As a company committed to being a responsible steward of the environment, we choose to partner with other responsible businesses that share our commitment. Paper products used to publish this Corporate Responsibility Report are 100% Forest Stewardship Council® certified, ensuring the paper came from responsibly managed forests.

Chicken is what you make it and we make it matter
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make it matter...
CORPORATE RESPONSIBILITY STATEMENT

As a public company, we have a responsibility to create long-term value for our shareholders. Over the last 74 years, we have met this responsibility through our strategy of internal growth, conservative financial management and a relentless focus on operational efficiency, but our success has depended on more than these fundamentals. A key part of our strategic plan has always been an emphasis on our environmental and social responsibilities, and our commitment to constituents other than our shareholders.

Our success is directly tied to the success of our employees, contract producers and neighbors, the health and success of our communities, the future of the environment, the health and well-being of the animals we raise, and the satisfaction of our customers. We believe we can maximize shareholder value and create a sustainable future for our company only if we consider the interests of all of these stakeholders.

We must ensure that our company will not only survive for the long-term, but will also thrive. We believe that continuing to prioritize sustainable business practices in our operations is critical to our success over the next 74 years and beyond.
Throughout its 74-year history, Sanderson Farms has never faced conditions as challenging as those we faced in 2020. The combination of a pandemic, a global recession, high levels of unemployment and social and racial unrest in our nation created a perfect storm for many businesses, including our own.

Although extraordinarily challenging, those operating conditions were no match for the people of Sanderson Farms. By remaining steadfast in our dedication to our core values and putting the safety of our people first, our company navigated 2020 without missing a single day of operation.

I have never been more proud of and more thankful for our employees and our management team than I have been this past year. In the face of unprecedented uncertainty, they demonstrated true resilience and dedication, first and foremost, to the health and safety of our employees, as well as maintaining a stable food supply for our country. When our customers were experiencing significant changes in the demand for poultry products, our team leveraged the flexibility of our operations to shift our production to serve those customers’ needs.

Our operations are not only flexible, but they are efficient and sustainable as well. Throughout this report, our results demonstrate our relentless focus on operational efficiency and our commitments to our customers and consumers, employees, family farmers, suppliers and vendors, shareholders, communities and the environment.

The events of 2020 brought human rights to the forefront for many. Respect for the inherent dignity, equality and worth of every human being has been a core value at Sanderson Farms since our founding in 1947. Our Board of Directors adopted a Human Rights Statement in October 2020, and we have included it in the appendix of this report for your reference. We are responsible for, and are committed to, the total respect of all internationally recognized human rights, and we believe the results reported throughout this report provide evidence of that commitment.

In addition to my extreme gratitude for the work and dedication of our employees over the past year, I have also never been more grateful than I have been this year for the roadmap and guidance left by our founders. In a document dated July 1, 1969, long before the concepts of “corporate governance” and “corporate purpose” began to make headlines, our predecessors set out a roadmap in a document called “A Statement of Philosophy” that they knew would guide us through any challenges we would face. They noted in that document that “absolute integrity must guide us in our dealings with people,” and that “we at Sanderson Farms believe in the respect for the dignity of each individual.”

The statement notes that “we recognize the individual dignity and worth of each employee who is making his [or her] contribution to our common endeavor.” Our founders recognized that from the board room to the processing line to the grow-out farm, we are pursuing a common endeavor. We are in this together, each with his or her unique gifts to offer. They noted that “the values of integrity and respect for the dignity of each individual should be applied to our suppliers” and that we respect the “integrity and identity” of our independent contract producers.

“Sanderson Farms must remain a good corporate citizen in order to fulfill its social responsibility,” they said, and “members of our company should participate in activities that are needed and helpful in the community.” They noted our responsibility “to enhance our industry’s image” and that we are in partnership with the United States “to protect its natural resources and to abide by its laws.”

These principles have guided our actions this past year. I doubt our founders imagined the challenges 2020 would bring, but they didn’t have to. They ended the statement by saying “with this philosophy we will continue to grow and develop as individuals and as an organization.” They knew that if we let these principles guide our decisions and actions, we could successfully navigate whatever challenges we might face. They were right. I hope you see in these pages that we have been true to these principles, that this more than 50-year-old philosophy has guided our actions, and that we do the best we can every day to follow their roadmap. We aren’t perfect, and we can always do more. However, we continue to make progress, and we continue to strive to be that “special” company imagined in our corporate vision.

The company’s responses to the events of 2020 demonstrate our commitment to all of our stakeholders, especially our commitment to human rights. Our approach to the challenges of 2020 reflect the principles of fairness, honesty and stewardship deeply rooted in our corporate culture and the core values that motivate us.

Joe F. Sanderson Jr.
In fiscal year 2020, Sanderson Farms processed approximately 657 million chickens, sold 4.8 billion pounds of dressed poultry and generated $3.6 billion in revenue. The company has the capacity to process 13.65 million chickens per week.
At Sanderson Farms, we believe chicken is what you make it, and we believe our sustainability practices will make it matter for decades to come. Over the past 74 years, Sanderson Farms has grown from a family-owned business to a publicly traded company with a market capitalization of $2.85 billion as of the end of fiscal year 2020.

At the time of our initial public offering in 1987, the company had four poultry processing complexes and one prepared foods facility in two states. Today, our operations have grown considerably to 12 poultry processing complexes and one prepared foods facility across a five-state footprint. We have more than tripled our production capacity and operational footprint since 1992 when we began our greenfield expansion strategy.

By expanding our operations while maintaining our focus on being one of the industry’s most efficient poultry producers, we have increased our production capacity from 722 million pounds in 1987 to 4.8 billion pounds in fiscal year 2020. We believe our prudent growth strategy has been successful due to our respect for the human rights of every individual encountering our business, developing our employees into future leaders of our industry, our ongoing efforts to conserve and recycle natural resources, our investment in innovative technology, and our stringent animal welfare standards.

Our focus on operational efficiency includes setting aggressive operational goals each year and evaluating progress towards meeting those goals. Efficient operations are inherently more sustainable operations because they use fewer resources, which is why setting and measuring goals has been a part of our culture since our founders drafted our company philosophy back in 1969. We have remained steadfast in our commitment to operating for the benefit of all our stakeholders throughout all 74 years of operation, and we continue to do so today.
CREATING LONG-TERM VALUE

LOW COST PRODUCER
As one of the industry’s most efficient poultry producers, Sanderson Farms is well positioned to capture sales.

FAVORABLE PRODUCT MIX
The company’s product mix is focused on the two most profitable market segments of the poultry industry throughout the cycles inherent in our industry.

STRONG BALANCE SHEET
Our company manages and maintains an appropriate capital structure and conservative balance sheet, which has been the foundation of our organic growth that has created value for our shareholders. The company’s financial strength enables growth even during industry downturns that are characteristic of a commodity business.

ATTRACTIVE GROWTH PROFILE
After more than 74 years in business, Sanderson Farms has a track record of generating strong internal growth and delivering above average returns relative to our industry peers.
**our finances**

**DISCIPLINED CAPITAL ALLOCATION**

**LEGEND FOR CHART BELOW:**
- JONES COUNTY HATCHERY
- GEORGIA COMPLEX
- PALESTINE COMPLEX
- ST. PAULS COMPLEX
- GENERAL OFFICE
- WACO COMPLEX
- TYLER COMPLEX
- KINSTON COMPLEX
- AIRCRAFT
- COLLINS EXPANSION
- PREPARED FOODS
- EQUIPMENT UPGRADES

**CONTINUED CONSERVATIVE STEWARDSHIP OF OUR BALANCE SHEET IS AT THE CORE OF OUR LONG-TERM STRATEGIC PLAN, AND WILL HELP ENSURE FINANCIAL SUSTAINABILITY.**

**SUSTAINABLE ORGANIC GROWTH ACROSS MARKET CYCLES**

**POULTRY POUNDS SOLD (MILLIONS)**

**EARNINGS PER SHARE**

**$1.27 EARNINGS PER SHARE IN FISCAL 2020**

**CAPITAL EXPENDITURES (MILLIONS)**
At Sanderson Farms, our employees matter, and our relationship with them reflects our commitment to the respect for the inherent dignity, equality and worth of every human being. This principle is the cornerstone of our company vision, which calls upon our team to treat all persons with absolute respect and integrity and to be devoted to the success of everyone in our organization in fulfilling their chosen potential in all aspects of life.

This purpose compels us to continue working diligently to find new ways to invest in the futures of our over 17,000 employees and learn how we can be a better employer. In many cases, our open dialogue with employees has opened the door to improved working conditions, resolved underlying issues and identified inefficiencies in our operations.

Each employee has a voice with a unique perspective, and we believe those voices should be heard loudly and clearly. To ensure we are doing a good job of listening, we engage with our employees in multiple ways so that they can provide feedback in a manner that is most comfortable for them. Whether it is through employee training, retention initiatives, anonymous reporting methods or one-on-one meetings, we are committed to listening because we believe our employee family is our most valuable asset.

As a company, we embrace the philosophy that every employee has certain rights which must be honored before we can ask for or expect the performance necessary to reach our high standards. As an equal opportunity employer with a zero tolerance policy on discrimination in any form, Sanderson Farms fosters an environment where differences are recognized, understood and appreciated. We have over 12 different languages and many races and ethnicities represented throughout our employee population, and we recognize that our diversity is one of the reasons for our success.
our people

20+YEARS

*MORE THAN 9% of employees have been employed for 20 or more years.

10+YEARS

*MORE THAN 22% of employees have been employed for 10 or more years.

5+YEARS

*MORE THAN 37% of employees have been employed for 5 or more years.

EMPLOYEE RETENTION

*Numbers do not reflect facilities that had yet to reach indicated years of operation in 2020.

GENERATIONS OF EMPLOYEES IN FISCAL YEAR 2020

GENERATIONAL DATA SOURCE: CENTER FOR ECONOMIC GROWTH

BABY BOOMERS
born 1946-1964

20.4%

GEN X
born 1965-1980

27.5%

MILLENNIALS
born 1981-1997

41.5%

GEN Z
born 1998-2012

10.6%

MINORITY PROMOTIONS

APPROXIMATELY 60% of salaried employees promoted in fiscal year 2020 were women and minorities.

RACIAL & ETHNIC MINORITIES

APPROXIMATELY 81% of our employees are racial and ethnic minorities, including 41% of our management team, and 48% of our employees are women, including 22% of our management team.

OUR TOP COMPENSATED

APPROXIMATELY 42% of our top 10% compensated employees are racial or ethnic minorities and 29% are women.

As of October 31, 2020:

Approximately 81% of our employees are racial and ethnic minorities, including 41% of our management team, and 48% of our employees are women, including 22% of our management team.

Approximately 42% of our top 10% compensated employees are racial or ethnic minorities and 29% are women.

Approximately 60% of salaried employees promoted in fiscal year 2020 were women and minorities.

Generational Data Source: Center for Economic Growth.
COMPENSATION AND BENEFITS

Consistent with our commitment to human rights, Sanderson Farms is committed to providing for our employees and their families by giving employees the best workplace environment, compensation and benefits we can offer. To ensure our wages and benefits are highly competitive, our internal corporate compensation committee, comprised of top executives and managers, meets quarterly to assess cost of living changes, compare compensation and benefits with external markets, and make necessary adjustments to ensure our pay and benefits packages remain competitive.

For three consecutive years, we gave our hourly employees across-the-board pay increases that we believe make our wages very competitive in the markets in which we operate. Our progressive pay scale now begins at $15.90 per hour after the first 90 days of employment, with wages varying according to shift and tenure. As employees develop and grow in their skill sets, we reward them equitably according to tenure, encouraging them to invest in their careers by staying with the company long-term.

Our philosophy of rewarding employees equitably based on their contributions to the company’s success includes internal systems such as our annual performance review system that ensures compensation disparities are based solely on merit rather than any other determining factor, including gender, age or race. We pride ourselves on providing equal opportunity to all employees, and we have a company policy that prohibits discrimination based on gender, age, race, color, national origin, ancestry, religion, pregnancy, disability, medical condition, veteran status, marital status, sexual orientation or gender identity. We have been ranked favorably among the companies recognized by Bloomberg’s Gender Equality-Index for the past three years.

For our employees, competitive compensation is not limited to pay, and includes employee benefits that are among the most comprehensive and affordable in the markets in which we operate and compete for high quality labor. During fiscal year 2020, the company piloted a new benefit for employees titled “Sanderson Farms Cares,” a confidential counseling service offered free of charge to employees and their families. During the pilot phase of the program, a team of chaplains provided over 5,600 care activities for employees including grief counseling, marriage counseling and suicide prevention. Because of the success of the pilot program, the service was offered to all Sanderson Farms employees in fiscal year 2021 with over 70 chaplain team members connecting with employees across our company footprint.

We also invest in our employees’ futures by ensuring they have access to comprehensive and affordable health care (including 100 percent coverage of testing and treatment of COVID-19), personal development opportunities and generous retirement plans. To help our employees better prepare financially for their future, the company matches employee contributions to our 401(k) plan dollar-for-dollar for the first three percent of their salary contributed and fifty cents on the dollar for the next two percent contributed, once employees have reached one year of employment with the company. After only one year of employment, Sanderson Farms also helps provide for its employees’ retirement by contributing to our employee stock ownership plan at no cost to the employee. At the end of fiscal year 2020, the value of the employee stock ownership plan exceeded $144 million, making the plan one of the company’s largest shareholders.
COMPANY COST OF INDIVIDUAL COVERAGE
$85.22 PER WEEK

COMPANY COST OF FAMILY COVERAGE
$199.66 PER WEEK

EMPLOYEE COST OF INDIVIDUAL COVERAGE
$28.41 PER WEEK

EMPLOYEE COST OF FAMILY COVERAGE
$66.55 PER WEEK

401(K) PLAN
EMPLOYEE STOCK OWNERSHIP PLAN

HEALTH INSURANCE
SANDERSON FARMS PAYS 75% OF HEALTH PREMIUMS FOR EMPLOYEES & THEIR FAMILIES.

PAID HOLIDAYS:
NEW YEAR’S DAY
DR. MARTIN LUTHER KING JR. DAY
MEMORIAL DAY
FOURTH OF JULY
LABOR DAY
THANKSGIVING DAY
CHRISTMAS DAY
EMPLOYEE’S BIRTHDAY

VISION INSURANCE

SANDERSON FARMS HEALTH BENEFIT COMPANY COST

OVER 12,000 EMPLOYEES PARTICIPATED in the company’s health benefit plan as of October 31, 2020.
From the very beginning of our company’s history, our founders advocated for the basic human right of fair and equitable treatment of all people, including all people associated with our company. We do not tolerate discrimination or racism of any kind at Sanderson Farms, and we strive daily to foster an environment that is inclusive of individual differences. As referenced in our Human Rights Statement, included in the appendix to this report, we recognize our responsibility for the total respect of internationally recognized human rights, as expressed by the Universal Declaration of Human Rights and the principles concerning fundamental rights set forth in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.

To ensure that discrimination or harassment of any kind does not go unnoticed, the company provides a 24-hour anonymous tip line service to employees, which may be used in cases when an employee believes normal reporting procedures are not appropriate. This tip line is a toll-free telephone line at our corporate headquarters with no caller identifying information, and this service is communicated to employees in multiple languages annually within our Sanderson Farms Newsletter that is mailed directly to employees’ homes.

While our preference is to dialogue with employees one-on-one, we recognize there are times when an employee prefers anonymity. An unabridged transcript of every call to the tip line is reviewed by the audit committee of the board of directors, and any allegations of discrimination or harassment are promptly investigated, resolved and reported back to the committee. During orientation for newly hired employees, we review our policies on harassment and discrimination, as well as during annual training for salaried employees.

While inclusion and fair treatment are among the responsibilities expected of every employee, Sanderson Farms entrusts oversight and strategic planning for diversity and inclusion to the capable hands of the company’s diversity and inclusion committee, which was established in 2011. The committee, which consists of senior leaders from various departments, meets quarterly to assess current standards and set future goals regarding recruiting strategies, hiring data, as well as employee training and development opportunities. In 2020, the diversity and inclusion committee formed a new steering committee to serve as a grassroots, action-oriented team whose goal is to serve as champions for positive change.

In addition to these two management-level committees responsible for promoting diversity and inclusion, our board of directors appointed a special committee of directors responsible for board-level oversight of all diversity, equity and inclusion (DEI) matters at Sanderson Farms. Their first task was to retain an outside DEI consulting firm that conducted a top-to-bottom review of DEI in our company during the first half of calendar year 2021, and we look forward to providing details from that assessment in the 2021 edition of this report. To provide a snapshot of the gender and racial diversity of our workforce, we have included our consolidated 2020 EEO-1 report in the appendix to this report.
In fiscal year 2020, the Women’s Forum of New York recognized Sanderson Farms as a Corporate Champion for having over 40 percent of our board seats filled by women.

We invested more than $12 million in a corporate trainee and advanced trainee program designed to identify and prepare future company leaders.
RECRUITING AND TRAINING

In order to sustain our growing organization, we not only need to retain and develop our existing employees, but we must also invest in the continuous recruitment and development of new talent. Our investment in new talent begins early with college students. We offer them the opportunity to learn the poultry industry from the ground up in our paid summer internship program. Students spend 10 weeks rotating through various departments within our live production, processing or corporate operations to gain real-world experience and develop professionally.

After this initial introduction to the company, qualified Sanderson Farms interns are eligible to pursue full-time employment with the company in our corporate trainee program. In fiscal year 2020, over 24 percent of corporate trainees hired were former interns with Sanderson Farms, while another 74 percent of eligible corporate trainees were promoted into management roles within the company.

At Sanderson Farms, we believe it is our responsibility to provide the resources necessary to help our team members be successful in life, both inside and outside the workplace. Our team of 12 certified training professionals provides on-the-job training in a variety of topics including animal welfare, good manufacturing practices, biosecurity, policies and procedures, leadership, health and wellness, workplace safety and a new financial literacy course that will be introduced to employees in fiscal year 2021.

Hourly employees are paid to participate in a minimum of three hours of personal and professional training annually. At the end of the training, employees complete an evaluation indicating their understanding of the training and any comments they wish to relay to senior management.

In addition, the company also conducts one-on-one interviews with hourly employees in departments and divisions that have experienced a higher than normal employee turnover rate to obtain the employees’ perspectives on measures we could take to improve employee retention. For example, the interviews could reveal that a supervisor is not engaging well with the line operators who report to them, which would warrant the supervisor undergoing leadership training to address a weakness in management style.

In addition to on-the-job training provided by the company, employees can pursue personal development opportunities through our tuition and high school equivalency exam reimbursement program after only one year of employment. In fiscal year 2020, Sanderson Farms reimbursed 20 employees over $54,159 for tuition and high school equivalency exam expenses.

Because of our commitment to investing in our employees’ futures through continual improvement and training, Sanderson Farms invested in additional online training courses for employees across our operations to educate them on personal hygiene and safe work practices to prevent the spread of COVID-19. Whether it’s online training, traditional classroom instruction or one-on-one mentoring opportunities, Sanderson Farms has a training and development opportunity for every employee at each stage of their career.
When Keshia Burke began her career with Sanderson Farms as an hourly employee working in the processing facility, her primary goal was to earn a living so she could put food on the table, but what she actually found was so much more. Ten years, two college degrees and a few promotions later, she serves as a debone supervisor at the company’s Kinston, North Carolina processing facility with ambitions to advance her career to the superintendent level in the future.

Thanks to employee benefits like the company’s tuition reimbursement program and plenty of hard work, Burke was able to turn what she thought would be just another job into a promising career in the poultry industry. Earning a bachelor’s degree in business administration and a Master of Business Administration and Political Science degree while utilizing our tuition reimbursement program, she is now a key supporter of her team members pursuing additional education and advanced degrees if it supports their career ambitions.

“Sanderson Farms thrives on advancement,” said Burke. “The tuition reimbursement program allows employees to not worry about how they are going to pay for their education while maintaining their job. The program allowed me to be able to have some form of financial relief, knowing I didn’t have to take out excessive amounts of student loans to pursue my goals.”

For Burke, earning a few promotions and completing two college degrees is far from the end of her career ambitions at Sanderson Farms. “In the near future, I look forward to applying for an advanced trainee position and one day becoming a debone superintendent,” said Burke.

Until then, she plans to continue paying it forward at Sanderson Farms by encouraging her coworkers to pursue their own goals and ambitions for success. “I look forward each day to guiding my employees and teaching them what I know about this company and the poultry industry. Many of my team members are encouraged by knowing that I, too, was once in their role, which demonstrates how much this company has to offer if you are willing to work hard.”
In fiscal year 2020, Sanderson Farms reduced OSHA injury rates by 4 percent compared to the previous fiscal year.

The Total Recordable Incident Rate is the number of recordable incidents per 100 full-time employees during a one-year period.

86 PERCENT OF SANDERSON FARMS EMPLOYEES SUCCESSFULLY COMPLETED A COVID-19 AND GOOD HYGIENE PRACTICES TRAINING COURSE IN FISCAL YEAR 2020

Salaried employees were trained on more than 20 safety-specific topics in fiscal year 2020.

Authorised OSHA Outreach Trainers deliver safety training regarding the company’s policies to employees on over 20 topics.

OSHA VIOLATIONS PER 1,000 EMPLOYEES

Source: WATT Poultry USA and Occupational Safety and Health Administration (October 2020)
Access to a safe working environment is a basic human right. Even before the onset of the COVID-19 pandemic, we believed it was our responsibility to provide our employees with the safest working environment possible. By investing in technology like automation and robotics, we allow our employees to perform fewer repetitive tasks, resulting in reduced risk of strain and muscle fatigue.

In our facilities, we help ensure employee safety by verifying equipment is working properly, rotating new team members between jobs and providing scheduled rest breaks. Additionally, our processing line speeds are the slowest in the industry, which helps to reduce employee stress and injury and improve product quality.

We have five safety and health services team members who hold the Certified Safety Professional (CSP) designation from the Board of Certified Safety Professionals, and one of the five also holds the Occupational Hygiene and Safety Technician designation. In addition, we engage outside consultants and ergonomists to audit our practices and continuously update our safety policies to ensure the continued welfare of our team.

As a whole, our occupational health and safety programs are overseen by the president’s safety committee, which meets quarterly to set specific goals for workplace safety and measure attainment of those goals. The committee is comprised of senior-level managers, one of which holds the CSP designation. In addition, our Executive Committee reviews every accident or injury in our operations on a weekly basis. This helps our most senior leaders identify trends in accident or injury types or accident or injury rates at individual facilities and take appropriate action when issues are identified.

Since 1973, the company has reduced Occupational Safety and Health Administration (OSHA) injury rates amongst our employee population by 90 percent. Although we have opened four new poultry complexes and added more than 7,500 employees in the last 10 years, our OSHA injury rates have declined by 23 percent during that time frame.

In fiscal year 2020, Sanderson Farms aimed to reduce OSHA injury rates by 10 percent compared to the previous fiscal year, and we fell short of that goal with OSHA injury rates declining by only 4 percent. In fiscal year 2021, our goal is to reduce OSHA injury rates by an additional 10 percent compared to fiscal year 2020.

At Sanderson Farms, we believe a safe and healthy workforce is partly the result of a team of empowered and educated employees who have access to safety, health and wellness training resources. Our safety and wellness training program covers topics in the areas of chemical handling, emergency action and accident prevention, as well as research-driven health education designed to improve employee health and well-being while reducing preventable health disparities.
COVID-19

The safety and health of our employees is paramount to our company’s success and our ability to continue feeding families all across the world. As a company within an industry considered essential by the federal government, our poultry processing lines never stopped operating during COVID-19. Throughout the pandemic, our employees worked tirelessly to feed our nation amidst unprecedented challenges. While many industries across the nation and the world were forced to shut down, our heroes went to work to help provide a consistent food supply when it was needed most.

While many industries across the nation and the world were forced to shut down, our heroes went to work to help provide a consistent food supply when it was needed most.

Because of their sacrifice to keep America’s families fed, we spared no expense or effort to keep our employees safe. Without concern for the impact on profits, Sanderson Farms invested over $36 million in fiscal year 2020 and countless hours in protecting our employees and communities from COVID-19 through a variety of measures that include personal protective equipment, weekly anti-viral cleaning of our facilities, temperature checks, social distancing measures in employee break rooms, additional outdoor break room seating, partitions for work and common areas within our facilities, hand sanitizing stations and optimized facility ventilation, among others. Facility improvements also included opening on-site clinics providing employees and new hires with telemedicine visits, COVID-19 testing and flu testing, as well as flu vaccinations and now COVID-19 vaccinations at no cost to the employee.

In some facilities where community infection rates were high, we, in partnership with state and local health officials, performed facility-wide COVID-19 testing to help ensure the safety of our employees. In 2020, we performed five facility-wide tests. We also provided paid time off for all affected and exposed employees and offered a $1 per hour weekly attendance bonus to hourly employees who worked all scheduled hours during the week.

Salaried employees who were considered to be at high risk for severe illness from COVID-19 were permitted to work from home if their job duties allowed for remote work. In addition, the company adopted a policy to send home for two weeks, with pay, employees ages 65 or older who work at facilities where the number of positive COVID-19 cases as a percentage of total employees reached a certain threshold. Fortunately, this policy has only been triggered at one facility since its adoption in late 2020.
In our facilities, non-essential visitors were denied access or restricted to reduce the spread of disease. Company nurses were trained to identify employees exhibiting symptoms of COVID-19 while at work so they could be sent home with pay to receive medical care. An internal hotline monitored by our corporate nurses helped answer employee questions and concerns regarding the virus while company communications provided information about how to reduce the risk of contracting and transmitting the virus in all employee languages through digital signage in employee breakrooms and our employee mobile app.

We also invested in our employees’ safety from COVID-19 by installing automated temperature screening devices, restricting personal and work-related travel, offering employee training on safe work practices and good hygiene, as well as providing company-issued face masks and face shields for employees. Additionally, we provided our employees with free bottles of hand sanitizer, which they may refill from supplies at our facilities, as well as additional face masks to take home to their family members.

Before COVID-19 became a threat to our company footprint, Sanderson Farms formed a special team of senior managers, including our chairman of the board and chief executive officer, president and chief operating officer, and chief financial officer, to coordinate our response to the crisis in consultation with outside experts in infectious disease and epidemiology. For much of fiscal year 2020, the response team met twice daily to discuss COVID-19 developments in our company and communities.

While the pandemic brought about many new challenges in our day-to-day routines, it has renewed our sense of purpose— the purpose of feeding a hungry world when it’s needed most and making chicken matter. Perhaps the most important lesson of 2020 is that companies must be more nimble, prepared, forward-thinking and adaptable to change than ever before.

Our board and management team have risen to the challenge to protect the interests of our many stakeholders and the long-term value of our company during this time of crisis. We believe our core values and culture, our conservative financial management and our best-in-class operational efficiency provide the foundation we need to manage our business sustainably through the challenges of 2020 and beyond.
COVID-19 response

IN FISCAL YEAR 2020

- 636,182 lbs. of poultry products donated to employees to help feed their families
- Monetary value of donated products: $813,888
- 18,540 (8 oz.) bottles of hand sanitizer donated to employees with unlimited free refills available
- 148,320 oz. of hand sanitizer donated to employees
- $10,223,370 paid in employee attendance bonuses to thank them for working during the pandemic
- $8,549,232 paid in employee compensation for hours not worked due to COVID-19 quarantines
- $9,955,335 invested in disinfecting facilities to protect employees
SCOTT RUSHING
SANDERSON FARMS CORPORATE MANAGER OF SAFETY AND HEALTH SERVICES

With over three decades of experience in safety and health, most would assume next to nothing was uncharted territory for Sanderson Farms’ corporate manager of safety and health services, Scott Rushing, but that all changed when COVID-19 came along last year. In February 2020, Rushing and his team began examining preliminary reports from the Centers for Disease Control, physicians and the media, all noting that something unusual was happening with the novel coronavirus, which prompted the company to engage a consulting infectious disease expert.

“Prior to the onset of the pandemic, our company did not have an infectious disease expert on retainer as we had never had a need for one previously,” said Rushing. “We made a decision to interview this expert and give him a tour of our facilities early on in the pandemic. By doing so, he understood the airflow in our facilities, the dynamics of our facility footprints and the responsibilities of our team members. He had a full understanding of our operations and how to best advise us on protecting our people, and, looking back on it, I am so thankful we did that.”

Immediately, the company’s leadership team went to work implementing the infectious disease consultant’s recommendations including contactless employee temperature screening, mandating face masks or face shields for all employees in our facilities, instituting social distancing measures such as partitions in our processing areas and additional outdoor seating for employees on break. In addition, the company added on-site medical clinics, increased facility ventilation and arranged for frequent disinfection of facilities by a third-party sanitation company.

“These extraordinary precautions that the company took early on were peace of mind for me,” said Rushing. “If an employee was sick, we sent them to the on-site clinic to get tested and receive results within 15 minutes by a trained medical professional. That was big for us. It gave our employees comfort knowing they could get medical treatment and, if needed, quarantine at home with pay to protect the health of their family and their coworkers.”

For Rushing, the health and safety of employees was his number one priority throughout the pandemic. “I’ve been through the heartache of losing a spouse, and I don’t want that to happen to anyone,” said Rushing. “That’s the approach I took to protecting our employees, as if they were my own family. Protect lives, period. I took it personally, and the people on our COVID-19 task force took it personally.”
Much like our employee family, our family farmers are critical to the success of our company and our ability to feed a growing world, which is why we were the first in our industry to offer long-term, 15-year contracts more than 20 years ago. Our investment in our family farmers’ inherent human rights and future has more than paid off as the company has retained more than 29 percent of eligible family farmers for 20 years or longer. In fiscal year 2020, our more than 1,000 independent family farmers raised over 656 million chickens in more than 6,379 state-of-the-art poultry houses that are monitored daily to ensure our birds receive quality air, sustainable poultry bedding and a proper nutritional diet.

Through our vertically integrated model, we supply the birds, feed, veterinary care and supervision, while our farmers provide housing and practice animal husbandry techniques that meet our standards for raising and protecting our flocks. Because we provide the chickens and the feed, our farmers are insulated from market swings that are characteristic of commodity chicken and grain markets and benefit from a predictable cash flow. In fiscal year 2020, Sanderson Farms paid family farmers over $421 million for raising chickens necessary to supply our business.

In fiscal year 2020, Sanderson Farms invested over 36 percent of our cost of sales into purchasing and milling nutritious feed ingredients for our birds, and then delivering that finished feed directly to family farms. Sanderson Farms feed facilities produced over 5.1 million tons of feed in 2020, sourced from feed ingredients produced primarily in the United States. To produce over 5.1 million tons of poultry feed, the company purchased approximately 124.7 million bushels of corn and approximately 1.1 million metric tons of soybean meal, which helps to support farmers and other agricultural industries across the nation.

Palestine, Texas family farmers, Phong Dam, Tran Ha and Dakota Dam.
Sanderson Farms purchases a significant portion of our grain needs from suppliers who are members of sustainable initiatives such as Field to Market—The Alliance for Sustainable Agriculture, a collaboration of participants across the agricultural food chain working to define, measure and advance the sustainability of food production. This program provides a platform to farmers to measure their sustainability practices, including irrigation water use and its impact on crop yield.

Similar to our focus on sustainability throughout the company’s production and processing operations, our independent family farmers are equally as focused on utilizing sustainable farming practices necessary to reduce energy consumption and their impact on the local environment. Through the use of modern farming techniques, family farmers have captured cost savings and energy efficiencies by installing solar panels, LED lighting in poultry houses, and innovative insulation and ventilation methods. In fiscal year 2020, over 80 poultry houses utilized renewable energy from solar panels.

By utilizing computer technology, family farmers can track lighting, temperature, water consumption, feed consumption and energy consumption in their broiler houses all from a simple touch on their smartphone. In one year, the average 22,000-square-foot broiler house requires over 78,550 gallons of water and 48,800 kWh of electricity to feed the birds and regulate the climate necessary for the birds’ safety and health as well as for comfortable living conditions.

To help our family farmers optimize water use and achieve the best growing results, we require that every poultry house be equipped with a water meter for monitoring purposes. As part of our proprietary growing program, we provide our family farmers with a distinct target water usage level corresponding to each week of a flock’s age. Monitoring tools such as these help Sanderson Farms and our family farmers conserve natural resources while ensuring that our flocks have the resources they need to grow and thrive.

All of our contract producers are subject to environmental rules and regulations requiring compliance with nutrient and waste management plans. Those plans are individually tailored to each grower and include proper collection, treatment, storage and agronomic use of litter, and the company requires strict adherence to the environmental standards set forth in these plans.

Poultry litter can be recycled for composting and used as a natural and organic fertilizer. According to the National Chicken Council, over 95 percent of poultry litter produced in the United States is recycled. Through optimized nutrient management, litter recycling reduces industry demand for other forms of fertilizer, which results in less energy used to produce fertilizer for other agricultural commodities.
our farmers

FARMER DIVERSITY

BROILERS

BREEDERS

PULLETS

LEGEND FOR CHARTS ABOVE:

- ASIAN FEMALE
- WHITE FEMALE
- HISPANIC FEMALE
- ASIAN MALE
- WHITE MALE
- HISPANIC MALE
- BLACK FEMALE
- BLACK MALE
- OTHER MALE

SOLAR POWERED

In fiscal year 2020, over 80 poultry houses on family farms utilized renewable energy from solar panels.

FARMER RETENTION

*MORE THAN 29% of our family farmers have maintained a contract with the company for TWENTY OR MORE YEARS.

*MORE THAN 24% of our family farmers have maintained a contract with the company for FIVE TO NINE YEARS.

*Numbers do not reflect production facilities that had not reached the indicated years of operation in 2020.

FARMER COMPENSATION

IN FISCAL YEAR 2020, WE PAID OUR FAMILY FARMERS OVER $421.8 MILLION

$421,899,600

MORE THAN 29% of our family farmers have maintained a contract with the company for TWENTY OR MORE YEARS.

MORE THAN 24% of our family farmers have maintained a contract with the company for FIVE TO NINE YEARS.

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Ever since he was old enough to drive a tractor on his Daddy’s farm, Tyler Bass has known no other way of life than farming. As an adult now with three young children of his own, he hopes to inspire in the next generation the same passion for agriculture that his Dad inspired in him at an early age.

Managing a poultry, hog, cattle, row crop and produce operation certainly requires passion and hard work to be successful, which is why farming is truly a family affair for Bass, his wife of eleven years, Janna, and their three sons under the age of six. To be exact, Crane Creek Farms in Clinton, North Carolina manages six broiler chicken houses, fifteen thousand hogs, a cattle farm, and row crops, as well as a produce operation.

Graduating from North Carolina State University with a degree in agronomy with a concentration in agricultural business management, Bass sought a diverse farming opportunity and knew Sanderson Farms was recruiting growers for its new poultry facility in Kinston, North Carolina in 2011. Over a decade later, Crane Creek Farms produces everything from cantaloupe, corn and soybeans to hogs, cows and chickens.

“As farmers, we feel we have a duty to produce safe and nutritious food for our communities, as well as to be good neighbors and members of the community,” said Bass. “Our family not only farms here, but we also live here, raising the next generation on the farm. We want our communities to thrive, and in many regards, that begins with education about how to farm sustainably and protect the environment we live in.”

For the Bass family, that includes incorporating innovative technology into their farming practices such as water conservation and LED lighting in their poultry houses, poultry litter management, organic row and vegetable crop fertilization, and composting, as well as planting grass crops to reduce soil erosion in their cattle pastures.

“Preventing over application of nutrients to our crops and land is very important to us,” said Bass. “We want to protect the quality and well-being of the soil for generations to come. With three young boys, I want to be able to pass down this way of life to them. From waterways to the soil we stand on to the air we breathe, it all needs protecting, not just for our farm’s vitality, but for the health of others in communities around the world.”
At Sanderson Farms, our vertically-integrated process begins with purchasing young breeder chickens, called pullets, from a professional breeder based on their unique genetic makeup. Over the course of many years, selective breeding practices have produced birds with strong immune systems, favorable growth rates and efficient conversion of feed to live weight.

After 22 weeks, mature pullets are transported to breeder farms where they produce fertile eggs. Those fertile eggs are then brought to our hatcheries where they are incubated and hatch into young chicks 21 days later. In the hatchery, we vaccinate our chicks while they are still in the egg and after they hatch to promote the overall health of the bird over the span of its lifetime. Within hours of hatching, chicks are transported to family farms on climate-controlled trucks so that their ride to the farm is comfortable and protected from outside weather conditions.

Prior to the chicks’ arrival at the farm, broiler houses are prepared and heated to provide an environment that is specifically designed to meet the needs of the bird at this early stage of its life. Such an environment includes feed, water and heat so the young chicks can grow and mature under the family farmer’s careful supervision. Family farmers raise our chicks on broiler farms for approximately 49 to 63 days, depending on desired market weight.

Our commitment to stringent animal welfare standards includes incorporating those standards into our growing programs, under which all of our family farmers operate. Trained flock supervisors train growers on the company’s animal welfare requirements, and failure to meet our animal welfare standards will result in progressive discipline that could ultimately lead to termination of a grower’s contract.

According to our company philosophy, proper animal welfare doesn’t simply include the humane treatment of animals; it also includes a safe and comfortable growing environment.
By design, the housing in which our birds are grown accommodates chickens’ natural behaviors and reduces stress on the birds. Our birds live in spacious poultry houses where they can move about freely in optimal, climate-controlled conditions safe from harsh elements and predators. Additionally, our strict biosecurity measures at poultry houses protect the birds against diseases transmitted by migratory birds, other animals, outside equipment and even people.

Once they reach maturity, birds are transported to the processing facility where they are processed humanely, thoroughly cleaned and chilled. In fiscal year 2020, the company’s catch and transport livability rate was over 98.9 percent of all birds caught and transported to processing facilities. Our commitment to animal welfare does not end at the birds’ arrival at a processing facility. Prior to slaughter, birds are stunned and rendered unconscious before they are processed.

All Sanderson Farms employees are responsible for animal welfare, and designated employees are responsible for monitoring animal welfare and ensuring the company’s policies regarding animal welfare are followed by all employees. Because we take our ethical responsibility for the humane treatment of animals so seriously, critical points of our animal welfare policy are incorporated into our employee work rules, and violations of such rules can result in progressive discipline or termination of employment.

To ensure our birds rank at the top of the industry in performance, livability and overall health, we anonymously benchmark our flocks’ performance against the flocks of our peers, which supports our belief that our animal welfare program is second to none. In fiscal year 2020, third-party animal welfare audits were conducted throughout our operations, resulting in an average audit score for animal welfare at all Sanderson Farms facilities of over 97 on a scale of 100.

Sanderson Farms employs seven certified Professional Animal Auditor Certification Organization (PAACO) employees who are responsible for internal audits of animal welfare according to the National Chicken Council’s Broiler and Breeder Welfare Standards. All of our employees are trained on proper animal welfare practices and the company’s policy for governing animal welfare at the time of hiring and annually each year. In addition, our employees who are responsible for handling live birds receive additional job-specific training annually.

From the time our birds hatch until the time they are harvested as a nutritious, healthy and affordable protein source, our flocks are treated humanely with the highest standards our industry has to offer for animal health, animal handling and humane harvesting. As a company, investing in the protection, welfare and health of our birds is crucial to our success.
One summer at the Poultry Research and Diagnostic Laboratory in Pearl, Mississippi was all it took to convince Sanderson Farms’ staff veterinarian, Dr. Randi Clark, that the poultry industry was the right fit for her as an aspiring college student. Even though both her father and grandfather had worked in poultry production, she was unsure of her future career path until spending time with two poultry veterinarians at the laboratory.

“I really enjoyed my time at the lab, and enjoyed learning more about the business,” said Clark. “After additional shadowing with various poultry production positions, I realized to work in the capacity I wanted to, I needed to go to veterinary school.”

During her undergraduate course work prior to beginning veterinary school, Clark also spent time in Sanderson Farms’ summer internship program, which is when she set her aspirations on joining the company’s veterinary team. “Mississippi is my home, and the poultry industry supports a lot of people in this state,” said Clark. “I wanted to be a part of something that not only helps feed the world, but also does so much for my home state.”

Shortly after graduation from veterinary school and an 18-month poultry specialty program at the University of Georgia, that is exactly what Clark did: join the company full-time and help feed the world by ensuring the birds under Sanderson Farms’ care have the very best veterinary care and attention. “Each person at Sanderson Farms is held to a high level of accountability,” said Clark. “The high expectations we have for our people are what translates to superior animal care for our birds.”

Providing that superior animal care means collaborating with many people across the company’s live production team including managers, flock supervisors, family farmers and consulting specialists. “Each of these individuals differs in training and has something to teach me,” said Clark. “Tremendous variety from one day to the next makes the work week go quickly and is my favorite aspect of the job.”

Constant learning is one of Clark’s passions and one she hopes future generations of the poultry industry adopt. “Ask questions when you are young,” said Clark. “People who are passionate about what they do love to teach others. Take advantage of that opportunity and never assume you know everything a job entails.”
We believe that access to a safe, affordable food supply is a basic human right. During food shortages such as those experienced by many consumers during the COVID-19 pandemic, lean and affordable protein options like chicken were in particularly high demand. This made our purpose of feeding a growing world even more relevant.

More than ever before, consumers desired options about how they sourced their protein, including many consumers shifting to online grocery purchases due to concern over virus spread from COVID-19. According to Nielsen data, nearly 150 million people shopped online for the first time during the pandemic, resulting in a 60 percent growth in online sales of beef, chicken, pork and turkey during the middle of 2020 compared to pre-pandemic data.

While online grocery shopping has become a habit for many since the beginning of the pandemic, trends demonstrate that protein sales are not moving strictly online or in-person as consumers like having both options available. Consumers have become accustomed to this flexibility and prefer the retailers and brands that meet their expectations for convenience.

While online shopping and meal planning continue to become more popular, Sanderson Farms introduced new product packaging in late 2020 that offers easy access to recipes for that particular cut of chicken via QR codes on the packaging, as well as promoting new voice-activated recipe technology. As the first chicken producer in the industry to introduce this voice activated recipe technology, it is yet another way that our company is providing quality products and excellent customer service while meeting the needs of busy consumers who are looking for immediacy and speed in their shopping and food preparation experience.
Early in the pandemic, our company dramatically amplified our presence on digital shelves to ensure consumers could easily find our products online across many retailers. Beyond simply meeting new consumer needs, we also expanded our communication strategy to meet new consumer behaviors.

After many consumers were forced to become home chefs during the pandemic, a rush of consumer cooking excitement ensued, followed shortly by cooking fatigue. To help serve this new consumer behavior, Sanderson Farms transformed our website to be more inspirational with new recipes, eye-catching videography and entertaining content to help spark creativity for uninspired consumers bored by months of cooking at home.

**Similar to the increase in online poultry sales, our company’s presence in the poultry industry has significantly increased over the last decade as measured by salable pounds produced. This success would not have been possible without our superior customer service and adaptability to evolving customer and consumer preferences.**

Similar to the increase in online poultry sales, our company’s presence in the poultry industry has significantly increased over the last decade as measured by salable pounds produced. This success would not have been possible without our superior customer service and adaptability to evolving customer and consumer preferences.

By 2050, the world’s population is expected to increase by more than 25 percent, which means food producers like us will need to feed nearly two billion more people in the world. For a growing population, chicken is one of the most sustainable and affordable protein sources on the market because chickens most efficiently convert feed ingredients to meat.

While other poultry producers have chosen to pursue “raised without antibiotics” and “no antibiotics ever” programs, we have not. While we chose to discontinue the use of medically-important antibiotics for disease prevention, we continue to judiciously use antibiotics that are not considered medically important, and we continue to treat flocks that become ill with medically-important antibiotics prescribed by our veterinarians. We consider this a reasonable compromise to limit the use of antibiotics important to human health while also avoiding the adverse impacts of “raised without antibiotics” or “no antibiotics ever” programs on food safety, poultry health and animal welfare.

Fiscal year 2020 marked our first full fiscal year since we discontinued the use of antibiotics considered medically important for humans for the purposes of disease prevention in our live

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**High in Protein**

- **Chicken Breast**: 25 g
- **Burger Patty**: 23 g
- **Greek Yogurt**: 12 g
- **Lentils**: 9 g
- **Peanut Butter**: 7.1 g
- **Almonds**: 6.7 g

IN FISCAL 2020, OUR PREPARED FOODS FACILITY DEVELOPED NEW BREADED PRODUCTS FOR CONSUMERS TO BRING AFFORDABLE AND QUICK MEALS TO FAMILIES’ TABLES.
poultry operations. As a result, only 3.5 percent of chickens processed in fiscal year 2020 received medically important antibiotics, compared to 100 percent in fiscal year 2018 and 47.3 percent in fiscal year 2019. At Sanderson Farms, we have always been committed to the judicious use of antibiotics, and this change is consistent with our judicious use policy and our antibiotic stewardship efforts.

The United States Department of Agriculture Food Safety and Inspection Service (FSIS) assigns a Public Health Veterinarian (PHV) to every FSIS-inspected harvest facility for poultry. In the history of the company, Sanderson Farms has never received a citation from the USDA or any other regulatory body for violation of any residue law, rule or regulation. Our long history of producing quality products and regulatory compliance is a testament to the over 300 expert employees dedicated to food safety and quality assurance throughout our operations.

Through innovations in technology, Sanderson Farms ensures our quality and food safety standards remain at the top of our industry. Our technical services laboratory conducts food safety testing for the company, which includes monitoring microbial loads on product and conducting product shelf life studies. In addition, the company utilizes x-ray technology throughout our processing facilities to monitor for the presence of bones both on the surface of chicken and internally in boneless products. This innovative technology aids our quality control team in identifying bones inside product that would not normally be visible to the human eye.

Each of the company’s processing facilities is audited based on Brand Recognition Compliance (BRC) Global Standard Issue 8, which is a Global Food Safety Initiative (GFSI) food safety certification program. Sanderson Farms’ GFSI audit major non-conformance rate for fiscal year 2020 was zero and our minor non-conformance rate was 4.6, which is calculated from 60 total minor non-conformances divided by 13 processing facilities. The company’s minor non-conformance corrective action rate was 100 percent for fiscal year 2020.

In over 19 years, Sanderson Farms has only had to issue one product recall, which occurred in 2015 at our Hazlehurst, Mississippi processing facility, and all product was successfully recovered and disposed of prior to entering the marketplace. In fiscal year 2020, 13 third-party food safety audits were conducted throughout the company’s processing operations, resulting in all but two processing facilities receiving a score of AA, the highest awarded grade by third-party BRC audits, and the remaining two facilities received a score of A.
Product development at Sanderson Farms’ further processing division has come a long way since entrees, corndogs and formed chicken were the most popular products, recalls product development manager, Jenny Katool. Today, over 30 years after the facility was purchased by Sanderson Farms, best-selling products look more like whole muscle chicken that is battered and breaded, par fried, individually frozen and packaged. Now, even the product breading has a more homestyle look with less breading, like it was made in consumers’ own homes.

The changes did not stop with just the products themselves though; even product labels have evolved over the years due to consumer preference of clean labels including nutritional and allergen information. As consumers become more and more conscious of nutrition, we have reduced the sodium and fat contents in our products, and we have eliminated trans fats.

“The nutritional values are one of many factors we look at when developing a new product,” said Katool. “Consumers look to nutritional information to lead them to eating healthier and incorporating a balanced diet in their daily life. All of this has played a big part in how we develop products.”

At Sanderson Farms, developing a new product starts with prototype development in the test kitchen. Products are developed with several factors in mind including viability of producing the product in the plant, availability of ingredients, cost parameters of the product, nutritional value and product packaging. A cross-functional team of production, quality control, purchasing and accounting work collaboratively to weigh all the factors and develop the highest quality and most innovative products possible.

“On any given day, we could be working on anything from running a new product in the plant to developing a recipe for our website or setting up a label for production,” said Katool. “The most exciting aspect of my job is developing a new product from concept to development and having the opportunity to watch that product being produced to seeing it in the grocery store or served in a restaurant.”

Although she certainly enjoys seeing a new product come to fruition, Katool regards yet another aspect of her role with the company as the most rewarding responsibility. “Even though I am surrounded by food every day, there are people who do not have enough food to eat,” said Katool. “I love being involved in Sanderson Farms’ product donations to local charitable and disaster relief organizations. Giving back to something much bigger than myself makes all of the long days and hard work worthwhile.”
As a food producer focused on feeding our world, a key part of our corporate philosophy has always been focused on providing needed food products of the highest quality for our customers, supported by the best customer service in our industry. To accomplish this goal, we strive to maintain a reputation for going above and beyond to meet customer demands, whether that means running facilities on the weekend or adjusting our product mix. Our efficiency in operations and excellent management team and workforce make this level of flexibility in meeting customer needs possible.

As part of our company’s commitment to transparent marketing and labeling of our products, all of our advertisements and point-of-sale marketing materials are verified using a thorough internal review process to ensure the accuracy of each claim. In addition, our product development team works closely with our marketing team to ensure nutrition claims are accurate, and all of our labels and claims are approved by the labeling and regulatory division of the USDA.

Not only do we want to ensure our consumers understand the food they are choosing for their families, we also want to ensure they are feeding their families with the freshest protein available on the market. All Sanderson Farms facilities are strategically located in close proximity to our domestic customers, allowing for the most efficient transportation of goods and resulting in delivery of the freshest chicken possible.

We optimize packaging to keep food fresh through its intended use-by date and use state-of-the-art food safety techniques that protect shelf life for our customers. All of our poultry products are hatched, raised and harvested in the United States, and our excellent logistics team and strategic plant placement ensure that most of our products are packaged and delivered within 24 hours of being harvested.
Online sales represented $504 million in protein purchasing, with “click & collect” grocery pick-up becoming the popular choice for online chicken business.*

Voice skill activated recipes for ease & convenience

All recipes easily shoppable across SandersonFarms.com, Pinterest and Relish

*beef, chicken, pork and turkey from December 2019 vs. June 2020-August 2020

60% growth in online sales of protein in 2020*
After over two decades in the industry, Sanderson Farms’ director of marketing, Hilary Burroughs, has seen a lot of market trends come and go, but nothing quite like what occurred in 2020. Due to the pandemic and concern regarding virus spread and food shortages, immediacy and convenience became top consumer demands through online shopping, and products rarely purchased online, like fresh chicken, became e-commerce staples.

“In 2020, NielsenIQ data tells us the number of meat shoppers who bought groceries online rose 60 percent compared to pre-pandemic data, which represents over $594 million in online sales of protein,” said Burroughs. “Nearly 150 million people shopped online for groceries for the first time during the pandemic. Online grocery shopping has since become a habit for many over the past 18 months. It proved easier, safer, faster and cheaper than consumers originally thought.”

The way consumers purchase their groceries is far from the only consumer preference that changed in 2020; consumers are now also planning their meals online. “Today’s consumers are planning their meals on recipe sites and social platforms such as Pinterest,” said Burroughs. “They are getting more and more comfortable with adding the ingredients from the recipe directly into their online cart and easily purchasing using shoppable recipe technology.”

It became imperative the company offer our consumers more convenient ways to find our products and shop our recipes. In response, Sanderson Farms updated our retail packaging to include QR codes providing access to our recipes, we enhanced our digital content and amplified our presence across digital shelves. Our recipes became highly visible on the homepage of sandersonfarms.com and we made all of our recipes easily shoppable.

If that wasn’t enough to satisfy evolving consumer preferences, Sanderson Farms was the first chicken producer to introduce voice-activated recipes supported by Amazon Alexa and Google Home that allow the user to follow a recipe hands-free. Consumers can ask their smart speaker how to make dishes, such as garlic parmesan chicken wings, Mediterranean chicken thighs and even whole roasted chicken.

The smart speaker skill is just one example of how Sanderson Farms builds tools valuable to our savvy consumers. “We realized no other chicken producers were utilizing Google Home and Amazon Alexa technology and took the opportunity to be the first,” said Burroughs. “We’re working hard to deliver more solutions like this one that align with advances in e-commerce and technology to help make consumers’ shopping experiences faster and easier. The company is currently exploring new recipe formats, social commerce and live streaming cooking classes just to name a few. It’s a very exciting time to be in retail,” said Burroughs.
At Sanderson Farms, investing in our local communities is part of our corporate philosophy. To us, sustainable communities are those that have safe and bountiful food sources, plentiful natural resources such as clean water and electricity, educational resources, employment opportunities and charitable neighbors who are willing to lend a helping hand to those in need.

Since the very beginning of our company’s history, our founders firmly believed that the company would only be as successful as the communities in which it operates. That belief holds true today after over 74 years of operation and a history of prudent growth and giving back to the communities in which we operate.

Since 1993, Sanderson Farms has built more new poultry complexes than any other company in the industry. Each time we construct a new poultry complex and enter a new community, we impact the community in many ways. Depending on the type of plant, the start-up of a new poultry complex means between 1,100 and 1,700 new jobs, support for 80 to 100 local family farmers and an estimated $1.43 billion economic impact over the first 10 years of operation. In many cases, our facilities are located in areas where we are often one of the largest employers and economic drivers in the area.

Each time we build a new complex, we perform extensive due diligence that includes an assessment of the complex’s impact on human rights. A primary objective of our due diligence process is to identify a potential site where our presence in the community will be sustainable for the long term and where we can elevate the existing employment base.

In addition to providing jobs, opportunity for local farmers and an economic stimulus for rural America, our company is committed to supporting local charities and community
organizations through monetary contributions, product donations and volunteerism. Since 2011, Sanderson Farms has donated $13.5 million and 4.6 million pounds of poultry products to charitable and community organizations surrounding our operations.

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Whether those donations are to local food banks or soup kitchens, disaster relief efforts or the local little league team, Sanderson Farms and its employees work tirelessly to make a difference in our local communities. Since 1999, the company and its employees have donated over $10.7 million to local United Way organizations in the communities where we operate.

Through our partnership with the United Way, all employee contributions, which we match dollar-for-dollar, remain in the geographic areas where they are made so that employees can actually witness the impact their donations have on their local community. In 2020, Sanderson Farms and our employees donated over $797,355 to the United Way.

As a company, we encourage charitable giving amongst our employee population through corporate matching gifts programs. Whether we are matching United Way donations or employee donations to eligible educational institutions, our company culture is clear in its vision for giving back to those who helped us achieve our success so that they, in turn, can realize their own visions for success.

It was for these same reasons that in 2013 the company became the title sponsor of the state of Mississippi’s only professional sporting event, which benefits charities all across the state as well as the state’s only children’s hospital. Since 2013, the Sanderson Farms Championship, a PGA TOUR event, has had a charitable impact of over $11.7 million.

This charity event is a cause the company believed would impact the lives of children for generations to come, and our employees quickly adopted this cause as well. In 2020, Sanderson Farms employees donated 310 volunteer hours during the Sanderson Farms Championship event.

No matter the cause or the recipient, our responsibility as a corporate citizen is clear: do our part to help wherever and whenever we can. After more than seven decades of successful operation, we hope to pass on that same success to every shareholder, employee, family farmer, customer, supplier and community that we touch.
“Whatever you do, work heartily, as for the Lord and not for men, knowing that from the Lord you will receive the inheritance as your reward. You are serving the Lord Christ.” This scripture passage from Colossians 3 is one that Sanderson Farms’ quality auditor, Alicia Walker, lives by each and every day. Whether that work is for her role at Sanderson Farms or her many volunteer commitments in the community, she works heartily at whatever she sets her mind toward.

“I believe that God has placed us on earth to serve those who are less fortunate than ourselves,” said Walker. “My inspiration to be involved in the community is much bigger than me. It is my love for children, the elderly and the underserved that inspires me the most. I began volunteering way back in grade school with 4-H, Junior Reserve Officers’ Training Corps and other organizations, and I have not stopped since.”

Currently, Walker serves as an active volunteer for the Salvation Army, St. Jude’s Children’s Hospital, Sanderson Farms Championship, Dixie Electric Power Association’s DE Fastlink board of directors, Jones County Chamber of Commerce, Laurel Alumnae Chapter of Delta Sigma Theta, Delta Sigma Theta Sorority, St. John Missionary Baptist Church, Laurel High School and North Jones Elementary.

“There is so much work to be done in our community and world, but the laborers are few,” said Walker. “Volunteering is so rewarding, especially when you can reap the fruit of your labor. Volunteerism gives a sense of gratitude and helps with leadership, communication skills, time management, decision-making and dependability.”

Much like she approaches volunteering, Walker is passionate about her work at Sanderson Farms and considers it a privilege to share her experience in food safety with other team members. “My favorite aspect of my job is training our team on the newest food safety standards and sharing my experience and knowledge with everyone I encounter,” said Walker.

Initially, Walker did not choose the poultry industry as a career path and had planned to pursue dentistry. “I did not choose Sanderson Farms, Sanderson Farms chose me,” said Walker. “After my chosen career path did not go as planned, an employee I trusted recommended I give the corporate trainee program a try. With her encouragement and my knowledge of the company’s reputation within the community, I gave the program a try, and here I am 16 years later.”
As a company intent upon feeding the world in a sustainable manner, we fully understand our obligation to do our part to protect the environment by conserving natural resources, recycling and reusing resources within our operations, and creating renewable resources for use in our operations through innovative technologies. In 2010, Sanderson Farms formalized our sustainability efforts by launching the company’s corporate responsibility program, corporate responsibility council and forming complex responsibility teams at each of our facilities to more deliberately focus on our sustainability and environmental goals. Together, these teams work collaboratively to track progress made toward existing sustainability goals, set new goals for sustainable operation and identify innovative practices capable of broadening the scope of the company’s current sustainable initiatives.

Part of our commitment to identifying innovations in sustainability includes ensuring our sustainable methods are at the top of our industry. As a founding Member of the US-Roundtable for Sustainable Poultry & Eggs and the International Poultry Welfare Alliance, Sanderson Farms is committed to furthering animal welfare and industry sustainability not only for our nation, but also for the world. Both organizations are committed to continuous improvement in sustainability and animal welfare through leadership, innovation, multi-stakeholder communication and supply chain collaboration.

Sanderson Farms is also a proud foundational partner of America’s Conservation Ag Movement, the largest ever public-private partnership convening farmers, food and agriculture businesses and the conservation community around the future of farming by bringing profitable, planet-friendly farming into the mainstream. This movement is organized by Trust in Food, a “Farm Journal” initiative, in partnership with the Farm Journal Foundation. Financial and technical support is provided by USDA’s Natural Resources Conservation Service and leading agribusinesses, food companies and nonprofit organizations.
**our world**

- **20%** reduction in electricity usage intensity at Sanderson Farms' production and processing facilities since 2008.
- **38%** reduction in natural gas usage intensity at Sanderson Farms' production and processing facilities since 2008.
- **15%** reduction in natural gas usage intensity for 2020 alone as a result of renewable energy generated by capturing and refining biogas.
- **44%** reduction in water usage intensity at Sanderson Farms' production and processing facilities since 2008.

**ENERGY CONSUMPTION INTENSITY**
(BTU/lb. processed)

**SANDERSON FARMS BASELINE IN FY 2008**

1,218

**SANDERSON FARMS FY 2020**

999

Sanderson Farms generated **287,952 MMBTU**s of biogas, which helped reduce the volume of natural gas purchased in our facilities in fiscal year 2020.

Sanderson Farms' waste savings due to rendering and recycling in fiscal year 2020 alone is equivalent to the weight of **24,567 loaded tractor-trailers**.
PACKAGING AND WASTE MANAGEMENT

Product packaging is an area where the company has the opportunity to make a significant impact on sustainability by providing customers with recyclable packaging, as well as recycling and reducing waste in our own operations. Packaging at our processing plants includes pallets, glue, film, liners, bags, trays, cardboard boxes and tape. In fiscal year 2020, Sanderson Farms packaging was 74 percent recyclable or reusable.

Sanderson Farms’ waste footprint is comprised of non-food waste from operations including recyclable waste, animal by-products such as egg shells and feathers that are sent to rendering, as well as trash sent to the landfill. In fiscal year 2020, 96 percent of the waste the company produced was diverted to rendering for other uses rather than sent to a landfill.

In an effort to reduce waste, the company has also made a conscious effort to reduce paper usage when possible by pursuing innovative data management systems for our facilities and converting management reporting and presentation practices to strictly digital formats. Digital transitions such as this are accompanied by increased cyber security assessments and improvements to safeguard the company’s data.

With the addition of increased automation and technology throughout our operations, the company developed a recycling program for computer technology. Sanderson Farms recycles outdated equipment by using e-waste companies to safely dispose and recycle equipment. E-waste, which is considered to be any electronic device that is outdated, obsolete or broken, is the fastest growing category of waste in the United States.

All of Sanderson Farms’ e-waste partner companies were selected because they are industry standard certified and meet both legal and environmental compliance requirements. Sanderson Farms disposes of and recycles computer equipment approximately two to four times each year.

In addition to paperless initiatives, reduced packaging waste and recycled technology, the company has made significant progress towards reducing our use of natural resources throughout our operations since 2008, the year in which we began tracking certain metrics, as well as developing methods of recycling wastewater and generating renewable resources such as biogas. Sanderson Farms tracks the daily usage of electricity, gas and water at each of our poultry complexes and sets aggressive goals every year to reduce our impact on the environment. Our use of these natural resources and utilities is measured against industry standards per salable pound.
MAKING EVERY WATT WORTH IT

Sanderson Farms tracks the daily usage of electricity, gas and water at each of our poultry complexes and sets aggressive goals every year to reduce our impact on the environment.

THE AMOUNT OF ELECTRICITY CONSERVED BY SANDERSON FARMS IN 2020, AS COMPARED TO BASELINE VALUES IN 2008, IS EQUIVALENT TO THE AMOUNT OF ELECTRICITY GENERATED BY MORE THAN 27 WIND TURBINES IN A YEAR.*

*According to the U.S. Energy Administration and U.S. Wind Turbine Database with the average wind turbine at 33 percent capacity.

20% DECREASE SINCE 2008 IN ELECTRICITY USAGE PER SALABLE LB.

ELECTRICITY
CORPORATE ELECTRICITY USAGE

Compared to baseline values established in 2008, Sanderson Farms has reduced its electricity usage per salable pound to 0.1138 kilowatt hours (kWh) or by 134,554,158 total kWhs.
In fiscal year 2021, Sanderson Farms aims to reduce our natural gas usage by 2 percent compared to the previous year by increasing our production of renewable energy or biogas. This same goal was exceeded in fiscal year 2020 as we decreased our natural gas usage per salable pound by 3.9 percent compared to fiscal year 2019.

### Power That Matters

In fiscal year 2020, Sanderson Farms has reduced its natural gas usage per salable pound to 0.000346 million British thermal units (MMBTU) or by 990,724 total MMBTUs. The amount of natural gas conserved by Sanderson Farms in 2020, as compared to baseline values in 2008, would create enough fuel for a natural gas power plant to generate 130,087,483 kWhs of electricity, which would power over 16,700 homes for one year.

*According to the U.S. Energy Information Administration and based on data from the U.S. electric power sector in 2020.*

### Natural Gas

**Corporate Natural Gas Usage**

Compared to baseline values established in 2008, Sanderson Farms has reduced its natural gas usage per salable pound to 0.000346 MMBTU or by 990,724 total MMBTUs.
Compared to baseline values established in 2008, Sanderson Farms has reduced its water usage per salable pound to 1.019 gallons or by 3,787,791,707 total gallons.

In fiscal year 2021, Sanderson Farms aims to reduce our water usage per salable pound by 3 percent compared to the previous fiscal year. This same goal was exceeded in fiscal year 2020 as we decreased our water usage per salable pound by 6.8 percent compared to fiscal year 2019.

The amount of water conserved by Sanderson Farms in 2020, as compared to baseline values in 2008, would supply enough water to operate 10 of our 12 poultry processing facilities for one year.
We believe that access to clean and plentiful water is a basic human right. While necessary for the production of a safe food supply for a growing world, water is a precious and limited resource that must be managed responsibly. Sanderson Farms takes this responsibility seriously by using innovative wastewater treatment facilities housed on-site at our poultry complexes to treat and reuse the water that has been used to clean and chill poultry products and sanitize our processing plants. These treatment facilities utilize biological treatment, oxygenation, clarification and ultra violet disinfection to treat wastewater before either discharging it directly into streams or applying it to land.

To ensure we are doing our part to leave the environment better than we found it and that we remain in compliance with regulations related to discharges, each wastewater facility is managed by a specially trained environmental supervisor who is licensed in wastewater and drinking water supply operation. Environmental supervisors and wastewater operators also attend annual training seminars to obtain continuing education units necessary to maintain licensure.

Our wastewater treatment chemical data is reported to the Environmental Protection Agency (EPA), as required by the Toxics Release Inventory (TRI) program, and our procedures are regulated by EPA programs like the Clean Water Act (CWA) and the National Pollutant Discharge Elimination System (NPDES). The company reports the amount of nitrate compounds, along with other chemicals, included in our wastewater for the TRI program. All water released from our wastewater treatment facilities meets the EPA’s Effluent Guidelines Program.

In addition to recycling wastewater and returning it to the environment, water is also repurposed for further use throughout our processing facilities. To help the company conserve water and achieve our water reduction goal, we have installed systems that enable the recycling of water in multiple areas throughout our processing facilities. Sanderson Farms goes to great lengths to ensure that its processing facilities are designed and built to conserve as much water as possible.

Sanderson Farms goes to great lengths to ensure that its processing facilities are designed and built to conserve as much water as possible. For example, visual inspections are conducted at our processing facilities both during operation and downtime to ensure that water is not wasted. For example, visual inspections are conducted at our processing facilities both during operation and downtime to ensure that water is not wasted. In addition, daily meter readings are recorded and evaluated based on the company’s operating standards to ensure employees are being good stewards of water resources.

Environmental supervisors at each processing facility are responsible for monitoring water entering and leaving their facility. Armed with historical data detailing water trends in the average 24-hour period, environmental supervisors are responsible for contacting the processing facility in the event that water usage increases to unexpected levels. If water usage increases significantly, water usage audits are performed to ensure that all unnecessary water usage is eliminated.

To ensure that every Sanderson Farms facility follows the company’s standards for water conservation, each plant submits a daily utility log to the corporate environmental services team to compare utility usage across the company and evaluate areas that need improvement.

To ensure that every Sanderson Farms facility follows the company’s standards for water conservation, each plant submits a daily utility log to the corporate environmental services team to compare utility usage across the company and evaluate areas that need improvement.

Realistic goals are set for each size and type of facility throughout the five states and seventeen different communities in which the company operates.

Drainage systems in areas around our facilities that could negatively affect stormwater discharges are designed so that the stormwater collected in those areas is sent to the wastewater treatment system for full treatment. These high-strength stormwater areas include truck parking areas, shipping docks, maintenance areas and any other areas that could negatively affect stormwater discharges. Areas such as employee parking lots are diverted to drains that allow for normal discharge of stormwater to the environment.

Throughout Sanderson Farms, water conservation practices are emphasized to employees through on-the-job training and implemented through regulating water service pressure,
specifically sizing orifices on spray wands, preventing leaks and specifically designed pumps and spray nozzles for the task at hand to ensure no water is wasted. Sanderson Farms withdraws water from both municipal and groundwater sources. Of the water withdrawn in fiscal year 2020, only 4.1 percent was from regions with high or extremely high baseline water stress. The company has long recognized the importance of water to our business and the impact our operations have on the availability of water if not managed prudently.

To mitigate this risk of water scarcity, including future potential scarcity caused by climate change, we have strict guidelines in place for our site selection process for new poultry complexes, our water management practices in our facilities, and our live growing program for independent family farmers. In addition, we are members of organizations that promote water conservation including the US-Roundtable for Sustainable Poultry and Eggs and Trust in Food’s Conservation Agriculture Movement.

Since 1993, we have built eight new, state-of-the-art poultry complexes in Mississippi, Texas, Georgia and North Carolina, representing a 320 percent expansion of our production capacity. Before choosing a new site for a poultry complex, we perform extensive due diligence in consultation with professional hydrologists to ensure there is sufficient water not only for the operation of our processing plants, hatcheries and feed mills, but also for the support of the independent farms that will be located near each complex to grow our birds.

Sanderson Farms does not choose sites that would depend on aquifers that are stressed or marginal. Instead, we work with experienced hydrologists to study the site aquifers and assess their sustainability considering unpredictable circumstances associated with climate change and the impact it can have upon the water supply. In a process that takes as long as six months, we drill test wells and perform other aquifer studies that ensure the availability of ample water resources to support the site and our long-term capital investment in the area.

Because of our greenfield expansion since 1993 and our due diligence process, most of our operations are located in areas with abundant water resources. The company has only one complex, located in Hazlehurst, Mississippi, that is in an area with high baseline water stress, and we purchased that complex in 1961. This complex represents just 4.8 percent of our production capacity as measured by number of birds, and we have engaged a hydrologist to identify and evaluate alternative water sources for the complex. Because of this due diligence process, Sanderson Farms’ company footprint is largely located in areas with abundant water resources, making them less susceptible to resource scarcity associated with climate change.
WATER SAMPLES ARE TESTED FOR:
- Total Suspended Solids
- Chemical Oxygen Demand
- Ammonia
- Total Phosphorous
- Nitrate
- Dissolved Oxygen

Processing facilities regularly sample local water bodies that the company direct discharges treated wastewater to by pulling upstream and downstream samples. Tests run on these samples include total suspended solids, chemical oxygen demand, ammonia, total phosphorous, nitrate and dissolved oxygen. This innovative wastewater treatment process is beneficial to the community as it supports local streamflow and natural aquatic life found in local water bodies.

In addition to the direct discharge of treated wastewater, we implemented state-of-the-art land application systems at certain locations based on scientific research demonstrating that these systems have been successful at over 2,000 sites across the United States. When properly designed and managed, land application systems improve the productivity of local ecosystems and protect the quality of groundwater. Sanderson Farms’ land application systems apply fully treated wastewater to soil and vegetative crops, which further treats and renews the water before it is returned to groundwater.

Treated water is applied to land through spray irrigation, which is a slow-rate irrigation process recognized for achieving the highest rate of water renovation and the most beneficial use of nutrients and water. Because water is sprayed at a slow rate, it enters the soil with no runoff or accumulation of standing water.

After absorption into the soil, nutrients from the treated water are managed by the growth and harvest of a variety of different soil crops, including hay and grain crops. Local farmers harvest the hay crops that have been organically fertilized and irrigated with the treated water and use the hay to feed their livestock. In addition to supporting the growth of grass and grain crops, land application systems also fertilize and irrigate local timber crops. Harvesting the crops and trees removes and recycles the nutrients in the treated water. The use of standard farming practices provides an indefinite life cycle for wastewater land application.

To ensure our land application systems have a positive effect on the environment, we monitor groundwater quality by installing groundwater monitoring wells before spraying any treated water in order to establish baseline groundwater quality. By implementing land application systems, Sanderson Farms uses a sustainable environmental practice that allows the company to replenish natural water sources, support stream flow and propagate vegetative cover while organically fertilizing farmland and irrigating crops.
RENWABLE ENERGY

In addition to recycling and renewing wastewater, Sanderson Farms utilizes a portion of our wastewater treatment process to generate renewable energy by capturing and refining biogas. Biogas is created by bacteria that consume nutrients in wastewater stored in an anaerobic lagoon through methane fermentation. Biogas is captured by the lagoon cover and piped to a Pressure Swing Adsorption (PSA) system, where it is treated to produce pipeline quality natural gas and sent back to the processing facility for use as a renewable energy source.

The anaerobic lagoon cover is composed of a thick, durable material that prevents produced gas from escaping. This also prevents odor from leaving the lagoon and disturbing nearby communities. The black color of the cover helps to increase the temperature at the anaerobic surface.

Natural anaerobic lagoons develop a “fat cap” that is thick and solid. In covered lagoons, like those utilized by Sanderson Farms, the fat is transformed into biogas because the cover acts as an artificial cap. By using this method of generating renewable energy, more fat is digested into methane gas, therefore improving our company’s operational efficiency.

The biogas that is created from biological processes is comprised of approximately 75 percent methane. Using pressure and adsorption media to purify the methane, the PSA system cleans 75 percent methane biogas to a 98 percent methane composition, which is natural gas quality. At the processing facility, the biogas is fed into the service line that supplies the facility with purchased natural gas. The pipeline-quality natural gas exiting from the PSA system can be seamlessly used in place of purchased natural gas throughout our processing plants without any equipment modifications.

Each time we open a new poultry complex, our renewable energy process takes an additional three years to fully mature and achieve maximum efficiency within our wastewater treatment facilities. As a result, our renewable energy production has gradually increased to the point where we are now collectively able to fuel entire poultry complexes for more than a year solely with renewable energy.

The company has increased renewable energy production by incorporating wastewater treatment facilities and PSA systems at each new poultry complex we have constructed since 2005. Each time we open a new poultry complex, our renewable energy process takes an additional three years to fully mature and achieve maximum efficiency within our wastewater treatment facilities. As a result, our renewable energy production has gradually increased to the point where we are now collectively able to fuel entire poultry complexes for more than a year solely with renewable energy. In 2020 alone, Sanderson Farms generated 287,952 MMBTUs of biogas, significantly reducing the company’s dependency on natural gas.
According to the United States Agriculture and Forestry Greenhouse Gas Inventory, poultry production operations account for only 0.6 percent of the greenhouse gas emissions (GHG) from the agriculture sector. Sanderson Farms strives to do our part to protect the environment by evaluating our carbon footprint and setting goals for improvement. The company’s Scope 1 and 2 emissions result from fuel combusted in processing plants, liquid CO\textsubscript{2} and dry ice used in product packaging for refrigeration, electricity purchased for operations, biogas that is combusted or flared at processing facilities, wastewater treatment lagoons, and fuel combusted by company-owned jet and fleet vehicles.

During fiscal year 2020, Sanderson Farms generated approximately 245,477 metric tons of CO\textsubscript{2}-e of gross Scope 1 emissions, which equates to an intensity of 0.050 metric tons of CO\textsubscript{2}-e of Scope 1 emissions per 1,000 pounds processed. When combined, the company’s gross Scope 1, Scope 2 and biogenic emissions totaled approximately 477,089 metric tons of CO\textsubscript{2}-e during fiscal year 2020, which equates to an intensity of 0.097 metric tons of CO\textsubscript{2}-e per 1,000 pounds processed. Fiscal year 2019 was the first year we compiled our GHG emissions data, and we are currently in the process of analyzing the data, gathering more data, and determining the next steps to take for the purpose of establishing targets and plans to manage our future emissions.

**GREENHOUSE GAS EMISSIONS**

According to the United States Agriculture and Forestry Greenhouse Gas Inventory, poultry production operations account for only 0.6 percent of the greenhouse gas emissions (GHG) from the agriculture sector. Sanderson Farms strives to do our part to protect the environment by evaluating our carbon footprint and setting goals for improvement. The company’s Scope 1 and 2 emissions result from fuel combusted in processing plants, liquid CO\textsubscript{2} and dry ice used in product packaging for refrigeration, electricity purchased for operations, biogas that is combusted or flared at processing facilities, wastewater treatment lagoons, and fuel combusted by company-owned jet and fleet vehicles.

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In the 15 years that manager of environmental services for environmental operations, Dwayne Holifield, has worked for Sanderson Farms, the company has nearly doubled in size. Beginning his career with the company as an environmental coordinator after nearly 12 years of working in aquaculture research, Holifield has observed Sanderson Farms utilize consistent technology with an evolution of design and treatments to meet and exceed environmental goals over the years.

“Sanderson Farms has a commitment to conserve our natural resources,” said Holifield. “From water conservation and reuse to renewable energy, we have implemented proven technologies that show considerable reductions in usage since our benchmarks were established in 2008.”

With a degree in fish and wildlife biology with an emphasis in fresh water fisheries management, Holifield enjoys the diverse directions his role at Sanderson Farms takes him in. Whether it is exploring new technologies for water treatment and renewable energy to working with farmers, foresters and wildlife specialists, he never knows what direction the next phone call or email will take him in, and that keeps things interesting.

“This company goes above and beyond what is required to make sure that we do ‘the right thing,’” said Holifield. “Our land application systems apply fully treated water to hay crops and timber. The renewable energy projects provide safe and clean fuel from what is considered waste byproducts. Our water reuse projects reduce the amount of groundwater pulled from the aquifers. In doing business this way, our environmental record speaks for itself.”

To Holifield and his three colleagues in corporate environmental services at Sanderson Farms, this is the reason they work hard day in and day out; they believe the work they are doing is making an impact for communities all around the country while providing a food product that is affordable, nutritious and sustainable.

Knowing the company’s reputation for producing quality products and taking care of the communities and environments where they operate, he encourages others to pursue a career with Sanderson Farms. “Regardless of what your interests are, there is a place for you in the poultry industry,” said Holifield. “When you look at what it takes to feed the world, all skill sets are utilized to accomplish that common goal.”
During fiscal 2019, Sanderson Farms generated approximately 239,020 metric tons of CO$_2$e of gross Scope 1 emissions, which equates to an intensity of 0.048 metric tons of CO$_2$e of Scope 1 emissions per 1,000 pounds processed.

Previously reported fiscal 2019 values have been revised to exclude biogenic emissions.

During fiscal 2020, Sanderson Farms generated approximately 245,477 metric tons of CO$_2$e of gross Scope 1 emissions, which equates to an intensity of 0.050 metric tons of CO$_2$e of Scope 1 emissions per 1,000 pounds processed.

See pages 100-101 for more details on the company's GHG emissions.

Fiscal year 2019 was the first year for which we compiled our GHG emissions data. We have also compiled our GHG emission data for fiscal year 2020, and we continue to progress in our analyses of the data for the purposes of establishing targets and plans to manage our future emissions. Specifically, as seen below in our response to code FB-MP-440a.1, we have focused our resources over the past year on mapping out our feed grain supply chain, which data will be integral in setting GHG emission targets.

See pages 100-101 for more details on the company's GHG emissions.

During fiscal 2019, Sanderson Farms consumed approximately 4,982,299 GJ of energy in our operations, resulting in an intensity of 996 BTU per pound processed. This figure excludes energy consumed by our independent contract poultry producers. Approximately 37.9% of the total energy consumed was derived from grid electricity, and approximately 4.5% of the total energy consumed was renewable.

During fiscal 2020, Sanderson Farms consumed approximately 5,199,552 GJ of energy in our operations, resulting in an intensity of 999 BTU per pound processed. This figure excludes energy consumed by our independent contract poultry producers. Approximately 38.0% of the total energy consumed was derived from grid electricity, and approximately 5.8% of the total energy consumed was renewable.

See pages 82, 86-89 and 98-99 for more details on the company’s energy usage.
**SUSTAINABILITY ACCOUNTING STANDARDS BOARD METRICS (SASB)**

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>FY 2019 RESPONSE</th>
<th>FY 2020 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Management</td>
<td>(1) Total water withdrawn, (2) total water consumed,</td>
<td>Quantitative</td>
<td>Thousand cubic meters (m³), Percentage (%)</td>
<td>FB-MP-140a.1</td>
<td>(1) During fiscal year 2019, Sanderson Farms withdrew approximately 18,555 thousand m³ of water, 6.1% of which was withdrawn from regions with High or Extremely High Baseline Water Stress. This water withdrawal results in an intensity of 1.034 gallons per pound processed. (2) During fiscal 2019, the company consumed approximately 2,396 thousand m³ of water, 4.5% of which was from regions with High or Extremely High Baseline Water Stress.</td>
<td>(1) During fiscal year 2020, Sanderson Farms withdrew approximately 18,236 thousand m³ of water, 6.1% of which was withdrawn from regions with High or Extremely High Baseline Water Stress. This water withdrawal results in an intensity of 0.976 gallons per pound processed. (2) During fiscal 2020, the company consumed approximately 2,282 thousand m³ of water, 4.1% of which was from regions with High or Extremely High Baseline Water Stress.</td>
</tr>
<tr>
<td></td>
<td>percentage of each in regions with High or Extremely High Baseline Water Stress</td>
<td></td>
<td></td>
<td></td>
<td>The figures above exclude water withdrawn and consumed by our independent contract producers.</td>
<td></td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>See pages 90-97 for more details on the company’s water management practices.</td>
<td></td>
</tr>
</tbody>
</table>

The company’s primary water-related risks are future potential scarcity of resources, especially as a result of climate change, and regulatory and reputational risks related to discharges of its treated wastewater.

In summary, we mitigate the risk of resource scarcity through our water conservation efforts and our organic growth strategy. Our greenfield expansion over the last three decades has afforded the company the ability to locate new poultry complexes only in regions where water resources are sufficient to meet our long-term needs. These sites are selected only after an extensive due diligence process, which includes engaging with hydrologists that are familiar with the target region and drilling test water wells at potential sites.

We are able to mitigate current and future regulatory and reputational risks related to wastewater discharges through our extensive wastewater treatment and monitoring programs, which are designed to operate well below applicable permit requirements and enable us to discharge treated wastewater either directly into nearby bodies of water or apply it to cropland using land application systems. Rather than rely on municipalities or other public entities, we treat our own wastewater at 11 of our 12 poultry processing plants. Our facilities include state of the art technologies to treat, test and monitor wastewater, and our newer facilities employ state of the art land application systems that recycle water and further mitigate our risk of resource scarcity.

See pages 90-97 for more details on the company’s water management practices.
### Land Use & Ecological Impacts

** Quantitative Metric tons (t), Percentage (%)

**FB-MP-160a.1**

- **Amount of animal litter and manure generated, percentage managed according to a nutrient management plan**

  - **FY 2019 RESPONSE**: Sanderson Farms is currently unable to completely quantify the amount of animal litter and manure generated in our operations. The company has estimated, based on academic research performed by Texas A&M University’s Department of Poultry Science, that our broiler chickens generated approximately 932,000 metric tons of litter and manure, or approximately 3.3 pounds per head processed, during fiscal year 2019. Using the same methodology, we estimate that our broiler chickens generated approximately 982,800 metric tons of litter and manure, or approximately 3.3 pounds per head processed, during fiscal year 2020. This academic study only encompassed broiler flocks, therefore our estimate does not include our breeder flocks.

  - **FY 2020 RESPONSE**: 100% of the litter and manure generated in the operations of our independent contract poultry producers is managed according to a nutrient management plan, which is a requirement in each state in which we operate.

**FB-MP-160a.2**

- **Percentage of pasture and grazing land managed to Natural Resources Conservation Service (NRCS) conservation plan criteria**

  - **FY 2019 RESPONSE**: This metric is not applicable to Sanderson Farms’ operations.

**FB-MP-160a.3**

- **Animal protein production from concentrated animal feeding operations (CAFOs)**

  - **FY 2019 RESPONSE**: In fiscal year 2019, Sanderson Farms produced 4.6 billion pounds of poultry products and 129.1 million pounds of minimally prepared chicken, or a total of 2.2 million metric tons. All or 100% of our production was sourced from CAFOs.

  - **FY 2020 RESPONSE**: In fiscal year 2020, Sanderson Farms produced 4.8 billion pounds of poultry products and 92.8 million pounds of minimally prepared chicken, or a total of 2.2 million metric tons. All or 100% of our production was sourced from CAFOs.
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>FY 2019 RESPONSE</th>
<th>FY 2020 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Safety</td>
<td>Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances</td>
<td>Quantitative</td>
<td>Rate</td>
<td>FB-MP-250a.1</td>
<td>Each of the company’s processing facilities is audited based on the Brand Recognition Compliance (BRC) Global Standard Issue 8, which is a GFSI-recognized food safety certification program. During fiscal year 2019, there were no major non-conformances identified at our 13 processing facilities. During fiscal year 2019, there were 55 minor non-conformances identified at our 13 processing facilities, resulting in a minor non-conformance rate of 4.2. The company implemented corrective actions for 100% of the minor non-conformances identified.</td>
<td>Each of the company’s processing facilities is audited based on the Brand Recognition Compliance (BRC) Global Standard Issue 8, which is a GFSI-recognized food safety certification program. During fiscal year 2020, there were no major non-conformances identified at our 13 processing facilities. During fiscal year 2020, there were 60 minor non-conformances identified at our 13 processing facilities, resulting in a minor non-conformance rate of 4.6. The company implemented corrective actions for 100% of the minor non-conformances identified.</td>
</tr>
<tr>
<td>Food Safety</td>
<td>Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification program</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>FB-MP-250a.2</td>
<td>All or 100% of supplier facilities from which Sanderson Farms purchases animal protein, which has already been processed, are certified to a GFSI-recognized food safety certification program.</td>
<td>None of the independent contract poultry producer facilities, where our live birds are housed, cared for and grown to maturity, are certified to a GFSI-recognized food safety certification program.</td>
</tr>
<tr>
<td>Food Safety</td>
<td>(1) Number of recalls and (2) total weight of products recalled</td>
<td>Quantitative</td>
<td>Number, Metric tons (t)</td>
<td>FB-MP-250a.3</td>
<td>During fiscal years 2019 and 2020, Sanderson Farms conducted no recalls of our products.</td>
<td></td>
</tr>
<tr>
<td>Food Safety</td>
<td>Discussion of markets that ban imports of the entity’s products</td>
<td>Discussion and Analysis</td>
<td>N/A</td>
<td>FB-MP-250a.4</td>
<td>There are currently no markets that ban or restrict the import of Sanderson Farms’ products based on sanitary or phytosanitary measures.</td>
<td></td>
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</tbody>
</table>
Approximately 47.3% of chickens processed in our poultry operations during fiscal 2019 received medically important antibiotics, compared to 100% during fiscal 2018. The company discontinued the use of medically-important antibiotics for the purpose of disease prevention effective March 1, 2019.

100% of chickens processed in our poultry operations during fiscal year 2019 received not medically important antibiotics.

Approximately 3.5% of chickens processed during fiscal 2020 received medically important antibiotics.

100% of chickens processed in our poultry operations during fiscal year 2020 received not medically important antibiotics.

Sanderson Farms is reporting this metric based on percentage by head, which is a modification of the metric’s unit of measure. Due to the significant amount of estimation that would be involved in calculating the percentage by carcass weight, we believe that disclosing the percentage by head is a more accurate representation.

See pages 60-65 for more details on the company’s antibiotic usage.

(1) During fiscal year 2019, Sanderson Farms’ TRIR was 4.8.

(2) Unfortunately, we experienced 1 fatality within our operations during fiscal year 2019.

See pages 34-43 for more details on the company’s employee safety and health.

This metric is not applicable to Sanderson Farms’ operations.

See Respiratory Health Statement on pages 118-119.
## Animal Care & Welfare

- **Percentage of cage-free shell egg sales**: This metric is not applicable to Sanderson Farms’ operations.

- **Percentage of production certified to a third-party animal welfare standard**: The entirety of Sanderson Farms’ live chicken operations is subject to animal welfare audits conducted by third-party Professional Animal Auditor Certification Organization (PAACO) certified auditors based on the National Chicken Council’s broiler and breeder standards. The company also requires evidence of successful animal welfare audits from any third-party processors from which we purchase raw poultry for further processing. Together, these measures result in 100% of our production being certified to a third-party animal welfare standard.

## Animal & Feed Sourcing

- **Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress**: During fiscal year 2019, Sanderson Farms purchased approximately 3.1 million metric tons of corn and approximately 1.0 million metric tons of soybean meal; however, we did not have the data available to us to estimate the percentage of those feed grains that were sourced from regions with High or Extremely High Baseline Water Stress. We have since engaged with many of our feed grain suppliers and a third-party consultant regarding the topic. During fiscal year 2020, we purchased approximately 3.2 million metric tons of corn and approximately 1.1 million metric tons of soybean meal, and as a result of our supplier and consultant engagements, we are able to estimate that approximately 3.7% was sourced from areas with High or Extremely High Baseline Water Stress. This estimate was calculated by entering sourcing data provided to us by our suppliers into the World Resources Institute’s Aqueduct tool. The calculation is strictly an estimate that involves several general assumptions, primarily because our suppliers are unable to report to us the exact farms from which the feed grains that were delivered to our feed mills were harvested.

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>FY 2019 RESPONSE</th>
<th>FY 2020 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Care &amp; Welfare</td>
<td>Percentage of cage-free shell egg sales</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>FB-MP-410a.2</td>
<td>This metric is not applicable to Sanderson Farms’ operations.</td>
<td></td>
</tr>
<tr>
<td>Animal Care &amp; Welfare</td>
<td>Percentage of production certified to a third-party animal welfare standard</td>
<td>Quantitative</td>
<td>Percentage (%) by weight</td>
<td>FB-MP-410a.3</td>
<td>The entirety of Sanderson Farms’ live chicken operations is subject to animal welfare audits conducted by third-party Professional Animal Auditor Certification Organization (PAACO) certified auditors based on the National Chicken Council’s broiler and breeder standards. The company also requires evidence of successful animal welfare audits from any third-party processors from which we purchase raw poultry for further processing. Together, these measures result in 100% of our production being certified to a third-party animal welfare standard.</td>
<td></td>
</tr>
<tr>
<td>Environmental &amp; Social Impacts of Animal Supply Chain</td>
<td>Percentage of livestock from suppliers implementing the Natural Resources Conservation Service (NRCS) conservation plan welfare standards</td>
<td>Quantitative</td>
<td>Percentage (%) by weight</td>
<td>FB-MP-430a.1</td>
<td>This metric is not applicable to Sanderson Farms’ operations.</td>
<td></td>
</tr>
<tr>
<td>Environmental &amp; Social Impacts of Animal Supply Chain</td>
<td>Percentage of supplier and contract production facilities verified to meet animal welfare standards</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>FB-MP-430a.2</td>
<td>The entirety of Sanderson Farms’ live chicken operations is subject to animal welfare audits conducted by third-party Professional Animal Auditor Certification Organization (PAACO) certified auditors based on the National Chicken Council’s broiler and breeder standards. The company also requires evidence of successful animal welfare audits from any third-party processors from which we purchase raw poultry for further processing. Together, these measures result in 100% of our supplier and contract production facilities being certified to a third-party animal welfare standard.</td>
<td></td>
</tr>
<tr>
<td>Animal &amp; Feed Sourcing</td>
<td>Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress</td>
<td>Quantitative</td>
<td>Percentage (%) by weight</td>
<td>FB-MP-440a.1</td>
<td>During fiscal year 2019, Sanderson Farms purchased approximately 3.1 million metric tons of corn and approximately 1.0 million metric tons of soybean meal; however, we did not have the data available to us to estimate the percentage of those feed grains that were sourced from regions with High or Extremely High Baseline Water Stress. We have since engaged with many of our feed grain suppliers and a third-party consultant regarding the topic. During fiscal year 2020, we purchased approximately 3.2 million metric tons of corn and approximately 1.1 million metric tons of soybean meal, and as a result of our supplier and consultant engagements, we are able to estimate that approximately 3.7% was sourced from areas with High or Extremely High Baseline Water Stress. This estimate was calculated by entering sourcing data provided to us by our suppliers into the World Resources Institute’s Aqueduct tool. The calculation is strictly an estimate that involves several general assumptions, primarily because our suppliers are unable to report to us the exact farms from which the feed grains that were delivered to our feed mills were harvested.</td>
<td></td>
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</tbody>
</table>
Sanderson Farms currently operates 11 hatcheries, 9 feed mills, 12 poultry processing plants and 1 prepared chicken plant.

During fiscal year 2019, the company’s 12 poultry processing plants collectively produced 4.6 billion pounds of fresh and frozen poultry products, and our prepared chicken plant produced 129.1 million pounds of minimally prepared chicken. Of the 129.1 million pounds recognized as production from our prepared chicken plant, approximately 2.2% was outsourced to a third-party partner.

During fiscal year 2020, the company’s 12 processing plants collectively produced 4.8 billion pounds of fresh and frozen poultry products, and our prepared chicken plant produced 92.8 million pounds of minimally prepared chicken. None of the fiscal year 2020 production was outsourced.

DISCLAIMER

Sanderson Farms has made every effort to ensure the accuracy of the information in this report, but it has not been audited by an external party and is not guaranteed. De minimis electricity, water and natural gas usage at our corporate offices and certain field location office spaces is excluded from the data reported. This report is not intended to be a solicitation or advertisement for the purchase or sale of Sanderson Farms’ 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, evaluations, and estimates provided in this report are based on assumptions and contingencies, which are subject to change without notice.
Sanderson Farms holds the safety and health of its workforce as a top priority and invests considerable resources to ensure its employees are not exposed to respiratory hazards that might result in acute or chronic health conditions. Respiratory injuries and illnesses such as chemical burns, inflammation, bronchitis, lung disease, and organic toxic dust syndrome are not common for Sanderson Farms.

The potential respiratory hazards in Sanderson Farms’ operations are minimal and generally limited to (1) the anhydrous ammonia used in the processing plants’ industrial refrigeration systems; (2) the Peracetic Acid (PAA) which is used as an antimicrobial to help prevent the occurrence of salmonella and other potentially harmful microbes on our products; (3) the formaldehyde used to disinfect our hatcheries; (4) the dust in the feed mills; and (5) the chick down in our hatcheries.

In regards to the anhydrous ammonia, the Company carefully monitors its industrial refrigeration process systems to guard against a hazardous release of ammonia. This system is engineered with several redundant protections to prevent a release, including multiple relief valves designed to route any release of ammonia to a water tank where it is neutralized before being released to the atmosphere. In addition, the Company has trained specific employees on site to operate as a hazardous materials team that is equipped to address any unexpected release of ammonia.

In regards to the PAA, the associated vapors are closely monitored and documented to ensure employees are not exposed to any hazardous levels. Currently, neither the National Institute of Occupational Safety and Health nor the Occupational Safety and Health Administrations provide guidance on exposure levels for PAA; however, the Company complies with the threshold limit value short-term exposure limit guidance from the American Conference of Governmental Industrial Hygienists by diluting the PAA to ensure it remains below certain, specific levels.

In regards to the formaldehyde used to disinfect our hatcheries during egg hatch, the Company has implemented procedures that include the required use of respiratory protective equipment when handling the formaldehyde. In addition, the levels of formaldehyde are monitored daily to ensure the associated vapors remain below the appropriate exposure levels, and we routinely consult with Certified Industrial Hygienists to ensure our monitoring procedures are appropriate.

Dust is a natural byproduct of the feed manufacturing process, and dust caused by chick down, a layer of fine feathers found on newly hatched chicks, is inherent in our hatcheries. In both cases, the company employs highly specialized ventilation systems and equipment to reduce the presence of dust in the workplace, and monitors the environments to ensure the levels of dust do not reach hazardous levels. With respect to the feed mills, ventilation systems and equipment are utilized to remove and contain dust particles from the work environment. All of our hatcheries are equipped with highly specialized ventilation equipment that creates negative pressure in areas of the process where chick down is most prevalent, which equipment effectively removes dust and chick down from the work environment. In the event the dust or chick down in the work environment exceeds appropriate threshold levels, respiratory equipment is available to protect our employees. We regularly consult with Certified Industrial Hygienists to monitor these levels and evaluate the related procedures.

In regards to the COVID-19 respiratory hazard, we have implemented a detailed plan that requires all employees on site to wear face masks. Additionally, employees who are unable to perform their work duties while maintaining social distancing are required to wear face shields in addition to their face masks. We also ensure the maximum feasible ventilation is introduced into each work environment to provide the employees with fresh air. For a more detailed discussion of our COVID-19 response, see pages 38-43.

Finally, we have a written respiratory program that requires respiratory protection equipment be worn while performing any task or working in any environment where the potential for a respiratory illness or injury exists. When the equipment is not otherwise required, the Company allows employees to voluntarily wear respiratory protection equipment.
During fiscal year 2020, Sanderson Farms purchased approximately 3.2 million metric tons of corn and approximately 1.1 million metric tons of soybean meal. We recognize that adequate sources of feed grains are essential to our operations and that climate change poses risks to American farmers and to us in the forms of drought and extreme weather. We currently manage this risk by ensuring we have adequate and geographically-diverse suppliers for our feed grain needs and by using poultry breeds that efficiently convert feed to live weight.

As a partner in Farm Journal’s Trust in Food Conservation Ag Movement, Sanderson Farms is committed to furthering and encouraging conservation and sustainability in its feed grain supply chain. Trust in Food partners with leading nongovernmental organizations (NGO), agribusinesses, government agencies and others to create solutions driving profitable on-farm conservation practice adoption. Focus areas of the organization include soil health and protecting water and air quality, as well as growing habitat.

Because we are vertically integrated, we own our own flocks and require our contract producers to follow our animal husbandry standards and practices, as well as our bird housing specifications. Our flock supervisors monitor independent contract producers’ compliance with our growing program. Therefore, we believe the risk to our livestock supply presented by climate change is limited. However, we recognize that the combination of our physical footprint and the occurrence of more frequent extreme weather events such as hurricanes poses a risk of temporary livestock supply disruption. We maintain a detailed crisis management and hurricane preparedness plan that enables us to mitigate that risk in the case of threatening weather events.

Sanderson Farms is a founding member of the United States Roundtable for Sustainable Poultry and Eggs, a multi-stakeholder engagement and collaboration effort that includes poultry producers, processors, customers and NGOs, and is focused on addressing emerging issues facing poultry and egg sustainability. Members include stakeholders from the entire poultry supply chain who collaborate on, among other things, innovations to improve air quality, energy use, greenhouse gas emissions, land use, nutrient management, water conservation and solid waste disposal. Finally, the company is a founding member of the International Poultry Welfare Alliance, an organization devoted to innovation in animal welfare practices that improve poultry sector sustainability and production efficiency.
BACKGROUND

Respect for the inherent dignity, equality and worth of every human being has been a core value at Sanderson Farms since our founding in 1947. This principle is the cornerstone of our company Vision, which calls upon our team to treat all persons with absolute respect and integrity and to be devoted to the success of everyone in our organization in fulfilling their potential in all aspects of life.

In 1969, we adopted a written Statement of Philosophy, which affirms our respect for human rights and the individual dignity and worth of all persons. The document states our commitment to respecting the rights of our employees before we can expect the performance from them needed to achieve our high standards. It also requires respect for the rights of our contract producers, our communities, our customers and society at large, as well as for the environment.

Our Vision and our Statement of Philosophy continue to be the driving force behind everything we do at Sanderson Farms. They are supplemented by our Corporate Code of Conduct, which holds our directors, officers and employees to the highest standards of lawful and ethical behavior. These documents compel us to pursue the fair and equitable treatment of all people, including all people associated with our company. The values they articulate are integral to our corporate culture, which we believe is a key reason for our success.

OUR COMMITMENT TO HUMAN RIGHTS

Our board of directors and the executive committee of our management team are adopting this Human Rights Statement to incorporate and build upon the principles of our Vision and Statement of Philosophy. This Statement is intended to meet the framework of the United Nations Guiding Principles on Business and Human Rights. All our operational, workplace and other company policies must be interpreted and implemented in accordance with this Statement.

We recognize our responsibility for, and are committed to, the total respect of internationally recognized human rights, as expressed by the

Universal Declaration of Human Rights and the principles concerning fundamental rights set forth in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. These include the right to freedom of association and collective bargaining. We have a responsibility to avoid causing or contributing to adverse human rights impacts through our activities; to seek to prevent or mitigate such impacts that are directly linked to our operations or products by our business relationships; and to take appropriate action, which may include remediation, when such impacts occur.

We expect every member of our team to respect these rights. We also expect our contract producers, suppliers and other business partners to adhere to the principles expressed in this Statement.

OUR HUMAN RIGHTS DUE DILIGENCE AND ON-GOING ASSESSMENT PROCESSES

Our primary activity that could impact human rights is the execution of our greenfield expansion strategy. Since 1992, we have built eight new poultry complexes, more than tripling our production capacity and operational footprint. Each time we build a new complex, we perform extensive due diligence that includes an assessment of the complex’s impact on human rights.

A primary objective of our due diligence process is to identify a potential site where our presence in the community will be sustainable for the long term and where we can elevate the existing employment base. Our development team, which is composed of environmental, civil, mechanical and industrial engineers and other experts, conducts an extensive dialogue lasting up to a year with local officials, community and business leaders and other stakeholders to assess whether our presence in the community will be mutually beneficial and not cause harm.

We emphatically do not want to locate new complexes in communities with insufficient available labor where we would have to depend on attracting employees from outside the community. This could have extremely negative consequences both for us and the community, including the possibility of overwhelming the community’s medical,
educational, housing and transportation infrastructure. We also do not locate in communities that will need to develop new infrastructure to accommodate us.

Accordingly, we carefully study the community and local services surrounding the sites we are considering and spend time on the ground assessing whether our presence will be positive for the area. We also do not want to establish operations in local communities that are not representative of the regional community generally. This may indicate that the local community is inhospitable to certain segments of the U.S. population.

We also perform extensive environmental due diligence to ensure that the natural resources we will use are not stressed or marginal and are abundant enough to sustain our complex and our contract farms for the long term. We are committed to ensuring that our operations and those of our contract farms will have as minimal an impact on the environment as possible. It is not sufficient for us to comply with regulatory bare minimums. Because we plan to be a member of the community for the long term, we choose communities where we can minimize our environmental impact as much as possible to allow for possible future environmental changes.

We also apply what we have learned from past events. Because of our greenfield expansion and the relatively young age of our complexes, we were better able than our competitors to protect our people from COVID-19. We are also committed to incorporating what we have learned during the pandemic in building our future complexes. We are already considering how we would re-design our next complex to allow for greater social distancing and other measures that will reduce the chance of disease transmission.

In addition to conducting due diligence to support our growth, our management executive committee, with the oversight of our board of directors, also continuously assesses the human rights impact of our on-going, day-to-day operations and activities. This on-going assessment is part of our enterprise risk management and compliance functions.

The key risk areas we monitor include, among others:

- discrimination and harassment
- diversity and inclusion
- workplace safety, including the need for personal protective equipment, and the overall health of our workforce
- fair and equitable pay and benefits practices, including access to comprehensive, affordable health insurance and retirement planning
- the needs of the significant number of our employees who do not speak English
- workplace training and personal and professional development opportunities
- the safety of our products for consumers
- the effect of our operations and our contract farms on the environment, and attention to sustainable environmental practices
- how we treat and support our contract producers

Our continuous human rights assessment process requires us to consult on an on-going basis with our stakeholders, and it is our responsibility to look for ways to increase and improve these avenues of communication. For example, we have several processes through which we seek our employees’ input or they can make their voices heard. We also have an on-going dialogue with our contract producers about their needs and how we can help them run a successful business.

Where we lack leverage in addressing an impact, we collaborate with others to promote improvements. For example, our business is materially dependent upon a relatively small number of feed grain suppliers in the United States. While our ability to directly influence their practices is limited, we are part of several organizations working to promote on-farm conservation and sustainability practices. We also consult with specialists in the areas listed above, such as ergonomists, physicians, workplace safety experts, compensation and benefits consultants, hydrologists and other environmental scientists, to name a few, so that we can continuously consider new and improved ways of addressing the human rights impacts of our business.
### SECTION D – EMPLOYMENT DATA

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<thead>
<tr>
<th>JOB CATEGORIES</th>
<th>Non-Hispanic Latino</th>
<th>Hispanic or Latino Male</th>
<th>Hispanic or Latino Female</th>
<th>Overall Totals</th>
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<tbody>
<tr>
<td>Exec/Sr. Officials &amp; Mgrs</td>
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<tr>
<td>First/Mid Officials &amp; Mgrs</td>
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<tr>
<td>Professionals</td>
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<td>Technicians</td>
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<td>Sales Workers</td>
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<td>Craft Workers</td>
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<td>Operators</td>
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<tr>
<td>Laborers &amp; Helpers</td>
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<td>Service Workers</td>
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<tr>
<td>Total</td>
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<tr>
<td>Previous Year Total</td>
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**DATES OF PAYROLL PERIOD:** 7/29/2021 THRU 7/29/2022

**SECTION E – CERTIFICATION:**

**CERTIFYING OFFICIAL:** JENNIFER BUSTER
**EEO-1 REPORT CONTACT PERSON:** JENNIFER BUSTER
**TITLE:** MGR OF CORPORATE HUMAN RESOURCES

**PHONE:** 601-649-4030