strategies is described below.

*Employee population.* On August 31, 2022, we had 10,014 full-time, part-time, temporary and seasonal employees, primarily in the United States. Of that total, 2,486 were employed in our Energy segment, 6,314 were employed in our Ag segment and 1,214 were employed in Corporate and Other. In addition to those individuals directly employed by us, many individuals work for or support our joint ventures, including CF Nitrogen in our Nitrogen Production segment and Ventura Foods and Ardent Mills in our Corporate and Other category, and are not included in these totals. As of August 31, 2022, we had 12 collective bargaining agreements with unions covering approximately 9% of our employees in the United States, with collective bargaining agreements expiring on various dates through August 31, 2026. We believe that our relations with our employees are strong. We value our employees and believe that employee passion for our work and employee engagement are key elements of our operating performance.

*Diversity and inclusion.* The CHS value of inclusion helps us strive to create a work environment where excellence and growth stem from diverse thinking. Our goal is to foster a workplace where diverse thinking, voices and backgrounds yield better employee experiences, business performance and business outcomes. In addition to working on modeling inclusive behaviors that positively impact our communities, with the assistance of external experts, we developed and launched an enterprisewide three-year strategic plan during fiscal 2021 for improving inclusion and diversity at CHS. We continue to sponsor and support employee resource groups made up of individuals who join together as allies and advocates to promote diversity and inclusion, while providing our employees from across the country the opportunity to strengthen relationships, learn through educational and networking opportunities that focus on development, help local communities and engage with people across CHS. These employee resource groups include Harvest Pride, which promotes a safe, connected and empowered LGBTQA+ community across CHS; Mozaiko, which promotes ethnic diversity and inclusion at CHS while creating an inclusive environment for all employees; VERG, which provides support, camaraderie and resources for employees formerly or currently serving in the military; Women in Leadership, which supports women in the workplace who are excited and energized to grow personally and professionally; and CultivateHER, a cohort within Women in Leadership, which supports women across our Ag segment.

*Learning and development.* We are committed to investing in our employees to help them grow and achieve their career goals. In addition to regular performance evaluations and annual development plans that provide employees with feedback and growth opportunities, employees at CHS have access to a variety of learning tools and other opportunities for growth. These tools and opportunities include access to thousands of on-demand learning modules; various internal and external trainings that cover continuous improvement, public speaking, financial and accounting topics and other topics; tuition and professional certification reimbursement; as well as other opportunities focused on developing the future leaders of CHS.

*Health and safety.* Safety is one of our core values. We put the well-being of our employees, customers and communities first every day. At CHS, safety isn't just about following the rules, it is about doing things the right way and remembering that no job is so critical that it warrants safety risks. In addition to defined safety programs designed specifically for individual facilities with operational hazards such as grain, feed, seed, agronomy, petroleum, warehouses and retail stores, we also provide certain employee groups with additional training opportunities such as a defensive driving program. Beyond developing defined safety programs and training opportunities, we also monitor our incident rates in comparison to previous years and industry averages, as published by the Bureau of Labor Statistics. During fiscal 2022, our Occupational Safety & Health Administration ("OSHA") incident rate was 2.9 incidents per 100 full-time workers, as compared to an average of 3.5 incidents per 100 full-time workers during the three previous years, a reduction of 17%, and our DOT crash rate was in the top 4% of all carriers in our industry segment for the entirety of fiscal 2022.

*Community involvement.* As a cooperative, we are committed to making a measurable impact in our communities through our giving investments. In addition to our charitable foundation and annual giving campaign, which provide financial support to our communities, eligible employees also receive paid time off to make a difference in our communities through volunteer activities.

*Compensation and benefits.* We have designed our compensation and benefits programs to attract and retain qualified employees and to motivate employees to optimize member-owner returns and to achieve our long-term strategies. In addition to

offering competitive compensation that includes annual variable pay linked to our performance, we also offer a wide array of benefits programs that include health insurance and wellness benefits; retirement benefits including a company-matched 401(k) contribution and a pension for qualifying employees; paid time off and family leave; and employee assistance programs, including adoption assistance.

## CHS AUTHORIZED CAPITAL

We are an agricultural membership cooperative organized under Minnesota cooperative law to do business with member and nonmember patrons.

### ITEM 1A. **RISK FACTORS**

#### **CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This Annual Report on Form 10-K contains and our other publicly available documents may contain, and our officers, directors and other representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our businesses, financial condition and results of operations, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance on any forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are discussed or identified in our public filings made with the SEC, including in this "Risk Factors" discussion. Any forward-looking statements made by us in this Annual Report on Form 10-K are based only on information currently available to us and speak only as of the date on which the statement is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by applicable law.*

*Reference to this cautionary statement (the "Cautionary Statement") in the context of a forward-looking statement shall be deemed to be a statement that any one or more of the following factors may cause actual results to differ materially from those indicated in the forward-looking statement.*

*The following risk factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any particular forward-looking statement. The following risk factors should not be construed as exhaustive. Additional risks and uncertainties not currently known to us or that we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations.*

#### **Risks Related to Operating Our Business**

#### **Our revenues, results of operations and cash flows could be materially and adversely affected by changes in commodity prices.**

Our revenues, results of operations and cash flows are affected by market prices for commodities such as crude oil, natural gas, ethanol, fertilizer, grain, oilseed, flour and crude and refined vegetable oils. Commodity prices generally are affected by a wide range of factors beyond our control, including weather, plant disease, insect damage, drought, availability and adequacy of supply, availability of reliable rail and river transportation networks, industry labor availability, outbreaks of disease, inflation, government regulation and policies, global trade disputes, international conflicts, such as the ongoing war between Russia and Ukraine, and general political and economic conditions. We are also exposed to fluctuating commodity prices as the result of our inventories of commodities, typically grain, fertilizer and petroleum products, and purchase and sale contracts at fixed or partially fixed prices. At any time, our inventory levels and unfulfilled fixed or partially fixed price contract obligations may be substantial. We have processes in place to monitor exposures to these risks and engage in strategies, such as hedging, to manage these risks. If these controls and strategies are not successful in mitigating our exposure to these fluctuations, we could be materially and adversely affected. For example, fluctuations in commodity prices may result in significant noncash losses being incurred on our commodity-based derivatives, which may in turn materially and adversely

affect our operating results. In addition, changes in market prices for commodities that we purchase without a corresponding change in the selling prices of those products can affect revenues and operating earnings. Similarly, increased or decreased sales volumes without a corresponding change in the purchase and selling prices of those products can affect revenues and operating earnings.

In our energy operations, profitability depends largely on the margin between the cost of crude oil that we refine and the selling prices that we obtain for our refined products. The prices for crude oil and for gasoline, diesel fuel and other refined petroleum products fluctuate widely. Factors influencing these prices, many of which are beyond our control, include:

- levels of worldwide and domestic supplies;
- capacities of domestic and foreign refineries;
- ability of members of the Organization of Petroleum Exporting Countries ("OPEC") and other countries that are significant producers of oil to agree to and maintain oil price and production controls, and the price and level of imports;
- disruption in supply;
- political instability or conflict in oil-producing regions;
- level of demand from consumers, agricultural producers and other customers;
- price and availability of alternative fuels;
- availability of pipeline capacity; and
- domestic and foreign governmental regulations and taxes.

Many of these factors, including the ongoing war between Russia and Ukraine, have resulted in significant volatility in crude oil, refined petroleum products and natural gas supplies and prices. We expect that volatility to continue in fiscal 2023. The long-term effects of this volatility and other conditions on the prices of crude oil, refined petroleum products and natural gas are uncertain and ever changing. Increases in crude oil prices without a corresponding increase in the prices of our refined petroleum products, and decreases in crude oil prices with larger corresponding decreases in the prices of our refined petroleum products, would reduce our net income. Accordingly, we expect our margins and the profitability of our energy business to fluctuate, possibly significantly, over time.

In addition, our renewable fuels business produces ethanol, which is closely related to, or may be substituted for, petroleum products, and may be blended into gasoline to increase octane content. Therefore, the selling price of ethanol can be impacted by the selling prices of gasoline, diesel fuel and other octane enhancers. A significant decrease in the price of gasoline, diesel fuel or other octane enhancers could result in a significant decrease in the selling price of ethanol, which could adversely affect our revenues and operating earnings. In addition, we expect the volume of renewable fuels produced by our competitors to increase going forward. As the market for renewable fuels becomes more competitive, or if there are changes in the regulations, policies or standards affecting the demand for renewable fuels, our renewable fuels business may experience increased volatility in product margins, which could adversely affect our operating earnings.

**We are subject to political, economic, legal and other risks of doing business globally.**

We are a global business and are exposed to risks associated with having global operations. These risks include, but are not limited to, risks relating to terrorism, war or civil unrest; changes in a country's or region's social, economic or political conditions; changes in local labor conditions and regulations; changes in safety and environmental regulations; changes in regulatory or legal environments; expropriation or impoundment of assets; restrictions on currency exchange activities and currency exchange fluctuations; price and export controls or bans on commodities; taxes; doing business in countries or regions with inadequate infrastructure; and logistics challenges. In addition, some countries where we operate lack well-developed legal systems or have not adopted clear legal and regulatory frameworks. This lack of legal certainty exposes our operations to increased risks, including increased difficulty in enforcing our agreements in those jurisdictions and increased risk of adverse actions by local government authorities, such as unilateral or forced renegotiation, modification or nullification of existing agreements or expropriations.

**The ongoing war between Russia and Ukraine may adversely affect our business, financial condition and results of operations.**

In February 2022, Russia invaded Ukraine. The war has resulted in significant uncertainty and instability in the global commodities markets, including agricultural commodities and crude oil. In response to the war, the United States and other North Atlantic Treaty Organization ("NATO") member states, as well as nonmember states, announced economic sanctions targeting Russia and certain Russian citizens and enterprises, including several large banks. The continuation of the war may trigger a series of additional economic and other sanctions enacted by the United States, other NATO member states and other

countries. In response, Russia announced export bans on various products, including agricultural commodities, through the end of calendar year 2022. Although we do not maintain operations in Russia, it is a significant source of fertilizer for global markets. Such sanctions have caused inflationary pressures and impacted our ability to purchase fertilizer in the global market. If our ability to purchase fertilizer in the global market continues to be impacted by those sanctions or by other factors, it could have a material adverse effect on our business and operations. In addition, such sanctions put us at an increased risk of inadvertently trading with a sanctioned partner.

We maintain operations in Ukraine, which is a key international grain originating region. Our operations in Ukraine have been dramatically disrupted because of the war. Some of our Ukrainian employees have been forced to relocate to other countries and within Ukraine, with many unable to perform all or some work duties. The ongoing war could cause harm to our employees and otherwise impair their ability to work for extended periods of time, as well as disrupt telecommunications systems, banks and other critical infrastructure necessary to conduct business in Ukraine. Although we do not have significant fixed assets or infrastructure in Ukraine, we continue to have grain inventory in various facilities in Ukraine. As a result of the war and related export bans on wheat, oats and other staples that were put in place by the Ukrainian government in March 2022, our ability to access or otherwise use these grain inventories in our export business has been limited and is expected to continue to be limited throughout the war. In addition, our grain inventories in Ukraine are at increased risk of damage and expropriation.

The risk of cybersecurity incidents has also increased in connection with the ongoing war between Russia and Ukraine. For example, the war has been accompanied by cyberattacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations. The proliferation of malware from the war into systems unrelated to the war, or cyberattacks against U.S. companies in retaliation for U.S. sanctions against Russia or U.S. support of Ukraine, could also adversely affect our operations.

The current war between Russia and Ukraine could also draw military or other intervention from additional countries, which could lead to a much larger war and/or additional sanctions imposed by the United States government and other governments that restrict business with specific persons, organizations or countries with respect to certain products or services. If such escalation should occur or such sanctions are imposed, supply chain, trade routes and markets currently served by us could be adversely affected, which in turn could materially adversely affect our business operations and financial performance.

We may also experience negative reactions from our members, shareholders, lenders, employees, customers or other stakeholders as a result of our action or inaction related to the war between Russia and Ukraine.

Even if the war moderates or a resolution between Russia and Ukraine is reached, we expect that we will continue to experience ongoing financial and operational impacts resulting from the war for the foreseeable future as Ukraine rebuilds its economy and infrastructure. Additionally, certain of the economic and other sanctions imposed, or that may be imposed, against Russia and its citizens and enterprises may continue for a period of time after any resolution has been reached.

**Our business and operations and demand for our products are highly dependent on certain global and regional factors that are outside our control and could adversely impact our business.**

The level of demand for our products is affected by global and regional demographics and macroeconomic conditions, including population growth rates and changes in standards of living. A significant downturn in global economic growth or recessionary conditions in major geographic regions may lead to a reduced demand for our products and services, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Weak global economic conditions and adverse conditions in financial and capital markets may adversely impact the financial condition and liquidity of some of our customers, suppliers and other counterparties, which could have a material adverse effect on our customers' abilities to pay for our products and on our business, financial condition, liquidity, results of operations and prospects.

Additionally, planted acreage and consequently the volume of fertilizer and crop protection products applied is partially dependent on government programs, grain prices and the perception held by producers of demand for production, all of which are outside our control. Moreover, our business and operations may be affected by weather conditions, including those due to climate change, that are outside our control. For example:

- Weather conditions during the spring planting season and early summer crop nutrient and crop protection application season affect agronomy product volumes and profitability.
- Adverse weather conditions, such as heavy snow or rainfall and any flooding that results, may cause transportation delays and increased transportation costs or damage physical assets, especially facilities in low-lying areas near coasts and river banks or situated in hurricane-prone and rain-susceptible regions. For example, in August 2021, our Myrtle

Grove, Louisiana, grain export terminal was damaged by Hurricane Ida and was not operational for approximately four weeks during storm recovery and cleanup. As a result, we were required to divert scheduled export shipments through other export locations, resulting in transportation delays and increased transportation costs.

- Changes in weather patterns may shift periods of demand for products or regions in which our products are produced or distributed, which could require us to revise our procurement and distribution processes.
- Significant changes in water levels (up or down, as a result of flooding, drought or otherwise) may cause changes in agricultural activity, which could require changes to our operating and distribution activities, as well as significant capital improvements to our facilities.
- Climate change may cause changes in weather patterns and conditions, including changes in rainfall and storm patterns and intensities, water shortages, changes in sea levels and changes in temperature levels, all of which could adversely impact our costs and business operations; the location, cost and competitiveness of commodity agricultural production; related storage and processing facilities; and demand for agricultural commodities, and may result in incidents of stranded physical assets. The frequency and severity of the effects of climate change and changes in weather patterns have been increasing. These effects could significantly reduce demand for the products we sell to or buy from agricultural producers and local cooperatives, and therefore could adversely impact our results of operations, liquidity or capital resources.
- We may experience increased insurance premiums and deductibles or decreases in available coverage for our assets in areas subject to adverse weather conditions.

Emerging sustainability and other environmental priorities outside our control could also affect agricultural practices and future demand for agronomy products applied to crops and the volume of any such application. These priorities could also impact demand for our grain and may require us to incur additional costs for increased due diligence and reporting. Accordingly, factors outside our control could materially and adversely affect our revenues, results of operations and cash flows.

**Inflation may result in increased costs, which could have a material and adverse effect on our results of operations.**

We have experienced and anticipate continued effects of inflation on costs such as labor, freight, natural gas and materials. In response to global inflationary pressures, the U.S. Federal Reserve and foreign equivalents have started raising interest rates, which has resulted in uncertainty and volatility in global financial markets and increased borrowing costs under certain of our credit facilities, including our five-year revolving credit facility and our 10-year term loan facility. Inflation and its impacts, many of which are beyond our control, could escalate in the future. We may not be able to pass on all of our increased costs as a result of inflation to customers. Accordingly, inflationary pressures could have a material and adverse effect on our results of operations.

**Our business and operations have been, and may in the future, be adversely affected by epidemics, pandemics, outbreaks of disease and other adverse public health developments, including COVID-19.**

Epidemics, pandemics, outbreaks of novel diseases and other adverse public health developments in countries and states where we operate may arise at any time. Such developments, including the COVID-19 pandemic, have had, and in the future may have, an adverse effect on our business, financial condition and results of operations. These effects include a potentially negative impact on the availability of our key personnel; labor shortages and increased turnover; temporary closures of our facilities or facilities of our members, business partners, customers, suppliers, third-party service providers or other vendors; and interruption of domestic and global supply chains, distribution channels and liquidity and capital or financial markets. In particular, restrictions on or disruptions of transportation, port closures or increased border controls or closures, or other impacts on domestic and global supply chains or distribution channels, could increase our costs for raw materials and commodity costs, increase demand for raw materials and commodities from competing purchasers, limit our ability to meet customer demand or otherwise have a material adverse effect on our business, financial condition and results of operations or cash flows. Precautionary measures that we may take in the future intended to limit the impact of any epidemic, pandemic, disease outbreak or other public health development, may result in additional costs. In addition, such epidemics, pandemics, disease outbreaks or other public health developments may adversely affect economies and financial markets throughout the world, such as the effect that COVID-19 has had on world economies and financial markets, which may affect our ability to obtain additional financing for our businesses and demand for our products and services. The impact of such developments may also exacerbate the other risks discussed in this Item 1A, any of which could have a material effect on us. The extent to which COVID-19 will impact our business and our financial results in the future will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include ongoing spread of the virus; disease severity; outbreak duration; extent of any reoccurrence of the coronavirus or any evolutions or mutations of the virus; availability, administration and effectiveness of vaccines; development of therapeutic treatments that can restore consumer and business economic confidence; type and duration of actions that may be taken by governmental authorities in response to the outbreak;

and impact on the U.S. and the global economy. As a result, at the time of this filing, it is not possible to predict the overall future impact of COVID-19 on our business, liquidity, capital resources and financial results.

**We participate in highly competitive business markets and we may not be able to continue to compete successfully, which could have a material adverse effect on us.**

We operate in several highly competitive business segments and our competitors may succeed in developing new or enhanced products that are better than ours, may be more successful in marketing and selling their products than we are, or may have more effective supply chain capability than we have. Competitive factors include price, service level, proximity to markets, access to transportation, product quality, marketing and risk management. In our business segments, we compete with companies that are larger and better known than we are and have greater marketing, financial, personnel and other resources than we do. As a result, we may not be able to continue to compete successfully, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

**Our revenues, margins, results of operations and cash flows could be materially and adversely affected if our members were to do business with others rather than with us.**

We do not have an exclusive relationship with our members and our members are not obligated to supply us with their products or purchase products from us. Our members often have a variety of distribution outlets and product sources available to them. If our members were to sell their products to other purchasers or purchase products from other sellers, our revenues and margins would decline and our results of operations and cash flows could be materially and adversely affected.

**If our customers choose alternatives to our refined petroleum products, our revenues, results of operations and cash flows could be materially and adversely affected.**

Numerous energy sources could serve as alternatives to our gasoline, diesel fuel and other refined petroleum products. If any of these alternative products become more economically viable or preferable to our customers for environmental or other reasons, demand for our energy products would decline. In addition, many governments have imposed, and in the future may impose, policies and regulations aimed at decreasing reliance on petroleum-based products, which could reduce demand for our energy products. For example, Illinois has enacted comprehensive legislation that aims to phase out fossil fuels by 2045. As another example, in December 2021, the current U.S. administration issued an executive order that directs the U.S. federal government to use its scale and procurement power to achieve a number of aspirational net-zero goals, including 100% zero-emission light-duty vehicle acquisitions by 2027 and 100% zero-emission vehicle acquisitions by 2035. If realized, these restrictions would accelerate the decline in demand for gasoline, diesel fuel and other refined petroleum products. In addition, a number of companies have announced their intention to phase out production of gasoline- and diesel-powered light-duty vehicles. While these phaseouts primarily impact light-duty vehicles outside our primary markets, they are expected to further accelerate the decline in demand for gasoline, diesel fuel and other refined petroleum products. Declining demand for our energy products, particularly diesel fuel sold for farming applications, could materially and adversely affect our revenues, results of operations and cash flows.

**Consolidation among the producers of products we purchase and customers for products we sell could materially and adversely affect our revenues, results of operations and cash flows.**

Consolidation has occurred among the producers and manufacturers of products we sell and purchase, including crude oil, fertilizer and grain, and it is highly likely that this consolidation will continue in the future. Consolidation could allow producers to negotiate pricing, supply availability and other contract terms that are less favorable to us. In addition, consolidation also may increase the likelihood that consumers or end users of these products enter into supply relationships with a smaller number of producers, resulting in potentially higher prices for the products we purchase.

Consolidation has also occurred among local cooperatives that are the primary wholesale customers of our products, which has resulted in a smaller wholesale and retail customer base for our products and has intensified the competition for these customers. It is highly likely that this consolidation will continue in the future. Ongoing consolidation among distributors and brokers of food products and food retailers has altered the buying patterns of these businesses, as they have increasingly elected to work with product suppliers who can meet their needs nationwide rather than just regionally or locally. If these cooperatives, distributors, brokers and retailers elect not to purchase our products, our revenues, results of operations and cash flows could be materially and adversely affected.

In the seed, fertilizer and crop protection markets, consolidation at both the producer and wholesale customer levels has increased the potential for direct sales from input manufacturers to cooperative customers and/or individual agricultural

producers, which would remove us from the supply chain and could have a material and adverse effect on our revenues, results of operations and cash flows.

**We are exposed to risk of nonperformance and nonpayment by counterparties.**

We are exposed to risk of nonperformance and nonpayment by counterparties, whether pursuant to contracts or otherwise. Risk of nonperformance and nonpayment by counterparties includes the inability or refusal of a counterparty to pay us, the inability or refusal to perform because of a counterparty's financial condition and liquidity, operational failures, labor issues, cybersecurity events, outbreaks of disease or for any other reason, and risk that the counterparty will refuse to perform a contract during a period of price fluctuations where contract prices are significantly different than current market prices. In the event we experience significant nonperformance or nonpayment by counterparties, our financial condition, results of operations and cash flows could be materially and adversely affected. For example, we store inventory in third-party warehouses, and the operators of these warehouses may not adequately store or secure our inventory, or they may improperly sell that inventory to someone else, which could expose us to a loss of the value of that inventory. In the event we experience any such nonperformance by a third-party warehouse operator, our financial condition, results of operations and cash flows could be materially and adversely affected. As another example, if any of our counterparties experience a cyber breach or system failure, or does not respond or perform effectively in connection with such cyber breach or system failure, their businesses could be negatively impacted, and it may result in disruption to our supply chain or distribution channels, which could have a material adverse effect on our business.

**Our business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe us money.**

We extend credit to, make loans to and engage in other financing arrangements with individual producers, local cooperatives and other third parties around the world. We incur credit risk and the risk of losses if our borrowers and others to which we extend credit do not repay their loans or perform their obligations to pay us the money they owe. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or for other reasons. If these counterparties do not pay us back, such that we experience significant defaults on their payment obligations to us, our financial condition, results of operations or cash flows could be materially and adversely affected.

We are also subject to the risk that our rights against borrowers and other third parties that owe us money may not be enforceable in all circumstances. For example, a borrower or third-party may declare bankruptcy. In addition, the credit quality of borrowers and other third parties whose obligations we hold could deteriorate due to a number of factors, including deterioration in the value of collateral posted by those parties to secure their obligations to us pursuant to purchase contracts, loan agreements or other contracts. If that deterioration occurs, the material adverse effects of third parties not performing their repayment obligations may be exacerbated if the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount owed to us. For example, certain loans and other financing arrangements we undertake with agricultural producers are typically secured by the counterparty's crops that are planted in the current year. There is a risk that the value of the crop will not be sufficient to satisfy the counterparty's repayment obligations under the financing arrangement as a result of weather, crop growing conditions, other factors that influence the price, supply and demand for agricultural commodities or for other reasons.

In addition, disputes may arise as to the amount of collateral we are entitled to receive and the value of pledged assets. Termination of contracts and foreclosure on collateral may subject us to claims for improper exercise of our rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity.

With respect to our lending activity, we evaluate the collectability of both commercial and producer loans on a specific identification basis based on the amount and quality of the collateral obtained and record specific loan loss reserves when appropriate. Consistent with accounting principles generally accepted in the United States ("U.S. GAAP"), a general reserve is also maintained based on our best estimate of expected credit losses. For other forms of credit, we establish reserves as appropriate and consistent with U.S. GAAP. The reserves represent our best estimate based on current facts and circumstances. Future developments or changes in assumptions may cause us to record adjustments to the reserves that could materially and adversely affect our results of operations.

**Our risk management strategies may not be effective.**

Our business is affected by fluctuations in commodity prices, transportation costs, energy prices, foreign currency exchange rates and interest rates. We monitor position limits, accounts receivables and other exposures and engage in other

strategies and controls to manage these risks. Our monitoring efforts may not be effective at detecting a significant risk exposure and our controls and strategies may not be effective in adequately managing against the occurrence of a significant loss relating to a risk exposure. If our controls and strategies are not successful in mitigating or preventing our financial exposure to losses due to the fluctuations or failures mentioned above, it could significantly and adversely affect our operating results.

**Actual or perceived quality, safety or health risks associated with our products could subject us to significant liability and damage our business and reputation.**

If any of our food or animal feed products were to become adulterated or misbranded, we would need to recall those items and could experience product liability claims if either consumers or customers' livestock were injured or were claimed to be injured as a result. A widespread product recall or a significant product liability judgment could cause our products to be unavailable for a period of time or could cause a loss of consumer or customer confidence in our products. Even if a product liability claim were unsuccessful or were not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our business and reputation with existing and potential consumers and customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. In addition, general public perceptions regarding the quality, safety or health risks associated with particular food or animal feed products, such as concerns regarding genetically modified crops, could reduce demand and prices for some of the products associated with our businesses. To the extent that consumer preferences evolve away from products that our members or we produce for health or other reasons, such as the growing demand for organic food products and products that are sustainably grown and made, including low carbon grain and oilseed, and we are unable to develop or procure products that satisfy new consumer preferences, there will be decreased demand for our products, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

**Our operations are subject to business interruptions, casualty losses and supply chain issues; we do not insure against all potential losses and could be seriously harmed by unanticipated liabilities.**

Our operations are subject to business interruptions due to unanticipated events such as explosions, fires, other natural disasters, war, terrorism, cyber attacks, industrial accidents, pipeline interruptions, transportation delays, equipment failures, crude oil or refined product spills, adverse weather conditions and labor disputes. For example:

- Our oil refineries and other facilities are potential targets for terrorist attacks that could halt or discontinue production.
- Our inability to negotiate acceptable contracts with unionized workers in our operations could result in strikes or work stoppages.
- Our corporate headquarters, the facilities we own or the significant inventories we carry could be damaged or destroyed by catastrophic events, adverse weather conditions or contamination.
- Someone may accidentally or intentionally introduce malware into our information technology systems or breach our computer systems or other cyber resources.
- An occurrence of a pandemic or epidemic disease, such as the COVID-19 pandemic, affecting a substantial part of our workforce or our customers could interrupt our business operations.

The effects of any of these events could be significant. We maintain insurance coverage against many, but not all, potential losses or liabilities arising from these operating hazards, but uninsured losses or losses above our coverage limits are possible. Uninsured losses and liabilities arising from operating hazards could have a material adverse effect on us. In addition, if we experience insurable events, our insurance premiums could increase or insurance relating thereto may become unavailable to us.

We may also be impacted by supply chain issues, due to factors largely beyond our control, which could escalate in future periods. Any such issues could result in higher costs or operational disruptions, which could have an adverse impact on our business, financial condition and results of operations.

**We are subject to workforce factors that could adversely affect our business and financial condition.**

Like most companies in the agricultural industry, we are continuously challenged to hire, develop and retain a sufficient number of employees to operate our businesses throughout our operating geographies. We may have difficulty recruiting and retaining employees with adequate qualifications and experience. The challenge of hiring new employees is exacerbated by the rural nature of our business, which provides for a smaller pool of skilled employable candidates. A number of other factors may adversely affect the labor force available to us, including changes in the labor market as a result of the

COVID-19 pandemic and other socioeconomic and demographic changes, high employment levels, federal unemployment subsidies and other government regulations, unemployment programs and volatility in macroeconomic factors impacting the labor market. To hire new employees, we may be forced to pay higher wages or offer other benefits that might impact our cost of labor. Furthermore, when we do hire new employees, lengthy training and orientation periods might be required before they are able to achieve necessary productivity levels, and we may be unable to successfully transfer our other employees' institutional knowledge and skills to them or fail to execute on internal succession plans. In addition, an increasingly competitive labor market may lead to increased turnover rates within our employee base. These or other employee workforce factors could negatively impact our business, financial condition or results of operations.

**Technological improvements could decrease the demand for our agronomy and energy products.**

Technological advances in agriculture could decrease the demand for crop nutrients, energy and other crop input products and services we provide. Genetically engineered seeds that resist disease and insects, or that meet certain nutritional requirements, could affect the demand for our crop nutrients and crop protection products. Demand for fuel that we sell could decline as technology allows for more efficient usage of equipment or should alternative energy sources become more viable due to technological advances. Declining demand for our products could materially and adversely affect our revenues, results of operations and cash flows.

**We utilize information technology systems to support our business. The ongoing multiyear implementation of an enterprisewide resource planning system, reliance on multiple legacy business systems, security breaches or other disruptions to our information technology systems or assets could interfere with our operations, compromise the security of our customers' or suppliers' information and expose us to liability that could adversely impact our business and reputation.**

Our operations rely on certain key information technology ("IT") systems, many of which are legacy in nature or may depend on third-party services to provide critical connections of data, information and services for internal and external users.

Over the past several years, we have been implementing a new enterprise resource planning system ("ERP"), and we expect this ERP implementation to continue for the next several years. This ERP implementation has required and will continue to require significant capital and human resources to deploy. Changes we have experienced in the implementation timeline and the scope of the implementation likely have impacted the capital and operating expense amounts required to complete the implementation, and there can be no assurance that the actual costs for completing the ERP implementation will not exceed our current estimates or that the ERP will not take longer to implement than we currently expect. In addition, potential flaws in implementing the ERP or in the failure of any portion/module of the ERP to meet our needs or provide appropriate controls may pose risks to our ability to operate successfully and efficiently and with an effective system of internal controls.

There may be other challenges and risks to both our aging and current IT systems over time due to any number of causes, such as catastrophic events, availability of resources, power outages, security breaches or cyber attacks. These challenges and risks could result in legal claims or proceedings, liability or penalties, disruption in operations, loss of valuable data, increased costs and damage to our reputation, all of which could adversely affect our business. Our ongoing IT investments include those relating to cybersecurity, including technology, hired expertise and cybersecurity risk mitigation actions. In addition, IT investments in new technology that could result in greater operational efficiency may further expose our IT systems to the risk of cyber attacks.

Like many companies, we continue to experience an increase in the number of sophisticated attempts by external parties to access and/or disrupt our networks without authorization, such as denial of service attacks, attempted malware infections, scanning activity and phishing e-mails. For example, in June 2021, we experienced a denial of service attack that impacted our network. In response to the cybersecurity attack, we launched an investigation and undertook immediate action, including employing protocols to mitigate the impact of the threat going forward. Although our systems were not breached, no data was lost or exposed and our operations were not significantly interrupted by this incident, there is no guarantee that a future incident would not have a greater impact on our operations, our data or our reputation. We may incur significant costs protecting against or remediating cyber-based attacks or other cyber incidents.

In addition, we are subject to laws and regulations in the United States and other jurisdictions regarding privacy, data protection and data security, including those related to collection, storage, handling, use, disclosure, transfer and security of personal data. These laws and regulations pose increasingly complex compliance challenges and will require us to incur costs to achieve and maintain compliance; some of those costs may be significant. Any violation of such laws and regulations, including as a result of a security or privacy breach, could subject us to legal claims, regulatory penalties and damage to our reputation.

**Increasing scrutiny and changing expectations from stakeholders with respect to our environmental, social and governance practices may expose us to new or additional risks.**

Companies across all industries are facing increasing scrutiny from stakeholders related to their environmental, social and governance ("ESG") practices and disclosures, including practices and disclosures related to climate change, human capital management, diversity and inclusion, social and community impact, corporate culture and governance standards. Investor advocacy groups, certain institutional investors, lenders, investment funds and other influential investors are also increasingly focused on ESG practices and disclosures and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, investors' and other stakeholders' increased focus and activism related to ESG and similar matters may hinder access to capital or financing, as investors or lenders may determine to reallocate capital or not commit capital as a result of their assessment of a company's ESG practices and disclosures. If we do not adapt or comply with investor, lender or stakeholder ESG expectations and standards, which are evolving, or if we are perceived to have not responded appropriately to the growing focus on ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and our business or financial condition could be materially and adversely affected. Conversely, if we comply with evolving investor, lender and stakeholder ESG expectations and standards, doing so could result in higher costs, disruption and diversion of management attention, an increased strain on our resources and heightened legal and regulatory risk, and could also threaten our credibility with other investors, lenders and stakeholders. Investors, lenders and other stakeholders are also increasingly focusing on issues related to environmental justice. This may result in increased scrutiny, protests and negative publicity with respect to our business and operations, which in turn could adversely affect our reputation, business and financial performance.

**Failures or delays in achieving our strategies or expectations related to climate change and other environmental matters could adversely affect our business, operations and reputation, and increase risk of litigation.**

Our ability to achieve any of our strategies or expectations related to climate change and other environmental matters is subject to numerous factors and conditions, many of which are outside our control. Examples of such factors include, but are not limited to, evolving regulatory and other standards, processes and assumptions; the pace of scientific and technological developments; increased costs and the availability of requisite financing; market trends that may alter business opportunities; the conduct of third-party counterparties; constraint or disruptions to our supply chain and changes in carbon markets. Failures or delays, whether actual or perceived, in achieving our strategies or expectations related to climate change and other environmental matters could adversely affect our business, operations and reputation, and increase risk of litigation.

**Acquisitions, strategic alliances, joint ventures, divestitures and other nonordinary course-of-business events resulting from portfolio management actions and other evolving business strategies could affect future results.**

We monitor our business portfolio and organizational structure and have made and may continue to make acquisitions, strategic alliances, joint ventures, divestitures and changes to our organizational structure. With respect to acquisitions, future results will be affected by our ability to identify suitable acquisition candidates, to adequately finance any acquisitions and to integrate acquired businesses quickly and obtain the anticipated financial returns, including synergies. Our ability to successfully complete a divestiture will depend on, among other things, our ability to identify buyers that are prepared to acquire such assets or businesses on acceptable terms and to adjust and optimize our retained businesses following the divestiture. Additionally, we may fail to consummate proposed acquisitions, divestitures, joint ventures or strategic alliances after incurring expenses and devoting substantial resources, including management time, to such transactions or foregoing other strategic opportunities.

Several parts of our business, including our nitrogen production business, our foods business and portions of our global grain marketing and wheat milling operations, are operated through joint ventures with third parties where we do not have majority control of the venture. By operating a business through a joint venture, we have less control over business decisions than we have in our subsidiaries and limited liability companies in which we have a controlling interest. In particular, we generally cannot act on major business initiatives in our joint ventures without the consent of the other party or parties in those ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third-party is not involved, including the possibility that co-venturers might experience business or financial stresses that impact their ability to effectively operate the joint venture, or might become bankrupt or fail to fund their share of the business, in which case the joint venture may be unable to access needed growth capital without funding from us and/or any other remaining co-venturers. Co-venturers may have economic, tax or other business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Our co-venturers may take actions that are not within our control, which may expose our investments in joint ventures to the risk of lower values or returns. Joint venture investments may also lead to impasses. Disputes between us and co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and efforts on our day-to-day business.

In addition, we may, in certain circumstances, be liable for the actions of our co-venturers. Each of these matters could have a material adverse effect on us.

We made certain assumptions and projections regarding the future of the markets served by our joint venture investments that included projected raw materiality availability and pricing, production costs, market pricing and demand for the joint venture's products. These assumptions were an integral part of the economics used to evaluate these joint venture investment opportunities prior to consummation. To the extent that actual market performance varies from our models, our ability to achieve projected returns on our joint venture investments may be impacted in a materially adverse manner. For example, assumptions we made in connection with our investment in CF Nitrogen may not align with future demand for nitrogen-based products or the cost or availability of natural gas, the primary feedstock utilized for CF Nitrogen's nitrogen-based products.

### ***Risks Related to Laws and Regulations***

#### **Government policies, mandates, regulations and trade agreements could adversely affect our operations and profitability.**

Our business is subject to numerous government policies, mandates and regulations that could have an adverse effect on our operations or profitability. For example, government policies, mandates and regulations related to genetically modified organisms, traceability standards, sustainable practices, product safety and labeling, and renewable and low-carbon fuels could have an adverse effect on our operations or profitability by, among other things, influencing the planting of certain crops, the location and size of crop production, trade of processed and unprocessed commodity products, volumes and types of imports and exports, availability and competitiveness of feedstocks as raw materials, and viability and volume of certain of our products. In our Energy segment, government policies, mandates and regulations designed to stop or impede development or production of petroleum-based products, such as those limiting or banning use of hydraulic fracturing, drilling or oilsands production or restricting the sale of new combustion-engine vehicles, could adversely affect our operations and profitability.

In addition, changes in international trade agreements and trade disputes can adversely affect commodity trade flows by limiting or disrupting trade between countries or regions. In many countries around the world, historical free trade relationships are being challenged and it is unclear what changes, if any, will be made to international trade agreements that are relevant to our business activities. These actions and uncertainties have led to significant volatility in commodity prices, disruptions in historical trade flows and shifts in planting patterns in the United States and South America, all of which have resulted in reduced volumes of grain exports overall and have presented challenges and uncertainties for our business. Changes in trade policy, withdrawals from or material modifications to relevant international trade agreements and continued uncertainty could depress economic activity and restrict our access to suppliers and customers, and we cannot predict the effects of future trade policies, disputes or agreements on our business. Tariffs and trade restrictions that are implemented on products that we buy and/or sell could increase the cost of those products or adversely affect the availability of market access. These cost increases and market changes could adversely affect demand for our products and reduce margins, which could have a material adverse effect on our business and our earnings. In addition, the U.S. government can prevent or restrict us from doing business in or with other countries, such as the economic sanctions that were imposed by the U.S. government on Russia and certain of its citizens and enterprises in connection with Russia's war with Ukraine. These restrictions and those of other governments could limit our ability to gain access to business opportunities in various countries.

#### **Changes in federal income tax laws or in our tax status could increase our tax liability and reduce our net income significantly.**

Current federal income tax laws, regulations and interpretations regarding the taxation of cooperatives allow us to exclude income generated through business with or for a member (patronage-sourced income) from our taxable income to the extent it is distributed back to our members. If any changes are made to such federal income tax laws, regulations or interpretations, or if in the future we were not eligible to be taxed as a cooperative, our tax liability would significantly increase and our net income would significantly decrease.

#### **We incur significant costs in complying with applicable laws and regulations. Any failure to comply with these laws and regulations, or to make capital or other investments necessary to comply with these laws and regulations, could expose us to unanticipated expenditures and liabilities.**

We are subject to numerous federal, state and local provisions regulating our business and operations. We incur and expect to incur significant capital and operating expenses to comply with these laws and regulations. We may be unable to pass on those expenses to customers without experiencing volume and margin losses. For example, the compliance burden and

impact on our operations and profitability as a result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and related regulations continue to evolve, as federal agencies have implemented and continue to implement its many provisions through regulation. These efforts to change the regulation of financial markets subject users of derivatives, such as CHS, to extensive oversight and regulation by the CFTC. Such initiatives have imposed and may continue to impose additional costs on us, including operating and compliance costs, and the cost of fines or penalties in the event we do not comply, and could materially affect the availability, as well as the cost and terms, of certain transactions. Certain federal regulations addressing Dodd-Frank are still being implemented and others are being finalized. We will continue to monitor these developments. In addition, new laws and regulations that are applicable to us or our businesses may be adopted, and the change in the U.S. government's administration and its policies may increase the likelihood of such legal and regulatory developments. If new laws or regulations become applicable to us or our businesses, our compliance costs could increase. Any of the above matters could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

We establish reserves for the future cost of known compliance obligations, such as remediation of identified environmental issues. However, these reserves may prove inadequate to meet our actual liability. Moreover, amended, new or more stringent requirements, stricter interpretations of existing requirements or the discovery of currently unknown compliance issues may require us to make material expenditures or subject us to liabilities that we currently do not anticipate. Furthermore, our failure to comply with applicable laws and regulations could subject us to administrative penalties and injunctive relief, civil remedies, including fines and injunctions, criminal fines and penalties, and recalls of our products. For example, we regularly maintain hedges to manage the price risks associated with our commercial operations. These transactions typically take place on exchanges such as the CME. Our hedging transactions and activities are subject to the rules and regulations of the exchanges we use and governing bodies, including the CME, the NYMEX, the CBOT, the MGEX and the CFTC. All exchanges have broad powers to review required records, to investigate and enforce compliance and to punish noncompliance by entities subject to their jurisdiction. Failure to comply with such rules and regulations could lead to restrictions on our trading activities or subject us to enforcement action by the CFTC or a disciplinary action by the exchanges, which could lead to substantial fines or penalties or limitations on our related operations. In addition, any investigation or proceeding by an exchange or the CFTC, whether successful or unsuccessful, could result in substantial costs, diversion of resources, including management time, and potential harm to our reputation, all of which could have a material adverse effect on our business financial condition, liquidity, results of operations and prospects.

**We are subject to extensive anti-corruption, anti-bribery, anti-kickback and trade laws and regulations, and any noncompliance with those laws and regulations could have a material adverse effect on our business, financial condition and results of operations.**

We operate on a global basis and are subject to anti-corruption, anti-bribery and anti-kickback laws and regulations, including the Foreign Corrupt Practices Act of 1977, as amended ("FCPA"). The FCPA and other similar anti-corruption, anti-bribery and anti-kickback laws and regulations in other jurisdictions generally prohibit companies and their intermediaries or agents from making improper payments to government officials or any other persons for the purpose of obtaining or retaining business. We operate and sell our products in many parts of the world that have experienced governmental corruption to some degree, and in certain circumstances strict compliance with anti-corruption, anti-bribery and anti-kickback laws and regulations may conflict with local customs and practices. In addition, in certain countries, we engage third-party agents or intermediaries to act on our behalf and/or conduct all or a portion of our operations through joint venture partners, including in those countries with a high risk of corruption. If any of these third parties violate applicable anti-corruption, anti-bribery or anti-kickback laws or regulations, we may be liable for those violations. We have policies in place prohibiting employees from making or authorizing improper payments; we train our employees regarding compliance with anti-corruption, anti-bribery and anti-kickback laws and regulations; and we utilize procedures to identify and mitigate risks of such misconduct by our employees, third-party agents, intermediaries and joint venture partners. However, we cannot provide assurances that our employees, third-party agents, intermediaries or joint venture partners will comply with those policies, laws and regulations. If we are found liable for violations of the FCPA or other similar anti-corruption, anti-bribery or anti-kickback laws or regulations, either due to our own acts or out of inadvertence or due to the acts or inadvertence of others, we could suffer criminal or civil fines or penalties or other repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

Due to the international scope of our operations, we are subject to a complex system of import- and export-related laws and regulations, including U.S. regulations issued by Customs and Border Protection, the Bureau of Industry and Security, the Office of Antiboycott Compliance, the Directorate of Defense Trade Controls and the Office of Foreign Assets Control, as well as the counterparts of these agencies in other countries. Any alleged or actual violation of these laws or regulations by us or our employees may subject us to government scrutiny, investigation, and civil and criminal penalties, and may limit our import and export abilities. Furthermore, embargoes and sanctions imposed by the United States and other governments restricting or

prohibiting sales to specific persons or countries or based on product classification may expose us to potential criminal or civil sanctions. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the way existing laws and regulations might be administered or interpreted.

**Environmental and energy laws and regulations may result in increased operating costs and capital expenditures, and may have a material and adverse effect on us.**

New and current environmental and energy laws and regulations, including regulations relating to alternative energy sources and the risk of global climate change, new interpretations of existing environmental and energy laws and regulations, increased governmental enforcement of environmental and energy laws and regulations or other developments in these areas could require us to make additional unforeseen expenditures on technologies and/or other assets to continue our operations or unforeseen changes to our operations, either of which could adversely affect us. For example, in December 2015, 195 countries adopted a new international agreement known as the Paris Agreement. The Paris Agreement is intended to provide a framework pursuant to which the parties to the agreement will attempt to hold the increase in global average temperatures below 2 degrees Celsius above preindustrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above preindustrial levels. Participation in the Paris Agreement is subject to the concurrence of the United States Executive Branch Administration then in office. As a result, adherence to the Paris Agreement may vary by administration. The current administration is supportive of the Paris Agreement. Executive orders issued by the current administration, actions by various U.S. federal regulatory agencies, enactment of the Inflation Reduction Act of 2022 and the current administration's announced goal of halving U.S. greenhouse gas ("GHG") emissions by 2030 and reaching net-zero emissions by 2050 are also evidence of the current United States administration's intent to undertake numerous initiatives in an effort to reduce GHGs. New federal legislation or regulatory programs that restrict emissions of GHGs, such as cap and trade regimes, carbon taxes, restrictive permitting, increased fuel efficiency standards or mandates for renewable energy, or comparable new state legislation or programs or customer requirements in areas where we or our customers conduct business could adversely affect our operations and the demand for our energy products, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. In addition, new legislation, regulatory programs, or customer or other stakeholder expectations could require substantial expenditures for installation and operation of systems and equipment or for substantial modifications to existing equipment.

Also, pursuant to the Energy Independence and Security Act of 2007, the EPA has promulgated the Renewable Fuel Standard ("RFS"), which requires refiners to blend renewable fuels, such as ethanol and biodiesel, with their petroleum fuels or purchase renewable energy credits, known as Renewable Identification Numbers ("RINs"), in lieu of blending. The EPA generally establishes new annual renewable fuel percentage standards for each compliance year in the preceding year. We generate RINs through our blending activities, but we cannot generate enough RINs to meet the needs of our refining capacity and RINs must be purchased on the open market. In recent years, the price of RINs has been extremely volatile. For example, in fiscal 2022, prices for D6 ethanol RINs and D4 ethanol RINs rose by 15% and 21%, respectively, compared to the prior year. Continued RIN volatility could have a negative impact on our future refined fuels' margins, as experienced during fiscal 2022.

**Environmental liabilities and litigation could have a material adverse effect on us.**

Many of our current and former facilities have been in operation for many years, and over that time, we and other operators of those facilities have generated, used, stored and disposed of substances or wastes that are or might be considered hazardous under applicable or future enacted environmental laws, including liquid fertilizers, chemicals and fuels stored in underground and aboveground tanks. Any past or future actions in violation of applicable environmental laws could subject us to administrative penalties, fines, injunctions or other costs, such as capital expenditures. In addition, an owner or operator of contaminated property and a party who sends hazardous materials to such site for treatment, storage, disposal or recycling can be liable for the cost of investigation and remediation under environmental laws. In some instances, such liability exists regardless of fault. Moreover, future or unknown past releases of hazardous substances could subject us to private lawsuits claiming damages, including for bodily injury or property damage, and to adverse publicity, which could have a material adverse effect on us. Liabilities, including legal costs, related to remediation of contaminated properties are not recognized by us until the related costs are considered probable and can be reasonably estimated.

We have noted a trend in public and private lawsuits filed on behalf of states, counties, cities and utilities alleging harm to the general public and the environment, including waterways and watersheds, as a result of the use of agricultural chemicals, such as fertilizers. If we become a party to any such lawsuits, we could be required to pay damages or penalties or have other remedies imposed upon us, which could have a material and adverse effect on our results of operations and financial condition.

We face increased climate-change-related litigation risk with respect to our operations. In particular, governmental and other entities in various U.S. states have filed lawsuits against companies in the coal, gas, oil and petroleum industries, alleging damages as a result of climate change, with the plaintiffs in such lawsuits seeking damages and abatement under various tort theories. Additionally, governmental and other entities are increasingly filing lawsuits or initiating regulatory action based on allegations that certain public statements regarding ESG-related matters and practices by companies are false or misleading greenwashing that violate deceptive trade practices and consumer protection statutes. Similar issues can also arise relating to aspirational statements such as net-zero or carbon neutrality targets that are made without an adequate basis to support such statements. Although we are not currently a party to any of these lawsuits, they present a high degree of uncertainty regarding the extent to which we face increased risk of liability stemming from climate change or ESG disclosures and practices.

### ***Risks Related to Our Financial Position and Financing Our Business***

#### **Our financial results are susceptible to seasonality.**

Many of our business activities are highly seasonal and operating results vary throughout the year. Our revenues generally trend lower during the second and fourth fiscal quarters and are highest during the first and third fiscal quarters. For example, in our Ag segment, our country operations business generally experiences higher volumes and revenues during the fall harvest and spring planting seasons and our agronomy business generally experiences higher volumes and revenues during the spring planting season. Our global grain and processing operations are subject to fluctuations in volume and revenues based on producer harvests, world grain prices and demand, and international trade relationships. Our Energy segment generally experiences higher volumes and revenues in certain operating areas, such as refined products, in the spring, summer and early fall when gasoline and diesel fuel use by agricultural producers is highest and is subject to global supply and demand forces. Other energy products, such as propane, generally experience higher volumes and revenues during the winter-heating and crop-drying seasons.

#### **If any of our long-lived assets become impaired, we could be required to record a significant impairment charge, which would negatively impact our results of operations.**

All our long-lived assets, including property, plant and equipment, goodwill, investments in unconsolidated affiliates and other identifiable intangibles, are evaluated for impairment in accordance with U.S. GAAP at least annually for goodwill and whenever events or changes in circumstances indicate the carrying amount of a long-lived asset or asset group may not be recoverable. The process of evaluating for impairment involves a number of judgments and estimates. If the judgments and estimates used in our analyses are not realized or change due to external factors, then actual results may not be consistent with these judgments and estimates, and our long-lived assets may become impaired in future periods. We have in the past, and may in the future, be required to write down the value of our long-lived assets. Any future impairment of our long-lived assets could require us to record a significant impairment charge, which would negatively impact our results of operations.

#### **Our business is capital intensive and we rely on cash generated from our operations and external financing to fund our strategies and ongoing capital needs.**

We require significant capital, including access to credit markets from time to time, to operate our businesses and fund our strategies. Our working capital requirements are directly affected by the price of commodities, which may fluctuate significantly and quickly. We also require substantial capital to maintain and upgrade our extensive network of facilities to keep pace with competitive developments, technological advances, regulatory changes and changing safety standards. In addition, the expansion of our business and pursuit of acquisitions or other business opportunities has required, and may in the future require, significant amounts of capital. If we are unable to generate sufficient cash flow or maintain access to adequate external financing, including as a result of significant disruptions in the global credit markets, it could restrict our current operations and our growth opportunities, which could adversely affect our operating results and restrict our ability to repay our existing debts.

#### **Our access to capital could be affected by financial institutions' and other capital sources' policies concerning energy-related businesses.**

Public concern regarding the potential effects of climate change have directed increased attention toward the funding sources of energy-related businesses. As a result, some financial institutions, funds and other sources of capital have reduced or restricted lending to, or investing in, companies that operate in the energy industry. Limiting energy-related businesses' access to capital could make it more difficult for us to secure external financing, which could in turn restrict our current operations and our growth opportunities, adversely affect our operating results and restrict our ability to repay our existing debts.

**Our cooperative structure limits our ability to access equity capital.**

As a cooperative, we may not sell common stock in our company. In addition, existing laws and our articles of incorporation and bylaws limit dividends on any preferred stock we may issue to 8% per annum. These limitations may restrict our ability to raise equity capital and may adversely affect our ability to compete with enterprises that do not face similar restrictions.

**Uncertainty regarding the transition away from the London Interbank Offered Rate ("LIBOR") and the replacement of LIBOR with an alternative reference rate may adversely affect interest rates under our credit facilities and dividend rates with respect to our Class B Series 2 Preferred Stock and Class B Series 3 Preferred Stock.**

LIBOR has been the historical base rate of interest widely used as a global reference for setting interest rates on loans. Some of our credit facilities, including our five-year revolving credit facility and our 10-year term loan facility, use LIBOR as the reference rate. In addition, the terms of our Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2 ("Class B Series 2 Preferred Stock"), and our Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3 ("Class B Series 3 Preferred Stock"), provide that, beginning on March 24, 2024, in the case of our Class B Series 2 Preferred Stock, or on September 30, 2024, in the case of our Class B Series 3 Preferred Stock ("Initial Reset Date"), dividends on such preferred stock will accumulate at a rate equal to three-month LIBOR plus an applicable spread, not to exceed 8% per annum.

In 2017, the United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it intended to phase out LIBOR by the end of 2021. On March 5, 2021, the FCA announced that representative LIBOR rates would no longer be available after June 30, 2023, in the case of overnight and one-, three-, six- and 12-month U.S. dollar LIBOR rates, and December 31, 2021, in the case of all other LIBOR rates.

The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has announced the Secured Overnight Financing Rate ("SOFR") as its recommended alternative to U.S. dollar LIBOR. We have identified our contractual arrangements that will be impacted by the cessation of the remaining U.S. dollar LIBOR settings. We are actively working with counterparties to incorporate non-LIBOR reference rate and fallback language, when applicable, in new and existing contracts. The composition and characteristics of SOFR are not the same as LIBOR. As a result, there can be no assurance that SOFR or any other alternative reference rate will perform in the same manner as LIBOR would have at any time including without limitation, as a result of changes in interest and yield rates in the market, market volatility, or global or regional economic, financial, political, regulatory, judicial or other events.

The use of SOFR or another alternative reference rate could cause the interest rates on our borrowings under our applicable credit facilities to be materially different than expected, which could have an adverse effect on our financial position, results of operations and liquidity. In addition, we will continue to be subject to risk on outstanding instruments that rely on LIBOR. For example, although the rate at which dividends accumulate on our Class B Series 2 Preferred Stock and Class B Series 3 Preferred Stock may not exceed 8% per annum, there is currently uncertainty regarding the calculation of such rates following the applicable Initial Reset Date in the event that LIBOR ceases to exist. The use of SOFR or another alternative reference rate or other reforms relating to the calculation of dividends on our Class B Series 2 Preferred Stock and Class B Series 3 Preferred Stock could cause the dividends we pay on our Class B Series 2 Preferred Stock and Class B Series 3 Preferred Stock following the applicable Initial Reset Date to be materially different than expected, which could have an adverse effect on our financial position, results of operations and liquidity and cause us to attempt to amend the terms of our Class B Series 2 Preferred Stock and Class B Series 3 Preferred Stock, including by seeking shareholder approval of any such amendment.

In addition, the overall financial market may be disrupted as a result of the phaseout and replacement of LIBOR. Disruption in the financial market could have an adverse effect on our financial position, results of operations and liquidity.

**ITEM 1B. *UNRESOLVED STAFF COMMENTS***

Not applicable.

**ITEM 2. PROPERTIES**

We own or lease energy, agronomy, grain-handling and processing facilities and other real estate throughout the United States and internationally. Below is a summary of these locations by segment and related business. All facilities are owned except where indicated as leased.

Description	Location(s)
<b>Energy</b>	
Refineries	Laurel, Montana, and McPherson, Kansas
Propane terminals	10 locations in Iowa, Maine, Minnesota, Missouri, North Dakota, Washington and Wisconsin; the locations in Glenwood, Minnesota; Hannaford, North Dakota; and Yakima, Washington, are owned by CHS; the location in Rockville, Minnesota, is 50% owned by CHS; all other locations are either fully or partially leased
Transportation terminals/repair facilities	12 locations in Iowa, Kansas, Minnesota, Montana, North Dakota, South Dakota, Washington and Wisconsin
Petroleum and asphalt terminals/storage facilities	11 locations in Montana, North Dakota and Wisconsin
Pipelines:	
Cenex Pipeline, LLC	Laurel, Montana, to Fargo, North Dakota
Front Range Pipeline, LLC	Canadian border to Laurel, Montana
Jayhawk Pipeline, LLC	Throughout Kansas, with branches in Nebraska, Oklahoma and Texas
Conway Pipeline	McPherson, Kansas, to Conway, Kansas
Kaw Pipe Line Company	Locations throughout Kansas
Osage Pipe Line Company, LLC	Oklahoma to Kansas (50% owned by CHS)
Zip Trip corporate headquarters	Leased office space in Spokane, Washington
Convenience stores/gas stations	40 locations in Colorado, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming, six of which are leased
Lubricant plants/warehouses	Inver Grove Heights, Minnesota; Kenton, Ohio; and Amarillo, Texas; the location in Inver Grove Heights is leased
<b>Ag</b>	
<i>Global Grain &amp; Processing</i>	
Grain terminals	13 locations in the United States, including Iowa, Louisiana, Minnesota, Mississippi, Texas and Wisconsin 6 locations in Brazil 3 locations in Europe, including Hungary and Romania
Fertilizer terminal	Argentina
Grain marketing offices	2 locations in the United States, including Minnesota and Nebraska 15 locations in South America, including Argentina, Brazil, Paraguay and Uruguay 8 locations in Europe, including Bulgaria, Hungary, Italy, Romania, Serbia, Spain, Switzerland and Ukraine 4 locations in Asia, including China, Singapore, South Korea and Taiwan All locations are leased other than the office in Rochester, Minnesota, which is owned
Oilseed facilities	Fairmont, Hallock and Mankato, Minnesota
Sunflower processing plants	Fargo and Grandin, North Dakota
Storage and warehouse facilities	Joliette, North Dakota; and a leased facility in Winkler, Canada
Ethanol plants	Annawan and Rochelle, Illinois

Description	Location(s)
<b>Country Operations</b>	
Agri-operations facilities	Approximately 379 community locations (some of the facilities are on leased land) located in Colorado, Idaho, Illinois, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, Oregon, South Dakota, Texas and Washington
Feed manufacturing facilities	Nine locations in Montana, North Dakota, Oregon and South Dakota
<b>Wholesale Agronomy</b>	
Deep-water port	Galveston, Texas
Terminals	11 locations in Illinois, Iowa, Kentucky, Louisiana, Minnesota, South Dakota and Texas; facilities in Owensboro, Kentucky; and Galveston, Texas, are on leased land
Bulk chemical rail terminal facility	Brooten, Minnesota
Distribution warehouses	28 locations in Arkansas, Idaho, Illinois, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, Washington and Wisconsin; all facilities are leased except those in Laurens, Iowa; Willmar, Minnesota (two locations); Fargo and Minot, North Dakota; and Black River Falls, Wisconsin
<b>Corporate and Other</b>	
Corporate headquarters	We lease a 24-acre campus in Inver Grove Heights, Minnesota, consisting of one building with approximately 320,000 square feet of office space, and we own an additional nine acres of land adjacent to the leased property on which we have two smaller buildings with approximately 13,400 and 9,000 square feet of space
Office facilities	Leased facilities in Eagan, Minnesota; Watertown and Sisseton, South Dakota; and Washington, District of Columbia
Agricultural land and related improvements	We own approximately 179 acres of agricultural land and related improvements in central Michigan

**ITEM 3. LEGAL PROCEEDINGS**

For a description of our material pending legal proceedings, please see Note 17, *Commitments and Contingencies*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

As a cooperative, we do not have common stock that is traded or otherwise outstanding. We did not sell any equity securities during the three years ended August 31, 2022, that were not registered under the Securities Act of 1933.

**ITEM 6. [RESERVED]**

## ITEM 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management regarding our financial condition and results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Overview
- Business Strategy
- Fiscal 2022 Highlights
- Fiscal 2023 Outlook
- Operating Metrics
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies
- Recent Accounting Pronouncements

Our MD&A should be read in conjunction with the accompanying audited financial statements and notes to those financial statements and the Cautionary Statement regarding forward-looking statements found in Part I, Item 1A of this Annual Report on Form 10-K.

### **Overview**

CHS Inc. is a diversified company that provides grain, food, agronomy and energy resources to businesses and consumers on a global scale. As a cooperative, we are owned by farmers, ranchers and member cooperatives across the United States. We also have preferred shareholders who own our five series of preferred stock, all of which are listed and traded on the Global Select Market of The Nasdaq Stock Market LLC. We operate in the following three reportable segments:

- *Energy.* Produces and provides primarily for the wholesale distribution and transportation of petroleum products.
- *Ag.* Purchases and further processes or resells grain and oilseed originated by our country operations and global grain businesses, by our member cooperatives and by third parties. It also includes our renewable fuels business and serves as a wholesaler and retailer of agronomy products.
- *Nitrogen Production.* Produces and distributes nitrogen fertilizer. It consists of our equity method investment in CF Nitrogen and allocated expenses.

In addition, our financing and hedging businesses, along with our nonconsolidated food production and distribution and wheat milling joint ventures, have been aggregated within our Corporate and Other category.

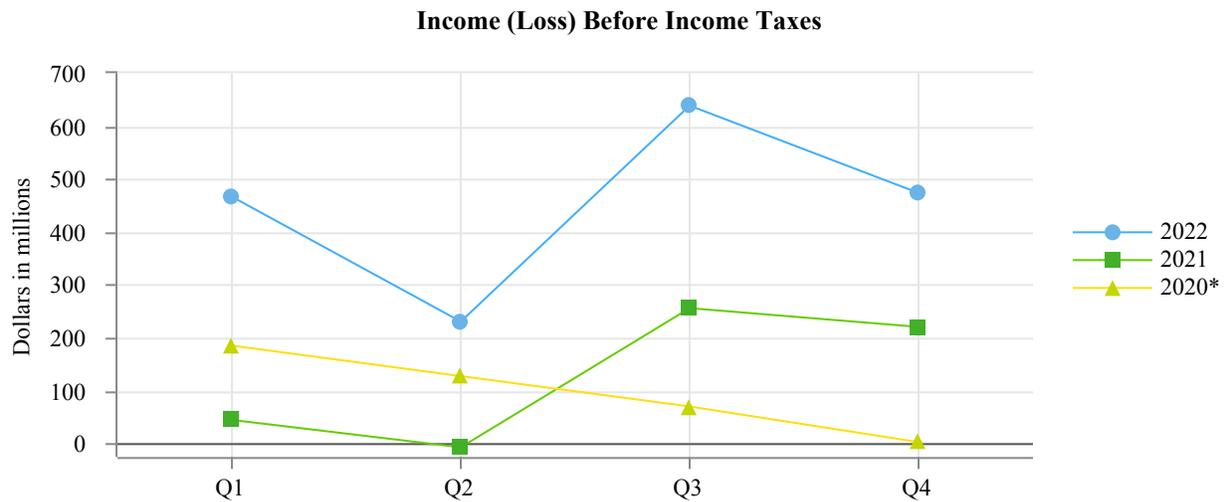
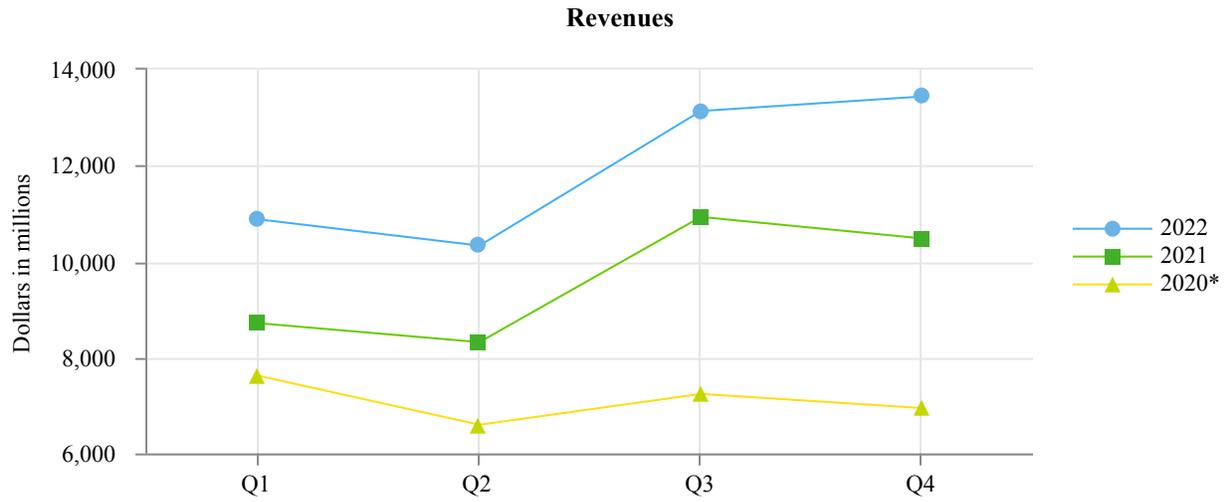
The consolidated financial statements include the accounts of CHS and all subsidiaries and limited liability companies in which we have a controlling interest. The effects of all significant intercompany transactions have been eliminated.

Corporate administrative expenses and interest are allocated to each reporting segment, and Corporate and Other, based on direct use of services, such as information technology and legal, and other factors or considerations relevant to the costs incurred.

**Management's Focus.** When evaluating our operating performance, management focuses on gross profit and income before income taxes ("IBIT"). As a company that operates heavily in global commodities, there is significant unpredictability and volatility in pricing, costs and global trade volumes. Consequently, we focus on managing the margin we can earn and the resulting IBIT. We also focus on ensuring balance sheet strength through appropriate management of financial liquidity, leverage, capital allocation and cash flow optimization.

**Seasonality.** Many of our business activities are highly seasonal and our operating results vary throughout the year. Our revenues generally trend lower during the second and fourth fiscal quarters and higher during the first and third fiscal quarters; however, our IBIT does not necessarily follow the same trend due to weather and other events that can impact profitability. For example, in our Ag segment, our country operations business generally experiences higher volumes and revenues during the fall harvest and spring planting seasons, which generally correspond to our first and third fiscal quarters, respectively. Additionally, our agronomy business generally experiences higher volumes and revenues during the spring planting season. Our global grain and processing operations are subject to fluctuations in volumes and revenues based on

producer harvests, world grain prices, demand and international trade relationships. Our Energy segment generally experiences higher volumes and revenues in certain operating areas, such as refined products, in the spring, summer and early fall when gasoline and diesel fuel use by agricultural producers is highest and is subject to global supply and demand forces. Other energy products, such as propane, generally experience higher volumes and revenues during the winter heating and fall crop-drying seasons. The graphs below depict the seasonality inherent in our businesses.



\* The COVID-19 pandemic started during the second quarter of fiscal 2020.

**Pricing and Volumes.** Our revenues, assets and cash flows can be significantly affected by global market prices and sales volumes of commodities such as petroleum products, natural gas, grain, oilseed products and agronomy products. Changes in market prices for commodities we purchase without a corresponding change in the selling prices of those products can affect revenues and operating earnings. Similarly, increased or decreased sales volumes without a corresponding change in the purchase and selling prices of those products can affect revenues and operating earnings. Commodity prices and sales volumes are affected by a wide range of factors beyond our control, including weather, crop damage due to plant disease or insects, drought, availability/adequacy of supply of a commodity, availability of reliable rail and river transportation networks, disease outbreaks, government regulations and policies, global trade disputes, wars and civil unrest, and general political and/or economic conditions.

**Business Strategy**

Our business strategies focus on an enterprisewide effort to create an experience that empowers customers to make CHS their first choice, expand market access to add value for our owners, and transform and evolve our core businesses by capitalizing on changing market dynamics. To execute these strategies, we are focused on implementing agile, efficient and sustainable new technology platforms; building robust and efficient supply chains; hiring, developing and retaining high-performing, diverse and passionate teams; achieving operational excellence and continuous improvement; and maintaining a strong balance sheet.

## **Fiscal 2022 Highlights**

- Robust global demand, coupled with increased market volatility, resulted in higher commodity prices and significantly improved earnings.
- Higher refining margins drove significantly improved earnings in our Energy segment that resulted from supply and demand factors, including trade flow disruptions caused by the Russian invasion of Ukraine and higher global demand for energy products as consumption outpaced supply.
- Equity method investments performed well, with our CF Nitrogen investment being the largest contributor due to improved earnings as a result of market conditions driven by strong global demand for urea and UAN and decreased global supply.
- Our global grain and processing and wholesale agronomy businesses in our Ag segment benefited from strong global demand and increased margins.

## **Fiscal 2023 Outlook**

Our segments operate in cyclical environments in which market conditions can change rapidly with significant positive or negative impacts on our results. We anticipate that various macroeconomic factors, including the ongoing war between Russia and Ukraine, rising interest rates, and inflationary pressures increasing costs of labor, freight and materials, will continue to drive uncertainty and instability in global energy and agricultural commodity markets, as well as global financial markets, which could have a significant impact on each of our segments during fiscal 2023. In addition to these broad macroeconomic factors, the cost of renewable energy credits remains higher than historical levels, which could continue to negatively impact our profitability, and regional factors, such as unpredictable weather conditions, including those due to climate change, could impact demand for agricultural inputs and outputs, as well as our ability to supply those inputs and outputs. Although challenges remain, the imbalance between global supply and strong global demand for agricultural commodities is currently expected to result in continued market volatility and favorable pricing in fiscal 2023. We are unable to predict how long the current environment will last or the severity of the financial and operational impacts in fiscal 2023. Refer to Item 1A of this Annual Report on Form 10-K for additional consideration these risks may have on our business operations and financial performance.

In addition to navigating market conditions that impact our businesses, we will continue to take actions in an effort to execute on our enterprise priorities throughout fiscal 2023, including empowering and supporting our people, advancing our operating model by transforming how we work and adopting new technologies, and strategically investing in our infrastructure to meet the evolving needs of our owners and customers, enhance value for the cooperative system and propel sustainable growth.

## Operating Metrics

### Energy

Our Energy segment operations primarily include our refineries in Laurel, Montana, and McPherson, Kansas, which process crude oil to produce refined products, including gasoline, distillates and other products. The following table provides information about our consolidated refinery operations:

	Years Ended August 31,	
	2022	2021
<b>Refinery throughput volumes</b>	<b>(Barrels per day)</b>	
Heavy, high-sulfur crude oil .....	103,525	96,175
All other crude oil .....	73,171	64,277
Other feedstocks and blendstocks .....	14,179	14,839
Total refinery throughput volumes .....	<u>190,875</u>	<u>175,291</u>
<b>Refined fuel yields</b>		
Gasolines .....	89,084	86,860
Distillates .....	82,291	68,720

We are subject to the Renewable Fuel Standard that requires refiners to blend renewable fuels (e.g., ethanol and biodiesel) into their finished transportation fuels or purchase renewable energy credits, known as renewable identification numbers ("RINs"), in lieu of blending. The EPA generally establishes new annual renewable fuel percentage standards for each compliance year in the preceding year. In June 2022, the EPA issued a final renewable volume obligation ("RVO") for calendar years 2020 through 2022. The RVO for calendar year 2020 was lower than previously issued, and the RVO for calendar year 2021 was lower than anticipated as a result of lower demand for refined fuels that occurred during calendar year 2021 due to the COVID-19 pandemic. We generate RINs through our blending activities, but we cannot generate enough RINs to meet the needs of our refining capacity and RINs must be purchased on the open market. The price of RINs can be volatile, with prices for D6 ethanol RINs and D4 ethanol RINs rising by 15% and 21%, respectively, during fiscal 2022 compared to the prior year, which negatively impacted our earnings. Estimates of our RIN expense are calculated using an average RIN price each month.

In addition to our internal operational reliability, the profitability of our Energy segment is largely driven by crack spreads (i.e., the price differential between refined products and inputs such as crude oil) and Western Canadian Select ("WCS") crude oil discounts (i.e., the price discount for WCS crude oil relative to West Texas Intermediate ("WTI") crude oil), which are driven by the supply and demand of refined products. Crack spreads and WCS crude oil discounts both increased in fiscal 2022, compared to the prior year, contributing to improved IBIT for the Energy segment. The table below provides information about average market reference prices and differentials that impacted our Energy segment:

	Years Ended August 31,	
	2022	2021
<b>Market indicators</b>		
WTI crude oil (dollars per barrel) .....	\$ 91.84	\$ 56.62
WTI - WCS crude oil discount (dollars per barrel) .....	\$ 14.93	\$ 11.52
Group 3 2:1:1 crack spread (dollars per barrel)* .....	\$ 30.67	\$ 14.95
Group 3 5:3:2 crack spread (dollars per barrel)* .....	\$ 29.02	\$ 14.86
D6 ethanol RIN (dollars per RIN) .....	\$ 1.2859	\$ 1.1221
D4 ethanol RIN (dollars per RIN) .....	\$ 1.5560	\$ 1.2856

\*Group 3 refers to the oil refining and distribution system serving the Midwest markets from the Gulf Coast through the Plains states.

Ag

Our Ag segment operations work together to facilitate production, purchase, sale and eventual use of grain and other agricultural commodities within the United States and internationally. Profitability in our Ag segment is largely driven by throughput and production volumes, as well as commodity price spreads; however, revenues and cost of goods sold ("COGS") are largely affected by market-driven commodity prices that are outside our control. The table below provides information about average market prices for agricultural commodities and our sales/throughput volumes that impacted our Ag segment for the years ended August 31, 2022 and 2021:

	Market Source*	Years Ended August 31,	
		2022	2021
<b>Commodity prices</b>			
Corn (dollars per bushel) .....	Chicago Board of Trade .....	\$ 6.45	\$ 5.45
Soybeans (dollars per bushel) .....	Chicago Board of Trade .....	\$ 14.65	\$ 13.37
Wheat (dollars per bushel) .....	Chicago Board of Trade .....	\$ 8.63	\$ 6.52
Urea (dollars per ton) .....	Green Markets NOLA .....	\$ 644.93	\$ 330.00
Urea ammonium nitrate (dollars per ton) .....	Green Markets NOLA .....	\$ 521.28	\$ 216.00
Ethanol (dollars per gallon) .....	Chicago Platts .....	\$ 2.62	\$ 1.86
<b>Volumes</b>			
Grain and oilseed (thousands of bushels) .....		2,247,254	2,765,808
North American grain and oilseed port throughput (thousands of bushels) .....		674,350	867,880
Wholesale crop nutrients (thousands of tons) .....		6,589	8,088
Ethanol (thousands of gallons) .....		915,087	890,462

\*Market source information represents the average month-end price during the period.

**Results of Operations**

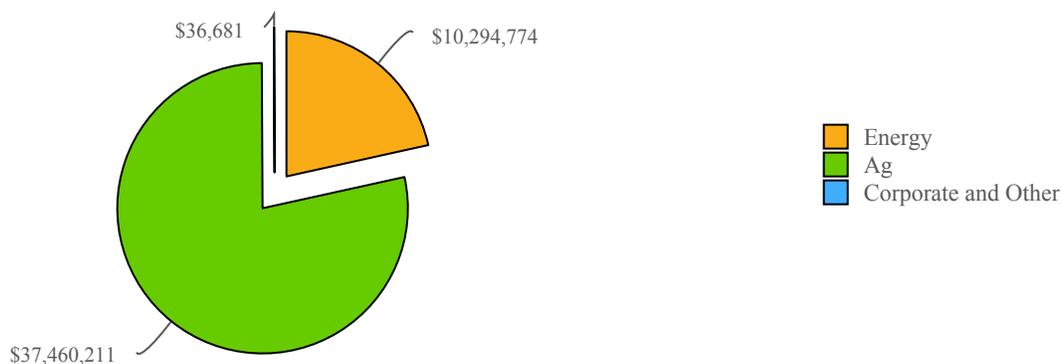
**Consolidated Statements of Operations**

	Years Ended August 31,			
	2022		2021	
	Dollars (In thousands)	% of Revenues*	Dollars (In thousands)	% of Revenues*
Revenues	\$ 47,791,666	100.0 %	\$ 38,448,033	100.0 %
Cost of goods sold	45,664,745	95.5	37,496,634	97.5
Gross profit	2,126,921	4.5	951,399	2.5
Marketing, general and administrative expenses	997,835	2.1	745,602	1.9
Operating earnings	1,129,086	2.4	205,797	0.5
Interest expense	114,156	0.2	104,565	0.3
Other income	(23,760)	—	(59,559)	(0.2)
Equity income from investments	(771,327)	(1.6)	(354,529)	(0.9)
Income before income taxes	1,810,017	3.8	515,320	1.3
Income tax expense (benefit)	132,116	0.3	(38,249)	(0.1)
Net income	1,677,901	3.5	553,569	1.4
Net loss attributable to noncontrolling interests	(861)	—	(383)	—
Net income attributable to CHS Inc.	<u>\$ 1,678,762</u>	<u>3.5 %</u>	<u>\$ 553,952</u>	<u>1.4 %</u>

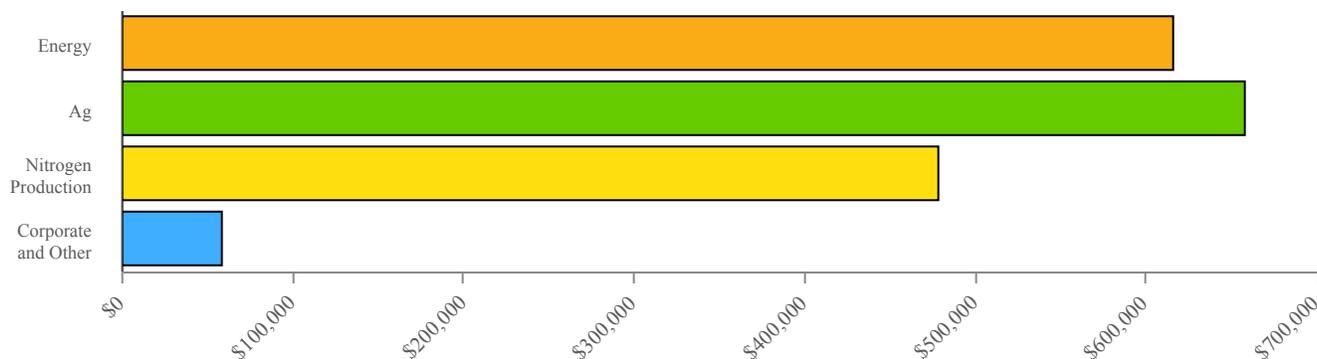
\*Amounts less than 0.1% are shown as zero percent. Percentage subtotals may differ due to rounding.

The charts below detail revenues, net of intersegment revenues, and IBIT by reportable segment for fiscal 2022. Our Nitrogen Production reportable segment represents an equity method investment that records earnings and allocated expenses, but not revenues.

**Fiscal 2022 Reportable Segment Revenues (Dollars in thousands)**



**Fiscal 2022 Reportable Segment Income Before Income Taxes (Dollars in thousands)**

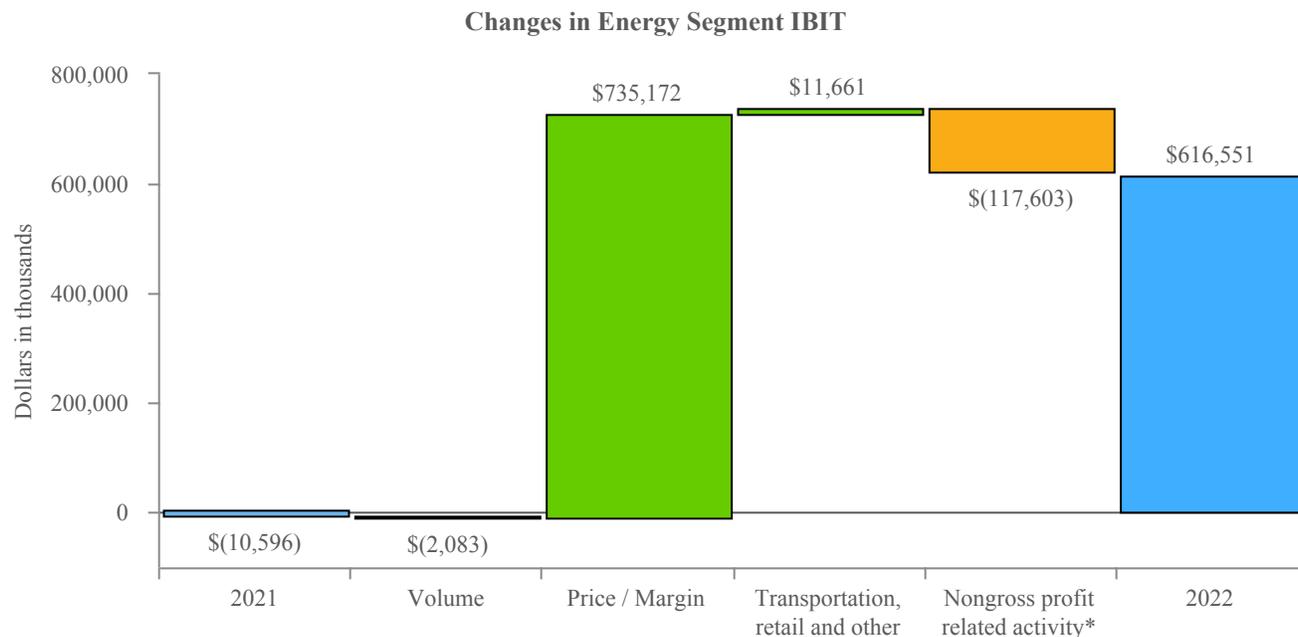


**Income (Loss) Before Income Taxes by Segment**

**Energy**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Income (loss) before income taxes .....	\$ 616,551	\$ (10,596)	\$ 627,147	5,918.7 %

The following waterfall analysis and commentary presents the changes in our Energy segment IBIT for the year ended August 31, 2022, compared to the prior year:



*\*See commentary related to these changes in the marketing, general and administrative expenses, interest expense, other income and equity income from investments sections of this Results of Operations.*

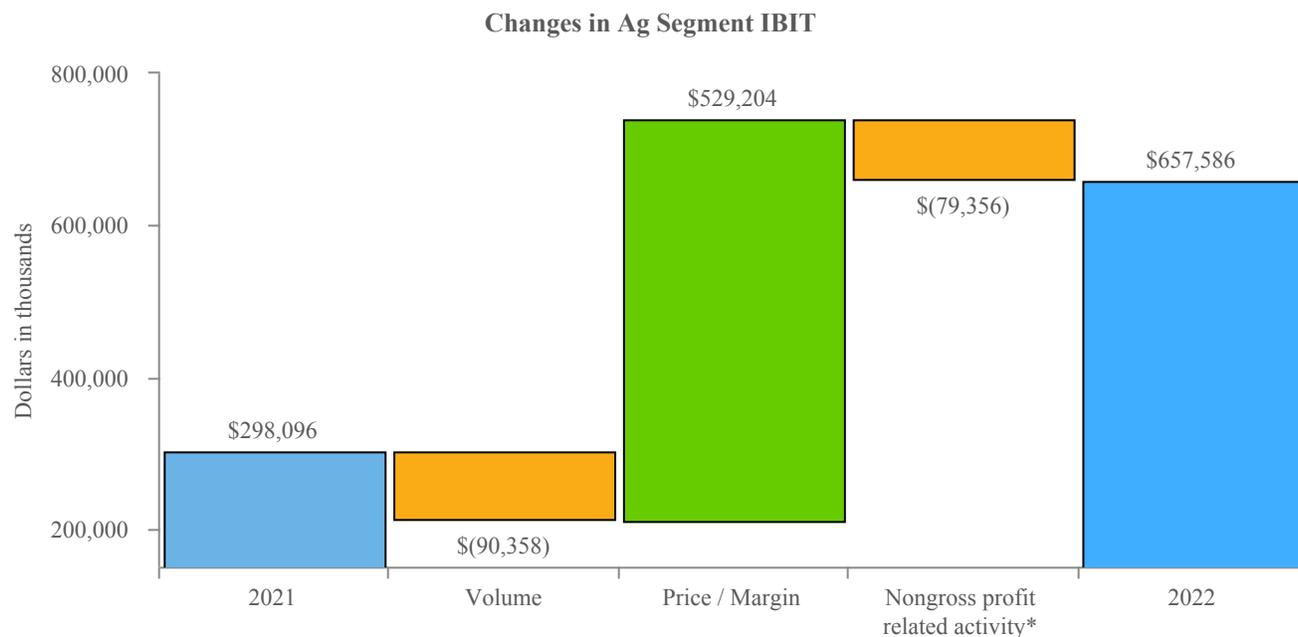
The change in Energy segment IBIT for fiscal 2022 reflects the following:

- Higher crack spreads and increased WCS crude oil discounts reflect improved market conditions in our refined fuels business and contributed to a \$1.0 billion increase of IBIT.
- Increased refinery production volumes also contributed to increased IBIT of approximately \$81.0 million as a result of the increased sales mix of higher-margin produced refined fuels, compared to the lower-margin purchased refined fuels.
- Increased margins due to higher crack spreads and WCS crude oil discounts were partially offset by hedging-related losses of \$128.0 million and other increased costs for refined fuels, including higher RIN and natural gas prices due to market conditions that contributed to decreased earnings of \$74.0 million and \$26.0 million, respectively. Additionally, the \$35.3 million benefit associated with the liquidation of historical last-in, first out ("LIFO") layers for certain refined fuels inventories in the prior year did not reoccur in fiscal 2022.
- Lower propane margins resulting from hedging-related losses and reversals of prior unrealized gains of \$55.4 million during fiscal 2022 also partially offset the improved earnings in our refined fuels business.

**Ag**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Income before income taxes .....	\$ 657,586	\$ 298,096	\$ 359,490	120.6 %

The following waterfall analysis and commentary presents the changes in our Ag segment IBIT for the year ended August 31, 2022, compared to the prior year:



\*See commentary related to these changes in the marketing, general and administrative expenses, interest expense, other income and equity income from investments sections of this Results of Operations.

The change in Ag segment IBIT for fiscal 2022 reflects the following:

- Increased margins across all our Ag segment product categories, including:
  - \$145.1 million increase for grain and oilseed that resulted primarily from strong global demand and mark-to-market changes associated with our commodity derivatives, including unrealized gains;
  - \$119.6 million increase for wholesale agronomy products, which resulted from strong global market demand and global supply disruptions;
  - \$105.6 million increase for oilseed processing as a result of strong meal and oil demand; and
  - \$103.9 million increase for feed and farm supplies due to strong demand and global supply disruptions.
- Decreased volumes due to supply chain constraints and less favorable weather conditions during the planting and application season during fiscal 2022 resulted in a \$106.3 million decrease for feed and farm supplies, which was partially offset by the net impact of other volume changes in other Ag segment product categories.

**All Other Segments**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Nitrogen Production IBIT* .....	\$ 477,985	\$ 121,035	\$ 356,950	294.9 %
Corporate and Other IBIT .....	\$ 57,895	\$ 106,785	\$ (48,890)	(45.8)%

\*See Note 6, Investments, of the notes to the consolidated financial statements included in this Annual Report on Form 10-K for additional information.

Our Nitrogen Production segment IBIT increased as a result of higher equity income attributed to increased sale prices of urea and UAN due to strong global demand and decreased global supply, which was partially offset by higher natural gas costs. Corporate and Other IBIT decreased due to a combination of factors, including decreased equity method income from our investment in Ventura Foods, as a result of less favorable market conditions for edible oils and investment gains during the prior year that did not reoccur during the current year.

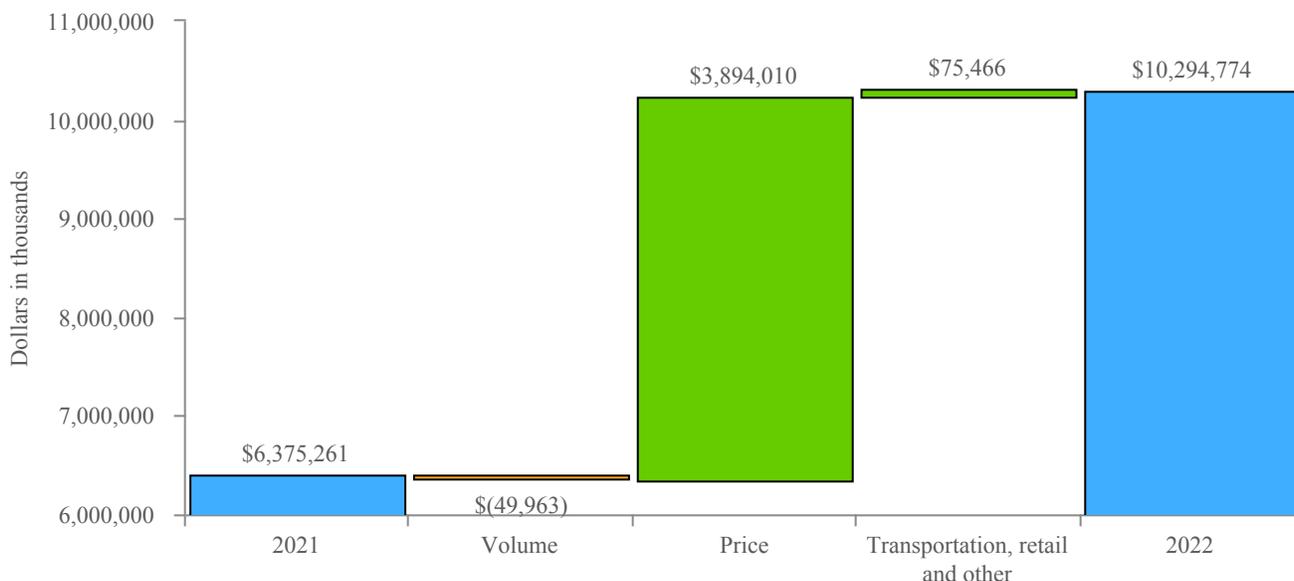
**Revenues by Segment**

**Energy**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Revenues .....	\$ 10,294,774	\$ 6,375,261	\$ 3,919,513	61.5 %

The following waterfall analysis and commentary presents the changes in our Energy segment revenues for the year ended August 31, 2022, compared to the prior year:

**Changes in Energy Segment Revenues**



The change in Energy segment revenues for fiscal 2022 reflects the following:

- Increased selling prices for refined fuels due to global market conditions contributed to \$3.5 billion greater revenues.
- Increased selling prices for propane as a result of global market conditions during fiscal 2022 also positively impacted revenues by \$370.7 million.
- Lower volumes of propane resulted from lower demand driven by warmer weather conditions and less crop-drying activity, which contributed to decreased revenues of \$27.3 million.
- Lower volumes of refined fuels resulted from lower demand due to high gasoline prices and contributed to decreased revenues of \$19.6 million.

**Ag**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Revenues.....	\$ 37,460,211	\$ 32,035,342	\$ 5,424,869	16.9 %

The following waterfall analysis and commentary presents the changes in our Ag segment revenues for the year ended August 31, 2022, compared to the prior year:

**Changes in Ag Segment Revenues**



The change in Ag segment revenues for fiscal 2022 reflects the following:

- Higher pricing attributed to market-driven price increases across all of our Ag segment product categories, including:
  - \$6.4 billion increase in revenues for grain and oilseed driven by increased global demand;
  - \$1.5 billion increase for feed and farm supplies due to strong demand and constrained supply;
  - \$1.5 billion increase for wholesale agronomy products resulting from strong global market demand and global supply disruptions;
  - \$721.1 million increase for renewable fuels resulting from demand driven higher prices; and
  - \$541.0 million increase for oilseed processing due to strong meal and oil demand.
- Lower volumes of grain and oilseed contributed to a \$4.2 billion decrease in revenues. Decreased volumes resulted from a combination of factors, including the prior year experiencing elevated volumes following the Phase One trade agreement with China, which have since plateaued; a business model change at our TEMCO equity method investment during the second quarter of fiscal 2021 that resulted in reduced revenues and COGS during fiscal 2022 on certain transactions associated with TEMCO; lower crop yields due to drought conditions experienced in portions of our North American trade territory; and the impact of Hurricane Ida on our grain export terminal in Myrtle Grove, Louisiana, during the first quarter of fiscal 2022.
- The remaining volume decrease was experienced across most of our other Ag segment product categories, including an \$843.1 million decrease for feed and farm supplies due to supply chain constraints and less favorable weather conditions during the spring planting and application season compared to the prior year.

**All Other Segments\***

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Corporate and Other revenues .....	\$ 36,681	37,430	\$ (749)	(2.0)%

\*Our Nitrogen Production reportable segment represents an equity method investment that records earnings and allocated expenses, but not revenues.

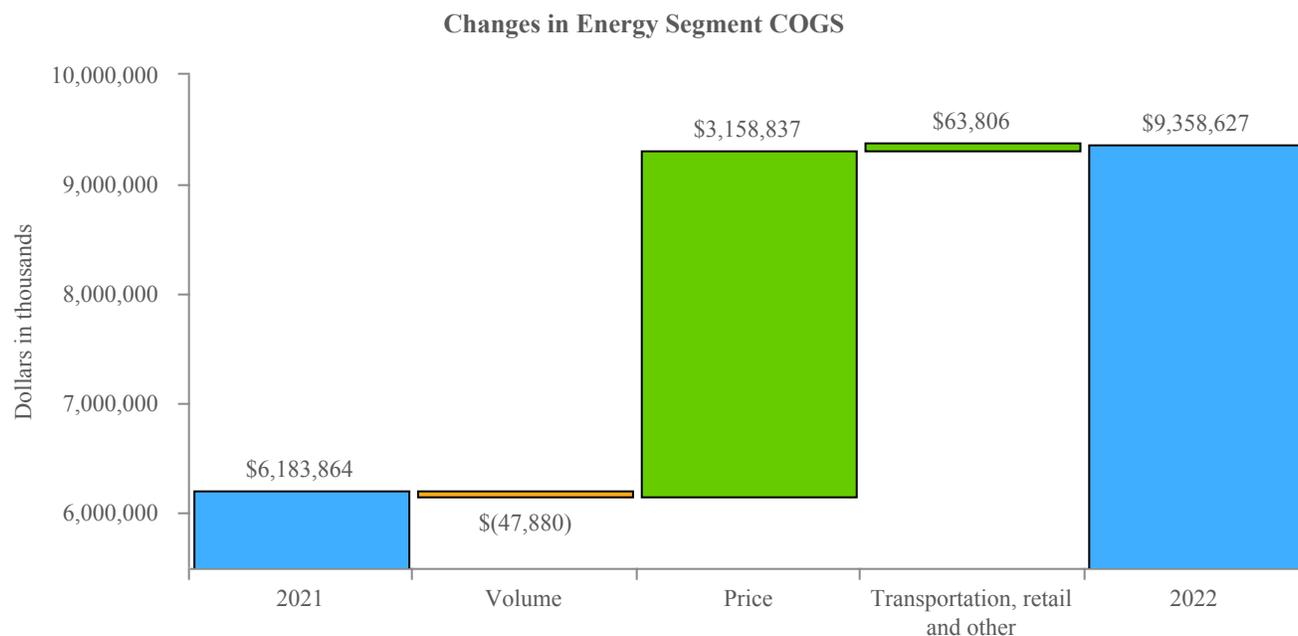
There were no significant changes to revenues for Corporate and Other during fiscal 2022 compared to the prior year.

**Cost of Goods Sold by Segment**

**Energy**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Cost of goods sold .....	\$ 9,358,627	\$ 6,183,864	\$ 3,174,763	51.3 %

The following waterfall analysis and commentary presents the changes in our Energy segment COGS for the year ended August 31, 2022, compared to the prior year:



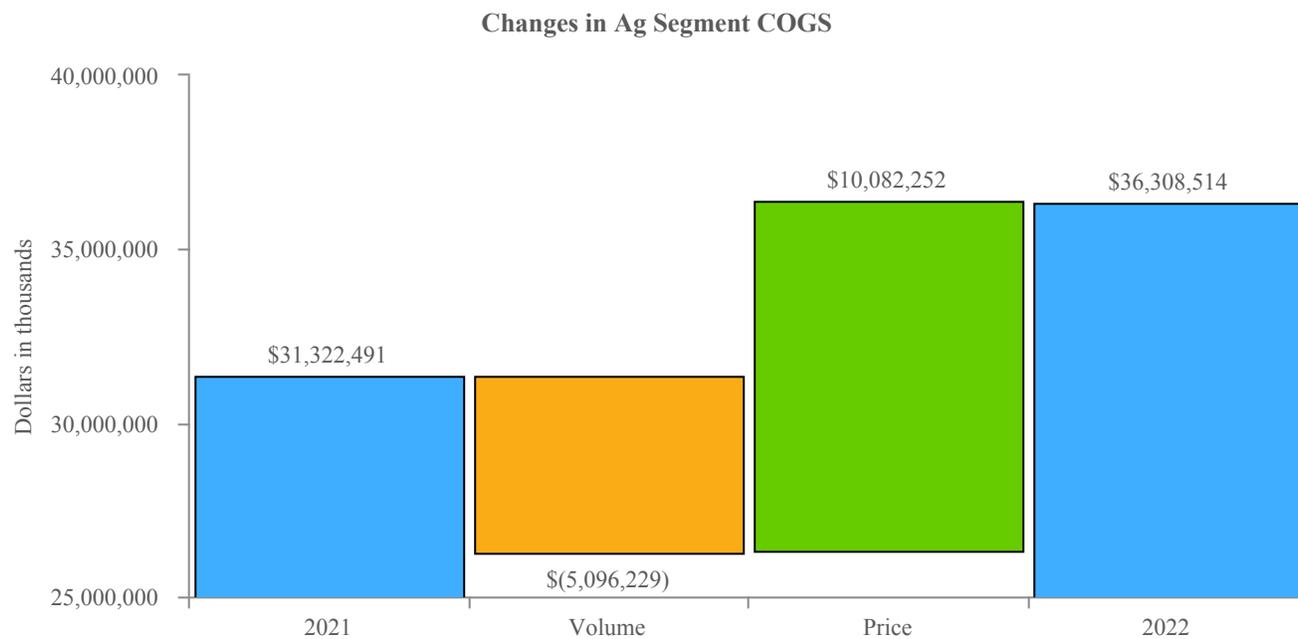
The change in Energy segment COGS for fiscal 2022 reflects the following:

- Increased costs for refined fuels resulting from global market conditions contributed to a \$2.7 billion increase in COGS.
- Higher costs for propane as a result of global market conditions, including the impact of hedging-related losses and reversals of prior unrealized gains, resulted in a \$434.8 million increase in COGS.
- Lower volumes of propane resulted from lower demand driven by warmer weather conditions and less crop-drying activity, which contributed to decreased COGS of \$26.2 million.
- Lower volumes of refined fuels resulted from lower demand due to high gasoline prices and contributed to decreased COGS of \$19.3 million.

**Ag**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
(Dollars in thousands)				
Cost of goods sold .....	\$ 36,308,514	\$ 31,322,491	\$ 4,986,023	15.9 %

The following waterfall analysis and commentary presents the changes in our Ag segment COGS for the year ended August 31, 2022, compared to the prior year:



The change in Ag segment COGS for fiscal 2022 reflects the following:

- Higher costs attributed to market-driven price increases across all our Ag segment product categories, including:
  - \$6.3 billion increase for grain and oilseed driven by increased global demand;
  - \$1.4 billion increase for feed and farm supplies due to strong demand and constrained supply;
  - \$1.3 billion increase for wholesale agronomy products resulting from strong global market demand and global supply disruptions;
  - \$666.0 million increase for renewable fuels resulting from high demand driving higher prices; and
  - \$435.5 million increase for oilseed processing due to strong meal and oil demand.
- Lower volumes of grain and oilseed contributed to a \$4.2 billion decrease in COGS. The decreased volumes resulted from a combination of factors, including the prior year experiencing elevated volumes following the Phase One trade agreement with China, which has since plateaued; a business model change at our TEMCO equity method investment during the second quarter of fiscal 2021 that resulted in reduced revenues and COGS during fiscal 2022 on certain transactions associated with TEMCO; lower crop yields due to drought conditions experienced in portions of our North American trade territory; and the impact of Hurricane Ida on our grain export terminal in Myrtle Grove, Louisiana, during the first quarter of fiscal 2022.
- The remaining volume decrease was experienced across most of our other Ag segment product categories, including a \$736.8 million decrease for feed and farm supplies due to supply chain constraints and less favorable weather conditions during the spring planting and application season compared to the prior year.

**All Other Segments**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Nitrogen Production COGS .....	\$ 1,669	\$ 1,650	\$ 19	1.2%
Corporate and Other COGS .....	\$ (4,065)	\$ (11,370)	\$ 7,305	64.2%

There were no significant changes to COGS for our Nitrogen Production segment or Corporate and Other during fiscal 2022 compared to the prior year.

**Marketing, General and Administrative Expenses**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Marketing, general and administrative expenses .....	\$ 997,835	\$ 745,602	\$ 252,233	33.8 %

Marketing, general and administrative expenses increased during fiscal 2022 primarily due to higher performance-based incentive compensation accruals driven by improved financial results in comparison to the prior year and, to a lesser extent, increased external consulting expenses for projects such as our enterprise resource planning system implementation and strategic adjustments to our operating model.

**Interest Expense**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Interest expense .....	\$ 114,156	\$ 104,565	\$ 9,591	9.2 %

Interest expense increased during fiscal 2022 as a result of higher interest rates compared to the prior year, particularly during the second half of fiscal 2022 as the U.S. Federal Reserve and other foreign equivalents raised interest rates. The increase was partially offset by decreased average outstanding debt balances compared to the prior year.

**Other Income**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Other income .....	\$ 23,760	\$ 59,559	\$ (35,799)	(60.1)%

Other income decreased during fiscal 2022, primarily due to investment gains during the prior year that did not reoccur during fiscal 2022, impairment of certain held-for-sale assets and fewer gains on the sale of businesses during fiscal 2022.

**Equity Income from Investments**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Equity income from investments* .....	\$ 771,327	\$ 354,529	\$ 416,798	117.6 %

\*See Note 6, Investments, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information.

Equity income from investments increased during fiscal 2022 compared to the prior year, primarily due to increased income associated with our equity method investment in CF Nitrogen. CF Nitrogen experienced increased sale prices of urea and UAN due to strong global demand and decreased global supply.

**Income Tax Expense (Benefit)**

	Years Ended August 31,		Change	
	2022	2021	Dollars	Percent
	(Dollars in thousands)			
Income tax expense (benefit)	\$ 132,116	\$ (38,249)	\$ 170,365	445.4 %

Increased income tax expense primarily resulted from increased nonpatronage earnings and other nondeductible items during fiscal 2022. Federal and state statutory rates applied to nonpatronage business activity were 24.4% and 24.5% for the years ended August 31, 2022 and 2021, respectively. Income taxes and effective tax rates vary each year based upon profitability and nonpatronage business activity, which resulted in effective tax rates of 7.3% and (7.4)% for the years ended August 31, 2022 and 2021, respectively.

**Comparison of Results of Operations for the Years Ended August 31, 2021 and 2020**

For a discussion of results of operations for fiscal 2021 compared to fiscal 2020, please refer to [Part II, Item 7](#), Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended August 31, 2021, filed with the SEC on November 4, 2021. Combining the Foods segment in our Corporate and Other category during fiscal 2022 did not have a material impact on our comparison of results of operations for the years ended August 31, 2022 and 2021, as relevant year-over-year changes for the Foods segment were discussed within the Corporate and Other category.

**Liquidity and Capital Resources**

In assessing our financial condition, we consider factors such as working capital, internal benchmarking related to our applicable covenants and other financial information. The following financial information is used when assessing our liquidity and capital resources to meet our capital allocation priorities, which include maintaining the safety and compliance of our operations, paying interest on debt and preferred stock dividends, returning cash to our member-owners in the form of cash patronage and equity redemptions and taking advantage of strategic opportunities that benefit our member-owners:

	August 31,	
	2022	2021
	(Dollars in thousands)	
Cash and cash equivalents	\$ 793,957	\$ 413,159
Notes payable	606,719	1,740,859
Long-term debt including current maturities	1,958,814	1,618,361
Total equities	9,461,266	9,017,326
Working capital	2,425,878	1,672,938
Current ratio*	1.3	1.3

\*Current ratio is defined as current assets divided by current liabilities.

**Summary of Our Major Sources of Cash and Cash Equivalents**

We fund our current operations primarily through a combination of cash flows from operations supplemented with short-term borrowings through our committed and uncommitted revolving credit facilities, including our securitization facility with certain unaffiliated financial institutions ("Securitization Facility") and our repurchase facility relating thereto ("Repurchase Facility"). We fund certain of our long-term capital needs, primarily those related to acquisitions of property, plant and equipment, with cash flows from operations and by issuing long-term debt. See Note 9, *Notes Payable and Long-Term Debt*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information on our short-term borrowings and long-term debt, including tables with summarized long-term debt outstanding. We will continue to consider opportunities to further diversify and enhance our sources and amounts of liquidity.

On August 30, 2022, the Securitization Facility and Repurchase Facility were amended to extend their respective maturity dates to August 29, 2023, and increase the maximum committed availability under the Securitization Facility to \$850.0 million from \$700.0 million.

On February 19, 2021, we amended our 10-year term loan facility to convert the entire \$366.0 million aggregate principle amount outstanding thereunder into a revolving loan, which could be paid down and readvanced in an amount up to the referenced \$366.0 million until February 19, 2022. On February 19, 2022, the total advanced loan balance of \$366.0 million reverted to a non-revolving term loan that is payable on September 4, 2025.

**Summary of Our Major Uses of Cash and Cash Equivalents**

Annually, our Board of Directors approves our capital expenditure budget. Our fiscal 2023 capital expenditure priorities include maintaining our assets through maintenance; complying with environmental, health and safety requirements; enhancing information technology capabilities; improving productivity; and growth. Our refining business requires continued investment in our refining process to maintain its safety, operational reliability and profitability. In addition, our Board of Directors annually approves our cash patronage and equity redemptions to be paid in fiscal 2023, based on fiscal 2022 financial performance. The following is a summary of our primary cash requirements for fiscal 2023:

- *Capital expenditures.* We expect total capital expenditures for fiscal 2023 to be approximately \$887.2 million, compared to capital expenditures of \$354.4 million in fiscal 2022. Increased capital expenditures for fiscal 2023 are for investments in our infrastructure to meet the evolving needs of our owners and customers, enhance value for the cooperative system and propel sustainable growth. Excluded from the capital expenditures for fiscal 2023 is approximately \$236.0 million for major maintenance at our Laurel and McPherson refineries.
- *Preferred stock dividends.* We had approximately \$2.3 billion of preferred stock outstanding as of August 31, 2022. We expect to pay dividends on our preferred stock of approximately \$168.7 million during fiscal 2023.
- *Patronage.* Our Board of Directors authorized approximately \$500.0 million of our fiscal 2022 patronage-sourced earnings to be paid to our member-owners during fiscal 2023.
- *Equity redemptions.* Our Board of Directors has authorized equity redemptions of up to \$500.0 million to be distributed in fiscal 2023 in the form of redemptions of qualified and nonqualified equity owned by individual producer-members and association members. The Board of Directors will continue to periodically evaluate the level of equity redemption activity throughout fiscal 2023 with respect to the amounts it has authorized for redemption during the fiscal year.

We believe cash generated by operating and investing activities, along with available borrowing capacity under our credit facilities, will be sufficient to support our operations for the foreseeable future. Our notes payable and long-term debt are subject to various restrictive requirements for maintenance of minimum consolidated net worth and other financial ratios. We were in compliance with all our debt covenants and restrictions as of August 31, 2022. Based on our current 2023 projections, we expect continued covenant compliance.

**Working Capital**

We measure working capital as current assets less current liabilities and believe this information is meaningful to investors as a measure of operational efficiency and short-term financial health. Working capital is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. Working capital as of August 31, 2022 and 2021, is as follows:

	2022	2021	Change
	(Dollars in thousands)		
Current assets	\$ 9,377,847	\$ 7,998,951	\$ 1,378,896
Less current liabilities	6,951,969	6,326,013	625,956
Working capital	<u>\$ 2,425,878</u>	<u>\$ 1,672,938</u>	<u>\$ 752,940</u>

As of August 31, 2022, working capital increased by \$752.9 million compared with August 31, 2021. Current asset balance changes increased working capital by \$1.4 billion, primarily due to increases in receivables, which were driven by higher commodity prices. Current liabilities balance changes decreased working capital by \$626.0 million, primarily due to an increase in our dividends and equities payable for our cash patronage and equity redemptions to be paid to owners in fiscal 2023.

We finance our working capital needs through committed and uncommitted lines of credit with domestic and international banks. We believe our current cash balances and available capacity on our committed and uncommitted lines of credit will provide adequate liquidity to meet our working capital needs.

### **Contractual Obligations**

Our estimated future obligations as of August 31, 2022, include both current and long-term obligations. During fiscal 2023, we have a current obligation to repay \$283.1 million of long-term debt, as well as \$78.6 million of interest related to long-term debt. Beyond fiscal 2023, our long-term debt obligation is \$1.6 billion and interest payments related to long-term debt of \$378.9 million. For finance leases, we have a current and long-term obligation of \$8.6 million and \$48.5 million, respectively. For operating leases, we have a current and long-term obligation of \$57.9 million and \$227.2 million, respectively. See Note 9, *Notes Payable and Long-Term Debt*, and Note 19, *Leases*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K for additional information on our long-term debt and leases, respectively. We enter into purchase obligations that are legally binding and into enforceable agreements to purchase goods or services that specify all significant terms, including fixed or minimum quantities to be purchased and fixed or estimated prices to be paid at the time of settlement. Our current and long-term obligation for such arrangements is \$9.1 billion and \$1.1 billion, respectively.

### **Cash Flows**

	<b>Years Ended August 31,</b>		<b>Change</b>
	<b>2022</b>	<b>2021</b>	
	<b>(Dollars in thousands)</b>		
Net cash provided by operating activities .....	\$ 1,946,518	\$ 757,811	\$ 1,188,707
Net cash used in investing activities .....	(457,084)	(101,672)	(355,412)
Net cash used in financing activities .....	(1,113,688)	(326,585)	(787,103)
Effect of exchange rate changes on cash and cash equivalents .....	(14,756)	(4,063)	(10,693)
Net increase in cash and cash equivalents and restricted cash .....	<u>\$ 360,990</u>	<u>\$ 325,491</u>	<u>\$ 35,499</u>

Cash flows from operating activities can fluctuate significantly from period to period as a result of various factors, including seasonality and timing differences associated with purchases, sales, taxes and other business decisions. The \$1.2 billion increase in cash provided by operating activities in fiscal 2022 is primarily the result of higher net income during fiscal 2022 compared to fiscal 2021, including a \$424.8 million increase in cash distributions from our equity investment in CF Nitrogen during 2022 compared to the prior year.

The \$355.4 million increase in cash used in investing activities in fiscal 2022 reflects increases in our CHS Capital notes receivables primarily due to increases in funding for producer borrowers from increased marketing of programs and higher commodity prices.

The \$787.1 million increase in cash used in financing activities in fiscal 2022 primarily reflects decreased net cash inflows associated with our notes payable during fiscal 2022. The increase is also partially due to higher amounts paid for cash patronage and equity redemptions in fiscal 2022 compared to the prior fiscal year.

### **Critical Accounting Policies**

Our consolidated financial statements are prepared in conformity with U.S. GAAP. Preparation of these consolidated financial statements requires use of estimates, as well as management's judgments and assumptions regarding matters that are subjective, uncertain or involve a high degree of complexity, all of which affect the results of operations and financial condition for the periods presented. We believe the following accounting policies are critical to our consolidated financial statements and may involve a higher degree of estimates, judgments and complexity.

#### ***Inventory Valuation and Reserves***

Grain, processed grain, oilseed, processed oilseed and other minimally processed soy-based inventories are stated at net realizable value. All other inventories are stated at the lower of cost or net realizable value. The costs of certain energy inventories (wholesale refined products, crude oil and asphalt) are determined on the LIFO method; all other inventories of nongrain products purchased for resale are valued on the first-in, first-out ("FIFO") and average cost methods. Estimates are used in determining the net realizable values of grain and oilseed and processed grain and oilseed inventories. These estimates include using inputs that are generally based on exchange-traded prices and/or recent market bids and offers, including location-specific adjustments. If estimates regarding the valuation of inventories are less favorable than management's assumptions, write-downs of inventories may be required.

### ***Derivative Financial Instruments***

We enter into exchange-traded commodity futures and options contracts to hedge our exposure to price fluctuations on energy, grain and oilseed transactions to the extent considered practicable for minimizing risk. Futures and options contracts used for hedging are purchased and sold through regulated commodity exchanges. We also use over-the-counter instruments to hedge our exposure on fixed-price contracts. Fluctuations in inventory valuations, however, may not be completely hedged due in part to the absence of satisfactory hedging facilities for certain commodities and geographical areas and in part to our assessment of our exposure from expected price fluctuations. We also manage our risks by entering into fixed-price purchase contracts with preapproved producers and establishing appropriate limits for individual suppliers. Fixed-price sales contracts are entered into with customers of acceptable creditworthiness, as internally evaluated. The fair values of futures and options contracts are determined primarily from quotes listed on regulated commodity exchanges. Fixed-price purchase and sales contracts are with various counterparties, and the fair values of such contracts are determined from the market price of the underlying product. We are exposed to loss in the event of nonperformance by the counterparties to the contracts and, therefore, contract values are reviewed and adjusted to reflect potential nonperformance. Risk of nonperformance by counterparties includes the inability to perform because of a counterparty's financial condition and a risk that the counterparty will refuse to perform on a contract during periods of price fluctuations where contract prices are significantly different from the current market prices.

### ***Pension and Other Postretirement Benefits***

Pension and other postretirement benefits costs and obligations depend on assumptions used in calculating such amounts. These assumptions include discount rates, health care cost trend rates, benefits earned, interest costs, expected return on plan assets, mortality rates and other factors. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore generally affect recognized expenses and the recorded obligations in future periods. While our management believes the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and other postretirement obligations and future expenses.

### ***Deferred Tax Assets and Uncertain Tax Positions***

We assess whether a valuation allowance is necessary to reduce our deferred tax assets to the amount we believe is more likely than not to be realized. While we have considered future taxable income, as well as other factors, in assessing the need for the valuation allowance, in the event that we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to our deferred tax assets would be charged to income in the period such determination was made. We are also significantly impacted by the utilization of tax credits, some of which were passed to us from the McPherson refinery, related to refinery upgrades that enable us to produce ultra-low-sulfur fuels. Our tax credit carryforwards are available to offset future federal and state tax liabilities with the tax credits becoming unavailable to us if not used by their expiration date. Our net operating loss carryforwards for tax purposes are available to offset future taxable income. If our loss carryforwards are not used, they will expire.

Tax benefits related to uncertain tax positions are recognized in our financial statements if it is more likely than not that the position would be sustained upon examination by a tax authority that has full knowledge of all relevant information. The benefits are measured using a cumulative probability approach. Under this approach, we record in our financial statements the greatest amount of tax benefits that have a more than 50% probability of being realized upon final settlement with the tax authorities. In determining these tax benefits, we assign probabilities to a range of outcomes that we feel we could ultimately settle on with the tax authorities using all relevant facts and information available at the reporting date. Due to the complexity of these uncertainties, the ultimate resolution may result in a benefit that is materially different than our current estimate.

### ***Long-Lived Assets***

Property, plant and equipment is depreciated or amortized over the expected useful lives of individual or groups of assets based on the straight-line method. Economic circumstances or other factors may cause management's estimates of expected useful lives to differ from actual useful lives.

All long-lived assets, including property, plant and equipment, goodwill, investments in unconsolidated affiliates and other identifiable intangibles, are evaluated for impairment in accordance with U.S. GAAP, at least annually for goodwill, and whenever events or changes in circumstances indicate the carrying amount of a long-lived asset or asset group may not be recoverable. For goodwill, our annual impairment testing occurs in our fourth quarter. An impaired asset is written down to its estimated fair value based on the best information available. Fair value is generally measured by discounting estimated future

cash flows. Considerable management judgment is necessary to estimate discounted future cash flows and our estimates may differ from actual results.

We have asset retirement obligations with respect to certain of our refineries and other assets due to various legal obligations to clean and/or dispose of the component parts at the time they are retired. In most cases, these assets can be used for extended and indeterminate periods of time, as long as they are properly maintained and/or upgraded. It is our practice and current intent to maintain refineries and related assets and to continue making improvements to those assets based on technological advances. As a result, we believe our refineries and related assets have indeterminate lives for purposes of estimating asset retirement obligations because dates or ranges of dates upon which we would retire a refinery and related assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of a refinery or other asset, we will estimate the cost of performing the retirement activities and record a liability for the fair value of that future cost.

We have other assets that we may be obligated to dismantle at the end of corresponding lease terms subject to the lessor's discretion for which we have recorded asset retirement obligations. Based on our estimates of the timing, cost and probability of removal, these obligations are not material.

### **Recent Accounting Pronouncements**

No recent accounting pronouncements are expected to have a material impact on our consolidated financial statements.

## **ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

### **Commodity Price Risk**

When we enter into a commodity purchase or sales commitment, we incur risks related to price changes and performance including delivery, quality, quantity and shipment period. In the event that market prices decrease, we are exposed to risk of loss for the market value of inventory and purchase contracts with fixed- or partially fixed-prices. Conversely, we are exposed to risk of loss on our fixed- or partially fixed-price sales contracts in the event that market prices increase.

Our use of hedging reduces exposure to price volatility by protecting against adverse short-term price movements but also limits the benefits of favorable short-term price movements. To reduce the price risk associated with fixed-price commitments, we generally enter into commodity derivative contracts, to the extent practical, to achieve a net commodity position within the formal position limits we have established and deemed prudent for each commodity. These contracts are primarily transacted through our FCM on regulated commodity futures exchanges, but may include over-the-counter derivative instruments when deemed appropriate. These contracts are recorded at fair values based on quotes listed on regulated commodity exchanges or the market prices of the underlying products listed on the exchanges, except that certain contracts are accounted for as normal purchase and normal sales transactions. For commodities where there is no liquid derivative contract, risk is managed through the use of forward sales contracts, other pricing arrangements and, to some extent, futures contracts in highly correlated commodities. These contracts are economic hedges of price risk, but are not designated as hedging instruments for accounting purposes. Unrealized gains and losses on these contracts are recognized in cost of goods sold in our Consolidated Statements of Operations.

When a futures position is established, the initial margin must be deposited with the applicable exchange or broker. The amount of margin required varies by commodity and is set by the applicable exchange at its sole discretion. If the market price relative to a short futures position increases, an additional margin deposit would be required. Similarly, a margin deposit would be required if the market price relative to a long futures position decreases. Conversely, if the market price increases relative to a long futures position or decreases relative to a short futures position, margin deposits may be returned by the applicable exchange or broker.

Our policy is to manage our commodity price risk exposure according to internal policies and in alignment with our tolerance for risk. It is our policy that our profitability should come from operations, primarily derived from margins on products sold and grain merchandised, not from hedging transactions. At any one time, inventory and purchase contracts for delivery to us may be substantial. We have risk management policies and procedures that include established net physical position limits. These limits are defined for each commodity and business unit, and business units may include both trader and management limits as appropriate. The limits policy is overseen at a high level by our corporate middle office and compliance team, with day-to-day monitoring procedures being implemented within each individual business unit to ensure any limits overages are explained and exposures reduced, or a temporary limit increase is established if needed. The position limits are

reviewed at least annually with our senior leadership and the Board of Directors. We monitor current market conditions and may expand or reduce our net position limits or procedures in response to changes in those conditions.

The use of hedging instruments does not protect against nonperformance by counterparties to cash contracts. We evaluate counterparty exposure by reviewing contracts and adjusting the values to reflect potential nonperformance. Risk of nonperformance by counterparties includes the inability to perform because of a counterparty's financial condition and the risk that the counterparty will refuse to perform on a contract during periods of price fluctuations where contract prices are significantly different from current market prices. We manage these risks by entering into fixed-price purchase and sales contracts with preapproved producers and by establishing appropriate limits for individual suppliers. Fixed-price contracts are entered into with customers of acceptable creditworthiness, as internally evaluated. Regarding our use of derivatives, we transact in exchange traded instruments or enter into over-the-counter derivatives that primarily clear through our FCM, which limits our counterparty exposure relative to hedging activities. Historically, we have not experienced significant events of nonperformance on open contracts. Accordingly, we only adjust the estimated fair values of specifically identified contracts for nonperformance. Although we have established policies and procedures, we make no assurances that historical nonperformance experience will carry forward to future periods.

Based on our net fair market value calculation as of August 31, 2022, a 10% adverse change in market prices would not materially affect our results of operations. While we use commodity futures and forward contracts as economic hedges of price risk and our operations have effective economic hedging requirements as a general practice, we cannot ensure that these risk management activities will offset all financial impact resulting from an adverse change in market prices. Factors that could impact the effectiveness of our hedging activities include the accuracy of our forecasts, volatility of the commodity markets and availability of hedging instruments. Utilization of derivatives and hedging activities is described more fully in Note 15, *Derivative Financial Instruments and Hedging Activities*, and Note 16, *Fair Value Measurements*, of the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

### Interest Rate Risk

Debt used to finance our working capital needs is represented by short-term notes payable, so our blended interest rate for all such notes approximates current market rates. The table below provides information about our outstanding debt that is sensitive to changes in interest rates. The table presents scheduled contractual principal payments and related weighted average interest rates for the fiscal years presented.

	Expected Maturity Date						Total	Fair Value Liability
	2023	2024	2025	2026	2027	Thereafter		
(Dollars in thousands)								
<b>Liabilities:</b>								
Variable rate miscellaneous short-term notes payable.....	\$ 459,398	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 459,398	\$ 459,398
Average interest rate.....	4.4 %	—	—	—	—	—	4.4 %	—
Variable rate CHS Capital short-term notes payable.....	\$ 147,321	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 147,321	\$ 147,321
Average interest rate.....	1.3 %	—	—	—	—	—	1.3 %	—
Fixed rate long-term debt.....	\$ 283,066	\$ 882	\$ 330,344	\$ 80,020	\$ 58,021	\$ 795,000	\$ 1,547,333	\$ 1,483,478
Average interest rate.....	4.5 %	6.7 %	4.2 %	4.8 %	4.7 %	4.3 %	4.4 %	—
Variable rate long-term debt	\$ —	\$ —	\$ —	\$ 366,000	\$ —	\$ —	\$ 366,000	\$ 341,078
Average interest rate <sup>(a)</sup> .....	—	—	—	4.0 %	—	—	4.0 %	—

(a) Borrowings are variable under the agreement and bear interest at a base rate plus an applicable margin.

### Foreign Currency Risk

We were exposed to risk regarding foreign currency fluctuations during fiscal 2022 and in prior years even though a substantial amount of our international sales were denominated in U.S. dollars. In addition to specific transactional exposure, foreign currency fluctuations can impact the ability of foreign buyers to purchase U.S. agricultural products and the competitiveness of U.S. agricultural products compared to the same products offered by alternative sources of world supply. From time to time, we enter into foreign currency hedge contracts to minimize the impact of currency fluctuations on our transactional exposures. The notional amount of our foreign exchange derivative contracts was \$1.9 billion and \$1.2 billion as of August 31, 2022 and 2021, respectively.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements listed in Item 15(a)(1) of this Annual Report on Form 10-K are set forth beginning on page F-1. Financial statement schedules are included in Schedule II in Item 15(a)(2) of this Annual Report on Form 10-K.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

*Disclosure Controls and Procedures*

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), as of August 31, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of that date, our disclosure controls and procedures were effective.

*Management's Annual Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting.

Our internal control system is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on management's assessment using this framework, management concluded that, as of August 31, 2022, our internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to the Financial Reform Bill passed in July 2010 that permits us to provide only management's report in this Annual Report on Form 10-K.

*Changes in Internal Control Over Financial Reporting*

There have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended August 31, 2022, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

On November 1, 2022, we and Mr. Debertain entered into an amendment ("Employment Agreement Amendment No. 3") to the employment agreement we entered into with Mr. Debertain on May 22, 2017 ("Employment Agreement"), as previously amended on November 5, 2020 ("Amendment No. 1") and on November 4, 2021 ("Amendment No. 2"), pursuant to which the term of the Employment Agreement was extended to August 31, 2026 and the termination provisions of the Employment Agreement were amended to provide that Mr. Debertain would receive welfare benefit continuation for two years following the termination of his employment, if he chooses to retire on or after August 31, 2025.

The foregoing description of the Employment Agreement Amendment No. 3 does not purport to be complete and is qualified in its entirety by reference to Employment Agreement Amendment No. 3, which is filed as [Exhibit 10.1C](#) to this Annual Report on Form 10-K and is incorporated herein by reference.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****BOARD OF DIRECTORS**

The table below provides certain information regarding each of our directors, as of August 31, 2022:

<b>Name</b>	<b>Age</b>	<b>Director Region</b>	<b>Director Since</b>
David Beckman	62	8	2018
Clinton J. Blew	45	8	2010
Hal Clemensen	62	4	2019
Scott Cordes	61	1	2017
Jon Erickson	62	3	2011
Mark Farrell	63	5	2016
Steve Fritel	67	3	2003
Alan Holm	62	1	2013
David Johnsrud	68	1	2012
Tracy Jones	59	5	2017
David Kayser	63	4	2006
Russell Kehl	47	6	2017
Perry Meyer	68	1	2014
Steve Riegel	70	8	2006
Daniel Schurr	57	7	2006
Kevin Throener	50	3	2019
Cortney Wagner	44	2	2020

As a cooperative, members of our Board of Directors are nominated and elected by our members as required by our bylaws. As described below under "Director Elections and Voting," to ensure geographic representation of our members, the Board of Directors represents eight regions in which our members are located. The members in each region nominate and elect the number of directors for that region as set forth in our bylaws. Neither management nor the incumbent directors have any control over the nominating process for directors. As described below under "Director Elections and Voting," to be eligible for service as a director, a nominee must, among other things, (i) be an active farmer or rancher, (ii) be a Class A individual member of CHS or a member of a cooperative association member and (iii) reside in the geographic region from which he or she is nominated. In general, our directors operate large commercial agricultural enterprises, which require expertise in all areas of management, including financial oversight. Nearly all directors also have experience serving on local cooperative association boards and all participate in a variety of agricultural and community organizations. Our directors complete the National Association of Corporate Directors comprehensive Director Professionalism course and earn the Certificate of Director Education.

**David Beckman** has been a member of the CHS Board of Directors since 2018. He is a member of the Audit Committee and CHS Foundation Board of Trustees. He is secretary of the Nebraska Cooperative Council and former board chair for Central Valley Ag Cooperative in York, Nebraska. He holds a bachelor's degree in agronomy from the University of Nebraska-Lincoln. Mr. Beckman's principal occupation has been farming for more than five years. In partnership with his family, he raises irrigated corn and soybeans and operates a custom hog-feeding operation near Elgin, Nebraska.

**Clinton J. Blew, First Vice Chair**, has been a member of the CHS Board of Directors since 2010. Since 2017, Mr. Blew has served as first vice chair of the Executive Committee of the Board. He also serves on the Audit and Corporate Risk Committees. He is a member of the board of directors of Mid Kansas Coop, Moundridge, Kansas, and is a member of the Hutchinson Community College Ag Advisory Board, Kansas Livestock Association, Texas Cattle Feeders Association and Red Angus Association of America. He holds an applied science degree in farm and ranch management from Hutchinson (Kansas) Community College. Mr. Blew's principal occupation has been farming for more than five years, and he farms and ranches in a family partnership in south-central Kansas.

**Hal Clemensen** has been a member of the CHS Board of Directors since 2019. He is chair of the Government Relations Committee and a member of the Corporate Risk Committee. He serves on the board of trustees for Presentation College and the Avera Rural Cancer Advisory Board. He is a former member of the Agtegra Cooperative board and previously served as a director of the South Dakota Value Added Agriculture Development Center, South Dakota Soybean Association and Redfield Farmers Union Oil Company. He holds a bachelor's degree in agricultural economics and agricultural business from South Dakota State University. Mr. Clemensen's principal occupation has been farming for more than five years. He and his wife raise corn, soybeans and wheat in Brown and Spink counties in South Dakota.

**Scott Cordes** has been a member of the CHS Board of Directors since 2017. He is vice chair of the Audit Committee and vice chair of the Corporate Risk Committee. He serves as a director and past chair of Security State Bank of Wanamingo. Previously, he served as a director of Cooperative Network, the Minneapolis Grain Exchange and National Futures Association. He holds a bachelor's degree in agricultural economics from the University of Minnesota. Mr. Cordes' principal occupation has been farming for more than five years. Prior to his current occupation, he was president of CHS Hedging, LLC, a commodities brokerage subsidiary of CHS Inc. He co-owns and operates a corn and soybean farm near Wanamingo, Minnesota.

**Jon Erickson, Second Vice Chair**, has been a member of the CHS Board of Directors since 2011. Since 2017, he has been second vice chair of the Executive Committee of the Board. He is also a member of the Audit and Capital Committees. He is an advisory board member for the Quentin Burdick Center for Cooperatives, a board member of the State Historical Society of North Dakota Foundation, a council member of Rural Leadership North Dakota and a member of the North Dakota Farmers Union and North Dakota Stockmen's Association. He holds a bachelor's degree in agricultural economics from North Dakota State University. Mr. Erickson's principal occupation has been farming for more than five years, and he raises grain and oilseed and operates a commercial Hereford-Angus cow-calf business near Minot, North Dakota.

**Mark Farrell** has been a member of the CHS Board of Directors since 2016. He is a member of the Government Relations and Corporate Risk Committees. Previously, he served as a director and president of the Premier Cooperative board and as a director of Mount Horeb Farmers Co-op and United Ethanol. He graduated from the University of Wisconsin-Madison Agricultural & Life Sciences Farm & Industry Short Course. Mr. Farrell's principal occupation has been farming for more than five years. He raises corn and soybeans in Dane County, Wisconsin.

**Steve Fritel** has been a member of the CHS Board of Directors since 2003. He chairs the Corporate Risk Committee and is a member of the Audit Committee. He earned an associate degree from North Dakota State College of Science. Mr. Fritel's principal occupation has been farming for more than five years. He raises spring wheat, durum wheat, soybeans, edible beans, corn and canola near Rugby, North Dakota, selling some of his edible beans to local family-owned restaurants. He also runs a family business providing on-farm grain storage equipment.

**Alan Holm, Assistant Secretary-Treasurer**, has been a member of the CHS Board of Directors since 2013. Since 2021, he has been assistant secretary-treasurer of the Executive Committee of the Board. He is a member of the Government Relations and Capital Committees. He also serves on the board for Citizens Bank of Minnesota. He holds an associate degree in machine tool technology from Mankato (Minnesota) Technical College. Mr. Holm's principal occupation has been farming for more than five years. He raises corn, soybeans, sweet corn, peas and hay and owns and manages a cow-calf operation near Sleepy Eye, Minnesota.

**David Johnsrud** has been a member of the CHS Board of Directors since 2012. He serves as chair of the Capital Committee and as vice chair of the Government Relations Committee. He also serves as a member of the board for the Cooperative Network. Previously, he served as board chair of AgCountry Farm Credit Services and on the boards of the Minnesota Farm Credit Legislative Committee, Farmers Union Oil, CHS Prairie Lakes, Mid-Minnesota Association and Minnesota State Co-op Directors Association, including terms as board secretary for Farmers Union Oil and CHS Prairie Lakes. Mr. Johnsrud's principal occupation has been farming for more than five years. He raises corn and soybeans near Starbuck, Minnesota.

**Tracy Jones** has been a member of the CHS Board of Directors since 2017. He is chair of the Governance Committee and vice chair of the Capital Committee. He has served on the DeKalb County Board and on the boards of CHS Elburn, the former Elburn Co-op, DeKalb County Farm Bureau, DeKalb Kane Cattlemen's Association and DeKalb County Corn Growers. He earned an associate degree in farm management from Kishwaukee College in Malta, Illinois. Mr. Jones' principal occupation has been farming for more than five years. He operates a fourth-generation family farm near Kirkland, Illinois, that raises corn, soybeans and wheat and feeds cattle.

**David Kayser** has been a member of the CHS Board of Directors since 2006. He serves as chair of the CHS Foundation Board of Trustees and as a member of the Governance Committee. Mr. Kayser is chair of the Mitchell (South Dakota) Technical College Foundation Board and a previous director and chair of CHS Farmers Alliance and South Dakota Association of Cooperatives. Mr. Kayser's principal occupation has been farming for more than five years. He raises corn, soybeans and hay near Alexandria, South Dakota, and operates a cow-calf and feeder-calf business.

**Russell Kehl, Secretary-Treasurer**, has been a member of the CHS Board of Directors since 2017. Since 2019, Mr. Kehl has served as secretary-treasurer of the Executive Committee of the Board. He also serves as a member of the Capital and Governance Committees. He previously was a director of CHS SunBasin Growers and vice chair of the Columbia Basin Seed Association. Mr. Kehl's primary occupation has been farming for more than five years. He and his wife operate a farm near Quincy, Washington, that produces crops, primarily potatoes and dry beans, and includes a cow-calf herd. His family also owns a dry bean processing facility, runs a custom farming business and owns and operates a trucking and logistics company.

**Perry Meyer** has been a member of the CHS Board of Directors since 2014. He serves as chair of the Audit Committee and is a member of the Corporate Risk Committee. He is a member of United Farmers Co-op, Central Region Cooperative, Minnesota Farm Bureau, Minnesota and Nicollet County corn growers associations, and Minnesota Pork Producers Association. He serves as a director of Steamboat Pork Cooperative, chair of Nuvera Board and director of Minnesota Valley Lutheran School Foundation. He holds an agricultural mechanics degree from Alexandria (Minnesota) Technical School. Mr. Meyer's principal occupation has been farming for more than five years. He operates a family farm, raising corn, soybeans and hogs near New Ulm, Minnesota.

**Steve Riegel** has been a member of the CHS Board of Directors since 2006. He is a member of the Capital and Governance Committees. He is an advisory director of Bucklin National Bank. He attended Fort Hays (Kansas) State University, majoring in agricultural business and animal science. Mr. Riegel's principal occupation has been farming for more than five years. He raises irrigated corn, soybeans, alfalfa, dryland wheat and milo and operates a cow-calf operation near Ford, Kansas.

**Daniel Schurr, Chair**, has been a member of the CHS Board of Directors since 2006. Since 2017, Mr. Schurr has served as chair of the Executive Committee of the Board. He serves on the Blackhawk Bank and Trust board and audit and loan committees and previously served on the Silos and Smokestacks National Heritage Area board. He holds a bachelor's degree in agricultural business with a minor in economics from Iowa State University. Mr. Schurr's principal occupation has been farming for more than five years. He raises corn and soybeans near LeClaire, Iowa, and operates a commercial trucking business.

**Kevin Throener** has been a member of the CHS Board of Directors since 2019. He is a member of the Governance Committee and vice chair of the CHS Foundation Board of Trustees. He serves as a CHS Dakota Plains director and is active in the North Dakota Farmers Union, the North Dakota Stockmen's Association and Knights of Columbus. He attended North Dakota State University, majoring in agricultural systems management. Mr. Throener's principal occupation has been farming for more than five years. He and his wife raise corn, soybeans, alfalfa and cattle near Cogswell, North Dakota.

**Cortney Wagner** has been a member of the CHS Board of Directors since 2020. She serves as vice chair of the Governance Committee and is a member of the CHS Foundation Board of Trustees. She serves on the board of the Montana Council of Cooperatives. She holds a real estate license and has served as a trust associate at 1st National Bank and Trust Company. She earned an associate of arts degree from Williston State College and attended the University of North Dakota, majoring in business finance and psychology. Ms. Wagner's principal occupation has been farming for more than five years. She is a first-generation cattle and hay producer based near Hardin, Montana.

## **Director Elections and Voting**

Director elections are for three-year terms and are open to any qualified candidate. Qualifications for the office of director are as follows:

- At the time of declaration of candidacy, the individual (except in the case of an incumbent) must have the written endorsement of a locally elected producer board that is part of the CHS system and located within the region from which the individual is to be a candidate.
- At the time of the election, the individual must be less than 68 years old.

The remaining qualifications set forth below must be met at all times commencing six months prior to the time of election and while the individual holds office:

- The individual must be a Class A individual member of CHS or a member of a cooperative association member.
- The individual must reside in the region from which he or she is to be elected.
- The individual must be an active farmer or rancher. "Active farmer or rancher" means an individual whose primary occupation is that of a farmer or rancher, excluding anyone who is an employee of CHS or of a cooperative association member.

The following positions on the Board of Directors will be up for election at the 2022 Annual Meeting of Members:

Region	Incumbent
Region 1 (Minnesota)	Alan Holm
Region 3 (North Dakota)	Kevin Throener
Region 4 (South Dakota)	Hal Clemensen
Region 5 (Connecticut, Delaware, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Wisconsin)	Mark Farrell
Region 8 (Colorado, Kansas, Nebraska, New Mexico, Oklahoma, Texas)	Open Seat

Voting rights, including those in regard to director elections, arise by virtue of membership in CHS, not because of ownership of any equity or debt instruments; therefore, our preferred shareholders cannot recommend nominees to our Board of Directors nor vote in regard to director elections unless they are Class A or Class C members of CHS.

### EXECUTIVE OFFICERS

The table below lists our executive officers as appointed by the CHS Board of Directors as of August 31, 2022:

Name	Age	Position
Jay Debertin	62	President and Chief Executive Officer
Richard Dusek	58	Executive Vice President, Country Operations
Darin Hunhoff	52	Executive Vice President, Energy
John Griffith	53	Executive Vice President, Ag Business and CHS Hedging
Olivia Nelligan	47	Executive Vice President and Chief Financial Officer
Brandon Smith	42	Executive Vice President, General Counsel
David Black	56	Senior Vice President, Enterprise Transformation & Chief Information Officer
Gary Halvorson	49	Senior Vice President, Enterprise Customer Development
Mary Kaul-Hottinger	58	Senior Vice President, Human Resources

**Jay Debertin** has been president and chief executive officer ("CEO") for CHS since May 2017. He leads the strategic leadership team in strengthening CHS by advancing operational excellence, strengthening CHS's financial performance and building a team to grow CHS's core businesses to create connections that empower agriculture. Mr. Debertin joined CHS in 1984 in the petroleum division and held a variety of positions in its energy marketing operations before being named vice president of crude oil supply in 1998. In 2001, his responsibilities expanded to include crude oil supply, refining, pipelines and terminals, trading and risk management, and transportation. From 2005 to 2010, Mr. Debertin was executive vice president and chief operating officer for processing at CHS. From 2010 to 2017, he served as executive vice president and chief operating officer of Energy and Foods where he led energy, transportation and processing at CHS. Mr. Debertin serves as board chair for Ventura Foods. He also serves on the board of directors for Securian Financial. He earned a bachelor's degree in economics from the University of North Dakota and a master of business administration degree from the University of Wisconsin-Madison.

**Richard Dusek** has been executive vice president, country operations, since November 2017. He leads transformation of the CHS retail platform as a critical distribution channel for our core businesses, aligning an enterprise supply chain for energy, agronomy, animal nutrition and grain product lines to serve our farmer- and rancher-owners, and driving growth and efficiency through a customer-focused solutions platform. Mr. Dusek is a former board member of The Fertilizer Institute and the Minneapolis Grain Exchange. He joined CHS in 1988 as a wheat trader. Prior to leading our retail business, Mr. Dusek held roles as vice president in our grain marketing and agronomy divisions. He earned a bachelor of science degree in agricultural economics from North Dakota State University and is a graduate of the Harvard Business School Advanced Management Program.

**Darin Hunhoff** has been executive vice president, energy, since May 2017. He leads CHS energy operations including refineries, pipelines and terminals, refined fuels, propane, lubricants, and transportation and logistics. In addition, he oversees CHS Strategic Sourcing, the company's enterprisewide strategic sourcing initiative. Mr. Hunhoff serves on the board of directors for Ardent Mills. He joined CHS more than 25 years ago as a petroleum specialist. He has also been chief strategy officer for CHS and has spent several years in energy leadership roles, including time as senior vice president of refined fuels and vice president of propane. He earned a bachelor's degree in marketing and business management from Southwest Minnesota State University.

**John Griffith** has been executive vice president, ag business and CHS Hedging, since January 2021. He leads CHS global grain and processing operations and renewable fuels trading, supply chain management and risk management, including freight, currency, execution and trade finance. Mr. Griffith chairs the North American Export Grain Association board. He also serves as board chair for CHS Hedging, a commodities brokerage subsidiary of CHS. He worked for CHS early in his career as a grain merchandiser and rejoined CHS at a leadership level in January 2013. Since that time, he has held various leadership roles within global grain marketing, including senior vice president, CHS Global Grain Marketing and CHS Hedging, and vice president, grain marketing North America. He earned a bachelor's degree from St. John's University and a master of business administration degree from Rockhurst University.

**Olivia Nelligan** is the executive vice president and chief financial officer for CHS, joining the organization in January 2020. She is responsible for finance activities and strategic planning across CHS and chairs the CHS Retirement Plan Committee. Before joining CHS, Ms. Nelligan held executive positions in multiple organizations, as well as acting as a management consultant. She also serves on the advisory council for Cooperative Ventures, a venture capital fund joint venture between CHS and Growmark that focuses on innovative solutions and emerging technologies that positively impact farming. Her past experience includes serving as chief executive officer of Nasco, LLC, a private equity-owned company that provides specialty products for education, healthcare, laboratory testing and agriculture. Ms. Nelligan spent 14 years with Kerry Group plc and was global chief financial and strategic planning officer of its Taste and Nutrition division when she left the company in 2016. She holds a bachelor's degree in civil law and a higher diploma in business and financial information systems from University College Cork, Ireland, and a master of business administration degree from the University of Wisconsin-Madison. She is a fellow of Chartered Accountants Ireland and an associate member of the Institute of Taxation in Ireland.

**Brandon Smith** has been executive vice president, general counsel for CHS since March 2021. He provides counsel to CHS leadership and the Board of Directors on company strategy, government affairs, corporate governance, corporate compliance, federal securities reporting and compliance, and disclosure and investor communications. Mr. Smith also oversees the CHS internal audit department. He previously worked at Tenneco Inc., a multinational industrial company based in Lake Forest, Illinois, for more than 12 years in various legal and leadership roles, most recently as senior vice president, general counsel and corporate secretary. Prior to joining Tenneco, Mr. Smith worked for the Kirkland & Ellis LLP law firm in Chicago, Illinois. He earned a juris doctor degree from Cornell Law School and a bachelor's degree in business management from Hiram College.

**David Black** has been senior vice president, enterprise transformation, and chief information officer for CHS since April 2018. He leads enterprise transformation, global information technology, innovation, marketing, communications and facilities. He leads enterprise transformation efforts, driving ongoing companywide efficiency and opportunities for profitable growth. Mr. Black leads strategy, implementation, delivery and operation of information technology for all CHS businesses worldwide and oversees our owner and employee communications, advertising and public relations and CHS sustainability programs. He also serves on the advisory council for Cooperative Ventures, a venture capital fund joint venture between CHS and Growmark that focuses on innovative solutions and emerging technologies that positively impact farming. He also serves on the board of Ventura Foods and is former board chair of Ag Gateway, a nonprofit consortium of 300-plus businesses, which strives to promote, enable and expand e-business in agriculture. He joined CHS in 2014. Mr. Black previously worked at Monsanto Company, where he served as vice president, information technology, overseeing all aspects of information technology for its global commercial businesses. During his 20 years with Monsanto, he also served as vice president, corporate strategy, and president, Monsanto Agro-Services, LLC. Mr. Black earned a bachelor's degree in computer science from Tarkio College.

**Gary Halvorson** has been senior vice president, enterprise customer development, since September 2021. He is responsible for efforts across all businesses to deliver a focused and coordinated customer experience for owners and customers. He also oversees marketing and sales functions for CHS wholesale and retail agronomy businesses and agronomy product development, as well as CHS cooperative resources, which provides strategic business and talent planning for cooperatives. Mr. Halvorson represents CHS on the board of directors for The Fertilizer Institute (TFI) and on the CF Nitrogen Board of Managers. He also serves on the advisory council for Cooperative Ventures, a venture capital fund joint venture between CHS and Growmark that focuses on innovative solutions and emerging technologies that positively impact farming. Previously, he served on the National FFA Sponsors Board and the Agricultural Retailers Association board of directors. He joined CHS more than 20 years ago. Most recently, he led the CHS agronomy business. Prior to that, Mr. Halvorson held various leadership roles with CHS at locations in North Dakota before becoming general manager for CHS Ag Services in Warren, Minnesota. Mr. Halvorson also served as vice president of farm supply for CHS country operations. He earned a bachelor's degree in business from Concordia University.

**Mary Kaul-Hottinger** has been senior vice president, human resources, for CHS since September 2018. Ms. Kaul-Hottinger sets direction and strategy for human resources with a focus on helping us attract, develop and retain high-performing and diverse employees. She also oversees CHS community giving, which provides giving and volunteer programs to strengthen hometown communities in collaboration with local cooperatives. Prior to joining CHS, she was vice president, human resources, for Ecolab's global businesses and supported business units with more than 30,000 employees. She previously served in human resources leadership roles at General Mills and Pillsbury. Ms. Kaul-Hottinger holds a bachelor's degree in business administration from the University of St. Thomas.

### **DELINQUENT SECTION 16(a) REPORTS**

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of any class of our preferred stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such executive officers, directors and greater than 10% beneficial owners are required by the regulations of the SEC to furnish us with copies of all Section 16(a) reports they file.

Based solely upon a review of copies of reports on Forms 3 and 4 and amendments thereto filed electronically with the SEC during, and reports on Form 5 and amendments thereto filed electronically with the SEC with respect to the fiscal year ended August 31, 2022, and based further upon written representations received by us with respect to the need to file reports on Form 5, except for Mr. Erickson, who filed one late Form 4, which was later amended, relating to two transactions in November 2021, no persons filed late reports required by Section 16(a) of the Exchange Act during fiscal 2022.

### **CODE OF ETHICS**

We have adopted a code of ethics within the meaning of Item 406(b) of Regulation S-K promulgated by the SEC. This code of ethics applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. This code of ethics is part of our broader CHS Code of Conduct, which is posted on our website. The internet address for our website is [www.chsinc.com](http://www.chsinc.com) and the CHS Code of Conduct may be found on the "Compliance and integrity" web page, which can be accessed from the "About CHS" web page, which can be accessed from our main web page. We intend to disclose any amendment to, or waiver from, a provision of the code of ethics that applies to our principal executive officer, principal financial officer or principal accounting officer on the "Compliance and integrity" web page of our website. The information contained on our website is not part of, and is not incorporated in, this report or any other report we file with or furnish to the SEC.

## AUDIT COMMITTEE MATTERS

The Board of Directors has a separately designated standing Audit Committee for the purpose of overseeing our accounting and financial reporting processes and audits of our financial statements. In fiscal 2022, the Audit Committee was comprised of Mr. Beckman, Mr. Blew, Mr. Cordes, Mr. Erickson, Mr. Fritel and Mr. Meyer (chair), each of whom is an independent director. The Audit Committee has oversight responsibility to our member-owners relating to our financial statements and the financial reporting process, preparation of the financial reports and other financial information provided by us to any governmental or regulatory body, the systems of internal accounting and financial controls, the internal audit function and the annual independent audit of our financial statements. The Audit Committee assures that the corporate information gathering and reporting systems developed by management represent a good faith attempt to provide senior management and the Board of Directors with information regarding material acts, events and conditions within CHS. In addition, the Audit Committee is directly responsible for the appointment, compensation and oversight of the independent registered public accounting firm.

We do not believe any member of the Audit Committee is an "audit committee financial expert" as defined in the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder. As a cooperative, members of our Board of Directors are nominated and elected by our members. To ensure geographic representation of our members, the Board of Directors represents eight regions in which our members are located. The voting members in each region nominate and elect the number of directors for that region as set forth in our bylaws. To be eligible for service as a director, a nominee must among other things, (i) be an active farmer or rancher, (ii) be a Class A individual member of CHS or member of a cooperative association and (iii) reside in the geographic region from which he or she is nominated. Neither management nor the incumbent directors have any control over the nominating process for directors. Because of the nomination procedure and the election process, we cannot ensure that an elected director serving on our Audit Committee will be an audit committee financial expert. However, many of our directors, including all of the Audit Committee members, are financially sophisticated and have experience or background in which they have had significant financial management or oversight responsibilities. The current Audit Committee includes directors who have served as presidents or chairs of local cooperative association boards. Members of the Board of Directors, including the Audit Committee, also operate large commercial enterprises requiring expertise in all areas of management, including financial oversight.

**ITEM 11. EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Executive Compensation**

*Overview*

This Compensation Discussion and Analysis describes the material elements of compensation awarded to each of the following executive officers ("Named Executive Officers") during the year ended August 31, 2022:

<b>Name</b>	<b>Position</b>
Jay Debertin	President and Chief Executive Officer
Olivia Nelligan	Executive Vice President and Chief Financial Officer
Darin Hunhoff	Executive Vice President, Energy
Richard Dusek	Executive Vice President, Country Operations
Brandon Smith	Executive Vice President, General Counsel

CHS creates connections to empower agriculture for our producer and member cooperative owners and the communities in which we and our owners live and operate. Our compensation programs are aligned with our operational objectives and long-term business strategy and are designed to attract, reward and retain high-performing and diverse team members who are passionate about our mission.

This section outlines the objectives and principles underlying our compensation and benefit programs, as well as the objectives and principles underlying compensation decisions. In this Compensation Discussion and Analysis, the related compensation tables and the accompanying narratives, all references to a given year refer to our fiscal year ending on August 31 of that year.

*Compensation Philosophy and Objectives*

The Governance Committee of our Board of Directors ("Governance Committee") oversees the administration of, and the fundamental changes to, our executive compensation and benefits programs. The primary principles and objectives in compensating our executive officers include:

- Attract and retain exceptional talent who meet our leadership expectations and are engaged and committed to the long-term success of CHS by providing market-competitive compensation and benefit programs;
- Align executive rewards to quantifiable annual and long-term performance goals that drive enterprise results and provide competitive returns to our member-owners;
- Emphasize pay for performance by providing a total direct compensation mix of fixed and variable pay that is primarily weighted on annual and long-term incentives to reward annual and sustained performance over the long term; and
- Ensure compliance with government mandates and regulations.

There are no material changes anticipated to our compensation philosophy or objectives for fiscal 2023.

*Components of Executive Compensation and Benefits*

Our executive compensation programs are designed to attract and retain highly qualified executives and to motivate them to optimize member-owner returns and to achieve our long-term strategies by achieving specified goals. The compensation program links executive compensation directly to our annual and long-term financial performance. A significant portion of each executive's compensation depends on meeting financial goals and a smaller portion is linked to individual performance objectives.

The Governance Committee reviews our executive compensation policies each year with respect to the correlation between executive compensation and creating member-owner value, as well as the competitiveness of our executive compensation programs. The Governance Committee, with input from a third-party consultant if necessary, determines what, if any, changes are appropriate to our executive compensation programs, including the incentive plan goals applicable to our Named Executive Officers under the incentive compensation plans to which they and other employees are eligible. A third-party consultant is chosen and hired directly by the Executive Committee of our Board of Directors ("Executive Committee") to

provide guidance regarding market-competitive levels of base pay, annual variable pay and long-term incentive pay, as well as market-competitive allocations between base pay, annual variable pay and long-term incentive pay for our CEO. The data is shared with our Board of Directors, which makes final decisions regarding our CEO's base pay, annual incentive pay and long-term incentive pay, as well as the allocation of compensation between base pay, annual incentive pay and long-term incentive pay. There are no formal policies for allocation between long-term and short-term compensation other than the intention to be competitive with the external compensation market for comparable positions and to be consistent with our compensation philosophy and objectives. The Executive Committee recommends to our Board of Directors salary actions relative to our CEO and approves annual and long-term incentive awards for our CEO based on performance of CHS compared to the financial goals and, as applicable, individual performance. In turn, our Board of Directors communicates this pay information to our CEO. That same consultant provides guidance to our Governance Committee regarding annual variable pay and long-term incentive pay plans applicable to our senior executives, including our Named Executive Officers. Our CEO is not involved with the selection of the third-party consultant and does not participate in or observe Executive Committee meetings that concern CEO compensation matters. Based on a review of compensation market data provided by our human resources department (survey sources and methodology are explained below under "Components of Compensation"), with input from a third-party consultant if necessary, our CEO decides base compensation levels for the other Named Executive Officers, recommends for the Board of Directors' approval the annual and long-term incentive pay plan performance goals applicable to the other Named Executive Officers (and other employees) and communicates base and incentive compensation pay to the other Named Executive Officers. The day-to-day design and administration of compensation and benefit plans are managed by our human resources, finance and legal departments.

### ***Components of Compensation***

Our executive compensation and benefits program consists of seven components. Each component is designed to be competitive within the executive compensation market. In determining competitive compensation levels, we analyze independent compensation survey information, including comparable industries, markets, revenues and companies that compete with us for executive talent. In fiscal 2022, the Willis Towers Watson CDB Executive Compensation Survey Report, Mercer Benchmark Database/Total Remuneration Survey and Radford/Aon Compensation Database were used for this analysis, and the survey and database data extracted included median market rates for base salary, annual incentive, total cash compensation and total direct compensation. Companies included in the surveys and database vary by industry, revenue and number of employees, and represent both public and private ownership, as well as nonprofit, government and mutual organizations. Compensation paid by a comparator group of industry-specific companies, which includes 16 private, public and cooperative organizations in the agronomy, energy, food and grain industries, is also considered when making compensation decisions.

The following companies comprised the 2022 comparator group:

<b>Comparator Group</b>			
ADM	Conagra Brands	Kinder Morgan	Mosaic
Bunge	Phillips 66	Koch Industries	Nutrien
CF Industries	General Mills	Land O'Lakes	Valero Energy
Cargill	HF Sinclair	Marathon Petroleum	Williams Companies

The emphasis of our executive compensation package is weighted more on variable pay through annual variable pay and long-term incentive awards. This is consistent with our compensation philosophy of emphasizing a strong link between pay, employee performance and business goals to foster a clear line of sight and strong commitment to our short-term and long-term success and also aligns our programs with general market practices. The goal is to provide our executives with an overall compensation package that is competitive in comparable industries, companies and markets. We target the market median compensation for base pay, target total cash and target total direct compensation, and the 75th percentile for total direct compensation when we achieve above-market performance.

For fiscal 2022, base pay was slightly below the market median and total cash compensation and total direct compensation were above the market median. The total cash compensation was above the market median because actual earned annual variable pay awards were achieved at the maximum level of performance. The above market median total direct compensation occurred because long-term incentive awards for the fiscal 2020-2022 performance period were achieved at the superior level of performance.

The following table presents a more detailed breakout of each compensation element:

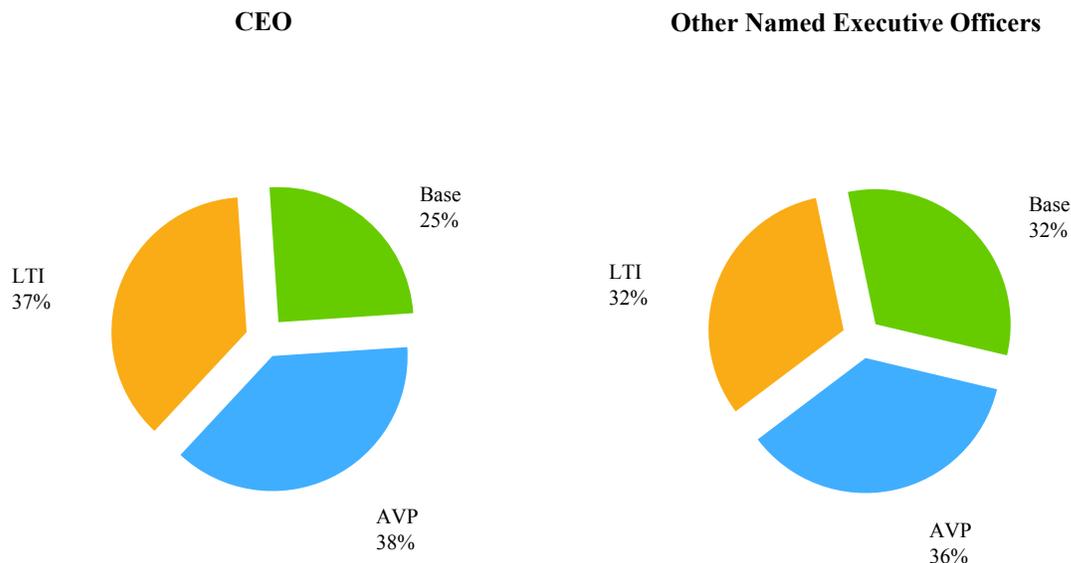
<b>Pay Element</b>	<b>Definition of Pay Element</b>	<b>Purpose of Pay Element</b>
Base Pay	Competitive base level of compensation provided relative to skills, experience, knowledge and contributions	<ul style="list-style-type: none"> <li>• Provides the fundamental element of compensation for carrying out duties of the job</li> </ul>
Annual Variable Pay	Broad-based employee short-term performance-based variable pay incentive for achieving predetermined annual financial and individual performance goals	<ul style="list-style-type: none"> <li>• Provides a direct link between pay and annual business objectives</li> <li>• Provides pay for performance to motivate and encourage the achievement of critical business initiatives</li> <li>• Encourages proper expense control and containment</li> </ul>
Profit-Sharing	Selective employee short-term performance-based variable pay for achieving predetermined annual financial goals	<ul style="list-style-type: none"> <li>• Provides a direct link between employee pay and our profitability</li> </ul>
Long-Term Incentive	Long-term performance-based incentive for senior management to achieve predetermined triennial Return on Invested Capital ("ROIC") goals	<ul style="list-style-type: none"> <li>• Provides a direct link between senior management pay and long-term strategic business objectives</li> <li>• Aligns management and member-owner interests</li> <li>• Encourages retention of key management</li> </ul>
Retirement Benefits	<p>Retirement benefits under the qualified retirement plans are identical to broad-based retirement plans generally available to all full-time employees</p> <p>The supplemental plans include nonqualified retirement benefits that restore qualified benefits contained in our broad-based plans for employees whose retirement benefits are limited by salary caps under the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"); in addition, the plans allow participants to voluntarily defer receipt of a portion of their income</p>	<ul style="list-style-type: none"> <li>• These benefits are a part of our broad-based employee total rewards program designed to attract and retain quality employees</li> <li>• These benefits are provided to attract and retain senior managers with total rewards programs that are competitive with comparable companies</li> </ul>
Health and Welfare Benefits	Medical, dental, vision, life insurance and short-term disability benefits generally available to all full-time employees. Certain officers, including our Named Executive Officers, also are eligible for executive long-term disability benefits	<ul style="list-style-type: none"> <li>• With the exception of executive long-term disability benefits, these benefits are a part of our broad-based employee total rewards program designed to attract and retain quality employees</li> </ul>
Additional Benefits	Additional benefits are provided to certain officers, including our Named Executive Officers	<ul style="list-style-type: none"> <li>• These benefits are provided as part of an overall total rewards package that strives to be competitive with comparable companies and retain individuals who are critical to us</li> </ul>

*Explanation of Ratio of Salary and Bonus to Total Compensation*

The structure of our executive compensation package is focused on a suitable mix of base pay, annual variable pay and long-term incentive awards to encourage executive officers and employees to strive to achieve goals that benefit our member-owners' interests over the long term and to better align our programs with general market practices.

*Fiscal 2022 Executive Compensation Mix at Target*

The charts below illustrate the mix of base salary, annual variable pay at target performance (2022 Performance Period) and long-term incentive compensation at target performance (2020-2022 Performance Period) for fiscal 2022 for our CEO and the other Named Executive Officers as a group.



***Base Pay***

Base salaries of our Named Executive Officers represent a fixed form of compensation paid on a semimonthly basis. The base salaries are generally set at the median level of market data collected through our benchmarking process against other equivalent positions of comparable companies. The individual's actual salary relative to the market median is based on a number of factors, which include, but are not limited to, scope of responsibilities and individual experience.

Base salaries for our Named Executive Officers are reviewed on an annual basis or at the time of significant changes in scope and level of responsibilities. Changes in base salaries are determined through review of competitive market data, as well as individual performance and contribution. Changes are not governed by pre-established weighting factors or merit metrics.

Our CEO is responsible for this process for the other Named Executive Officers. The Executive Committee is responsible for this process for our CEO.

Mr. Debertin received a 3.0% base salary increase effective January 1, 2022. Our Board of Directors approved the increase to maintain a competitive pay position to market. Ms. Nelligan, Mr. Hunhoff, Mr. Dusek and Mr. Smith received base salary increases of 5.3%, 3.0%, 3.3% and 3.0%, respectively.

***Annual Variable Pay***

Named Executive Officers are covered by the same CHS Annual Variable Pay Plan ("Annual Variable Pay Plan" or "AVP") as other employees and, based on the plan provisions, when they are hired or retire they receive awards prorated to the period of time eligible. Each Named Executive Officer was eligible to participate in the AVP for fiscal 2022. Target AVP award levels were set with reference to competitive market compensation levels and were intended to motivate our executives by providing annual variable pay awards for the achievement of predetermined goals. Our AVP program for fiscal 2022 was based on enterprise-level financial performance and specific management business objectives with the actual payout dependent on achieving predetermined enterprise-level financial performance goals and individual performance goals. The financial performance components included ROIC goals for CHS at the enterprise level. The threshold, target and maximum ROIC goals for fiscal 2022 are set forth in the table below. The management business objectives include individual performance against specific goals relating to subjects such as business profitability, execution of strategic initiatives or talent acquisition, development and retention. In conjunction with the annual performance appraisal process for our CEO, our Board of Directors reviews the individual goals and, in turn, determines and approves this portion of the annual variable pay award based upon completion or partial completion of the previously specified goals and principal accountabilities for our CEO. Likewise, our CEO uses the same process for determining individual goal attainment for the other Named Executive Officers.

CHS financial performance goals and award opportunities under our fiscal 2022 Annual Variable Pay Plan were as follows:

Performance Level	CHS Company Performance Goal	Percent of Target Award
Maximum	7.2% ROIC	200%
Target	6.2% ROIC	100%
Threshold	5.2% ROIC	50%
Below threshold	<5.2% ROIC	0%

ROIC is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for other measures prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies.

ROIC is a measurement of how efficiently we use capital and the level of returns on that capital and is calculated by dividing adjusted net operating profit after tax by average funded debt plus equity at the beginning of the year. We define adjusted net operating profit after tax as earnings before tax plus interest, net, and the sum is multiplied by the effective tax rate. For purposes of the fiscal 2022 AVP, we define funded debt as the sum of the average of long-term debt at the beginning and end of the year, including the current portion thereof, plus any guarantees thereof, using balances as of July 31, 2019, 2020, 2021 and 2022, respectively, and the total beginning of year equity as of July 31, 2019, 2020 and 2021, respectively.

Our Board of Directors approved the ROIC performance goals for the fiscal 2022 AVP and determined our CEO's individual goals. The weighting of our CEO's goals for fiscal 2022 was 70% CHS total company ROIC and 30% principal accountabilities and individual goals. Our CEO determined individual goals for the other Named Executive Officers. The weighting of goals for the other Named Executive Officers for fiscal 2022 was 70% CHS total company ROIC and 30% individual goals.

ROIC results for fiscal year 2022 were 16.1%. Despite the significant and enduring operating and leadership challenges experienced in fiscal year 2022 and that we continue to experience, Mr. Debertin, the other Named Executive Officers, and our other CHS employees responded with timely decisions and actions to adjust to those challenging business conditions and consistently execute to meet the needs of our customers and member-owners. Strong global demand due to geopolitical factors and supply chain disruptions resulted in market volatility with higher commodity prices and refining margins in our Energy segment, which contributed to increased earnings in fiscal 2022. The CEO and each other Named Executive Officer's performance was determined by the Board of Directors or the CEO, respectively, to have been strong against their individual objectives and therefore each Named Executive Officer was awarded the maximum payout for the 30% individual goals component. Annual variable pay awards that will be or have been paid under the Annual Variable Pay Plan for fiscal 2022 for the Named Executive Officers are as follows:

Name	Variable Pay (Dollars)
Jay Debertin	\$ 3,939,192
Olivia Nelligan	1,380,000
Darin Hunhoff	1,357,900
Richard Dusek	1,265,000
Brandon Smith	1,350,330

***Profit Sharing***

Each Named Executive Officer was eligible to participate in our Profit-Sharing Plan, which is also applicable to other employees. The purpose of the Profit-Sharing Plan is to provide a direct link between employee pay and our profitability. Annual profit sharing contributions are calculated as a percent of base pay and annual variable pay (total earnings) and are made to the CHS Inc. 401(k) Plan ("401(k) Plan") account and CHS Inc. Deferred Compensation Plan ("Deferred Compensation Plan") account of each Named Executive Officer. The levels of fiscal 2022 profit-sharing awards vary in relation to the level of CHS ROIC achieved and are displayed in the following table:

ROIC	Profit-Sharing Award
7.2%	5%
6.7%	4%
6.2%	3%
5.7%	2%
5.2%	1%

ROIC results for fiscal 2022 were 16.1%. Accordingly, each Named Executive Officer earned a 5% award under the Profit Sharing Plan.

***Long-Term Incentive***

Each Named Executive Officer was eligible to participate in the CHS Inc. Executive Long-Term Incentive Plan ("ELTIP"). The purpose of the ELTIP is to align long-term results with long-term performance goals, encourage our Named Executive Officers to maximize long-term value for our member-owners and retain key executives. The ELTIP consists of three-year performance periods to ensure consideration is made for our long-term financial performance and strategic execution, with a new performance period beginning every year. Our Board of Directors approves the ELTIP goals for each three-year period.

Awards from the ELTIP are contributed to the Deferred Compensation Plan after the end of each performance period. These awards vest over an additional 28-month period following the performance period end date. The extended earning and vesting provisions of the ELTIP are designed to help us retain key executives. Participants who leave CHS prior to retirement for reasons other than death or disability forfeit all unearned and unvested ELTIP award balances. Participants who meet retirement criteria, die or become disabled receive prorated awards following the ELTIP rules. Like the Annual Variable Pay Plan, award levels for the ELTIP are set with regard to competitive considerations. The target level ELTIP award level was 115% of base salary for Named Executive Officers other than Mr. Debertin for performance periods beginning before September 1, 2021 (including the three-year ELTIP performance period ending in fiscal 2022), and 125% of base salary for performance periods beginning on or after September 1, 2021. Mr. Debertin's target level ELTIP award level was 150% of base salary for performance periods beginning before September 1, 2021 (including the three-year ELTIP performance period ending in fiscal 2022, and 300% of base salary for performance periods beginning on or after September 1, 2021.

For the three-year ELTIP period ending in fiscal 2022, the ELTIP performance measure was based upon our ROIC during the period. As stated above, ROIC is a measurement of how efficiently we use capital and the level of returns on that capital and is calculated by dividing adjusted net operating profit after tax by average funded debt plus total equity at the beginning of the year. For purposes of the fiscal 2020-2022 performance period, we define funded debt as the sum of the average of long-term debt at the beginning and end of the year, including the current portion thereof, plus any guarantees thereof, using balances as of July 31, 2019, 2020, 2021 and 2022, respectively, and the total beginning of year equity as of July 31, 2019, 2020 and 2021, respectively.

As also stated above, ROIC is not defined under U.S. GAAP. Therefore, it should not be considered a substitute for other measures prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies.

Award opportunities for the fiscal 2020-2022 ELTIP are expressed as a percentage of a participant's average base salary as of August 31 for each of the three years in the performance period. We must meet a three-year period threshold level of ROIC performance for any participant to earn an award payout under the 2020-2022 ELTIP. As indicated in the below table, the threshold, target, maximum and superior performance maximum ROIC goals for the fiscal 2020-2022 performance period are as follows:

Performance Level	CHS Three-Year ROIC	Percent of Target Award
Superior performance maximum	7.9%	400%
Maximum	6.9%	200%
Target	5.9%	100%
Threshold	4.9%	50%
Below threshold	<4.9%	0%

Business conditions in the agriculture and energy industries were highly variable during the 2020-2022 performance period, which included ROIC performance well above the target performance level during the period before the coronavirus pandemic began and ROIC performance slightly above the maximum performance level from the beginning of the pandemic period through the end of fiscal 2021. In much of fiscal 2022, external market conditions in both our Ag and Energy segments resulted in financial and operating performance that greatly exceeded the superior performance level. Both our Ag and Energy segments experienced significant favorable changes in business conditions and were subject to external economic forces that caused our ROIC performance to vary significantly during each year (5.1% in 2020; 6.2% in 2021; and 16.1% in 2022). Actual ROIC performance for the fiscal 2020-2022 performance period was 9.24%. ELTIP payments for the fiscal 2020-2022 ELTIP for the Named Executive Officers are as follows:

Name	ELTIP Payments (Dollars)
Jay Debertin	6,437,835
Olivia Nelligan	2,297,444
Darin Hunhoff	2,663,064
Richard Dusek	2,476,093
Brandon Smith	1,774,220

Details for the fiscal 2022 awards associated with the fiscal 2022-2024 ELTIP performance period are provided in the "2022 Grants of Plan-Based Awards" table.

***Other Compensation***

To preserve key leadership continuity and bench strength, as well as a total direct compensation opportunity amount that is competitive to market, our Board of Directors approved a potential retention incentive award ("2018 Retention Award") for certain of our senior officers, including each of the Named Executive Officers who were both active participants in the 2016-2018 ELTIP and active employees on the date the 2018 Retention Award was approved. The 2018 Retention Award value is equal to the percentage of base salary used for the 2016-2018 ELTIP awards at the target level, based on the participant's job level as of August 31, 2018, multiplied by the participant's base salary as of August 31, 2018. Pursuant to its original terms, the 2018 Retention Award would only be earned if the applicable participant continued active employment through January 1, 2021, or met the limited pro-ration criteria provided in the 2018 Retention Award. However, in light of the COVID-19 pandemic and its potential impact on our fiscal 2021 business and financial performance, and the economy in general, and based upon the recommendation of the Governance Committee and the request of Messrs. Debertin, Dusek, Hunhoff and our other eligible senior officers, in November 2020, our Board of Directors modified the terms of the 2018 Retention Award to provide that it would only be earned if the applicable participant continued active employment through January 1, 2022, except that, if the applicable participant's employment ended voluntarily or involuntarily for a reason unrelated to misconduct between January 1, 2021, and January 1, 2022, the participant would earn and be paid the 2018 Retention Award.

Payments for the 2018 Retention Award for the Named Executive Officers made in January 2022 are as follows:

Name	Retention Award Payment (Dollars)
Jay Debertin	\$ 1,768,125
Darin Hunhoff	371,000
Richard Dusek	347,988

Because Ms. Nelligan and Mr. Smith were not active participants in the 2016-2018 ELTIP or actively employed by us on the date the 2018 Retention Award was approved, they were not granted a 2018 Retention Award.

**Retirement Benefits**

We provide the following retirement and deferral programs to Named Executive Officers:

- CHS Inc. Pension Plan
- CHS Inc. 401(k) Plan
- CHS Inc. Supplemental Executive Retirement Plan
- CHS Inc. Deferred Compensation Plan

*CHS Inc. Pension Plan*

The CHS Inc. Pension Plan ("Pension Plan") is a tax-qualified defined benefit pension plan. All Named Executive Officers participate in the Pension Plan. A Named Executive Officer is fully vested in the Pension Plan after three years of vesting service. The Pension Plan provides for a lump sum payment of the participant's account balance once the Named Executive Officer reaches normal retirement age (or, alternatively, for a monthly annuity for the Named Executive Officer's lifetime if elected by the Named Executive Officer). The normal form of benefit for a single Named Executive Officer is a life annuity and for a married Named Executive Officer the normal form of benefit is a 50% joint and survivor annuity. Other annuity forms are also available on an actuarial equivalent basis. Compensation and benefits are limited based on limits imposed by the Internal Revenue Code.

A Named Executive Officer's benefit under the Pension Plan depends on pay credits to his or her account, which are based on the Named Executive Officer's total salary and annual variable pay for each year of employment, date of hire, age at date of hire and the length of service, and investment credits, which are computed using the interest crediting rate and the Named Executive Officer's account balance at the beginning of the plan year.

The amount of pay credits added to a Named Executive Officer's account each year is a percentage of the Named Executive Officer's base salary and annual variable pay plus compensation reduction pursuant to the 401(k) Plan and any pretax contribution to any of our welfare benefit plans, paid vacations, paid leaves of absence and pay received if away from work due to a sickness or injury. The pay credits percentage received is determined on a yearly basis, based on the years of benefit service completed as of December 31 of each year. A Named Executive Officer receives one year of benefit service for every calendar year of employment in which the Named Executive Officer completed at least 1,000 hours of service.

Pay credits are earned according to the following schedules:

*Regular Pay Credits*

Years of Benefit Service	Regular Pay Credit	
	Pay Below Social Security Taxable Wage Base	Pay Above Social Security Taxable Wage Base
1-3 years	3%	6%
4-7 years	4%	8%
8-11 years	5%	10%
12-15 years	6%	12%
16 years or more	7%	14%

*Mid-Career Pay Credits*

Employees hired after age 40 qualify for the following minimum pay credit:

Age at Date of Hire	Minimum Pay Credit	
	Pay Below Social Security Taxable Wage Base	Pay Above Social Security Taxable Wage Base
Age 40-44	4%	8%
Age 45-49	5%	10%
Age 50 or more	6%	12%

*Investment Credits*

We credit a Named Executive Officer's account at the end of the calendar year with an investment credit based on the balance at the beginning of the year. The investment credit is based on the average return for one-year U.S. Treasury bills for the preceding 12-month period. The minimum interest rate under the Pension Plan is 4.65% and the maximum is 10%.

*CHS Inc. 401(k) Plan*

The 401(k) Plan is a tax-qualified, defined contribution retirement plan. Most full-time, nonunion CHS employees are eligible to participate in the 401(k) Plan, including each Named Executive Officer. Participants may contribute between 1% and 50% of their pay on a pretax basis. We match 100% of the first 1% and 50% of the next 5% of pay contributed each year (maximum 3.5%). Our Board of Directors may elect to reduce or eliminate matching contributions for any year or any portion thereof. Participants are 100% vested in their own contributions and are fully vested after two years of service in matching contributions made on the participant's behalf by us.

Nonparticipants are automatically enrolled in the plan at a 3% contribution rate and, effective each January 1, the participant's contribution will be automatically increased by 1%. This escalation will stop once the participant's contribution reaches 15%. The participant may elect to cancel or change these automatic deductions at any time.

*CHS Inc. Supplemental Executive Retirement Plan and CHS Inc. Deferred Compensation Plan*

Because the Internal Revenue Code limits the benefits that may be paid from the Pension Plan and the 401(k) Plan, the CHS Inc. Supplemental Executive Retirement Plan ("SERP") and the Deferred Compensation Plan were established to provide certain employees participating in the qualified plans with supplemental benefits such that, in the aggregate, they equal the benefits they would have been entitled to receive under the qualified plan had these limits not been in effect. The SERP also includes compensation deferred under the Deferred Compensation Plan that is excluded under the qualified retirement plan. All Named Executive Officers participate in the SERP. Participants in the plans are select management or highly compensated employees who have been designated as eligible by our CEO to participate.

Compensation includes total salary and annual variable pay without regard to limitations on compensation imposed by the Internal Revenue Code. Company contributions under the Pension Plan and 401(k) Plan are not eligible for pay credits.

Certain Named Executive Officers may have accumulated nonqualified plan balances or benefits that have been carried over from predecessor companies as a result of past mergers and acquisitions. Benefits from the SERP are primarily funded in a rabbi trust, with a balance as of August 31, 2022, of \$33.0 million. Benefits from the plan do not qualify for special tax treatment under the Internal Revenue Code.

The Deferred Compensation Plan allows eligible Named Executive Officers to voluntarily defer receipt of up to 75% of their base salary and up to 100% of their annual variable pay. The election must occur prior to the beginning of the calendar year in which the compensation will be paid. During the year ended August 31, 2021, all of the Named Executive Officers were eligible to participate in the Deferred Compensation Plan. Mr. Debertin and Ms. Nelligan participated in the elective portion of the Deferred Compensation Plan.

Benefits from the Deferred Compensation Plan are primarily funded in a rabbi trust, with a balance as of August 31, 2022, of \$134.4 million. Benefits from the plan do not qualify for special tax treatment under the Internal Revenue Code.

## ***Health and Welfare Benefits***

Like our other employees, each of the Named Executive Officers is entitled to receive benefits under our comprehensive health and welfare program. Like nonexecutive full-time employees, participation in the individual benefit plans is based on each Named Executive Officer's annual benefit elections and varies by individual.

### *Medical Plans*

Named Executive Officers and their dependents may participate in our medical plan on the same basis as other eligible full-time employees. The plan provides each Named Executive Officer an opportunity to choose a level of coverage and coverage options with varying deductibles and copays to pay for hospitalization, physician and prescription drug expenses. The cost of this coverage is shared by us and the covered Named Executive Officer.

### *Dental, Vision and Hearing Plan*

Named Executive Officers and their dependents may participate in our dental, vision and hearing plan on the same basis as other eligible full-time employees. The plan provides coverage for basic dental, vision and hearing expenses. The cost of this coverage is shared by us and the covered Named Executive Officer.

### *Life, AD&D and Dependent Life Insurance*

Named Executive Officers and their dependents may participate in our basic life, optional life, accidental death and dismemberment ("AD&D") and dependent life plans on the same basis as other eligible full-time employees. The plans allow Named Executive Officers an opportunity to purchase group life insurance on the same basis as other eligible full-time employees. Basic life insurance equal to one times eligible compensation will be provided at our expense on the same basis as other eligible full-time employees. Named Executive Officers can choose various coverage levels of optional and dependent life insurance at their own expense on the same basis as other eligible full-time employees. Employee optional life coverage includes an equal amount of AD&D coverage. We also provide at our expense Business Travel Accident coverage to Named Executive Officers when partaking in a business trip that furthers the business of CHS.

### *Short-term, Long-term and Individual Disability*

Named Executive Officers participate in our Short-Term Disability Plan ("STD") on the same basis as other eligible full-time employees. The Named Executive Officers also participate in an executive Long-Term Disability Plan ("LTD") and, effective January 1, 2023, will receive Individual Disability Insurance ("IDI"). These programs replace a portion of income in the event that a Named Executive Officer is disabled under the applicable terms and is unable to work full-time. The cost of STD and LTD coverage is, and the cost of IDI coverage will be, paid by us.

### *Flexible Spending Accounts/Health Savings Accounts*

Named Executive Officers may participate in our Flexible Spending Account ("FSA") or Health Savings Account ("HSA") on the same basis as other eligible full-time employees. The FSA and HSA provide Named Executive Officers an opportunity to pay for certain eligible medical expenses on a pretax basis. Contributions to the FSA and HSA are made by the Named Executive Officer.

### *Travel Assistance Program and Identity Theft Protection*

Like other nonexecutive full-time employees, each of the Named Executive Officers is covered by our travel assistance program and identity theft protection program. The travel assistance program provides AD&D protection should a covered injury or death occur while on a business trip. The identity theft protection program provides credit monitoring and restoration services to protect against identity theft.

### ***Additional Benefits***

Certain benefits such as executive physical examinations and limited financial and tax planning assistance are available to our Named Executive Officers. These are provided as part of an overall total rewards package that strives to be competitive with comparable companies and retain individuals who are critical to us.

### ***Incentive Compensation Recovery Policy***

We have an Incentive Compensation Recovery Policy ("Recovery Policy") that applies to our current and former employees who are or were identified by us as an "officer" pursuant to Rule 16a-1(f) under the Securities Exchange Act of 1934 and The Nasdaq Stock Market LLC ("The Nasdaq") listing standards ("Covered Employee").

The Recovery Policy provides that, in the event of a required revision of our previously issued financial statements to reflect the correction of one or more errors that are material to those financial statements, we will require reimbursement or forfeiture of any excess incentive compensation received by any Covered Employee during the three completed fiscal years immediately preceding the date on which we determine that we are required to prepare an accounting restatement. The amount of excess incentive compensation will be equal to the amount by which the Covered Employee's incentive compensation for the relevant period exceeded the amount that would have been earned or awarded based on the restated financial results, as determined by our Board of Directors. The method used to recover the applicable excess incentive compensation will be determined by our Board of Directors, in its sole discretion, and may include requiring reimbursement of cash incentive compensation that was previously paid, forfeiting any incentive compensation contribution made under the Deferred Compensation Plan, offsetting the recovered amount from any compensation or incentive compensation that may be earned or awarded in the future or taking any other remedial or recovery action permitted by law.

The Recovery Policy also provides that, in the event our Board of Directors determines in good faith that a Covered Employee has engaged in detrimental conduct, we may require the Covered Employee to reimburse or forfeit all or a portion of the incentive compensation earned by or awarded to the Covered Employee, or in which the Covered Employee has become vested under the terms of the Deferred Compensation Plan. For purposes of the Recovery Policy, detrimental conduct includes:

- deliberate and continued failure by a Covered Employee to substantially perform his or her duties and responsibilities in a manner that has an adverse effect on us;
- knowing and willful violation of any law, government regulation or company code of conduct or policy;
- fraud or dishonesty resulting or intended to result in personal enrichment at our expense; and/or
- gross misconduct in the performance of duties that results in economic harm to us.

Under the Recovery Policy, incentive compensation includes annual cash incentive awards granted pursuant to either the Annual Variable Pay Plan or an individual cash incentive plan, annual cash awards earned under the Profit Sharing Plan and cash-based performance awards granted pursuant to the ELTIP or any successor plan; in each case, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial performance measure.

### ***Agreements with Named Executive Officers***

#### *Mr. Debertin*

On May 22, 2017, Mr. Debertin was elected as our President and CEO, and in connection therewith entered into an employment agreement with us on that date (the "Employment Agreement"). On November 5, 2020, we entered into an amendment to the Employment Agreement ("Employment Agreement Amendment No. 1") with Mr. Debertin, pursuant to which the term of the Employment Agreement was extended to August 31, 2023, provided that, pursuant to the terms of the Employment Agreement, beginning on August 31, 2023, and on each August 31 thereafter, the Employment Agreement will automatically renew for an additional one-year period, unless either party notifies the other in writing, at least 120 days in advance of the relevant renewal date, of its intent not to renew the agreement for the additional one-year period. On November 3, 2021, we and Mr. Debertin entered into another amendment ("Employment Agreement Amendment No. 2") to the Employment Agreement, pursuant to which the terms of Mr. Debertin's long-term incentive compensation opportunity were amended as set forth below. The amended long-term incentive compensation opportunity contemplated by Employment Agreement Amendment No. 2 applies for each three-year performance period that begins on or after September 1, 2021.

Pursuant to the terms of the Employment Agreement, as amended by Employment Agreement Amendment No. 2, Mr. Debertin is entitled to, among other things:

- An annual base salary of \$1,150,000, which has subsequently been increased by our Board of Directors to \$1,313,064 and which is subject to further increase by our Board of Directors from time to time;

- A target annual incentive compensation opportunity of 150% of his annual base salary with a maximum opportunity equal to twice the target opportunity, based on achievement of performance goals set by our Board of Directors; and
- A target long-term incentive compensation award opportunity of 300% of his average annual base salary over each three-year performance period applicable to that award opportunity, with a threshold opportunity equal to one-half of the target opportunity and a maximum opportunity equal to twice the target opportunity. Prior to the execution of Employment Agreement Amendment No. 2, the Employment Agreement provided Mr. Debertin with a target long-term incentive compensation award opportunity of 150% of his average annual base salary over each three-year performance period applicable to that award opportunity with a maximum opportunity equal to three and one-third times his target award opportunity.

On November 1, 2022, we and Mr. Debertin entered into another amendment to the Employment Agreement ("Employment Agreement Amendment No. 3"), pursuant to which the term of the Employment Agreement was extended to August 31, 2026, and the termination provisions of the Employment Agreement were amended to provide that Mr. Debertin would receive welfare benefit continuation for two years following the termination of his employment, if Mr. Debertin chooses to retire from the Company on or after August 31, 2025.

The Employment Agreement provides that in the event of a restatement of our financial results due to material noncompliance with financial reporting requirements, if our Board of Directors determines in good faith that any compensation paid (or payable but not yet paid) to Mr. Debertin was awarded or determined based on that material noncompliance, then we are entitled to recover from him (or to reduce compensation determined but not yet paid) all compensation based on the erroneous financial data in excess of what would have been paid or been payable to him under the restatement.

The severance pay and benefits to which Mr. Debertin would be entitled if we terminated his employment without cause or, if he terminated his employment for "good reason" are described below under "Post Employment."

#### *Ms. Nelligan*

Ms. Nelligan's compensation is set forth in a letter agreement we entered into with her on January 7, 2020 (the "Nelligan Letter Agreement"). The Nelligan Letter Agreement provides Ms. Nelligan with an initial annual base salary of \$570,000 and a hiring bonus of \$200,000 (which bonus amount is the amount to be paid to Ms. Nelligan, after applicable tax withholding), \$100,000 of which was paid as a lump sum within 30 days of January 29, 2020, and \$100,000 of which was paid as a lump sum within 30 days following one year of employment with us.

The Nelligan Letter Agreement provides that Ms. Nelligan's initial target award for purposes of the Annual Variable Pay Plan will be equal to 115% of her annual base salary on August 31 of each year, and required us to give Ms. Nelligan a full year of credit for the fiscal 2020 Annual Variable Pay Plan, rather than prorate her award for the time that she was employed by us during fiscal 2020.

The severance pay and benefits to which Ms. Nelligan would be entitled if we terminated her employment without cause or if she terminated her employment for "good reason" are described below under "Post Employment."

#### *Mr. Smith*

Mr. Smith's compensation is set forth in a letter agreement we entered into with him on January 1, 2021 (the "Smith Letter Agreement"). The Smith Letter Agreement provides Mr. Smith with an initial annual base salary of \$570,000 and a hiring bonus in the gross amount of \$1,500,000 ("Hiring Bonus"). The Smith Letter Agreement provides for the payment of the Hiring Bonus in three installments of \$400,000 in each of June 2021, June 2022, and June 2023, and a final installment of \$300,000 in June 2024, provided Mr. Smith is employed by CHS on the payment date. Notwithstanding the foregoing, the Smith Letter Agreement provides that, in the event of an employment separation by us without good reason prior to payment of any portion of the Hiring Bonus, we will pay the Hiring Bonus in full no later than 60 days from the date of separation. In addition, the Smith Letter Agreement provides that, in the event that during his second year of employment with us Mr. Smith voluntarily terminates, resigns or otherwise ends his employment relationship without good reason, or is involuntarily terminated for good cause, he will reimburse us at the rate of 1/12th of the total amount of the \$400,000 installment paid in June 2022, net after tax, for each uncompleted month in such second year of employment.

The Smith Letter Agreement provides that Mr. Smith's initial target award for purposes of the Annual Variable Pay Plan will be equal to 115% of his annual base salary on August 31 of each year, and that Mr. Smith will receive a full year of credit for the fiscal 2021 Annual Variable Pay Plan, rather than a prorated award based on the time that he was employed by us during fiscal 2021. The Smith Letter Agreement also provides that Mr. Smith's initial target award for purposes of the ELTIP will be equal to 115% of the average of his annual base salary on August 31 of each year in the applicable three-year performance

period, and that any award he receives under the ELTIP will be prorated by the number of full months (credited to September 1, 2020) he is eligible for participation in the ELTIP during the respective three-year performance period.

The Smith Letter Agreement also provides that we will assist with Mr. Smith's moving and relocation expenses and will reimburse Mr. Smith for one month of COBRA premium payments (net, after applicable tax withholding) for each of the two health insurance plans covering him and his family prior to his employment at CHS.

The severance pay and benefits to which Mr. Smith would be entitled if we terminated his employment without cause or if he terminated his employment for "good reason" are described below under "Post Employment."

### **Tax Considerations**

Section 162(m) of the Internal Revenue Code ("Section 162(m)") generally limits us to a deduction for federal income tax purposes of no more than \$1 million of compensation paid to certain current and former executive officers in a taxable year.

We believe that Section 162(m) is only one of several relevant considerations in setting compensation. We also believe that Section 162(m) should not be permitted to compromise our ability to design and maintain executive compensation arrangements that, among other things, are intended to attract and retain highly qualified executives in a competitive environment. As a result, we retain the flexibility to provide compensation that we determine to be in our best interests and the best interests of our member-owners, even if that compensation ultimately is not deductible for tax purposes.

### **Shareholder Advisory Votes on Executive Compensation**

We are not required to, and do not, conduct shareholder advisory votes on executive compensation under Section 14A of the Securities Exchange Act of 1934.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (1)	Bonus (1)(2)	Nonequity Incentive Plan Compensation (1)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (1)(4)	All Other Compensation (1)(5-11)	Total (1)
Jay Debertin President and Chief Executive Officer	2022	\$ 1,300,316	—	12,145,152	\$ 661,879	\$ 372,610	\$ 14,479,957
	2021	1,274,819	—	7,229,841	816,884	127,858	9,449,402
	2020	1,262,442	—	8,188,034	1,267,791	435,790	11,154,057
Olivia Nelligan Executive Vice President and Chief Financial Officer	2022	590,000	—	3,677,444	114,130	139,019	4,520,593
	2021	570,000	100,000	1,866,304	129,853	259,825	2,925,982
	2020	339,076	100,000	912,080	37,620	90,511	1,479,287
Darin Hunhoff Executive Vice President, Energy	2022	584,659	—	4,391,964	49,859	150,806	5,177,288
	2021	573,195	—	2,507,251	265,462	54,494	3,400,402
	2020	567,630	—	3,236,871	563,056	167,292	4,534,849
Richard Dusek Executive Vice President, Country Operations	2022	544,140	—	4,089,081	112,942	136,837	4,883,000
	2021	532,421	—	2,332,916	272,341	73,888	3,211,566
	2020	528,941	—	2,813,307	415,431	149,864	3,907,543
Brandon Smith Executive Vice President, General Counsel	2022	581,400	400,000	3,124,550	121,053	241,139	4,468,142

(1) Information on Mr. Smith includes compensation beginning in fiscal 2022 the first year in which he became a Named Executive Officer.

(2) Includes hiring bonus payments to Ms. Nelligan of \$100,000 in fiscal 2020 and fiscal 2021; hiring bonus payment of \$400,000 to Mr. Smith in fiscal 2022.

(3) Amounts include retention awards earned in fiscal 2022, annual variable pay awards and long-term incentive awards.

As discussed specifically in the "Other Compensation" section, the Board of Directors approved a retention award for certain of our senior officers, including each of the Named Executive Officers who were both active participants in the 2016-2018 ELTIP and active employees on the date the retention award was approved. Pursuant to its original terms, the retention award would generally be earned only if the participant continued active employment through January 1, 2021. In November 2020, our Board of Directors modified the terms of the retention award to provide that it would generally only be earned if the applicable participant continued active employment through January 1, 2022. The actual retention award value was distributed as follows in fiscal 2022: Mr. Debertin, \$1,768,125; Mr. Hunhoff, \$371,000; and Mr. Dusek, \$347,988. Because Ms. Nelligan and Mr. Smith were not active participants in the 2016-2018 ELTIP or actively employed by us on the date the retention award was approved, they were not granted a retention award.

The actual annual variable pay award value was as follows in fiscal 2022, 2021 and 2020, respectively: Mr. Debertin, \$3,939,192, \$3,357,300 and \$1,173,439; Ms. Nelligan, \$1,380,000, \$1,150,862 and \$402,248; Mr. Hunhoff, \$1,357,900, \$1,157,313 and \$404,503; Mr. Dusek, \$1,265,000, \$1,074,988 and \$375,729; and Mr. Smith, \$1,350,330 (Mr. Smith was not a Named Executive Officer in fiscal 2020 or 2021).

The actual long-term incentive award value was as follows in fiscal 2022, 2021 and 2020, respectively: Mr. Debertin, \$6,437,835, \$3,872,541 and \$6,152,095; Ms. Nelligan, \$2,297,444, \$715,442 and \$509,832; Mr. Hunhoff, \$2,663,064, \$1,349,938 and \$2,544,868; Mr. Dusek, \$2,476,093, \$1,257,928 and \$2,379,008; Mr. Smith, \$1,774,220 (Mr. Smith was not a Named Executive Officer in fiscal 2020 or 2021).

(4) This column represents both changes in pension value and above-market earnings on deferred compensation. Change in pension value is the aggregate change in the actuarial present value of the Named Executive Officer's benefit under his or her retirement program and nonqualified earnings, if applicable.

The aggregate change in the actuarial present value was as follows in fiscal 2022, 2021 and 2020, respectively: Mr. Debertin, \$334,447, \$504,012 and \$1,086,570; Ms. Nelligan, \$88,098, \$118,911 and \$37,484; Mr. Hunhoff, \$(320,238), \$224,788 and \$552,962; Mr. Dusek, \$(25,231), 182,389 and \$394,289; and Mr. Smith, \$112,719 (Mr. Smith was not a Named Executive Officer in fiscal 2020 or 2021). Negative values are not reflected in the sum reported in the column.

Above-market earnings on deferred compensation represent earnings exceeding 120% of the Federal Reserve long-term rate as determined by the Internal Revenue Service ("IRS") on applicable funds and was as follows in fiscal 2022, 2021 and 2020, respectively: Mr. Debertin, \$327,432, \$312,872 and \$181,221; Ms. Nelligan, \$26,032, \$10,942 and \$136; Mr. Hunhoff, \$49,859, \$40,674 and \$10,094; Mr. Dusek, \$112,942, \$89,952 and \$21,142; and Mr. Smith, \$8,334 (Mr. Smith was not a Named Executive Officer in fiscal 2020 or 2021).

(5) Includes fiscal 2022 employer contributions to the Deferred Compensation Plan: Mr. Debertin, \$345,355; Ms. Nelligan, \$118,277; Mr. Hunhoff, \$119,030; Mr. Dusek, \$109,428; and Mr. Smith, \$98,992.

(6) Includes fiscal 2022 employer contribution to the 401(k) Plan: Mr. Debertin, \$16,242; Ms. Nelligan, \$11,385; Mr. Hunhoff \$16,475; Mr. Dusek, \$16,125; and Mr. Smith, \$12,175.

(7) For fiscal 2022, includes executive LTD, travel accident insurance, executive physical, financial planning, wellness program incentive, companion travel, and token commemorative gift for Mr. Debertin.

(8) For fiscal 2022, includes executive LTD, travel accident insurance, executive physical, wellness program incentive, and token commemorative gift for Ms. Nelligan.

(9) For fiscal 2022, includes executive LTD, travel accident insurance, executive physical, wellness program incentive, companion travel, and token commemorative gift for Mr. Hunhoff.

(10) For fiscal 2022, includes executive LTD, travel accident insurance, executive physical, financial planning, companion travel, and token commemorative gift for Mr. Dusek.

(11) For fiscal 2022, includes moving and relocation expenses of \$40,857 and aggregate gross-ups for taxes of \$83,983, in each case, in accordance with the Smith Letter Agreement, as well as executive LTD, travel accident insurance and token commemorative gift for Mr. Smith.

#### *Agreements with Named Executive Officers*

On May 22, 2017, we entered into an Employment Agreement with Mr. Debertin, our President and Chief Executive Officer, which was amended by Employment Agreement Amendment No. 1 on November 5, 2020, Employment Agreement Amendment No. 2 on November 3, 2021, and Employment Agreement No. 3 on November 1, 2022. The Employment Agreement, as amended by Employment Agreement Amendment No. 1, Employment Agreement Amendment No. 2 and Employment Agreement No. 3, supersedes all previous agreements we had with Mr. Debertin. The Employment Agreement was entered into in order to clearly define the obligations of the parties thereto with respect to employment matters, as well as the compensation and benefits to be provided to Mr. Debertin upon termination of employment. The severance payments to which Mr. Debertin would be entitled under the Employment Agreement, as amended by Employment Agreement Amendment No. 1, Employment Agreement Amendment No. 2 and Employment Agreement No. 3, if we terminated his employment without cause or if he terminated his employment for "good reason" are described below under the heading "Post Employment." Other details of the Employment Agreement, as amended by Employment Agreement, Amendment No. 1, Employment Agreement Amendment No. 2, Employment Agreement No. 3 and Mr. Debertin's employment arrangement with us are described in "Compensation Discussion and Analysis" above.

The severance payments to which Ms. Nelligan would be entitled under the Nelligan Letter Agreement if we terminated her employment without cause or if she terminated her employment for "good reason" are described below under the heading "Post Employment." Other details of the Nelligan Letter Agreement and Ms. Nelligan's employment arrangement with us are described in "Compensation Discussion and Analysis" above.

The severance payments to which Mr. Smith would be entitled under the Smith Letter Agreement if we terminated his employment without cause or if he terminated his employment for "good reason" are described below under the heading "Post Employment." Other details of Mr. Smith's employment arrangement with us are described in the "Compensation Discussion and Analysis" above.

**2022 Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Nonequity Incentive Plan Awards		
		Threshold	Target	Maximum
			(Dollars)	
Jay Debertin .....	9/9/21 <sup>(1)</sup>	\$ 956,114	\$ 1,912,229	\$ 3,824,457
	9/9/21 <sup>(2)</sup>	1,912,229	3,824,457	7,648,914
Olivia Nelligan .....	9/9/21 <sup>(1)</sup>	327,750	655,500	1,311,000
	9/9/21 <sup>(3)</sup>	356,250	712,500	2,850,000
Darin Hunhoff .....	9/9/21 <sup>(1)</sup>	329,587	659,174	1,318,349
	9/9/21 <sup>(3)</sup>	358,247	716,494	2,865,975
Richard Dusek .....	9/9/21 <sup>(1)</sup>	306,142	612,284	1,224,568
	9/9/21 <sup>(3)</sup>	332,763	665,526	2,662,105
Brandon Smith .....	9/9/21 <sup>(1)</sup>	327,750	655,500	1,311,000
	9/9/21 <sup>(3)</sup>	356,250	712,500	2,850,000

(1) Represents range of possible awards under our fiscal 2022 Annual Variable Pay Plan.

(2) Represents range of possible awards under our ELTIP for the fiscal 2022-2024 performance period for Mr. Debertin. Values for Mr. Debertin reflect the amendments to his long-term incentive compensation opportunity made pursuant to Employment Agreement Amendment No. 2, including an increase in ELTIP target award opportunity to 300% of base salary. Awards are measured over a three-year period and vest over an additional 28-month period.

(3) Represents range of possible awards under our ELTIP for the fiscal 2022-2024 performance period for Ms. Nelligan, Mr. Hunhoff, Mr. Dusek and Mr. Smith. Values include an increase in ELTIP target award opportunity to 125% of base salary. Awards are measured over a three-year period and vest over an additional 28-month period.

The material terms of annual variable pay and long-term incentive awards that are disclosed in this table, including the vesting schedule, are described under "Compensation Discussion and Analysis" above.

**2022 Pension Benefits**

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefits
		(Years)	(Dollars)
Jay Debertin <sup>(1)</sup>	Pension Plan	38.2500	\$ 1,249,457
	SERP	38.2500	5,757,944
Olivia Nelligan	Pension Plan	2.5833	35,962
	SERP	2.5833	208,531
Darin Hunhoff	Pension Plan	30.2500	780,275
	SERP	30.2500	1,274,007
Richard Dusek <sup>(1)</sup>	Pension Plan	34.0833	977,406
	SERP	34.0833	1,089,526
Brandon Smith	Pension Plan	1.4167	13,601
	SERP	1.4167	127,161

(1) Mr. Debertin and Mr. Dusek are eligible for early retirement in both the Pension Plan and the SERP.

The above table shows the present value of accumulated retirement benefits that Named Executive Officers are entitled to under the Pension Plan and the SERP.

For a discussion of the material terms and conditions of the Pension Plan and the SERP, see "Compensation Discussion and Analysis" above.

The present value of accumulated benefits is determined in accordance with the same assumptions outlined in Note 13, *Benefit Plans*, of the notes to the consolidated financial statements that are included in this Annual Report on Form 10-K:

- Discount rate of 4.68% for the Pension Plan and 4.43% for the SERP;
- Each Named Executive Officer is assumed to retire at the earliest retirement age at which unreduced benefits are available (age 65). The early retirement benefit under the cash balance plan formula is equal to the participant's account balance; and
- Payments under the cash balance formula of the Pension Plan assume a lump sum payment. SERP benefits are payable as a lump sum.

The normal form of benefit for a single Named Executive Officer is a life-only annuity, and for a married Named Executive Officer the normal form of benefit is a 50% joint and survivor annuity. Other annuity forms are also available on an actuarial equivalent basis. A lump sum option is also available.

All Named Executive Officers' retirement benefits at normal retirement age will be equal to their accumulated benefits under the Pension Plan and the SERP, as described under "Compensation Discussion and Analysis" above.

**2022 Nonqualified Deferred Compensation**

Name	Executive Contributions in Last Fiscal Year (1)	Registrant Contributions in Last Fiscal Year (2)	Aggregate Earnings in Last Fiscal Year (3)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End (2)(4)
	(Dollars)				
Jay Debertin .....	\$ 262,613	\$ 4,209,780	\$ (1,150,118)	\$ 540,667	\$ 27,054,146
Olivia Nelligan .....	241,686	828,847	10,476	—	1,820,992
Darin Hunhoff .....	—	1,466,170	(825,317)	—	7,680,042
Richard Dusek .....	—	1,364,784	217,091	400,837	5,840,140
Brandon Smith .....	—	546,277	15,894	—	562,171

(1) Includes contributions into the Deferred Compensation Plan by the Named Executive Officers representing deferred salary and deferred annual incentive pay. A portion of the contributions reported in this column are included within the amount reported as fiscal 2022 salary in the "Salary" column of the Summary Compensation Table. The specific amounts reported as fiscal 2022 salary in the Summary Compensation Table are: Mr. Debertin, \$262,613; and Ms. Nelligan, \$126,600. Another portion of the contributions reported in this column are included within the amount reported as 2021 nonequity incentive plan compensation in the "Nonequity Incentive Plan Compensation" column of the Summary Compensation Table. Those contributions were made in early fiscal 2022 based on fiscal 2021 results. The specific amount reported as 2021 nonequity incentive plan compensation in the Summary Compensation Table is: Ms. Nelligan, \$115,086.

(2) Contributions are made by us into the Deferred Compensation Plan on behalf of Named Executive Officers. Amounts include ELTIP contributions made in early fiscal 2022 based on fiscal 2019-2021 results, which contributions are also included in the amounts reported in the 2021 "Nonequity Incentive Plan Compensation" column of the Summary Compensation Table: Mr. Debertin, \$3,872,541; Ms. Nelligan, \$715,442; Mr. Hunhoff, \$1,349,938; Mr. Dusek, \$1,257,928; and Mr. Smith, \$451,858. Also included are retirement contributions made in early fiscal 2022 based on fiscal 2021 results for Profit Sharing and 401(k) match on amounts exceeding IRS compensation limits. Those contributions, and applicable tax withholding, are also included in amounts reported in the "All Other Compensation" column of the Summary Compensation Table for fiscal 2022: Mr. Debertin, \$337,239; Ms. Nelligan, \$113,405; Mr. Hunhoff, \$116,232; Mr. Dusek \$106,856; and Mr. Smith, \$94,419.

(3) The amounts in this column include the change in value of the balance, not including contributions made by or on behalf of the Named Executive Officer. Amounts include the following above-market earnings in fiscal 2022 that are also reflected in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table: Mr. Debertin, \$324,996; Ms. Nelligan, \$26,032; Mr. Hunhoff, \$49,859; Mr. Dusek, \$112,942; and Mr. Smith, \$8,334

(4) Amounts vary in accordance with individual pension plan provisions and voluntary employee deferrals and withdrawals. Amounts reported in this column include amounts previously reported in CHS's Summary Compensation Table in previous fiscal years when earned if the Named Executive Officer's compensation was required to be disclosed in a previous fiscal year. Amounts previously reported in such fiscal years include earned, but deferred, salary and annual incentive pay; ELTIP contributions, retirement contributions on amounts exceeding IRS compensation limits, profit sharing contributions and 401(k) match contributions made by us on behalf of the Named Executive Officer; and above-market earnings on deferred compensation. Amounts reported in this column also include rollovers, voluntary salary and voluntary incentive plan contributions from predecessor plans with predecessor employers that have increased in value over the course of the Named Executive Officer's career. Named Executive Officers may defer up to 75% of their base salary and up to 100% of their annual variable pay to the Deferred Compensation Plan. Earnings on amounts deferred under the Deferred Compensation Plan are determined based on the investment election made by the Named Executive Officer from five market-based notional investments with a varying level of risk selected by us and a fixed rate fund. The notional investment returns for fiscal 2022 were as follows: Vanguard Federal Money Market, 0.48%; Vanguard Life Strategy Income, -12.41%; Vanguard Life Strategy Conservative Growth, -13.34%; Vanguard Life Strategy Moderate Growth, -14.26%; Vanguard Life Strategy Growth, -15.24%; and Fixed Rate, 4.00%.

Named Executive Officers may change their investment election daily. Payments of amounts deferred are made in accordance with elections by the Named Executive Officer and in accordance with Section 409A under the Internal Revenue Code. Payments under the Deferred Compensation Plan may be made at a specified date elected by the Named Executive Officer or deferred until retirement, disability, or death. Such payments would be made in a lump sum. In the event of retirement, the Named Executive Officer can elect to receive payments either in a lump sum or annual installments up to 10 years.

For a discussion of the material terms and conditions of the Deferred Compensation Plan, see "Compensation Discussion and Analysis" above.

*Post Employment*

Pursuant to the terms of his Employment Agreement, Mr. Debertin, our President and CEO, is entitled to severance in the event that his employment is terminated by us without cause or by him with "good reason." Specifically, severance under the Employment Agreement would consist of:

- The annual incentive compensation Mr. Debertin would have been entitled to receive for the year in which his termination occurred as if he had continued until the end of that fiscal year, determined based on our actual performance for that fiscal year relative to the performance goals applicable to Mr. Debertin (with that portion of the annual incentive compensation based on completion or partial completion of previously specified personal goals equal to 30% of the target annual incentive), prorated for the number of days in the fiscal year through Mr. Debertin's termination date and generally payable in a cash lump sum at the time that incentive awards are payable to other participants;
- Two times Mr. Debertin's base salary plus two times his target annual incentive compensation, payable in three equal installments with the first installment payable 60 days following termination and the second and third installments payable on the first and second anniversary dates of termination, respectively; and
- Welfare benefit continuation for two years following termination.

The Nelligan Letter Agreement provides for severance in the event Ms. Nelligan's employment is terminated by us without cause or by her with "good reason" in the amount of one year of base pay and prorated annual variable pay, payable as a lump sum. In addition, the Nelligan Letter Agreement provides that we will reimburse Ms. Nelligan's reasonable, documented repatriation expenses to the Lake Geneva, Wisconsin, area in the event her employment is terminated by us without cause or by her with "good reason" within the first 36 months of her employment.

The Smith Letter Agreement provides for severance in the event Mr. Smith's employment is terminated by us without cause or by him with "good reason" in the amount of one year of base pay and prorated annual variable pay, payable as a lump sum.

During fiscal 2022, Messrs. Hunhoff and Dusek were covered by a broad-based employee severance program that provided executives with a lump sum payment of 26 weeks of pay, plus one week of pay per year of service, with a 12-month cap.

The severance pay that the Named Executive Officers would have been entitled to had they been terminated by us without cause or terminated their employment for "good reason," in each case, as of the last business day of fiscal 2022 is as follows:

Name	Amount (Dollars)
Jay Debertin <sup>(1)(2)</sup>	\$ 6,613,224
Olivia Nelligan <sup>(3)(4)</sup>	1,390,000
Darin Hunhoff	533,623
Richard Dusek	550,000
Brandon Smith <sup>(3)</sup>	1,262,265

(1) Includes the value of health and welfare insurance based on current monthly rates.

(2) For purposes of calculating the prorated portion of Mr. Debertin's unpaid annual variable pay award for the fiscal year in which the termination occurred, assumes an annual variable pay award at target performance for the entire fiscal year.

(3) Assumes an annual variable pay award at target performance for the entire fiscal year.

(4) Assumes that Ms. Nelligan would incur an estimated \$100,000 of repatriation expenses to the Lake Geneva, Wisconsin, area that we would be required to reimburse under the Nelligan Letter Agreement.

There are no other severance benefits offered to our Named Executive Officers, except for up to 12 months of career transition services and government mandated benefits such as COBRA. Except as otherwise set forth above, the method of payment would be a lump sum. Named Executive Officers not covered by employment agreements are not offered any special

postretirement health and welfare benefits that are not offered to other similarly situated (i.e., age and service) salaried employees.

## **Pay Ratio**

The following pay ratio and supporting information compares the annual total compensation of our employees other than our CEO (including full-time, part-time, seasonal and temporary employees) and the annual total compensation of our CEO, as required by Section 953(b) of Dodd-Frank. The pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K promulgated by the SEC. For fiscal 2022, our last completed fiscal year:

- The median of the annual total compensation of all our employees (other than the CEO) was \$71,666; and
- The annual total compensation of our CEO, as reported in the Summary Compensation Table set forth above, was \$14,479,957.

Based on this information, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 202:1. To determine the pay ratio, we took the following steps:

- We determined that as of June 1, 2022, the determination date, our employee population consisted of approximately 9,173 individuals, 8,565 of whom were located in the United States and 608 of whom were located outside of the United States. This population consisted of our full-time, part-time, temporary and seasonal employees. From this population, we excluded 349 individuals who were located in the following countries: Argentina (48), Bulgaria (4), Canada (5), China (32), Hungary (17), Italy (3), Paraguay (11), Romania (106), Russia (2), Serbia (5), Singapore (18), South Korea (3), Spain (27), Switzerland (17), Taiwan (3), Ukraine (39) and Uruguay (9). Excluding these employees, our employee population that was used to calculate the pay ratio consisted of 8,824 individuals.
- To identify the median employee, we compared regular, bonus and overtime wages (or their equivalents). We then applied a statistical sampling methodology to produce a sample of employees who were paid within a 5% range of the median regular, bonus and overtime wages (or their equivalents) and selected an employee from within that group as our median employee.
- Once we identified our median employee, we calculated that employee's annual total compensation for fiscal 2022 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K promulgated by the SEC, resulting in annual total compensation of \$71,666.
- With respect to our CEO, we used the amount reported as total compensation in the Summary Compensation Table set forth above.

In adopting the pay ratio rule, the SEC expressly sought to provide flexibility to each company to determine the methodology that best suits its own facts and circumstances. Our pay ratio should not be compared to other companies' pay ratios, because it is based on a methodology specific to us, and certain material assumptions, adjustments and estimates have been made in the calculation of the ratio.

## **Director Compensation**

### *Overview*

Our Board of Directors met eight times during the fiscal year ended August 31, 2022. Each director (other than the chair of the Board) is a member of two Board committees. At a minimum, each Board committee meets during each of the Board's six regular meetings. For fiscal 2022, each director was provided compensation equivalent to \$85,000 per year from September 1, 2021, through December 31, 2021, and equivalent to \$89,000 per year from January 1, 2022, through August 31, 2022, paid in 12 monthly payments, plus actual expenses and a travel allowance, with the chair of the Board receiving additional annual compensation of \$24,000, the first vice chair and the secretary-treasurer each receiving additional annual compensation of \$6,000, all Board committee chairs receiving additional annual compensation of \$9,000 and members of the Executive Committee who are not eligible for other premiums receiving additional annual compensation of \$3,000. These amounts (other than the \$89,000 annual compensation amount), as well as the minimum retirement plan account contribution for the fiscal years 2022-2024 performance period under the Deferred Compensation Plan discussed in greater detail below, were determined after taking into account the analysis included in the market study of director compensation conducted for the Governance Committee by Mercer (U.S.), a global compensation consulting firm, in fiscal 2019. During fiscal 2022, in order to

continue to align our director compensation with market practices, our Board of Directors approved increasing annual director compensation from \$89,000 to \$93,700, effective January 1, 2023. Each director also receives a per diem of \$500 plus actual expenses and travel allowance for each day spent at meetings other than regular Board meetings and the CHS Annual Meeting and a per diem of \$250 for conference calls other than regular Board meetings. The number of days per diem for days spent at meetings other than regular Board meetings and the CHS Annual Meeting may not exceed 55 days annually, except that the chair of the Board is exempt from this limit. There is no cap on per diems permitted for conference calls.

Further, directors are eligible to participate in the Deferred Compensation Plan through a retirement plan account. Other than direct contributions, contributions to the retirement plan account in the Deferred Compensation Plan are made based on our ROIC performance during specific three-year periods, with ROIC defined in the same manner as for the ELTIP. We believe that using the ROIC performance metric for this purpose aligns the interests of our directors with the interests of our management and member-owners. The ROIC performance goal levels are established and approved by our Board of Directors prior to each three-year performance period. Deferred Compensation Plan credits are based on ROIC performance results, as detailed on the following pages.

***Director Retirement and Health Care Benefits***

Members of our Board of Directors are eligible for certain retirement and health care benefits. The director retirement plan is a defined benefit plan and provides for a monthly benefit for the director's lifetime, beginning at age 60. Benefits are immediately vested and the monthly benefit is determined according to the following formula: \$250 times years of service on the Board (up to a maximum of 15 years). Under no event will the benefit payment be payable for less than 120 months. Payment will be made to the retired director's beneficiary in the event of the director's death before 120 payments are made.

Effective August 31, 2011, future accruals under the director retirement plan were frozen. Directors elected after that date are not eligible for benefits under that plan.

Retirement benefits are funded by a rabbi trust, with a balance of \$7.1 million as of August 31, 2022.

Directors serving as of September 1, 2005, and their eligible dependents, are eligible to participate in our medical, life, dental, vision and hearing plans. We will pay 100% of the medical premium for the director and the eligible director's dependents while the director is active on the Board. Term life insurance cost is paid by the director. Retired directors and their dependents are eligible to continue medical and dental insurance with the premiums paid by us after they leave the Board, until they are eligible for Medicare. In the event a director's coverage ends due to death or Medicare eligibility, we will pay 100% of the premium for the eligible spouse and eligible dependents until the spouse reaches Medicare age or upon death, if earlier.

New directors elected on or after December 1, 2006, and their eligible dependents, are eligible to participate in our medical, dental, vision and hearing plans. We will pay 100% of the premium for the director and eligible dependents while the director is active on the Board. In the event a director leaves the Board prior to Medicare eligibility, premiums will be shared based on the following schedule:

Years of Service	Director	CHS
Up to 3	100%	0%
3 to 6	50%	50%
6+	0%	100%

In the event a director's coverage ends due to death or Medicare eligibility, premiums for the eligible spouse and eligible dependents will be shared based on the same schedule until the spouse reaches Medicare age or upon death, if earlier.

**Deferred Compensation Plan**

Directors are eligible to participate in the Deferred Compensation Plan. Each participating director may elect to defer up to 100% of his or her monthly director fees into the Deferred Compensation Plan. This must be done prior to the beginning of the calendar year in which the fees will be earned, or in the case of newly elected directors, upon election to the Board. During fiscal year 2022, the following directors deferred Board fees pursuant to the Deferred Compensation Plan: Mr. Beckman, Mr. Clemensen, Mr. Erickson, Mr. Fritel, Mr. Johnsrud, Mr. Kehl, Mr. Meyer, Mr. Riegel, Mr. Throener and Ms. Wagner.

Benefits are funded in a rabbi trust. The Deferred Compensation Plan rabbi trust balance reported elsewhere in this Annual Report on Form 10-K includes amounts deferred by the directors.

Each year we will credit an amount to each director's retirement plan account under the Deferred Compensation Plan. The fiscal year 2022 credit to each director's retirement plan account was based on the following ROIC performance goals for fiscal years 2020-2022:

<b>Amount Credited*</b>	<b>ROIC Performance</b>
\$100,000 (Superior performance)	7.9% ROIC
\$50,000 (Maximum)	6.9% ROIC
\$25,000 (Target, minimum contribution amount)	5.9% ROIC

*\*The amount credited for the fiscal years 2020-2022 performance period was required to be mathematically interpolated when results occurred between the superior performance, maximum and target ROIC performance levels. If results had been less than the target ROIC performance level, the amount credited would have been \$25,000.*

Actual ROIC performance for the fiscal years 2020-2022 performance period was 9.24% and, accordingly, \$100,000 was credited to each director's retirement plan account under the Deferred Compensation Plan. This amount is reflected in the Director Compensation Table.

Upon leaving our Board of Directors during the fiscal year, a director's credit for that partial fiscal year will be the target amount (\$25,000) prorated through the end of the month in which the director departs. Directors who join our Board of Directors during the fiscal year receive credit for that partial fiscal year based on the actual ROIC for that fiscal year, prorated from the first of the month following the month in which the director joins our Board of Directors to the end of the fiscal year.

### ***Director Incentive Compensation Recovery Policy***

We have an Incentive Compensation Recovery Policy ("Director Recovery Policy") that applies to our current and former directors ("Covered Director").

The Director Recovery Policy provides that, in the event of a required revision of our previously issued financial statements to reflect the correction of one or more errors that are material to those financial statements, we will require reimbursement or forfeiture of any excess covered deferred compensation received by any Covered Director during the three completed fiscal years immediately preceding the date on which we determine that we are required to prepare an accounting restatement. For purposes of the Director Recovery Policy, covered deferred compensation includes contributions made to a Covered Director's retirement plan account under the Deferred Compensation Plan, or any successor plan, provided that such contributions are made based wholly or in part on the attainment of a financial performance measure. The amount of excess retirement plan account contribution will be equal to the amount by which the Covered Director's retirement account contribution for the relevant period exceeded the amount that would have been contributed based on the restated financial results, as determined by our Board of Directors. The method used to recover the applicable excess contribution will be determined by our Board of Directors, in its sole discretion, and may include forfeiting any deferred compensation contribution made under the Deferred Compensation Plan or taking any other remedial or recovery action permitted by law.

**2022 Director Compensation**

Name	Fees Earned or Paid in Cash (1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (2)	All Other Compensation (3)	Total
(Dollars)				
David Beckman .....	\$ 95,417	\$ 152	\$ 117,656	\$ 213,225
Clinton J. Blew .....	114,167	13,879	127,965	256,011
Hal Clemensen .....	113,417	761	118,021	232,199
Scott Cordes .....	102,667	16,138	100,417	219,222
Jon Erickson .....	113,542	2,769	118,021	234,332
Mark Farrell .....	96,667	3,506	101,601	201,774
Steve Fritel .....	112,917	47	118,021	230,985
Alan Holm .....	114,167	4,743	118,021	236,931
David Johnsrud .....	120,417	3,440	118,726	242,583
Tracy Jones .....	116,667	296	125,023	241,986
David Kayser .....	105,917	12,669	126,169	244,755
Russell Kehl .....	113,167	317	124,997	238,481
Perry Meyer .....	106,667	2,515	118,339	227,521
Steve Riegel .....	98,667	4,278	118,021	220,966
Daniel Schurr .....	130,167	4,012	124,881	259,060
Kevin Throener .....	106,167	49	127,965	234,181
Cortney Wagner .....	101,417	188	100,417	202,022

(1) Of this amount, the following directors deferred the succeeding amounts to the Deferred Compensation Plan: Mr. Beckman, \$16,664; Mr. Clemensen, \$21,997; Mr. Erickson, \$24,000; Mr. Fritel, \$70,200; Mr. Johnsrud, \$24,000; Mr. Kehl, \$30,000; Mr. Meyer, \$6,000; Mr. Riegel, \$9,333; Mr. Throener, \$6,000; and Ms. Wagner, \$22,909.

(2) This column represents both changes in pension value and above-market earnings on deferred compensation. Change in pension value is the aggregate change in the actuarial present value of the director's benefit under his retirement program, and nonqualified earnings, if applicable. The change in pension value will vary by director based on several factors including age, service, pension benefit elected (lump sum or annuity), discount rate and mortality factor used to calculate the benefit due. Future accruals under the plan were frozen as of August 31, 2011, as stated above. The following directors had the following changes in pension values during fiscal 2022: Mr. Blew, \$(11,445); Mr. Fritel, \$(73,712); Mr. Kayser, \$(53,563); Mr. Riegel, \$(37,854); and Mr. Schurr, \$(56,268). Negative values are not reflected in the sum reported in this column.

Above-market earnings represent earnings exceeding 120% of the Federal Reserve long-term rate on applicable funds as determined by the IRS. The following directors had above-market earnings during fiscal 2022: Mr. Beckman, \$152; Mr. Blew, \$13,879; Mr. Clemensen, \$761; Mr. Cordes, \$16,138; Mr. Erickson, \$2,769; Mr. Farrell, \$3,506; Mr. Fritel, \$47; Mr. Holm, \$4,743; Mr. Johnsrud, \$3,440; Mr. Jones, \$296; Mr. Kayser, \$12,669; Mr. Kehl, \$317; Mr. Meyer, \$2,515; Mr. Riegel, \$4,278; Mr. Schurr, \$4,012; Mr. Throener, \$49; and Ms. Wagner, \$188.

(3) All other compensation includes health insurance premiums, conference and registration fees, meals, a token commemorative gift, and related spousal expenses for trips made with a director on CHS business. Total amounts vary primarily due to the variations in health insurance premiums, which are due to the number of dependents covered. The health insurance premiums paid were less than \$25,000 for each director, other than Mr. Blew, \$27,548; Mr. Kayser, \$25,752; and Mr. Throener, \$27,548.

All other compensation also includes fiscal 2022 director retirement plan Deferred Compensation Plan contributions of \$100,000 for each director.

### ***Compensation Committee Interlocks and Insider Participation***

Our Board of Directors does not have a compensation committee. The Executive Committee performs the equivalent functions of a compensation committee with respect to our CEO, and the Governance Committee performs the equivalent functions of a compensation committee, other than with respect to our CEO.

During fiscal 2022, the members of the Executive Committee were Messrs. Schurr (chair), Blew (vice chair), Erickson, Holm and Kehl, and the members of the Governance Committee were Mr. Jones (chair), Ms. Wagner (vice chair), and Messrs. Kayser, Kehl, Riegel, and Throener. During fiscal 2022, no executive officer of CHS served on the compensation committee (or other board committee performing equivalent functions) or board of directors of any other entity that had any executive officer who also served on the Executive Committee, the Governance Committee or our Board of Directors. None of the directors who served as a member of the Executive Committee or Governance Committee during fiscal 2022 are, or have been, officers or employees of CHS.

See Item 13, *Certain Relationships and Related Transactions, and Director Independence*, of this Annual Report on Form 10-K for directors, including Messrs. Cordes, Erickson, Fritel, Johnsrud, Jones, Kayser, Kehl and Throener, who were a party to related-person transactions.

### ***Compensation Committee Report***

The Executive Committee (the committee of our Board of Directors that performs the equivalent functions of a compensation committee with respect to our CEO) and the Governance Committee (the committee of our Board of Directors that performs the equivalent functions of a compensation committee, other than with respect to our CEO) have each reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K promulgated by the SEC with management and, based on such review and discussions, each of the Executive Committee and the Governance Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Respectfully submitted,

*Executive Committee*

Daniel Schurr, Chair  
Clinton J. Blew  
Jon Erickson  
Alan Holm  
Russell Kehl

*Governance Committee*

Tracy Jones, Chair  
David Kayser  
Russell Kehl  
Steve Riegel  
Kevin Throener  
Cortney Wagner

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Beneficial ownership of our equity securities by each member of our Board of Directors, each of our Named Executive Officers and all members of our Board of Directors and executive officers as a group as of October 18, 2022, is shown below. Except as indicated in the footnotes to the following table, each person has sole voting and investment power with respect to all shares attributable to such person.

Name of Beneficial Owner	Title of Class			
	8% Cumulative Redeemable Preferred Stock		Class B Cumulative Redeemable Preferred Stock	
	Amount of Beneficial Ownership	% of Class (1)	Amount of Beneficial Ownership	% of Class (2)
	(Shares)		(Shares)	
Directors:				
David Beckman	—	*	—	*
Clinton J. Blew	—	*	—	*
Hal Clemensen	—	*	—	*
Scott Cordes <sup>(3)</sup>	—	*	12,850	*
Jon Erickson	—	*	—	*
Mark Farrell	3,000	*	—	*
Steven Fritel	—	*	—	*
Alan Holm	—	*	—	*
David Johnsrud	—	*	1,650	*
Tracy Jones	—	*	—	*
David Kayser	—	*	630	*
Russell Kehl	—	*	—	*
Perry Meyer <sup>(3)</sup>	120	*	—	*
Steve Riegel	2,145	*	1,460	*
Daniel Schurr	—	*	—	*
Kevin Throener	—	*	—	*
Cortney Wagner	—	*	—	*
Named Executive Officers:				
Jay Debertin <sup>(3)</sup>	1,200	*	—	*
Richard Dusek	—	*	—	*
Darin Hunhoff	596	*	—	*
Olivia Nelligan	—	*	—	*
Brandon Smith	—	*	—	*
All other executive officers	—	*	400	*
Directors and executive officers as a group	7,061	*	16,990	*

\*Less than 1%.

(1) As of October 18, 2022, there were 12,272,003 shares of 8% Cumulative Redeemable Preferred Stock outstanding.

(2) As of October 18, 2022, there were 78,659,066 shares of Class B Cumulative Redeemable Preferred Stock outstanding with 21,459,066, 16,800,000, 19,700,000 and 20,700,000 attributed to Series 1, Series 2, Series 3 and Series 4, respectively.

(3) Includes shares held by spouse, children and Individual Retirement Accounts.

We have no compensation plans under which our equity securities are authorized for issuance.

To our knowledge, there is no person or group who is a beneficial owner of more than 5% of any class or series of our preferred stock.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Because our directors must be active patrons of CHS or of an affiliated association, transactions between us and our directors are customary and expected. Transactions include the sales of commodities to us and the purchases of products and services from us, as well as patronage refunds and equity redemptions received from us. During the year ended August 31, 2022, the value of those transactions between a particular director (and any immediate family member of a director, which includes any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any person (other than a tenant or employee) sharing the household of such director) and us in which the total amount involved exceeded \$120,000 is shown below.

Name	Transaction Type	
	Transactions with CHS	Cash Patronage Dividends
(Dollars)		
Scott Cordes	\$ 518,188	\$ —
Jon Erickson	586,311	3,351
Steve Fritel	131,516	2,484
David Johnsrud	2,344,634	13,263
Tracy Jones	3,855,464	4,604
David Kayser	1,279,005	3,904
Russell Kehl	8,137,327	16,340
Kevin Throener	2,168,734	6,429

Additionally, Kehl Farms, LLC, which is owned by our director Russell Kehl, entered into two 2022 crop inputs loans with CHS Capital for the purchase of crop inputs, seeds, supplies and fuel in January 2022 ("Kehl Loans"). The Kehl Loans bear interest at the rates of 8.75% and 0% per annum, payable upon maturity in February 2023 and December 2022, respectively. The largest aggregate amount of principal outstanding under the Kehl Loans during the year ended August 31, 2022, and the balance on August 31, 2022, was \$3,438,145. During the year ended August 31, 2022, no principal or interest was paid on the Kehl Loans. Also, in December 2021, our director David Kayser entered into a 2022 crop inputs loan with CHS Capital for the purchase of crop inputs with a maturity date in January 2023 ("Kayser Loan"). No interest accrues or is payable under the Kayser Loan. The largest aggregate amount of principal outstanding under the Kayser Loan during the year ended August 31, 2022, and the balance on August 31, 2022, was \$140,000. The terms of these financing arrangements were provided pursuant to financing programs widely available to our qualified customers.

**Review, Approval or Ratification of Related Party Transactions**

Pursuant to its amended and restated charter, our Audit Committee has responsibility for the review and approval of all transactions between CHS and any related parties or affiliates of CHS, including its officers and directors, other than transactions in the ordinary course of business and on market terms.

Related persons can include any of our directors or executive officers and any of their immediate family members, as defined by the SEC. In evaluating related person transactions, the committee members apply the same standards they apply to their general responsibilities as members of the Audit Committee. The committee will approve a related person transaction when, in its good faith judgment, the transaction is in the best interest of CHS. To identify related person transactions, each year we require our directors and officers to complete a questionnaire identifying any transactions with CHS in which the officer or director or their immediate family members have an interest. We also review our business records to identify potentially qualifying transactions between a related party and us. In addition, we have a written policy addressing related persons (included in our Code of Conduct) that describes our expectation that all directors, officers and employees who may have a potential or apparent conflict of interest will notify our legal department of any such transactions.

**Director Independence**

We are a Minnesota cooperative corporation managed by a Board of Directors made up of 17 members. Nomination and election of the directors is done by eight separate regions. In addition to meeting other requirements for directorship, candidates must reside in the region from which they are elected. Directors are elected for three-year terms. The terms of directors are staggered and no more than seven director positions are elected at an annual meeting of members. Nominations for director elections are made by the voting members at each region caucus held during our annual meeting of members. Neither

the Board of Directors nor management of CHS participates in the nomination process. Accordingly, we have no nominating committee.

The following directors satisfy the definition of director independence set forth in the rules of The Nasdaq:

<b>Independent Directors</b>		
David Beckman	Mark Farrell	Perry Meyer
Clinton J. Blew	Steve Fritel	Steve Riegel
Hal Clemensen	Alan Holm	Daniel Schurr
Scott Cordes	David Kayser	Kevin Throener
Jon Erickson	Russell Kehl	Cortney Wagner

Further, although we do not need to rely upon an exemption for the Board of Directors as a whole, we are exempt pursuant to The Nasdaq rules from The Nasdaq director independence requirements as they relate to the makeup of the Board of Directors as a whole and the makeup of the committee performing the functions of a compensation committee. The Nasdaq exemption applies to cooperatives that are structured to comply with relevant state law and federal tax law and that do not have a publicly traded class of common stock. All of the members of our Audit Committee are independent. All of the members of our Governance Committee and Executive Committee (the committees of our Board of Directors that perform the equivalent functions of a compensation committee) are independent other than Mr. Jones.

### **Independence of CEO and Board Chair Positions**

Our bylaws prohibit any employee of CHS from serving on the Board of Directors. Accordingly, our CEO may not serve as chair of the Board or in any CHS Board capacity. We believe this leadership structure creates independence between the Board and management and is an important feature of appropriate checks and balances in the governance of CHS.

### **Board of Directors' Role in Risk Oversight**

It is senior management's responsibility to identify, assess and manage our exposures to risk. Our Board of Directors plays an important and significant role in overseeing the overall risk management approach, including the review and, where appropriate, approval of guidelines and policies that govern our risk management process. Our management and Board of Directors have jointly identified multiple broad categories of risk exposure, each of which could impact operations and affect results at an enterprise level. Each such significant enterprise level risk is reviewed periodically by management with the Board of Directors and/or a committee of the Board as appropriate. The review includes an analysis by management of the continued applicability of the risk, our performance in managing or mitigating the risk, and possible additional or emerging risks to consider. As additional areas of risk are identified, our Board of Directors and/or a committee of the Board provide a review and oversight of management's actions to identify, assess and manage that risk. We continue to develop a formal enterprise risk management program intended to support integration of the risk assessment and management discipline and controls into major decision-making and business processes. The Corporate Risk Committee is involved in reviewing and approving the enterprise risk management framework and is responsible for overseeing its effectiveness on an ongoing basis. When appropriate, the Corporate Risk Committee meets jointly with the Audit Committee to discuss common financial or other risks across CHS that may have potential material impact to our financial statements.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table shows the aggregate fees billed to us by PricewaterhouseCoopers LLP for services rendered during the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<b>(Dollars in thousands)</b>	
Audit fees <sup>(1)</sup> .....	\$ 4,927	\$ 4,953
Audit-related fees <sup>(2)</sup> .....	254	416
Tax fees <sup>(3)</sup> .....	19	121
All other fees <sup>(4)</sup> .....	8	5
<b>Total</b> .....	<u>\$ 5,208</u>	<u>\$ 5,495</u>

(1) Includes fees for audit of annual financial statements and reviews of the related quarterly financial statements and certain statutory audits.

(2) Includes fees for employee benefit plan audits, due diligence on acquisitions and internal control and system audit procedures.

(3) Includes fees related to tax compliance, tax advice and tax planning.

(4) Includes fees related to other professional services performed.

In accordance with the CHS Inc. Audit Committee Charter, as amended, our Audit Committee adopted the following policies and procedures for the approval of the engagement of an independent registered public accounting firm for audit, review or attest services and for preapproval of certain permissible nonaudit services, all to ensure auditor independence.

Our independent registered public accounting firm will provide audit, review and attest services only at the direction of, and pursuant to engagement fees and terms approved by our Audit Committee. Our Audit Committee approves, in advance, all nonaudit services to be performed by the independent auditors and the fees and compensation to be paid to the independent auditors. Our Audit Committee approved 100% of the services listed above in advance.

**PART IV**

**ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) *FINANCIAL STATEMENTS*

The following financial statements are filed as part of this Annual Report on Form 10-K.

	<u>Page No.</u>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID No. 238)</a>	<a href="#">F-1</a>
<a href="#">Consolidated Balance Sheets as of August 31, 2022 and 2021</a>	<a href="#">F-3</a>
<a href="#">Consolidated Statements of Operations for the years ended August 31, 2022, 2021 and 2020</a>	<a href="#">F-4</a>
<a href="#">Consolidated Statements of Comprehensive Income for the years ended August 31, 2022, 2021 and 2020</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Changes in Equities for the years ended August 31, 2022, 2021 and 2020</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended August 31, 2022, 2021 and 2020</a>	<a href="#">F-7</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F-8</a>

Regulation S-X promulgated by the SEC also requires separate financial statements of significant equity method investments to be filed with this Annual Report on Form 10-K when the equity income attributable to a significant equity method investment exceeds 20% of income before income taxes for any of our fiscal years for which financial statements are required to be presented in this Annual Report on Form 10-K. As equity income from our investment in CF Nitrogen exceeded 20% of our income before income taxes for the fiscal year ended August 31, 2022, separate financial statements for CF Nitrogen will be filed as an amendment to this Annual Report on Form 10-K within 90 days after CF Nitrogen’s fiscal year ending December 31, 2022.

(a)(2) *FINANCIAL STATEMENT SCHEDULES*

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES**

	<u>Balance at Beginning of Year</u>		<u>Additions: Charged to Costs and Expenses*</u>		<u>Deductions: Write-offs, Net of Recoveries</u>		<u>Balance at End of Year</u>
(Dollars in thousands)							
<b>Allowances for doubtful accounts</b>							
2022 .....	\$ 143,722	\$	25,289	\$	(41,094)	\$	127,917
2021 .....	165,540		10,175		(31,993)		143,722
2020 .....	176,805		3,089		(14,354)		165,540
<b>Valuation allowance for deferred tax assets</b>							
2022 .....	\$ 208,810	\$	18,341	\$	(37,466)	\$	189,685
2021 .....	219,891		11,700		(22,781)		208,810
2020 .....	246,344		5,206		(31,659)		219,891
<b>Reserve for supplier advance payments</b>							
2022 .....	\$ 65,885	\$	—	\$	(65,885)	\$	—
2021 .....	65,885		—		—		65,885
2020 .....	65,885		—		—		65,885

\*Net of reserve adjustments.

(a)(3) *EXHIBITS*

**EXHIBIT INDEX**

- 2.1 [Second Amended and Restated Limited Liability Company Agreement dated as of December 18, 2015 between CHS Inc. and CF Industries Sales, LLC. \(Incorporated by reference to our Current Report on Form 8-K, filed December 21, 2015\). \(\\*\\*\)](#)
- 3.1 [Amended and Restated Articles of Incorporation of CHS Inc. \(Incorporated by reference to our Current Report on Form 8-K, filed December 7, 2021\).](#)
- 3.2 [Amended and Restated Bylaws of CHS Inc. \(Incorporated by reference to our Current Report on Form 8-K, filed December 7, 2021\).](#)
- 4.1 [Amended and Restated Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock. \(Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-2 \(File No. 333-101916\), filed January 14, 2003\).](#)
- 4.2 [Form of Certificate Representing 8% Cumulative Redeemable Preferred Stock. \(Incorporated by reference to Amendment No. 2 to our Registration Statement on Form S-2 \(File No. 333-101916\), filed January 23, 2003\).](#)
- 4.3 [Unanimous Written Consent Resolution of the Board of Directors Amending the Amended and Restated Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock. \(Incorporated by reference to Amendment No. 2 to our Registration Statement on Form S-2 \(File No. 333-101916\), filed January 23, 2003\).](#)
- 4.4 [Unanimous Written Consent Resolution of the Board of Directors Amending the Amended and Restated Resolution Creating a Series of Preferred Equity to be Designated 8% Cumulative Redeemable Preferred Stock to change the record date for dividends. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2003, filed July 2, 2003\).](#)
- 4.5 [Resolution Amending the Terms of the 8% Cumulative Redeemable Preferred Stock to Provide for Call Protection. \(Incorporated by reference to our Current Report on Form 8-K, filed July 19, 2013\).](#)
- 4.6 [Amended and Restated Resolution Creating Class B Cumulative Redeemable Preferred Stock. \(Incorporated by reference to Amendment No. 2 to our Registration Statement on Form S-1 \(File No. 333-190019\), filed September 13, 2013\).](#)
- 4.7 [Unanimous Written Consent Resolution of the Board of Directors of CHS Inc. Relating to the Terms of the Class B Cumulative Redeemable Preferred Stock, Series 1. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed September 20, 2013\).](#)
- 4.8 [Form of Certificate Representing Class B Cumulative Redeemable Preferred Stock, Series 1. \(Incorporated by reference to Amendment No. 2 to our Registration Statement on Form S-1 \(File No. 333-190019\), filed September 13, 2013\).](#)
- 4.9 [Unanimous Written Consent Resolution of the Board of Directors Relating to the Terms of the Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed March 5, 2014\).](#)
- 4.10 [Form of Certificate Representing Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2. \(Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 \(File No. 333-193891\), filed February 26, 2014\).](#)
- 4.11 [Unanimous Written Consent Resolution of the Board of Directors Relating to the Terms of the Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed September 10, 2014\).](#)
- 4.12 [Form of Certificate Representing Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed September 10, 2014\).](#)
- 4.13 [Unanimous Written Consent Resolution of the Board of Directors Relating to the Terms of the Class B Cumulative Redeemable Preferred Stock, Series 4. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed January 14, 2015\).](#)
- 4.14 [Form of Certificate Representing Class B Cumulative Redeemable Preferred Stock, Series 4. \(Incorporated by reference to our Registration Statement on Form 8-A \(File No. 001-36079\), filed January 14, 2015\).](#)
- 4.15 [Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2019, filed November 6, 2019\).](#)
- 10.1 [Employment Agreement between CHS Inc. and Jay D. Debertin dated and effective May 22, 2017. \(Incorporated by reference to our Current Report on Form 8-K, filed May 22, 2017\). \(+\)](#)
- 10.1A [Amendment No. 1 to Employment Agreement, dated as of November 5, 2020, between CHS Inc. and Jay D. Debertin. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\). \(+\)](#)

- 10.1B [Amendment No. 2 to Employment Agreement, dated as of November 3, 2021, between CHS Inc. and Jay D. Debertin. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\). \(+\)](#)
- 10.1C [Amendment No. 3 to Employment Agreement, dated as of November 1, 2022, between CHS Inc. and Jay D. Debertin. \(\\*\) \(+\)](#)
- 10.2 [CHS Inc. Supplemental Executive Retirement Plan \(2013 Restatement\). \(Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 \(File No. 333-190019\), filed September 3, 2013\). \(+\)](#)
- 10.2A [Amendment No. 1 to the CHS Inc. Supplemental Executive Retirement Plan \(2013 Restatement\). \(Incorporated by reference to our Form 10-K for the year ended August 31, 2016, filed November 3, 2016\). \(+\)](#)
- 10.2B [Amendment No. 2 to the CHS Inc. Supplemental Executive Retirement Plan \(2013 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2016, filed July 7, 2016\). \(+\)](#)
- 10.3 [CHS Inc. 2022 Annual Variable Pay Plan Master Plan Document. \(\\*\) \(+\)](#)
- 10.4 [CHS Inc. Executive Long-Term Incentive Plan Document. \(\\*\) \(+\)](#)
- 10.4A [CHS Inc. Long-Term Incentive Plan Document. \(\\*\) \(+\)](#)
- 10.5 [CHS Inc. Nonemployee Director Retirement Plan. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2010, filed July 8, 2010\). \(+\)](#)
- 10.5A [Amendment No. 1 to the CHS Inc. Nonemployee Director Retirement Plan. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2011, filed November 14, 2011\). \(+\)](#)
- 10.5B [Amendment No. 2 to the CHS Inc. Nonemployee Director Retirement Plan. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2012, filed November 7, 2012\). \(+\)](#)
- 10.6 [Trust Under the CHS Inc. Nonemployee Director Retirement Plan. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2010, filed July 8, 2010\). \(+\)](#)
- 10.7 [Note Purchase and Private Shelf Agreement between CHS Inc. and Prudential Capital Group dated as of April 13, 2004. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2004, filed July 12, 2004\).](#)
- 10.7A [Amendment No. 1 to Note Purchase and Private Shelf Agreement dated April 9, 2007, among CHS Inc., Prudential Investment Management, Inc. and the Prudential Affiliate parties. \(Incorporated by reference to our Form 10-Q for the quarterly period ended February 28, 2007, filed April 9, 2007\).](#)
- 10.7B [Amendment No. 2 to Note Purchase and Private Shelf Agreement and Senior Series J Notes totaling \\$50 million issued February 8, 2008. \(Incorporated by reference to our Current Report on Form 8-K, filed February 11, 2008\).](#)
- 10.7C [Amendment No. 3 to Note Purchase and Private Shelf Agreement, effective as of November 1, 2010. \(Incorporated by reference to our Form 10-Q for the quarterly period ended November 30, 2010, filed January 11, 2011\).](#)
- 10.7D [Amendment No. 4 to Note Purchase and Private Shelf Agreement dated as of June 9, 2011, between CHS Inc. and the purchasers of notes party thereto. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2015, filed November 23, 2015\).](#)
- 10.7E [Amendment No. 5 to Note Purchase and Private Shelf Agreement dated as of December 21, 2012, between CHS Inc. and the purchasers of notes party thereto. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2015, filed November 23, 2015\).](#)
- 10.7F [Amendment No. 6 to Note Purchase and Private Shelf Agreement dated as of September 4, 2015, between CHS Inc. and the purchasers of notes party thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed September 11, 2015\).](#)
- 10.8 [CHS Inc. Deferred Compensation Plan Master Plan Document \(2015 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2015, filed July 10, 2015\). \(+\)](#)
- 10.8A [Amendment No. 1 to the CHS Inc. Deferred Compensation Plan \(2015 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2016, filed July 7, 2016\). \(+\)](#)
- 10.8B [Amendment No. 2 to the CHS Inc. Deferred Compensation Plan \(2015 Restatement\). \(Incorporated by reference to our Form 10-K for the year ended August 31, 2017, filed November 9, 2017\). \(+\)](#)
- 10.8C [Amendment No. 3 to the CHS Inc. Deferred Compensation Plan \(2015 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended November 30, 2019, filed January 8, 2020\). \(+\)](#)
- 10.8D [Amendment No. 4 to the CHS Inc. Deferred Compensation Plan \(2015 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended February 28, 2021, filed April 7, 2021\). \(+\)](#)
- 10.8E [Amendment No. 6 to the CHS Inc. Deferred Compensation Plan \(2015 Restatement\). \(Incorporated by reference to our Form 10-Q for the quarterly period ended February 28, 2021, filed April 7, 2021\). \(+\)](#)
- 10.9 [Beneficiary Designation Form for the CHS Inc. Deferred Compensation Plan. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2009, filed November 10, 2009\). \(+\)](#)
- 10.10 [New Plan Participants 2011 Plan Agreement and Election Form for the CHS Inc. Deferred Compensation Plan. \(Incorporated by reference to our Registration Statement on Form S-8 \(File No. 333-177326\), filed October 14, 2011\). \(+\)](#)

- 10.11 [Agreement Regarding Distribution of Assets, by and among CHS Inc., United Country Brands, LLC, Land O'Lakes, Inc. and Winfield Solutions, LLC, made as of September 4, 2007. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2007, filed November 20, 2007\).](#)
- 10.12 [Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2011, filed November 14, 2011\).](#)
- 10.12A [Amendment No. 1 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2012, filed November 7, 2012\).](#)
- 10.12B [Amendment No. 2 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2017, filed July 14, 2017\).](#)
- 10.12C [Amendment No. 3 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2017, filed July 14, 2017\).](#)
- 10.12D [Amendment No. 4 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2017, filed July 14, 2017\).](#)
- 10.12E [Amendment No. 5 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\).](#)
- 10.12F [Amendment No. 6 to Amended and Restated Loan Origination and Participation Agreement dated as of September 1, 2011, by and among AgStar Financial Services, PCA, d/b/a ProPartners Financial, and CHS Capital, LLC. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\).](#)
- 10.13 [Amended and Restated Limited Liability Company Agreement, dated February 1, 2012, between CHS Inc. and Cargill, Incorporated. \(Incorporated by reference to our Current Report on Form 8-K, filed February 1, 2012\).](#)
- 10.14 [Note Purchase Agreement between CHS Inc. and certain accredited investors \(\\$500,000,000\) dated as of June 9, 2011. \(Incorporated by reference to our Current Report on Form 8-K, filed June 13, 2011\).](#)
- 10.14A [Amendment No. 1 to Note Purchase Agreement dated as of September 4, 2015, between CHS Inc. and the purchasers of notes party thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed September 11, 2015\).](#)
- 10.15 [Joint venture agreement among CHS Inc., Cargill, Incorporated and Conagra Foods, Inc., dated March 4, 2013. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2013, filed July 10, 2013\).](#)
- 10.15A [Amendment No. 1 to the joint venture agreement among CHS Inc., Cargill Incorporated and Conagra Foods, Inc., dated April 30, 2013. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2015, filed November 23, 2015\).](#)
- 10.15B [Amendment No. 2 to the joint venture agreement among CHS Inc., Cargill Incorporated and Conagra Foods, Inc., dated May 31, 2013. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2015, filed November 23, 2015\).](#)
- 10.15C [Amendment No. 3 to the joint venture agreement among CHS Inc., Cargill Incorporated and Conagra Foods, Inc., dated July 24, 2013. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2015, filed November 23, 2015\).](#)
- 10.15D [Amendment No. 4 to the joint venture agreement among CHS Inc., Cargill Incorporated and Conagra Foods, Inc., dated March 27, 2014. \(Incorporated by reference to our Form 10-Q for the quarterly period ended February 28, 2014, filed April 3, 2014\).](#)
- 10.15E [Amendment No. 5 to the joint venture agreement among CHS Inc., Cargill Incorporated and Conagra Foods, Inc., dated May 25, 2014. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2014, filed July 9, 2014\).](#)
- 10.16 [Resolutions Amending the Long-Term Incentive Plan. \(Incorporated by reference to our Current Report on Form 8-K, filed September 3, 2013\). \(+\)](#)
- 10.17 [Amended and Restated Supply Agreement dated as of December 18, 2015 between CHS Inc. and CF Industries Nitrogen LLC. \(Incorporated by reference to our Current Report on Form 8-K, filed December 21, 2015\). \(\\*\\*\)](#)
- 10.18 [2019 Amended and Restated Credit Agreement \(5-Year Revolving Loan\), dated as of July 16, 2019, by and between CHS Inc., CoBank, ACB, for its own benefit as a syndication party and as the administrative agent for the benefit of the present and future syndication parties, Coöperatieve Rabobank U.A., New York Branch and Sumitomo Mitsui Banking Corporation, for their own benefit as syndication parties and as syndication agents, and the other syndication parties party thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed July 19, 2019\).](#)

- 10.19 [2015 Credit Agreement \(10-Year Term Loan\) dated as of September 4, 2015, by and between CHS Inc., CoBank, ACB, as a syndication party and as the administrative agent for the benefit of all present and future syndication parties, and the other syndication parties party thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed September 11, 2015\).](#)
- 10.19A [Amendment No. 1 to 2015 Credit Agreement. \(10-Year Term Loan\), dated as of June 30, 2016, by and between CHS Inc., CoBank, ACB, as a syndication party and as the administrative agent for the benefit of all present and future syndication parties, and the other syndication parties thereto. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2016, filed July 7, 2016\).](#)
- 10.19B [Amendment No. 2 to 2015 Credit Agreement \(10-Year Term Loan\), dated as of July 16, 2019, by and between CHS Inc., CoBank, ACB, for its own benefit as a syndication party and as the administrative agent for the benefit of the present and future syndication parties, and the other syndication parties party thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed July 19, 2019\).](#)
- 10.19C [Amendment No. 3 to 2015 Credit Agreement \(10-Year Term Loan\), dated as of February 19, 2021, by and between CHS Inc., CoBank, ACB, for its own benefit as a syndication party and as the administrative agent for the benefit of the present and future syndication parties, and the other syndication parties party thereto. \(Incorporated by reference to our Current Report on Form 8-K filed, February 24, 2021\).](#)
- 10.20 [Note Purchase Agreement, dated as of January 14, 2016, among CHS Inc. and each of the Purchasers signatory thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed January 21, 2016\).](#)
- 10.21 [Note Purchase Agreement, dated as of August 14, 2020, among CHS Inc. and each of the Purchasers signatory thereto. \(Incorporated by reference to our Current Report on Form 8-K, filed August 14, 2020\).](#)
- 10.22 [Sale and Contribution Agreement, dated as of July 22, 2016, by and among CHS Inc., CHS Capital, LLC and Cofina Funding, LLC. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2016, filed November 3, 2016\).](#)
- 10.22A [Omnibus Amendment No. 1, dated as of February 14, 2017, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto, the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent, and U.S. Bank National Association, as custodian. \(Incorporated by reference to our Current Report on 8-K, filed February 15, 2017\).](#)
- 10.22B [Omnibus Amendment No. 2, dated as of July 18, 2017, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto, the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent, and U.S. Bank National Association, as custodian. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2017, filed November 9, 2017\).](#)
- 10.22C [Omnibus Amendment No. 3, dated as of September 4, 2018, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto, the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent, and U.S. Bank National Association, as custodian. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2018, filed December 3, 2018\).](#)
- 10.22D [Omnibus Amendment No. 5, dated as of June 27, 2019, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, PNC Bank, National Association, as an alternate purchaser and as a purchaser agent, each of the other conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2019, filed November 6, 2019\).](#)
- 10.22E [Omnibus Amendment No. 6, dated as of May 1, 2020, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-Q for the quarterly period ended May 31, 2020, filed July 7, 2020\).](#)
- 10.22F [Omnibus Amendment No. 7, dated as of June 26, 2020, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.22G [Omnibus Amendment No. 8, dated as of September 24, 2020, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)

- 10.22H [Omnibus Amendment No. 9, dated as of July 30, 2021, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\).](#)
- 10.22I [Omnibus Amendment No. 10, dated as of August 31, 2021, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\).](#)
- 10.23 [Receivables Financing Agreement dated July 22, 2016, by and among CHS Inc., individually and as a Servicer, Cofina Funding, LLC, as Seller, Victory Receivables Corporation and Nieuw Amsterdam Receivables Corporation B.V., as Conduit Purchasers, Coöperatieve Rabobank U.A., as a Committed Purchaser, Coöperatieve Rabobank U.A., New York Branch, as Purchaser Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as a Committed Purchaser, Purchaser Agent and as Administrative Agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2016, filed November 3, 2016\).](#)
- 10.23A [Amended and Restated Receivables Purchase Agreement dated July 18, 2017, by and among CHS Inc., individually and as a Servicer, Cofina Funding, LLC, as Seller, Victory Receivables Corporation and Nieuw Amsterdam Receivables Corporation B.V., as Conduit Purchasers, Coöperatieve Rabobank U.A., as a Committed Purchaser, Coöperatieve Rabobank U.A., New York Branch, as Purchaser Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as a Committed Purchaser, Purchaser Agent and as Administrative Agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2017, filed November 9, 2017\).](#)
- 10.23B [First Amendment to Amended and Restated Receivables Purchase Agreement, dated as of June 28, 2018, by and among Cofina Funding, LLC, as Seller, CHS Inc., as Servicer, the Conduit Purchasers, Committed Purchasers and Purchaser Agents set forth on the signature pages thereto and MUFG Bank Ltd. \(f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd.\), as Administrative Agent. \(Incorporated by reference to our Current Report on Form 8-K, filed July 5, 2018\).](#)
- 10.23C [Eleventh Amendment to Amended and Restated Receivables Purchase Agreement, dated as of August 30, 2022, by and among Cofina Funding, LLC, as seller, CHS Inc., as servicer and as an originator, CHS Capital, LLC, as an originator, each of the conduit purchasers, committed purchasers and purchaser agents set forth on the signature pages thereto and MUFG Bank Ltd. f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(\\*\)](#)
- 10.24 [Performance Guaranty, dated as of July 22, 2016, executed by CHS Inc. in favor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.24A [Reaffirmation of Performance Guaranty dated July 18, 2017, by and among CHS Inc., individually and as a Servicer, Cofina Funding, LLC, as Seller, Victory Receivables Corporation and Nieuw Amsterdam Receivables Corporation B.V., as Conduit Purchasers, Coöperatieve Rabobank U.A., as a Committed Purchaser, Coöperatieve Rabobank U.A., New York Branch, as Purchaser Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as a Committed Purchaser, Purchaser Agent and as Administrative Agent. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2017, filed November 9, 2017\).](#)
- 10.25 [Master Framework Agreement, dated as of September 4, 2018 \(the "Framework Agreement"\), by and among MUFG Bank, Ltd. \(f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd.\) and each other financial institution from time to time party thereto, as MFA Buyers, MUFG Bank, Ltd., as agent for the MFA Buyers, CHS Inc. and CHS Capital, LLC, as sellers, and CHS Inc., as agent for the sellers. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2018, filed December 3, 2018\).](#)
- 10.25A [Amendment No. 1 to the Framework Agreement, dated as of July 23, 2019. \(Incorporated by reference to our Form 10-Q for the quarterly period ended November 30, 2019, filed January 8, 2020\).](#)
- 10.25B [Amendment No. 2 to the Framework Agreement, dated as of August 29, 2019. \(Incorporated by reference to our Form 10-Q for the quarterly period ended November 30, 2019, filed January 8, 2020\).](#)
- 10.25C [Amendment No. 3 to the Framework Agreement, dated as of June 26, 2020. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.25D [Amendment No. 4 to the Framework Agreement, dated as of September 24, 2020. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.25E [Amendment No. 5 to the Framework Agreement, dated as of August 31, 2021. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2021, filed November 4, 2021\).](#)
- 10.25F [Amendment No. 6 to the Framework Agreement, dated as of August 30, 2022. \(\\*\)](#)
- 10.26 [1996 SIFMA Master Repurchase Agreement, dated as of September 4, 2018, between CHS Inc. and the buyer under the Framework Agreement, including Annex I thereto \(and as amended thereby\). \(Incorporated by reference to our Form 10-K for the year ended August 31, 2018, filed December 3, 2018\).](#)

- 10.26A [Amendment No. 1 to 1996 SIFMA Master Repurchase Agreement, dated as of June 26, 2020, between CHS Inc., as seller, and MUFG Bank Ltd., as buyer. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.27 [1996 SIFMA Master Repurchase Agreement, dated as of September 4, 2018, between CHS Capital, LLC and the buyer under the Framework Agreement, including Annex I thereto \(and as amended thereby\). \(Incorporated by reference to our Form 10-K for the year ended August 31, 2018, filed December 3, 2018\).](#)
- 10.27A [Amendment No. 1 to 1996 SIFMA Master Repurchase Agreement, dated as of June 26, 2020, between CHS Capital, LLC, as seller, CHS Inc., as guarantor, and MUFG Bank Ltd., as buyer. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2020, filed November 5, 2020\).](#)
- 10.28 [Guaranty, dated as of September 4, 2018, by CHS Inc. in favor of the buyer under the Framework Agreement. \(Incorporated by reference to our Form 10-K for the year ended August 31, 2018, filed December 3, 2018\).](#)
- 10.29 [Letter Agreement, dated January 7, 2020, between CHS Inc. and Olivia Nelligan. \(Incorporated by reference to our Current Report on Form 8-K, filed January 21, 2020\). \(+\)](#)
- 10.30 [Letter Agreement, dated January 1, 2021, between CHS Inc. and Brandon Smith. \(\\*\) \(+\)](#)
- 21.1 [Subsidiaries of the Registrant. \(\\*\)](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm. \(\\*\)](#)
- 24.1 [Power of Attorney. \(\\*\)](#)
- 31.1 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. \(\\*\)](#)
- 31.2 [Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. \(\\*\)](#)
- 32.1 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \(\\*\)](#)
- 32.2 [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \(\\*\)](#)
- 101.INS XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
- 101.SCH XBRL Taxonomy Extension Schema Document. (\*)
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document. (\*)
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document. (\*)
- 101.LAB XBRL Taxonomy Extension Labels Linkbase Document. (\*)
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document. (\*)
- 104 Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101).

(\*) Filed herewith.

(\*\*) Portions of Exhibits 2.1 and 10.17 have been omitted pursuant to a confidential treatment order under the Exchange Act.

(+) Indicates management contract or compensatory plan or arrangement.

(b) *EXHIBITS*

The exhibits shown in Item 15(a)(3) of this Annual Report on Form 10-K are being filed herewith.

(c) *SCHEDULES*

None.

**ITEM 16. FORM 10-K SUMMARY**

None.



*	David Johnsrud	Director
*	Tracy G. Jones	Director
*	David R. Kayser	Director
*	Russell A. Kehl	Director
*	Perry Meyer	Director
*	Steve Riegel	Director
*	Kevin Throener	Director
*	Cortney Wagner	Director

\*By                   /s/ Jay D. Debertin  
                  Jay D. Debertin  
                  Attorney-in-fact

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CHS Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of CHS Inc. and its subsidiaries (the "Company") as of August 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income, changes in equities and cash flows for each of the three years in the period ended August 31, 2022, including the related notes and schedule of valuation and qualifying accounts and reserves for each of the three years in the period ended August 31, 2022, appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 19 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of September 1, 2019.

### ***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Valuation of Grain Inventories and Grain Forward Commodity Purchase and Sales Contracts***

As described in Notes 4, 15, and 16 to the consolidated financial statements, the Company's grain and oilseed inventories were \$1,133.5 million as of August 31, 2022, and commodity derivatives in an asset and liability position were \$464.2 million and \$378.3 million, respectively, as of August 31, 2022, of which grain inventories and grain forward commodity purchase and sales contracts make up the majority. Management enters into various derivative instruments to manage the Company's exposure to movements primarily associated with agricultural and energy commodity prices. The net realizable value of grain inventories and fair value of grain forward commodity purchase and sales contracts are determined using inputs that are

generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or over-the-counter markets.

The principal considerations for our determination that performing procedures relating to the valuation of grain inventories and grain forward commodity purchase and sales contracts is a critical audit matter are (i) the significant judgment by management to determine the net realizable value of grain inventories and the fair value of grain forward commodity purchase and sales contracts and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's inputs related to exchange traded prices and/or recent market bids and offers, including location-specific adjustments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for determining the net realizable value of grain inventories and the fair value of grain forward commodity purchase and sales contracts; (ii) evaluating the appropriateness of the valuation models; (iii) testing the accuracy of the underlying data used in the valuations; and (iv) evaluating the reasonableness of inputs used by management related to the exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Evaluating management's inputs related to the exchange traded prices and/or recent market bids and offers, including location-specific adjustments involved (i) comparing the exchange traded prices and/or recent market bids and location-specific inputs to third-party information; and (ii) comparing the location-specific adjustments to broker or dealer quotations or market transactions in either listed or over-the-counter markets.

/s/ PricewaterhouseCoopers LLP  
Minneapolis, Minnesota  
November 2, 2022

We have served as the Company's auditor since 1998.

**CHS INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	August 31,	
	2022	2021
	(Dollars in thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 793,957	\$ 413,159
Receivables .....	3,548,315	2,860,884
Inventories .....	3,652,871	3,334,675
Other current assets .....	1,382,704	1,390,233
Total current assets .....	9,377,847	7,998,951
Investments .....	3,728,006	3,669,111
Property, plant and equipment .....	4,744,959	4,810,005
Other assets .....	973,995	1,098,208
Total assets .....	\$ 18,824,807	\$ 17,576,275
<b>LIABILITIES AND EQUITIES</b>		
Current liabilities:		
Notes payable .....	\$ 606,719	\$ 1,740,859
Current portion of long-term debt .....	290,605	38,450
Accounts payable .....	3,063,310	2,616,052
Accrued expenses .....	784,317	622,723
Other current liabilities .....	2,207,018	1,307,929
Total current liabilities .....	6,951,969	6,326,013
Long-term debt .....	1,668,209	1,579,911
Other liabilities .....	743,363	653,025
Commitments and contingencies (Note 17)		
Equities:		
Preferred stock .....	2,264,038	2,264,038
Equity certificates .....	5,391,236	5,247,238
Accumulated other comprehensive loss .....	(255,335)	(216,391)
Capital reserves .....	2,055,682	1,713,976
Total CHS Inc. equities .....	9,455,621	9,008,861
Noncontrolling interests .....	5,645	8,465
Total equities .....	9,461,266	9,017,326
Total liabilities and equities .....	\$ 18,824,807	\$ 17,576,275

The accompanying notes are an integral part of the consolidated financial statements.

**CHS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended August 31,		
	2022	2021	2020
	(Dollars in thousands)		
Revenues .....	\$ 47,791,666	\$ 38,448,033	\$ 28,406,365
Cost of goods sold .....	45,664,745	37,496,634	27,424,558
Gross profit .....	2,126,921	951,399	981,807
Marketing, general and administrative expenses .....	997,835	745,602	704,542
Operating earnings .....	1,129,086	205,797	277,265
Interest expense .....	114,156	104,565	116,977
Other income .....	(23,760)	(59,559)	(39,875)
Equity income from investments .....	(771,327)	(354,529)	(186,715)
Income before income taxes .....	1,810,017	515,320	386,878
Income tax expense (benefit) .....	132,116	(38,249)	(36,731)
Net income .....	1,677,901	553,569	423,609
Net (loss) income attributable to noncontrolling interests .....	(861)	(383)	1,170
Net income attributable to CHS Inc. ....	<u>\$ 1,678,762</u>	<u>\$ 553,952</u>	<u>\$ 422,439</u>

The accompanying notes are an integral part of the consolidated financial statements.

**CHS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended August 31,		
	2022	2021	2020
	(Dollars in thousands)		
Net income .....	\$ 1,677,901	\$ 553,569	\$ 423,609
Other comprehensive (loss) income, net of tax:			
Pension and other postretirement benefits .....	(27,255)	18,295	12,798
Cash flow hedges .....	4,019	(6,062)	(4,411)
Foreign currency translation adjustment .....	(15,708)	5,300	(15,378)
Other comprehensive (loss) income, net of tax .....	(38,944)	17,533	(6,991)
Comprehensive income .....	1,638,957	571,102	416,618
Comprehensive (loss) income attributable to noncontrolling interests .....	(861)	(383)	1,170
Comprehensive income attributable to CHS Inc. ....	\$ 1,639,818	\$ 571,485	\$ 415,448

The accompanying notes are an integral part of the consolidated financial statements.

**CHS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITIES**

Years Ended August 31, 2022, 2021 and 2020

	Equity Certificates			Preferred Stock	Accumulated Other Comprehensive Loss	Capital Reserves	Noncontrolling Interests	Total Equities
	Capital Equity Certificates	Nonpatronage Equity Certificates	Nonqualified Equity Certificates					
(Dollars in thousands)								
Balances, August 31, 2019	\$ 3,753,493	\$ 29,074	\$ 1,206,310	\$ 2,264,038	\$ (226,933)	\$ 1,584,158	\$ 7,390	\$ 8,617,530
Reversal of prior year patronage and redemption estimates	80,000	—	(462,398)	—	—	562,398	—	180,000
Distribution of 2019 patronage refunds	—	—	474,407	—	—	(564,522)	—	(90,115)
Redemptions of equities	(80,133)	(340)	(15,965)	—	—	—	—	(96,438)
Preferred stock dividends	—	—	—	—	—	(168,668)	—	(168,668)
ASC Topic 842 cumulative-effect adjustment	—	—	—	—	—	25,320	—	25,320
Other, net	(1,173)	(7)	(628)	—	—	(1,008)	742	(2,074)
Net income	—	—	—	—	—	422,439	1,170	423,609
Other comprehensive loss, net of tax	—	—	—	—	(6,991)	—	—	(6,991)
Estimated 2020 patronage refunds	—	—	211,970	—	—	(241,970)	—	(30,000)
Estimated 2020 equity redemptions	(28,000)	—	(5,000)	—	—	—	—	(33,000)
Balances, August 31, 2020	3,724,187	28,727	1,408,696	2,264,038	(233,924)	1,618,147	9,302	8,819,173
Reversal of prior year patronage and redemption estimates	28,000	—	(206,970)	—	—	241,970	—	63,000
Distribution of 2020 patronage refunds	—	—	214,733	—	—	(244,775)	—	(30,042)
Redemptions of equities	(67,403)	(290)	(11,688)	—	—	—	—	(79,381)
Preferred stock dividends	—	—	—	—	—	(168,668)	—	(168,668)
Other, net	(873)	(6)	(165)	—	—	(6,360)	(454)	(7,858)
Net income (loss)	—	—	—	—	—	553,952	(383)	553,569
Other comprehensive income, net of tax	—	—	—	—	17,533	—	—	17,533
Estimated 2021 patronage refunds	—	—	230,290	—	—	(280,290)	—	(50,000)
Estimated 2021 equity redemptions	(100,000)	—	—	—	—	—	—	(100,000)
Balances, August 31, 2021	3,583,911	28,431	1,634,896	2,264,038	(216,391)	1,713,976	8,465	9,017,326
Reversal of prior year patronage and redemption estimates	100,000	—	(230,290)	—	—	280,290	—	150,000
Distribution of 2021 patronage refunds	—	—	235,576	—	—	(286,602)	—	(51,026)
Redemptions of equities	(101,420)	(501)	(9,897)	—	—	—	—	(111,818)
Preferred stock dividends	—	—	—	—	—	(168,668)	—	(168,668)
Other, net	(4,163)	3	(7,971)	—	—	585	(1,959)	(13,505)
Net income (loss)	—	—	—	—	—	1,678,762	(861)	1,677,901
Other comprehensive loss, net of tax	—	—	—	—	(38,944)	—	—	(38,944)
Estimated 2022 patronage refunds	508,803	—	153,858	—	—	(1,162,661)	—	(500,000)
Estimated 2022 equity redemptions	(500,000)	—	—	—	—	—	—	(500,000)
Balances, August 31, 2022	\$ 3,587,131	\$ 27,933	\$ 1,776,172	\$ 2,264,038	\$ (255,335)	\$ 2,055,682	\$ 5,645	\$ 9,461,266

The accompanying notes are an integral part of the consolidated financial statements.

**CHS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended August 31,		
	2022	2021	2020
(Dollars in thousands)			
<b>Cash flows from operating activities:</b>			
Net income	\$ 1,677,901	\$ 553,569	\$ 423,609
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>			
Depreciation and amortization, including amortization of deferred major maintenance	536,493	535,498	550,251
Equity (income) loss from investments, net of distributions received	(48,847)	(40,035)	49,130
Provision for current expected credit losses	19,920	6,692	3,418
Gain/recovery on sale of business	(13,083)	(19,034)	(1,450)
LIFO liquidations	—	(35,258)	—
Deferred taxes	39,548	(11,957)	(32,761)
Other, net	(17,833)	(41,218)	(1,642)
<b>Changes in operating assets and liabilities, net of acquisitions:</b>			
Receivables	(547,564)	(568,752)	308,399
Inventories	(317,918)	(549,221)	104,884
Accounts payable and accrued expenses	555,446	1,007,229	(330,949)
Other, net	62,455	(79,702)	14,340
Net cash provided by operating activities	<u>1,946,518</u>	<u>757,811</u>	<u>1,087,229</u>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	(354,444)	(317,794)	(418,359)
Proceeds from disposition of property, plant and equipment	14,318	20,742	32,670
Expenditures for major maintenance	(24,768)	(40,922)	(14,496)
Proceeds from sale of business	73,152	81,366	1,139
Changes in CHS Capital notes receivable, net	(161,340)	132,268	119,591
Financing extended to customers	(83,514)	(1,926)	(6,386)
Payments from customer financing	94,388	6,892	35,791
Other investing activities, net	(14,876)	17,702	6,345
Net cash used in investing activities	<u>(457,084)</u>	<u>(101,672)</u>	<u>(243,705)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from notes payable and long-term debt	20,730,750	31,765,082	24,343,870
Payments on notes payable, long-term debt and finance lease obligations	(21,515,920)	(31,806,918)	(24,948,926)
Preferred stock dividends paid	(168,668)	(168,668)	(168,668)
Redemptions of equities	(111,818)	(79,381)	(96,438)
Cash patronage dividends paid	(51,026)	(30,042)	(90,115)
Other financing activities, net	2,994	(6,658)	29,129
Net cash used in financing activities	<u>(1,113,688)</u>	<u>(326,585)</u>	<u>(931,148)</u>
Effect of exchange rate changes on cash and cash equivalents	(14,756)	(4,063)	4,942
Increase (decrease) in cash and cash equivalents and restricted cash	360,990	325,491	(82,682)
Cash and cash equivalents and restricted cash at beginning of period	542,484	216,993	299,675
Cash and cash equivalents and restricted cash at end of period	<u>\$ 903,474</u>	<u>\$ 542,484</u>	<u>\$ 216,993</u>
<b>Supplemental cash flow information:</b>			
Cash paid for interest	\$ 113,726	\$ 102,093	\$ 119,354
Cash paid (received) for income taxes, net of refunds	19,712	(8,842)	6,840
<b>Other significant noncash investing and financing transactions:</b>			
Capital expenditures and major maintenance incurred but not yet paid	55,214	28,010	14,906
Finance lease obligations incurred	18,875	12,831	11,190
Accrual of patronage dividends and equity redemptions	1,000,000	150,000	63,000

The accompanying notes are an integral part of the consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 Organization, Basis of Presentation and Significant Accounting Policies

#### Organization

CHS Inc. (referred to herein as "CHS," "we," "us" or "our") is the nation's leading integrated agricultural cooperative. As a cooperative, CHS is owned by farmers and ranchers and member cooperatives ("members") across the United States. We also have preferred shareholders that own shares of our five series of preferred stock, all of which are listed and traded on the Global Select Market of The Nasdaq Stock Market LLC ("The Nasdaq"). See Note 12, *Equities*, for more detailed information.

We buy commodities from and provide products and services to individual agricultural producers, local cooperatives and other companies (including member and other nonmember customers), both domestically and internationally. Those products and services include initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, as well as agricultural outputs that include grains and oilseeds, processed grains and oilseeds, renewable fuels and food products. A portion of our operations are conducted through equity investments and joint ventures whose operating results are not fully consolidated with our results; rather, a proportionate share of the income or loss from those entities is included as a component in our net income under the equity method of accounting.

#### Basis of Presentation

The consolidated financial statements include the accounts of CHS and all our subsidiaries and limited liability companies in which we have a controlling interest. The effects of all significant intercompany transactions have been eliminated.

The notes to our consolidated financial statements refer to our Energy, Ag and Nitrogen Production reportable segments, as well as our Corporate and Other category, which represents an aggregation of individually immaterial operating segments. The Nitrogen Production reportable segment consists of our investment in CF Industries Nitrogen, LLC ("CF Nitrogen"), and allocated expenses. See Note 14, *Segment Reporting*, for more information.

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. We evaluate our estimates and assumptions on an ongoing basis.

#### Significant Accounting Policies

Significant accounting policies are summarized below or within the related notes to our consolidated financial statements.

#### *Cash and Cash Equivalents and Restricted Cash*

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less at the date of acquisition. The carrying value of cash and cash equivalents approximates the fair value due to the short-term nature of the instruments.

Restricted cash is included in our Consolidated Balance Sheets within other current assets and primarily relates to customer deposits for futures and option contracts associated with regulated commodities held in separate accounts as required under federal and other regulations. Pursuant to the requirements of the Commodity Exchange Act, such funds must be carried in separate accounts that are designated as segregated customer accounts, as applicable. Restricted cash also includes funds held in escrow pursuant to applicable regulations limiting their usage.

The following table provides a reconciliation of cash and cash equivalents and restricted cash as reported within our Consolidated Balance Sheets that aggregates to the amount presented in our Consolidated Statements of Cash Flows.

	August 31,		
	2022	2021	2020
	(Dollars in thousands)		
Cash and cash equivalents .....	\$ 793,957	\$ 413,159	\$ 140,874
Restricted cash included in other current assets .....	109,517	129,325	76,119
Total cash and cash equivalents and restricted cash .....	<u>\$ 903,474</u>	<u>\$ 542,484</u>	<u>\$ 216,993</u>

***Recent Accounting Pronouncements***

No recent accounting pronouncements are expected to have a material impact on our consolidated financial statements.

**Note 2 Revenues**

We provide a wide variety of products and services, from agricultural inputs such as fuels, farm supplies and agronomy products, to agricultural outputs that include grain and oilseed, processed grains and oilseeds and food products, and renewable fuels production and marketing. We primarily conduct our operations and derive revenues within our Energy and Ag segments. Our Energy segment derives its revenues through refining, wholesaling and retailing of petroleum products. Our Ag segment derives its revenues through origination and marketing of grain, including service activities conducted at export terminals; through wholesale agronomy sales of crop nutrient and crop protection products; from sales of soybean meal, soybean refined oil and soyflour products; through production and marketing of renewable fuels; and through retail sales of petroleum and agronomy products, processed sunflowers, and feed and farm supplies. Corporate and Other primarily consists of our financing and hedging businesses.

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, which generally occurs when control of the goods has transferred to the customer in accordance with the underlying contract. For the majority of our contracts with customers, control transfers to customers at a point in time when goods and/or services have been delivered, as that is generally when legal title, physical possession and risks and rewards of ownership of the goods and/or services transfer to the customer. In limited arrangements, control transfers over time as the customer simultaneously receives and consumes the benefits of the service as we complete our performance obligation(s). Revenue is recognized as the transaction price we expect to be entitled to in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. For physically settled derivative sales contracts that are outside the scope of the revenue guidance, we recognize revenue when control of the inventory is transferred. Revenues arising from our financing business are recognized in accordance with Accounting Standards Codification ("ASC") Topic 470, *Debt* ("ASC Topic 470") and fall outside the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606").

***Shipping and Handling Costs***

Shipping and handling amounts billed to a customer as part of a sales transaction are included in revenues, and the related costs are included in cost of goods sold. Shipping and handling is treated as a fulfillment activity, rather than a promised service, and therefore is not considered a separate performance obligation.

***Taxes Collected from Customers and Remitted to Governmental Authorities***

Revenues are recorded net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

***Contract Costs***

Commissions related to contracts with a duration of less than one year are expensed as incurred. We recognize incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets we otherwise would have recognized is one year or less.

### ***Disaggregation of Revenues***

The following table presents revenues recognized under ASC Topic 606, disaggregated by reportable segment, as well as the amount of revenues recognized under ASC Topic 815, *Derivatives and Hedging* ("ASC Topic 815"), and other applicable accounting guidance for the years ended August 31, 2022, 2021 and 2020. Other applicable accounting guidance primarily includes revenues recognized under ASC Topic 470 and ASC Topic 842, *Leases* ("ASC Topic 842"), that fall outside the scope of ASC Topic 606.

Reportable Segment*	Year ended August 31, 2022			
	ASC Topic 606	ASC Topic 815	Other Guidance	Total Revenues
(Dollars in thousands)				
Energy .....	\$ 9,302,400	\$ 992,374	\$ —	\$ 10,294,774
Ag .....	10,784,831	26,646,003	29,377	37,460,211
Corporate and Other .....	16,625	—	20,056	36,681
Total revenues .....	<u>\$ 20,103,856</u>	<u>\$ 27,638,377</u>	<u>\$ 49,433</u>	<u>\$ 47,791,666</u>

Reportable Segment*	Year ended August 31, 2021			
	ASC Topic 606	ASC Topic 815	Other Guidance	Total Revenues
(Dollars in thousands)				
Energy .....	\$ 5,680,391	\$ 694,870	\$ —	\$ 6,375,261
Ag .....	7,491,484	24,517,033	26,825	32,035,342
Corporate and Other .....	18,325	—	19,105	37,430
Total revenues .....	<u>\$ 13,190,200</u>	<u>\$ 25,211,903</u>	<u>\$ 45,930</u>	<u>\$ 38,448,033</u>

Reportable Segment*	Year ended August 31, 2020			
	ASC Topic 606	ASC Topic 815	Other Guidance	Total Revenues
(Dollars in thousands)				
Energy .....	\$ 4,833,003	\$ 598,131	\$ —	\$ 5,431,134
Ag .....	5,963,198	16,901,258	61,643	22,926,099
Corporate and Other .....	22,903	—	26,229	49,132
Total revenues .....	<u>\$ 10,819,104</u>	<u>\$ 17,499,389</u>	<u>\$ 87,872</u>	<u>\$ 28,406,365</u>

\*Our Nitrogen Production reportable segment represents an equity method investment that records earnings and allocated expenses, but not revenues.

Less than 1% of revenues accounted for under ASC Topic 606 included within the table above are recorded over time and relate primarily to service contracts.

### ***Contract Assets and Contract Liabilities***

Contract assets relate to unbilled amounts arising from goods that have already been transferred to the customer where the right to payment is not conditional on the passage of time. This results in recognition of an asset, as the amount of revenue recognized at a certain point in time exceeds the amount billed to customers. Contract assets are recorded in receivables within our Consolidated Balance Sheets and were \$17.2 million and \$29.0 million as of August 31, 2022 and 2021, respectively.

Contract liabilities relate to advance payments received from customers for goods and services that we have yet to provide. Contract liabilities of \$541.5 million and \$213.9 million as of August 31, 2022 and 2021, respectively, are recorded within other current liabilities on our Consolidated Balance Sheets. For the years ended August 31, 2022, 2021 and 2020, we recognized revenues of \$213.9 million, \$139.1 million and \$194.8 million related to contract liabilities, respectively. These amounts were included in the other current liabilities balance at the beginning of the respective period.

**Note 3 Receivables**

Receivables as of August 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
	<b>(Dollars in thousands)</b>	
Trade accounts receivable	\$ 2,626,623	\$ 2,047,198
CHS Capital short-term notes receivable	644,875	505,778
Other	404,734	451,630
Gross receivables	<u>3,676,232</u>	<u>3,004,606</u>
Less allowances and reserves	<u>127,917</u>	<u>143,722</u>
Total receivables	<u>\$ 3,548,315</u>	<u>\$ 2,860,884</u>

***Trade Accounts Receivable***

Trade accounts receivable are recorded at net realizable value, which includes an allowance for expected credit losses in accordance with ASC Topic 326. The allowance for expected credit losses is based on our best estimate of expected credit losses in existing receivable balances and is determined using historical write-off experience, adjusted for various industry and regional data and current expectations of future credit losses. Receivables from related parties are disclosed in Note 18, *Related Party Transactions*. No third-party customer accounted for more than 10% of the total receivables balance as of August 31, 2022 or 2021.

***CHS Capital Notes Receivable***

*Notes Receivable*

CHS Capital, LLC ("CHS Capital"), our wholly-owned subsidiary, has short-term notes receivable from commercial and producer borrowers. The short-term notes receivable have maturity terms of 12 months or less and are reported at their outstanding unpaid principal balances, less an allowance for expected credit losses, as CHS Capital has the intent and ability to hold the applicable loans for the foreseeable future or until maturity or payoff. The carrying value of CHS Capital short-term notes receivable approximates fair value given the notes' short-term duration and use of market pricing adjusted for risk.

Notes receivable from commercial borrowers are collateralized by various combinations of mortgages, personal property, accounts and notes receivable, inventories and assignments of certain regional cooperatives' capital stock. These loans are primarily originated in the states of Minnesota and North Dakota. CHS Capital also has loans receivable from producer borrowers that are collateralized by various combinations of growing crops, livestock, inventories, accounts receivable, personal property and supplemental mortgages and are primarily originated in the same states as the commercial notes, as well as South Dakota.

In addition to the short-term balances included in the table above, CHS Capital had long-term notes receivable, with durations of generally not more than 10 years, totaling \$54.3 million and \$55.4 million as of August 31, 2022 and 2021, respectively. The long-term notes receivable are included in other assets on our Consolidated Balance Sheets. As of August 31, 2022 and 2021, commercial notes represented 25% and 28%, respectively, and producer notes represented 75% and 72%, respectively, of total CHS Capital notes receivable.

CHS Capital has commitments to extend credit to customers if there are no violations of any contractually established conditions. As of August 31, 2022, CHS Capital customers had additional available credit of \$770.0 million.

### *Allowance for Loan Losses*

CHS Capital maintains an allowance for loan losses that is an estimate of current expected losses inherent in the loans receivable portfolio. In accordance with ASC Topic 326, the allowance for loan losses is based on our current expectation for future losses, which takes into consideration historical loss experience, third-party industry forecasts, as well as other quantitative and qualitative factors addressing operational risks and industry trends. Additions to the allowance for loan losses are reflected within marketing, general and administrative expenses in the Consolidated Statements of Operations. The portion of loans receivable deemed uncollectible is charged off against the allowance for loan losses. Recoveries of previously charged off amounts increase the allowance for loan losses. No significant amounts of CHS Capital notes were past due as of August 31, 2022 or 2021, and the allowance for loan losses related to CHS Capital notes were not material as of either date.

### *Interest Income*

Interest income is recognized on the accrual basis using a method that computes simple interest on a daily basis. Accrual of interest on commercial loans receivable is discontinued at the time the receivable is 90 days past due unless the credit is well-collateralized and in process of collection. Past due status is based on contractual terms of the loan. Producer loans receivable are placed in nonaccrual status based on estimates and analysis due to the annual debt service terms inherent to CHS Capital's producer loans. In all cases, loans are placed in nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful.

### *Troubled Debt Restructurings*

Restructuring of a loan constitutes a troubled debt restructuring, or restructured loan, if the creditor, for economic reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would otherwise not consider. Concessions vary by program and borrower. Concessions may include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. When a restructured loan constitutes a troubled debt restructuring, CHS includes these loans within its impaired loans. CHS Capital had no significant troubled debt restructurings during the years ended August 31, 2022, 2021 and 2020, and no third-party borrowers that accounted for more than 10% of the total CHS Capital notes receivable or total receivables as of August 31, 2022 or 2021.

### *Loan Participations*

For the years ended August 31, 2022 and 2021, CHS Capital sold \$64.2 million and \$40.8 million of notes receivable, respectively, to various counterparties under a master participation agreement. The sales resulted in the removal of notes receivable from the Consolidated Balance Sheets. CHS Capital has no retained interests in the transferred notes receivable, other than collection and administrative services. Proceeds from sales of notes receivable have been included in investing activities in the Consolidated Statements of Cash Flows. Fees received related to the servicing of notes receivable are recorded in other income in the Consolidated Statements of Operations. We consider the fees received adequate compensation for services rendered and, accordingly, have recorded no servicing asset or liability.

### *Other Receivables*

Other receivables are comprised of certain other amounts recorded in the normal course of business, including receivables related to vendor rebates, value-added taxes, certain financing receivables and pre-crop financing, primarily to Brazilian farmers, to finance a portion of supplier production costs. We receive volume-based rebates from certain vendors during the year. These vendor rebates are accounted for in accordance with ASC 705, *Cost of Sales and Services*, based on the terms of the volume rebate program. For rebates that meet the definition of a binding arrangement and are both probable and estimable, we estimate the amount of the rebate we will receive and accrue it as a reduction of the cost of inventory and cost of goods sold over the period in which the rebate is earned. For pre-crop financing arrangements we do not bear costs or operational risks associated with the related growing crops, although our ability to be paid depends on the crops actually being produced. The financing is collateralized by future crops, land and physical assets of the farmers, carries a local market interest rate and settles when the farmer's crop is harvested and sold. No significant troubled debt restructurings occurred during the years ended August 31, 2022, 2021 and 2020, and no third-party customer or borrower accounted for more than 10% of the total receivables balance as of August 31, 2022 or 2021.

**Note 4 Inventories**

Inventories as of August 31, 2022 and 2021, are as follows:

	2022	2021
	(Dollars in thousands)	
Grain and oilseed	\$ 1,133,531	\$ 1,435,544
Energy	824,114	762,317
Agronomy	1,295,548	958,548
Processed grain and oilseed	292,992	140,975
Other	106,686	37,291
Total inventories	<u>\$ 3,652,871</u>	<u>\$ 3,334,675</u>

Grain, processed grain, oilseed, processed oilseed and other minimally processed soy-based inventories are accounted for in accordance with ASC Topic 330, *Inventory*, and are stated at net realizable value. These inventories are agricultural commodity inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. The net realizable value of agricultural commodity inventories is determined using inputs that are generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or over-the-counter ("OTC") markets. Changes in the net realizable value of agricultural commodity inventories are recognized in earnings as a component of cost of goods sold.

All other inventories are stated at the lower of cost or net realizable value. Costs for inventories produced or modified by us through a manufacturing process include fixed and variable production and raw material costs, and inbound freight costs for raw materials. Costs for inventories purchased for resale include the cost of products and freight incurred to place the products at our points of sale. The costs of certain energy inventories (wholesale refined products, crude oil and asphalt) are determined on the last-in, first-out ("LIFO") method; all other inventories of nongrain products purchased for resale are valued on the first-in, first-out ("FIFO") and average cost methods.

As of August 31, 2022 and 2021, we valued approximately 14% and 13%, respectively, of inventories, primarily crude oil and refined fuels within our Energy segment, using the lower of cost, determined on the LIFO method, or net realizable value. If the FIFO method of accounting had been used, inventories would have been higher than the reported amount by \$678.3 million and \$359.2 million as of August 31, 2022 and 2021, respectively. There were no liquidations of LIFO inventories during fiscal 2022 or fiscal 2020; however, during fiscal 2021, we recorded LIFO liquidations for certain energy product inventories. The costs of these liquidated inventories in the historical LIFO layers were lower than current costs, which resulted in decreased cost of goods sold of \$35.3 million had the inventory liquidations not taken place.

**Note 5 Other Current Assets**

Other current assets as of August 31, 2022 and 2021, are as follows:

	2022	2021
	(Dollars in thousands)	
Derivative assets (Note 15)	\$ 535,698	\$ 559,056
Margin and related deposits	390,782	336,397
Supplier advance payments	198,753	194,706
Restricted cash (Note 1)	109,517	129,325
Other	147,954	170,749
Total other current assets	<u>\$ 1,382,704</u>	<u>\$ 1,390,233</u>

***Margin and Related Deposits***

Many of our derivative contracts with futures and options brokers require us to make margin deposits of cash or other assets. Subsequent margin deposits may also be necessary when changes in commodity prices result in a loss on the contract value to comply with applicable regulations. Our margin and related deposit assets are generally held in separate accounts to support the associated derivative contracts and may be used to fund or partially fund the settlement of those contracts as they expire. Similar to our derivative financial instruments, margin and related deposits are reported on a gross basis.

***Supplier Advance Payments***

Supplier advance payments are typically for periods less than 12 months and primarily include amounts paid for grain purchases from suppliers and amounts paid to crop nutrient and crop protection product suppliers to lock in future supply, pricing and discounts.

**Note 6 Investments**

Investments as of August 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
	<u>(Dollars in thousands)</u>	
Equity method investments		
CF Industries Nitrogen, LLC	\$ 2,641,604	\$ 2,667,164
Ventura Foods, LLC	410,093	388,612
Ardent Mills, LLC	250,857	220,132
TEMCO, LLC	32,809	31,464
Other equity method investments	265,913	232,923
Other investments	126,730	128,816
Total investments	<u>\$ 3,728,006</u>	<u>\$ 3,669,111</u>

Joint ventures and other investments in which we have significant ownership and influence but not control, are accounted for in our consolidated financial statements using the equity method of accounting. Our significant equity method investments consist of CF Nitrogen, Ventura Foods, LLC ("Ventura Foods"), Ardent Mills, LLC ("Ardent Mills") and TEMCO, LLC ("TEMCO"), which are summarized below. In addition to the recognition of our share of income from our equity method investments, our equity method investments are evaluated for indicators of other-than-temporary impairment on an ongoing basis in accordance with U.S. GAAP. We have approximately \$522.4 million of cumulative undistributed earnings from our equity method investees included in the investments balance as of August 31, 2022.

All equity securities that do not result in consolidation and are not accounted for under the equity method are measured at fair value with changes therein reflected in net income. We have elected to utilize the measurement alternative for equity investments that do not have readily determinable fair values and measure these investments at cost less impairment plus or minus observable price changes in orderly transactions. Our share in the income or loss of these equity method investments is recorded within equity income from investments in the Consolidated Statements of Operations. Other investments consist primarily of investments in cooperatives without readily determinable fair values and are generally recorded at cost, unless an impairment or other observable market price change occurs requiring an adjustment. Investments in other cooperatives are recorded in a manner similar to equity investments without readily determinable fair values, plus patronage dividends received in the form of capital stock and other equities. Patronage dividends are recorded as a reduction to cost of goods sold at the time qualified written notices of allocation are received. Investments in debt and equity instruments are carried at amounts that approximate fair values.

*CF Nitrogen*

We have a \$2.6 billion investment in CF Nitrogen, a strategic venture with CF Industries Holdings, Inc. The investment consists of an approximate 8% membership interest (based on product tons) in CF Nitrogen. At the time we entered into the strategic venture, we also entered into a supply agreement that entitles us to purchase up to 1.1 million tons of granular urea and 580,000 tons of urea ammonium nitrate ("UAN") annually from CF Nitrogen for ratable delivery through fiscal 2096. Our purchases under the supply agreement are based on prevailing market prices and we receive semiannual cash distributions (in January and July of each year) from CF Nitrogen via our membership interest. These distributions are based on actual volumes purchased from CF Nitrogen under the strategic venture and will have the effect of reducing our investment to zero over 80 years on a straight-line basis. We account for this investment using the hypothetical liquidation at book value method, recognizing our share of the earnings and losses of CF Nitrogen as equity income from investments in our Nitrogen Production segment based on our contractual claims on the entity's net assets pursuant to the liquidation provisions of CF Nitrogen's Limited Liability Company Agreement, adjusted for the semiannual cash distributions. Cash distributions received from CF Nitrogen for the years ended August 31, 2022, 2021 and 2020, were \$618.7 million, \$193.9 million and \$174.3 million, respectively.

The following tables provide aggregate summarized financial information for CF Nitrogen for balance sheets as of August 31, 2022 and 2021, and statements of operations for the 12 months ended August 31, 2022, 2021 and 2020:

	2022	2021	
	(Dollars in thousands)		
Current assets .....	\$ 1,333,170	\$	850,048
Noncurrent assets .....	5,787,921		6,248,315
Current liabilities .....	391,470		301,174
Noncurrent liabilities .....	1,895		2,454
	2022	2021	2020
	(Dollars in thousands)		
Net sales .....	\$ 6,609,758	\$ 2,975,983	\$ 2,522,827
Gross profit .....	3,318,189	866,880	570,901
Net earnings .....	3,249,005	809,536	529,462
Earnings attributable to CHS Inc. ....	593,182	198,439	127,954

*Ventura Foods, Ardent Mills and TEMCO*

We have a 50% interest in Ventura Foods, a joint venture with Mitsui & Co., that produces and distributes edible-oil-based products, a 12% interest in Ardent Mills, the largest flour miller in the United States as a joint venture with Cargill Incorporated ("Cargill") and Conagra Brands, Inc., and a 50% interest in TEMCO, a joint venture with Cargill focused on export elevation, primarily to Asia. We account for Ventura Foods, Ardent Mills and TEMCO as equity method investments. Our shares of the results of the Ventura Foods and Ardent Mills equity method investments are included in Corporate and Other and our share of the results of TEMCO are included in our Ag segment.

The following tables provide aggregate summarized financial information for our equity method investments in Ventura Foods, Ardent Mills and TEMCO for balance sheets as of August 31, 2022 and 2021, and statements of operations for the 12 months ended August 31, 2022, 2021 and 2020:

	2022	2021	
	(Dollars in thousands)		
Current assets .....	\$ 2,596,440	\$	2,005,077
Noncurrent assets .....	2,688,846		2,599,619
Current liabilities .....	1,274,802		1,002,705
Noncurrent liabilities .....	1,051,040		939,732
	2022	2021	2020
	(Dollars in thousands)		
Net sales .....	\$ 9,736,072	\$ 9,481,862	\$ 8,223,247
Gross profit .....	1,127,209	892,426	636,799
Net earnings .....	582,408	398,740	148,383
Earnings attributable to CHS Inc. ....	135,770	121,858	32,594

Our investments in other equity method investees are not significant in relation to our consolidated financial statements, either individually or in the aggregate.

**Note 7 Property, Plant and Equipment**

Major classes of property, plant and equipment, including finance lease assets, are summarized in the table below as of August 31, 2022 and 2021.

	2022	2021
	(Dollars in thousands)	
Land and land improvements	\$ 334,085	\$ 324,757
Buildings	1,192,571	1,171,423
Machinery and equipment	7,819,152	7,673,748
Office equipment and other	496,121	378,352
Construction in progress	339,043	337,977
Gross property, plant and equipment	10,180,972	9,886,257
Less accumulated depreciation and amortization	5,436,013	5,076,252
Total property, plant and equipment	<u>\$ 4,744,959</u>	<u>\$ 4,810,005</u>

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided on the straight-line method by charges to operations at rates based on the expected useful lives of individual or groups of assets (generally 15 to 20 years for land improvements, 20 to 40 years for buildings, five to 20 years for machinery and equipment, and three to 10 years for office equipment and other). Expenditures for maintenance and minor repairs and renewals are expensed. We also capitalize and amortize eligible costs to acquire or develop internal-use software that are incurred during the application development stage. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the related accounts and resulting gains or losses are reflected in operations.

Depreciation expense, including amortization of finance lease assets, for the years ended August 31, 2022, 2021 and 2020, was \$458.2 million, \$455.9 million and \$470.4 million, respectively.

Property, plant and equipment and other long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with U.S. GAAP. This evaluation of recoverability is based on various indicators, including the nature, future economic benefits and geographic locations of the assets, historical or future profitability measures and other external market conditions. If these indicators suggest the carrying amounts of an asset or asset group may not be recoverable, potential impairment is evaluated using undiscounted, estimated future cash flows. Should the sum of the expected future net cash flows be less than the carrying value, an impairment loss would be recognized. An impairment loss would be measured as the amount by which the carrying value of the asset or asset group exceeds its fair value. No significant impairments were identified during fiscal 2022, fiscal 2021 or fiscal 2020.

We have asset retirement obligations with respect to certain of our refineries and other assets due to various legal obligations to clean and/or dispose of the component parts at the time they are retired. In most cases, these assets can be used for extended and indeterminate periods of time if they are properly maintained and/or upgraded. It is our practice and current intent to maintain refineries and related assets and to continue making improvements to those assets based on technological advances. As a result, we believe our refineries and related assets have indeterminate lives for purposes of estimating asset retirement obligations because dates or ranges of dates upon which we would retire a refinery and related assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of a refinery or other asset, we estimate the cost of performing the retirement activities and record a liability for the fair value of that future cost.

We have other assets that we may be obligated to dismantle at the end of corresponding lease terms subject to the lessor's discretion for which we have recorded asset retirement obligations. Based on our estimates of timing, cost and probability of removal, these obligations are not material.

**Note 8 Other Assets**

Other assets as of August 31, 2022 and 2021, are as follows:

	2022	2021
	(Dollars in thousands)	
Goodwill .....	\$ 179,976	\$ 171,601
Customer lists, trademarks and other intangible assets .....	53,165	58,395
Notes receivable (Note 3) .....	46,012	73,713
Long-term derivative assets (Note 15) .....	8,546	21,567
Prepaid pension and other benefits (Note 13) .....	74,810	119,825
Capitalized major maintenance .....	147,521	196,641
Cash value life insurance .....	128,876	147,682
Operating lease right of use assets (Note 19) .....	242,859	253,451
Other .....	92,230	55,333
Total other assets .....	<u>\$ 973,995</u>	<u>\$ 1,098,208</u>

***Goodwill and Other Intangible Assets***

Goodwill represents the excess of cost over the fair value of identifiable assets acquired. Goodwill is assessed for impairment on an annual basis as of July 31, either by first assessing qualitative factors to determine whether a quantitative goodwill impairment test is necessary or by proceeding directly to the quantitative test. The quantitative test may be required more frequently if triggering events or other circumstances occur that could indicate impairment. Goodwill is assessed for impairment at the reporting unit level, which has been determined to be our operating segments or one level below our operating segments in certain instances.

Changes in the carrying amount of goodwill for the years ended August 31, 2022 and 2021, are included in the table below.

	Energy	Ag	Corporate and Other	Total
	(Dollars in thousands)			
Balances, August 31, 2020 .....	\$ 552	\$ 161,278	\$ 10,574	\$ 172,404
Goodwill disposed of during the period .....	—	(803)	—	(803)
Balances, August 31, 2021 .....	552	160,475	10,574	171,601
Goodwill acquired during the period .....	8,906	—	—	8,906
Goodwill disposed of during the period .....	—	(531)	—	(531)
Balances, August 31, 2022 .....	<u>\$ 9,458</u>	<u>\$ 159,944</u>	<u>\$ 10,574</u>	<u>\$ 179,976</u>

No goodwill has been allocated to our Nitrogen Production segment, which consists of a single investment accounted for under the equity method of accounting, and allocated expenses.

No goodwill impairments were identified as a result of our annual goodwill analyses performed as of July 31, 2022, 2021 or 2020. Management will continue to monitor the results and projected cash flows for each of our businesses to assess whether any reserves or impairments may be necessary in the future.

Intangible assets subject to amortization primarily include customer lists, trademarks and noncompete agreements, and are amortized over their respective useful lives (ranging from two to 30 years). We have no material intangible assets with indefinite useful lives. All long-lived assets, including other identifiable intangible assets, are also assessed for impairment in accordance with U.S. GAAP and evaluated for impairment whenever triggering events or other circumstances indicate the carrying amount of an asset group or reporting unit may not be recoverable. Information regarding intangible assets is as follows:

	August 31, 2022			August 31, 2021		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
	(Dollars in thousands)					
Customer lists	\$ 84,565	\$ (35,280)	\$ 49,285	\$ 84,565	\$ (29,254)	\$ 55,311
Trademarks and other intangible assets	11,902	(8,022)	3,880	10,425	(7,341)	3,084
Total intangible assets	<u>\$ 96,467</u>	<u>\$ (43,302)</u>	<u>\$ 53,165</u>	<u>\$ 94,990</u>	<u>\$ (36,595)</u>	<u>\$ 58,395</u>

Intangible asset amortization expense for the years ended August 31, 2022, 2021 and 2020, was \$6.8 million, \$6.9 million and \$7.3 million, respectively. The estimated annual amortization expense related to intangible assets subject to amortization for future years is as follows:

	(Dollars in thousands)
2023	\$ 6,730
2024	6,680
2025	6,463
2026	6,282
2027	6,226
Thereafter	20,784
Total	<u>\$ 53,165</u>

### **Capitalized Major Maintenance**

Activity related to capitalized major maintenance costs at our refineries for the years ended August 31, 2022, 2021 and 2020, is summarized below:

	Balance at Beginning of Year	Cost Deferred	Amortization	Balance at End of Year
	(Dollars in thousands)			
2022	\$ 196,641	\$ 25,401	\$ (74,521)	\$ 147,521
2021	228,511	41,899	(73,769)	196,641
2020	286,890	14,496	(72,875)	228,511

Within our Energy segment, major maintenance activities are regularly performed at our Laurel, Montana, and McPherson, Kansas, refineries. Major maintenance activities are the planned and required shutdowns of refinery processing units, which include replacement or overhaul of equipment that has experienced decreased efficiency in resource conversion. Because major maintenance activities are performed to extend the life, increase the capacity and/or improve the safety or efficiency of refinery processing assets, we follow the deferral method of accounting for major maintenance activities. Expenditures for major maintenance activities are capitalized (deferred) when incurred and amortized on a straight-line basis over a period of two to five years, which is the estimated time lapse between major maintenance activities. Should the estimated time between major maintenance activities change, we may be required to amortize the remaining cost of the major maintenance activities over a shorter period, which would result in higher depreciation and amortization costs. Amortization expense related to the capitalized major maintenance costs is included in cost of goods sold in our Consolidated Statements of Operations.

Selection of the deferral method, as opposed to expensing major maintenance activity costs when incurred, results in deferring recognition of major maintenance activity expenditures. The deferral method also results in classification of related cash outflows as investing activities in our Consolidated Statements of Cash Flows, whereas expensing these costs as incurred would result in classifying the cash outflows as operating activities. Repair, maintenance and related labor costs are expensed as incurred and are included in operating cash flows.

**Note 9 Notes Payable and Long-Term Debt**

Our notes payable and long-term debt are subject to various restrictive requirements for maintenance of minimum consolidated net worth and other financial ratios. We were in compliance with our debt covenants as of August 31, 2022.

**Notes Payable**

Notes payable as of August 31, 2022 and 2021, consisted of the following:

	Weighted-average Interest Rate		2022	2021
	2022	2021		
			(Dollars in thousands)	
Notes payable	4.41%	1.18%	\$ 459,398	\$ 864,147
CHS Capital notes payable	1.34%	1.00%	147,321	876,712
<b>Total notes payable</b>			<b>\$ 606,719</b>	<b>\$ 1,740,859</b>

Our primary line of credit is a five-year unsecured revolving credit facility with a syndicate of domestic and international banks. The credit facility provides a committed amount of \$2.75 billion that expires on July 16, 2024. There were no borrowings outstanding on this facility as of August 31, 2022. We also maintain certain uncommitted bilateral facilities to support our working capital needs.

In addition to our facilities referenced above, our wholly-owned subsidiaries, CHS Europe S.a.r.l. and CHS Agronegocio Industria e Comercio Ltda have lines of credit with \$309.3 million outstanding as of August 31, 2022, and our other international subsidiaries have lines of credit with \$148.6 million outstanding as of August 31, 2022.

*CHS Capital Notes Payable*

We have a receivables and loans securitization facility ("Securitization Facility") with certain unaffiliated financial institutions ("Purchasers"). Under the Securitization Facility, we and certain of our subsidiaries ("Originators") sell trade accounts and notes receivable ("Receivables") to Cofina Funding, LLC ("Cofina"), a wholly-owned bankruptcy-remote indirect subsidiary of CHS. Cofina in turn transfers the Receivables to the Purchasers, and this arrangement is accounted for as a secured financing. We use the proceeds from the sale of Receivables under the Securitization Facility for general corporate purposes and settlements are made on a monthly basis. The amount available under the Securitization Facility fluctuates over time based on the total amount of eligible Receivables generated during the normal course of business. The Securitization Facility consists of a committed portion with a maximum availability of \$850.0 million and an uncommitted portion with a maximum availability of \$250.0 million. As of August 31, 2022, total availability under the Securitization Facility was \$875.9 million, of which no amount was utilized.

We also have a repurchase facility ("Repurchase Facility") related to the Securitization Facility. Under the Repurchase Facility, we can obtain repurchase agreement financing in an amount up to \$150.0 million for subordinated notes issued by Cofina in favor of the Originators and representing a portion of the outstanding balance of the Receivables sold by the Originators to Cofina under the Securitization Facility. No balance was outstanding under the Repurchase Facility as of August 31, 2022.

On August 30, 2022, the Securitization Facility and Repurchase Facility were amended to extend their respective maturity dates to August 29, 2023, and increase the maximum committed availability under the Securitization Facility to \$850.0 million from \$700.0 million.

CHS Capital sells loan commitments it has originated to Compeer Financial, PCA, d/b/a ProPartners Financial on a recourse basis. The total commitments under the program were \$100.0 million; however, no amounts were borrowed under these commitments as of August 31, 2022.

CHS Capital borrows funds under short-term notes issued as part of a surplus funds program. Borrowings under this program are unsecured and are due upon demand. Borrowings under these notes totaled \$147.3 million as of August 31, 2022.

**Long-Term Debt**

During the year ended August 31, 2022, we repaid approximately \$31.1 million of long-term debt consisting of scheduled debt maturities and optional prepayments. Amounts included in long-term debt on our Consolidated Balance Sheets as of August 31, 2022 and 2021, are presented in the table below:

	2022	2021
	(Dollars in thousands)	
4.67% unsecured notes \$130 million face amount, due in fiscal 2023	\$ 130,000	\$ 130,000
4.39% unsecured notes \$152 million face amount, due in fiscal 2023	152,000	152,000
3.85% unsecured notes \$80 million face amount, due in fiscal 2025	80,000	80,000
3.80% unsecured notes \$100 million face amount, due in fiscal 2025	100,000	100,000
4.58% unsecured notes \$150 million face amount, due in fiscal 2025	150,000	150,000
4.82% unsecured notes \$80 million face amount, due in fiscal 2026	80,000	80,000
4.69% unsecured notes \$58 million face amount, due in fiscal 2027	58,000	58,000
3.24% unsecured notes \$95 million face amount, due in fiscal 2027	95,000	95,000
4.74% unsecured notes \$95 million face amount, due in fiscal 2028	95,000	95,000
3.48% unsecured notes \$100 million face amount, due in fiscal 2030	100,000	100,000
4.89% unsecured notes \$100 million face amount, due in fiscal 2031	100,000	100,000
3.58% unsecured notes \$65 million face amount, due in fiscal 2032	65,000	65,000
4.71% unsecured notes \$100 million face amount, due in fiscal 2033	100,000	100,000
3.73% unsecured notes \$115 million face amount, due in fiscal 2035	115,000	115,000
5.40% unsecured notes \$125 million face amount, due in fiscal 2036	125,000	125,000
Private placement debt	1,545,000	1,545,000
4.00% unsecured term loan from cooperative and other banks, due in fiscal 2025 (a)	366,000	—
Term loan	366,000	—
Finance lease liabilities	44,773	36,034
Other notes and contracts with interest rates from 4.0% to 9.0%	2,262	33,443
Deferred financing costs	(3,535)	(4,090)
Other	4,314	7,974
Total long-term debt	1,958,814	1,618,361
Less current portion	290,605	38,450
Long-term portion	<u>\$ 1,668,209</u>	<u>\$ 1,579,911</u>

(a) Borrowings are variable under the agreement and bear interest at a base rate plus an applicable margin.

As of August 31, 2022, the fair value of our long-term debt is estimated to be \$1.8 billion based on quoted market prices of similar debt (a Level 2 fair value measurement based on the classification hierarchy of ASC Topic 820, *Fair Value Measurement*).

On February 19, 2021, we amended our 10-year term loan facility to convert the entire \$366.0 million aggregate principle amount outstanding thereunder into a revolving loan, which could be paid down and readvanced in an amount up to \$366.0 million until February 19, 2022. On February 19, 2022, the total advanced loan balance of \$366.0 million reverted to a nonrevolving term loan that is payable on September 4, 2025.

Long-term debt outstanding as of August 31, 2022, has aggregate maturities, excluding fair value adjustments and finance leases (see Note 19, *Leases*, for a schedule of minimum future lease payments under finance leases), as follows:

	(Dollars in thousands)	
2023	\$	283,066
2024		882
2025		330,344
2026		446,020
2027		58,021
Thereafter		795,000
<b>Total</b>	<b>\$</b>	<b>1,913,333</b>

Interest expense for the years ended August 31, 2022, 2021 and 2020, was \$114.2 million, \$104.6 million and \$117.0 million, respectively, net of capitalized interest of \$6.1 million, \$8.0 million and \$10.9 million, respectively.

**Note 10 Other Current Liabilities**

Other current liabilities as of August 31, 2022 and 2021, are as follows:

	2022		2021	
	(Dollars in thousands)			
Customer margin deposits and credit balances	\$	283,234	\$	269,114
Customer advance payments		525,003		439,293
Derivative liabilities (Note 15)		398,781		449,522
Dividends and equity payable (Note 12)		1,000,000		150,000
<b>Total other current liabilities</b>	<b>\$</b>	<b>2,207,018</b>	<b>\$</b>	<b>1,307,929</b>

**Note 11 Income Taxes**

CHS is a nonexempt agricultural cooperative and files a consolidated federal income tax return within our tax return period. We are subject to tax on income from nonpatronage sources, nonqualified patronage distributions and undistributed patronage-sourced income. Income tax expense (benefit) is primarily the current tax payable for the period and the change during the period in certain deferred tax assets and liabilities. Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized under U.S. GAAP and such amounts recognized for federal and state income tax purposes, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

The provision for (benefit from) income taxes for the years ended August 31, 2022, 2021 and 2020 is as follows:

	2022			2021			2020		
	(Dollars in thousands)								
<b>Current:</b>									
Federal	\$	56,582	\$	(533)	\$	4,519			
State		24,224		2,943		(2,231)			
Foreign		9,833		56		2,748			
<b>Total Current</b>		<b>90,639</b>		<b>2,466</b>		<b>5,036</b>			
<b>Deferred:</b>									
Federal		41,710		(24,676)		(36,231)			
State		491		(15,666)		(5,263)			
Foreign		(724)		(373)		(273)			
<b>Total Deferred</b>		<b>41,477</b>		<b>(40,715)</b>		<b>(41,767)</b>			
<b>Total</b>	<b>\$</b>	<b>132,116</b>	<b>\$</b>	<b>(38,249)</b>	<b>\$</b>	<b>(36,731)</b>			

Domestic income before income taxes was \$1.8 billion, \$497.5 million and \$324.4 million for the years ended August 31, 2022, 2021 and 2020, respectively. Foreign (loss) income before income taxes was (\$4.9) million, \$17.8 million and \$62.5 million for the years ended August 31, 2022, 2021 and 2020, respectively.

Deferred taxes are comprised of basis differences related to investments, accrued liabilities and certain federal and state tax credits. Deferred tax assets and liabilities as of August 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
	(Dollars in thousands)	
<b>Deferred tax assets:</b>		
Accrued expenses .....	\$ 61,843	\$ 57,245
Postretirement health care and deferred compensation .....	46,008	42,217
Tax credit carryforwards .....	101,457	128,824
Loss carryforwards .....	110,018	115,327
Nonqualified equity .....	424,869	391,309
Lease obligations .....	60,329	62,770
Other .....	95,027	92,325
Deferred tax assets valuation allowance .....	(189,685)	(208,810)
<b>Total deferred tax assets .....</b>	<b>709,866</b>	<b>681,207</b>
<b>Deferred tax liabilities:</b>		
Pension costs .....	14,600	24,277
Investments .....	169,970	110,910
Property, plant and equipment .....	605,463	557,129
Lease right of use assets .....	58,852	61,870
Other .....	—	28,549
<b>Total deferred tax liabilities .....</b>	<b>848,885</b>	<b>782,735</b>
<b>Net deferred tax liabilities .....</b>	<b>\$ 139,019</b>	<b>\$ 101,528</b>

We had total gross loss carryforwards of \$500.2 million, as of August 31, 2022, of which \$242.4 million will expire over periods ranging from fiscal 2023 to fiscal 2043. The remainder will carry forward indefinitely. Based on estimates of future taxable profits and losses in certain foreign tax jurisdictions, as well as consideration of other factors, we assessed whether a valuation allowance was necessary to reduce specific foreign loss carryforwards to amounts we believe are more likely than not to be realized as of August 31, 2022. If our estimates prove inaccurate, adjustments to the valuation allowances may be required in the future with gains or losses being charged to income in the period such determination is made. McPherson refinery's gross state tax credit carryforwards for income tax were approximately \$122.8 million and \$129.7 million as of August 31, 2022 and 2021, respectively. Our McPherson refinery's valuation allowance on Kansas state credits is necessary due to the limited amount of taxable income generated in Kansas by the combined group on an annual basis. Our state tax credits of \$122.8 million will begin to expire on August 31, 2023.

The reconciliation of the statutory federal income tax rates to the effective tax rates for the years ended August 31, 2022, 2021 and 2020 is as follows:

	2022	2021	2020
Statutory federal income tax rate .....	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal income tax benefit .....	1.1	(2.6)	(1.8)
Patronage earnings .....	(13.6)	(11.4)	(13.1)
Domestic production activities deduction .....	(3.2)	(8.2)	(19.0)
Export activities at rates other than the U.S. statutory rate .....	0.4	0.5	1.8
Intercompany transfer of business assets .....	(0.1)	(4.7)	(1.6)
Increase in unrecognized tax benefits .....	—	0.8	4.2
Valuation allowance .....	0.2	(0.2)	(1.0)
Tax credits .....	—	—	0.2
Other .....	1.5	(2.6)	(0.2)
Effective tax rate .....	<u>7.3 %</u>	<u>(7.4)%</u>	<u>(9.5)%</u>

Primary drivers of the fiscal 2022 income tax expense were increased nonpatronage earnings and other nondeductible items, which are partially offset by the current Domestic Production Activities Deduction ("DPAD") benefit during fiscal 2022. Primary drivers of the fiscal 2021 income tax benefit were retaining the current DPAD benefit and from tax planning associated with certain assets. Primary drivers of the fiscal 2020 income tax benefit were retaining the current DPAD benefit and the settlement of a U.S. federal audit, resulting in additional tax credit carryovers, which were partially offset by an increase in our uncertain tax position.

We file income tax returns in the U.S. federal jurisdiction, as well as various state and foreign jurisdictions. Our uncertain tax positions are affected by the tax years that are under audit or remain subject to examination by the relevant taxing authorities. We are currently under examination for fiscal years 2016 through 2019. Fiscal years 2007 through 2015 remain subject to examination for certain issues.

Reserves are recorded against unrecognized tax benefits when we believe certain fully supportable tax return positions are likely to be challenged and we may or may not prevail. If we determine that a tax position is more likely than not to be sustained upon audit, based on the technical merits of the position, we recognize the benefit by measuring the amount that is greater than 50% likely of being realized. We reevaluate the technical merits of our tax positions and recognize an uncertain tax benefit, or derecognize a previously recorded tax benefit, when there is (i) completion of a tax audit, (ii) effective settlement of an issue, (iii) a change in applicable tax law including a tax case or legislative guidance, or (iv) expiration of the applicable statute of limitations. Significant judgment is required in accounting for tax reserves. A reconciliation of the gross beginning and ending amounts of unrecognized tax benefits for the periods presented follows:

	2022	2021	2020
(Dollars in thousands)			
Balance at beginning of period .....	\$ 122,149	\$ 119,150	\$ 101,128
Additions attributable to current year tax positions .....	—	2,000	14,410
Additions attributable to prior year tax positions .....	2,810	15,974	6,128
Reductions attributable to prior year tax positions .....	—	(14,975)	(2,516)
Balance at end of period .....	<u>\$ 124,959</u>	<u>\$ 122,149</u>	<u>\$ 119,150</u>

If we were to prevail on all positions taken in relation to uncertain tax positions, \$115.1 million of the unrecognized tax benefits would ultimately benefit our effective tax rate. It is reasonably possible that the total amount of unrecognized tax benefits could significantly change in the next 12 months.

We recognize interest and penalties related to unrecognized tax benefits in our provision for income taxes. We recognized benefits of \$0.7 million and \$1.4 million and expense of \$1.0 million for interest and penalties related to unrecognized tax benefits in our Consolidated Statements of Operations for the years ended August 31, 2022, 2021 and 2020, respectively, and a related \$3.3 million and \$2.5 million interest payable on our Consolidated Balance Sheets as of August 31, 2022 and 2021, respectively.

**Note 12            Equities**

***Patronage and Equity Redemptions***

In accordance with our bylaws and by action of the Board of Directors, annual net earnings from patronage sources are distributed to consenting patrons following the close of each fiscal year and are based on amounts using financial statement earnings. The cash portion of the qualified patronage distribution, if any, is determined annually by the Board of Directors, with the balance issued in the form of qualified and/or nonqualified capital equity certificates. Total patronage distributions for fiscal 2022 are estimated to be \$1.2 billion, with the qualified cash portion estimated to be \$500.0 million, estimated qualified equity distributions of \$508.8 million and estimated nonqualified equity distributions of \$153.9 million.

The following table presents estimated patronage distributions for the year ending August 31, 2023, and actual patronage distributions for the years ended August 31, 2022, 2021 and 2020:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
	(Dollars in millions)			
Patronage distributed in cash .....	\$ 500.0	\$ 51.0	\$ 30.0	\$ 90.1
Patronage distributed in equity .....	662.7	235.6	214.8	474.4
Total patronage distributed .....	<u>\$ 1,162.7</u>	<u>\$ 286.6</u>	<u>\$ 244.8</u>	<u>\$ 564.5</u>

Annual net earnings from patronage or other sources may be added to the unallocated capital reserve or, upon action by the Board of Directors, may be allocated to members in the form of nonpatronage equity certificates. The Board of Directors authorized, in accordance with our bylaws, that 10% of the earnings from patronage business for fiscal 2022, 2021 and 2020 be added to our capital reserves.

Redemptions of outstanding equity are at the discretion of the Board of Directors. Redemptions of capital equity certificates approved by the Board of Directors are divided into two pools, one for nonindividuals (primarily member cooperatives) who may participate in an annual redemption program for qualified equities held by them and another for individual members who are eligible for equity redemptions at age 70 or upon death. In accordance with authorization from the Board of Directors, we expect total redemptions related to the year ended August 31, 2022, which will be distributed in fiscal 2023, to be approximately \$500.0 million. This amount is classified as a current liability on our August 31, 2022, Consolidated Balance Sheet. During the years ended August 31, 2022, 2021 and 2020, we redeemed in cash, outstanding owners' equities in accordance with authorization from the Board of Directors, in the amounts of \$111.8 million, \$79.4 million and \$96.4 million, respectively.

**Preferred Stock**

The following is a summary of our outstanding preferred stock as of August 31, 2022, all shares of which are listed and traded on the Global Select Market of The Nasdaq:

	Nasdaq Symbol	Issuance Date	Shares Outstanding	Redemption Value	Net Proceeds (a)	Dividend Rate (b) (c)	Dividend Payment Frequency	Redeemable Beginning (d)
(Dollars in millions)								
8% Cumulative Redeemable .....	CHSCP	(e)	12,272,003	\$ 306.8	\$ 311.2	8.00 %	Quarterly	7/18/2023
Class B Cumulative Redeemable, Series 1 .....	CHSCO	(f)	21,459,066	536.5	569.3	7.875 %	Quarterly	9/26/2023
Class B Reset Rate Cumulative Redeemable, Series 2 .....	CHSCN	3/11/2014	16,800,000	420.0	406.2	7.10 %	Quarterly	3/31/2024
Class B Reset Rate Cumulative Redeemable, Series 3 .....	CHSCM	9/15/2014	19,700,000	492.5	476.7	6.75 %	Quarterly	9/30/2024
Class B Cumulative Redeemable, Series 4 .....	CHSCL	1/21/2015	20,700,000	517.5	501.0	7.50 %	Quarterly	1/21/2025

(a) Includes patron equities redeemed with preferred stock.

(b) The Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 2 accumulates dividends at a rate of 7.10% per year until March 31, 2024, and then at a rate equal to the three-month benchmark interest rate plus 4.298%, not to exceed 8.00% per annum, subsequent to March 31, 2024.

(c) The Class B Reset Rate Cumulative Redeemable Preferred Stock, Series 3 accumulates dividends at a rate of 6.75% per year until September 30, 2024, and then at a rate equal to the three-month benchmark interest rate plus 4.155%, not to exceed 8.00% per annum, subsequent to September 30, 2024.

(d) Preferred stock is redeemable for cash at our option, in whole or in part, at a per share price equal to the per share liquidation preference of \$25.00 per share, plus all dividends accumulated and unpaid on that share to and including the date of redemption, beginning on the dates set forth in this column.

(e) The 8% Cumulative Redeemable Preferred Stock was issued at various times from 2003 through 2010.

(f) Shares of Class B Cumulative Redeemable Preferred Stock, Series 1 were issued on September 26, 2013; August 25, 2014; March 31, 2016; and March 30, 2017.

**Preferred Stock Dividends**

We made dividend payments on our preferred stock of \$168.7 million during each of the years ended August 31, 2022, 2021 and 2020. As of August 31, 2022, the Board of Directors had not authorized the issuance of any preferred shares that were not outstanding.

The following is a summary of dividends per share by series of preferred stock for the years ended August 31, 2022 and 2021:

	Nasdaq Symbol	Years Ended August 31,	
		2022	2021
(Dollars per share)			
8% Cumulative Redeemable .....	CHSCP	\$ 2.00	\$ 2.00
Class B Cumulative Redeemable, Series 1 .....	CHSCO	1.97	1.97
Class B Reset Rate Cumulative Redeemable, Series 2 .....	CHSCN	1.78	1.78
Class B Reset Rate Cumulative Redeemable, Series 3 .....	CHSCM	1.69	1.69
Class B Cumulative Redeemable, Series 4 .....	CHSCL	1.88	1.88

**Accumulated Other Comprehensive Loss**

Changes in accumulated other comprehensive income (loss) by component, for the years ended August 31, 2022, 2021 and 2020 are as follows:

	Pension and Other Postretirement Benefits	Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
(Dollars in thousands)				
Balance as of August 31, 2019, net of tax	\$ (172,478)	\$ 15,297	\$ (69,752)	\$ (226,933)
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	(4,751)	16,430	(17,021)	(5,342)
Amounts reclassified out	19,908	(22,291)	—	(2,383)
Total other comprehensive income (loss), before tax	15,157	(5,861)	(17,021)	(7,725)
Tax effect	(2,359)	1,450	1,643	734
Other comprehensive income (loss), net of tax	12,798	(4,411)	(15,378)	(6,991)
Balance as of August 31, 2020, net of tax	(159,680)	10,886	(85,130)	(233,924)
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	4,048	11,700	5,573	21,321
Amounts reclassified out	20,256	(19,753)	—	503
Total other comprehensive income (loss), before tax	24,304	(8,053)	5,573	21,824
Tax effect	(6,009)	1,991	(273)	(4,291)
Other comprehensive income (loss), net of tax	18,295	(6,062)	5,300	17,533
Balance as of August 31, 2021, net of tax	(141,385)	4,824	(79,830)	(216,391)
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	(52,163)	(2,161)	(15,809)	(70,133)
Amounts reclassified out	22,240	7,455	—	29,695
Total other comprehensive income (loss), before tax	(29,923)	5,294	(15,809)	(40,438)
Tax effect	2,668	(1,275)	101	1,494
Other comprehensive income (loss), net of tax	(27,255)	4,019	(15,708)	(38,944)
Balance as of August 31, 2022, net of tax	<u>\$ (168,640)</u>	<u>\$ 8,843</u>	<u>\$ (95,538)</u>	<u>\$ (255,335)</u>

Amounts reclassified from accumulated other comprehensive income (loss) were related to pension and other postretirement benefits, cash flow hedges and foreign currency translation adjustments. Pension and other postretirement reclassifications include amortization of net actuarial loss, prior service credit and transition amounts and are recorded as cost of goods sold and marketing, general and administrative expenses (see Note 13, *Benefit Plans*, for further information). As described in Note 15, *Derivative Financial Instruments and Hedging Activities*, amounts reclassified from accumulated other comprehensive loss for cash flow hedges are recorded in cost of goods sold. Gains or losses on foreign currency translation reclassifications are recorded in other income.

**Note 13      Benefit Plans**

We have various pension and other defined benefits as well as defined contribution plans in which substantially all employees may participate. We also have nonqualified supplemental executive and Board retirement plans. We provide defined life insurance and health care benefits for certain retired employees and Board of Directors participants. The plan is contributory based on years of service and family status, with retiree contributions adjusted annually.

Financial information on changes in projected benefit obligation, plan assets funded and balance sheet status as of August 31, 2022 and 2021, is as follows:

	Qualified Pension Benefits		Nonqualified Pension Benefits		Other Benefits	
	2022	2021	2022	2021	2022	2021
(Dollars in thousands)						
<b>Change in benefit obligation:</b>						
Projected benefit obligation at beginning of period	\$ 925,239	\$ 918,002	\$ 20,604	\$ 19,183	\$ 29,069	\$ 30,316
Service cost	46,275	45,229	926	433	996	1,186
Interest cost	17,167	16,563	281	273	503	493
<b>Actuarial loss (gain):</b>						
Experience study and mortality updates	2,941	23,716	43	1,272	19	(317)
Other demographic experience*	9,875	11,242	1,313	762	717	(448)
Discount rate change	(164,543)	(12,847)	(2,892)	(55)	(4,979)	(398)
Plan amendments	132	113	—	—	—	—
Settlements	—	—	(1,327)	—	—	—
Benefits paid	(77,913)	(76,779)	(691)	(1,264)	(1,801)	(1,763)
Projected benefit obligation at end of period	<u>\$ 759,173</u>	<u>\$ 925,239</u>	<u>\$ 18,257</u>	<u>\$ 20,604</u>	<u>\$ 24,524</u>	<u>\$ 29,069</u>
<b>Change in plan assets:</b>						
Fair value of plan assets at beginning of period	\$ 993,124	\$ 976,542	\$ —	\$ —	\$ —	\$ —
Actual (loss) gain on plan assets	(166,789)	70,161	—	—	—	—
Company contributions	39,000	23,200	2,018	1,264	1,801	1,763
Benefits paid	(77,913)	(76,779)	(2,018)	(1,264)	(1,801)	(1,763)
Fair value of plan assets at end of period	<u>\$ 787,422</u>	<u>\$ 993,124</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Funded status at end of period	<u>\$ 28,249</u>	<u>\$ 67,885</u>	<u>\$ (18,257)</u>	<u>\$ (20,604)</u>	<u>\$ (24,524)</u>	<u>\$ (29,069)</u>
<b>Amounts recognized on balance sheet:</b>						
Noncurrent assets	\$ 28,249	\$ 67,885	\$ —	\$ —	\$ —	\$ —
<b>Accrued benefit cost:</b>						
Current liabilities	—	—	(2,300)	(2,220)	(2,290)	(1,970)
Noncurrent liabilities	—	—	(15,957)	(18,384)	(22,234)	(27,099)
Ending balance	<u>\$ 28,249</u>	<u>\$ 67,885</u>	<u>\$ (18,257)</u>	<u>\$ (20,604)</u>	<u>\$ (24,524)</u>	<u>\$ (29,069)</u>
<b>Amounts recognized in accumulated other comprehensive loss (pretax):</b>						
Prior service cost (credit)	\$ 831	\$ 873	\$ (274)	\$ (388)	\$ (1,825)	\$ (2,270)
Net loss (gain)	235,399	199,785	3,257	5,579	(17,846)	(14,862)
Ending balance	<u>\$ 236,230</u>	<u>\$ 200,658</u>	<u>\$ 2,983</u>	<u>\$ 5,191</u>	<u>\$ (19,671)</u>	<u>\$ (17,132)</u>

\*Other demographic experience is comprised of all demographic experience different than anticipated, including terminations, retirements, deaths, pay, etc.

The accumulated benefit obligation of the qualified pension plans was \$728.9 million and \$877.9 million as of August 31, 2022 and 2021, respectively. The accumulated benefit obligation of the nonqualified pension plans was \$18.3 million and \$20.5 million as of August 31, 2022 and 2021, respectively.

Information for the pension plans with an accumulated benefit obligation in excess of plan assets is set forth below:

	Years Ended August 31,	
	2022	2021
	(Dollars in thousands)	
Projected benefit obligation .....	\$ 18,257	\$ 20,604
Accumulated benefit obligation .....	18,257	20,513

Components of net periodic benefit costs for the years ended August 31, 2022, 2021 and 2020, are as follows:

	Qualified Pension Benefits			Nonqualified Pension Benefits			Other Benefits		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	(Dollars in thousands)								
Components of net periodic benefit costs:									
Service cost .....	\$ 46,275	\$ 45,229	\$ 42,151	\$ 926	\$ 433	\$ 405	\$ 996	\$ 1,186	\$ 1,050
Interest cost .....	17,167	16,563	21,722	281	273	429	503	493	747
Expected return on assets .....	(43,958)	(43,641)	(46,684)	—	—	—	—	—	—
Settlement of retiree obligations .....	—	—	—	—	—	—	—	—	—
Prior service cost (credit) amortization .....	174	178	178	(114)	(114)	(114)	(445)	(445)	(445)
Actuarial loss (gain) amortization .....	23,406	21,790	21,583	478	212	98	(1,259)	(1,365)	(1,392)
Net periodic benefit cost (benefit) .....	<u>\$ 43,064</u>	<u>\$ 40,119</u>	<u>\$ 38,950</u>	<u>\$ 1,571</u>	<u>\$ 804</u>	<u>\$ 818</u>	<u>\$ (205)</u>	<u>\$ (131)</u>	<u>\$ (40)</u>

Components of net periodic benefit costs and amounts recognized in other comprehensive loss (income) for the years ended August 31, 2022, 2021 and 2020, are as follows:

	Qualified Pension Benefits			Nonqualified Pension Benefits			Other Benefits		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	(Dollars in thousands)								
Other comprehensive loss (income):									
Prior service cost .....	\$ 132	\$ 113	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net actuarial loss (gain) .....	59,020	(4,408)	3,401	(1,537)	1,978	2,157	(4,243)	(1,163)	(1,011)
Amortization of actuarial (gain) loss .....	(23,406)	(21,790)	(21,583)	(478)	(212)	(98)	1,259	1,365	1,392
Amortization of prior service (credit) costs .....	(174)	(178)	(178)	114	114	114	445	445	445
Settlement of retiree obligations (a) .....	—	—	—	(307)	—	(397)	—	—	—
Total recognized in other comprehensive loss (income) .....	<u>\$ 35,572</u>	<u>\$ (26,263)</u>	<u>\$ (18,360)</u>	<u>\$ (2,208)</u>	<u>\$ 1,880</u>	<u>\$ 1,776</u>	<u>\$ (2,539)</u>	<u>\$ 647</u>	<u>\$ 826</u>

(a) Reflects amounts reclassified from accumulated other comprehensive loss (income) to net earnings.

Estimated amortization in fiscal 2023 from accumulated other comprehensive loss into net periodic benefit cost is as follows:

	Qualified Pension Benefits	Nonqualified Pension Benefits	Other Benefits
	(Dollars in thousands)		
Amortization of prior service cost (credit) .....	\$ 149	\$ (114)	\$ (445)
Amortization of actuarial loss (gain) .....	1,872	245	(1,615)

Plan assumptions for the years ended August 31, 2022, 2021 and 2020, are as follows:

	Qualified Pension Benefits			Nonqualified Pension Benefits			Other Benefits		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Weighted-average assumptions to determine the net periodic benefit cost:									
Interest credit rate .....	4.65 %	4.65 %	4.65 %	4.65 %	4.65 %	4.65 %	N/A	N/A	N/A
Discount rate .....	2.80 %	2.65 %	3.06 %	2.04 %	2.07 %	2.70 %	2.57 %	2.43 %	2.89 %
Expected return on plan assets .....	4.88 %	4.90 %	5.50 %	N/A	N/A	N/A	N/A	N/A	N/A
Rate of compensation increase .....	4.79 %	4.99 %	5.28 %	4.79 %	4.99 %	5.28 %	N/A	N/A	N/A
Weighted-average assumptions to determine the benefit obligations:									
Interest credit rate .....	4.65 %	4.65 %	4.65 %	4.65 %	4.65 %	4.65 %	N/A	N/A	N/A
Discount rate .....	4.69 %	2.78 %	2.67 %	4.49 %	2.08 %	2.15 %	4.64 %	2.57 %	2.43 %
Rate of compensation increase .....	4.93 %	4.79 %	4.99 %	4.93 %	4.79 %	4.99 %	N/A	N/A	N/A

A significant assumption for pension costs and obligations is the discount rate. We utilize a full-yield curve approach by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The discount rate reflects the rate at which the associated benefits could be effectively settled as of the measurement date. In estimating this rate, we look at rates of return on fixed-income investments of similar duration to the liabilities in the plans that receive high investment-grade ratings by recognized ratings agencies.

An annual analysis of the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption. We generally use long-term historical return information for the targeted asset mix identified in asset and liability studies. Adjustments are made to the expected long-term rate of return assumption when deemed necessary, based upon revised expectations of future investment performance of the overall investment markets.

For measurement purposes, a 7.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for the year ended August 31, 2022. The rate was assumed to decrease gradually to 4.5% by 2030 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rates would have the following effects:

	1% Increase		1% Decrease	
	(Dollars in thousands)			
Effect on total of service and interest cost components .....	\$	220	\$	(180)
Effect on postretirement benefit obligation .....		1,900		(1,700)

Contributions depend primarily on market returns on the pension plan assets and minimum funding level requirements. During fiscal 2022, we made a discretionary contribution of \$39.0 million to the pension plans. Based on the funded status of the qualified pension plans as of August 31, 2022, we do not currently believe we will be required to contribute to these plans in fiscal 2023, although we may voluntarily elect to do so. We expect to pay \$4.6 million to participants of the nonqualified pension and postretirement benefit plans during fiscal 2023.

Our retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

	Qualified Pension Benefits		Nonqualified Pension Benefits		Other Benefits	
	(Dollars in thousands)					
2023 .....	\$	69,300	\$	2,300	\$	2,290
2024 .....		70,500		2,420		2,270
2025 .....		70,200		2,520		2,380
2026 .....		71,500		2,300		2,310
2027 .....		73,800		2,080		2,170
2028-2032 .....		340,400		7,660		8,660

We have trusts that hold the assets for the defined benefit plans. CHS has a qualified plan committee that sets investment guidelines with the assistance of external consultants. Investment objectives for the plans' assets are as follows:

- Optimize the long-term returns on plan assets at an acceptable level of risk;
- Maintain broad diversification across asset classes and among investment managers; and
- Focus on long-term return objectives.

Asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the pension plans. The investment portfolio contains a diversified portfolio of investment categories, including equities, fixed-income securities and real estate. Securities are also diversified in terms of domestic and international securities, short- and long-term securities, growth and value equities, large and small cap stocks, as well as active and passive management styles. Our pension plans' investment policy strategy is such that liabilities match assets. This is being accomplished through the asset portfolio mix by reducing volatility and de-risking the plans. The plans' target allocation percentages range between 45% and 80% for fixed income securities and range between 20% and 55% for equity securities.

The qualified plan committee believes that with prudent risk tolerance and asset diversification, the plans should be able to meet pension obligations in the future.

Our pension plans' recurring fair value measurements by asset category as of August 31, 2022 and 2021, are presented in the tables below:

	2022			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Cash and cash equivalents .....	\$ 7,472	\$ —	\$ —	\$ 7,472
Equities:				
Common/collective trust at net asset value <sup>(1)</sup> .....	—	—	—	142,730
Fixed income securities:				
Common/collective trust at net asset value <sup>(1)</sup> .....	—	—	—	550,046
Partnership and joint venture interests measured at net asset value <sup>(1)</sup> .....	—	—	—	87,174
<b>Total .....</b>	<b>\$ 7,472</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 787,422</b>
	2021			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Cash and cash equivalents .....	\$ 11,383	\$ —	\$ —	\$ 11,383
Equities:				
Common/collective trust at net asset value <sup>(1)</sup> .....	—	—	—	180,766
Fixed income securities:				
Common/collective trust at net asset value <sup>(1)</sup> .....	—	—	—	707,831
Partnership and joint venture interests measured at net asset value <sup>(1)</sup> .....	—	—	—	93,144
<b>Total .....</b>	<b>\$ 11,383</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 993,124</b>

*(1) In accordance with ASC Topic 820-10, Fair Value Measurement, certain assets that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the "Financial information on changes in projected benefit obligation, plan assets funded and balance sheet status" table above.*

Definitions for valuation levels are found in Note 16, *Fair Value Measurements*. We use the following valuation methodologies for assets measured at fair value:

*Common/collective trusts.* Common/collective trusts primarily consist of equity and fixed income funds and are valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risks, referenced indices, quoted prices in inactive markets, adjusted quoted prices in active markets, adjusted quoted prices on foreign equity securities that were adjusted in accordance with pricing procedures approved by the trust, etc.). Common/collective trust investments can be redeemed daily and without restriction. Redemption of the entire investment

balance generally requires a 45- to 60-day notice period. The equity funds provide exposure to large-, mid- and small-cap U.S. equities, international large- and small-cap equities and emerging market equities. The fixed income funds provide exposure to U.S., international and emerging market debt securities.

*Partnership and joint venture interests.* Valued at the net asset value of shares held by the plan at year-end as a practical expedient for fair value. The net asset value is based on the fair value of the underlying assets owned by the trust, minus its liabilities, then divided by the number of units outstanding. Redemptions of these interests generally require a 45- to 60-day notice period.

We are one of approximately 400 employers contributing to the Co-op Retirement Plan ("Co-op Plan"), which is a defined benefit plan constituting a "multiple employer plan" under the Internal Revenue Code of 1986, as amended, and a "multiemployer plan" under the accounting standards. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and
- If we choose to stop participating in the multiemployer plan, we may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The withdrawal liability associated with the multiemployer plan was approximately \$36.9 million as of August 31, 2022.

Our participation in the Co-op Plan for the years ended August 31, 2022, 2021 and 2020, is outlined in the table below:

Plan Name	EIN/Plan Number	Contributions of CHS (Dollars in thousands)			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021	2020		
Co-op Retirement Plan .....	01-0689331 / 001	\$ 955	\$ 1,172	\$ 1,455	N/A	N/A

Our contributions for the years stated above did not represent more than 5% of total contributions to the Co-op Plan as indicated in the Co-op Plan's most recently available annual report (Form 5500).

Provisions of the Pension Protection Act of 2006 ("PPA") do not apply to the Co-op Plan because there is a special exemption for cooperative plans if the plan is maintained by more than one employer and at least 85% of the employers are rural cooperatives or cooperative organizations owned by agricultural producers. In the Co-op Plan, a "zone status" determination is not required, and therefore not determined. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employers. The most recent financial statements available in 2022 and 2021 are for the Co-op Plan's year-end at March 31, 2022 and 2021, respectively. In total, the Co-op Plan was at least 80% funded on those dates based on the total plan assets and accumulated benefit obligations.

Because the provisions of the PPA do not apply to the Co-op Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

In addition to the contributions to the Co-op Plan listed above, total contributions to individually insignificant multi-employer pension plans were immaterial in fiscal 2022, 2021 and 2020.

We have other contributory defined contribution plans covering substantially all employees. Total contributions by us to these plans were \$35.0 million, \$30.1 million and \$34.5 million, for the years ended August 31, 2022, 2021 and 2020, respectively.

## Note 14 Segment Reporting

We are an integrated agricultural cooperative, providing grain, foods and energy resources to businesses and consumers on a global basis. We provide a wide variety of products and services, from initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, to agricultural outputs that include grain and oilseed, processed grain and oilseed, renewable fuels and food products. We define our operating segments in accordance with ASC Topic 280, *Segment Reporting*, to reflect the manner in which our chief operating decision maker, our Chief Executive Officer, evaluates performance and allocates resources in managing the business. We have aggregated those operating segments into three reportable segments: Energy, Ag and Nitrogen Production.

Our Energy segment produces and provides primarily for the wholesale distribution of petroleum products and transportation of those products. Our Ag segment purchases and further processes or resells grain and oilseed originated by our country operations business, by our member cooperatives and by third parties; serves as a wholesaler and retailer of crop inputs; and produces and markets ethanol. Our Nitrogen Production segment consists of our equity method investment in CF Nitrogen and allocated expenses. Our supply agreement with CF Nitrogen entitles us to purchase up to a specified quantity of granular urea and UAN annually from CF Nitrogen. Corporate and Other represents our financing and hedging businesses, which primarily consists of a U.S. Commodity Futures Trading Commission-regulated futures commission merchant ("FCM") for commodities hedging and financial services related to crop production. Our nonconsolidated investments in Ventura Foods and Ardent Mills are also included in our Corporate and Other category. As of August 31, 2021, Ventura Foods was reported as a separate Foods reportable segment. Reported segment results and balances prior to fiscal 2022 have been recast to reflect the addition of Ventura Foods to our Corporate and Other category. There were no changes to the composition of our Energy, Ag or Nitrogen Production segments as a result of the addition of Ventura Foods to the Corporate and Other category.

Corporate administrative expenses and interest are allocated to each reportable segment and Corporate and Other, based on direct use of services, such as information technology and legal, and other factors or considerations relevant to the costs incurred.

Many of our business activities are highly seasonal and our operating results vary throughout the year. Our revenues generally trend lower during the second and fourth fiscal quarters and higher during the first and third fiscal quarters; however, our income before income taxes does not necessarily follow the same trend, due to weather and other events that can impact profitability. For example, in our Ag segment, our country operations business generally experiences higher volumes and revenues during the fall harvest and spring planting seasons, which generally correspond to our first and third fiscal quarters, respectively. Additionally, our agronomy business generally experiences higher volumes and revenues during the spring planting season. Our global grain and processing operations are subject to fluctuations in volume and revenues based on producer harvests, world grain prices, demand and international trade relationships. Our Energy segment generally experiences higher volumes and revenues in certain operating areas, such as refined products, in the spring, summer and early fall when gasoline and diesel fuel use by agricultural producers is highest and is subject to global supply and demand forces. Other energy products, such as propane, generally experience higher volumes and revenues during the winter heating and fall crop-drying seasons.

Our revenues, assets and cash flows can be significantly affected by global market prices for commodities such as petroleum products, natural gas, grain, oilseed, crop nutrients and flour. Changes in market prices for commodities that we purchase without a corresponding change in the selling prices of those products can affect revenues and operating earnings. Commodity prices are affected by a wide range of factors beyond our control, including weather, crop damage due to plant disease or insects, drought, availability and adequacy of supply, availability of reliable rail and river transportation networks, outbreaks of disease, government regulations and policies, global trade disputes, wars and civil unrest, and general political and economic conditions.

While our revenues and operating results are derived primarily from businesses and operations that are wholly-owned or subsidiaries and limited liability companies in which we have a controlling interest, a portion of our business operations are conducted through companies in which we hold ownership interests of 50% or less or do not control the operations. We account for these investments primarily using the equity method of accounting, wherein we record our proportionate share of income or loss reported by the entity as equity income from investments, without consolidating the revenues and expenses of the entity in our Consolidated Statements of Operations. In our Ag segment, this includes our 50% interest in TEMCO. In our Nitrogen Production segment, this consists of our approximate 8% membership interest (based on product tons) in CF Nitrogen. In Corporate and Other, this principally includes our 50% ownership in Ventura Foods and our 12% ownership in Ardent Mills. See Note 6, *Investments*, for more information related to our equity method investments.

Reconciling amounts represent the elimination of revenues between segments. Such transactions are executed at market prices to more accurately evaluate the profitability of the individual business segments.

Segment information for the years ended August 31, 2022, 2021 and 2020, is presented in the tables below.

	Energy	Ag	Nitrogen Production	Corporate and Other	Reconciling Amounts	Total
<b>Year ended August 31, 2022</b>						
(Dollars in thousands)						
Revenues, including intersegment revenues	\$ 10,964,304	\$ 37,489,203	\$ —	\$ 45,278	\$ (707,119)	\$ 47,791,666
Intersegment revenues	(669,530)	(28,992)	—	(8,597)	707,119	—
Revenues, net of intersegment revenues	<u>\$ 10,294,774</u>	<u>\$ 37,460,211</u>	<u>\$ —</u>	<u>\$ 36,681</u>	<u>\$ —</u>	<u>\$ 47,791,666</u>
Operating earnings (loss)	633,832	588,070	(55,600)	(37,216)		1,129,086
Interest expense	6,768	59,118	48,110	5,105	(4,945)	114,156
Other (income) expense	(3,474)	(46,277)	11,487	9,559	4,945	(23,760)
Equity (income) losses from investments	13,987	(82,357)	(593,182)	(109,775)		(771,327)
Income before income taxes	<u>\$ 616,551</u>	<u>\$ 657,586</u>	<u>\$ 477,985</u>	<u>\$ 57,895</u>	<u>\$ —</u>	<u>\$ 1,810,017</u>
Capital expenditures	\$ 116,136	\$ 203,851	\$ —	\$ 34,457	\$ —	\$ 354,444
Depreciation and amortization	\$ 250,972	\$ 173,488	\$ —	\$ 37,512	\$ —	\$ 461,972
Total assets as of August 31, 2022	\$ 4,325,121	\$ 8,159,191	\$ 2,641,604	\$ 3,698,891	\$ —	\$ 18,824,807
<b>Year ended August 31, 2021</b>						
(Dollars in thousands)						
Revenues, including intersegment revenues	\$ 6,812,478	\$ 32,058,064	\$ —	\$ 46,476	\$ (468,985)	\$ 38,448,033
Intersegment revenues	(437,217)	(22,722)	—	(9,046)	468,985	—
Revenues, net of intersegment revenues	<u>\$ 6,375,261</u>	<u>\$ 32,035,342</u>	<u>\$ —</u>	<u>\$ 37,430</u>	<u>\$ —</u>	<u>\$ 38,448,033</u>
Operating earnings (loss)	(15,775)	265,362	(35,432)	(8,358)		205,797
Interest expense	1,113	65,099	44,461	1,804	(7,912)	104,565
Other income	(2,819)	(47,452)	(2,489)	(14,711)	7,912	(59,559)
Equity income from investments	(3,473)	(50,381)	(198,439)	(102,236)		(354,529)
Income (loss) before income taxes	<u>\$ (10,596)</u>	<u>\$ 298,096</u>	<u>\$ 121,035</u>	<u>\$ 106,785</u>	<u>\$ —</u>	<u>\$ 515,320</u>
Capital expenditures	\$ 112,160	\$ 148,770	\$ —	\$ 56,864	\$ —	\$ 317,794
Depreciation and amortization	\$ 245,273	\$ 182,210	\$ —	\$ 34,247	\$ —	\$ 461,730
Total assets as of August 31, 2021	\$ 4,286,677	\$ 7,451,559	\$ 2,683,652	\$ 3,154,387	\$ —	\$ 17,576,275
<b>Year ended August 31, 2020</b>						
(Dollars in thousands)						
Revenues, including intersegment revenues	\$ 5,820,154	\$ 22,940,712	\$ —	\$ 55,567	\$ (410,068)	\$ 28,406,365
Intersegment revenues	(389,020)	(14,613)	—	(6,435)	410,068	—
Revenues, net of intersegment revenues	<u>\$ 5,431,134</u>	<u>\$ 22,926,099</u>	<u>\$ —</u>	<u>\$ 49,132</u>	<u>\$ —</u>	<u>\$ 28,406,365</u>
Operating earnings (loss)	219,861	82,543	(33,497)	8,358	—	277,265
Interest expense	308	71,682	45,255	11,806	(12,074)	116,977
Other income	(3,005)	(35,560)	(2,635)	(10,749)	12,074	(39,875)
Equity income from investments	(2,759)	(7,303)	(127,954)	(48,699)	—	(186,715)
Income before income taxes	<u>\$ 225,317</u>	<u>\$ 53,724</u>	<u>\$ 51,837</u>	<u>\$ 56,000</u>	<u>\$ —</u>	<u>\$ 386,878</u>
Capital expenditures	\$ 175,169	\$ 158,903	\$ —	\$ 84,287	\$ —	\$ 418,359
Depreciation and amortization	\$ 245,983	\$ 196,510	\$ —	\$ 34,882	\$ —	\$ 477,375

We have international sales, which are predominantly in our Ag segment. The following table presents our sales, based on the geographic location of the subsidiary making the sale, for the years ended August 31, 2022, 2021 and 2020:

	2022	2021	2020
(Dollars in thousands)			
North America <sup>(a)</sup> .....	\$ 45,039,981	\$ 36,540,178	\$ 25,360,077
South America .....	371,493	242,848	1,559,380
Europe, Middle East and Africa (EMEA) .....	1,093,974	955,605	774,068
Asia Pacific (APAC) .....	1,286,218	709,402	712,840
Total .....	<u>\$ 47,791,666</u>	<u>\$ 38,448,033</u>	<u>\$ 28,406,365</u>

(a) Revenues in North America are substantially all attributed to revenues from the United States.

Long-lived assets include our property, plant and equipment, finance lease assets and capitalized major maintenance costs. The following table presents long-lived assets by geographical region based on physical location:

	2022	2021
(Dollars in thousands)		
United States .....	\$ 4,821,483	\$ 4,944,574
International .....	70,997	62,072
Total .....	<u>\$ 4,892,480</u>	<u>\$ 5,006,646</u>

#### Note 15 Derivative Financial Instruments and Hedging Activities

We enter into various derivative instruments to manage our exposure to movements primarily associated with agricultural and energy commodity prices and, to a lesser degree, foreign currency exchange rates and interest rates. Except for certain cash-settled swaps related to future crude oil purchases and refined product sales, which are accounted for as cash flow hedges, our derivative instruments represent economic hedges of price risk for which hedge accounting under ASC Topic 815 is not applied. Rather, the derivative instruments are recorded on our Consolidated Balance Sheets at fair value with changes in fair value being recorded directly to earnings, primarily within cost of goods sold in our Consolidated Statements of Operations. See Note 16, *Fair Value Measurements*, for additional information. The majority of our exchange traded agricultural commodity futures are settled daily through CHS Hedging, LLC, our wholly-owned FCM.

##### *Derivatives Not Designated as Hedging Instruments*

The following tables present the gross fair values of derivative assets, derivative liabilities and margin deposits (cash collateral) recorded on our Consolidated Balance Sheets, along with related amounts permitted to be offset in accordance with U.S. GAAP. Although we have certain netting arrangements for our exchange-traded futures and options contracts and certain OTC contracts, we have elected to report our derivative instruments on a gross basis on our Consolidated Balance Sheets under ASC Topic 210-20, *Balance Sheet - Offsetting*.

	August 31, 2022			
	Amounts Not Offset on the Consolidated Balance Sheet but Eligible for Offsetting			
	Gross Amounts Recognized	Cash Collateral	Derivative Instruments	Net Amounts
(Dollars in thousands)				
<b>Derivative assets</b>				
Commodity derivatives .....	\$ 464,167	\$ —	\$ 3,834	\$ 460,333
Foreign exchange derivatives .....	52,923	—	8,901	44,022
Total .....	<u>\$ 517,090</u>	<u>\$ —</u>	<u>\$ 12,735</u>	<u>\$ 504,355</u>
<b>Derivative liabilities</b>				
Commodity derivatives .....	\$ 378,291	\$ 1,424	\$ 12,574	\$ 364,293
Foreign exchange derivatives .....	12,649	—	8,901	3,748
Total .....	<u>\$ 390,940</u>	<u>\$ 1,424</u>	<u>\$ 21,475</u>	<u>\$ 368,041</u>

August 31, 2021				
Amounts Not Offset on the Consolidated Balance Sheet but Eligible for Offsetting				
	Gross Amounts Recognized	Cash Collateral	Derivative Instruments	Net Amounts
(Dollars in thousands)				
<b>Derivative assets</b>				
Commodity derivatives .....	\$ 532,832	\$ —	\$ 4,174	\$ 528,658
Foreign exchange derivatives .....	19,429	—	5,582	13,847
Other derivatives .....	16,488	—	—	16,488
Total .....	<u>\$ 568,749</u>	<u>\$ —</u>	<u>\$ 9,756</u>	<u>\$ 558,993</u>
<b>Derivative liabilities</b>				
Commodity derivatives .....	\$ 444,861	\$ 2,485	\$ 4,174	\$ 438,202
Foreign exchange derivatives .....	8,506	—	5,582	2,924
Total .....	<u>\$ 453,367</u>	<u>\$ 2,485</u>	<u>\$ 9,756</u>	<u>\$ 441,126</u>

Derivative assets and liabilities with maturities of less than 12 months are recorded in other current assets and other current liabilities, respectively, on our Consolidated Balance Sheets. Derivative assets and liabilities with maturities greater than 12 months are recorded in other assets and other liabilities, respectively, on our Consolidated Balance Sheets. The amount of long-term derivative assets recorded on our Consolidated Balance Sheet as of August 31, 2022 and 2021, was \$8.5 million and \$21.6 million, respectively. The amount of long-term derivative liabilities recorded on our Consolidated Balance Sheet as of August 31, 2022 and 2021, was \$4.0 million and \$4.8 million, respectively.

The following table sets forth the pretax (losses) gains on derivatives not accounted for as hedging instruments that have been included in our Consolidated Statements of Operations for the years ended August 31, 2022, 2021 and 2020:

Derivative Type	Location of (Loss) Gain	2022	2021	2020
(Dollars in thousands)				
Commodity derivatives .....	Cost of goods sold .....	\$ (568,877)	\$ (971,581)	\$ 89,248
Foreign exchange derivatives .....	Cost of goods sold .....	9,587	25,277	(184,692)
Foreign exchange derivatives .....	Marketing, general and administrative expenses .....	577	1,105	(2,986)
Interest rate derivatives .....	Interest expense .....	—	—	(1,226)
Other derivatives .....	Other income .....	2,057	2,489	2,634
Total .....		<u>\$ (556,656)</u>	<u>\$ (942,710)</u>	<u>\$ (97,022)</u>

#### Commodity Contracts

When we enter into a commodity purchase or sales commitment, we incur risks related to price changes and performance, including delivery, quality, quantity and shipment period. In the event that market prices decrease, we are exposed to risk of loss for the market value of inventory and purchase contracts with fixed- or partially fixed-prices. Conversely, we are exposed to risk of loss on our fixed- or partially fixed-price sales contracts in the event that market prices increase.

Our use of hedging reduces exposure to price volatility by protecting against adverse short-term price movements but also limits the benefits of favorable short-term price movements. To reduce the price risk associated with fixed-price commitments, we generally enter into commodity derivative contracts, to the extent practical, to achieve a net commodity position within the formal position limits we have established and deemed prudent for each commodity. These contracts are primarily transacted through our FCM on regulated commodity futures exchanges but may include OTC derivative instruments when deemed appropriate. These contracts are recorded at fair values based on quotes listed on regulated commodity exchanges or the market prices of the underlying products listed on the exchanges, except that certain contracts are accounted for as normal purchase and normal sales transactions. For commodities where there is no liquid derivative contract, risk is managed through the use of forward sales contracts, other pricing arrangements and, to some extent, futures contracts in highly correlated commodities. These contracts are economic hedges of price risk but are not designated as hedging instruments for accounting purposes. Unrealized gains and losses on these contracts are recognized in cost of goods sold in our Consolidated Statements of Operations.

When a futures position is established, initial margin must be deposited with the applicable exchange or broker. The amount of margin required varies by commodity and is set by the applicable exchange at its sole discretion. If the market price relative to a short futures position increases, an additional margin deposit would be required. Similarly, a margin deposit would be required if the market price relative to a long futures position decreases. Conversely, if the market price increases relative to a long futures position or decreases relative to a short futures position, margin deposits may be returned by the applicable exchange or broker.

Our policy is to manage our commodity price risk exposure according to internal policies and in alignment with our tolerance for risk. It is our policy that our profitability should come from operations, primarily derived from margins on products sold and grain merchandised, not from hedging transactions. At any one time, inventory and purchase contracts for delivery to us may be substantial. We have risk management policies and procedures that include established net physical position limits. These limits are defined for each commodity and business unit, and business units may include both trader and management limits as appropriate. The limits policy is overseen at a high level by our corporate middle office and compliance team, with day-to-day monitoring procedures being implemented within each individual business unit to ensure any limits overage is explained and exposures reduced, or a temporary limit increase is established if needed. The position limits are reviewed at least annually with our senior leadership and Board of Directors. We monitor current market conditions and may expand or reduce our net position limits or procedures in response to changes in those conditions.

The use of hedging instruments does not protect against nonperformance by counterparties to cash contracts. We evaluate counterparty exposure by reviewing contracts and adjusting the values to reflect potential nonperformance. Risk of nonperformance by counterparties includes the inability to perform because of a counterparty's financial condition and the risk that the counterparty will refuse to perform on a contract during periods of price fluctuations where contract prices are significantly different from the current market prices. We manage these risks by entering into fixed-price purchase and sales contracts with preapproved producers and by establishing appropriate limits for individual suppliers. Fixed-price contracts are entered into with customers of acceptable creditworthiness, as internally evaluated. Regarding our use of derivatives, we transact in exchange traded instruments or enter into over-the-counter derivatives that primarily clear through our FCM, which limits our counterparty exposure relative to hedging activities. Historically, we have not experienced significant events of nonperformance on open contracts. Accordingly, we only adjust the estimated fair values of specifically identified contracts for nonperformance. Although we have established policies and procedures, we make no assurances that historical nonperformance experience will carry forward to future periods.

As of August 31, 2022 and 2021, we had outstanding commodity futures and options contracts that were used as economic hedges, as well as fixed-price forward contracts related to physical purchases and sales of commodities. The table below presents the notional volumes for all outstanding commodity contracts:

Derivative Type	2022		2021	
	Long	Short	Long	Short
	(Units in thousands)			
Grain and oilseed (bushels) .....	609,300	773,239	666,726	851,582
Energy products (barrels) .....	10,541	5,706	9,881	7,656
Processed grain and oilseed (tons) .....	1,191	4,182	559	3,418
Crop nutrients (tons) .....	23	22	66	12
Ocean freight (metric tons) .....	60	—	210	—
Natural gas (MMBtu) .....	420	—	—	—

*Foreign Exchange Contracts*

We conduct a substantial portion of our business in U.S. dollars, but we are exposed to risks relating to foreign currency fluctuations primarily due to global grain marketing transactions in South America, the Asia Pacific region and Europe, and purchases of products from Canada. We use foreign currency derivative instruments to mitigate the impact of exchange rate fluctuations. Although CHS has some risk exposure relating to foreign currency transactions, a larger impact with exchange rate fluctuations is the ability of foreign buyers to purchase U.S. agricultural products and the competitiveness of U.S. agricultural products compared to the same products offered by alternative sources of world supply. The notional amount of our foreign exchange derivative contracts was \$1.9 billion and \$1.2 billion as of August 31, 2022 and 2021.

**Derivatives Designated as Cash Flow Hedging Strategies**

Certain pay-fixed, receive-variable, cash-settled swaps are designated as cash flow hedges of future crude oil purchases in our Energy segment. We also designate certain pay-variable, receive-fixed, cash-settled swaps as cash flow hedges of future refined product sales. These hedging instruments and the related hedged items are exposed to significant market price risk and potential volatility. As part of our risk management strategy, we look to hedge a portion of our expected future crude oil needs and the resulting refined product output based on prevailing futures prices, management's expectations about future commodity price changes and our risk appetite. We may also elect to dedesignate certain derivative instruments previously designated as cash flow hedges as part of our risk management strategy. Amounts recorded in other comprehensive income for these dedesignated derivative instruments remain in other comprehensive income and are recognized in earnings in the period in which the underlying transactions affect earnings. As of August 31, 2022 and 2021, the aggregate notional amount of cash flow hedges was 3.8 million and 2.7 million barrels, respectively.

The following table presents the fair value of our commodity derivative instruments designated as cash flow hedges and the line items on our Consolidated Balance Sheets in which they are recorded as of August 31, 2022 and 2021:

Balance Sheet Location	Derivative Assets		Balance Sheet Location	Derivative Liabilities	
	2022	2021		2022	2021
(Dollars in thousands)			(Dollars in thousands)		
Other current assets .....	\$ 27,154	\$ 11,874	Other current liabilities .....	\$ 11,818	\$ 1,001

The following table presents the pretax losses recorded in other comprehensive income relating to cash flow hedges for the years ended August 31, 2022, 2021 and 2020:

	2022	2021	2020
(Dollars in thousands)			
Commodity derivatives .....	\$ (2,071)	\$ (7,824)	\$ (2,596)

The following table presents the pretax (losses) gains relating to our existing cash flow hedges that were reclassified from accumulated other comprehensive loss into our Consolidated Statements of Operations for the years ended August 31, 2022, 2021 and 2020:

	Location of (Loss) Gain	2022	2021	2020
(Dollars in thousands)				
Commodity derivatives .....	Cost of goods sold .....	\$ (6,254)	\$ 21,262	\$ 23,807

**Note 16 Fair Value Measurements**

ASC Topic 820, *Fair Value Measurement*, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We determine fair values of derivative instruments and certain other assets, based on the fair value hierarchy established in ASC Topic 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. ASC Topic 820 describes three levels within its hierarchy that may be used to measure fair value, and our assessment of relevant instruments within those levels is as follows:

*Level 1.* Values are based on unadjusted quoted prices in active markets for identical assets or liabilities. These assets and liabilities may include exchange-traded derivative instruments, rabbi trust investments, deferred compensation investments, segregated investments and marketable securities.

*Level 2.* Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. These assets and liabilities include interest rate, foreign exchange and commodity swaps; forward commodity contracts with a fixed price component; and other OTC derivatives whose values are determined with inputs that are based on exchange traded prices, adjusted for location-specific

inputs that are primarily observable in the market or can be derived principally from, or corroborated by, observable market data.

*Level 3.* Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect our own estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

The following tables present assets and liabilities, included on our Consolidated Balance Sheets, that are recognized at fair value on a recurring basis and indicate the fair value hierarchy utilized to determine these fair values. Assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

Recurring fair value measurements as of August 31, 2022 and 2021, are as follows:

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(Dollars in thousands)			
<b>Assets</b>				
Commodity derivatives .....	\$ 1,161	\$ 490,160	\$ —	\$ 491,321
Foreign currency derivatives .....	—	52,923	—	52,923
Deferred compensation assets .....	46,562	—	—	46,562
Segregated investments and marketable securities .....	238,124	—	—	238,124
Other assets .....	11,718	—	—	11,718
<b>Total .....</b>	<b>\$ 297,565</b>	<b>\$ 543,083</b>	<b>\$ —</b>	<b>\$ 840,648</b>
<b>Liabilities</b>				
Commodity derivatives .....	\$ 10,256	\$ 379,883	\$ —	\$ 390,139
Foreign currency derivatives .....	—	12,649	—	12,649
<b>Total .....</b>	<b>\$ 10,256</b>	<b>\$ 392,532</b>	<b>\$ —</b>	<b>\$ 402,788</b>
	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(Dollars in thousands)			
<b>Assets</b>				
Commodity derivatives .....	\$ 2,453	\$ 542,253	\$ —	\$ 544,706
Foreign currency derivatives .....	—	19,429	—	19,429
Deferred compensation assets .....	51,940	—	—	51,940
Segregated investments and marketable securities .....	99,837	—	—	99,837
Other assets .....	6,052	16,488	—	22,540
<b>Total .....</b>	<b>\$ 160,282</b>	<b>\$ 578,170</b>	<b>\$ —</b>	<b>\$ 738,452</b>
<b>Liabilities</b>				
Commodity derivatives .....	\$ 1,615	\$ 444,247	\$ —	\$ 445,862
Foreign currency derivatives .....	—	8,506	—	8,506
<b>Total .....</b>	<b>\$ 1,615</b>	<b>\$ 452,753</b>	<b>\$ —</b>	<b>\$ 454,368</b>

*Commodity and foreign currency derivatives.* Exchange-traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified within Level 1. Our forward commodity purchase and sales contracts with fixed-price components, select ocean freight contracts and other OTC derivatives are determined using inputs that are generally based on exchange traded prices and/or recent market bids and offers, including location-specific adjustments, and are classified within Level 2. Location-specific inputs are driven by local market supply and demand and are generally based on broker or dealer quotations or market transactions in either listed or OTC markets. Changes in the fair values of these contracts are recognized in our Consolidated Statements of Operations as a component of cost of goods sold.

*Deferred compensation assets.* Our deferred compensation investments consist primarily of rabbi trust assets that are valued based on unadjusted quoted prices on active exchanges and classified within Level 1. Changes in the fair values of these other assets are primarily recognized in our Consolidated Statements of Operations as a component of marketing, general and administrative expenses.

*Segregated investments and marketable securities and other assets.* Our segregated investments and marketable securities and other assets are comprised primarily of investments in various government agencies, U.S. Treasury securities and money market funds, which are valued using quoted market prices and classified within Level 1.

## **Note 17      Commitments and Contingencies**

### ***Environmental***

We are required to comply with various environmental laws and regulations incidental to our normal business operations. To meet our compliance requirements, we establish reserves for future costs of remediation associated with identified issues that are both probable and can be reasonably estimated. Estimates of environmental costs are based on current available facts, existing technology, undiscounted site-specific costs and currently enacted laws and regulations and are included in cost of goods sold and marketing, general and administrative expenses in our Consolidated Statements of Operations. Recoveries, if any, are recorded in the period in which recovery is received. Liabilities are monitored and adjusted as new facts or changes in law or technology occur. The resolution of any such matters may affect consolidated net income for any fiscal period; however, we currently believe any resulting liabilities, individually or in the aggregate, will not have a material effect on our consolidated financial position, results of operations or cash flows during any fiscal year.

### ***Other Litigation and Claims***

We are involved as a defendant in various lawsuits, claims and disputes, which are in the normal course of our business. The resolution of any such matters may affect consolidated net income for any fiscal period; however, we currently believe any resulting liabilities, individually or in the aggregate, will not have a material effect on our consolidated financial position, results of operations or cash flows during any fiscal year.

### ***Guarantees***

We are a guarantor for lines of credit and performance obligations of related, nonconsolidated companies. Our bank covenants allow maximum guarantees of others in the ordinary course of business that shall not exceed \$1.0 billion, of which \$173.6 million were outstanding as of August 31, 2022. We have collateral for a portion of these contingent obligations. We have not recorded a liability related to the contingent obligations as we do not expect to pay out any cash related to them, and the fair values are considered immaterial. The underlying loans to the counterparties for which we provide these guarantees are current as of August 31, 2022.

### ***Credit Commitments***

CHS Capital has commitments to extend credit to customers if there is no violation of any condition established in the contracts. As of August 31, 2022, CHS Capital customers have additional available credit of \$770.0 million.

### ***Unconditional Purchase Obligations***

Unconditional purchase obligations are commitments to transfer funds in the future for fixed or minimum amounts or quantities of goods or services at fixed or minimum prices. Our long-term unconditional purchase obligations primarily relate to pipeline and grain handling take-or-pay and throughput agreements and are not recorded on our Consolidated Balance Sheets. As of August 31, 2022, minimum future payments required under long-term commitments that are noncancelable and that third

parties have used to secure financing for facilities that will provide contracted goods, are as follows:

	Payments Due by Period						
	Total	2023	2024	2025	2026	2027	Thereafter
	(Dollars in thousands)						
Long-term unconditional purchase obligations .....	\$ 522,941	\$ 82,679	\$ 69,416	\$ 67,653	\$ 61,212	\$ 47,700	\$ 194,281

Total payments under these arrangements were \$75.2 million, \$81.0 million and \$77.6 million for the years ended August 31, 2022, 2021 and 2020, respectively.

**Note 18 Related Party Transactions**

We purchase and sell grain and other agricultural commodity products from certain equity investees, primarily CF Nitrogen, Ventura Foods, Ardent Mills and TEMCO. Sales to and purchases from related parties for the years ended August 31, 2022, 2021 and 2020, are as follows:

	2022	2021	2020
	(Dollars in thousands)		
Sales .....	\$ 1,511,532	\$ 2,744,482	\$ 2,528,921
Purchases .....	2,040,357	2,682,165	872,819

Receivables due from and payables due to related parties as of August 31, 2022 and 2021, are as follows:

	2022	2021
	(Dollars in thousands)	
Due from related parties .....	\$ 78,600	\$ 40,485
Due to related parties .....	140,174	90,986

As a cooperative, we are owned by farmers and ranchers and member cooperatives, which are referred to as members. We buy commodities from and provide products and services to our members. Individually, our members do not have a significant ownership in CHS.

**Note 19 Leases**

We assess arrangements at inception to determine whether they contain a lease. An arrangement is considered to contain a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration. The right to control the use of an asset must include both (i) the right to obtain substantially all economic benefits associated with an identified asset and (ii) the right to direct how and for what purpose the identified asset is used. Certain service agreements may provide us with the right to use an identified asset; however, most of these arrangements are not considered to represent a lease as we do not control how and for what purpose the identified asset is used.

We lease property, plant and equipment used in our operations primarily under operating lease agreements and, to a lesser extent, under finance lease agreements. Our leases are primarily for railcars, equipment, vehicles and office space, many of which contain renewal options and escalation clauses. Renewal options are included as part of the right of use asset and liability when it is reasonably certain that we will exercise the renewal option; however, renewal options are generally not included as we are not reasonably certain to exercise such options.

After the adoption of ASC Topic 842 on September 1, 2019, right of use assets and liabilities for operating and finance leases are recognized at the lease commencement date for leases in excess of 12 months based on the present value of lease payments over the lease term. For measurement and classification of lease agreements, lease and nonlease components are grouped into a single lease component for all asset classes. Variable lease payments are excluded from measurement of right of use assets and liabilities and generally include payments for nonlease components such as maintenance costs, payments for leased assets beyond their noncancelable lease term and payments for other nonlease components such as sales tax. The discount rate used to calculate present value is our collateralized incremental borrowing rate or, if available, the rate implicit in the lease. The incremental borrowing rate is determined for each lease based primarily on its lease term. Certain lease arrangements include rental payments adjusted annually based on changes in an inflation index. Our lease arrangements generally do not contain residual value guarantees or material restrictive covenants.

Lease expense is recognized on a straight-line basis over the lease term. The components of lease expense recognized in our Consolidated Statements of Operations as of August 31, 2022, 2021 and 2020, are as follows:

	2022	2021	2020
<b>(Dollars in thousands)</b>			
Operating lease expense .....	\$ 71,209	\$ 73,489	\$ 71,541
Finance lease expense:			
Amortization of assets .....	8,967	8,065	8,205
Interest on lease liabilities .....	1,469	938	1,060
Short-term lease expense .....	16,915	16,955	15,991
Variable lease expense .....	1,699	2,300	3,674
<b>Total net lease expense*</b> .....	<b>\$ 100,259</b>	<b>\$ 101,747</b>	<b>\$ 100,471</b>

\*Income related to sublease activity is not material and has been excluded from the table above.

Supplemental balance sheet information related to operating and finance leases as of August 31, 2022 and 2021, is as follows:

	Balance Sheet Location	2022	2021
<b>(Dollars in thousands)</b>			
<b>Operating leases</b>			
<i>Assets</i>			
Operating lease right of use assets .....	Other assets .....	\$ 242,859	\$ 253,451
<i>Liabilities</i>			
Current operating lease liabilities .....	Accrued expenses .....	\$ 54,702	\$ 56,424
Long-term operating lease liabilities .....	Other liabilities .....	194,250	200,720
<b>Total operating lease liabilities .....</b>		<b>\$ 248,952</b>	<b>\$ 257,144</b>
<b>Finance leases</b>			
<i>Assets</i>			
Finance lease assets .....	Property, plant and equipment .....	\$ 57,932	\$ 48,625
<i>Liabilities</i>			
Current finance lease liabilities .....	Current portion of long-term debt .....	\$ 7,609	\$ 7,444
Long-term finance lease liabilities .....	Long-term debt .....	37,164	28,590
<b>Total finance lease liabilities .....</b>		<b>\$ 44,773</b>	<b>\$ 36,034</b>

Information related to the lease term and discount rate for operating and finance leases as of August 31, 2022 and 2021, is as follows:

	2022	2021
<b>Weighted average remaining lease term (in years)</b>		
Operating leases .....	7.6	7.9
Finance leases .....	10.4	10.3
<b>Weighted average discount rate</b>		
Operating leases .....	3.00 %	3.01 %
Finance leases .....	3.42 %	3.50 %

Supplemental cash flow and other information related to operating and finance leases as of August 31, 2022, 2021 and 2020, is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
(Dollars in thousands)			
<b>Cash paid for amounts included in measurement of lease liabilities:</b>			
Operating cash flows from operating leases .....	\$ 61,750	\$ 71,702	\$ 71,003
Operating cash flows from finance leases .....	1,469	938	1,060
Financing cash flows from finance leases .....	9,171	8,235	7,949
<b>Supplemental noncash information:</b>			
Right of use assets obtained in exchange for lease liabilities .....	\$ 54,199	\$ 43,991	\$ 56,461
Right of use asset modifications .....	12,887	27,664	7,333

Maturities of lease liabilities by fiscal year as of August 31, 2022, were as follows:

	<u>August 31, 2022</u>	
	<u>Finance Leases</u>	<u>Operating Leases</u>
(Dollars in thousands)		
2023 .....	\$ 8,603	\$ 57,894
2024 .....	6,483	54,279
2025 .....	5,055	42,358
2026 .....	4,679	32,975
2027 .....	4,477	18,471
Thereafter .....	27,764	79,148
<b>Total maturities of lease liabilities .....</b>	<b>57,061</b>	<b>285,125</b>
Less amounts representing interest .....	12,288	36,173
<b>Present value of future minimum lease payments .....</b>	<b>44,773</b>	<b>248,952</b>
Less current obligations .....	7,609	54,702
<b>Long-term obligations .....</b>	<b>\$ 37,164</b>	<b>\$ 194,250</b>

**CERTIFICATION PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Jay D. Debertin, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended August 31, 2022, of CHS Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2022

/s/ Jay D. Debertin

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Jay D. Debertin

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Olivia Nelligan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended August 31, 2022, of CHS Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2022

/s/ Olivia Nelligan

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Olivia Nelligan

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report on Form 10-K of CHS Inc. (the “Company”) for the fiscal year ended August 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jay D. Debertin, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jay D. Debertin

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Jay D. Debertin

President and Chief Executive Officer

November 2, 2022

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report on Form 10-K of CHS Inc. (the “Company”) for the fiscal year ended August 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Olivia Nelligan, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Olivia Nelligan

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Olivia Nelligan

Executive Vice President and Chief Financial Officer

November 2, 2022