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## Maintaining Focus

- Many legitimate reasons to lose focus over the last few years...



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World Health Organization declares coronavirus a  
'p  
Wisconsin farmers forced to dump  
The m  
da  
Vide  
By M  
Marc  
(Washin  
Published 6:33 p.m.  
(Wash

5:23 a.m. ET, February 24, 2022

Off-Road Diesel  
Prices  
(Posted May 31, 2022)

State	Price Per Gallon
Alaska	\$5.02
Arizona	\$4.43
California	\$4.49
Colorado	\$4.72
Connecticut	\$4.13
Delaware	\$4.33
District of Columbia	\$5.38
Florida	\$4.46
Georgia	\$4.50
Hawaii	\$4.98
Idaho	\$5.33
Illinois	\$4.19
Indiana	\$4.36
Iowa	\$5.10
Kansas	\$4.33
Kentucky	\$4.46
Louisiana	\$4.50
Maine	\$4.13
Maryland	\$4.33
Massachusetts	\$5.38
Michigan	\$4.46
Minnesota	\$4.19
Mississippi	\$4.36
Missouri	\$5.10
Montana	\$4.33
Nebraska	\$4.46
Nevada	\$4.13
New Hampshire	\$4.33
New Jersey	\$5.38
New Mexico	\$4.46
New York	\$4.19
North Carolina	\$4.36
North Dakota	\$5.10
Ohio	\$4.33
Oklahoma	\$4.46
Oregon	\$4.13
Pennsylvania	\$4.33
Rhode Island	\$5.38
South Carolina	\$4.46
South Dakota	\$4.19
Tennessee	\$4.36
Texas	\$5.10
Utah	\$4.33
Vermont	\$4.46
Virginia	\$4.13
Washington	\$4.33
West Virginia	\$5.38
Wisconsin	\$4.46
Wyoming	\$4.19

Farmers Are Now Paying Above \$5 For Off-Road Diesel, And It's More Than Just Russia to Blame

Kyiv, Ukraine  
11:28 AM  
OFFICE OF THE PRESIDENT OF UKRAINE

PM Zelensky

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**BUSINESS**

## McCarty Dairy Opens Up About Their Big-Ticket Concerns

Daily conversations about how to best care for their cattle and land is ongoing for McCarty Family Farms, LLC, but with inflation increases, their biggest conversation in 2022 has been centered around finding a balance and avoiding any catastrophic mistakes.

"For example, I can handle \$3.50 diesel, but I can't get stuck with \$6 diesel," Ken McCarty, one of the family owners, says. "We talk about this all the time, our farming business can stay productive by hitting singles and doubles, we don't need to hit it out of the park—we just need to get on base and lock in a price we can handle before we get stuck with something we can't."

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## Maintaining Focus

1. Market Volatility/Risk
2. Global Industry
3. Consumers/Customers
4. Technology
5. Opportunity



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## Is a Volatile Summer Ahead for Dairy?



Temporary cream shortages and dwindling butter stocks add support to dairy markets.  
(Stock Photo)

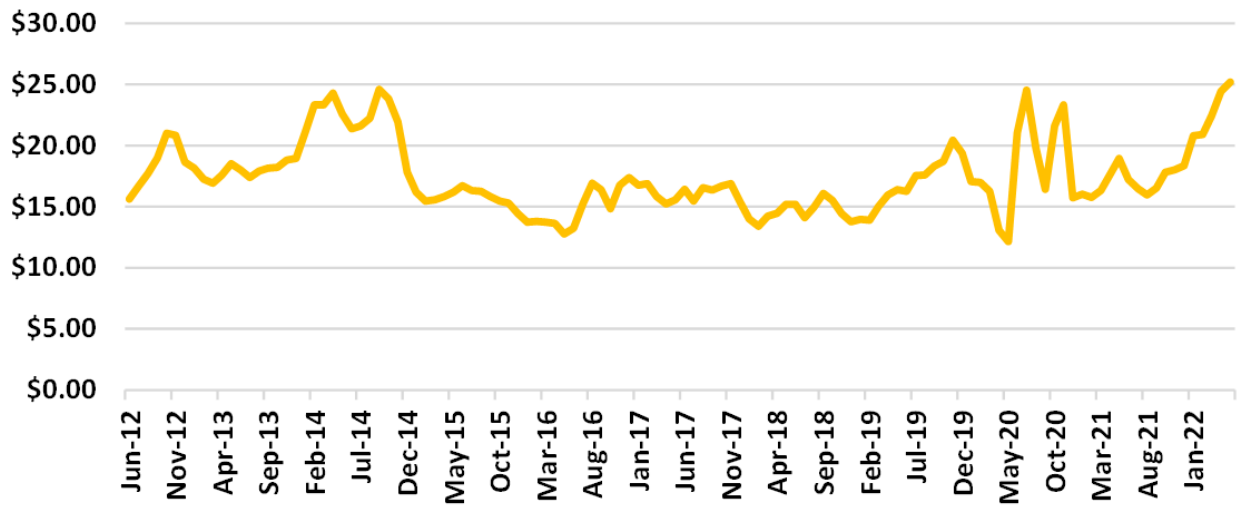
By **FRAN HOWARD** June 6, 2022



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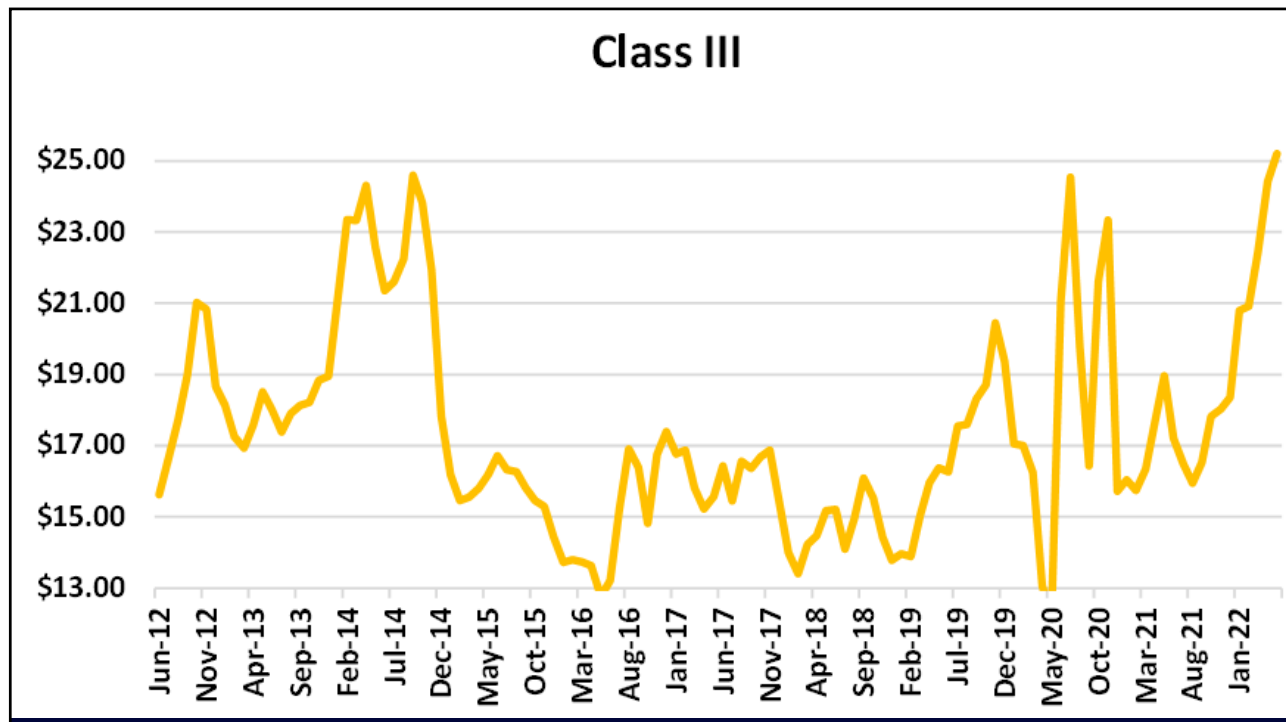
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## Class III

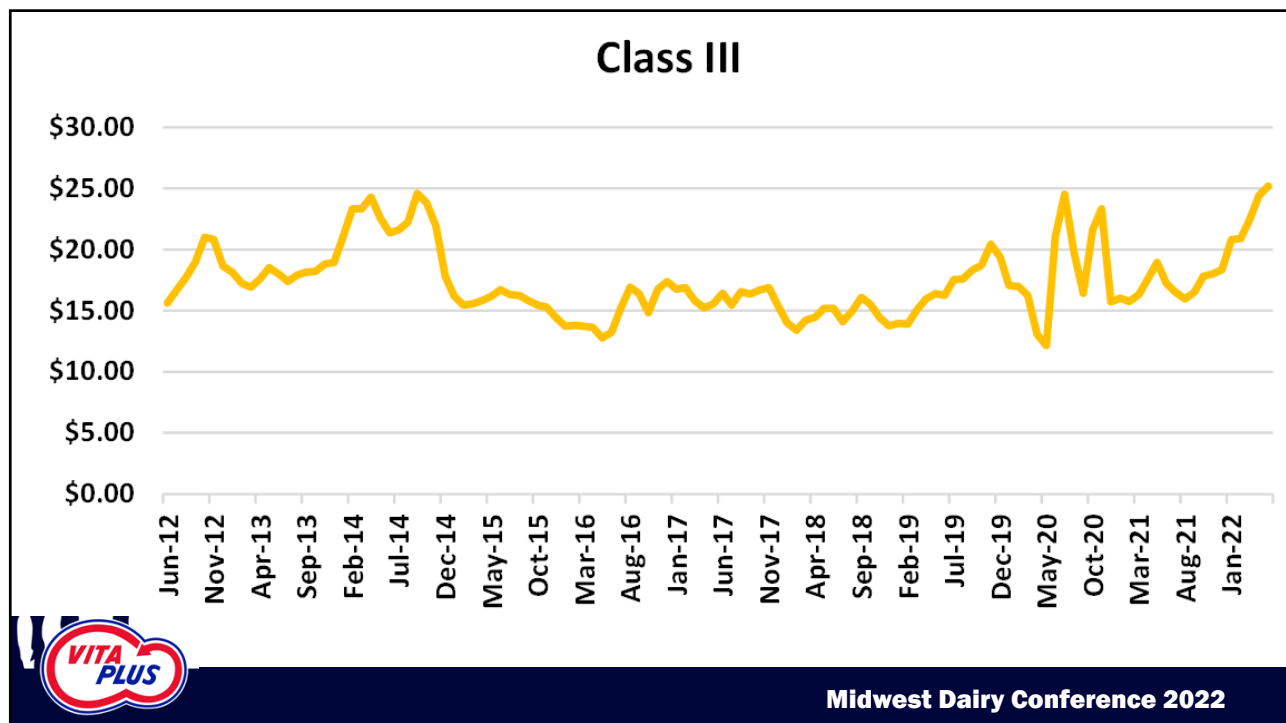


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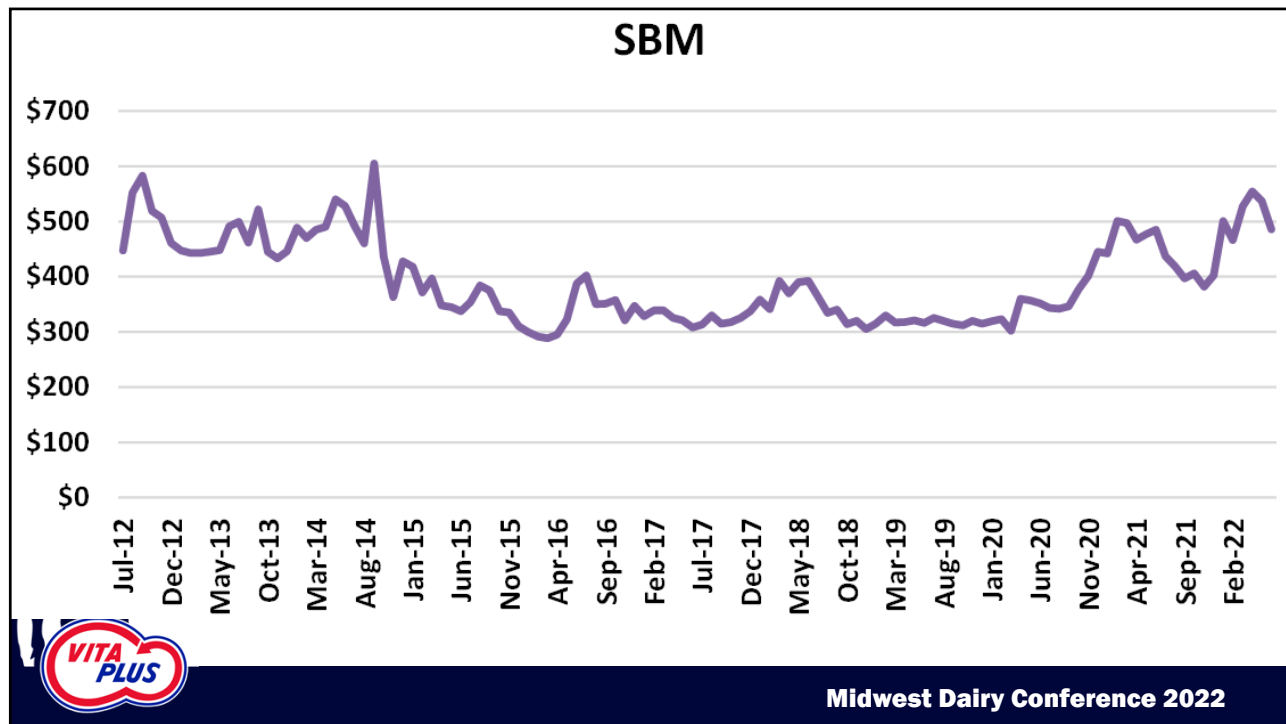
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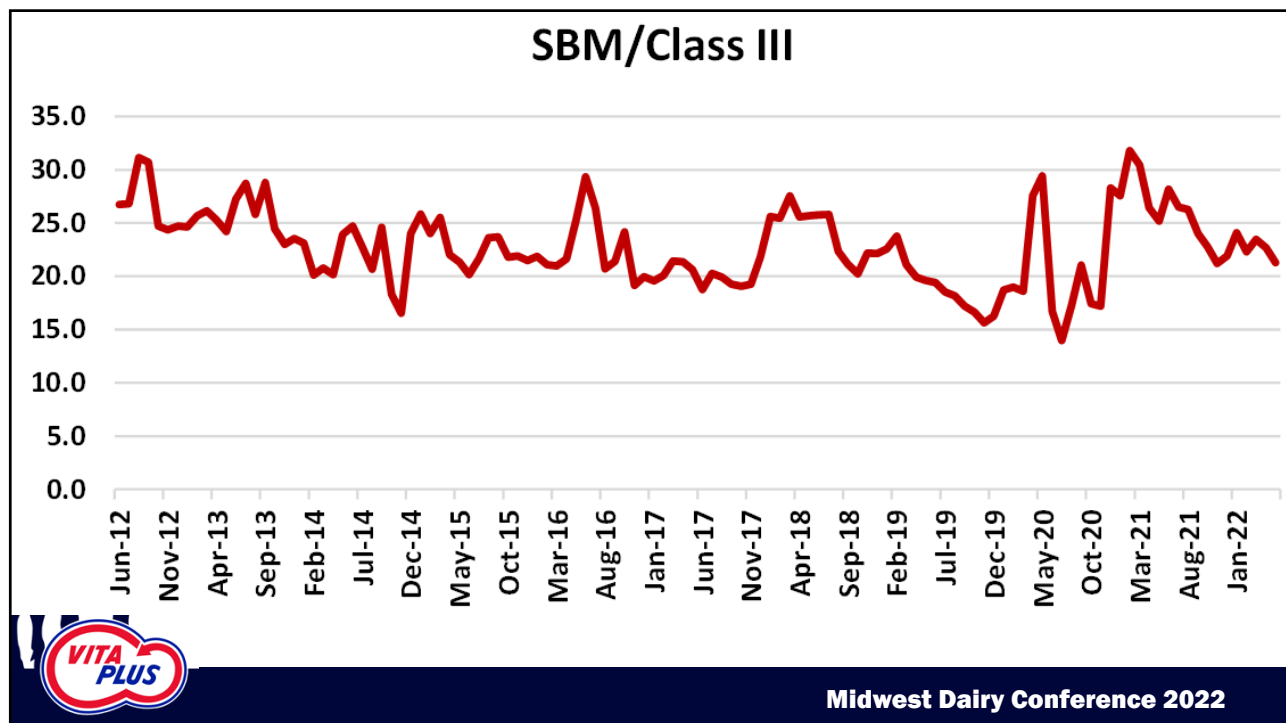
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## Market Volatility/Risk

- So, what should you do??  
Buy low and sell high, duh
- Just like everything you do,  
you need to WORK at it
- DMC, DRP, LGM are all gov't  
options that can lower the  
cost of a marketing plan



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## Maintaining Focus

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**U.S. dairy exports post record April**

By *USDEC Staff* June 7, 2022

### Daily Dairy Reports

June

2022

View Reports

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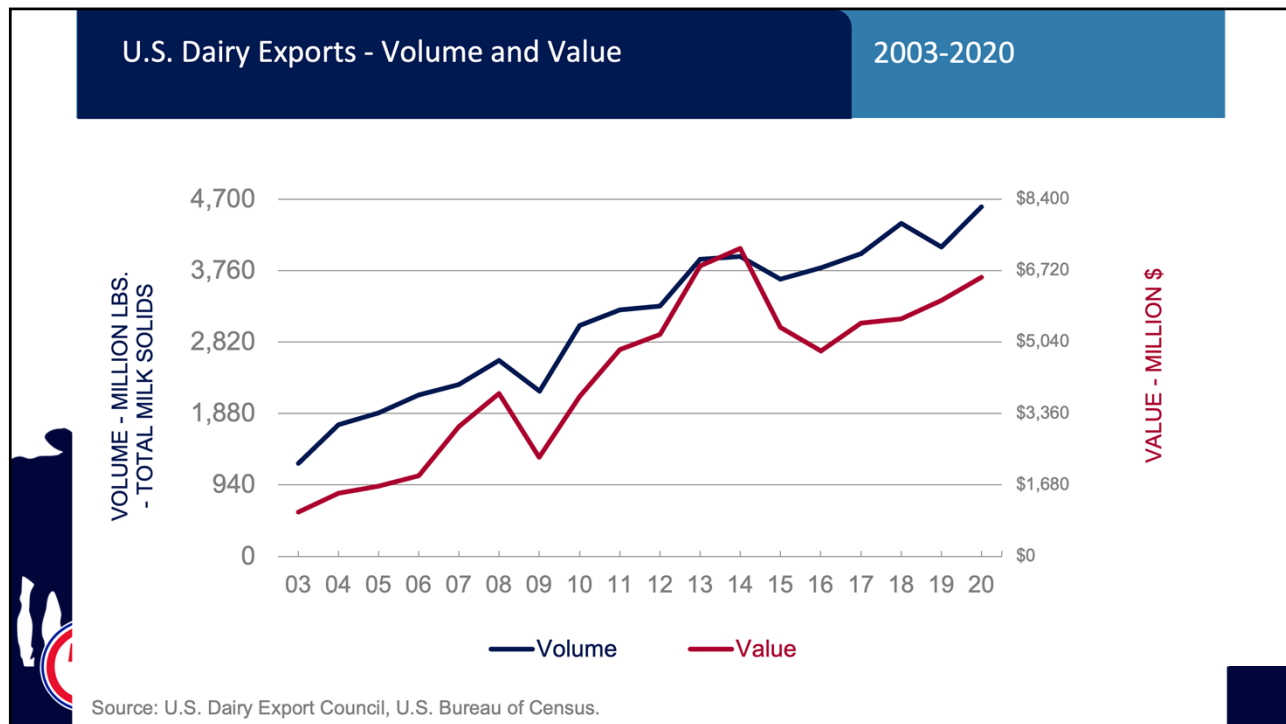
- 06/14/2022 - Port Strikes Disrupt Global Supply Chain
- 06/13/2022 - Venezuelan Dairy Under Pressure
- 06/10/2022 - Corn Stocks Grow but Prices Climb
- 06/09/2022 - China's 2022 Dairy Imports to Fall
- 06/08/2022 - Gas Price Hikes Hit Farms and Consumers
- 06/07/2022 - Cheese Exports Remain Robust
- 06/06/2022 - Taiwanese Market Grows in Importance
- 06/03/2022 - Manufacturers Prioritize Class III Products
- 06/02/2022 - High Prices Trim Demand
- 06/01/2022 - Australian Milk Marches Lower

- Strength of the US\$
- Instability in foreign governments
- Shipping/logistics concerns
- International weather

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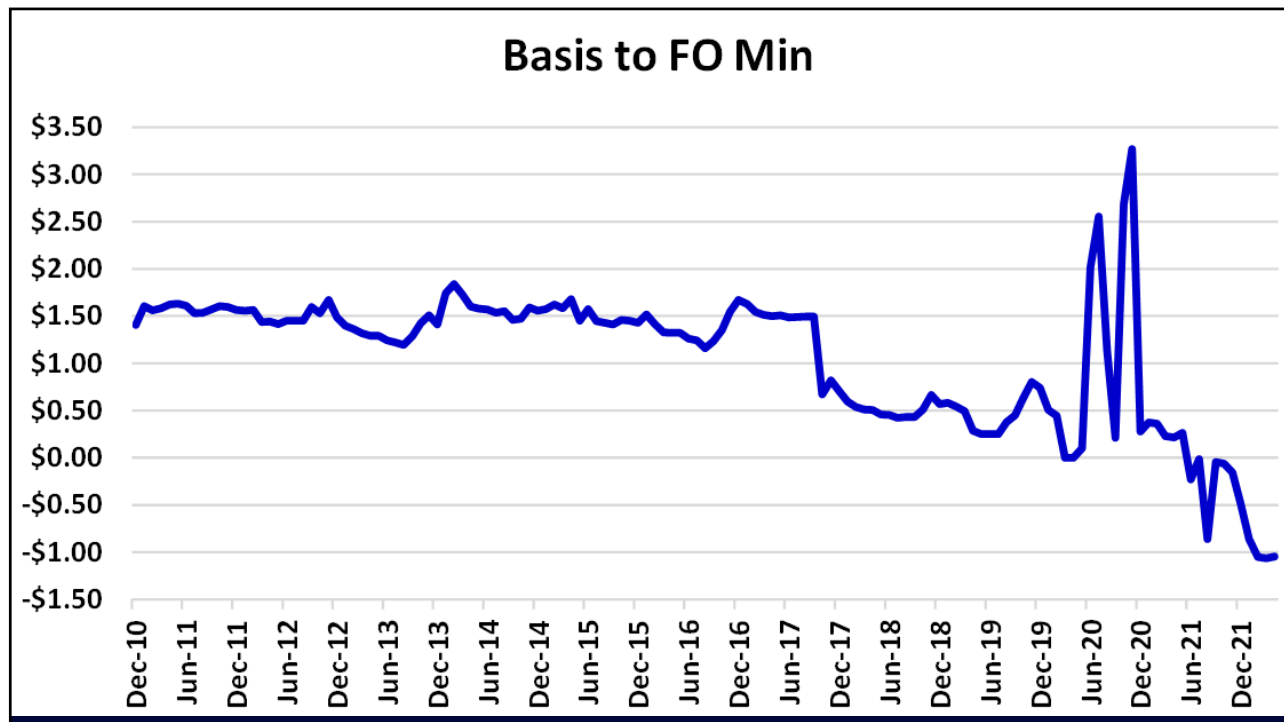
## Consumers/Customers

- **Competition for your milk**
  - More or less than 10 y ago?
  - Options if you want to switch?
  - Permission before expanding
- **Less cooperative ownership**
- **More foreign ownership**
- **4 of top 5 NA processors have European or Canadian ownership**



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## Consumers/Customers

- **Sustainable/Green**
  - What does that mean?
  - GH gases
  - Carbon Sequestration
- **'Social License'**
  - Animal welfare
  - Animals = Humans??
- **Local**
  - Safe, consistent
- **Price Still Matters**




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## Consumers/Customers

<b>SAPIF</b>	Saputo Inc.	\$21.16	+\$0.22	↑ 1.05%
<b>NSRGY</b>	Nestle ADR	\$108.38	+\$0.31	↑ 0.29%
<b>DANOY</b>	Danone Sponsored AD... 	\$10.71	-\$0.090	↓ 0.84%

VITA PLUS

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## Consumers/Customers

<b>SAPIF</b>	Saputo Inc.	\$21.16	+\$0.22	↑ 1.05%
<b>NSRGY</b>	Nestle ADR	\$108.19	+\$0.13	↑ 0.12%
<b>DANOY</b>	Danone Sponsored AD...	\$10.71	-\$0.090	↓ 0.84% X

Your watchlist in t

MarketWatch • 18 hour

Company has received a CDP Climate Score of A, reflecting its commitment to environmental sustainability efforts, social impact, and corporate transparency



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## Consumers/Customers

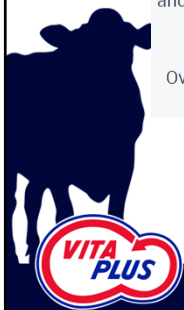
What we do



You can't manage what you don't measure.


CDP runs the global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. We do so at the request of their investors, purchasers and city stakeholders.

Over the last two decades we have created a system that has resulted in unparalleled engagement on environmental issues worldwide.




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## CDP North America Board of Directors



**David J. Wolfson – CHAIR**

David J. Wolfson is the Executive Director of Milbank LLP, an international law firm, and a partner in the firm's Corporate Group. As Executive Director, David works with the Chairman and the firm's Executive Committee to manage the firm globally. He joined Milbank in 1993 and has been a Partner since 2003. David received the 2013 International Law Office (ILO) Client Choice Award for M&A in New York and for the U.S. overall. He has been recognized in The Legal 500 United States and The Legal 500 Latin America for his M&A work.

David is currently an adjunct professor at NYU as part of the Animal Studies Initiative within the Environmental Studies Department, where he teaches Animal Protection and Public Policy, and has previously taught Animal Law at Columbia Law School, NYU School of Law and Harvard Law School. He is a graduate of Columbia School of Law where he was a Harlan Fiske Stone Scholar, and Duke University. **David represents a number of animal protection groups on a pro bono basis, including The Humane Society of the United States and Mercy for Animals.** He has published extensively in the animal protection area and worked on numerous policy initiatives in this space, with a focus on issues around animal agriculture. **He has recently focused on the interaction between animal agriculture and climate and environmental issues.**

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## Consumers/Customers

- Processors/Retailers being evaluated for CDP or ESG scores
- Environmental, Social, Governance
- Potentially driving policies/practices
- Non-financial evaluation





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**•Animal Information**

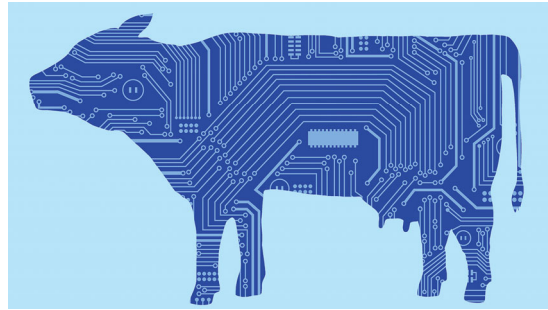
- Activity/Rumination/Heat Stress/Lying Time
- Data Aggregation
- Milk Analysis
- Feed Solutions

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## Technology

- No different than other investments
  - Benefit to your business
- Labor savings?
- Early adopters vs late
- 'Eye of the Master Fattens the Cattle'



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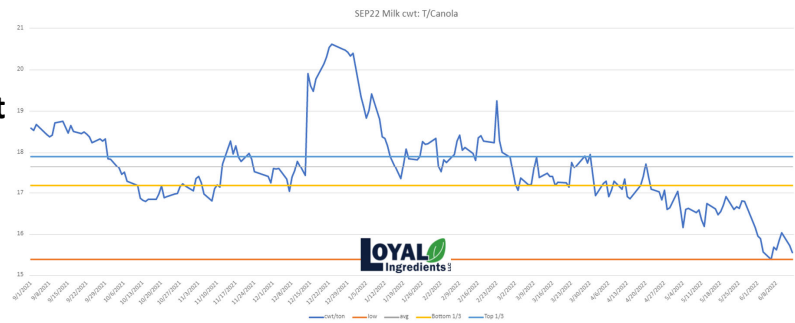
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## Opportunity

### • Markets

- Feed costs are up, but so is milk...



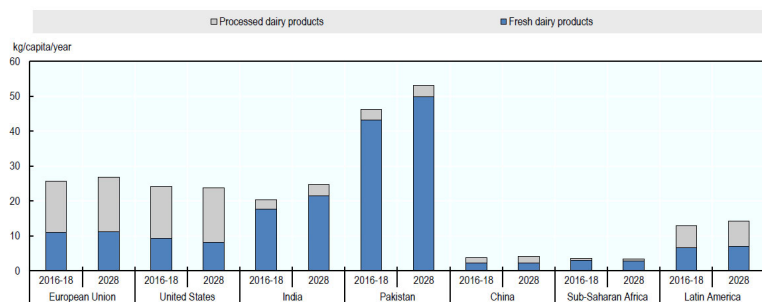
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## Opportunity

### • Global Industry

- Dairy consumption expected to grow
- EU and Oceania growth limited



Note: Milk solids are calculated by adding the amount of fat and non-fat solids for each product; Processed dairy products include butter, cheese, skim milk powder and whole milk powder.  
Source: OECD/FAO (2019), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database).

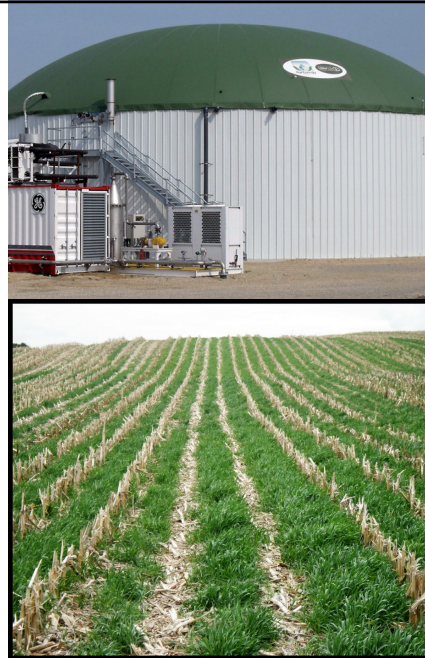


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## Opportunity

- **Consumers**
  - GHG/Carbon Sequestration
  - We're already doing it for other industries!
  - Agriculture will be the solution in this arena!

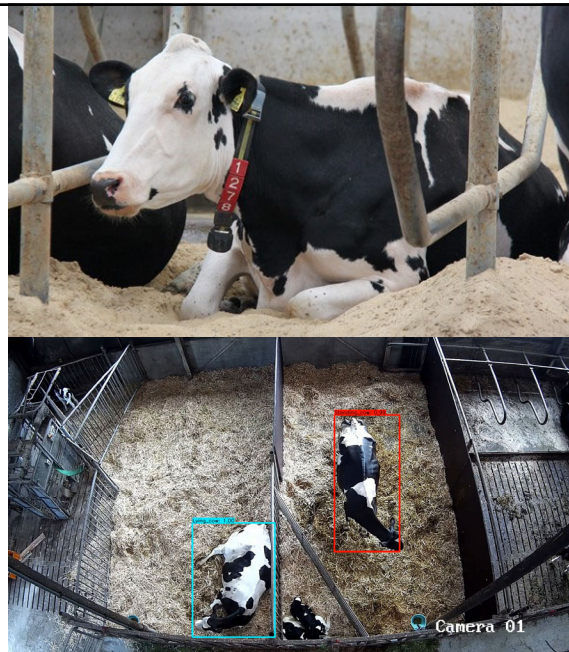


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## Opportunity

- **Technology**
  - Endless opportunities available
  - More to come



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## Opportunity

### • What other industry?

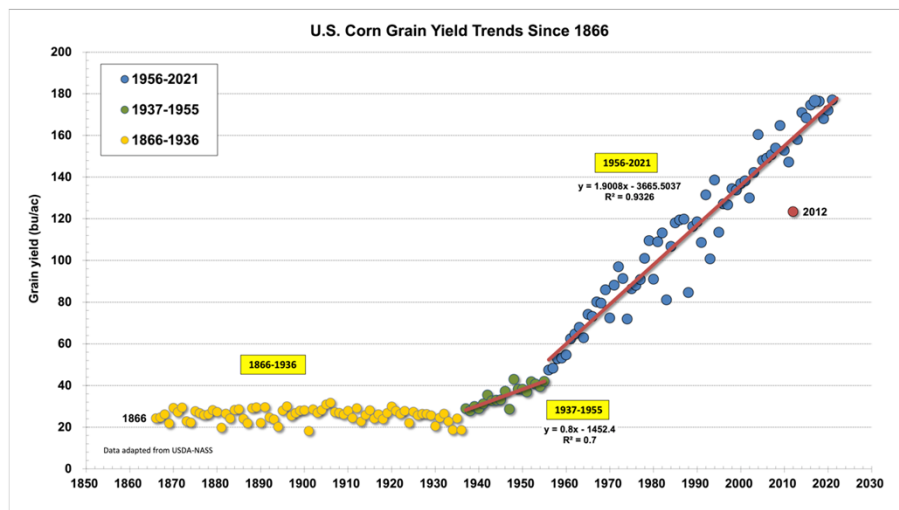
- Essential for human survival
- Guarantee you're doing something that really matters
- Innovation-driven production improvement



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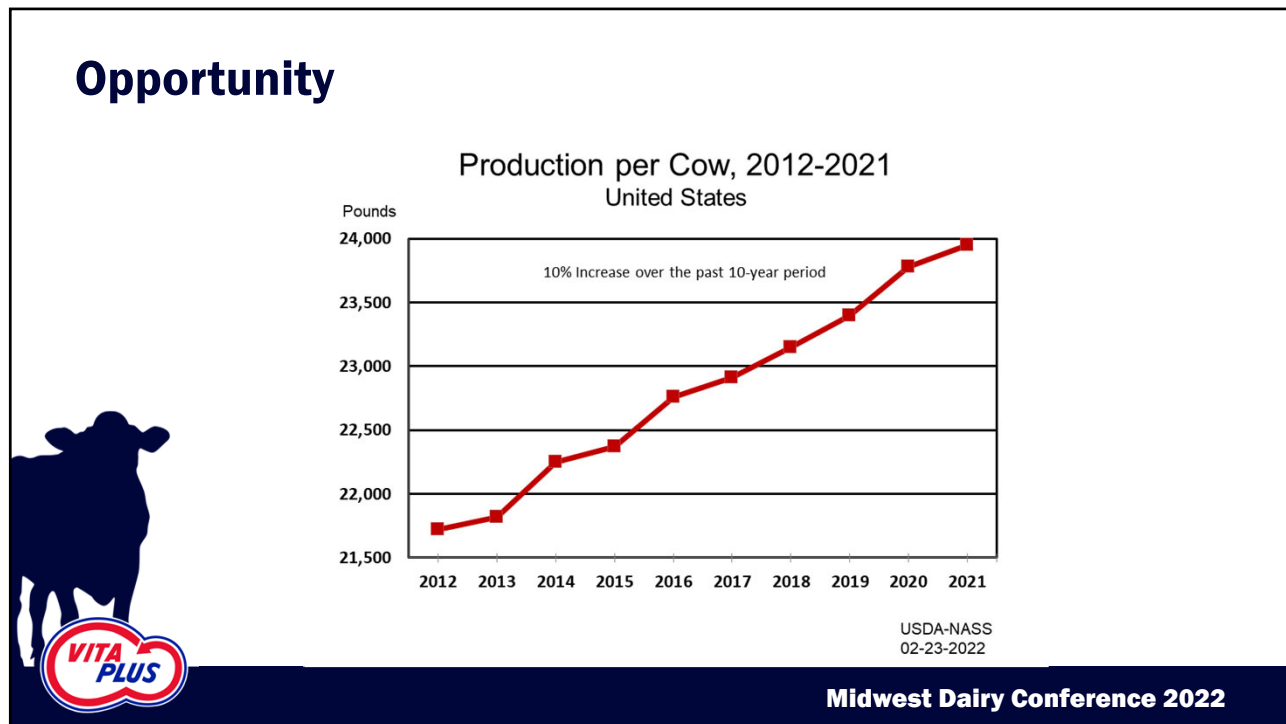
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## Opportunity



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**Thanks!**



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