



Golden Growers
Cooperative

Memberandum

Volume 25, Number 2

April 2019

Cargill's Ryan Sirolli Describes Strategy for Sustainability.

Ryan Sirolli, Cargill's Global Row Crop Sustainability Director, explained why sustainability is one of the major trends impacting the food industry. *"Companies like McDonalds, MARS, Pepsico, General Mills, and Unilever have made commitments to achieve carbon intensity reductions in their supply chain from 20% to 50%."*

Cargill is consistently working to achieve GHG reductions within operations through improvements in equipment efficiency and updates as well as changing energy sources such as wind power and natural gas. However, while Cargill will continue to focus on its own operations, there are significantly larger opportunities to reduce GHG emissions, *"Within our own supply chain, one of the largest areas of opportunity to achieve these goals is within crop production."* According to Sirolli, Cargill is in the process of rebuilding its sustainability model to show value for all of their enterprises.

"We see farmers investing in these improvements, but we need to fully quantify the impact and make the focus 'farmer centric'". Sirolli stated farmers understand issues of soil health. Improving soil health is recognized to have long term benefits for farmers in regards to productivity and economics while delivering positive environmental benefits of reduced greenhouse gas emissions, improvements in water quality and greater water use efficiency that many downstream customers and consumers are looking for. There are often 'up front' costs to adoption of these beneficial practices, however. *"Our goal would be to move from a transactional process to a system of support that achieves long-term gains."* Support could include agronomic and financial support to implement soil health practices and decision making.

While Cargill is in its initial stages of developing a new strategy, they intend for their approach to show benefit (and value) for growers and their customers. *"The opportunity is to demonstrate mutual value and partner with our customers to support farmers along the way,"* said Sirolli.

'Change is Inevitable' - Chairman's Annual Report

Chairman Mark Harless opened his remarks by outlining the proposed bylaw amendment and concluded, *"In 2009, Golden Growers changed to a MN 308B Cooperative. Members voted to amend our bylaws to accommodate that change. On the ten-year anniversary of that vote, we ask for your support again to amend and update our bylaws."*

Highlighting changes in the corn milling industry, Harless noted that Ingredion closed their Stockton, CA plant citing lower sweetener demand and higher manufacturing costs. *"It's no secret that domestic consumption of HFCS continues to decline. Corn refiners have managed this decline in a variety of ways."* Exports (primarily to Mexico), plant closures, swinging production to ethanol, and using corn sweetener or starch as the feedstock to make other products, have all played a part. *"Corn refiners continue to push forward with research to expand these non-sweetener uses,"* said Harless.

This summer, several board members toured Cargill's Blair, NE bio-refinery campus where the refinery supplies feedstock to a growing number of co-located companies to include Natureworks, Novozymes, Corbion, Evonic, and Evolva. *"Cargill's Blair campus is a prime example of how the industry is transitioning away from HFCS production toward innovative products fermented from corn sweetener and starch."*

Harless pivoted to discuss plans to maintain the ProGold plant. He reminded members of the \$750,000 annual contribution toward maintaining infrastructure like painting structural steel, repairing roofs, and improving floor coverings. *"ProGold is also responsible for major capital improvements that are important to the profitability of the plant AND its long term condition."* He reported that the ProGold board voted to move forward with the replacement of the Distributive Control System (DCS) which functions as the nerve center to control functions throughout the plant. He noted that the legacy vendor is discontinuing support for the 24 year-old system. *"This means it will become obsolete very soon. Our plan is to complete replacement of roughly half of the system during the current lease,"* stated Harless. Golden Growers present and future reserves are expected to be sufficient to handle these expense and allow for regular distributions to members, he concluded.

Remembering Harvey Pyle - Harless/Dillon Recall 'One of the Giants' of the GGC Board

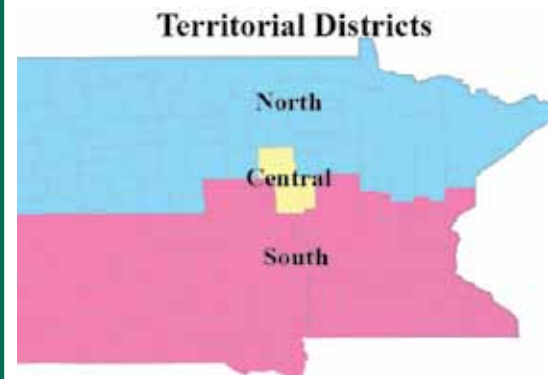
Former Board Chair Harvey Pyle passed away February 28th. Harvey Pyle was elected on May 23rd, 1995 at the first GGC members meeting and served until March 2010. He was Chair of the Board from January 2008 until March of 2010. *"Harvey was one of the 'giants' of our Board who served during our most difficult times and became Board Chair when we were able to see light at the other end of the tunnel,"* recalled Harless. *"He was one of my personal heroes,"* stated former Executive VP Mark Dillon. *"Harvey was a man of uncommon integrity and intelligence. I will always treasure his friendship and sage advice."* Our heartfelt sympathies go to Harvey's wife Marlyce and the entire Pyle family.

Finance & Audit Chair “We view our role very seriously”

After presenting the financial statements, Finance & Audit Chair Nick Pyle reserved time to focus on the Cooperative’s ‘aggressive approach’ to internal controls. Aside from the annual audit and quarterly reviews conducted by Widmer Roel, GGC contracts with Eide Bially for accounting services and to process accounts payable and payroll to address the lack of segregation of duties common in a small organization. “Written internal controls have been established and we maintain a rigorous record keeping system,” said Pyle. The cooperative also worked with Eide Baily to develop internal audit and testing procedures designed to ensure the integrity of financial statements through a risk-based review procedure. “Members of the Finance & Audit Committee personally conduct these internal reviews twice a year.” Due to operational changes, the committee recently updated procedures to address different risks informed Pyle. “You may receive a letter from me asking to verify Direct Deposit information. There is no need to be alarmed if you receive a letter, but your participation in the process is a critical part of our procedure.” Controls established by the Board are intended assure GGC members that we are closely monitoring financial activities of the business.

Bylaw Amendment Approved

GGC members overwhelmingly approved bylaw changes to reduce directors (through attrition) and districts. Below is a map showing new districts and boundaries. More Info: www.goldengrowers.com



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April 2019 Memberandum Newsletter



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Five District Directors re-Elected: Board appoints Members to new Districts and to serve as At-Large Members

At the GGC Annual Meeting, members re-elected: **David Benedict, Matthew Hasbargen, Nicolas Pyle, Byron Koehl, and Brett Johnson**. Following approval of Amended Bylaws, the Board approved new Districts, Boundaries, and appointments. Serving the North District: *Shaun Beauclair, Glenn Johnson, David Benedict and Mark Harless*; Serving the Central District: *Chris Johnson; Butch Jirak; Nicolas Pyle, and Brett Johnson*. Serving the South District: *Bruce Speich, Leslie Nesvig, Larry Vipond and Richard Bot*. Serving At-Large: *Byron Koehl, Matthew Hasbargen, and Scott Jetvig*.

Notify GGC of Changes!

Please remember to notify GGC immediately of address, phone number changes, or to report the death of a member. Call us at 701-281-0468 or email scotts@goldengrowers.com.

Important Dates:

June 10 - Last day to submit transfer requests
June 20 - GGC Board Meeting
September 13 - GGC Board Meeting
December 15 - Deadline for 2020 Annual Delivery Elections
March 25, 2020 - GGC Board Meeting
March 26, 2020 - GGC Annual Meeting

memberandum is published by:

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