

BOARD RECOMMENDATION:

Our employees are our most important resource, and we are totally committed to their safety and health. Toward that end, Sanderson Farms has robust safety and health programs designed to reduce work place injuries, promote employee health and train employees to perform their jobs safely. In light of our current safety and health programs and reports, the Board believes that the requested report is an unnecessary and unproductive use of the Company's time and resources that would not enhance the safety and health of employees.

Sanderson Farms' Safety and Health Programs

Oxfam America Inc. ("Oxfam") makes several unsupported statements about rates of injury and illness among employees in the poultry industry generally, and makes unsubstantiated comments about obstacles Oxfam claims employees face in reporting safety violations. The poultry industry has, over the last several decades, focused its energies on preventing workplace injuries and illnesses, especially musculoskeletal disorders like carpal tunnel syndrome. The incidents of occupational injuries and illnesses within the poultry sector's slaughter and processing workforce has fallen by 80% in the last twenty years, and continues to decline according to the 2013 Injury and Illness Report released by the Department of Labor's Bureau of Labor Statistics ("BLS"). The poultry processing industry's injury and illness rate of 4.5 incidents per 100 full-time workers is on par with all manufacturing jobs and is decreasing at a much faster rate than in other sectors. According to BLS data, injury rates suffered by poultry workers in the United States decreased by 54% in the past ten years alone.

With respect to overall employee health, we believe our health benefit plans are among the most comprehensive offered not only in our industry, but by any employer. Our health benefit plans include competitive deductibles and co-pay amounts, flat rate co-pay drug benefits, free basic wellness benefits and special programs for weight loss, smoking cessation and exercise plans. We conduct annual health fairs at each of our locations that include, among other things, free screenings for blood pressure, cholesterol, blood sugar and body mass index. These screenings have aided Sanderson Farms employees in the detection and treatment of serious health issues such as hypertension, diabetes, high cholesterol and obesity. We pay 75% of the cost of health insurance for all of our employees and their families, the rates for which have held steady for the past three years while the cost of similar plans maintained by other employers has significantly increased. The success of these plans is evidenced by the fact we were able to reward plan participants with two months of "premium holidays" during calendar year 2015. We also pay a portion of the cost for all employees who choose to join fitness clubs. On-site diet and nutrition classes are offered free of charge to all employees who seek additional tools for maintaining their health.

Sanderson Farms maintains robust safety and health policies and programs. We have developed and maintain policies, programs, and training on safety and health related topics including, but not limited to, Process Safety Management (PSM), Lockout/Tagout, Hazard Communication, Confined Space Entry, Fire Extinguishers, and Ergonomics to reduce worker injuries and ensure compliance with applicable regulations. Sanderson Farms employs a Certified Safety Professional and an Associate Safety Professional within its Corporate Safety and Health Department to help ensure that these policies and programs are maintained at the highest level. All other members of the Corporate Safety Department are in the process of earning these certifications. Where appropriate, certified, qualified, and competent outside consultants are utilized to help us design and develop comprehensive safety and health policies and programs. Most importantly, senior management within Sanderson Farms has the ultimate responsibility to ensure safety and health policies are followed and carried out on a daily basis.

We also maintain on-site health care providers, ranging from registered nurses to emergency medical technicians, as an effective way to provide first aid and basic treatment for work related incidents. Providing immediate and appropriate treatment for employees who suffer injury or illness while on the job is not only the right thing to do, but makes business sense as well.

Safety and Health Program Oversight

In its proposal, Oxfam implies that occupational health and safety risks at Sanderson Farms are not managed properly. This is simply not true. Qualified and competent consulting ergonomists have been regularly retained by Sanderson Farms since the early 1990's to help identify and reduce work related injuries and illnesses. Line speeds at our processing plants are significantly below the maximum allowed by applicable regulations and are maintained at lower rates in part to reduce employee stress and injuries. Since 1973, the first year Occupational Safety and Health Administration ("OSHA") rates were maintained, OSHA injury rates at Sanderson Farms have been reduced by 89 percent. From 1995 to 2015, OSHA rates at fully producing Sanderson Farms facilities decreased 60 percent. Sanderson Farms maintains the robust safety and health programs described above that are designed to reduce worker injuries. Such policies and programs are reviewed and monitored by the President's Safety Committee, which is comprised of the Company president and COO, along with employees and management team members. This committee meets quarterly to review our safety and health record and to identify additional steps that can be taken to improve employee safety. Compliance with Company safety policies and programs is required as a condition of employment, and our safety managers routinely audit such compliance. Employees are routinely trained on how to report illnesses and injuries, and no employee has ever been disciplined for reporting an injury or illness. Disciplining an employee for reporting an injury or illness would violate Company policy and any employee who does so would be subject to discipline up to and including discharge.

Reporting on Safety and Health Programs

Oxfam's proposal would require our Board to include in an annual published report employee injury causes and rates, incidence of non-compliance with safety and labor laws and remedial actions taken, and measures contributing to long term litigation and improvements.

Currently, injury and illness data are provided to employees and reviewed by Sanderson Farms' management team to ensure that its safety programs are effective. Sanderson Farms is required to maintain injury and illness data as part of compliance with OSHA regulations. Employees and certified bargaining representatives are permitted access to OSHA logs so that the people most interested in safety issues at the Company—our employees—are allowed to see what injuries occur, where they occur and overall injury rates. In addition, Sanderson Farms is required by OSHA regulations to post annual injury and illness summaries so that all employees have access to this data. Further, OSHA records are reviewed by OSHA every time it conducts an inspection of a Sanderson Farms facility. Sanderson Farms has never received a citation from OSHA for a violation of OSHA record keeping regulations. Employees and management, which are the constituencies most concerned about safety conditions at the Company, have ready access to the information and data necessary to determine the effectiveness of our safety programs. Those constituencies are also in the best position to influence our safety record by implementing policies and programs through our President's Safety Committee.

Oxfam's proposal that we list violations of safety and labor laws in an annual report is redundant, as this data is already publicly available. For instance, a company's history of OSHA citations is readily available on OSHA's website, even when those citations are unsubstantiated and are later deemed to be without merit. Additionally, any actions taken by government agencies (e.g. Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), U.S. Department of Labor ("DOL") or State counterpart agencies) related to compliance with safety and labor laws are readily available by making requests to the appropriate government agencies through State or Federal public information disclosure laws. Some of this information is available on the DOL's Data Enforcement website, the NLRB's website, or the EEOC's website. Shareholders, regulators, employees and consumers already have access to Sanderson Farms' record of compliance with safety and labor laws, and therefore have adequate information to form an opinion regarding the potential regulatory, legal, reputational and financial risks relating to employee safety issues.

Oxfam argues that detailed reporting of this data would strengthen our ability to assess and improve worker conditions for our employees. As noted above, the constituencies most interested in reducing injury rates already have access to this information and information is already publically available. Because access to this information is already open, we have been able to determine new ways to improve the safety and health of our employees. This, in turn, has allowed our processing plants that operate at full capacity to decrease injury rates by 27% between 2012 and 2015. Redundant annual reporting regarding safety issues would serve no legitimate business purpose and would do nothing to enhance the safety and health of employees.

Because we believe publication of a report consistent with Oxfam's proposal would result in an unnecessary and unproductive use of the Company's time and resources, and would not enhance the safety and health of employees, the Board recommends that the stockholders vote AGAINST this shareholder proposal.