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.
CORPORATE RESPONSIBILITY STATEMENT

As a public company, we have a responsibility to create long-term value for our shareholders. Over the last 73 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 73 years and beyond.
We are pleased to present our Corporate Responsibility Report for our fiscal year ended October 31, 2019. As we go to press in September 2020, however, the opportunities and challenges we faced in fiscal 2019 have been eclipsed by a level of social and economic uncertainty unseen since World War II. Today the world faces a deadly pandemic, social and racial unrest, a global recession and market disruption. We will discuss these challenges and describe in detail our actions to mitigate the associated risks in our fiscal 2020 report. But we take a moment now to outline our response to these issues to date.

COVID-19
Our top priority throughout the pandemic has been protecting the health, safety and welfare of our over 18,000 employees. In February 2020, we formed a special team of senior managers, including our CEO, President and CFO, to coordinate our response to the crisis in consultation with outside experts in infectious disease and epidemiology. The response team meets twice daily to discuss COVID-19 developments in our company and the communities in which we operate. Additionally, our board of directors met weekly for the first few months of the crisis, and later approximately every other week, to receive updates from our executive leadership and oversee our response.

We have detailed in our SEC filings the many steps we have taken to reduce the risk of COVID-19 infections among our employees and their families. These include distributing personal protective equipment; implementing social distancing protocols and installing barriers between work stations; improving ventilation; extensively cleaning and sanitizing our facilities; conducting facility-wide COVID-19 testing at our locations where community infection rates were high; providing paid time off for affected employees; paying an attendance bonus to hourly employees; and more. We will continue to consult with local health authorities and outside experts and monitor best practices as the pandemic evolves to keep our facilities as safe as possible.

DIVERSITY, EQUITY AND INCLUSION
The tragic deaths of George Floyd, Ahmaud Arbery, Breonna Taylor and other African-Americans have put the topics of diversity, equity and inclusion (“DEI”) at center stage in our national discourse during 2020. As you will read in this report, respect for the dignity and worth of every human being has been a core value of our company since it was founded in 1947. The events of 2020 prompted our CEO, Joe F. Sanderson, Jr., to write to all 18,000 of our employees the following words:

|O|n behalf of our board of directors and management team, I want you to know we reject hate, racism, violence and bigotry of any kind. I want you to know, too, that we will continue to work every day to live our vision that all who come in contact with this company . . . must be treated with the respect and dignity that all human beings deserve.

I know many of you are hurting, are rightfully angry and frustrated, and are simply afraid because of recent events. . . . I hope you will use this opportunity to talk openly and honestly with your co-workers, supervisors, managers or anyone you are comfortable with about how you feel and how we can all respond to recent events in ways that can bring about real, positive change. We need to truly listen to one another as we discuss our differences, our fears and our anxieties.

We are proud of our record and policies related to diversity; we are committed to equity at work and in our communities; and we strive to be inclusive in every way. We recognize, however, that current events demand a fresh look at everything we do in this regard. Our board of directors met in a special meeting in August solely to discuss this important topic and formed a special committee to oversee the process of selecting a DEI consultant to study our DEI goals, strategy, policies and practices. We expect to hire a consultant during calendar 2020 and hope to receive initial feedback early during calendar 2021.
In the meantime, we have developed a new online training program that will be required for all salaried employees on DEI. Each module of this program is designed to address different facets of diversity, equity and inclusion both in and out of the workplace to instill an understanding of the company’s commitment to a diverse and inclusive workplace.

ECONOMIC CHALLENGES
The COVID-19 pandemic has caused significant economic uncertainty in the United States and the world. Like the Great Recession of 2008, unemployment is high, consumer confidence is low and many of the customers and consumers who buy our products face uncertain futures. As with previous industry downcycles typical in a commodity business like ours, including the downcycles triggered by the Great Recession and the drought of 2011, we will rely on the strength of our balance sheet and the efficiency of our operations to manage our business until industry conditions improve.

MARKET DISRUPTION
As a result of COVID-19, most of the nation’s restaurants have been forced to operate at significantly reduced capacity or to close completely. Consequently, our retail grocery store customers experienced a surge in demand for food to be prepared at home, while demand from customers who sell our products to food service establishments came under significant pressure.

Our vertically integrated model allows us to mitigate the risk of consumer demand shifts by increasing production for customers experiencing greater demand and reducing our volumes of product sold to markets under pressure. In our second fiscal quarter of 2020, we diverted birds that were initially intended to be processed for our food service customers to plants that serve our retail grocery store customers and ran our processing plants serving those customers on weekends. At the same time, we reduced the number of hatching eggs set in incubators for our big bird program, which subsequently reduced the number of birds processed for our food service customers.

Perhaps the most important lesson of 2020 is that companies must be more nimble, prepared, future-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.
LETTER FROM OUR CHAIRMAN & CEO

You might think we wrote our Statement of Philosophy in response to the “stakeholder governance” movement—the groundswell of support in recent years for the idea that corporations have a responsibility not only to shareholders, but also to their employees, suppliers, customers, and society at large. In fact, our founders wrote our Statement of Philosophy more than 50 years ago in 1969. Today, it remains the first document in our company policy manual, and is the basis upon which every manager in our company is expected to make decisions for our business.

Indeed, our Statement of Philosophy was our founders’ early expression of the idea of corporate purpose. They believed that the purpose of a corporation is to deliver profitable solutions for society’s needs and problems. Their vision of Sanderson Farms’ purpose is the one we still hold today: to provide high quality food products to our customers and consumers in a profitable manner that benefits all the constituents who contribute to our success.

EXCERPT FROM SANDERSON FARMS’ “A STATEMENT OF PHILOSOPHY:”

“At Sanderson Farms, we believe deeply in the following philosophy and expect it to govern the decisions and actions of all who represent the company.

Foremost, we have an obligation to the stockholders, employees, customers, and community to operate successfully... to produce long-run profits. To do this, we must provide needed food products of high quality and accept our responsibility to our employees, our customers and the people in the communities of which we are a part.

Absolute integrity must guide us in our dealings with people. We will accomplish our objectives only so long as people have trust in our words, motives and deeds.

We at Sanderson Farms believe in the respect for the dignity of each individual. This principle should influence our decisions in all relationships with employees, customers, suppliers, contract producers and citizens.

We believe strongly that we cannot fulfill our corporate purpose without conducting ourselves with total integrity. Operating with integrity means we must provide our employees with a safe place to work; fair pay and benefits; fair, equitable and inclusive treatment; provide our customers with the highest quality and safest products possible while listening and being responsive to their needs; build long-term, mutually beneficial relationships with our contract producers and support them and their efforts to succeed in their chosen vocation; operate in an environmentally sound way; and participate in and support our communities. We cannot be truly successful unless we inspire the trust of everyone who deals with our company.

Our founders also recognized from the beginning that to be successful, we must manage our business sustainably. It was fundamental to them to focus on the “long run,” or what we now refer to as the long term, because of their belief that the company should not generate profits by compromising the ability of future generations to meet their needs. But doing our part to protect our planet is not only the right thing to do. By helping to ensure a sustainable future for society, we also help ensure that our company will have a long-term role in meeting society’s future needs.

We are pleased to share with you in this Corporate Responsibility Report our progress in meeting our responsibilities to our stakeholders. We are incorporating SASB’s metrics in our reporting following conversations with our shareholders who have made a long-term investment in our business. They recognize, as we do, that our future prosperity depends on our ability to anticipate and manage threats to our long-term strategy from climate, social and economic developments. Our shareholders also share our belief that the interests of our other stakeholders impact the value of their investment in us. We are proud, therefore, to showcase in this report our achievements in managing environmental, social and governance risks and in building long-term value for our many stakeholders who have a shared interest in our success.

Sincerely,

Joe F. Sanderson Jr.
our company

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

NOT ONLY DO WE SELL OUR PRODUCTS IN NEARLY 50 STATES, WE EXPORT TO MORE THAN 50 COUNTRIES

3RD LARGEST POULTRY PRODUCER

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

NOT ONLY DO WE SELL OUR PRODUCTS IN NEARLY 50 STATES, WE EXPORT TO MORE THAN 50 COUNTRIES

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

STRONG TRACK RECORD OF GROWTH (POUNDS PROCESSED IN MILLIONS)

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.

IN FISCAL 2019, SANDERSON FARMS PROCESSED 623 MILLION CHICKENS, SELLING 4.5 BILLION POUNDS OF DRESSED POULTRY AND GENERATING $3.4 BILLION IN ANNUAL SALES. WITH THE ADDITION OF OUR TYLER, TX COMPLEX, THE COMPANY HAS A PROCESSING CAPACITY OF 13.65 MILLION CHICKENS PER WEEK.
In a little over three decades, Sanderson Farms has grown from a family-owned business to a publicly traded company with a market capitalization of over $3.43 billion as of the end of fiscal year 2019. At the time of our initial public offering in 1987, the company had only 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 chicken facility across a five-state footprint.

By expanding our operations while maintaining our relentless focus on being one of the industry’s most efficient poultry producers, we have increased our production from 722 million pounds in fiscal year 1997 to 4.6 billion pounds in fiscal year 2019. We believe our prudent growth strategy has been successful due to our ongoing efforts to conserve and recycle natural resources, invest in innovative technology, maintain excellent animal welfare standards and develop our employees into future leaders of our industry.

Our focus on operational efficiency includes setting ambitious operational goals for the year and evaluating achievement of the previous year’s 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 73 years of operation.
CREATING LONG-TERM VALUE

LOW COST PRODUCER

As one of the industry’s most efficient poultry producers, Sanderson Farms is well positioned to capture market share.

FAVORABLE PRODUCT MIX

The company’s product mix is focused on the two most profitable market segments of the poultry industry throughout the variable cycles that define our industry.

STRONG BALANCE SHEET

Our company manages and maintains an appropriate capital structure, recognizing that our organic growth has created value for our shareholders. The company’s strong balance sheet enables growth even during industry downturns that are characteristic of a commodity business.

ATTRACTIVE GROWTH PROFILE

After more than 73 years in business, Sanderson Farms has a track record of generating strong internal growth and a history of delivering above average returns relative to our industry peers.

* Source: Bloomberg Finance L.P.
**SUSTAINABLE ORGANIC GROWTH ACROSS MARKET CYCLES**

*Poultry pounds sold (millions)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,531</td>
<td>1,540</td>
<td>1,807</td>
<td>2,399</td>
<td>2,463</td>
<td>2,581</td>
<td>2,800</td>
<td>2,956</td>
<td>3,038</td>
<td>3,066</td>
<td>3,454</td>
<td>3,765</td>
<td>4,246</td>
<td>4,898</td>
<td>4,799</td>
<td></td>
</tr>
</tbody>
</table>


**our finances**

**DISCIPLINED CAPITAL ALLOCATION**

*Legend for chart below:*

- **Maintenance**
- **Aircraft**
- **Collins Expansion**
- **Prepared Foods**
- **Georgia Complex**
- **Palestine Complex**
- **St. Pauls Complex**
- **Tyler Complex**
- **Waco Complex**
- **Kinston Complex**
- **Equipment Upgrades**

**CAPITAL EXPENDITURES (MILLIONS)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
</tr>
</tbody>
</table>

**CONTINUOUS CONSERVATIVE STEWARDSHIP OF OUR BALANCE SHEET IS AT THE CORE OF OUR LONG-TERM STRATEGIC PLAN, AND WILL HELP ENSURE FINANCIAL SUSTAINABILITY.**
After over 70 years of operation, the family-owned business that first planted its roots in Laurel, Mississippi has grown to become the nation’s third largest poultry producer intent on feeding families all around the world. While we have grown considerably over the years to include over 18,000 employees, we continue to work diligently to find new ways to invest in their futures 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.

Since our company’s inception in 1947, our founders have emphasized treating our team members with dignity and respect while recognizing the value each individual employee contributes to our common endeavor. As a company, we embrace the philosophy that every employee has certain rights which must be honored before we can expect the performance necessary to reach our high standards.

Whether our employees are mixing feed in the feed mill, hatching baby chicks in the hatchery, driving young chicks to a family farm or preparing products for shipment to customers in the processing plant, each and every employee plays a pivotal role in feeding our world when it’s needed most, which is why we believe they are true heroes at work.
MORE THAN 37% OF EMPLOYEES HAVE BEEN EMPLOYED WITH THE COMPANY FIVE OR MORE YEARS

MORE THAN 21% OF EMPLOYEES HAVE BEEN EMPLOYED FOR 10 OR MORE YEARS

MORE THAN 87% of employees are women and minorities including over 55% of our management team in 2019

MORE THAN 66% of employees promoted in fiscal year 2019 were minorities and more than 34% were women

MORE THAN 46% of employees are female including nearly 26% of our management team in 2019

OVER 18,000 EMPLOYEES & GOING STRONG

Employee Retention

5 Years

MORE THAN 37% OF EMPLOYEES HAVE BEEN EMPLOYED WITH THE COMPANY FIVE OR MORE YEARS

MORE THAN 21% OF EMPLOYEES HAVE BEEN EMPLOYED FOR 10 OR MORE YEARS

Generational Data Source: Center for Economic Growth

Generations of Employees in Fiscal Year 2019

75-92

Traditionalist

1927-1945

56-74

Baby Boomers

1946-1964

40-55

Gen X

1965-1980

23-39

Millennials

1981-1997

18-22

Generation Z

1998-2012

Numbers above refer to the number of employees that had at least the indicated years of service in 2019
COMPENSATION AND BENEFITS

No matter the challenges occurring in the world around them, our team members are committed to feeding families like their own all around the world. In turn, we are committed to providing for our employees’ 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, meets quarterly to assess cost of living, compare compensation and benefits with external markets, and make necessary adjustments to ensure our pay and benefits packages remain competitive.

For two consecutive years, we gave our hourly employees across-the-board pay increases that place them at the very top of the wage scale in our industry. Our progressive pay scale now begins at a minimum of $15.45 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. According to the data from the United States Bureau of Labor Statistics, on average, our hourly employees earn more than teacher’s assistants, nurse’s assistants and security guards.

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 factor including gender, age or race. We pride ourselves on providing equal opportunity to all employees, regardless of gender, age, race, color, national origin, ancestry, religion, pregnancy, disability, medical condition, veteran status, marital status, sexual orientation or gender identity, which is one reason we were consecutively ranked among the companies recognized by Bloomberg’s Gender Equality-Index in 2019 and 2020.

For our employees, competitive compensation is not limited to pay. It includes employee benefits that are among the most comprehensive and affordable in the industry. Investing in our employees’ futures includes ensuring they have access to affordable health care, personal development opportunities and generous retirement plans.

To help our employees better prepare for their futures, 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. In fiscal year 2019, the value of the employee stock ownership plan exceeded $192 million, making the plan one of the company’s largest shareholders.
our benefits

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

COMPANY BENEFITS

VISION INSURANCE
HEALTH INSURANCE
DENTAL INSURANCE
$15 OR LESS FOR MOST PRESCRIPTIONS
FREE BASIC LIFE INSURANCE
LONG-TERM DISABILITY
GYM MEMBERSHIP REIMBURSEMENT
EMPLOYEE COST OF INDIVIDUAL COVERAGE
EMPLOYEE COST OF FAMILY COVERAGE

SANDERSON FARMS HEALTH PREMIUM COSTS

$28.41 PER WEEK
$66.55 PER WEEK

OVER 12,000 EMPLOYEES PARTICIPATED in the company’s health insurance plan in fiscal year 2019.

SANDERSON FARMS MATCHING CONTRIBUTIONS TO 401(K) PLAN

VALUE OF COMPANY 401(K) PLAN

VALUE OF 401(K) PLAN AT END OF FY 2019 EXCEEDED $205.8 MILLION

76% OF MATCH-ELIGIBLE EMPLOYEES PARTICIPATED IN THE 401(K) PLAN IN FY 2019

401(K) EMPLOYEE PARTICIPATION
PERCENTAGES BASED ON NUMBER OF MATCH-ELIGIBLE EMPLOYEES PER FISCAL YEAR
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. While injustices abound in the world around us, we have absolute intolerance for discrimination or racism of any kind at Sanderson Farms, and we strive daily to foster an environment that is inclusive of all individual differences.

Earlier this year, our Chairman of the Board and Chief Executive Officer, Joe F. Sanderson Jr., addressed the topic of racism in a letter to all employees expressing his personal intolerance of racism and reinforcing the company’s zero-tolerance policy for the egregious acts of racism, violence and bigotry that are rampant in the world today. We believe it sets the tone for equity and inclusivity at the very top of our leadership team so that our management team and employees understand the importance of such topics in our company.

Our board of directors leads our diversity and inclusion efforts by example as 40 percent of our board members are women and 47 percent are minorities. Our board of directors was recently recognized by the Women’s Forum of New York and 2020 Women on Boards for having significant female representation on the board.

As an equal opportunity employer with a zero-tolerance policy on discrimination in any form, Sanderson Farms aims to create an environment where differences are recognized, understood and appreciated. In fact, we have over 12 different languages and many races and ethnicities represented throughout our employee population. To ensure that discrimination and harassment of any kind does not go unnoticed, the company provides an anonymous tip line service to employees for cases when normal reporting procedures are not appropriate.

While inclusion and fair treatment of others are among the responsibilities expected of each and every employee, Sanderson Farms entrusts oversight and strategic planning for diversity and inclusion to the company’s diversity and inclusion committee, which was established back 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, employee training and development opportunities, as well as employee engagement and inclusion initiatives. Recently, 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.

While we still have much to learn, we are committed to listening, striving for improvement and ensuring inclusivity for every individual and stakeholder at Sanderson Farms. Considering all the challenges prevalent in the world today, we must embrace our differences, recognize the heroes among us from all races and ethnicities and work together to feed a growing world when it needs it most.
our family

“We recognize the individual dignity and worth of each employee who is making his [or her] contribution to our common endeavor.”

EXCERPT FROM STATEMENT OF PHILOSOPHY

In fiscal year 2019, we invested more than $3.6 million in employee training and development.

We invested more than $17.3 million in a corporate trainee and advanced trainee program designed to identify and prepare future company leaders.

LEGEND FOR HIRING CHARTS BELOW:

- BLACK MALE
- BLACK FEMALE
- WHITE FEMALE
- WHITE MALE
- HISPANIC MALE
- HISPANIC FEMALE
- TWO OR MORE RACES
- ASIAN, AMERICAN INDIAN ALASKAN NATIVE MALE

SANDERSON FARMS UNIVERSITY

In 2019, Sanderson Farms invested in an online training platform that educates employees on diversity and inclusion, new safety protocols and company policies.

WOMEN ON THE BOARD

Sanderson Farms was named a winning company by 2020 Women on Boards for the past eight consecutive years for having a diverse board of directors.

- BEVERLY HOGAN
- EDITH KELLY-GREEN
- SONIA PEREZ
- GAIL JONES PITTMAN
- SUZANNE MESTAYER
- TONI COOLEY
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 on 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, develop professionally and learn how to feed a growing world.

After this initial introduction to the industry, qualified Sanderson Farms interns are eligible to pursue full-time employment with the company in our corporate trainee program. In fiscal year 2019, over 17 percent of graduating company interns were hired into full-time roles at Sanderson Farms, while another 37 percent of corporate trainees were promoted into management roles within the company.

For Sanderson Farms, the new talent necessary to lead our company into the next generation of food production comes from many different backgrounds and experiences. While we are passionate about providing opportunity for young people just entering the workforce, we also pride ourselves on providing opportunity for employees of all ages. We are also a military-friendly employer for the hundreds of thousands of courageous men and women leaving U.S. military service every year to return to life as civilians.

The company offers eligible employees on active military leave differential pay above their military earnings that is equal to their employee compensation, including company benefits. Employees returning from active duty or annual training are assigned to the job that they vacated or a job of similar status with continuous service privileges and cost of living pay increases.

We also 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 15 certified training professionals provide on-the-job training in a variety of topics including animal welfare, good manufacturing practices, biosecurity procedures, leadership development, health and wellness, and workplace safety. Hourly employees are paid to participate in a minimum of three hours of personal and professional training annually.

Because of our excellent employee training program and hands-on supervisory team, we are able to hire people who have no previous experience in the food or poultry industry and teach them the skills they need. For many of our team members, this training process is the beginning of a long and rewarding career of providing food for families all across the world,
which is particularly rewarding during unprecedented times of food shortages such as those experienced during the Coronavirus (COVID-19) pandemic.

We understand, too, that some employees may move on to other careers and vocations. To help with their personal development, we offer training that will contribute to their quality of life outside of work. These training courses cover topics designed to improve communication skills, leadership qualities, problem-solving skills, critical-thinking skills and many other essential skills and abilities that will be relevant to any career they choose to pursue.

In addition to on-the-job training, employees can pursue personal development opportunities through our tuition and high school equivalency exam reimbursement program after only one year of employment. Every employee has unique learning needs and career ambitions, which is why we feel strongly that our company’s employee support functions must be equally diverse in both approach and desired learning outcomes. Because of our commitment to investing in our employees’ futures through continual improvement and training customized to the individual employee experience, Sanderson Farms recently invested in an online training platform 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, outdoor team-building activities or one-on-one mentoring opportunities, Sanderson Farms has a training and development opportunity for every employee at each stage of their career. As an industry pioneer in employee training and development, we believe our competitive advantage has always stemmed from our ability to identify, cultivate and strategically plant talent in a manner that not only allows the individual employee to grow and prosper, but the company as well.

IN FISCAL YEAR 2019, SANDERSON FARMS REIMBURSED 22 EMPLOYEES OVER $52,085 FOR TUITION AND HIGH SCHOOL EQUIVALENCY EXAMS.

Our investment in new talent begins early on with college students by offering the opportunity to learn the poultry industry from the ground up in our paid summer internship program. In this program, students spend 10 weeks rotating through various departments within our live production, processing or corporate operations to learn what it means to feed a growing world.
SAFETY AND HEALTH

“As a company, we embrace the philosophy that every employee has certain rights which must be honored before we can expect the performance necessary to reach our high standards.”

EXCERPT FROM STATEMENT OF PHILOSOPHY

The safety and health of our employees is paramount to our company and our ability to continue feeding families all across the world when they need it most. As a company within an industry considered essential by the federal government, our poultry processing lines never stopped operating during COVID-19.

Without concern for the impact on profits, Sanderson Farms invested millions of dollars in protecting our employees and communities from COVID-19 through weekly anti-viral cleaning of our facilities, social distancing measures in employee break rooms, partitions for work and common areas within our facilities, optimized ventilation, automated employee temperature screening, as well as offering employee training on safe work practices and company-issued masks for employees and their families. We also installed hand sanitizing stations throughout our facilities with unlimited supplies of hand sanitizer provided to employees and their families.

Even before the COVID-19 pandemic, we believed it was our responsibility to provide our employees with the safest working environment possible so they could return home safely to their families each day. By investing in technology including 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. We have set our processing line speeds significantly below the industry average to reduce employee stress and injury and improve product quality.

We have five team members on our payroll 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.

Since 1973, the company has reduced Occupational Safety and Health Administration (OSHA) injury rates amongst our employee population by 90 percent. Although the company has built more poultry complexes than any other company in the nation since 1993 and hired an additional 13,000 plus employees, our OSHA injury rates have declined by 16 percent in the last 10 years. In fiscal year 2019, Sanderson Farms aimed to reduce OSHA injury rates by 10 percent compared to the previous fiscal year, and we exceeded that goal, with OSHA injury rates declining by 21 percent. In fiscal year 2020, our goal is to reduce OSHA injury rates by an additional 10 percent compared to fiscal year 2019.

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 provides training in the areas of chemical handling, emergency action and accident prevention, as well as research-driven health educational training designed to increase employee health and well-being while reducing preventable health disparities.

Chronic medical conditions such as hypertension, diabetes and heart disease place our employees at risk for work-related injuries and increased medical costs, which together lead to a reduction in employee effectiveness. Absenteeism rates are also higher in employees with chronic medical diagnoses, leading to a higher turn-over rate.

Prevention of chronic medical diseases is an essential component in the design of each Sanderson Farms wellness training course. Topics include healthy exercise regimens, healthy dietary choices, blood pressure and blood glucose management, as well as tips to reduce unnecessary complications associated with hypertension and diabetes. In addition to health education, employees have access to a variety of health and wellness programs including gym membership reimbursement, exercise plans, weight loss programs, smoking cessation programs and annual company 5K competitions.
In fiscal year 2019, Sanderson Farms reduced OSHA injury rates by 21 percent compared to the previous fiscal year.

**TOTAL RECORDABLE INCIDENT RATE (TRIR)**

- **2017**: 6.6
- **2018**: 6.1
- **2019**: 4.8

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

Sanderson Farms recently invested in additional personal protective equipment offerings including safety glasses, slip-resistant footwear, face shields and face masks that are issued free of charge to all company employees working in conditions that require them.

More than **9,534** employees participated in company wellness screenings in fiscal year 2019, which is a 45% increase from 2010 when the wellness program was established.

**IN 2019 MORE THAN 1,231 PEOPLE PARTICIPATED IN SANDERSON FARMS’ 5K COMPETITIONS THROUGHOUT OUR OPERATIONS.**

**AUTHORIZED OSHA OUTREACH TRAINERS DELIVER SAFETY TRAINING REGARDING THE COMPANY'S POLICIES TO EMPLOYEES ON OVER 19 TOPICS.**

**OVERALL, WELLNESS SCREENS HAVE BEEN CONDUCTED BY THE COMPANY SINCE 2010.**

During fiscal year 2019, Sanderson Farms reduced preventable crashes in its private fleet by 50 percent when compared to fiscal year 2018.
Inspired by his love for agriculture, young Wesley McCurdy set out to attend Jones College and pursue an associate’s degree in poultry science. Thanks to the wise counsel of his advisors who guided him along his academic journey, McCurdy quickly learned about the importance of animal welfare and the processes and details necessary to produce a quality product.

It was during McCurdy’s pursuit of his associate’s degree that he was first introduced to Sanderson Farms through the company’s summer internship program. After his internship, he set his sights on obtaining a full-time job with the company following graduation, and in 2012, he joined the company as an hourly forklift operator in Laurel, Mississippi.

Although it was the products that initially attracted McCurdy to the company, he quickly found that it would be the people that kept him there. “I am able to work with fellow employees and, together, we get the job done,” said McCurdy. “We are able to provide the world with a good quality product for consumption, and that’s a pretty cool thing.”

Working at Sanderson Farms helped him to earn a good living and provide the world with a quality product, but it also helped him to further his education. Thanks to the company’s tuition reimbursement program, McCurdy was able to pursue and earn a Bachelor of Science degree in Business and Finance while working at Sanderson Farms.

“The tuition reimbursement program allows employees who are willing and able the financial leverage to further their education and grow within the company,” said McCurdy. “It was a way to further my career, and I was excited to take advantage of the program.”

For McCurdy, his investment in his future is already paying off as he was recently promoted to shipping supervisor at the company’s processing facility in Laurel, Mississippi. That would have been enough to satisfy many people’s personal development ambitions, but not for McCurdy. He is already pursuing his Master of Business Administration degree at William Carey University with hopes of one day applying his knowledge of finance to the benefit of Sanderson Farms.
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 to our family farmers more than 20 years ago. Our investment in our family farmers’ future has more than paid off as the company has retained more than 28 percent of our eligible family farmers for 20 years or longer. In fiscal year 2019, our more than 1,000 independent family farmers raised over 622 million chickens in more than 6,300 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 follow 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 2019, Sanderson Farms paid family farmers over $407 million for raising chickens necessary to supply our business, which is an over 112 percent increase in our grower pay within the last decade alone.

Sanderson Farms invests over 39 percent of our cost of sales into purchasing and milling nutritious feed for our birds, and then delivering that finished feed directly to family farms. In the last fiscal year, Sanderson Farms’ feed facilities produced over 4.9 million tons of feed sourced from feed ingredients produced primarily in the United States. To produce over 4.9 million tons of poultry feed, the company purchased approximately 3.1 million metric tons of corn and approximately 1 million metric tons of soybean meal, which helps to support farmers and other agricultural industries all across the nation.
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 using 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 2019, 0.5 percent of the energy Sanderson Farms family farmers used came from renewable solar panels, which is an energy savings that would power 309 homes for one year.

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. For one year, the average 22,000-square-foot broiler house consumes 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 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 to conserve natural resources while ensuring that our flocks have the resources they need to grow and thrive.

In addition to resource conservation, 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

“We respect [our contract producers’] integrity and identity, and it is our duty to establish and maintain a long-run relationship with them.”

EXCERPT FROM STATEMENT OF PHILOSOPHY

FARMER RETENTION

*MORE THAN 25% of our family farmers have maintained a contract with the company for five or more years.

*MORE THAN 28% of our family farmers have maintained a contract with the company for 10 or more years.

*MORE THAN 28% of our family farmers have maintained a contract with the company for 20 or more years.

*Numbers do not reflect production facilities that had yet to reach indicated years of operation in 2019.

FARMER COMPENSATION

IN FISCAL YEAR 2019, WE PAID OUR FAMILY FARMERS OVER $407 MILLION

FY 09 $400,000,000
FY 10 $375,000,000
FY 11 $350,000,000
FY 12 $325,000,000
FY 13 $300,000,000
FY 14 $275,000,000
FY 15 $250,000,000
FY 16 $225,000,000
FY 17 $200,000,000
FY 18 $175,000,000
FY 19 $150,000,000
FY 20 $125,000,000
FY 21 $100,000,000
FY 22 $75,000,000
FY 23 $50,000,000
FY 24 $25,000,000

FARMER DIVERSITY

LEGEND FOR CHARTS ABOVE:

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

BROILERS
BREEDERS
PULLETS

KINSTON COMPLEX BEGINS OPERATION
PALESTINE COMPLEX BEGINS OPERATION
ST. PAULS COMPLEX BEGINS OPERATION
TYLER COMPLEX BEGINS OPERATION
RAIL & TRUCK RECEIVING
Fresh ingredients such as whole corn and soybean meal are delivered by rail and truck. They are inspected, analyzed and tested for adherence to nutritional specifications. Ingredients are unloaded into a below-ground receiving pit and transported through a conveyor and elevator system to above-ground storage.

STORAGE BINS
Ingredients and minerals, such as salt, lime, phosphate and vitamins, are conveyed through an automated control system to specific bins. Additionally, dense nutrient-specific ingredients are stored in a micro-bin system, allowing for precise nutritional formulations for our birds.

LIQUID STORAGE
Oils, vitamins and nutrient-specific liquids are unloaded, inspected and stored until distributed into the feed mill for the blending process.

GRINDING
Whole corn passes through a magnetized screening process to remove any possible metal particles and it is ground to a specific size depending upon the customized formula. The corn is ground in a hammer mill, which converts the corn into a meal granularly by a motorized impact grinder.

INGREDIENT DISTRIBUTORS
Large networks of bins are carefully controlled by an automated system, which distributes ingredients precisely across the feed mill.

MIXER
Dry ingredients are precisely weighed on calibrated scaling systems specific to customized formulas. Vital nutrients, liquids and oils are then added and blended for a specific time to complete a robust feed formula.

PELLET MILL AND CRUMBING
Properly mixed feeds are conditioned to a gelatinized state with high-pressure steam and then pelleted through a die to produce customized pellets for our birds. These solid pellets are then sent to a cooling system, where they are immediately dried and cooled by automated fans before being sent through automated distributors to formula specific storage bins.

LOADING
Finished feed is selected by formulation then loaded into a compartmental tractor-trailer truck via conveyors.

Feed not consumed at the farm is reclaimed and utilized for other flocks or reformulated into fresh feed. All feed mill processes are reviewed daily to ensure FDA and state regulatory guidelines are achieved such as the Food Safety and Modernization Act.
After three generations of poultry farming, the Chmelar family doesn’t know any other way of life, and they certainly wouldn’t have it any other way. It all began back in 1966 when Sanderson Farms family farmer, Jamie Chmelar, was in elementary school and his parents opened a poultry growing operation on 90 acres in Caldwell, Texas.

Looking back on his upbringing as the son of two poultry farmers, Chmelar is amazed at how far the technology and automation used in poultry farming has progressed. “Back then, everything was done by hand and the days were very long,” said Chmelar. Today, the family’s farm is one of the company’s most advanced and sustainable growing operations.

Beginning with a four-house broiler farm they constructed in 1999 on the farm land Jamie and his wife, Sherri, inherited from his parents, the Chmelar poultry farming legacy lived on in the capable hands of the second generation. Paying close attention to every equipment and building decision, the Chmelars wanted to ensure they built a poultry farm that would last for generations to come and would protect and maintain the environment so that their children and their grandchildren could live off the land for as long as they desired.

After multiple farm expansions and technology upgrades, the Chmelars now own an eight-house broiler farm equipped with the latest technology the industry has to offer including solid sidewalls, LED lighting, tunnel fans, cool cell inlet systems and vent boxes. Since their growing operation had nearly doubled in size, the Chmelars thought it was time to introduce the next generation of poultry farmers to the business. Jamie’s son, Boelden, and his wife, Leann, were also interested in moving back home to raise their growing family, therefore picking up the family business just seemed like the right thing to do.

With their son on board, the Chmelars continued striving to improve their growing operation in terms of efficiency and sustainability including pursuing training with the Texas State Soil and Water Conservation Board. All of their investments in the sustainability and efficiency of their farm have paid off. C3 Farms & Poultry was recently recognized by the U.S. Poultry & Egg Association as the winner of the organization’s Family Farm Environmental Excellence award for the Southwest region.
“What came first, the chicken or the egg?” The answer is simple for Sanderson Farms as 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, this selective industry breeding process has 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 then 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 birds at this early stage of 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 the highest animal welfare standards in the industry includes incorporating animal welfare standards into our independent growing programs, under which all of our family farmers operate. Trained flock supervisors administer training on the company’s animal welfare requirements with growers, as 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, our housing is built to accommodate chickens’ natural behaviors and reduce 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. While poultry housing provides birds physical protection, it also provides protection from disease as the company uses strict biosecurity measures to protect birds from diseases carried by migratory birds and other animals.

Once they reach maturity, birds are transported to the processing facility where they are processed humanely, thoroughly cleaned and chilled. In fiscal year 2019, the company’s catch and transport livability rate was over 99.8 percent of all birds caught and transported to processing facilities. Once birds arrive at the processing facility, our commitment to animal welfare does not end. 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 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 2019, third-party animal welfare audits were conducted throughout our operations by Professional Animal Auditor Certification Organization (PAACO) certified auditors, resulting in an average audit score for animal welfare at all Sanderson Farms facilities of over 98 on a scale of 100.

Sanderson Farms employs six certified 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 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 and ability to feed a growing world when it’s needed most.
While Dr. Erin Riley didn’t begin his career as what he jokingly refers to as a “chicken doctor,” it is a calling he has since fully embraced. Beginning his veterinary career in equine medicine and surgery, Riley was not familiar with the poultry industry until meeting Sanderson Farms’ corporate veterinarian, Dr. Phil Stayer, who introduced him to the business. After passing specialty board qualifications and examination for the American College of Poultry Veterinarians in 2017, Riley can now proudly proclaim he is a “certified chicken doctor.”

“There are no better people in the business than those that work for this company,” said Riley. After joining the team nine years ago, he quickly caught on to the company’s philosophy and embraces the big picture of providing the world with healthy and affordable protein in a sustainable manner. “I love to see our product on grocery store shelves and be a part of feeding so many people,” said Riley.

Quality products start with healthy birds, which is where Riley gets to make the most significant impact on company success. Bird health includes a variety of different metrics that require an acute attention to detail including disease prevention through biosecurity and vaccination, disease treatment through medication, if necessary, as well as bird maturity, nutritional status, welfare and the condition of their environment. When all of these things work together, we are able to grow and develop an animal that is one of the most efficient converters of feed ingredients to meat.

As a veterinarian, Riley is responsible for overseeing the company’s biosecurity and animal welfare programs, as well as diagnosing illnesses and recommending treatments of birds, when needed. In addition to daily responsibilities, our veterinary staff contribute significantly to the industry’s body of research surrounding chicken health. Within the last several years, Riley has presented at the annual convention of the American Veterinary Medical Association.

“At Sanderson Farms, a high level of excellence is expected and there is a lot of accountability,” said Riley. “There is a culture of dedication and hard work focused on achieving measurable results. All these things directly impact the high standards we maintain for taking care of the animals that make our business possible.”
During food shortages such as those experienced by many Americans 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. According to the United States Department of Agriculture (USDA), consumption of chicken, along with other proteins, has significantly increased over the past five years. In fact, chicken consumption in the United States surpassed pork consumption in 1985 and beef consumption in 1992.

By 2050, the world's population is expected to increase by more than 35 percent, which means food producers like us will need to feed 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 convert feed ingredients to meat more efficiently than other species of animals.

According to the USDA, in the 1940s, the average farmer fed only 10 people, while in today's world, the average farmer produces enough food to feed 165 people for an entire year. Back then, the average chicken raised for food weighed just 2.89 pounds. Today's broiler chicken, in comparison, weighs approximately 6.18 pounds at market weight as a result of shifting consumer preferences and years of selective breeding by poultry scientists.

Protein is a vital component of a nutritious diet. Now, more than ever, consumers' preferences are evolving along with their nutritional needs and health interests are largely determining their food purchase. Similar to the increase in poultry consumption, our company’s market share in the poultry industry has increased 75 percent 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.
While some other poultry producers have chosen to pursue “raised without antibiotics” and “no antibiotics ever” programs, Sanderson Farms has long believed that adopting such a program would be inconsistent with our environmental and social responsibilities because it would lead to poor animal welfare, an increase in our environmental footprint and would contradict consumer needs for affordable protein.

Research demonstrates that chickens raised without antibiotics use between 5.4 to 7.2 million tons of additional feed annually, consume 3 billion more gallons of water and produce 4.6 to 6.1 million more tons of manure*. If the United States alone converted to only antibiotic-free poultry, between 680 to 880 million additional birds would be needed to supply the nation’s current poultry consumption*. In addition to the environmental impact birds raised without antibiotics have on the world, this type of growing program also contributes to a 24 percent to 52 percent higher mortality rate than growing programs that allow the judicious use of antibiotics to treat disease*.

As part of our ongoing commitment to animal welfare and antibiotic stewardship, the company commissioned an advisory board of scientific experts in poultry production, livestock management and antibiotic use in veterinary and human medicine to study our use of antibiotics and report their findings. The board reported our chickens “have better than average health” compared to the rest of the industry and that the number of birds that are given antibiotics to treat diagnosed disease “is low relative to conventional operations of comparable size.” Although the board reported favorably on the company’s judicious use of antibiotics use between 5.4 to 7.2 million tons of additional feed annually, consume 3 billion more gallons of water and produce 4.6 to 6.1 million more tons of manure*.

If the United States alone converted to only antibiotic-free poultry, between 680 to 880 million additional birds would be needed to supply the nation’s current poultry consumption*.
antibiotics and the overall health of our flocks, the company chose to discontinue the use of antibiotics considered medically important for humans for the purpose of disease prevention in our live poultry operations on March 1, 2019. As a result, in fiscal year 2019, only 47.3 percent of chickens processed received medically-important antibiotics, compared to 100 percent in fiscal year 2018.

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. While we chose to discontinue this use of medically-important antibiotics, we continue to judiciously use antibiotics that are not considered medically important. 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 welfare.

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 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 2019 was zero and our minor non-conformance rate was 4.2, which is calculated from 55 total minor non-conformances divided by 13 processing facilities. The company’s minor non-conformance corrective action rate was 100 percent for fiscal year 2019.

In over 18 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 2019, 13 third-party food safety audits were conducted throughout the company’s processing operations, resulting in all but one processing facility receiving a score of AA, the highest awarded grade by third-party BRC audits. Within the fiscal year, one facility received a score of B from third-party BRC audits.
Dr. Amy Batal, corporate nutritionist for Sanderson Farms, wears many hats to ensure the company is able to provide a sustainable and nutritious food source for its chickens. In a given day, she may spend time running research trials with the company’s veterinary staff, negotiating with suppliers for ingredient prices, or reviewing benchmark agricultural statistics to determine the company’s standing within the industry.

“What working with the birds and being able to observe how my changes impact their health and growth is by far my favorite aspect of the job,” said Batal. “Being a part of feeding the world and producing an essential product makes all of our hard work worth it.”

When creating a feed formula, Batal begins with an energy source, which is primarily corn and poultry fat. Then, protein, vitamin and mineral premixes, as well as various other supplements, are added to the formula to support bird health. All of these ingredients are combined at one of Sanderson Farms’ nine feed mills, where they are mixed and formed into pelleted poultry feed.

“The primary protein source in poultry feed is soybean meal, which was considered a waste product from processing oil from soybeans,” said Batal. “What was once considered a waste product is now a co-product in animal feed and is sometimes worth more than soy oil itself.”

According to Batal, chickens are excellent feed converters as they consume a diet primarily composed of starch and convert that starch into a highly nutritious, affordable protein source. For example, feed conversion ratios, or the amount of feed needed to produce one pound of meat, are as high as 7:1 for beef and 3:1 for pork, while chickens require much less feed to produce one pound of meat with a feed conversion ratio of 1.9:1. Because chickens require significantly less feed to produce a salable pound of meat, they are one of the most economical protein sources on the market.

Down to the last ingredient, Batal works tirelessly to formulate the exact feed profile necessary to grow healthy chickens while minimizing the company’s carbon footprint and impact on the environment. “The agriculture industry does not waste anything,” said Batal. “We reuse all the waste products from our production, which is essential for sustainability. I am proud to be working in an industry and for a company that has always been sustainable, even before being sustainable was ‘cool.’”
As a food producer focused on feeding our world when it’s needed most, a key part of our corporate philosophy has always been focused on providing needed food products of high quality for our customers. 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 make this level of flexibility in meeting customer needs possible.

From the small-town corner grocer to some of the nation’s largest retailers and food service distributors, Sanderson Farms supplies customers in nearly every state within the United States and exports products to over 50 countries. No customer is too big or too small for our business, and they are all equal under our standards for quality products and responsiveness to customer needs.

Considering our humble beginnings as a locally-owned feed and seed store, we understand and appreciate the importance of order accuracy, on-time deliveries and friendly customer service. To ensure our customers get nothing but the best, we regularly monitor consumer sentiment of the brand by using independently collected consumer data, brand tracking studies and direct engagement with our consumers through social media, consumer phone lines and emails submitted through our website.

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.
Based on our research, we understand that today’s consumers are inundated with food claims on a daily basis that can be simply overwhelming. That is why we are committed to our “common sense” approach to product marketing that helps our customers cut through the advertising noise and truly understand the food they are choosing to feed to their families. For example, based on a survey conducted by Nielsen, only 42 percent of consumers in the United States correctly identified chicken breasts as containing over 20 grams of protein, while over 55 percent of consumers correctly identified a ribeye steak as containing over 20 grams of protein.

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 right here 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.

<table>
<thead>
<tr>
<th>Location</th>
<th>Pounds Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAZLEHURST, MS</td>
<td>5,561,500</td>
</tr>
<tr>
<td>LAUREL, MS</td>
<td>5,561,500</td>
</tr>
<tr>
<td>HAMMOND, LA</td>
<td>5,561,500</td>
</tr>
<tr>
<td>COLLINS, MS</td>
<td>11,123,250</td>
</tr>
<tr>
<td>WACO, TX</td>
<td>11,123,250</td>
</tr>
<tr>
<td>PALESTINE, TX</td>
<td>11,123,250</td>
</tr>
<tr>
<td>ST. PAULS, NC</td>
<td>11,123,250</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>61,177,500</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Pounds Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCCOMB, MS</td>
<td>7,722,000</td>
</tr>
<tr>
<td>BRYAN, TX</td>
<td>7,722,000</td>
</tr>
<tr>
<td>MOULTRIE, GA</td>
<td>7,722,000</td>
</tr>
<tr>
<td>KINSTON, NC</td>
<td>7,722,000</td>
</tr>
<tr>
<td>TYLER, TX</td>
<td>7,722,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>38,610,000</strong></td>
</tr>
</tbody>
</table>

**EXPORT DESTINATIONS IN GROSS SALES DOLLARS FOR FISCAL YEAR 2019**

- **Mexico**: 55%
- **Central Asia**: 16%
- **East Asia**: 8%
- **Other**: 22%

**LEGEND FOR CHART ABOVE:**
- **Mexico**: Orange
- **Central Asia**: Brown
- **East Asia**: Green
- **Other**: Gray
At Sanderson Farms, investing in our local communities is part of our corporate philosophy. To us, sustainable communities are communities that have safe and bountiful food sources, plentiful 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 is one that holds true today after over 73 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 most cases, our facilities are located in rural areas where we are often one of the largest employers and economic drivers in the area.

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 $12 million and 2.4 million pounds of poultry products to charitable and community organizations surrounding our operations.
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 our employees have donated over $10 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 areas where they are made so that employees can actually witness the impact their donations have on their local community. In 2019, Sanderson Farms and our employees donated over $560,087 to the United Way.

As a company, we encourage volunteerism and 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 reasons that the company became the title sponsor in 2013 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 $9.9 million.

Not only is this charity event a cause the company believed would impact the lives of children for generations to come, it’s also a cause our employees quickly adopted as well. In 2019, Sanderson Farms employees donated 389 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.
As the daughter of two Sanderson Farms employees who collectively dedicated over 62 years of service to the company, Manager of Training, Romika Wells, has a unique perspective and appreciation for all of the hard work our employees contribute to ensuring the company’s long-term success. “My parents actually met in the Sanderson Farms break room in Laurel, Mississippi back in the early 1970s, so this company has been a part of my entire life,” said Wells. “I grew up with stories of how amazing this company was to work for.”

Wells’ mother, Earlie Bridges, alone worked for the company for over 42 years as an hourly employee who was fortunate enough to have supervisors such as our current Chairman of the Board and Chief Executive Officer, Joe F. Sanderson Jr., and current President and Chief Operating Officer, Lampkin Butts, serve as mentors throughout her lengthy career. “My mother always said she never felt like just an employee, she felt like family,” said Wells. “Now, I am happy that I have joined this same family.”

One of the many reasons Wells was intent upon joining the same family her parents were so proud to be a part of was because of the company’s giving nature. “Following the recent tornadoes in Mississippi, Sanderson Farms provided free chicken and ice to the families affected by the storms,” said Wells. “You will not find these acts of goodness in the paper and you will not see them on the news, but Sanderson Farms is contributing in some way, somewhere, on a daily basis.”

Since joining the company, Wells has been intentional about her own involvement in the company’s charitable efforts, serving as an active volunteer at the 2019 Sanderson Farms Championship. As the only PGA TOUR sporting event in the state of Mississippi, the event has had a charitable impact of over $9.7 million since the company became title sponsor in 2013.

“I initially became interested in volunteering at the championship because of the organization receiving the donation, Blair E. Batson Children’s Hospital,” said Wells. “My husband and I have a young daughter, and I could not imagine her being unhealthy. To think what parents of children who are sick are going through breaks my heart. I wanted to volunteer so that I could make a difference, be it small, in the lives of those families.”
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 used in our operations, and creating renewable resources 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 sustainability 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 a proud foundational partner of America’s Conservation Ag Movement, the largest 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. The 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

“We recognize that we are a citizen of the United States and owe it our allegiance and that we are in a partnership with it to protect its natural resources.”

EXCERPT FROM STATEMENT OF PHILOSOPHY

— 2019 ENVIRONMENTAL HIGHLIGHTS —

- **20%** reduction in electricity usage at Sanderson Farms’ production and processing facilities since 2008.
- **35%** reduction in natural gas usage at Sanderson Farms’ production and processing facilities since 2008.
- **11%** reduction in water usage at Sanderson Farms’ production and processing facilities since 2008.
- **40%** reduction in natural gas usage for 2019 alone as a result of renewable energy generated by capturing and refining biogas.

Sanderson Farms’ waste savings in fiscal year 2019 alone is equivalent to the weight of 2,361 747 airplanes not being sent to the landfill.

Sanderson Farms’ waste savings due to rendering and recycling in fiscal year 2019 alone is equivalent to the weight of 406,671 households worth of trash avoided...

and is also equivalent to the weight of 5,735,530 household refrigerators not being sent to the landfill.

Sanderson Farms’ energy savings in fiscal year 2019 alone is equivalent to 5,403 homes’ energy use for one year.

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

<table>
<thead>
<tr>
<th>ENERGY CONSUMPTION INTENSITY</th>
<th>SANDERSON FARMS FY 2008</th>
<th>SANDERSON FARMS FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASELINE IN FY 2008</td>
<td>1,218</td>
<td>996</td>
</tr>
</tbody>
</table>

---

**LEGEND FOR ABOVE GRAPHS:**

- **RENDERING**
- **RECYCLED**
- **LANDFILLED**
- **RECYCLABLE / REUSABLE**
- **NOT RECYCLABLE / REUSABLE**
**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 2019, Sanderson Farms packaging was 77 percent recyclable or reusable, which is equivalent to the weight of 57,702 households worth of trash.

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 and feed sent to the landfill. In fiscal year 2019, over 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 of 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.¹

Global e-waste is expected to increase by eight percent each year, reaching approximately 56.9 million tons by the year 2030.² 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. As the company grows, this method of measurement will remain constant against baseline values established in 2008 for sustainable growth.

¹ Source: Earth Day Network ² Source: Planet Green Recycle
ELECTRICITY

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.

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

THE AMOUNT OF ELECTRICITY CONSERVED BY SANDERSON FARMS IN 2019, AS COMPARED TO BASELINE VALUES IN 2008, WOULD POWER MORE THAN 132.3 MILLION HOUSEHOLD REFRIGERATORS FOR A DAY.

*Based on Energy Star certified household refrigerator electricity consumption of 350 kWh per year.

Compared to baseline values established in 2008, Sanderson Farms has reduced its electricity usage per salable pound to 0.1139 kilowatt hours (kWh) or by 126,873,427 total kWhs.
THE AMOUNT OF NATURAL GAS CONSERVED BY SANDERSON FARMS IN 2019, AS COMPARED TO BASELINE VALUES IN 2008, WOULD FUEL OVER 25 MILLION OUTDOOR GAS GRILLS FOR ONE HOUR. 

...THAT’S ONE WAY TO FEED A HUNGRY WORLD. *Based on outdoor gas grill natural gas consumption of 35,000 BTUs per hour.

NATURAL GAS

In fiscal year 2020, 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.

35% DECREASE SINCE 2008 IN NATURAL GAS USAGE PER SALABLE LB.

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 0.000360 million British thermal units (MMBTU) or by 876,342 total MMBTUs.

WACO COMPLEX BEGINS OPERATION

FY 09 0.000513

BEGINS OPERATION

FY 10 0.000482

KINSTON COMPLEX

FY 11 0.000471

PALESTINE

FY 12 0.000407

BEGINS OPERATION

FY 13 0.000386

PALESTINE BEGINS OPERATION

FY 14 0.000370

ST. PAULS BEGINS OPERATION

FY 15 0.000355

TYLER BEGINS OPERATION

FY 16 0.000335

FY 17 0.000322

FY 18 0.000317

FY 19 0.000360

AS COMPARED TO BASELINE VALUES IN 2008, TYLER BEGINS OPERATION
WATER

In fiscal year 2020, Sanderson Farms aims to reduce our water usage per salable pound by 3 percent compared to the previous fiscal year.

40% DECREASE SINCE 2008 IN WATER USAGE PER SALABLE LB.

WATER

CORPORATE WATER USAGE

Compared to baseline values established in 2008, Sanderson Farms has reduced its water usage per salable pound to 1.102 gallons or by 3,221,974,666 total gallons.

THE AMOUNT OF WATER CONSERVED BY SANDERSON FARMS IN 2019, AS COMPARED TO BASELINE VALUES IN 2008, WOULD SUPPLY WATER FOR OVER 1 BILLION HOUSEHOLD DISHWASHER LOADS.

*Based on Energy Star certified household dishwasher water consumption of 3 gallons per load.
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 ultraviolet 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 in the areas in which we operate 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 and 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. 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 the water entrusted to the company’s care.

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. 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. Realistic goals are set for each size and type of processing plant 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.

In fiscal year 2019, only 3.1 percent of the water Sanderson Farms’ complexes consumed came from regions of high or extremely high baseline water stress, as categorized by the World Resources Institute.
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 sizing 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 consumed in fiscal year 2019, only 3.1 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 could have on the availability of water if not managed prudently.

To mitigate the 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 future 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 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.
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.

In fiscal year 2019, Sanderson Farms recycled nearly 27 percent of the water it withdrew, which is equivalent to irrigating 48,779 acres.
RENEWABLE ENERGY

In addition to recycling and renewing wastewater, Sanderson Farms uses 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 the anaerobic lagoon through methane fermentation. Biogas is captured by the lagoon cover and piped to the 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 causing unpleasant smells in 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. By comparison, 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.

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 2019 alone, Sanderson Farms generated 206,967 MMBTUs of biogas, significantly reducing the company’s dependency on natural gas.

In fiscal year 2020, Sanderson Farms aims to increase our renewable energy production by 2 percent compared to the previous year.

Due to renewable energy production, Sanderson Farms was able to avoid purchasing nearly 13 percent of all the natural gas fuel used among all complexes in fiscal year 2019.
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 its part to protect the environment by evaluating its carbon footprint and setting goals for improvement. The company’s Scope 1 and 2 emissions result from fuel combusted in processing plants, liquid CO$_2$ 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, as well as fuel combusted by company-owned jets and fleet vehicles.

During fiscal year 2019, Sanderson Farms generated approximately 247,365 metric tons of CO$_2$e of gross Scope 1 emissions, which equates to an intensity of 0.052 metric tons of CO$_2$e of Scope 1 emissions per 1,000 pounds processed. When combined, the company’s gross Scope 1 and Scope 2 emissions totaled approximately 469,931 metric tons of CO$_2$e during fiscal year 2019, which equates to an intensity of 0.099 metric tons of CO$_2$e of Scope 1 and 2 emissions 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 and benchmarking our performance against others for the purpose of establishing targets and plans to manage our future emissions. Our fiscal 2020 Corporate Responsibility Report will include the results of this analysis and provide specific targets and strategies to achieve those targets.

**GREENHOUSE GAS EMISSIONS**

Sanderson Farms’ carbon savings in fiscal year 2019 alone is equivalent to 7,969,851 MILES NOT DRIVEN.

**SANDERSON FARMS**

**SAVED 164 METRIC TONS OF CO$_2$e EMISSIONS IN FISCAL YEAR 2019 BY BURNING THE BIOGAS FROM WASTEWATER TREATMENT RATHER THAN USING NATURAL GAS DUE TO THE LOWER CARBON FOOTPRINT OF BIOGAS.**

This savings is equivalent to the amount of carbon grown in 155 ACRES of forest in one year.
As manager of central purchasing, Lorri Devereaux is responsible for managing the company’s procurement function along with obtaining competitive bidding for materials necessary for our operations. During her more than 33-year tenure, she has held multiple roles within the company including chief accountant, financial analyst and corporate sales manager for retail sales.

“Since joining the company right out of college, I have learned so much about the poultry industry, but I still find new things to learn each day,” said Devereaux. “I initially became interested in working in purchasing when our company was continuing to grow and procurement at the corporate level became even more important to ensuring that the products and services necessary to run our operations were not only competitively priced, but also used consistently throughout our company.”

Devereaux’s team is responsible for the procurement of many essential goods for our operations. One of these goods is our product packaging, which has a substantial impact on the company’s sustainability efforts. She has worked with leading industry suppliers to identify packaging materials that are over 77 percent recyclable or reusable, which based on our volumes, is the equivalent of eliminating the weight of 57,702 households worth of trash.

“In order to be successful in achieving our goals for sustainability, it is important to partner with companies that share those same goals,” said Devereaux. “We are fortunate to work with some of the best suppliers in their respective industries who help make us better by identifying new and sustainable products and providing expertise in helping us manage the use of those products.”

Sanderson Farms’ waste footprint is comprised of non-food waste from operations including recyclable waste and animal by-products such as egg shells and feathers that are sent to rendering. In fact, 96 percent of the waste Sanderson Farms produced in fiscal year 2019 was diverted to rendering for other product uses rather than being sent to a landfill.

“Due to the dedication and hard work of our employees, Sanderson Farms’ sustainability efforts rank at the top of the industry according to benchmarking services,” said Devereaux. “Our environmental services, engineering and purchasing departments all work together to implement sustainable practices and technology throughout our company. We implement practices to reduce the waste of packaging and other materials, and we use recycling opportunities when and where they’re available.”
**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>RESPONSE</th>
</tr>
</thead>
</table>
| Greenhouse Gas Emissions   | Gross global Scope 1 emissions                         | Quantitative | Metric tons (t) CO₂e | FB-MP-110a.1 | During fiscal 2019, Sanderson Farms generated approximately 247,365 metric tons of CO₂e of gross Scope 1 emissions, which equates to an intensity of 0.052 metric tons of CO₂e of Scope 1 emissions per 1,000 pounds processed.  
   See pages 98-99 for more details on the company’s GHG emissions. |
|                            | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Discussion and Analysis | N/A | FB-MP-110a.2 | Fiscal year 2019 is the first year for which we compiled our GHG emissions data. We are currently in the process of analyzing the data for the purposes of establishing targets and plans to manage our future emissions.  
   See pages 98-99 for more details on the company’s GHG emissions. |
| Energy Management          | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | FB-MP-130a.1 | 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.  
   See pages 80, 84-87 and 96-97 for more details on the company’s energy usage. |
| Water Management           | (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | Quantitative | Thousand cubic meters (m³), Percentage (%) | FB-MP-140a.1 | (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 3,433 thousand m³ of water, 3.1% of which was withdrawn from regions with High or Extremely High Baseline Water Stress.  
   The figures above exclude water withdrawn and consumed by our independent contract poultry producers.  
   See pages 88-95 for more details on the company’s water management practices. |
### Land Use & Ecological Impacts

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount of animal litter and manure generated, percentage managed according to a nutrient management plan</td>
<td>Quantitative</td>
<td>Metric tons (t), Percentage (%)</td>
<td>FB-MP-160a.1</td>
<td>Sanderson Farms is currently unable to accurately quantify the amount of animal litter and manure generated in our operations. The company has estimated, based on academic research performed by Texas A&amp;M University’s Department of Poultry Science, that our broiler chickens generated approximately 931,874 metric tons of litter and manure, or approximately 3.3 pounds per head processed, during fiscal year 2019. This study only encompassed broiler flocks, therefore our estimate does not include our breeder flocks. All or 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.</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 88-95 for more details on the company’s water management practices.

The company received one (1) enforcement action during fiscal year 2019. The violation for failure to comply with the permit effluent limit for total suspended solids occurred at our feed mill in Franklin, Texas and resulted in a $5,100 fine. This is the first enforcement action received by the company since fiscal year 2012.
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use &amp; Ecological Impacts</td>
<td>Percentage of pasture and grazing land managed to Natural Resources Conservation Service (NRCS) conservation plan criteria</td>
<td>Quantitative</td>
<td>Percentage (%) by hectares</td>
<td>FB-MP-160a.2</td>
<td>This metric is not applicable to Sanderson Farms’ operations.</td>
</tr>
<tr>
<td>Land Use &amp; Ecological Impacts</td>
<td>Animal protein production from concentrated animal feeding operations (CAFOs)</td>
<td>Quantitative</td>
<td>Metric tons (t)</td>
<td>FB-MP-160a.3</td>
<td>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.</td>
</tr>
<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>
</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>
</tr>
<tr>
<td></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>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>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>During fiscal year 2019, Sanderson Farms conducted no recalls of our products.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>There are currently no markets that ban or restrict the import of Sanderson Farms’ products based on sanitary or phytosanitary measures.</td>
</tr>
</tbody>
</table>
### 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>RESPONSE</th>
</tr>
</thead>
</table>
| **Antibiotic Use in Animal Production**          | Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type | Quantitative | Percentage (%) by weight         | FB-MP-260a.1      | 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. All or 100% of chickens processed in our poultry operations during fiscal year 2019 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.  
(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 60-65 for more details on the company’s antibiotic usage. |
| **Workforce Health & Safety**                    | (1) Total recordable incident rate (TRIR) and (2) fatality rate                    | Quantitative | Rate                            | FB-MP-320a.1      | (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 36-41 for more details on the company’s employee safety and health. |
| **Animal Care & Welfare**                        | Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions | Discussion and Analysis | N/A                             | FB-MP-320a.2      | See Respiratory Health Statement on pages 114-115.                                                                                                                                                      |
| **Animal Care & Welfare**                        | Percentage of pork produced without the use of gestation crates                    | Quantitative | Percentage (%) by weight         | FB-MP-410a.1      | This metric is not applicable to Sanderson Farms’ operations.                                                                                                                                          |
| **Animal Care & Welfare**                        | Percentage of cage-free shell egg sales                                           | Quantitative | Percentage (%)                  | FB-MP-410a.2      | This metric is not applicable to Sanderson Farms’ operations.                                                                                                                                          |
| **Animal Care & Welfare**                        | Percentage of production certified to a third-party animal welfare standard        | Quantitative | Percentage (%) by weight         | FB-MP-410a.3      | 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. |
## Environmental & Social Impacts of Animal Supply Chain

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<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>
</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>
</tr>
</tbody>
</table>

## Animal & Feed Sourcing

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<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. Due to the many organizations involved in our feed grain supply chain, as well as its wide geographic footprint, we have not yet gathered the data necessary to report on this metric. Sanderson Farms has engaged with many of our suppliers and brokers, as well as a third-party consultant, regarding the topic, and we are currently in the process of determining the most accurate and efficient method to gather the data needed to report on this metric. The company intends to be in position to report on this metric in our fiscal year 2020 Corporate Responsibility Report.</td>
</tr>
<tr>
<td>Animal &amp; Feed Sourcing</td>
<td>Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress</td>
<td>Quantitative</td>
<td>Percentage (%) by contract value</td>
<td>FB-MP-440a.2</td>
<td>The value of payments to our independent contract poultry producers located in regions of High or Extremely High Baseline Water Stress represented 15.3% of the total payments we made to all our independent contract poultry producers during fiscal year 2019.</td>
</tr>
</tbody>
</table>

## Animal & Feed Sourcing

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>CODE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal &amp; Feed Sourcing</td>
<td>Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change</td>
<td>Discussion and Analysis</td>
<td>N/A</td>
<td>FB-MP-440a.3</td>
<td>See Animal and Feed Sourcing Statement on pages 116-117.</td>
</tr>
<tr>
<td>ACTIVITY METRIC</td>
<td>CATEGORY</td>
<td>UNIT OF MEASURE</td>
<td>CODE</td>
<td>RESPONSE</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>------------------------------</td>
<td>--------------------------------------</td>
<td>--------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Number of processing and manufacturing facilities</td>
<td>Quantitative</td>
<td>Number</td>
<td>FB-MP-000.A</td>
<td>Sanderson Farms currently operates 11 hatcheries, 9 feed mills, 12 poultry processing plants and 1 prepared chicken plant.</td>
<td></td>
</tr>
<tr>
<td>Animal protein production, by category; percentage</td>
<td>Quantitative</td>
<td>Various, Percentage (%)</td>
<td>FB-MP-000.B</td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**DISCLAIMER**

*Sanderson Farms has made every effort to ensure the accuracy of the information in this report, but it has not been audited and is not guaranteed. This report is not intended to be a solicitation or advertisement for the 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 exceed 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 minimal 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.

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.
ANIMAL AND FEED SOURCING STATEMENT

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. 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-

ANIMAL AND FEED SOURCING STATEMENT

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.
AT SANDERSON FARMS, OUR PURPOSE OF

feeding a

GROWING
WORLD

WHEN IT’S NEEDED MOST HAS NEVER BEEN MORE RELEVANT
THAN IN THE UNPRECEDENTED TIMES WE’RE EXPERIENCING
TODAY. DESPITE THE CHALLENGES GOING ON IN THE WORLD
AROUND US, OUR PEOPLE ARE MORE COMMITTED THAN EVER TO
PROVIDING FAMILIES JUST LIKE OUR OWN WITH QUALITY
AND AFFORDABLE POULTRY PRODUCTS
PRODUCED IN A SUSTAINABLE MANNER.

Thanks to the vision of our founders, our
corporate philosophy of conducting ourselves
with total integrity and ensuring that we produce
products that benefit all the constituents who
contribute to our success has never been more
alive and well than it is today.