

AGP[®] **NEWS**

Serving Cooperatives and Agricultural Producers

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An aerial photograph of a large-scale industrial construction project. The central focus is a multi-story steel framework for a building, featuring several levels of platforms and yellow safety railings. In the foreground, a large, dark brown cylindrical tank is being transported on a lowboy trailer. The surrounding area includes a parking lot, a building, and a clear blue sky with light clouds.

**GROWING THE
CORE BUSINESS**

A MESSAGE FROM AGP'S CEO



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On the cover: AGP is making significant investments to improve production efficiencies and quality at its Dawson, Minnesota location.



I'd like to begin by congratulating Chris Schaffer on his appointment as AGP's Chief Executive Officer and General Manager. The Board of Directors has chosen an excellent leader for the Company now and well into the future. Having worked closely with Chris for many years, I have great confidence in his abilities to work with the Board, management team, employees, and AGP's members to expand AGP's success in serving our stakeholders.

Many exciting things are happening at AGP as we move forward and continue to grow our core business, including large projects at Sergeant Bluff, Iowa, Dawson, Minnesota, and many others. We continue to invest in our processing and refining capacity with significant projects and technology upgrades at all production facilities to achieve new levels of efficiencies, customer service, and return for our members. Additionally, the team is working on numerous growth opportunities to ensure AGP's relevance and market share in the exciting times facing our business.

In late July, we will once again host our Area Information Meetings for AGP members. These meetings offer an opportunity to present updates on the business as well as general market conditions facing AGP and the industry. With pandemic restrictions lifted in most places combined with an ever-growing vaccination rate, AGP will return to holding these meetings in person this year.

Lastly, as many of you know, I will retire from AGP later this summer after over 40 years in agribusiness, including 36 years with AGP. I have confidence that the existing and developing leaders that are key to our Company will be able to continue to expand AGP's success through service, teamwork, and growth opportunities. I greatly value the many friendships and memories over the years, and it has been my pleasure and honor to serve you.

Best Regards,

J. Keith Spackler
Chief Executive Officer

CORPORATE UPDATE

Chris Schaffer to Succeed Keith Spackler as AGP CEO

The AGP Board of Directors has named Chris Schaffer as its Chief Executive Officer and General Manager effective August 1, 2021. Schaffer, who currently serves as AGP's Senior Vice President of Ag Products, will succeed current CEO Keith Spackler who earlier this year announced his plans to retire.

"Chris Schaffer is an outstanding leader with a track record of success in growing commodity markets, adapting to evolution in agriculture, and achieving strong returns," said Lowell Wilson, Chairman of the AGP Board of Directors. "His knowledge of AGP, the cooperative system, and agricultural markets will serve him well as the Company continues its mission to add value and returns for our members and their producer-owners."



"AGP has a long-standing history of success, and we look forward to building on the existing strengths, while creating and capitalizing on

new opportunities," said Schaffer. "Working with the many exceptional people in achieving success at AGP is a tremendous honor and privilege, and I look forward to working with the Board, management team, employees, and AGP members in continuing the growth, development, and success of this cooperative."

Schaffer's career spans over 27 years in agribusiness. He joined AGP in 1994 as a merchandiser and served at AGP's corporate headquarters as well as the Sheldon and Eagle Grove, Iowa facilities. From 1997-1999, Schaffer worked for the U.S. Feed Grains Council as Manager of International Operations, traveling to various countries promoting trade opportunities. In 1999, Schaffer rejoined AGP specializing in trading various commodities both domestically and internationally. He was promoted to Vice President of AGP's Ag Products division in 2012 and named Senior Vice President of Ag Products in 2017.

A native of Lake City, Iowa, Schaffer grew up on a corn and soybean farm. He holds a Bachelor of Science degree in Agricultural Economics from Iowa State University.

AGP Annual Strategic Planning Meeting

This summer, AGP held its Annual Strategic Planning Meeting with the AGP Board of Directors and management team in Omaha, Nebraska. The group meets once a year to review and discuss strategic and emerging issues that impact AGP and its members. The event also serves as an important team building opportunity for the Board and management team members, some of whom are new to the Company.



AGP updates its strategic plans on an ongoing basis to reflect market and business conditions. This annual planning meeting provides an opportunity for participants to focus on agricultural market trends, competitor reviews, strategic growth opportunities, and potential headwinds facing the Company. Issues discussed included developments in soybean protein demand and the future of low carbon renewable fuels.

Growing the Core Business

AGP values the importance of long-term investment in its core business and allocates significant resources to continually improve efficiency and production capacity. AGP achieves this investment and growth while maintaining very low borrowings, minimal disruptions to daily production schedules, and strong safety performance.



Pictured: AGP is making significant investments to improve production efficiencies and quality at its Dawson, Minnesota location. Phase 1 of the project, now complete, included the installation of new conveyor bridges and conveyance to improve soybean preparation for processing. Phase 2 includes new soybean conditioning and flaking equipment and is scheduled for completion in the Fall of 2021.



Pictured: Investments in AGP's Sergeant Bluff, Iowa production facility will maximize efficiencies and improve customer service, particularly for bean deliveries to the plant. The project also includes electrical improvements and control upgrades. It is scheduled for completion during the Fall of 2021.

Rickers Promoted to Senior Vice President of Operations and Engineering



Lou Rickers
AGP Senior Vice President
Operations and Engineering

This summer, Lou Rickers was promoted to AGP Senior Vice President of Operations and Engineering. Lou has been with AGP for more than 20 years and served in successive business operations roles within AGP, including leadership assignments in Algona and Sergeant Bluff, Iowa. Lou currently leads the Company's operations and engineering functions and coordinates those activities with other business groups and departments.

Lou is originally from Westside, Iowa and is a graduate of Iowa State University with a Bachelor of Science degree in Biology. Lou is a former voting member of the American Society for Testing and Materials (ASTM) fuel standards organization and has served on various other committees for industry and technical organizations.



Troy Alberts
AGP Senior Vice President
Refined Oils and
Renewable Fuels

This past year the renewable fuels industry experienced one of its most volatile markets in a long time. Troy Alberts, AGP Senior Vice President of Refined Oils and Renewable Fuels, discusses the importance of soybean oil to the renewable fuels industry and some of the most important trends and issues facing producers today, such as feedstock availability and new biomass-to-diesel technologies.

Q: AGP is an industry leader in the production of biodiesel and a major supplier of soybean oil to the renewable fuels industry. How would you summarize the state of the renewables industry this past year?

A: The uncertainty which characterized this past year led to many challenges but also provided opportunities for success. The new administration in Washington D.C., EPA continuing to miss deadlines on the release of Renewable Fuel Standard (RFS) obligations, unresolved court cases on RFS waivers, and the lack of clarity for the RFS beyond 2022 have all created a great deal of unpredictability and volatility in the markets resulting in challenges for the producers of renewable fuels.

As a processor of soybeans, refiner of soybean oil, and producer of biodiesel, AGP’s integrated production platform provides competitive advantages in the marketplace. Despite the uncertainty and challenges identified earlier, the Renewable Fuels Group continues to perform well and return value to AGP’s members. AGP is a pioneer and leader in the biofuels industry, constructing the first purpose-built biodiesel plant in Sergeant Bluff, Iowa in 1996. Since that time, biodiesel has played a key role in the Company’s success.

The growth in renewable diesel production has also impacted the industry this past year. States like California, Oregon, and Washington have created low carbon fuel standards that encourage and incentivize petroleum companies to reduce their greenhouse gas emissions. Many petroleum companies have converted or are in the process of modifying some of their existing petroleum refining capacity into renewable diesel production. The primary feedstock used in the production of renewable diesel is soybean oil. While renewable diesel competes with biodiesel as an advanced fuel, the growth of renewable diesel production has created new demand for soybean oil which improves AGP’s bottom line.

Q: How do renewable fuels improve the Company’s margins and return value for AGP members? How does this value-added demand impact the price of soybeans?

A: Soybean oil is the largest feedstock used in the production of renewable fuels, including biodiesel and renewable diesel. The USDA estimates that 9.5 billion pounds of soybean oil will be used in the production of biofuels this crop year and will grow to 12 billion pounds in 2021/22. Next year, almost 45% of all the soybean oil produced in the United States is anticipated to be used in the production of renewable fuels. This represents more than one billion bushels of soybeans or 46% of the total projected soybean crush. According to economic analysis from StoneX Group, the renewable fuels standard biomass-based diesel market consistently supports 13% of the value of every bushel of U.S. soybeans.

Biodiesel production plays a key role in AGP’s integrated processing business model. Almost 30% of the total soybean oil produced by the Company is used internally in the production of biodiesel and related products. In addition, AGP is a major supplier of soybean oil to other biodiesel and renewable diesel producers. Strong demand for soybean oil from the renewables industry supports the Company’s refining margin and creates value for AGP’s members.

Not only does biodiesel production benefit AGP’s members and improve the value of their soybeans, it also stimulates the rural economies where the production facilities are located by providing well-paying jobs, generating local tax revenue, and supporting local vendors and service providers. Finally, renewable fuels plays a key role in reducing greenhouse gases while lowering carbon emissions.

Q: In general, what types of customers buy AGP’s biodiesel and related products?

A: AGP produces biodiesel, adjuvants, solvents, and glycerin at its three production facilities. The biodiesel is sold to a wide variety of fuel and energy customers, including petroleum companies, terminals, fuel retailers, and others. Adjuvants are used in pesticide and herbicide applications while solvents can be a replacement for many petroleum-based formulations for products such as detergents, cosmetics, lubricants, and hand cleaners. Glycerin is a co-product that is generated during the production of biodiesel when methanol is combined with soybean oil. Glycerin is further refined into pharmaceutical, health care, and pet food products. Our customers recognize AGP’s commitment to safety, quality, and service and the Company is a preferred supplier to many within the industry.

Q: The advanced biofuels industry is a policy-driven business. At the federal and state level, what are some of the policy and regulatory frameworks that provide support for this value-added agricultural business? Do you anticipate any change in support with the new Administration?

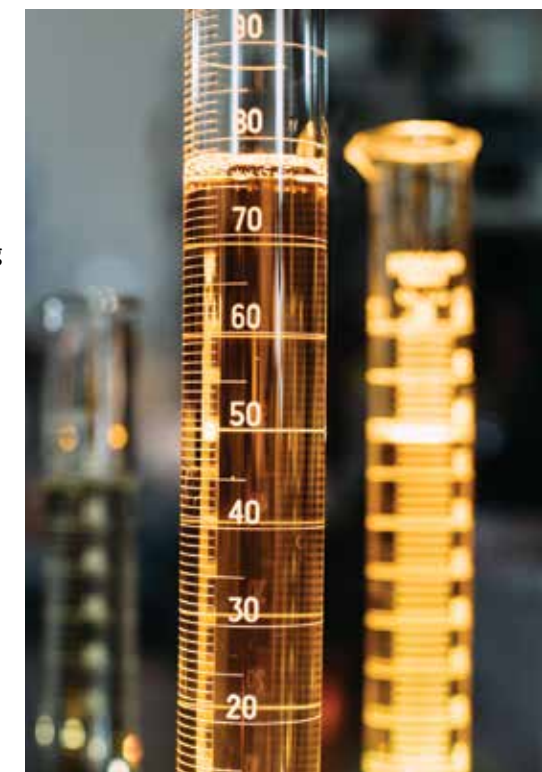
A: Policymakers recognize the growth and expansion of the renewable fuels industry and political coalitions to support it. These coalitions typically include a wide variety of stakeholders, ranging from environmental groups to farmer-driven organizations. This level and diversity of support has led to the establishment of significant federal and state initiatives to bolster the industry.

The most critical policy for the industry is the federal blending volume requirements of the RFS. The RFS drives the market and production of renewable fuels by requiring increasingly higher blends of these products. Currently, the RFS requires 2.43 billion gallons per year of “biomass-derived diesel” to be blended with and displace traditional petroleum fuels. In addition, there is a five billion gallon “advanced biofuel” category which creates additional opportunities for biodiesel. At the state level, the California Low Carbon Fuel Standard (LCFS) incentivizes the blending of low carbon fuels. Biodiesel has benefited from this environmentally-driven regulatory requirement due to its low carbon intensity rating. Other states have significant volume targets and tax credit programs to support local biodiesel producers.

The industry believes the Biden Administration’s goal of reducing the amount of carbon in the transport fuel sector is a supportive factor for the renewables industry overall but is concerned about the potential over-reliance on the emerging electric vehicle (EV) industry to meet carbon reduction goals. There is a great deal of infrastructure and market acceptance that needs to occur for the EV market to become a viable solution. It’s very possible that biodiesel’s environmental benefits are greater and more transparent than current EV carbon modeling.

Q: The demand for soybean oil has been strong recently. What is driving the improved demand and how does this impact AGP’s profitability?

A: COVID-19 restrictions and precautions had a significant impact on soybean oil demand in 2020. When the pandemic hit in March of that year, restaurants were shut down across the country. Orders for soybean oil from the food service sector fell by as much as 50%. As the population began to adjust to COVID and restrictions were slowly relaxed in early 2021, demand for soybean oil returned to pre-COVID levels and the food segment regained its market stability.



In addition to improved demand from the food sector, soybean oil increased its share of the total feedstock used to produce biodiesel. Historically soybean oil represents 50-55% of the total feedstock but this past year it grew to 60% as alternative feedstocks such as distillers corn oil and animal fats were limited due to the impact of COVID.

Overall, the most impactful event has been the growth in renewable diesel production. The growth is being driven by the desire to reduce carbon emissions and transition away from fossil fuels. Local and federal governments in the United States and Canada have created a mix of regulations, taxes, and credits to stimulate increased production of cleaner fuels.

During the last half of 2021, renewable diesel capacity is projected to double from existing levels and grow another 45% in 2022. Most of these production facilities are existing petroleum refineries that are being converted to produce renewable diesel. They are huge facilities that consume large quantities of feedstock with soybean oil being the primary raw material. Many of these plants consume 500 million to over one billion pounds of feedstock annually. As this new source of demand entered the market earlier this year, the price of fats and vegetable oils moved significantly higher and refining margins benefited as a result. We expect demand to continue to grow and anticipate this will support AGP's earnings.

AGP has made significant capital investments in its processing and refining assets during the past five years which has put the Company in a great position to capitalize on this growing market opportunity and return value to AGP's members. Refined oil production has grown 40% since 2016 as a result of the expansion and capital improvements that were completed within AGP's soybean oil refineries.

Q: Please briefly explain the difference between “biodiesel” and “renewable diesel”?

A: Biodiesel is produced through trans-esterification which is a chemical process that converts feedstock (fats and oils) into fatty acid methyl esters by reacting the feedstock with methanol in the presence of a catalyst. Biodiesel is chemically different from petroleum diesel and renewable diesel because it contains oxygen atoms and exhibits distinctive physical properties. One of the primary benefits of biodiesel is that it provides improved lubricity which helps to extend engine life. Biodiesel generates 1.5 D4 renewable identification numbers (RINs) per gallon and must be blended with petroleum diesel or renewable diesel. Typically, the highest inclusion rate is 20% (B20). The primary co-product of biodiesel production is crude glycerin.

Renewable diesel is produced primarily through hydrotreating by reacting feedstock (fats and oils) with hydrogen under elevated temperatures and pressures in the presence of a catalyst. Renewable diesel is chemically identical to petroleum diesel and can be used in existing engines and pipeline infrastructure as a one-for-one replacement to petroleum diesel. The main disadvantage of renewable diesel is that it has poor lubricity characteristics which are required for engine performance. Renewable diesel generates 1.7 D4 RINs per gallon, due to its higher energy content, and the primary co-products generated during production are propane and naphtha. Propane is usually recaptured and used in the production process while naphtha is blended with gasoline to increase the octane level.



Member Updates

NEW AGP MEMBERS

- Farmers Elevator Company of Forestburg in Artesian, South Dakota.
- Effingham Equity in Effingham, Illinois.

NEW APPOINTMENTS AND MERGERS

South Dakota Hutterian Cooperative in Aberdeen, South Dakota named Sarah Eggert as General Manager. Sarah succeeds Mike Bultema who retired May 26.

Aurora Cooperative in Aurora, Nebraska named Chris Decker as President/CEO. Chris has been with Aurora Cooperative since 2003 and most recently served as COO, a position he held for the past five years.

Estelline Co-op Grain in Estelline, South Dakota named Jerry Squashingroff as General Manager effective July 15.

The members of MaxYield Cooperative in West Bend, Iowa, and NEW Cooperative in Fort Dodge, Iowa, have approved a merger of their cooperatives effective August 1, 2021. The combined organization will be based out of Fort Dodge with Dan Dix as General Manager. Keith Heim, General Manager of West Bend, is retiring at the end of July.

The members of Alceco in Albert City, Iowa, and First Cooperative Association (FCA) in Cherokee, Iowa, have approved a merger of their cooperatives effective September 1, 2021. The combined organization will be based out of Cherokee with home offices in both Albert City and Cherokee. Troy Upah, current CEO of Alceco, was named CEO of the combined organization. Merle Lyons, General Manager of FCA, was named COO.



Mark Sandeen, AGP Senior Vice President Processing (left) presents Scott Dubbelde, General Manager of Farmers Cooperative Elevator Company in Hanley Falls, Minnesota, with a commemorative item at his retirement event. Scott served several times on AGP's Nominating Committee, including as Chairman in 2013. AGP thanks Scott for his support and service to the cooperative system over his long career.



AGP Area Meetings
On-line registration closes on July 16th.

- Hastings, NE**
Tuesday
July 20, 2021
9:30 a.m.
- Dike, IA**
Tuesday
July 27, 2021
9:00 a.m.
- Arnold's Park, IA**
Wednesday
July 28, 2021
9:00 a.m.



AGP 2021 Annual Meeting
Hotels are accepting reservations for this event. Additional information will be sent to the membership later this year.

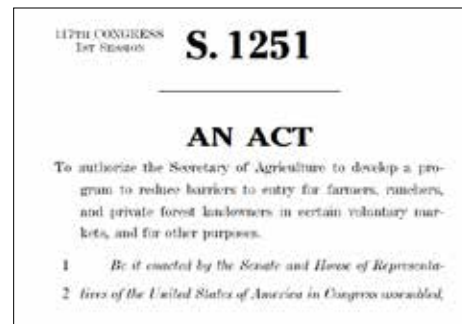
- Annual Meeting**
La Vista, NE
January 20-21, 2022



Matt Caswell
AGP Vice President
Corporate/Member
Relations and
Government Affairs

Carbon Legislation Gaining Momentum

Everywhere you go, it seems carbon is a hot topic in agriculture these days. The close relationship farmers have to the land and their knowledge of water and nutrient management systems makes them important stakeholders in carbon reduction conversations.



Various national and state organizations are analyzing key farmer data to reach consensus on those carbon impacts and if this bill passes, so will the USDA. However, to find the true value and security of those credits, the emissions and practices of other major sectors of the economy will need to be accounted for.

As with all things carbon or climate, this is extremely complicated and AGP supports carbon policy solutions that “Do No Harm,” meaning we want policymakers to consider the impacts of new legislation across the entire agricultural value chain, especially with regard to value-added processors who remain the largest market for agricultural commodities. Rather than costly regulation and compliance schemes to drive a market, as is the case in California and Europe, we support voluntary and science-based carbon credit markets at the national level.

Through existing partnerships with other organizations, AGP has contributed to and supported many different science-based and voluntary programs that would incentivize new practices and emissions monitoring on working farms, with farmers in control of the data collected. And we will continue to do so. Local, state, and regional programs for on-farm management of resources could help inform the overall design of this new system. In partnership with these organizations, we will work to make sure the USDA and other agencies create the correct modeling to account for these credits as well as consider all the necessary stakeholders when designing new markets for these credits.

One key effort being led on a bipartisan basis at the federal level is legislation that would establish a carbon modeling and accounting program at the USDA to reward farmers for their positive contributions to carbon emission reduction goals. The bill, The Growing Climate Solutions Act (S. 1251), has a lot of momentum. The legislation would create a model to account for on-farm carbon reduction and reward farmers for positive environmental practices. It would further assist in the establishment of public and private carbon credit markets, which farmers could then access for new revenue.

Overall, agriculture contributes less than 10% of our economy-wide carbon emissions, with stationary power and transport fuels making up the vast majority of emissions. Within the production agriculture sector, the largest carbon impacts come from soil management practices, livestock production, and manure management.

“AGP supports carbon policy solutions that “Do No Harm,” meaning we want policymakers to consider the impacts of new legislation across the entire agricultural value chain...”

AGP Hosts South Dakota Congressman in Aberdeen, SD



Recently, AGP hosted South Dakota U.S. Representative Dusty Johnson (R-SD) at its soybean processing facility in Aberdeen, South Dakota. Lance Stoeber, Operations Manager, Matt Smith, Merchandising Manager, and Matt Caswell, Vice President of Corporate/Member Relations toured the facility with Rep. Johnson and key members of his Congressional staff.

Rep. Johnson represents a unique At-Large Congressional seat (covering the entire state of South Dakota) and was elected with 80% of the state’s popular vote in 2020. He currently sits on the U.S. House of Representatives’ Agriculture and Education/Labor Committees. In those roles, Rep. Johnson supports many agricultural policy priorities, notably helping lead efforts to strengthen the biodiesel and renewable fuels industry in Washington, DC.



AGP Meets with New CEO of Kansas Soybean Association

This summer AGP hosted Caleb Little (pictured below right), CEO of the Kansas Soybean Association (KSA), at its corporate headquarters in Omaha, Nebraska. Little was recently appointed to lead the KSA and comes to the role from the National Biodiesel Board, another key stakeholder organization for AGP. The KSA represents the Kansas soybean industry and helps expand new markets, develop new uses, and achieve policy outcomes for Kansas soybean growers.



Troy Alberts, Senior Vice President of Refined Oils and Renewable Fuels, Roger Lewandowski, Vice President Commodity Risk Management, and Matt Caswell, Vice President of Corporate/Member Relations met with Little to discuss various market and policy issues impacting Kansas soybean supply and demand. AGP financially supports the KSA and has a strong partnership with that organization and other state soybean grower associations.



Rep. Feenstra Visits AGP



In May, U.S. Representative Randy Feenstra (R-IA) visited AGP corporate offices in Omaha, Nebraska and met with members of AGP’s management team to discuss ongoing key policy and market-related issues impacting the soybean industry and

agriculture in the Midwest. CEO Keith Spackler led the management team’s conversation and dialogue with Rep. Feenstra, whose Iowa Congressional District includes five AGP soybean processing facilities, three soybean oil refineries, and two biodiesel plants. AGP benefits from strong working relationships with Members of Congress such as Rep. Feenstra, who directly represent significant



AGP operating locations and many employee constituents. Rep. Feenstra, a native of Hull, Iowa, serves in Congress on the Agriculture and Budget Committees.



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