



Cal-Maine Foods, Inc.



Cal-Maine Foods, Inc.  
Sustainability 2019

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**Dolph Baker**  
Chairman of the  
Board and Chief  
Executive Officer

As the largest producer and marketer of shell eggs in the United States, we at Cal-Maine Foods take seriously our position in the marketplace and the opportunity we have to advance the sustainability of shell egg production. Our eggs are an important source of low-cost protein, vitamins and minerals for millions of families and providing healthy eggs to families in a responsible and sustainable manner has always been our goal. We have shared our mission to be the most sustainable producer and reliable supplier of consistent, high-quality fresh shell eggs and egg products in the country and we are excited to update you on our progress and what that means at Cal-Maine Foods.

The food industry as a whole, and especially the egg market, is experiencing continuing transformation as consumer and customer preferences change. The current landscape requires balancing a range of topics including food safety and affordability, animal welfare, responsible management of land, air and water and ultimately a commitment to the communities in which we operate. We embrace this opportunity and obligation to engage with our customers, consumers, employees and communities to demonstrate a “Culture of Sustainability” in everything we do.

As customers’ and consumers’ product preferences continue to evolve, and the regulatory framework around egg production continues to shift, we will continue our efforts to increase transparency. We believe it is incumbent on Cal-Maine Foods to provide information to our stakeholders regarding our efforts to minimize the impact of our business on the environment, our rigorous food safety and quality processes, our programs to promote the health and safety of our flocks, our community engagement, our efforts to provide our employees with a safe and healthful place to work and our other efforts to drive sustainability across our value chain. We also hope to educate our stakeholders on some of the trade-offs between production practices and environmental inputs and outputs.

We are proud of our efforts and advancements in recent years to reduce the energy and resource inputs for our egg production and to improve our stewardship of natural resources. We are equally proud to be good corporate citizens where we operate, helping contribute to healthy, prosperous communities. We make it a priority to create job opportunities, support volunteer outreach efforts, donate healthy food, support agricultural education programs and make other positive contributions to local economies.

We are in the process of evaluating and setting targets and goals for our ongoing sustainability initiatives. We look forward to keeping you apprised of our continued efforts to improve sustainable egg production and of our achievements as we work to fulfill our mission.

Sincerely,

A handwritten signature in black ink that reads "Dolph Baker". The signature is written in a cursive, flowing style.

# About This Report

## Intent

Cal-Maine Foods is pleased to provide this first Sustainability Overview, which gathers information from our management teams across the company that focus on Environmental, Health, Safety, Food Safety, Animal Welfare and Human Resources. Our 2019 Sustainability Overview seeks to provide useful information to a diverse group of internal and external stakeholders, including customers, consumers, investors, suppliers, non-governmental organizations (NGOs), governmental agencies and communities.

## Frameworks

Where disclosed, quantitative and qualitative metrics and key performance indicators (KPIs) have been aligned to the GRI Standards published by the Global Reporting Initiative (GRI)<sup>1</sup> for the calendar years 2017 and 2018 and include additional narrative content spanning recent years.

Cal-Maine Foods supports the direction and approach of the United Nations Sustainable Development Goals (SDGs)<sup>2</sup>. We recognize the importance of these global goals — to embrace collaboration and innovate with purpose to create a world without poverty, a healthier planet and a just, peaceful society. As we work to establish our own operational goals, we will seek to establish clear links between our efforts and specific SDGs that are most appropriate for and affected by our industry, and where we feel we have a unique opportunity to leverage our scale and expertise for positive impact.

## Boundaries and Scope

This report includes all facilities and entities owned and operated by Cal-Maine Foods directly relating to the production, grading, packaging, marketing and distribution of shell eggs, as well as wholly owned feed mills upstream of our production facilities. As of June 1, 2019, within the 44 locations, we have three breeding facilities, two hatcheries, six wholesale distribution centers, 23 feed mills, 42 shell egg production facilities, 28 pullet growing facilities and 43 processing and packing facilities.

<sup>1</sup> <https://www.globalreporting.org/Pages/default.aspx>

<sup>2</sup> <https://sustainabledevelopment.un.org/?menu=1300>



**Our Mission:** To be the most sustainable producer and reliable supplier of consistent, high-quality fresh eggs and egg products in the country, demonstrating a “Culture of Sustainability” in everything we do.

# Environment

A healthy environment and responsible management of our flocks and natural resources are vital to the production of high-quality eggs and egg products and therefore to the success of our company. Cal-Maine Foods has engaged in agricultural production for more than 60 years. Our agricultural practices aim to meet the need for healthy, affordable foods for a growing population while sustaining the natural resources essential to continue to meet this need for the future.

Cal-Maine Foods owns and responsibly manages more than 28,500 acres of land across various states throughout the United States. Our footprint includes breeding facilities, hatcheries and pullet growing facilities, feed mills, processing, production and packing facilities, distribution facilities and other support facilities. Across this diverse and vertically integrated value chain, environmental stewardship is a core pillar of our operating practices. We employ some of the industry’s most robust data management systems to track inputs and outputs from our operations, manage the efficiency of our resource utilization and production and monitor compliance with applicable environmental regulations.

Cal-Maine Foods owns and responsibly manages more than **28,500 acres** of land across various states throughout the United States.

## Environmental Highlights

- Since 2016, Cal-Maine Foods has been converting its facilities to energy efficient LED lighting. On average, these installations reduce energy consumption by 10% and reduce greenhouse gas emissions. We will continue this effort to lead to even greater reductions in the future.
- We implemented seven boiler, furnace and heater upgrades to reduce greenhouse gas emissions by 176 tons per year. New additions and replacements will further reduce emissions<sup>1</sup>.
- We invested \$4.8 million performing general processing equipment updates to reduce greenhouse gas emissions by 90 tons/year.
- We domestically source 100% of the soy meal and corn purchased to manufacture feed.
- Through effective management and advancements in our feed program, we have reduced the phosphorus generated by our operations by 50%, or by 2.7 million pounds, in 2018, compared to 2016.



## Reduced Energy Consumption

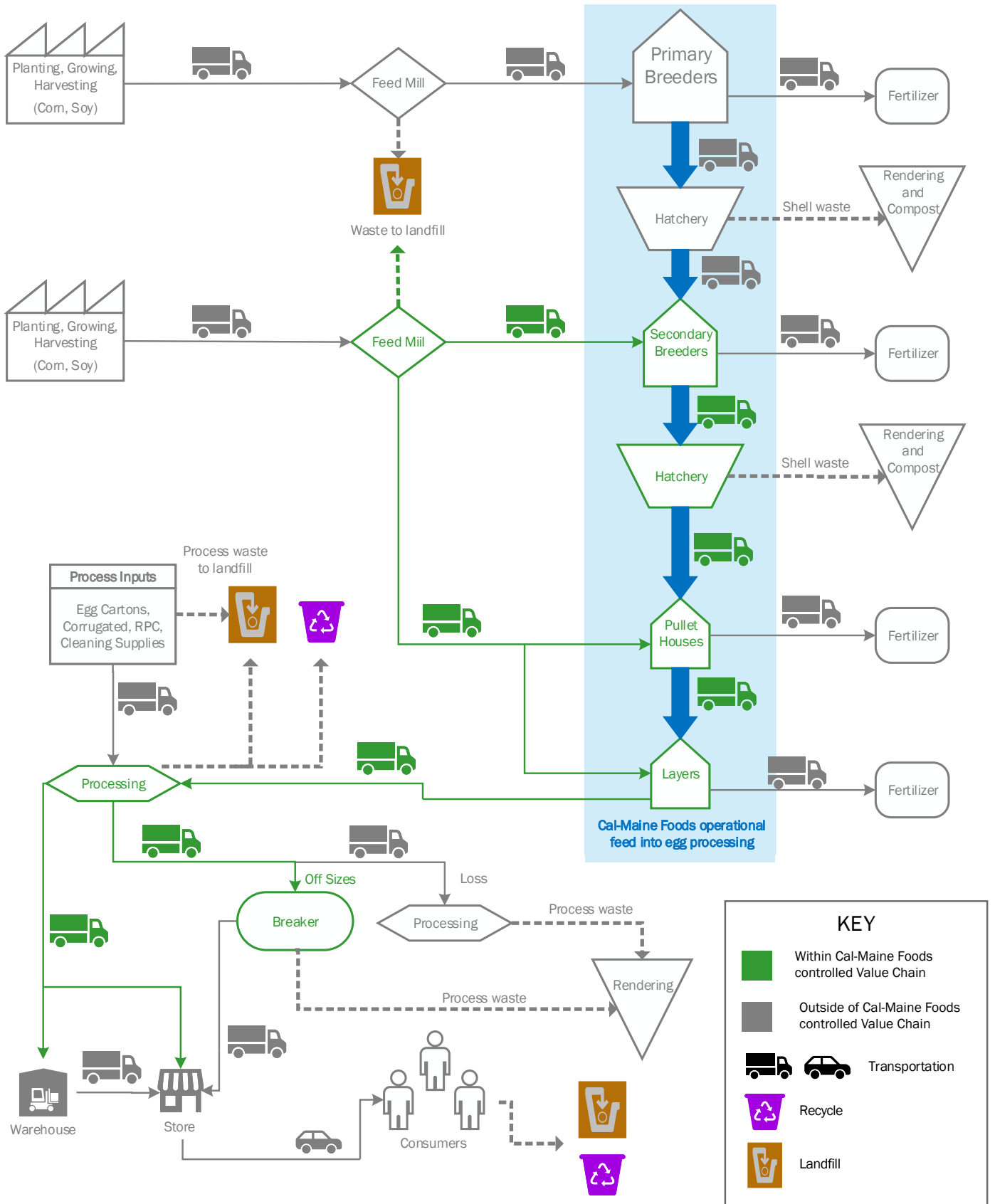
In 2016, we began converting our facilities to operate with energy efficient LED lighting as we journey on the path to reducing our carbon footprint. On average, these installations have reduced energy consumption by about 10% per facility. We have also upgraded boilers, furnaces, heaters and other equipment across many of our facilities; all contributing to reduced energy consumption and greenhouse gas emissions. Going forward, we will continue upgrading our facilities and evaluating other technologies and investments to decrease our energy consumption and emissions even further.

## Greenhouse Gas Emissions in Egg Production

It is important to our company that we drive change to reduce energy consumption and the associated emissions that are within our control. However, as shown in the following chart, a large portion of the value chain that supports our operations is externally controlled and emissions from these operations are outside of our control.

<sup>1</sup>Emission calculations based on EPA GHG Equivalencies Calculations Methodology  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

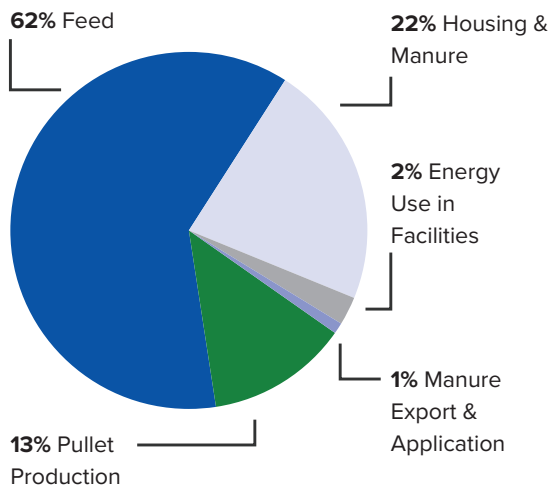
# Cal-Maine Foods Value Chain Map



Cal-Maine Foods is working with our consultants in feed and nutrition science to better understand the full lifecycle greenhouse gas footprint related to egg production. We have learned that over 70% of the lifecycle greenhouse gas emissions related to egg production are attributable to upstream feed-related emissions, i.e. the growing, harvesting, storing and transporting of corn and soybeans by farmers and others who supply these main ingredients to us for our production of feed.

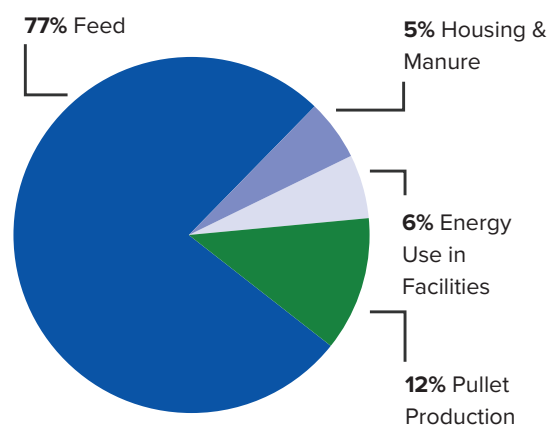
### 1990 Baseline

2,772 kg CO<sub>2</sub>e / 1000 kg eggs



### 2016 Study

1,600 kg CO<sub>2</sub>e / 1000 kg eggs



Source: *Blonk Consultants Trend Study of Dutch animal production layers (chapter layers)*

The charts above illustrate the progress that has been made by the egg experts to reduce greenhouse gas emissions, represented in the charts as CO<sub>2</sub>e and their impact on the climate through more efficient feed and production practices – resulting in a 42% reduction of greenhouse gas emissions as compared to baseline practices.

While this data is from a European study, we believe it is reflective of similar emissions breakdown trends in United States egg production. We are working with industry experts to support a lifecycle study and analysis here in the United States to give us a better understanding and perspective on reducing emissions at our locations.



## Greenhouse Gas Emissions from Our Operations

We are studying and have estimated the greenhouse gas emissions from our direct operations, and we intend to set Scope 1 and Scope 2 greenhouse gas emission reduction targets, in addition to setting science-based targets, which will support our efforts to reduce our energy consumption and greenhouse gas emissions. At the same time, it has been widely reported that the overall trend in egg production is shifting towards more cage-free housing in response to changes in the demands of customers and consumers and resulting changes in certain state laws require that only cage-free eggs be sold in the state. However, cage-free housing involves trade-offs. For example, research conducted by the Coalition for Sustainable Egg Supply<sup>1</sup> has shown that cage-free production tends to increase climate change impacts in the following ways:

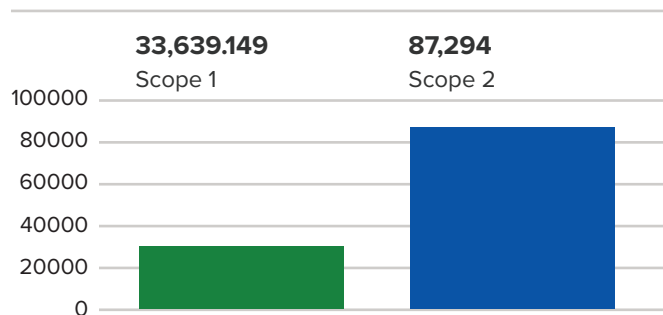
- Cage-free production generally requires the use of more natural resources and has greater environmental impacts;
- Cage-free production decreases the efficiency of laying hens and causes more feed waste.



This research states that, “The cage-free aviary house may need supplemental heat during cold days and when coupled with lower cage-free aviary feed efficiency, creates a larger carbon footprint than enriched colony or conventional cage, as feed supply accounts for approximately 80% of total carbon footprint in the egg supply chain.”<sup>1</sup> This research also shows that, “more natural resources are needed per bird space in the construction of cage-free aviary houses.” We are seeking direction from our customers and other stakeholders as decisions are made around future production, and will continue our efforts to optimize efficiencies in our operations while minimizing the impact on the environment no matter what systems are utilized.

The following chart shows the breakdown of our facility 2018 greenhouse gas emissions into Scope 1 and Scope 2 absolute emissions. We are in the process of establishing emissions reductions targets and have included this chart to represent baseline emissions.

**Cal-Maine Foods FY2018 Absolute Emissions (mtons CO<sub>2</sub> -e)**



<sup>1</sup> CSES Research Project from the Coalition for Sustainable Egg Supply  
<https://www2.sustainableeggcoalition.org/>

## Nutrient & Land Management

Our flocks naturally produce manure and wastewater that contain valuable nutrients (nitrogen, phosphorus and other micronutrients) that have been used throughout history as a renewable fertilizer, soil amendment and for energy and other beneficial purposes. Manure from our farms is typically sold to neighboring farmers for their use on growing crops, and we apply most of the wastewater generated on our farms to growing forage crops that are used by others to feed livestock. In fact, we have found that farmers often prefer the renewable poultry nutrients we offer to commercial or other fertilizers due to the comparatively high levels of organic nutrients and micronutrients.

Our farms typically operate under federal and/or state permits that require certain minimum standards, monitoring, record keeping and reporting. We take this responsibility seriously and employ industry leading programs, nutrient management plans and practices that aim to optimize nutrient use, crop yields and crop quality, all while reducing the potential impacts to the environment. We regularly train our employees to be accountable to our programs and help ensure the proper handling, storage and use of all manure and other wastes generated by our operations. Modern technologies are also creating value for manure in applications such as renewable biofuels and more effective and efficient fertilizers and soil amendments. Cal-Maine Foods is exploring these technologies and other options to help us more efficiently use and recycle manure and other wastes to help protect the environment, reduce greenhouse gases and potentially add incremental value to our company.



Compared to 1960, today it takes

**32%** Less water to 1 dozen eggs

The volume of water conserved would fill **3,700** olympic-sized swimming pools.

Source: American Egg Board <sup>1</sup>

## Water Resources

According to a study by the Egg Industry Center at Iowa State University, today each dozen eggs produced requires 32% less water than the typical practice from the 1960s. Increases in water efficiency have come from advancements in crop quality, watering infrastructure in hen houses and best management practices in cleaning and processing. Compared to 1960, this study indicates that water savings across the egg industry each year is approximately 2.4 billion gallons, or enough to fill more than 3,700 Olympic sized swimming pools. Cal-Maine Foods was an early mover in the utilization of advanced metering systems for process inputs that have been installed at most of our facilities. These systems measure our three operational uses for water (evaporative cooling, egg washing and water for the chickens) and are able to detect leaks or other issues early to conserve resources. We are studying strategies and available technologies to help us better understand and manage our water resources.

<sup>1</sup> <https://www.aeb.org/images/PDFs/FoodManufacturers/WP-sustainability.pdf>

## Sustainable Packaging

Food packaging constitutes one of the largest challenges – and opportunities – in waste management. The egg industry has been progressive in adopting innovative packaging materials that balance food safety, product protection, consumer convenience and environmental impact. From retail egg cartons to bulk wholesale packaging, Cal-Maine Foods has worked to remain responsive to customer needs while incorporating environmentally preferable packaging when possible. While most of our eggs are packaged in customer specified cartons, we have also worked with our suppliers to be sure that all corrugated materials come from forestry tracts that are third party certified as sustainable by the Sustainable Forestry Initiative<sup>1</sup>.



Cal-Maine Foods has been a leader in the use of modern, reusable plastic containers (RPCs) for packing egg cartons for shipment. We provide RPCs as a more sustainable packing option for our customers because they reduce corrugated cardboard container waste in our supply chain. Although more expensive, RPCs not only help us reduce the amount of corrugated cardboard we use but also provide better protection during transport and have better ventilation than traditional packaging which allows freshly packed eggs to cool more quickly. These design features also result in fewer damaged eggs and less food waste. In 2018, we were able to utilize 35.5% RPCs and similar (reusable) basket packaging options in our supply chain, reducing the greenhouse gases associated with corrugated cardboard by 38,789.83 million tons.

### Corrugated Cardboard Facts

- The Environmental Protection Agency (EPA) estimates 30.1 million tons of corrugated cardboard are generated each year.
- Cardboard is the third largest disposed-of product by weight.
- Cardboard is also the second largest item in landfills by volume.
- Cal-Maine Foods uses RPCs when possible to replace corrugated cardboard in our supply chain to reduce waste and greenhouse gas emissions.

<sup>1</sup> <https://www.sfiprogram.org/>



# Community

At Cal-Maine Foods, we understand and emphasize the importance of the role we play within the communities in which we operate. Our philanthropic and community engagement efforts center around three main pillars: education, hunger relief and financial contribution.

We are involved with our local communities in the way that is most effective and tailored to the particular community's needs. This includes egg donations to local food banks, involvement with agricultural education and financial donations to charities and non-profits.

## Philanthropic Highlights

- 259,944 dozen eggs donated -- enough to feed nearly 1.6 million people.
- Over \$530,000 donated to charities, local non-profits and community groups.

## Food Donation & Philanthropy

One in eight Americans deals with food insecurity on a regular basis. Cal-Maine Foods believes it is of paramount importance to leverage our size and scale to address this issue as a core tenant of our philanthropic activities. We donate fresh, nutritious shell eggs to food banks and organizations in need across the United States.



In addition to egg donations, Cal-Maine Foods regularly makes financial contributions, especially in the communities where we are located. These donations are focused on several aspects of community need, including local fire departments, schools, hospitals, Rotary clubs, agricultural societies and youth sports.

## Canopy Children's Solutions

In the fall of 2019, Cal-Maine Foods made a donation of \$100,000 to Mississippi's statewide children's non-profit, Canopy Children's Solutions. Canopy's mission is to help children thrive and families overcome extraordinary challenges, by providing a comprehensive continuum of behavioral health, educational and social service solutions. For more than 100 years, Canopy has provided innovative solutions to many of Mississippi's most vulnerable youth.

In the fall of 2019, Cal-Maine Foods made a donation of **\$100,000** to Mississippi's statewide children's nonprofit Canopy Children's Solutions.

The donation was made as part of a statewide initiative to infuse children's social service organizations with private funding to heighten the quality and overall availability of social service and mental health solutions for children in the state. Currently, Canopy alone serves more than 5,000 children annually through the state's largest non-profit continuum of behavioral health, educational and social service solutions.

Cal-Maine Foods recognizes the critical need to support Canopy's mission and is proud to contribute in a manner that leads to expanded programs and innovative treatment options for more families in Mississippi.

## Step Up For Students

In December of 2019, Cal-Maine Foods also donated \$100,000 to Florida's Step Up For Students Scholarship Program. This scholarship program provides children in need with tuition assistance to the private school of their parents' choice or financial assistance to offset the transportation cost to an out-of-district public school. Since 2001, Step Up has awarded more than 784,000 Florida Tax Credit scholarships due in part to corporations like Cal-Maine Foods that fund them with tax-credited donations. This is the first year that Cal-Maine Foods has partnered with Step Up For Students and its donation funded the scholarships of 14 deserving K-12 children.

### Community Engagement Highlights

- Leading educational opportunities for local 4-H groups and FFA (formely, the Future Farmers of America) chapters through national scholarships.
- Participation in local workforce development and job fairs.
- Employee volunteerism with local non-profits, community groups and churches.

Giving back to the community is a core value at Cal-Maine Foods. We are proud to partner with Step Up and know that our support is making a difference in the lives of Florida schoolchildren.

## Community Engagement & Volunteering

Cal-Maine Foods owns and operates 44 locations in 15 states across the United States. Our presence in these communities – mostly rural communities across America's heartland – is often that of a significant employer and corporate citizen. We take our role as a corporate citizen seriously by working with and in our local communities in ways that enrich the quality of life and create thriving communities. Our partnerships with local agricultural education groups, such as 4-H<sup>1</sup> and FFA<sup>2</sup> chapters, provide us an opportunity to use our experience and scale in the agricultural industry to teach young people about the opportunities available in farming and food production careers. We feel that these programs and partnerships are vital, both to supporting young people as well as creating the farmers and food producers of tomorrow.

## Flooding and Disaster Relief

The employees of Cal-Maine Foods, along with various of its vendors, united for the "Cal-Maine Strong" fundraiser for the first time in August 2016, following a three-day, slow moving rainstorm that hit South Louisiana and affected several Cal-Maine Foods' employees and their families. The fundraiser's sole goal was to "help our Cal-Maine Family." Shortly thereafter, many more Cal-Maine Foods employees and their families were affected by Hurricane Harvey in Texas and Hurricane Irma in Florida. Again, the "Cal-Maine Family" united to raise over \$180,000 for our employees devastated by these natural disasters. Some of the same employees who supported Louisiana the year before were now in need of aid and the "Cal-Maine Family" was quick to provide. Deborah Campbell, one of our compliance managers, stated, "When I go to different locations and see employees still wearing the Cal-Maine Strong shirts, I am reminded that Cal-Maine Foods is one really big family ready to help each other." Cal-Maine Foods has since expanded this program and now dedicates approximately \$50,000 per year to the cause for use in future disasters and employee needs.

<sup>1</sup> <https://4-h.org/>

<sup>2</sup> <https://www.ffa.org/>



### **Hurricane Harvey Relief**

In August of 2017, Hurricane Harvey made landfall in south-central Texas, near the Boling, Texas, Cal-Maine Foods facility. This category 4 hurricane affected the surrounding communities as well as several employees and their families. Our employees, who were at the core of this effort, immediately mobilized and put a fundraising campaign in place. Thanks to our employees' culture of philanthropy instilled throughout Cal-Maine Foods, truckloads of food, water and clothing were given out to community members in need.

There is a tremendous need for food in disasters like this devastating hurricane. As egg farmers, Cal-Maine Foods is in a unique position to help feed people. Thanks to the efforts of our employees, we were able to get our product into the hands of people who needed it. Early in the disaster, conditions made it quite difficult to manage fresh eggs in the shell, but with some innovation, we found ways to provide eggs for people. Whether it was scrambled eggs in a bag, hard-boiled eggs, liquid eggs, or protein packs, Cal-Maine Foods distributed more than 27 pallets of product.



# Food

## Food Safety

At Cal-Maine Foods, the quality and safety of our product is of vital importance to our business and to the trusted relationship we have with our customers and consumers. Across our business, food safety compliance managers are present at each of our 40 largest locations, supported by area compliance managers, a Corporate Food Safety Manager and a Director of Food Safety and Animal Welfare. Our food safety managers are continuously involved in addressing food quality and safety and help to monitor adherence to our numerous policies and processes designed to maximize the quality and safety of our eggs and egg products.

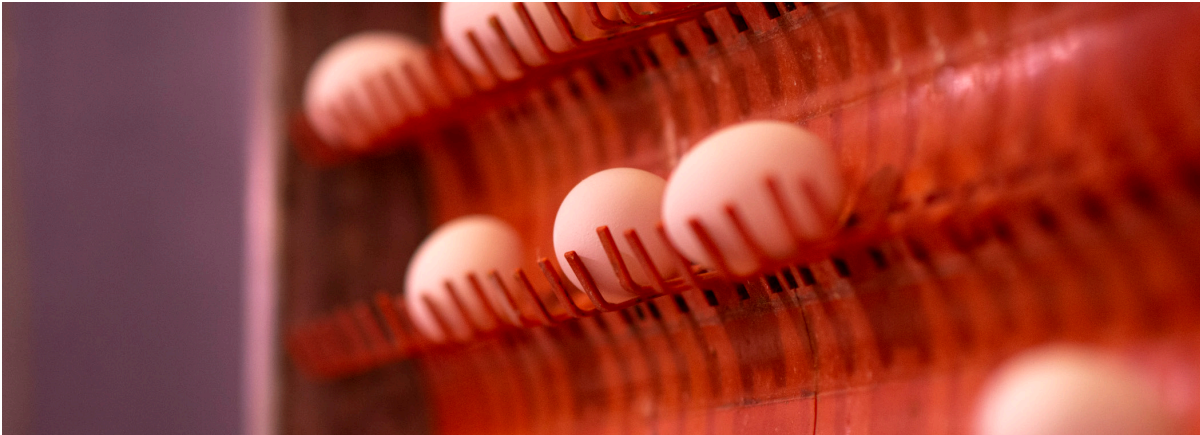


Beginning in 2009, a formal Safe Quality Food (SQF) certification program was implemented across our operations. All our processing plants are now SQF certified for Food Safety and Food Quality. In support of this program, SQF audits are performed at a minimum of once per year by a third-party certifier. Customers also regularly send their own auditors to conduct third-party audits of our programs and facilities. Additionally, 100% of our facilities are certified to the Global Food Safety Initiative (GFSI) framework.



USDA graders or other quality control personnel are on-site at each of our processing plants and various FDA and state agencies regularly perform audits that evaluate food safety and inspect our compliance with all Federal, state and local regulations.





While we have an excellent food safety record, even with rigorous food safety and quality programs, product recalls may occur. As part of our third-party audit program, each facility must prove that they are capable of executing a “mock” recall in under two hours. In order to pass, the facility must identify every dozen eggs processed that day. In 2018, we issued one recall for eggs that were actually purchased from another egg producer. Using our coding system, we were able to track the affected eggs and implement a seamless recall. Our robust SQF processes include pre-operation checklists, sanitation and scale certifications and daily equipment check sheets, just to name a few. These processes support our goal that products produced and processed by our facilities maintain the quality and safety standards that our customers and consumers expect.

### **Food Safety Highlights**

- 100% of facilities certified to Safe Quality Food (SQF) and Global Food Safety Initiative (GFSI) frameworks. These facilities received an average score of 97.95% from the third-party audits.
- 49 dedicated compliance managers ensuring Food Safety & Quality.
- Third-party audits at all of our processing plants are conducted, at a minimum annually, to monitor compliance and adherence to our food safety programs. At least once every three years, an unannounced audit is performed.



# Animal Welfare

## Animal Welfare Program at Cal-Maine Foods

Animal welfare is of utmost importance to Cal-Maine Foods. Our livelihood and that of our employees is dependent upon healthy hens laying safe, high-quality eggs. Without a proper environment including housing, ventilation, feed and water, our hens will not be able to perform and thrive at peak levels.

Cal-Maine Foods has an extensive Animal Welfare Program that is implemented by management and operational employees with support from local compliance managers, area compliance managers, a Corporate Food Safety Manager and a Director of Food Safety and Animal Welfare. All employees involved in animal welfare positions are trained upon hiring and receive annual retraining as part of their employment with the company. Employees who handle our flocks receive additional periodic training each time a flock is handled or moved. All practices maintained by the Animal Welfare Program are in accordance with or exceed the standards set by the United Egg Producers (UEP) Animal Husbandry Commitments, including support of the Five Freedoms of Animal Welfare. Internal and external auditing (including third-party certification audits and customer audits) are conducted annually across our operations to monitor compliance with our internal Animal Welfare Program and external standards.

Our Animal Welfare program consists of the following commitments:

- Continuous training for employees on animal welfare topics.
- Swift actions taken upon discovery of breach of animal welfare policy.
- Regular on-farm auditing of animal welfare, both by internal stakeholders and external.
- Third-party farm monitoring of all operations by farm assurance programs.
- Avoidance of long-distance transportation.
- Committed to humane slaughter, when necessary.
- Anonymous - Animal Welfare hotline number prominently displayed.

## Absence of Artificial Hormones

Cal-Maine Foods does not use artificial hormones in the production of its eggs. Hormone use in the poultry and egg production industry has been effectively banned in the United States since the 1950s.

## Use of Antibiotics

Cal-Maine Foods has an extensive written protocol that only allows the use of Medically Important Antibiotics when animal health is at risk, consistent with guidance from the FDA and the Guidance for Judicious Therapeutic Use of Antimicrobials in Poultry, developed by the American Association of Avian Pathologists. When antibiotics are medically necessary, a licensed veterinary doctor will approve and administer approved doses for a restricted period. Our programs are designed to ensure that antibiotics are ordered and used only when necessary and records of their usage – when and where – are maintained in order to monitor compliance with our protocols. Cal-Maine Foods does not use antibiotics for growth promotion or performance enhancement. Within the 2018 reporting year, use of feed containing antibiotics as a proportion of our overall feedstock represented just 0.5% of annual totals.

## Organic Production

All of our Organic eggs are certified by the USDA and a third-party Organic certifier. In order to be certified to this standard, organic eggs must come from chickens that are raised cage-free, fed an organic diet grown without pesticides, managed without antibiotics and hormones and have access to the outdoors as required by the National Organic Program.



## Cage-Free Production

A significant number of our customers, including our largest customers, have committed to exclusive offerings of cage-free eggs by specified future dates. Additionally, several states have now passed or proposed minimum space and/or cage-free requirements. Specifically, California passed Proposition 12 in November 2018, which provides for minimum space requirements per hen beginning in 2020 and mandates all eggs or egg products sold in California must be cage-free by 2022. Subsequently, Washington and Oregon have passed laws requiring cage-free hen housing by 2024 and Massachusetts, Rhode Island, Ohio and Michigan have similar laws defining space requirements or other restrictions on cages.



We have invested over **\$310 million** to expand our cage-free production for facilities, equipment and related operations and we continue to make considerable progress with our expansion plans.

We have worked to position Cal-Maine Foods as an industry leader in moving towards meeting future customer requirements for cage-free eggs, as well as preparing for the additional demand created by Proposition 12 in California. We have invested over \$310 million to expand our cage-free production for facilities, equipment and related operations and we continue to make considerable progress with our expansion plans. We have capital projects underway in Florida, Texas and Utah, which will provide significant additional processing, pullet and cage-free capacity upon completion.

We will continue working closely with our valued customers to meet their supply needs.



“People are our most important priority – their safety is our greatest responsibility.”

-Sherman Miller, President & COO

# People & Workplace

## Health & Safety

Cal-Maine Foods is committed to providing a safe and healthful place to work for all of its employees. More than 3,600 employees across the country are employed in our operations and we are proud to support our commitment to safety with a staff of more than 70 trained safety professionals across our business. 100% of our production and processing facilities have a responsible safety committee present. Cal-Maine Foods has introduced bio defense systems that sustainably reduce microbial challenges (viruses, bacteria and mold, etc.) in its processing plants. Additionally, our employees undergo annual training on at least 28 safety topics that must be satisfied to be considered compliant with our safety policy. All training is conducted in multiple languages as needed.

Cal-Maine Foods has introduced **bio defense systems** that sustainably reduce microbial challenges (viruses, bacteria and mold, etc.) in its processing plants.



## Safety Policy Statement

It is the policy of the company to provide, and the right of each employee to have, a safe and healthy place to work. Management has dedicated itself to the support of these concepts by ensuring every reasonable effort is made in the interest of Accident Prevention, Fire Protection and Health Preservation.

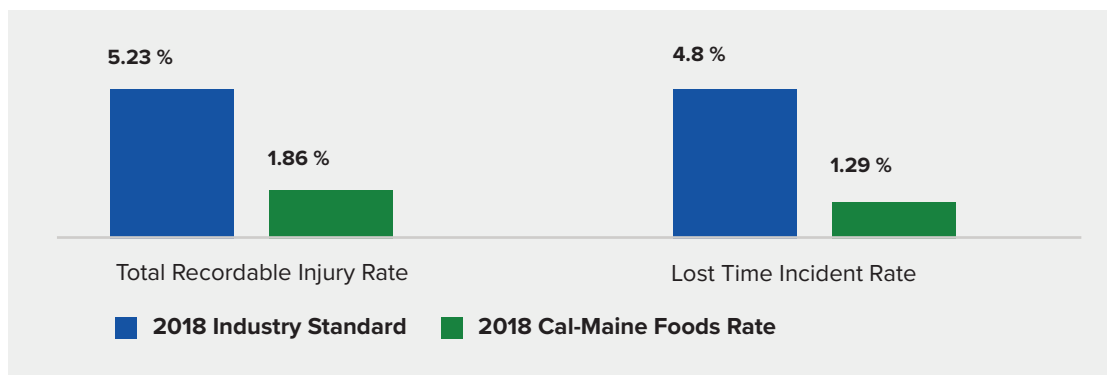
The safety of our employees is the first consideration in the operation of our business. All levels of management have a primary responsibility to the safety and well-being of employees. This responsibility must continue to be met through the promotion of programs designed to:

- Ensure the well-being, security and protection of personnel and property of our company.
- Prevent human and economic losses from personal injury and property damage.
- Control losses from fire and explosion.

Complete cooperation with this vital program is expected of everyone.

## Safety Performance

In 2018, the Total Recordable Injury Rate represented 35% of industry standards and Lost Time Rate was just over 27% of industry standards.



## Human Resources – Our Valued People

Cal-Maine Foods endeavors to provide a top-tier working environment for its employees. Cal-Maine Foods enjoys strong employee retention and satisfaction rates with 330 team members who have been with the company for over 20 years and 60 who have been with Cal-Maine Foods for over 40 years. Employees are appropriately trained in accordance with regulatory requirements and company policy on environmental reporting, food safety, the handling of chemicals, operation of equipment and implementation of plans and procedures, as well as food safety, animal welfare and general health and safety in the workplace.

## Workplace Diversity & Equal Opportunity

Cal-Maine Foods, Inc. is an Equal Opportunity Employer. We affirmatively prohibit, by policy and practice, any violation of applicable federal, state, or local law regarding employment. Discrimination because of race, color, religion, sex, pregnancy, age, national origin, citizenship status, veteran status, physical or mental disability, genetic information, or any other basis protected by applicable law is prohibited by this policy. This policy applies to all employment decisions, including hiring, promotion, discharge and other matters affecting terms and conditions of employment. Additionally, all of our international packaging suppliers have made statements in agreement with International Human Rights Standards.



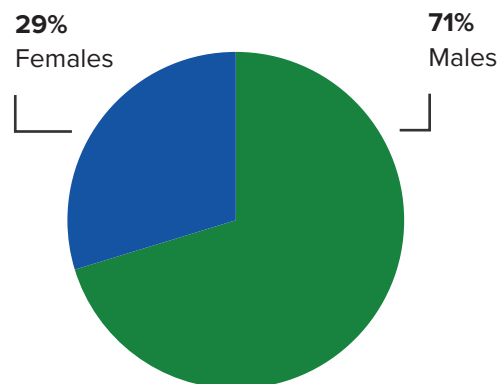
## Freedom of Association

Cal-Maine Foods acknowledges that it is a person's right under the First Amendment to the United States Constitution, as well as all modern and democratic legal systems, to join or leave a group according to his/her own choosing and for a group to take collective action to pursue the interests of its members. However, Cal-Maine Foods is a non-union company and we firmly believe that it is in the best interest of our employees that we remain a non-union company. Treating our employees fairly and equitably is our priority. We maintain an employee ethics hotline that allows anonymous reporting to encourage reporting of questionable actions or conditions. It is also important to us that employees are able to express themselves individually and to deal directly with their supervisor and other members of management about their concerns. This direct line of communication between the employee and management is lost when unions come into play. We pride ourselves on our accomplishments and successes through dealing directly with employees as individuals.

### Team Members by Ethnicity

White	46.2%
Hispanic	39.8%
Black or African American	12.7%
Asian	0.1%
Native Hawaiian or Pacific Islander	0.1%
American Indian or Alaskan Native	0.3%
Two or More Races	0.8%

### Team Members by Gender





# Appendix 1

## Audits and Certifications

### Product Auditors

**Cage-Free Auditors:**

Validus

California Department of Agriculture

Human Farm Animal Care

American Humane Care

United Egg Producers

USDA

**Organic Auditors:**

Quality Certification Services

Oregon Tilth

Georgia Crop Improvement Assoc.

### Programs & Certifications

**Safety and Quality**

Safe Quality Foods

**Animal Welfare**

United Egg Producers

**Animal Welfare Cage-Free**

American Humane Association



Cal-Maine Foods, Inc.