

DESERET  RANCHES

2018

Sustainability Report

BUILDING ON OUR LEGACY





Contents

About this Report	3
Letter from Our Leadership	5
About Deseret Ranches: Our Legacy	7
Our Continuing Commitment to Environmental Stewardship	8
Animal Care: The Key to Our Business	15
Investment in Our People	20
Our Role as a Community Partner	22
What's Next for Deseret Ranches: Building on Our Legacy	22
Appendix A – Alignment with U.S. Roundtable for Sustainable Beef	23

About this Report

This report was published in 2018 and provides data and narratives about Deseret Ranches' sustainability performance for the calendar year 2017. Where possible, our sustainability program aligns with initiatives such as the Global Roundtable for Sustainable Beef and the U.S. Roundtable for Sustainable Beef. Deseret Ranches has made every effort to ensure the accuracy of the information in this report, but it has not been audited and is not guaranteed. This report is not intended to be a solicitation or advertisement for the sale of Deseret Ranches' products and does not use specifications, characteristics, uses or benefits, or warranties of any kind, and cannot be relied upon for such purposes. Forward-looking statements, opinions, valuations, and estimates provided in this report are based on assumptions and contingencies, which are subject to change without notice. All photos are courtesy of Deseret Ranches. This report was prepared by K-Coe Isom, a third-party food and agriculture business advisory firm with expertise in sustainability assessment, reporting, and verification.



Letter from Our Leadership

Deseret Ranches is proud to share our first sustainability report which demonstrates our commitment to the animals, people, communities, and the natural resources on which we depend.

As ranchers, we are privileged and humbled to work the land to produce high-quality food for consumers. Though we operate across vastly different locations and natural settings, we value our role across all our ranches as a community partner and environmental steward. As ranching continues to evolve throughout North America, we emphasize high standards of conduct and focus on our families, communities, and traditions. We are especially proud of site-specific, innovative projects that promote both animal health and operational efficiency while safeguarding our natural resources for generations to come.

This report is one of the first of its kind in the ranching industry, which continues to make strides to improve sustainability throughout the entire beef value chain. Not only do we vertically integrate our own business by sending ranch cattle to Deseret Cattle Feeders to be finished, but we work with key supply chain partners, like Cargill, to increase traceability and enhance consumer trust in our beef. These partnerships help us to be world class in all we do. As we move into the future, we are committed to helping our business and industry thrive while pursuing the highest level of stewardship and sustainability.

Sincerely,



Erik Jacobsen
President, Deseret Ranches



DESERET RANCHES MISSION STATEMENT

“We have felt that good farms, over a long period, represent a safe investment, where assets may be preserved and enhanced, while at the same time they are available as a resource to feed people should there come a time of need.”

GORDON B. HINCKLEY,
*15th President of The Church of Jesus Christ
of Latter-day Saints*

About Deseret Ranches: Our Legacy

Deseret Ranches is part of a diversified, multinational agriculture company affiliated with The Church of Jesus Christ of Latter-day Saints. Our legacy in ranching goes back seven decades and extends beyond just producing high-quality cattle. Our team embodies our values of personal integrity, education, hard work, and community service. We built our business on these values and industry-leading know-how. Through our long-term vision, innovation, and continuous improvement, Deseret Ranches has continued to raise cattle while successfully adapting to each ranch’s physical environment, meeting the demand of today’s beef consumers, and acting as a vibrant and positive community leader.

Our ranches in the U.S. and Canada include diverse geographies and operations. We manage tens of thousands of cattle across our ranching operations and strive to ensure that each animal’s needs are being met. This assures high-quality beef production for consumers. We work closely with our supply chain partners to provide full traceability and transparency of our cattle. Our operations are vertically integrated and our cattle are finished at Deseret Cattle Feeders, located in western Kansas.

Sustainability at Deseret Ranches

Sustainability isn’t new to us at Deseret Ranches, but recent momentum in the beef industry has led us to increase transparency about our operations

and practices. In 2016, we set out to pioneer a comprehensive sustainability assessment program for our ranches. The intent of our program is to align as much as possible with important sustainability initiatives in the industry, including the Global Roundtable for Sustainable Beef and the U.S. Roundtable for Sustainable Beef, while also focusing on the aspects of our business that are most relevant to our risks and performance. By measuring our sustainability from year to year, we will continue to hold ourselves accountable to our own high standards. We are proud to be leading the way in the beef industry by demonstrating our commitment to sustainability and stewardship.

Our Continuing Commitment to Environmental Stewardship

At Deseret Ranches, nature isn't just something we visit on the weekends; our way of life depends on healthy ecosystems. We need to properly manage our natural resources for present and future generations – often in new and unique ways. We proactively manage our land, soil, water, and wildlife to foster healthy working lands that produce high-quality cattle. To be sustainable producers is one of our core principles, and we seek not only to protect the environment, but to enhance it through working the land and raising cattle.

Our Focus on Land Management and Soil Health

We strive to maintain and improve the condition of our land and soil. At Deseret Ranches, we use responsible grazing and management practices to support healthy ecosystems and plant communities that will produce and sustain in the future. All of our established ranches have annual Grazing Management Plans (GMPs) that are documented, implemented, and adjusted as needed based on landscape, climate, and current operational needs. We have recently acquired two ranches and are actively developing and adapting GMPs to best suit resources at those specific locations. These GMPs help us enhance nutrient cycling, improve soil health, reduce erosion, and increase water filtration and retention while simultaneously improving forage quality. This benefits the land, cattle, and wildlife.

All of our ranches use water resources to help enhance

range management and cattle health. Strategically placed water resources improve livestock distribution across the landscape while also enhancing cattle health. Developed ponds, dams, and springs are used to capture and store surface water for this purpose. In addition, some ranches utilize distribution systems to provide water in areas where it is naturally limited. Some of these systems include complex networks of pipelines that transfer water from wells to high-lying storage tanks – from the tanks, water flows downward via gravity to a network of troughs in different pastures. By reducing the distance cattle must travel for water, these systems improve pasture management and health across our ranches.

Our ranches implement practices that increase soil carbon sequestration, such as soil coverage

maintenance, rotational grazing, and proper burning management for the ranch environment. Two thirds of our ranches conduct soil testing for pH and nutrient levels prior to fertilizing. All of our ranches assess range conditions for each management unit on a regular basis and adjust stocking rates based on soil and range health. This ensures that we are not overgrazing our land, which can lead to a loss of viability in future years and decreased overall ranch productivity.

In Florida, population growth is approaching our Deseret Cattle and Citrus ranch southeast of Orlando. In cooperation with local government, we have put in place a long-term land use plan for part of the ranch in the path of growth. The plan establishes a framework to create sustainable communities and protect natural resources in decades to come.

ENVIRONMENTAL DATA SUMMARY

100%

of our ranches implement rotational grazing practices to improve soil carbon sequestration

100%

of our ranches implement appropriate stocking rates on land to improve pasture health and grazing management^A

100%

of our ranches work with wildlife biologists to implement and regularly update wildlife management plans

^ABased on industry standards and current range conditions

RANCH SPOTLIGHT:
Grazing Management
Innovations



Tyson Johnson
General Manager,
Sooner Cattle Company



Born into a ranching family in Northern Arizona, Tyson Johnson is no stranger to innovation. Along with other leaders from Deseret Ranches, he has helped to refine and implement a style of range management that benefits both the land and our animals. In 2015, Tyson and then general manager, Clint Richardson, began to transition Sooner Cattle Co., home to a combination of both stocker cattle and cow-calf pairs, to a high-intensity, low-frequency (HILF) grazing scheme. Reflecting our commitment to overall ecosystem health, this system has its roots in grazing plans developed over the past decade at our ranch in western Nebraska. The HILF grazing method consists of stocking a greater amount of cattle into smaller areas and moving them more frequently. By focusing on smaller land plots, cattle at Sooner Cattle Co. graze each area only once or twice a year and consume all of the plants in the area instead of just a few, generating greater plant regrowth. In addition, the greater density of cattle adds more frequent, concentrated hoof action, which increases soil aeration.

This system offers numerous benefits to the ranch. Historically, ranchers have burned the land after grazing to generate regrowth. The HILF grazing method greatly reduces this need, because it increases the organic matter that is absorbed back into the soil. Over time, this enhances both soil fertility and forage production, leading to greater stocking capacities. “We’ve definitely seen a difference,” Johnson says. “When our pastures start to regrow, it looks like a lawn mower went through them – they’re a lot cleaner, and there’s more time for the plants to grow before the land is grazed again.” Innovative practices like this are shared with other managers across Deseret Ranches to ensure best practices can be adopted and implemented at additional ranching operations where possible to increase our efficiency.

Our Dedication to Managing Water Resources

Our ranches are located in vastly different types of ecosystems, so we strive to customize water management strategies to each landscape and climate. Depending on the local geography, our ranches implement various water management measures. For example, our Florida ranches focus on controlling water movement and quality across ranch property by strategically placing water control and containment structures to utilize surface water or capture storm water. Other ranches, located in more water-scarce regions, focus on properly maintaining wells, pipelines, storage systems, and troughs to ensure that groundwater is being utilized efficiently.

As part of our land management strategy, we identify any sensitive water sources located on our ranches and ensure that they are protected. For example, riparian zones are important areas of the landscape that help protect sensitive water bodies – 100% of our ranches¹ include information in their Grazing Management Plans to support or maintain riparian zones. Specific water quality management strategies vary based on the climate and landscape of each ranch. Where necessary, our ranches identify these water

sources and limit cattle access to better protect the sensitive area. Each of our ranches also implements innovative techniques to limit nutrient runoff into water sources. Both Deseret Cattle and Citrus and Deseret Cattle and Timber have enrolled in a state-sponsored water quality program in Florida that guides our implementation of best management practices. Additional ranches, such as Sooner Cattle Co., have hired consultants to ensure that they are implementing appropriate management practices for their geography.

¹This clause applies only to ranches in proximity to sensitive water sources.



RANCH SPOTLIGHT: Water Management Areas

Located in a region of Florida that receives upwards of 55 inches of rainfall per year, Deseret Cattle and Citrus has proactively implemented innovative systems that optimize pasture land for grazing, improve the quality of water flowing off our property, and create habitat for native species to thrive.

A large part of this central Florida ranch lies within the environmentally sensitive St. Johns River watershed. Instead of having runoff flow directly to the river without any mitigation, Deseret Cattle and Citrus constructed a retention area on the ranch called Jug Island. Built in 1995, it covers 500 acres. Jug Island is a shallow impoundment area that functions much like a natural wetland. During Florida's rainy season when pasturelands would otherwise be inundated, water is pumped into this retention area. There the water meanders through abundant wetland vegetation, which filters any sediment and uptakes many of the nutrients. After three or more weeks, the water flows out of Jug Island and into the St. Johns River. Thanks to this retention system, the quality of the Jug Island stormwater exceeds the quality of the receiving waters of the St. Johns River floodplain. Jug Island also provides habitat for native wildlife, especially wading birds who use the area for foraging and nesting. What would have been a direct agricultural discharge to the St. John's River is instead held in a highly functional wetland that improves water quality and enhances habitat for wildlife.

Deseret Cattle and Citrus is in the final stages of constructing another water management area.

Known as the East Point Reservoir and Mitigation Area, its 300 acres capture stormwater from 4,800 acres of pasture. As with Jug Island, excess water is pumped into a shallow impoundment area – a wetland – where it remains for weeks until it eventually drains to the St. Johns River. This passive wetland filtration improves the water quality by reducing nutrients and turbidity. Simultaneously, it provides foraging and nesting for birds, such as tricolor herons, sandhill cranes, egrets, ducks, wood storks, and roseate spoon bills. We constructed six interior tree islands in the wetland area and planted them with cypress trees to enhance vegetation growth. Deseret will monitor vegetation, wildlife, and water quality for at least the next fifteen years and ensure that the project is maintained in perpetuity.

Deseret built both Jug Island and East Point voluntarily, without public funds or regulatory compulsion. They serve as living examples of Deseret's decades-long objective to capture and treat stormwater to benefit the surrounding environment – whether on or off Deseret property.



SUCCESSFUL WATER MANAGEMENT:

We manage four water mitigation projects on our central Florida property. Not required by regulators, they reflect our total commitment to environmental stewardship and improving the land on which we work. Through these initiatives, we improve runoff water quality from more than 10,000 acres of ranch property!



FEEDYARD SPOTLIGHT: Extreme Weather Preparation

We take extra care to prepare our operations with infrastructure in case of extreme weather. This includes our feedyard. As a Confined Animal Feeding Operation (CAFO), Deseret Cattle Feeders is required by the U.S. EPA's Clean Water Act to ensure that no runoff is discharged into nearby public water sources. Following a 2016 storm where the feedyard received over 4 inches of rain in 48 hours, we consulted the Kansas Livestock Association and other experts to find the best possible solution to responsibly manage discharge water during storms.

After months of planning, we engineered a full-scale drainage system that utilizes the land's natural slope to channel rainwater through the feedyard without mixing with any agricultural wastewater. In 2017, we revamped and expanded the stormwater drainage system to ensure that it can withstand a "25-year storm."² We replaced the seven bridges that cross these channels to allow for easier pass-through of water and built a berm at the southern end of the yard, reducing the risk of overflow and subsequent mixing of water of the state with feedyard discharge water. With our new and improved infrastructure, Deseret Cattle Feeders is prepared to withstand large storms.

² A 25-year, 24-hour storm refers to the number of inches of rainfall in a 24-hour period that is expected to occur only once every 25 years. In Southwestern Kansas, this is 4.4 inches in a 24-hour period.

Wildlife Management: Supporting Thriving Species

Our ranches are home to an abundance of wildlife. More than 75% of our ranches have designed and implemented comprehensive wildlife management programs that are integrated into our cattle operations. Our ranches work with our staff wildlife biologists to ensure that we are not only maintaining species that inhabit our ranches, but also enhancing habitat and facilitating species growth.

SPECIES SPOTLIGHT: Wood Stork Rookery

Deseret Cattle and Citrus is home to dozens of species of birds, so we do our best to facilitate biological preservation and productivity wherever possible. We have created a nesting site that has become one of Florida's largest rookeries for the endangered wood stork. The rookery consists of an island in the middle of a large pond, with deep water surrounding the island that protects the wood stork and other species

from predation by raccoons and snakes. In addition, wetlands (such as the Jug Island and East Point mitigation areas), canals, and ditches in other parts of the ranch provide feeding areas for wood storks in the spring. The rookery is utilized by dozens of species in addition to wood storks, and during nesting season, the island trees are covered from top to bottom by thousands of birds.



HOW WE MANAGE GHGs⁸

100%

of our ranches **use genetic selection** to increase efficiency and productivity



100%

of our ranches **manage their calving season windows** to increase herd productivity



100%

of our ranches **implement rotational grazing** to increase soil carbon sequestration



100%

of our ranches **utilize pregnancy testing** to ensure reproductive efficiency



Ranch Inputs: Our Energy Use and Greenhouse Gases

As demonstrated in the beef industry life cycle assessment³, the primary source of greenhouse gas (GHG) emissions at our cattle operations is from the cattle themselves. GHGs are produced as the cattle digest the feed and forage they require to grow – this is called enteric fermentation.

Managing GHG emissions by cattle requires a number of strategies that we employ across our ranches – including focusing on practices that improve soil carbon sequestration, maintaining efficient herds, and advancing genetics.

Operating a successful ranch also requires energy inputs to transport cattle, run water pumps for mitigation areas, and drive within and between ranches.

Across all of our ranches, our overall fuel usage in 2017 was 0.18 gallons of gasoline and 0.21 gallons of diesel per acre. While operating over vast areas of land requires vehicles, it is important for us to proactively manage our use of non-renewable resources to manage our operational costs and reduce the associated environmental impacts.

We use real horsepower on our ranches! Each ranch employs a number of cowboys that ride horses while moving and handling cattle. Where vehicle use is necessary, we use gas and diesel – our GHG emissions from fuel (per acre) are equivalent to less than 5% of the average American home's energy use for an entire year!^c



³ National Cattlemen's Beef Association. Sustainability Executive Summary, 2014.

^c U.S. Environmental Protection Agency – Greenhouse Gas Equivalencies Calculator.

Animal Care: The Key to Our Business

Deseret Ranches is unconditionally committed to the humane treatment and care of cattle on our operations. We take pride in producing healthy, responsibly raised animals that become high-quality beef. Our ranches continuously look for ways to enhance and improve our animal care and handling.

Our company-wide Animal Welfare Policy includes our 'zero tolerance' policy for abuse of cattle. We also have commitments to exemplary employee training on animal health and welfare techniques. Our ranches have implemented numerous programs and protocols to promote animal health and care on an ongoing basis – this work is never done for a rancher.

From day one of employment, new team members are trained on our Deseret Ranches Animal Welfare Policy, Beef Quality Assurance (BQA) practices, and are required to complete on-site training with a ranch foreman – all before an employee handles any animals on the ranch. All employees undergo recurring training on animal handling topics on a quarterly basis and attend a 1-2 day training event with outside experts on animal handling techniques on a bi-annual basis. 100% of our full-time cattle employees are BQA certified and renew their certification every 3 years, demonstrating our unwavering commitment to following our industry's best management practices.

QUALITY IS EVERYONE'S RESPONSIBILITY

Beef Quality Assurance^D is a nationally coordinated, state implemented program that provides information to U.S. beef producers and beef consumers of how 'common sense' animal husbandry techniques can be coupled with accepted scientific knowledge to raise cattle under optimum management and environmental conditions. BQA guidelines are designed to make certain all beef consumers can take pride in what they purchase – and can trust and have confidence in the entire beef industry. BQA programs include best practices for water and feed availability, veterinary care, animal handling and processing, recordkeeping, and more. We continuously look for ways to take better care of our animals, and BQA provides a roadmap from which we can implement best practices at our operations.

^D www.bqa.org



Exceptional Animal Care on the Ranch

We take care of our animals because it's the right thing to do. The cattle within our fence lines are entirely dependent on us for their care, making us responsible for their well-being. We believe our cattle are entitled to respectful treatment and healthy living conditions, and we expect all of our employees to adhere to our animal welfare guidelines.

We consistently go above and beyond industry standards in animal care and handling.

91% of our ranches completed internal animal welfare audits in 2017, and **100%** of those ranches passed the audit on the first try.

Ensuring that cattle have enough food and water is our top priority, regardless of circumstance. We work with nutritionists and veterinarians to ensure that all cattle have sufficient quality and quantity of food to thrive. We tailor water distribution systems to match the geography of each ranch. This includes ensuring that the natural sources of high-quality water are accessible to cattle and, where needed, implementing complex water distribution systems to pipe water throughout pastures and rangelands.

From hurricanes in Florida to snowfall in Canada, we know that weather directly impacts cattle health and well-being. Each ranch prepares for inclement weather in ways that are unique to their geography – almost all of our ranches even have a written Standard Operating Procedure (SOP) that provides guidance to ensure that feed, water, and shelter are available in case of extreme weather events, including the provision of supplemental feed to animals. 100% of our ranches ensure that there is adequate quantity and quality of supplemental feed available and a plan to ensure sufficient feed during these types of emergency events. We follow BQA guidelines for all of our supplemental feed – a key feature of which is the exclusion of any ruminant-derived protein to prevent diseases. All of our ranches also make sure a salt or mineral source is accessible and available to each herd to avoid any micronutrient deficiencies.

Maintaining Animal Health

Protecting the health of our cattle is the top priority of our cowboys. Each of our ranches has a preventative Herd Health Plan that includes documented health



LOW-STRESS VETERINARY TREATMENT

We use innovative systems to minimize animal stress during veterinary treatment. At Kuhn Ranch in Western Kansas, water tanks are strategically located in pens to entice animals to pass through the pen at least daily to drink. This allows staff to monitor, easily corral, and proactively treat animals without having to rope and transport them from various locations on the ranch. This low-stress treatment system is advantageous to the yearlings at Kuhn Ranch and requires fewer cowboys to treat animals and keep our cattle healthy.

protocols to address disease prevention, management, and treatment. Because our ranches are dynamic and consistently evolve, each treatment protocol in the Herd Health Plan is evaluated and adjusted on a regular basis in consultation with a veterinarian.

Veterinarians play an important role on our ranches. Each ranch has a valid Veterinary-Client-Patient-Relationship (VCPR). A VCPR provides guidance and protocol for interactions among veterinarians, animals, and owners in the U.S. beef industry. These VCPRs ensure that if any health concerns are observed at the ranch, a veterinarian is able to make clinical judgments regarding the health of the animal and will be readily available for follow-up evaluations. The veterinarian provides oversight of care, compliance, and

outcomes. Each ranch maintains records of any necessary animal treatments, such as antibiotics.

When used properly, antibiotics help to maintain overall herd health and prevent unnecessary suffering of sick animals. Our ranches work closely with veterinarians and prescribe antibiotics to respond and treat our animals when they get sick. We believe that sick animals should be treated – our VCPR protocol ensures that we are using industry best practices for the medications we administer to our animals.

To avoid unnecessary suffering of animals, sometimes we must determine when euthanasia of an animal is appropriate. Each ranch has a SOP in place with process guidance and our employees are certified on how to undertake this procedure should it become necessary.

Randy Hunter

Member of Veterinary Research and Consulting Services, Wheatland, Wyoming

A veterinarian and rancher with 37 years of experience consulting on animal handling, Randy Hunter offers expertise to our ranches on animal handling techniques. Randy first came to Deseret to help Deseret Cattle Feeders implement a more efficient method of moving cattle out of and between pens. Today, he helps us implement these methods at each of our ranches to ensure that we practice top-notch, industry-leading animal handling techniques.

When Hunter arrives at each of our ranches, he first takes an observational role among the cattle handlers – “I want to watch what’s going on and blend in with the guys; I take more of a soft approach. Everyone’s style has evolved from past experiences and past mentors, and I’ll ask questions of why certain things are being done certain ways.”

Then, he works with cowboys one-on-one to help them to understand cattle body language. “The cattle are always telling you something with their body language – if you learn to read the animals carefully and on time, handling is a lot more successful.” The ability to ‘read’ cattle increases the level of respect between animals and cowboys and allows for handling with ease. “Cattle stay more relaxed this way,” Randy says. “Once the crew is all reading the cattle together, the impact is huge and you get significantly better results.”

This innovative approach has transformed how we handle our cattle. On one ranch, it used to take six cowboys to move 3,000 head of cattle. Now, using Randy’s techniques, this process requires only two cowboys and a dog.

Randy’s assistance has been invaluable to our ranches as we continue to improve our animal handling and husbandry. Our overall efficiency has dramatically improved by requiring fewer employees to do each job at the ranch.

RANCH SPOTLIGHT: Expert Animal Handling Training



Randy Hunter

FEEDYARD SPOTLIGHT: Processing Barn Innovation



Armando Caballero

Armando Caballero

General Manager, Deseret Cattle Feeders

Exemplary animal handling is important to us at every stage of an animal’s life. Our ranch cattle are finished at Deseret Cattle Feeders and undergo processing on arrival. In the past, our two processing barns consisted of a round pen (“tub”) and a snake-like alley through which animals flowed for processing. This system did not cater to animals’ instincts and required frequent use of a ‘hot shot,’ or electric prod.

In 2017, Caballero and his team fully replaced our processing barns with a new system known as the Bud Box Daniels Alley system. Consisting of a straighter alley than our previous facility, cattle are able to see the handler at all times and use their natural instincts to move through a system of gates into the processing area. This minimizes the need to use an electric prod and reduces stress to the animals as they are moved from the ranch into the feedyard.

“We’ve had our third-party processing crew tell us how smooth our processing is with the new barns – other feedyards have started to change how they are set up due to our success,” Caballero says. This system change reflects our commitment to innovations that improve the animal’s well-being and the efficiency of our crew.

100% Traceable, Our Guarantee

Our cattle are identified with metal clips, brand tags, or electronic identification methods and each animal is 100% traceable back to its ranch of origin!

Efficient and Safe Animal Handling

Humane animal care includes comfort when animals are handled and moved to or from the ranch. We make every effort possible to eliminate any potential animal stress by working our animals calmly, following industry best management practices for low stress handling. This includes minimizing the use of electric prods by leveraging natural cattle instincts during handling and transport.

We implement BOA guidelines when working our calves. While individually identifying cattle is important

for their care, we avoid excessive ear marking. 99% of our calves are dehorned, castrated, and branded prior to 120 days of age, ensuring that animals do not undergo any unnecessary pain per industry standard. The few calves that undergo these processes at later ages are bull calves being evaluated as future herd sires that do not pass the final evaluation stage.

All of our calves are born at our ranches and are transported after weaning. 100% of our ranches have standard operating procedures for shipping cattle and adhere to BOA’s transportation guidance – both of these programs emphasize training on

proper handling, effective cattle identification, and adequate equipment inspections during transport.

Employees at all of our ranches inspect cattle prior to shipping to make certain that animals are fit to travel. Compromised cattle are held and not transported until their health improves. Last year, 99.99% of cattle were shipped from our ranches in conformance with all policies. This reflects the commitment of all of our ranches. We also ensure that all cattle clear withdrawal periods prior to harvest. We will continue to hold ourselves to high standards of conduct when handling each and every animal under our care.



Animal Welfare Policy

Deseret Ranches is unconditionally committed to the humane treatment and care of all cattle on its operations. We will provide each animal with appropriate feed, water, living conditions, routine health inspections, and respectful treatment, without exception.

To assure proper animal care, Deseret Ranches regularly trains our employees on animal handling and welfare, Beef Quality Assurance standards, and animal welfare audits. Each employee and contractor working for Deseret Ranches is responsible for fulfilling his or her job as trained, with common sense, and in accordance with all Deseret Ranches guidelines and standards, including this Policy.

Deseret Ranches has zero tolerance for abuse of cattle. We will promptly discipline all instances of abuse or improper care, up to and including termination. Any person who witnesses any violation of this Policy must report it immediately to management. Persons failing to do so may be considered equally responsible for the violation and subject to disciplinary action.

Humane treatment of our cattle is of the utmost importance and is a reflection of our level of humanity. Your adherence to this Policy is required, and your help will make the difference as we strive for excellence and world class performance.

Erik Jacobsen
President, Deseret Ranches

Investment in Our People



For more than 70 years, we have continually enhanced our operational efficiency and profitability while maintaining strong community and worker relationships. This has established Deseret Ranches as a business of integrity and character. Built on the values of hard work, dedication, and continual learning and development, we foster a culture of excellence in all we do and encourage our people to become the best they can be.

Developing High-Quality Team Members

At Deseret Ranches, our people are an invaluable resource and a critical component of our success. We believe that hiring the right people and allowing them the opportunity to grow and develop is crucial to sustaining our world-class cattle production. Family is held in high regard by Deseret Ranches. Many of us who work at Deseret choose to do so in large part because it is a great place to raise a family. The strong sense of community found at Deseret is found in few other places.

Our ranch “family” includes almost 230 individuals who work full-time on our properties: cowboys, foremen, equipment operators, shop mechanics, and office staff. We recognize the value of having a highly engaged and passionate workforce across our ranches. As such, we conduct a biennial employee engagement survey at all of our ranches. We are proud to share that in 2017, 85% of our ranch employees identified themselves as engaged or highly engaged in their work. We know that high levels of engagement contribute to the low turnover rates across our operations – our turnover rate in 2017 was just 9.5%.

One contributing factor to our strong employee engagement and retention is our focus on employee development and leadership training. Overall, 95% of employees on each ranch have participated in employee development opportunities in the past year. In addition, we offer two accelerated leadership development programs to employees that show strong potential for future leadership roles within our operations. Known as the Level 1 and Level 2 programs, they provide many Deseret Ranches employees with the opportunity to gain valuable experience in different areas of the company and enhance their management and leadership skills.

Safe and Healthy Employees

Ranching is a physical, outdoor business, so worker health and safety is a core value across our operations. We foster safe practices by creating a positive safety culture among all managers and employees. 99.6% of our employees completed monthly health and safety training in 2017 on topics ranging from motor vehicle/ tractor safety and eye/ear protection to horse safety and fire protocols. Over the past five years, our average

OSHA Recordable Incident Rate was consistently below the industry average³. We are constantly seeking to improve worker safety through management commitment, employee involvement, and ongoing training and education to stay safe on the job.

Supporting Our Employees and their Families

Most of our ranches are in remote, rural locations, so we know the importance of supporting our employees and their families by providing housing and other services to our team members whenever possible. Nearly 40% of our employees at each ranch have been with the company for 5 years or longer – and for every dollar we spend on salary, we spend an additional \$0.76 on employee benefits. We believe this shows the dedication of employees that we hire and our commitment to serving them and their families.



³OSHA Recordable Incident Rate



Wil Bangerter

Cattle Foreman, Deseret Cattle and Citrus

With a degree in Animal Science, Wil Bangerter first joined our company as an intern at Deseret Cattle and Citrus before returning to the ranch as a full-time cattle foreman in 2014. An active participant in the leadership opportunities at Deseret Ranches, Bangerter quickly learned the duties of a foreman in the Level 1 program: “The Level 1 program prepares you at a rapid pace to become a foreman on a large scale – during the program, we’d meet with general managers, go through business reviews, and spend time with management. As part of the program, management sets a list of goals they want participants to achieve within a

specific timeframe of the program. This was priceless for me in my young career.”

In November 2017, Bangerter was invited to be a part of Deseret Ranches’ Level 2 program, where he has worked with leadership to develop a personal development plan – a key feature of our professional advancement offerings that outlines interest areas and opportunities for growth. Offered to a handful of developing leaders per year, this two-year program is far more intense than the Level 1 program, but also offers more responsibility and advancement opportunities. “It’s been a great opportunity to be a part of this group, the future leaders of this company down the road... when I finish, I’ll be prepared to step into a higher role.”

EMPLOYEE SPOTLIGHT: Leadership Development at Deseret Ranches



Clint Richardson

General Manager, Deseret Cattle and Citrus

An employee of Deseret Ranches for nearly 20 years, Clint Richardson is a veteran of our operations. Knowing from a young age that he wanted to be a rancher, he earned a degree from the University of Kentucky and landed at Deseret Ranches soon after. He has worked at four of our ranches in different parts of the U.S. as a cowboy, foreman, and ranch manager.

Utilizing his experience in different ranch settings, Richardson appreciates the diversity of Deseret Ranches’ operations – “You get to experience different environments and different ranches across the United States. But the one constant is the desire to operate in a sustainable manner, to really do what’s right for the environment and the cattle and the water.”

Richardson reflects on the diversity and scale of Deseret Ranches, which has contributed to the

company’s ability to adapt to challenges. “During a southern drought from 2011-2014, we were able to relocate cattle to other ranches to reduce environmental pressures. The scale and diversity of our operations affords us the ability to move cattle around and put ourselves in a position to take good care of our resources.”

Richardson knows that sustainability is what makes our business successful. “It starts with our people – they are our most important asset – and then we work from the ground up... we’ve never strayed far from sustainability management, people management, and financial prudence. I’m amazed at the talented people we have – our people align with the vision our owner has, to be world class in cattle production and also in natural resource management. We attract a certain type of person from cattle managers to natural resource managers all the way up to our accountants and controllers; they all understand the vision and the importance of being aligned with that vision.”

Our Role as a Community Partner



We are engaged citizens. Our ranches and employees make substantial impacts in the communities where we operate. In addition to corporate-level donations, last year our ranches made generous donations directly to philanthropic organizations in our local communities. Additionally, our employees volunteered their time with more than 55 organizations. These include local cattlemen’s associations, fire departments, youth sports leagues, school districts, and church groups.

As a community partner, we value any opportunity to preserve the cultural sites that exist on our property. Among these are several heritage sites at our ranches — including historic cemeteries, Native American burial grounds, and a historic road known as the “Old Brick Road” at Deseret Cattle and Citrus. In Canada, our ranch is home to a significant number of First Nations teepee rings, which remain set aside in native grass rather than being destroyed by cultivated farming. As with our natural resource inputs, we value these cultural sites and are honored to be able to preserve their history on our lands.

We also participate in numerous partnerships and have relationships with universities and research institutions – this not only helps us access the latest research, but also gives our employees the opportunity for increased exposure to thought leadership in the cattle ranching industry. We currently have relationships with more than 13 colleges and universities, including the University of Florida, King Ranch Institute for Ranch Management, Utah State University, Brigham Young University–Idaho, and Texas A&M University.

In addition to our university partnerships, we take a special interest in developing the next generation of agricultural leaders and have donated time and money to local FFA and 4-H initiatives. We also allow use of selected ranch land to accommodate youth groups and other community activities. Last year, we welcomed more than 63,000 people to our ranches throughout North America.

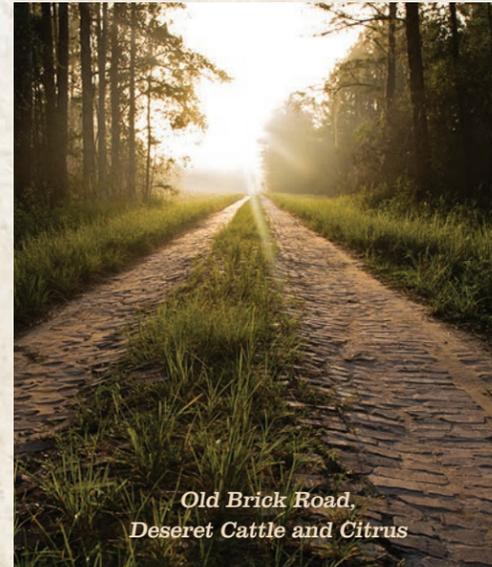
What’s Next for Deseret Ranches:

BUILDING ON OUR LEGACY

We are sustainable producers. We are proud of the progress we have made in recent years to refine our longstanding commitment to wise stewardship and implement a comprehensive sustainability program.

We are excited to release our first public report on that program. As we pursue our journey to produce high-quality beef, we will challenge ourselves to continuously improve, transform, and change to further enhance the sustainability of our business.

We look forward to showcasing our progress, innovations, and improvements in the coming years while building on our legacy as leaders in the cattle ranching industry.



*Old Brick Road,
Deseret Cattle and Citrus*

Appendix A – Alignment with U.S. Roundtable for Sustainable Beef

High Priority Indicator	Metric	Deseret Ranches Sustainability Program
Water Resources	Is a grazing management plan (or equivalent) being implemented that maintains or improves water resources?	✓
Efficiency & Yield	Is there a strategy implemented to optimize animal productivity through improved nutrition, reproduction, genetics, technologies and practices appropriate to their operational goals and context?	✓
Air & GHG Emissions	Is a grazing management plan (or equivalent) being implemented to improve soil and plant community health, including soil carbon sequestration?	✓
Land Resources	Is a grazing management plan (or equivalent) being implemented to protect and/or improve the land resources, including succession/transition planning?	✓
Animal Health & Well-Being	Are Beef Quality Assurance or similar program principles incorporated into the management of the farm or ranch?	✓
Employee Safety & Well-Being	Are all individuals who are involved in the operation trained and practices implemented with regard to stockmanship and safety on the farm or ranch?	✓

A ✓ denotes that Deseret Ranches includes this metric in our internal sustainability program and, in most cases, has additional related metrics to manage sustainability performance within our business.

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