

Climate Risks and Opportunities Assessment

Governance

Our Board of Directors provides both strategic direction and operational oversight related to the sustainability of our company. Our Board oversees our company and management and provides direction for our sustainability efforts, including those related to climate and other environmental, social, and governance topics. Our Director of Sustainability oversees the assessment and management of climate-related risks and opportunities with executive oversight. In addition, our Sustainability Stewardship Council leads initiatives addressing our GHG emissions inventory.

Strategy

Cal-Maine Foods has invested in identifying climate-related risks and opportunities to strategically prepare for and navigate potential transitions brought about by climate change. In addition to our risks and opportunities analysis, we have performed a physical risk summary for site specific locations. Based on our evaluation of a variety of climate risks and opportunities, we have identified five core trends and potential impacts across scenarios that we will continue to monitor and manage:

1. Changing costs of doing business due to evolving policies, public opinions, and natural resource shortages.
2. Changing demand & evolving customer and stakeholder expectations.
3. Potential process efficiencies through sustainable practices, energy efficiency, and new animal feed.
4. Impact of climate change on poultry health & production, including biosecurity, as well as on Cal-Maine Foods employees, facilities and operations.
5. Impact of climate change on supply chain, including water, feed, and weather-related disruptions.

The risks and opportunities described above are considered in operations, strategy, and financial planning. Given the geographic diversity and scale of Cal-Maine Food's locations, supply chain, and markets, the company strategy has built-in resilience across the different scenarios. By maintaining production centers across multiple geographies, we have minimized the risk that disruption at a single production center could impact our business. Additionally, prioritizing proximity of our production centers to our customers means that impacts far from our customers are less likely to affect product delivery.

Risk Management

Cal-Maine Foods strives to identify, review, and monitor all potential risks, including environmental risks, that could affect our business. Regular reviews ensure we remain proactive in mitigating risks as part of our standard operating procedures. Cal-Maine Foods' overall risks are evaluated and updated annually, including climate-related risks. Once key risks are identified and assessed by our Board and Sustainability Stewardship Council, the appropriate mitigations are put in place. Frequent communication between the Sustainability Director and senior leadership, supported by a strong corporate culture, ensures proactive integration of climate risks into business decisions.

Metrics and Targets

Cal-Maine Foods is tracking a variety of climate change-related metrics, including GHG emissions, water use, and energy intensity. These enable us to measure, monitor, and drive progress towards sustainability. Our GHG inventory emissions, and energy consumption provide quantifiable insights into our environmental performance. Through the establishment of clear targets, we can align our operations with climate goals and industry benchmarks. These metrics and targets not only guide our decision-making and resource allocation but also demonstrate accountability to stakeholders, including customers, investors, and regulators. Incorporating metrics and targets into our environmental planning fosters transparency, drives innovation, and allows us to mitigate risks while contributing to a more sustainable future.

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Governance										
Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	Our Board of Directors provides both strategic direction and operational oversight related to the sustainability of our company. Our Board oversees our company and management and provides direction for our sustainability efforts, including those related to climate and other environment, social, and governance topics.								
	b) Describe management's role in assessing and managing climate related risks and opportunities.	Our Director of Sustainability oversees the assessment and management of climate-related risks and opportunities with executive oversight. In addition, our Sustainability Stewardship Council leads initiatives addressing our GHG emissions inventory.								
Strategy										
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a) Describe the climate related risks and opportunities the organization has identified over the short-, medium-, and long-term.	<p>We have identified key climate-related risks and opportunities that could materially affect our operating results and financial condition. Those risks and opportunities are listed below with corresponding time horizons. The time horizons are defined as follows:</p> <table border="1"> <thead> <tr> <th>Time horizon</th> <th>Years</th> </tr> </thead> <tbody> <tr> <td>Short</td> <td>1-2 years</td> </tr> <tr> <td>Medium</td> <td>3-5 years</td> </tr> <tr> <td>Long</td> <td>5-10 years</td> </tr> </tbody> </table> <p>Potential impacts of climate change include:</p> <ol style="list-style-type: none"> 1. Changing costs of doing business due to evolving policies, public opinions, and natural resource shortages. This trend includes the <i>short to medium-term risks and opportunities</i> that align with <i>Economic & Market, Acute Physical, Policy & Legal</i> risk types. Risk of increased fossil fuel costs from carbon pricing and emissions regulations, as well as increasing water prices due to water scarcity and competition for water resources, could raise our operational expenses and disrupt our egg production and fleet operations, and commodity sourcing. Furthermore, compliance with stricter emission standards may increase operational spending or require facility retrofits. Lower global crop production, including corn and soybean meal, which are the primary feed ingredients that support the health of our animals, may result in significantly higher prices for these commodity inputs, impact our ability to source the commodities we use to feed our flocks, and negatively impact our ability to maintain or grow our operations. <p>A related opportunity may be cost reduction if more grants and subsidies are leveraged as part of emerging policies.</p> <ol style="list-style-type: none"> 2. Changing demand & evolving customer and stakeholder expectations. This trend includes the <i>short to medium-term risks and opportunities</i> that align with <i>Economic & Market and Reputational</i> risk types. Shifting consumer demand due to economic and dietary trends can impact the demand 	Time horizon	Years	Short	1-2 years	Medium	3-5 years	Long	5-10 years
Time horizon	Years									
Short	1-2 years									
Medium	3-5 years									
Long	5-10 years									

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		<p>for Cal-Maine Foods products from retailers. Change in consumer demands for specialty eggs can pose a risk if Cal-Maine Foods is not able to meet the growing demand. The growing popularity of plant-based diets, increasing costs of our products, and reduced consumer spending power can potentially lower demand for our products.</p> <p>On the other hand, we may see opportunity in the form of increased demand for eggs as a more cost-effective protein source. Additionally, proactively partnering with large buyers to align with their sustainability goals, and to support the education of the consumers may be opportunities related to this theme.</p> <p>3. Potential process efficiencies through sustainable practices, energy efficiency, and new animal feed. This trend includes the <i>medium-term risks and opportunities</i> that align with <i>Economic & Market, and Technology</i> risk types. New technology can create process efficiencies, including in facilities, animal feed, and packaging. Advances in agricultural technology may also optimize feed usage, reduce waste, and increase egg production. Innovations in energy-efficient equipment and advanced feed technologies may represent opportunities to reduce operational costs and improve animal health. Similarly, renewable energy and waste-to-energy can support local resilience of facilities.</p> <p>However, new technologies can be risky to test and if not successful, can contribute to potential costs with little reward.</p> <p>4. Impact of climate change on poultry health & production including biosecurity, as well as on Cal-Maine Foods employees, facilities and operations. This trend includes the <i>medium to long-term risks and opportunities</i> that align with <i>Economic & Market, Acute and Chronic Physical, Policy & Legal</i> risk types. Extreme weather events, such as derechos, wildfires, drought, tornadoes, hurricanes, storms, floods or other natural disasters could materially and adversely affect our operating results and financial condition. In particular, derechos, fires, floods, tornadoes, and hurricanes have affected our facilities or the facilities of other egg producers in the past, and we have conducted disaster planning in our facilities to plan for such future events. Climate change may increasingly expose animals and on-site workers to high heat and humidity stressors that adversely impact operations and production.</p> <p>Related opportunities may include new technologies to safeguard animal health against the challenges emerging from climate change, and proactive enhancement of facility resilience to severe weather events.</p> <p>5. Impact of climate change on supply chain including water, feed, and weather-related disruption. This trend includes the <i>short to medium-term risks and opportunities</i> that align with <i>Economic & Market, Acute and Chronic Physical, Policy & Legal</i> risk types. Challenges in feed sourcing and supply chain disruptions can increase the cost of Cal-Maine Foods' operations. Increased global</p>

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		<p>temperatures and more frequent occurrences of extreme weather events, which may be exacerbated by climate change, may cause crop areas to become unsuitable, including due to water scarcity or high or unpredictable temperatures, which may result in more difficulty supplying feed and may increase cost of feed.</p> <p>Supporting soil quality and water quality initiatives, especially in higher water- and soil-stressed regions, through partnerships can help mitigate the impact on the feed supply and may represent business opportunities.</p>
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	The risks and opportunities described above are considered in operations, strategy, and financial planning. Such risks are currently considered as part of the company-wide risk review to proactively identify and potentially mitigate impact to the company. Natural hazards in particular are considered during proactive negotiations of insurance policies and are evaluated prior to business expansion. Priority actions stemming from this climate risk analysis are described below.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Given the geographic diversity and scale of Cal-Maine Food's locations, supply chain, and markets, the company strategy has built-in resilience across the different scenarios. For this evaluation, we considered a wide range of climate-related risks and opportunities under varying time frames and climate-related scenarios. If one geographic area is impacted by severe weather, for example, our broad supply chain and operational footprint can help mitigate business disruption. By maintaining production centers across multiple geographies, we have minimized the risk that disruption at a single production center could impact our business. Additionally, prioritizing proximity of our production centers to our customers means that impacts far from our customers are less likely to affect product delivery.
Risk Management		
Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's process for identifying and assessing climate-related risks.	<p>Cal-Maine Foods strives to identify, review, and monitor all potential risks, including environmental risks, that could impact our business. Regular reviews ensure we remain proactive in mitigating risks as part of our standard operating procedures.</p> <p>We have identified and evaluated climate-related risks and opportunities that related to the six TCFD risk categories: policy, market, physical, technological, social and reputational. In addition to our evaluation of transition risks and opportunities, we have performed a high-level physical risk evaluation of key locations where we operate. The process of identifying risks included SME knowledge, market research, interviews, and internal workshops. The risks and opportunities were scored based on "orderly transition scenario (2°C or lower) and "hot house" scenario (3°C warming or greater) as developed by the Network for Greening the Financial System (NGFS); likelihood, impacts, as well as a short-, medium-, and long-term time horizons. The scores were used to evaluate the most material risks and opportunities and to prioritize resource allocation/management. These risks and opportunities were consolidated by theme and were listed in the sections above.</p>

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	b) Describe the organization's processes for managing climate-related risks.	<p>Based on our assessment, the following priority actions have been identified:</p> <ol style="list-style-type: none"> 1. Capture growing market demand for sustainable protein sources through additional acquisitions and marketing of Cal-Maine Foods' sustainable products, recognizing the necessary infrastructure changes and potential need to mitigate biosecurity and other risks. 2. Improve energy efficiency by upgrading equipment and processes to reduce costs and emissions. 3. Improve water efficiency and invest in strategic acquisition of water resources, helping to mitigate water risk and also reduce energy used to distribute water. 4. Proactively manage supply chain through supplier diversification, and investments in feed innovation and strategic feed supply partnerships. 5. Build stakeholder trust and strengthen brand image by meeting or exceeding reporting requirements, ensuring transparency, and proactively addressing feedback. <p>Additionally, Cal-Maine Foods' operations prioritize continuous improvement by quickly sharing lessons learned across facilities to address local issues, for example preparedness for extreme weather. This practice is central to our risk management approach. The company will continue to evaluate risks and adjust to them based on new data.</p>
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Cal-Maine Foods' overall risks are evaluated and updated annually, including climate-related risks. Once key risks are identified and assessed by our Board and Sustainability Stewardship Council, the appropriate mitigations are put in place. Frequent communication between the Sustainability Director and senior leadership, supported by a strong corporate culture, ensures proactive integration of climate risks into business decisions. For example, to minimize disruption from extreme weather, our facilities have procedures in place to minimize risks to our birds, employees and infrastructure. Proactive risk management allows us to mitigate financial losses from extreme weather events, regulatory fines, or resource scarcity. Continuous learning and sharing of institutional knowledge regarding best practices for specific risk mitigation ensures that climate risk management is integrated in our ongoing risk mitigation efforts.
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Cal-Maine Foods tracks several metrics linked to climate-related risks and opportunities, in particular Scope 1 and 2 GHG emissions, energy intensity per thousand dozens of eggs, and the total freshwater use, including in water scarce regions. For more information about metrics assessed, see Sustainability Report, and SASB Disclosure.
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<p>Our scope 1 and scope 2 emissions are reported in our FY2024 sustainability report. In FY2023, we conducted a scope 3 emissions screening and identified the relevant scope 3 categories for which emissions will be calculated. Relevant scope 3 categories include Purchased Goods and Services, Use of Sold Products, and Capital Goods.</p> <p>Climate risks are provided in section a) Strategy.</p>

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	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	As part of tracking key climate-related metrics, Cal-Maine Foods is continuing to evaluate potential targets. We expect to provide updates on our efforts in subsequent reports.