Pork producers historically haven’t been the wait-and-see types that sit on the sidelines. Not at all. Instead, for over five decades, U.S. pig farmers like you and me have been working together to make big things happen, or as in the case of 2019, to make big things NOT happen. You probably can guess that I’m referring to the massive, collaborative effort to keep African swine fever (ASF) from reaching the U.S. pig herd.

We’ve seen the devastation ASF has caused in China and in more than 50 other countries. The Pork Checkoff and its industry partners have dug in, taking a multitude of aggressive measures to protect the health and well-being of our pigs. This has included reminders to step up biosecurity measures on our farms and at pig shows, along with key research on everything from the risks of imported feedstuffs to which U.S. ports pose the greatest risk for ASF’s entry.

Meanwhile, the Pork Checkoff continues to collaborate with state and federal animal health officials to protect our nation’s swine herd. The Checkoff and the rest of the collaborative team have developed action plans and participated in crisis drills to answer the “what-if” questions if ASF should be found here. As producers, we need to be prepared to participate in the Secure Pork Supply plan, which means having premises ID numbers. The plan is designed to help us return to business as usual more quickly, and that would definitely be a good thing.

As for the last year’s “make-things-happen” efforts, the Checkoff released three ground-breaking Insights to Action consumer research reports. Our pork channel partners are using the comprehensive findings to refine how they connect with their customers to promote pork – a win-win. We also ended the year with U.S. pork exports setting new volume and value records despite some trade agreement hurdles. We worked with the U.S. Meat Export Federation to grow sales to established customers and to fuel the demand for U.S. pork in developing markets. The Pork 2040: China Market Assessment yielded powerful data and will be followed up by analysis of other key markets.

Closer to home, my family joined with other U.S. pig farmers in recommitting ourselves to following the We CareSM ethical principles on our farms and in our communities. When we talk about doing what’s best for people, pigs and the planet, pig farmers really mean it. Today, it’s critical that we share our sustainability progress and bring it to life by daily example and through research data.

And finally in 2019, a task force of pork industry representatives and the board of directors, with input from hundreds of producers, took the Pork Checkoff in a bold new direction through an entirely new Pork Checkoff vision, structure and operations plan. Our consumer-focused, producer-led Checkoff will focus on two overarching goals – building trust and adding value. The goal is to keep pork relevant and competitive in domestic and global markets. You’ll hear much more about this in the coming months, but I, for one, am excited.

Consumer-focused, producer-led
We are driven to meet consumer expectations, guided by producers.

Trustworthy
We do what we say we’ll do.

Integrity
We do what’s right for people, pigs and the planet.

Passionate
We care deeply about what we do, and we keep working to do it better.

Agile
We are focused, flexible, and we lead through change.
Secure Pork Supply Plan Moves Ahead

Development of the Secure Pork Supply (SPS) plan continued in 2019, with producers urged to take part. The SPS plan will potentially make it easier for participating pork premises to move healthy animals in disease control areas to processing or to another pork premises under a movement permit issued by regulatory officials. For details, go to securepork.org.

Protecting Animal Health

Remaining Vigilant Against the Threat of African Swine Fever

Last Aug. 6 marked the one-year anniversary of China first acknowledging the presence of African swine fever (ASF) in its herds. The disease has devastated nearly half of China’s pig herd and has spread to over 50 countries. The U.S. pork industry and other partners diligently worked to keep it from U.S. herds last year and into 2020.

The Pork Checkoff has taken a leading role in collaborating with multiple government and industry partners to protect the United States from ASF. Primary partners in this effort include USDA, the National Pork Producers Council, the North American Meat Institute, the American Association of Swine Veterinarians, the Swine Health Information Center and the American Feed Industry Association.

The pork industry’s response to ASF falls into four main areas: Research, education, prevention and preparedness.

The long list of aggressive actions includes sharing critical on-farm biosecurity information, assisting USDA with the introduction of the Secure Pork Supply plan, conducting “what-if” drills, producing educational materials and checklists for producers, distributing the Foreign Animal Disease Bulletin and funding research projects ($2.63 million since 2015). For more details, go to pork.org/fad.

Responsible Antibiotic Use Top Priority

Mid-November’s U.S. Antibiotic Awareness Week and World Antibiotic Awareness Week spotlighted pig farmers’ dedication to using antibiotics responsibly as outlined in the best practices found in the Pork Quality Assurance® Plus program. An estimated 300 groups participated, including federal agencies, health departments, professional societies, corporations and advocacy groups.

Last year, the Pork Checkoff invested $400,000 to study antimicrobial resistance and on-farm antibiotic use. Over the last five years, the Checkoff funded $2.5 million in antibiotic research projects.
From Show Rings to Pig Barns

Youth Reminded of Biosecurity Basics
To help keep African swine fever at bay, the Checkoff debuted a biosecurity toolkit for youth and exhibitions. Fact sheets, brochures, videos and more can be found at pork.to/showpig. The Checkoff and the U.S. Pork Center of Excellence also shared the importance of biosecurity basics at last summer’s The Exposition pig show in Des Moines, Iowa.

PQA Plus®: Making a Good Thing Better
An updated Pork Quality Assurance® Plus program debuted in June, with an ongoing focus on continuous improvement on the farm. There are now two training options: One for first-time training and one for recertification. PQA Plus ranks include 72,000 producers.

Focus on Alternative Pork Production
The Checkoff and the U.S. Pork Center of Excellence offered new and updated resources for producers using alternative pork production. Producers also networked with each other and picked up tips from industry experts at several events, including the 2019 Carolina Meat Conference, sponsored by the Checkoff and the North Carolina Pork Council.

Data-driven Proof Supports Progress

Producers’ Recommit to We Care®
In 2019, America’s pig farmers produced data to show their continuing commitment to adhering to the pork industry’s six We Care® ethical principles. The initiative builds on the culture of continuous improvement and demonstrates producers’ dedication to providing the safest, highest quality pork products in the world.

The Pork Checkoff is advancing the industry’s decade-long focus on We Care by providing proof of responsible production through research and other means to increase consumer trust. As part of this, the porkcares.org website was completely revamped and a new sustainability report released.

Ammonia Emissions Decline on Pig Farms*
A new environmental study found that pig farms generate less manure nutrient content associated with odor. More than 106,000 samples from 182 North Carolina farms showed significant reductions in ammonia levels and manure nutrient content, which was attributed to feed efficiency gains. The Checkoff-funded study was conducted by Harper Consulting in consultation with Southern Utah University. The findings likely can be replicated across the country because farmers have adopted better genetics, targeted nutrition and greater veterinary care.

Ammonia Emissions Decline on Pig Farms*

Reduced nutrient content 17-68% in manure lagoons on sow farms

Reduced nutrient content 35-78% in manure lagoons on finishing farms

Reduced ammonia levels 22-54%


We Care Ethical Principles

Food Safety  Animal Well-Being  Environment  Public Health  Our People  Our Communities
Innovation, New Technology Unlock New Potential

Blockchain’s Potential to Industry Explored
The Checkoff collaborated with Ripe Technology Inc. to pilot blockchain use in the U.S. pork industry. Through the partnership, ripe.io will create a system that lets producers monitor, evaluate and improve sustainability practices that are part of We CareSM. The technology can provide proof points that support We Care and help answer consumers’ questions about how their food was raised.

Audiences Tour Farms through Virtual Videos
The Pork Checkoff and South Dakota State University (SDSU) joined forces in 2019 so more people can see how pigs are kept comfortable and well fed in climate-controlled barns. Operation Main Street speakers can include a virtual video tour of SDSU’s state-of-the-art Swine Education and Research Center in Brookings. The SDSU teaching center features all phases of pig production and the latest technology.

Operation Main Street Hits Historic Mark
The 10,000th Operation Main Street (OMS) presentation was delivered by Illinois veterinarian Wesley Lyons. He shared pig farmers’ commitment to We CareSM – including responsible antibiotic use and strict biosecurity measures – at the Northern Illinois Chapter of the American Association of Critical Care Nurses Fall Forum.

4 out of 10 OMS presentations in 2019 were made to veterinary, pre-vet, nutrition/culinary schools, grocery associations, foodservice, dietetic associations, chefs and other influencers.

Since OMS’s 2004 debut, nearly 1,500 trained OMS speakers, from 48 states and including 142 veterinarians, have volunteered 62,490 hours to tell pork’s story to audiences.

36.4 million U.S. consumers to date have heard positive messages about pig farming through the OMS program’s media outreach.

Pork Advocates Connect Dots
America’s Pig Farmer of the YearSM
Chris Hoffman, a pork producer from McAlisterville, Pennsylvania, was named the 2019 America’s Pig Farmer of the YearSM. The first-generation farmer is an ag industry leader who is committed to raising pigs following the We CareSM ethical principles and to connecting with consumers. Nearly 150 media stories reaching a combined audience of more than 53 million people shared Hoffman’s – and that of the nation’s producers – sustainability story.

Youth Ambassadors Share Facts about Pork
“Is pork healthy for my family?” “How are pigs cared for on your farm?” “What is pork’s carbon footprint?” The Pig Farmers of Tomorrow used their platform as pork industry spokespeople to answer consumer questions like these through social media. The 2019 class members are Bailee Arnold, North Carolina; Ben Luebbering, Missouri; and Ben Wikner, Iowa. The trio participated in industry events and shared their enthusiasm for pig farming through 12 blog posts and 12 Instagram “takeovers” using the #RealPigFarming platform.

Pig Farmers Open Doors, Dispel Myths
The Checkoff invited 60 registered dietitians, food bloggers, chefs, public health officials and channel partners onto farms last year to dispel myths about how pigs are raised. The visits paid off, demonstrated by an influential blogger who toured the Illinois farm of Phil Borgic (right), and wrote, “Pig farming today is an industry full of farmers who are dedicated to respectful animal care, sustainability and continuous improvement.”
Digital Engagement Scores

Last year, the Checkoff partnered with YouTube influencers to produce 59 videos, all of which touched on the nutrition and the cooking temperature of fresh pork. The videos collectively generated over 16.4M views. The Checkoff leveraged the credibility that the influencers have with their diverse audiences to amplify priority message points about pork nutrition and the proper endpoint cooking temperature. The videos can be found in playlists on the National Pork Board’s YouTube page.

Two videos with health and nutrition messages that the Checkoff produced were used as YouTube advertisements. They collected 18.6M combined views, while all Checkoff video ads for 2019 generated 76.3M total views. The Checkoff also continued to tout pork’s strong nutrition profile to consumers through Facebook, Instagram and Twitter. Finally, a paid search campaign directed consumers actively looking for pork nutritional information to pork.org to ensure that they found accurate data.

The average cost per view for the Pork Checkoff’s YouTube advertising was 3 cents, with 76.3M total video views.

Heart-Healthy Pork video
14M views

Top-Viewed YouTube Influencer Partnership Videos:
1) Trav and Cor (June): 4.63M views
2) Good Mythical Morning (June): 2.97M views
3) Binging with Babish (May): 2.55M views
4) Binging with Babish (December): 1.98M views
5) Good Mythical Morning (November): 1.80M views
6) Josh Peck (November): 1.43M views

Checkoff Hosts Swine Innovation Summit

The Checkoff’s first-ever Swine Innovation Summit, held last fall in Indianapolis, gave pork producers a glimpse of the world of tech startup companies and offered five pork-focused startups the opportunity to present their ideas to pig farmers. The event helped the envelope-pushing companies better understand real-world challenges facing producers.

For more than a year, the Checkoff has worked with SVG Ventures-THRIVE. The Silicon Valley-based network of leading agriculture, food and technology corporations, universities and investors has a community of more than 2,000 startups from 82 countries. SVG THRIVE, which invests in startups so they can grow, has explored what innovation looks like from a startup perspective for the pork industry. The Pork Board’s effort to build a relationship is important to help ensure that the significant network and venture capital represented by SVG THRIVE is applied to help solve pork industry issues.
Three comprehensive consumer research reports released last year gave the Pork Checkoff and its channel partners a clearer vision of how to better meet consumer needs and grow their businesses. The Pork Checkoff’s Insights to Action research dug into the what’s and why’s of dining choices and identified opportunities for the pork industry to adapt, innovate and capitalize on trends and needs. Top-line highlights of the extensive reports include:

- **Dinner at Home in America** – Identifying nine in-home dining occasions, such as solo dining or celebrating with extended family, this report focused on marketing opportunities for retailers and packers.

- **All About Dining Out: What’s on Trend** – Out-of-home dining decisions were the focus of this report, with tactics to help foodservice operators incorporate more pork on menus.

- **Time to Tango: Latinos Are Pork’s Future** – The report outlines how to grow the key Hispanic market, which is nearly 60-million strong. Hispanics’ keen affinity for pork and their massive collective buying power offer endless opportunities for pork.

About 60 million people of Hispanic origin live in the United States, with that number expected to grow to more than 125 million by 2050.
U.S. Pork Exports Finish 2019 Strong

Setting New Records

The Pork Checkoff continued to work last year with the USMEF to promote U.S. pork to both developed and emerging markets. For example, U.S. pig farmers shared their We Care® sustainability story with key customers in Colombia and learned more about export opportunities to the growing market. The National Pork Board partnered with the USMEF on the trade mission.

Pork 2040: Focus on China
A new report dug into the growing protein needs facing China in the short- and long-term, and how U.S. pork can position itself to meet that demand. China, the world’s largest domestic pork market, feeds 1.3 billion people. China consumes about 50% of global pork supplies, significantly influencing the worldwide price and availability of pork.

The report, Pork 2040: China Market Assessment, also looked at the impact of African swine fever (ASF) on China’s protein needs and how the Chinese pork industry will change as a result. The Pork Board also created a free marketing toolkit, which includes ideas that U.S. pork exporters can use to build their business in China.

Go to pork.org/reports to view the study, conducted by Gira, a global research firm, with Pork Checkoff and USDA Foreign Agricultural Services Emerging Markets Program (EMP) funds. The Checkoff also collaborated with the USMEF and the National Pork Producers Council on the report.

TOP PORK-PRODUCING COUNTRIES

The U.S. produces 12% of the world’s pork.

1. China
2. E.U.
3. U.S.

More than $53.51 of value per hog comes from these markets

2019 TOTAL U.S. PORK EXPORTS

5.89 BILLION POUNDS of pork & pork variety meat

In 2019, the value of U.S. pork and pork variety meat exports surpassed $6.95 BILLION
Revenue and Expenditure

During 2019, pork producers invested 40 cents for each $100 of the market value of pigs. The National Pork Board ended 2019 with gross revenues of $84.6 million, total spending of $74 million and an operating surplus of $10.6 million.

The Pork Board allocates Pork Checkoff funds according to pork producer priorities determined through various methods. In 2019, 63% of Pork Checkoff funds were allocated for national promotion programs, 28% for national research and education programs and 9% for national consumer information programs.

The Pork Act mandates that a percentage of Checkoff funds be returned to state pork producer associations for their promotion, research and consumer information programs. The Pork Act delegate body determines the percentage returned to each state, with 20% of all market deductions returned to states in 2019.

### Balance Sheet

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Audited 2018 (000)</th>
<th>Unaudited 2019 (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Short-Term Investments</td>
<td>$44,681</td>
<td>$50,243</td>
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<tr>
<td>Accounts Receivable/Other Assets</td>
<td>1,065</td>
<td>4,221</td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>45,746</td>
<td>54,464</td>
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<tr>
<td>Non-current Assets</td>
<td>3,284</td>
<td>2,404</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$49,030</td>
<td>$56,868</td>
</tr>
</tbody>
</table>

| LIABILITIES                 |                    |                     |
|-----------------------------|                    |                     |
| Accounts Payable            | $9,164             | $9,418              |
| Research Grants Payable     | 6,826              | 6,854               |
| Long-Term – Pork Trademarks | 3,000              | –                   |
| **TOTAL LIABILITIES**       | 18,990             | 16,272              |

| Reserve Balance             |                    |                     |
|-----------------------------|                    |                     |
| Designated                  | –                  | –                   |
| Undesignated                | 30,040             | 40,596              |
| **TOTAL FUND BALANCE**      | 30,040             | 40,596              |

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND FUND BALANCE</th>
<th>Audited 2018 (000)</th>
<th>Unaudited 2019 (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$49,030</td>
<td>$56,868</td>
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</tbody>
</table>

### Statement of Revenues and Expenses

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Audited 2018 (000)</th>
<th>Unaudited 2019 (000)*</th>
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<tbody>
<tr>
<td>Market Deductions</td>
<td>$72,926</td>
<td>$77,663</td>
</tr>
<tr>
<td>Other: Program Income, Interest, etc.</td>
<td>4,147</td>
<td>6,961</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$77,073</td>
<td>84,624</td>
</tr>
</tbody>
</table>

| EXPENSES                                      |                    |                     |
|-----------------------------------------------|                    |                     |
| Domestic Marketing and International Trade    | 27,572             | 28,029               |
| Science and Technology                        | 13,330             | 12,590               |
| Communications                                | 4,684              | 4,844                |
| Shareholder Outreach                          | 5,200              | 6,018                |
| Policy and Management                         | 7,761              | 7,966                |
| State Funding/PASLWOCO (pigs across state lines without change of ownership) | 14,549            | 14,541               |
| Interest Expense                             | 861                | 91                   |
| **TOTAL EXPENSES**                           | 73,957             | 74,068               |

| **TOTAL (DEFICIT) SURPLUS FOR PERIOD**        | $3,116             | $10,556              |

* Excludes Non-Operating Asset Intangible Loss of $18,362,987

### 2020 Pork Checkoff Budget Expense Summary*

**Build Trust:**
- Animal Well-Being: 1.0
- Public Health and Food Safety: 1.4
- Environment: 2.2
- Our People: 1.8
- Community: 0.1

**Add Value:**
- Swine Health and Production: 4.5
- Domestic Marketing: 11.0
- International Marketing: 9.8
- Technology and Innovation: 1.3
- Risks and Opportunities: 0.6
- Human Nutrition: 0.9

**Program:**
- Domestic Marketing: 3.2
- Strategy and Innovation: 2.0
- International Marketing: 0.7
- Science and Technology: 2.5
- Sustainability: 1.5
- Communications: 3.6
- Producer/State Engagement: 5.3

**Support Services:**
- Administration: 4.4
- Management Oversight: 1.9

**TOTAL:** $63 Million

*In millions