



PUTTING VALUES INTO ACTION

2020 Sustainability Report

Herbruck's



Herbruck's Poultry Ranch | Saranac, Michigan

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About Herbruck's

Herbruck's Poultry Ranch – with locations in Michigan, Indiana and soon Pennsylvania – supplies nearly 3 billion farm-fresh eggs and 55 million pounds of liquid egg product to retailers and foodservice outlets across the nation annually. Our flock has grown from 3,000 egg-laying hens in the late 1950s to 10 million today.

At Herbruck's, we're committed to putting our values into action. This report outlines our values as a family farm and how we're serving hundreds of thousands of people across the United States with ethically sourced, highly nutritious eggs each year.



Our values

At Herbruck's, our values drive our organization forward. We use them as a roadmap to guide our business decisions and to ensure we serve the bird, and treat our employees, the environment and the communities we call home with respect.

Our four pillars

At Herbruck's, our values are put into action through four pillars:



People.

As a fourth-generation family business, Herbruck's has a long-standing history demonstrating our commitment to our employees and the community. Family comes first in all aspects of our business, and our employees and communities are a part of our extended family. From dedicating resources to ensure our employees are healthy to providing for the needs of the communities we call home, serving people is a key pillar to our success.



Serving our employees

Health and well-being

At Herbruck's, we're committed to supporting our team members and their families. Our benefits package is one of the most comprehensive in the industry with premium-free health care and matching Health Savings Account contributions.

To provide employees and their dependents with free, convenient access to a wide range of preventive health care services close to where they live and work, we opened the Herbruck's Employee Wellness Clinic in 2019. Clinic services include physicals, lab work, vaccinations, flu shots and chronic disease management for conditions such as diabetes, high blood pressure, high cholesterol and asthma. There is no cost for employees and their dependents who are on Herbruck's health plans who use the Clinic and employees can receive services via drop-in or by appointment. Herbruck's also offers annual on-site flu vaccinations and prescription safety eyewear.

An employee's well-being doesn't end when they leave our facilities. Herbruck's strives to help our employees achieve a good work/home life balance, by offering flexibility in scheduling and paid time off to support employee's personal activities.

Safety

With nearly 1,000 employees across nine locations in three states, Herbruck's ensures employees are engaged and safe by continually improving our occupational health and safety management and performance. We provide Day One orientations to help new employees get off to a good start and facilitate monthly safety trainings that expand on the Day One experience. We also discuss safety performance and identify opportunities for improvement during monthly company-wide and site-specific safety meetings.

Comprehensive job safety analyses define what safe work looks like by informing our employees about hazards they may encounter during their work and how to avoid them. Herbruck's compliance team visits each location annually for safety inspections and follows up on the findings by assisting managers with corrective actions that ensure employees recognize safety is a top priority. In addition, Herbruck's has 20 Occupational Safety and Health Administration (OSHA) 30-hour certified employees who act as resident safety champions at our various locations.

Employee development and advancement

Herbruck's offers employees many opportunities for learning, development and advancement – from entry-level roles and internships for animal science majors to professional-level positions in business, marketing, finance and other sectors. Paths for advancement in the production and processing locations are clearly defined in our job descriptions and we have clear processes for internal postings and transfers. To ensure there is talent depth within the organization, we have implemented an annual evaluation and assessment process. In addition, professional development projects and programs are identified and individualized for employees.



Appreciation

Engaged employees mean content birds. We demonstrate our gratitude and appreciation to Herbruck's employees in a variety of ways by:

- *Providing an Employee Assistance Program and a robust state-supported success coach program, which focuses on breaking down barriers that impact the employee's ability to be successful at work such as legal, financial, housing, transportation or childcare issues/concerns.*
- *Providing meals, gift cards, anniversary gifts and local recognition.*
- *Offering incentives for work performance.*
- *Tuition reimbursement.*

Serving our community

With a culture of humble generosity, Herbruck's encourages team members to be active in the community by volunteering with local organizations and nonprofits.

We're proud to serve communities in Michigan, Indiana and Pennsylvania. Our employees and leadership are involved in a variety of efforts, including:

- *Identifying sources for job placement and learning opportunities.*
- *Educating K-12 students on agricultural careers by working closely with area schools and agricultural agencies such as 4-H and FFA.*
- *Working with refugee and ethnic centers and churches in the west and central Michigan areas.*
- *Identifying opportunities to work with incarcerated Michiganders.*

As a company, we're focused on being a good neighbor. We donate more than 1 million eggs annually to our neighboring communities and provide nutritional education and opportunities for the community and support local organizations including food banks, schools and community support groups.



Ronald McDonald
House Charities®

Planet.

Herbruck's demonstrates its commitment to environmental stewardship by not just meeting or exceeding government regulations, but by making environmental initiatives a top priority.

Green Economics

As a leader in the industry Herbruck's maintains its commitment to the environment.

We strive to use packaging made from recycled material that is also 100% recyclable. As of 2020, 60% of our carton packaging is recyclable for the consumer, and we expect to be at 100% within three years. Corrugated cardboard used in our facilities is sourced from suppliers who participate in the Sustainable Forestry Initiative®.

Forging a cleaner path, Herbruck's has created a system of removing manure from the barns and drying, crumbling, heat treating, and/or pelletizing to create an organic fertilizer product. Along with improving air quality for our hens, this has turned a once cost negative operation to dispose of the manure into a profitable revenue stream for our business. This natural fertilizer product also has a lower carbon footprint than traditional commercial fertilizer which is mined and requires energy intensive manufacturing.

To mitigate the waste of resources and save on costs throughout our operations, Herbruck's has installed energy efficient boilers, faucets and washers that align with our green goals.

In recent years we have started pushing for more local grain sourcing. This helps us maintain long-term relationships with growers and incorporate new growers in the area, which saves on costly transportation and broker fees while improving both the farmers' prosperity as well our own. This also allows us to improve our ties within the community and be there to partner with farmers should they ever need fertilizer.



In 2020, Herbruck's recycled over 30,787,817 pounds of materials.

Protecting our water

Herbruck's has earned the Michigan Agriculture Environmental Assurance Program (MAEAP) verification – an innovative, proactive program that helps farms of all sizes and all commodities voluntarily prevent or minimize agricultural pollution risks. The program helps and recognizes farmers who reduce erosion and runoff from private land into public waters. We are verified in farmstead, cropping and livestock systems through MAEAP. This means Herbruck's has a proven track record of protecting surface and groundwater on its farmsteads; is committed to good stewardship of water use, soil conservation, and nutrient management in cropping; and follows best practices for livestock manure management practices.

Herbruck's also actively participates in the National Pollutant Discharge Elimination System (NPDES) permit program, authorized by the Clean Water Act, and the National Air Emissions Monitoring Study (NAEMES) to control emissions and minimize our environmental impact.

Conserving energy

To conserve energy, Herbruck's has invested in:

- *Low-energy lighting in 100% of our buildings.*
- *Planned solar renewable energy source for our organic facility.*
- *High-efficiency boilers and motors to power processes in our plants.*
- *Grain purchased from local growers, avoiding long-distance transportation.*

Reducing waste and byproducts

At Herbruck's, we actively search for innovative ways to creatively reduce our waste and byproducts. Due to our recycling efforts, we have a 98% landfill diversion rate.

To minimize our environmental footprint, Herbruck's is:

- *Capturing and processing bird litter into dried poultry fertilizer, which eliminates waste on our farms and provides an effective alternative to chemical fertilizers.*
- *Recycling eggshells from the breaking plant by drying, sanitizing and adding them back to our feed as an excellent calcium source for hens.*
- *Practicing responsible waste disposal and waste-water management practices.*
- *Providing environmentally friendly packaging, which includes clear egg cartons made from recycled consumer packaging; pulp cartons made from newsprint; and foam cartons containing 20% recycled material.*

Designing a landscape for conservation

To keep our air and water clean, Herbruck's has implemented several landscape design features including:

- *Vegetative buffers, which provide a natural filtration system in addition to being aesthetically pleasing.*
- *Paved roads around all facilities to control dust from vehicle traffic.*
- *Conservation tillage on our cropland to reduce soil erosion.*
- *Cover crops to help manage soil erosion, soil fertility, soil quality, water, weeds, pests, diseases, biodiversity and wildlife.*
- *Organic crops to feed our hens and improve and maintain soil health.*

Product.

Our birds are the bedrock of our business. We believe nurturing our flocks with the best care, handling, nutrition and environmental conditions is not only the right thing to do — it's good business, too. That's why we've earned a sterling reputation in animal care and why our policies and practices have both preceded and exceeded industry and federal guidelines.



Herbruck's is the **10th**
largest caretaker of laying hens in the United States.

Serve the bird

Animal health and welfare is front and center to everything we do, and Herbruck's is known for setting the standard for the care of egg-laying hens. From pullets to hens nearing retirement age, proper handling is our top priority.

To ensure we serve the bird from the start, chicks are delivered by climate-controlled trucks by hatchery employees and unloaded by trained staff at the farm. Birds are immediately placed in their new temperature-controlled, disinfected environment and provided feed and water. The pullets are monitored and vaccinated throughout their lives by our staff of veterinarians. To minimize the risk of poultry disease, chicks are only accepted if accompanied by National Poultry Improvement Plan (NPIP) certification. The chicks also receive beak conditioning using state-of-the-art technology with NovaTech Machine. This is a standard practice that reduces injury, pain and stress associated with aggression and feather pecking among birds.

At Herbruck's, we serve the bird by giving our flock the love and respect they deserve through personal, attentive care.

Understanding the birds

Chicks

After incubating for 21 days, these chicks are hatched at the hatchery and vaccinated before delivery to our pullet site.

Pullets

These are young hens under four months old, which are not yet old enough to lay eggs. Pullets start to lay between 16 and 20 weeks.

Layers

These are hens that lay eggs. The average layer can produce 1 egg per day.

Cage-free care

Herbruck's is a leader in cage-free care, with 75% of our operation cage-free. We first began utilizing cage free in 1992, and plan to be 100% cage-free by 2024.

A cage-free environment allows birds to dust bathe and provides adequate space and an environment to exercise. We also train the birds to roost in the equipment to prevent mislaid eggs and lighting systems are used within the houses allows us to mimic sunrise and sunset light transitions, encouraging birds to roost in the evening.

Health of the birds

Healthy, content birds are standard at Herbruck's. We have two full-time veterinarians and numerous animal welfare supervisors on staff to ensure birds are healthy at every stage of their lives. Herbruck's also provides annual animal husbandry and biosecurity training to team members to ensure hens are cared for ethically and according to best practices. We have a 100% pass rate in multiple animal welfare audit programs, including United Egg Producers (UEP) Certified and Certified Humane.

Herbruck's consistently exceeds the standards for feed, water, and environment through third-party audits. In addition, pullets are raised at distance of no more than an hour of driving distance from the layer barns to minimize the stress that may be put on the birds during transportation, and weak or injured birds are moved to recovery pens. We also have no molting ever – which minimizes stress for the birds.

The hens that lay our organic cage-free eggs have outside access and do not receive any antibiotic treatment and any supplements are administered under the direction of our staff veterinarians.

Green Meadows Organic is the largest organic complex in the nation.



Feeding the birds

Through our nutritional program, feed rations are changed to meet the birds' needs by age and we use industry-standard programs to assure proper feeding, feed production and traceability of feed and feed ingredients.

Some flocks are fed non-GMO feed that contains approved non-GMO ingredients and grains. In addition, all organic feed is produced by ingredients and processes to meet certification requirements.

Our high standards for feeding our birds ensures our customers receive high quality, highly nutritious eggs.

Herbruck University

Herbruck's employees are comprehensively trained to move and vaccinate birds, which allows the company to ensure the best handling and treatment of the birds.

New employees receive extensive safety and animal health and welfare training, and all employees participate in monthly safety trainings, as well as annual and biannual reviews of the welfare and health standards through Herbruck University, our learning management system.

Biosecurity

Herbruck's has extensive biosecurity protocols to protect its flocks from viruses, bacteria, parasites and more. To ensure the health of its birds, Herbruck's requires:

- *Visitors must be approved in advance and have no contact with swine or fowl for 72 hours prior to their visit.*
- *Visitors must wear Tyvek suits or uniforms to limit carrying in any potential disease.*
- *Production employees must wear company-issued uniforms, boots and personal protection equipment (PPE).*
- *Lysol and/or bleach solutions are used to disinfect materials brought into chicken environment.*
- *We have strict protocols in place to limit the spread of disease among our flock as we care for our content hens.*





Food Quality and Safety

Herbruck's goes to great lengths to ensure the quality and safety of its products. Samples are collected regularly throughout the lives of our hens to ensure they are free of infection.

This includes National Poultry Improvement Plan (NPIP) best practices to ensure chicks come from flocks that are negative in monitored diseases. Chicks are also given their first live Salmonella vaccination at the hatchery. Pullets receive two live Salmonella vaccinations and one inactivated vaccine before being transferred to the lay house. Rodent, fly and other pest control is followed at all locations for the life of flock.

Herbruck's meets and exceeds the standards for food quality and safety, including Safe Quality Food (SQF) Program certification, Food Safety Modernization Act (FSMA) programs and Preventive Controls Qualified Individual (PCQI) food safety trainings. SQF is a rigorous program recognized by retailers, brand owners and food service providers worldwide. It's a Global Food Safety Initiative (GFSI) standard, which provides the universal gold-standard for recognition of food safety audits and requires the use of a Hazard Analysis Critical Control Point (HAACP) program. HAACP is a management system that assures food safety. FSMA programs are focused on preventing foodborne illness.

Fertilizer

Herbruck's supplies 100,000 tons of organic fertilizer to farmers each year through our innovative chicken litter technology which removes virtually all odors and flies from our farms.

Manure is removed daily from bird living spaces using belts and is dried by fans. The manure is transported to manure processing facilities for further drying and pelletizing. A heat treatment sanitizes the manure and then the manure is pelletized to allow the final product to be stored in smaller spaces.



Prosperity.

At Herbruck's, we have three main indicators for prosperity:

1. Growth opportunities
2. Process improvements and cost savings
3. Ethics

From expanding our facilities and markets to investing in our future, Herbruck's continues to be future-focused.





Expanding facilities, markets and marketing

Herbruck's goal is to provide nutritious products that the customers will enjoy. That's why we're always seeking to expand our product line to help meet the interests and needs of customers and market products that target the needs of a variety of lifestyles.

Herbruck's is expanding facilities in Michigan, Indiana and Pennsylvania, which will save on the cost of freight, allow for cost-competitive products and increase sales.

Also, there are many opportunities for strategic alliances to expand our range and bring awareness to our eggs. This has included a pink ribbon stamp to increase breast cancer awareness and special packaging for the Meijer and Just Crack An Egg pair-up.

Bird enrichment

Content hens make delicious, nutritious eggs. Every day we strive to provide the best possible care that we can for our birds. From cage-free housing to improving our skills in animal husbandry with detailed training of employees, our efforts lead to a stronger, healthier pullet that is ready to lay eggs. These improvements also lead to a longer lay cycle, which results in more eggs.

Ethics

Herbruck's provides annual animal husbandry and biosecurity training to team members to ensure hens are cared for ethically and according to best practices. We have a 100% pass rate in multiple animal welfare audit programs, including United Egg Producers (UEP) Certified, Certified Humane and American Humane Certified.

Investing in our future

Herbruck's is making several short-term and long-term investments to lower costs and increase yields. This includes:

- *A new cage-free barn design, which houses more hens and gives each hen more cubic feet of space than previous housing designs.*
- *Improved ventilation systems, which will allow more energy efficiency.*
- *Larger egg graders and breakers to process increased cases during each processing run with fewer machines.*
- *New robotics and improvements throughout our facilities to automate our practices, including robotics to pack cases, palletize cases, check for proper stamping of eggs, check for missing eggs, check proper labeling of cases, and wrap pallets.*
- *Automation in the processing facilities and production houses.*
- *A two-acre solar farm at Green Meadows and participation in CMS Energy's rebate and Energy curtailment program.*
- *Local grain sourcing to help save on transportation and broker fees while improving profits and community ties.*

In conclusion

Our values are why we never cut corners when it comes to doing the right thing. Now, more than ever, people are demanding ethically sourced, higher-quality eggs. Through our four pillars – People, Planet, Product and Prosperity – Herbruck's puts its values into action.

As a family business with more than 60 years of history in this community, we care about the people, land, air and waterways around us.

Visit www.herbrucks.com to learn more.



