



Corporate Responsibility Report



2011



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Corporate Responsibility Program

Sanderson Farms has enjoyed a history of steady growth, product innovation and operational excellence through over 60 years in business. As an established leader in our industry, we are committed to managing our operations efficiently, while protecting our vital resources and minimizing our impact on the environment around us. In this regard, Sanderson Farms has led by example, and takes seriously our commitment to do the right thing by being responsible and protecting the environment and each other.

While these efforts have always been an inherent part of our business, in 2010 we formally launched the Sanderson Farms' Corporate Responsibility Program to more deliberately focus on our environmental and cost efficiency goals. Deeply rooted in our culture and values, responsible leadership and responsible choices have been key drivers behind our continued growth and progress, and will continue to drive improvements in the future. The Corporate Responsibility Program encompasses all the business activities of Sanderson Farms, both in our corporate offices and in our regional operational facilities. Our objective is to engage all of Sanderson Farms' employees to build sustainability thinking and practices into their everyday work and to enable continued freedom to innovate in a responsible way.

Mission Statement

Sanderson Farms, Inc. is a successful producer and marketer of high quality food products with superior customer service to the food industry.

Our Vision

Sanderson Farms, Inc. is special. We are a successful, growing organization, respected in the communities in which we live and the industries of which we are a part.

Our dedicated team of associates treats all persons with absolute respect and integrity. People in our organization are devoted to the success of their associates in fulfilling their chosen potential in all aspects of life.

Our hallmarks are quality products, responsiveness to customer needs, superior achievement, and successful people.

Corporate Responsibility Statement

As a public company, Sanderson Farms, Inc. recognizes our responsibility to create value for our shareholders. To enhance our growth and extend our leadership position in the industry, we must optimize our operations while at the same time ensuring a sustainable future. Sanderson Farms' continued success is shaped by our commitment to operational excellence, as well as our strong sense of values that support environmental and social responsibility. We are committed to responsible stewardship of our environment, and we continually strive to optimize the efficiency in our operations, to minimize our energy and water use, to reduce waste, and to reuse materials where possible. Our people recognize that, by definition, efficient operations have less impact on our environment.

The entire Sanderson Farms family works as a team to meet our environmental responsibility. We realize that our prospects to continue our profitable growth lie within the strength of our people – people who know, understand and commit to making efficient and responsible choices for our operations. We also know that efficiencies translate into strong, long-term support of our environment and natural resources. This combination of desire for efficient operations and a commitment to further improvement provides a strong foundation for continued achievement across all of our locations and continued success for all of our employees and stakeholders.

Corporate Responsibility Council

The support for the Sanderson Farms' Corporate Responsibility Program emanates from the very top of our organization and is being directed by the Corporate Responsibility Council (CRC). The CRC provides the overall direction for setting and management of corporate-wide projects and activities. The CRC members include:

Director of Development and Engineering
Manager of Environmental Services
Manager of Central Purchasing

Manager of Marketing Services
Two members from Corporate Engineering

This core council meets on a regular basis to set new goals and direction, monitor progress against existing goals and develop reports to management and stakeholders. The CRC is responsible for identifying and further developing the measurements related to the goals, as well as managing the measurement and data systems needed to track and report on the progress of each facility towards meeting the goals. The CRC has the ability to seek out additional resources and feedback from within and outside of the company.

Each year, the CRC will review the progress made by each of the facilities in reaching the established goals for that year. The CRC will develop the appropriate recognition for designated facilities where measurable progress was made or the goals were exceeded. If the goals have not yet been reached, the CRC will facilitate the implementation of the best practices developed at those facilities where goals have been achieved.

The CRC, after all data is received for the year, prepares a report to management, associates and stakeholders on the progress that has been made during the prior year. During the course of the year the CRC develops communications to the entire company discussing the efforts currently underway and soliciting additional ideas and potential projects.

The CRC will then develop the goals and programs for implementation in the following year. In setting these new goals or programs the CRC will take into account previous efforts, potential for continued success and new developments affecting Sanderson Farms and our industry. These goals may build on historic benchmarks, or reflect new activities and priorities, and may also become a uniform requirement across all facilities or be facility-specific for that year. The CRC will also examine the current resource situation and entertain any requests for additional assistance from the facilities as well as in the corporate office.



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Complex Responsibility Team

The Complex Responsibility Team (CRT) is the group established at each Sanderson Farms' division to facilitate the implementation of these various initiatives.

The Division Manager heads this team and provides the administrative support for the team functions. The information discussed by the CRT is documented, retained and provided as needed to the CRC. This is a cross functional team with membership open to personnel from all operational units at the division.

The CRT serves as the umbrella group to develop and screen ideas to meet the corporate goals established by the CRC. These ideas can be passed on by the CRC from best practices gathered from other facilities or solicited from employees who have the best knowledge of specific operations. The CRT identifies the resources that may be needed to support any of the implementation actions. This team serves as the conduit for new ideas from employees as well as an established communication vehicle on progress being made. They serve as the visible and tangible focus for the facility operations and help engage their fellow employees in these efforts. Additional interaction with our customers, neighbors and other stakeholders through our team members allows collaboration on common-ground sustainability efforts to make our business stronger.

The CRT also prepares the data and metrics reports that track the progress being made and prepares the submittals to the CRC. The CRT prepares quarterly reports for the CRC on the practices and projects they have implemented to help reach their goals. The CRT also reports to the CRC on the data and metrics collected in support of their efforts. These reports follow the format designated by the CRC to ensure data and information consistency across the company.



Fiscal 2010 Environmental Improvement Highlights

Renewable Energy

- Thanks to the American Recovery and Reinvestment Act (ARRA), Sanderson Farms installed a new methane gas-capturing system at our processing plant in Collins, Mississippi. The system captures methane gas from the facility's anaerobic lagoon that treats the plant's wastewater, then pipes the gas back into the plant fueling the boilers, cutting natural gas usage by 80 percent. We estimate first year savings to be approximately \$500,000. There are plans to implement similar systems at other facilities; however opportunities for generating renewable energy from poultry operations go well beyond methane gas capture.

Packaging Improvements

Corrugated Material

- Reduced the amount of wax on our shipping containers by over 400,000 pounds per year while continuing to deliver a dry package to our customers.
- Worked closely with our suppliers to redesign our shipping cartons and use mechanically assembled materials, with a total annual reduction of over 7.5 million pounds of corrugated materials. At the same time, we enhanced the strength and stability of these cartons.

Plastic

- Without compromising the integrity of the finished package, we reduced the size and lowered the gauge of our plastic bags and liners resulting in an annual savings of over 925,000 pounds of plastic.

Initial Goals and Implementation

As Sanderson Farms has grown over the past 60 years, so have our responsibilities. Today, more than ever, we understand our actions and decisions have an impact on the world around us that will continue into the future.

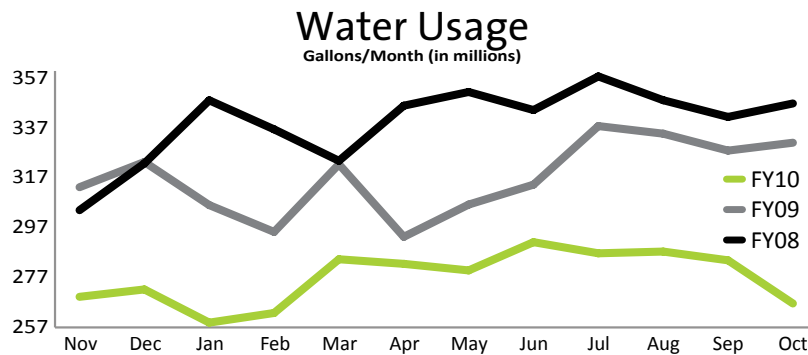
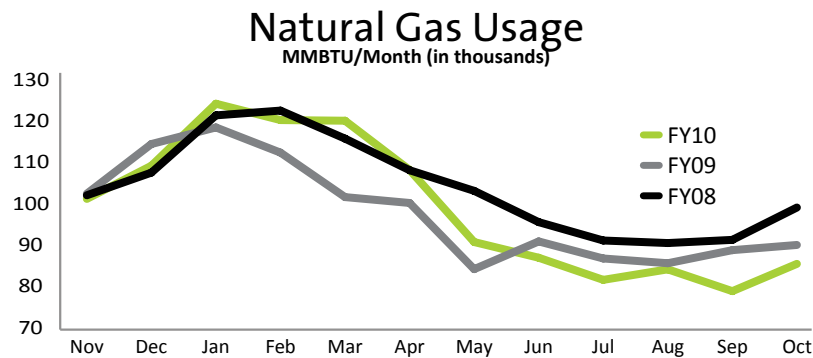
With our recent efforts, measurable progress has already been made in terms of improved energy efficiency, reduction of water usage, and a decrease in the amount of packing material and costs associated with delivering our products.

As our sustainability practices evolve, we know we must focus on what is right for our business. Although much has been done, we continue to look for ways to show improvement over baseline values we established in 2008. During 2010, we began a more deliberate effort in the measurement of energy usage compared with the prior year. Additionally, we have set goals for our business units in 2011 to improve their energy consumption budgets. We will continue to monitor our progress against these goals as well as against the metrics of our industry peers obtained through a third party. To ensure there is a fair basis of comparison, Sanderson Farms will index the

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total usage data against the appropriate measures used by our industry. Together, measures of actual total usage reduction, as well as an index measurement, provide additional incentive to meet our goals and ensure Sanderson Farms' leadership position in our industry.

Facilities included in these activities include all of Sanderson Farms' hatcheries, feed mills and processing plants. In each of these areas and for each complex as a whole, Sanderson Farms tracks usage and costs for the gas and water usage:



Through the monthly tracking of usage and costs associated with the above, as applicable, each complex provides a monthly report to the CRC concerning the current month, year to date value, and a comparison to the previous year's usage and costs. At the end of each year, the CRC will manage the data to produce average monthly totals for usage at each complex as well as a total figure for all usage during the year for the entire company. Additionally, consistent with our role as an industry leader, the data is compared, where practicable and applicable, with data obtained through a third party on the metrics achieved by the average of the top 25 percent of our industry peers.

We are proud of the work we have done to improve our water conservation, be more energy efficient and further minimize our future energy consumption. At the same time, we will keep our sustainability efforts focused, measured and supportive of our business.



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