

**POLICY FOR THE REDEMPTION OF
CHS Inc. EQUITIES
EFFECTIVE AS OF September 1, 2016**

I. General Policy Terms and Conditions; Definitions

A. General Policy

The Bylaws of CHS Inc. provide that the redemption (also referred to as retirement) of any Patrons' Equities (including but not limited to Capital Equity Certificates, Letters of Advice or Credits), and of any allocated capital reserve, is solely within the discretion of the Board of Directors of CHS Inc. No one has the right to require redemption of any Patrons' Equities or of any allocated capital reserve. This policy, set by the Board of Directors, replaces all previous policies of Cenex, Inc., Harvest States Cooperatives, Cenex Harvest States Cooperatives and CHS Cooperatives. This policy is effective as of September 1, 2015. This policy shall not affect any contractual rights to redemption previously agreed to by CHS, nor the retirement of Patrons' Equities pursuant to 15-year liquidation retirements previously authorized by the Board of Directors.

Any requests for redemption received on or after the effective date shall be subject to this policy, unless and until the policy is revised again by the Board of Directors. The Capital Committee is authorized to interpret and enforce the policy. If the policy is revised in the future, the Patrons' Equities will be subject to any new redemption policy. This policy may be terminated, amended, clarified, supplemented or restated by the Board of Directors at any time, with or without notice.

Except for any annual redemption approved by the Board of Directors, redemption of Patrons' Equities is not automatic. It is done only after the individual patron requests, in writing, redemption of Patrons' Equities. This policy is not a call or demand and patrons who wish to hold their Patrons' Equities and help preserve the net worth of this Cooperative as an ongoing business may continue to do so.

Patrons' Equities will be redeemed at the discretion of the Board of Directors and pursuant to the terms of this policy. The Board of Directors shall determine, in its discretion, the amount of Patrons' Equities eligible in any year for equity redemption, if any, and whether such Patrons' Equities will be retired with cash or other property, including but not limited to preferred stock.

The Board of Directors, in its sole discretion, may set an amount below which it will not issue a redemption payment (either in cash or preferred stock), the age of Patrons' Equities eligible for redemption and may establish any other conditions or criteria in its discretion for determining Patrons' Equity which is eligible to be redeemed.

In administering this policy in connection with a dissolved cooperative or other entity, the Capital Committee may require supporting documentation of any dissolution as they deem necessary or appropriate.

The Board of Directors, in its sole discretion, may determine that a lump sum cash payment shall be given when it is administratively uneconomical to reallocate nominal sums to large numbers of individuals or when it is uneconomical to administer a nominal amount of Patrons' Equities held by a single equity holder.

Whenever the words he, his or him are used in this policy, they shall also mean she, hers or her.

B. Definitions

For purposes of this Policy, capitalized terms used herein shall have the following meanings:

- (1) "Annual Association Equity Redemption Amount" means the maximum amount available in any year to retire Eligible Annual Association Equity, determined by multiplying the Total Equity Retirement by the Annual Association Equity Percentage.
- (2) "Annual Association Equity Percentage" means the percentage of the Total Equity Pool which is Eligible Annual Association Equity as of the fiscal year end.
- (3) "Eligible Annual Association Equity" means all Patrons' Equities held by: (a) cooperative association members of CHS, (b) non-producer business corporations, (c) churches, government agencies and colonies, and (d) any other non-member entities not otherwise described herein. Such Patrons' Equities or holders thereof must also meet all other eligibility requirements for redemption established for the fiscal year by the Board of Directors to be considered "Eligible Annual Association Equity".

- (4) “Annual Producer Member Equity Redemption Amount” means the maximum amount available in any year to retire Eligible Annual Producer Member Equity, determined by multiplying the Total Equity Retirement by the Annual Producer Member Equity Percentage.
- (5) “Annual Producer Member Equity Percentage” means the percentage of the Total Equity Pool which is Eligible Annual Producer Member Equity as of the fiscal year end.
- (6) “Eligible Annual Producer Member Equity” means all Patrons’ Equities held by Producer Members of CHS. Such Patrons’ Equities or holders thereof must also meet all other eligibility requirements for redemption established for the fiscal year by the Board of Directors to be considered “Eligible Annual Producer Member Equity.”
- (7) “Eligible Age-Based Producer Member Equity” means Patrons’ Equities held by Producer Members who have attained a minimum age established from time to time by the Board of Directors for the fiscal year (the “Minimum Age”), and their estates, and which meets all other eligibility requirements established for the fiscal year by the Board of Directors.
- (8) “Producer Member” means (a) individual members of CHS, (b) members of dissolved CHS cooperative association members who have received CHS Patrons’ Equities reissued by the dissolved cooperative, (c) partners, shareholders, members, beneficiaries and heirs of producer partnerships, family farm corporations or limited liability companies, or similar entities, and trusts and estates actively engaged in farming which hold Patrons’ Equities of CHS and are eligible to be paid voting patronage, and (d) estates. In the case of subparagraph (c), such Patrons’ Equities shall be attributed to the partners, shareholders, members, beneficiaries and heirs, as the case may be, in proportion to their interest in the entity.
- (9) “Total Equity Pool” means the sum of: (a) Eligible Annual Association Equity and (b) Eligible Annual Producer Member Equity.
- (10) “Total Equity Retirement” means the dollar amount of cash and/or other property including, but not limited to preferred stock, authorized by the Board of Directors to be used by CHS to retire Eligible Annual Association Equity and Eligible Annual Producer Member Equity.

- (11) “Previously Approved Unrequested Age-Based Producer Member Equity Redemption” means any amounts previously authorized by the Board of Directors for the redemption of Eligible Age-Based Producer Member Equity, but unrequested by Producer Members who have attained the Minimum Age.

II. Redemption of Patron’s Equities

The Board of Directors may, in its discretion, authorize the use of cash or any other property or securities (including preferred stock), or any combination thereof, to be used for the Total Equity Retirement. The Board of Directors may also, in its discretion, adjust the amount of the Annual Producer Member Equity Redemption Amount or the Annual Association Equity Redemption Amount, to account for any differences in patronage paid or contributions made to the Total Equity Retirement available for distribution.

A. Eligible Annual Association Equity

Eligible Annual Association Equity will be redeemed in an aggregate amount equal to the Annual Association Equity Redemption Amount. The method of allocation of the Annual Association Equity Redemption Amount among the Eligible Annual Association Equity will be determined annually by the Board of Directors.

B. Eligible Annual Producer Member Equity

Eligible Annual Producer Member Equity will be redeemed in an aggregate amount equal to the Annual Producer Member Equity Redemption Amount. The method of allocation of the Annual Producer Member Equity Redemption Amount among the Eligible Annual Producer Member Equity will be determined annually by the Board of Directors.

C. Eligible Age-Based Producer Member Equity

Eligible Age-Based Producer Member Equity shall be redeemed up to the Previously Approved Unrequested Age-Based Producer Member Equity Redemption amount designated by the Board of Directors, if any, for any fiscal year **in order of priority** as follows: (a) **first to estates** based upon the date a written request for redemption is received by CHS at the Inver Grove Heights office in the subsequent fiscal year, (b) **then to holders of Eligible Age-Based Producer Member Equity who have attained the Minimum Age** based upon the date a written request for redemption is received by CHS

at the Inver Grove Heights office in such fiscal year from a holder of Eligible Age-Based Producer Member Equity and (c) then, if and to the extent determined annually by the Board of Directors, other Patrons' Equities held by Producer Members may be retired in a manner determined by the Board of Directors in its sole discretion; provided, however, that for those Producer Members who have attained the Minimum Age and redeemed their Eligible Age-Based Producer Member Equity in accordance with (b) above, any Patrons' Equities earned subsequent to said redemption may be redeemed one (1) time every five (5) years after any redemption that first occurs following their receiving the Minimum Age, and any Patrons' Equities not so redeemed will only be redeemed to their estates as described in (a) above, or through the Eligible Annual Producer Member Equity described in II.B. above.

If the Previously Approved Unrequested Age-Based Producer Member Equity Redemption amount designated by the Board of Directors in any fiscal year for use as described in this Section C is insufficient to satisfy all such requests for redemption pursuant to (a) and (b) above, any requests not satisfied shall be carried over to the next fiscal year and given priority based upon the date the request was received.

Payments pursuant to (a) above will be made when the request is received. Requests received pursuant to (b) above shall be collected and payment made once per year; subject, however to a decision of the Board of Directors to pay such requests earlier if the Board of Directors determines that the Previously Approved Unrequested Age-Based Producer Member Equity Redemption amount will be sufficient to pay such requests for the year.

D. Patrons' Equities Held by Bankrupt or Insolvent Patron or Equity Holder

If a patron or Patrons' Equity holder files a petition in liquidating bankruptcy (not including Chapters 11, 12 or 13) or enters into a state court receivership or provides the Board with adequate evidence of insolvency, then the Board, in its sole discretion after using its right of offset, may on a case by case method, work out a plan of redemption with the representative of the insolvent patron or equity holder.

E. Non-Patronage Earnings Certificates

CHS will redeem, for cash, Non-Patronage Earnings Certificates issued to Producer Members, upon attaining the Minimum Age or the death of the Producer Member; provided, however, that for those Producer Members who have attained the Minimum Age and redeemed their Eligible Age- Based

Producer Member Equity, including Non-Patronage Earnings Certificates, in accordance with II.C(b) above, any Patrons' Equities earned subsequent to said redemption will only be redeemed to their estates as described in II.C(a) above, or through the Eligible Annual Producer Member Equity described in II.B above. Non-Patronage Equity Certificates held by the holders of Eligible Annual Association Equity will not be redeemed.

III. Transfer of Patrons' Equities

Patrons' Equities may be transferred (including, but not limited to, assignments and encumbrances) only with the consent and approval of the Board of Directors and by such instrument of transfer as may be required or approved by CHS Inc.

Transfers are only effective if recorded on the books and records of CHS Inc., and are subject to offset for debts of the transferor and transferee.

If Patrons' Equities are transferred, the Patrons' Equities will be redeemed when the new holder is eligible under this policy, unless the transfer was done as subterfuge used to get early cash redemption of Patrons' Equities.

IV. CHS Inc.'s Right of Offset Against Patrons' Equities.

Prior to any redemption, as well as at all other times, CHS Inc. shall have a first lien on all Patrons' Equities and allocated capital reserve issued by it and on all earned but not allocated Patrons' Equities and capital reserve, for all indebtedness of the respective holders or owners thereof to CHS Inc. Patrons' Equities already eligible for retirement may be applied against an account receivable or other indebtedness. As to Patrons' Equities that are not yet eligible for retirement, CHS Inc., at the option of the Board of Directors, shall have the right of offset of such Patrons' Equities against the indebtedness; but nothing herein contained shall give the holders of such Patrons' Equities and allocated capital reserve or the person entitled to the earned but not allocated Patrons' Equities and capital reserve any right to have such offset made.

V. Allocated Reserve

Unless specifically authorized by the Board of Directors, CHS Inc. does not redeem allocated capital reserve.

VI. Rights on Liquidation

If CHS Inc. is dissolved, the Patrons' Equities and allocated reserve will be paid to the holders in accordance with the Articles of Incorporation and Bylaws of CHS Inc. and the applicable law, if funds are available.

VII. Procedures and Administration of Policy

The Patron Equities Department of CHS Inc. is authorized to establish procedures and administer this policy.

CHS Inc.
Office of the Chair

Adopted: 01/07/2016

Revised: 09/05/2019