



2022 GRI ISSUE BRIEF

# ECONOMIC PERFORMANCE





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### WHY IT'S IMPORTANT TO US

When the farmers of Tillamook County Creamery Association (TCCA) created our cooperative in 1909, they recognized not only an opportunity for market access and business growth, but also the chance to offer economic stability for a growing community. Financial success for TCCA means we are better equipped to support our farmer-owners and local communities. Every year, our Board of Directors disburses our earnings in three ways: distributions to farmer-owners, reinvestments into the business and investments into the community. As a Certified B Corporation®, TCCA has committed to being purpose-driven and creating financial benefits for all stakeholders — not just our owners.

### MANAGEMENT APPROACH

**Strategy and Planning:** Most of our operational, financial, strategic and capital planning is done over short- and medium-term timeframes (1-24 months), including organizational Objectives and Key Results. We also have a five-year, long-range Strategic Plan directed by our Executive Leadership Team, approved by our Board of Directors and reviewed every three years.

In 2022, our organizational objectives were as follows:

1. Continue to build a successful national platform for brand growth and expansion, leverage our new scale and accessibility to debt financing to increase profitability and return to YOY growth in member returns.
2. Employ a hybrid manufacturing asset strategy based on a clear set of criteria applied to each category and geography.
3. Seed new potential growth platforms (“New Frontiers”) in a way that enables management and board decisions at the end of 2022 and 2023.
4. Invest in and leverage our culture and people to unlock organizational capacity and execution excellence by improving the way we work. Foster an enriching and fulfilling culture that’s driven by our shared values, where each person feels valued and connected to a strong sense of purpose.
5. Activate our [Stewardship Commitments](#) across the company to enhance our brand and boost TCCA delivery to our six stakeholder groups.

**Key Players:** Our financial strategies and long-term objectives are set and directed by the Executive Leadership Team with input and influence from the Board of Directors.

Our 2023 Board of Directors includes: Shannon Lourenzo, Chairman of the Board; Joe Jenck, Vice Chairman of the Board; Casey Allen, Board Member; Chad Allen, Board Member; Mike Prince, Board Member; Ryan



Landolt, Board Member; David Hale, Board Member; Tom Seals, Board Member; John Seymour, Board Member; DJ Josi, Board Member Alternate; Todd Leuthold, Board Member Alternate; Greg Woods, Board Member Alternate.

## **COOPERATIVE STRUCTURE: SUPPORT FOR THRIVING FARMS**

As a farmer-owned cooperative and consumer packaged goods brand, our relationship with our 57 farmer-owners is unique: the farmer families are both the owners of the business and the suppliers of a portion of the milk for our products. Our farmer-owners receive milk payments plus a distribution of earnings based on the company's financial performance. Milk pricing faces volatile commodity prices, which significantly affect business viability. To ensure our dairy farmers maintain a stable and viable income source, TCCA pays farmer-owners a premium above commodity price. During 2020-2021, for example, our model supported our farmer-owners through an especially unpredictable market period. As milk prices dropped in the early stages of the pandemic, we were able to flex increased premium payments when the dairy farmers needed support the most. Our structure as a farmer-owned cooperative allows us to dedicate resources and planning capacity to long-term strategies and objectives. Unlike publicly traded companies that have a short-term perspective of financial gains, we take a generational approach. Our strategy aims to achieve long-term revenue and profit growth by offering differentiated, branded products of the highest quality, serving as value-added allies for our retailers and building deep connections with our consumers.

## **COMPANY GROWTH**

Over the past several years, TCCA's business has expanded distribution, diversified our product portfolio and grown into a recognized, nationwide brand. The national expansion growth strategy started in 2018 and has yielded positive results. Much of this growth is credited toward expanded distribution in our cheese and ice cream businesses; healthier pricing promotional activity; and stronger customer relationships.

**KPI: As a privately held cooperative, we have chosen to maintain confidentiality and omit the disclosure of any financial goals and performance metrics.**

## **PLANNING FOR RISK**

At TCCA, we prioritize potential risks and opportunities with our Executive Leadership Team and Board of Directors as part of our risk assessments. The categories of risk we assess include regulation, technology, legal, market, reputational, acute physical, chronic physical, upstream and downstream. Multiple departments work cross-functionally to develop timely risk and financial assessments, as well as protocols for emergency preparedness. We have also established a Business Resilience Team (BRT) of cross-functional leaders to help respond to risks. This team helps manage extensive contingency plans and facilitates company-wide communication to help balance against unforeseen risks and scenarios.

TCCA also strategically identifies, reviews and proactively manages environmental and climate-related risks and opportunities. For example, TCCA's headquarters is located in a geologically active area, and



we have taken many precautions related to engineered design and construction to mitigate the effects of some of these natural forces. These efforts include earthquake construction precautions and tsunamis, sea-level rise and flood preparations. As part of our climate-risk assessment reported to the CDP (a non-profit organization that helps companies and cities disclose their environmental impact), we have evaluated additional risks around emerging regulation, technology, policy, fluctuating socio-economic conditions and changing consumer preferences, along with chronic and acute physical risks.

The BRT mentioned earlier was created in March 2020 to coordinate and drive TCCA's response to the COVID-19 outbreak. The group comprises key members from the Executive Leadership Team and has developed contingency plans across multiple business functions. Since early 2020, our BRT has navigated TCCA through the COVID-19 pandemic and continues to do so by recommending policies and procedures to leadership, organizing our response based on real-time data, and providing timely, reliable communications to TCCA and its stakeholders. This BRT initiative has contributed to TCCA's ability to respond to COVID-19 challenges safely, responsibly and efficiently for the benefit of our employees and the local communities where we live and work.

TCCA is committed to large-scale sustainability initiatives at the regional, national and global levels. Our values and Stewardship Commitments are aligned with and inspired by the United Nations Sustainable Development Goals, The Dairy Sustainability Framework Global Criteria, the Innovation Center for U.S. Dairy Stewardship Commitment and the National Milk Producers Federation FARM program.



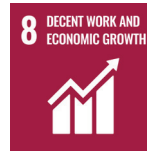
# U.N. SUSTAINABLE DEVELOPMENT GOALS



## GOAL 1

### End Poverty in All Its Forms Everywhere

We set our annual Community Enrichment investments as a percentage of total profits. The more TCCA increases financial performance, the better equipped we will be to support and develop local communities.



## GOAL 8

### Promote Inclusive and Sustainable Economic Growth, Employment, and Decent Work for All

Our employees and our farmer-owners rely on the financial success of TCCA to support their income. Continued growth of the company allows us to provide more jobs for the local economies.



## GOAL 9

### Build Resilient Infrastructure, Promote Sustainable Industrialization, and Foster Innovation

Investing in new research and technology allows us to maintain a competitive edge through innovation. Throughout our supply chain, there are multiple opportunities for investments in innovation.



## GOAL 13

### Take Urgent Action to Combat Climate Change and Its Impacts

Climate change poses risks to the future and longevity of TCCA. Recognizing and quantifying these risks enables us to build a long term mitigation strategy.