



FOR THE GREATER GOOD

2023 Environmental, Social and Governance Report





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A MESSAGE FROM DON GALES



Producing beef responsibly takes a multi-faceted approach at Friona Industries. We are responsible for doing what is right for our people, animals and community. Stewardship is an integral part of our responsibilities. We must be good stewards of the environment, cattle and human resources to ensure our sustainability as a business.

Friona Industries is helping transform the beef industry with the help of our employees, cattle suppliers and packing partners. To do this, it will take transparency. We believe in providing feedback up and down the supply chain to help make improvements across sectors and to hold ourselves accountable.

“Our number one concern is doing things right.”

Leading the beef industry forward requires creating an entrepreneurial mindset for all our employees. We believe the best way to do that is through our values. In everything we do, we emphasize integrity and responsible beef production. When we come to work, we put those two values to work to drive positive change in our business and the industry.

Putting people first

One of our most important pursuits is helping employees develop and grow. Our employees are a part of the solution; and their knowledge and careers grow with our business.

For the greater good

Giving back to the communities around us is a big part of what we do to feed the world.

Transforming the beef industry

The consumer of tomorrow will want more visibility and transparency than they're getting today. We are striving to meet that demand. We're creating change by pushing people, suppliers, systems and even our packing partners outside their comfort zones.

Developing the industry's future leaders

The best thing we can do is help people learn and understand proper practices of raising cattle while being stewards and industry leaders. Our goal is to have the best people in beef production working for us to make a difference across the sector.

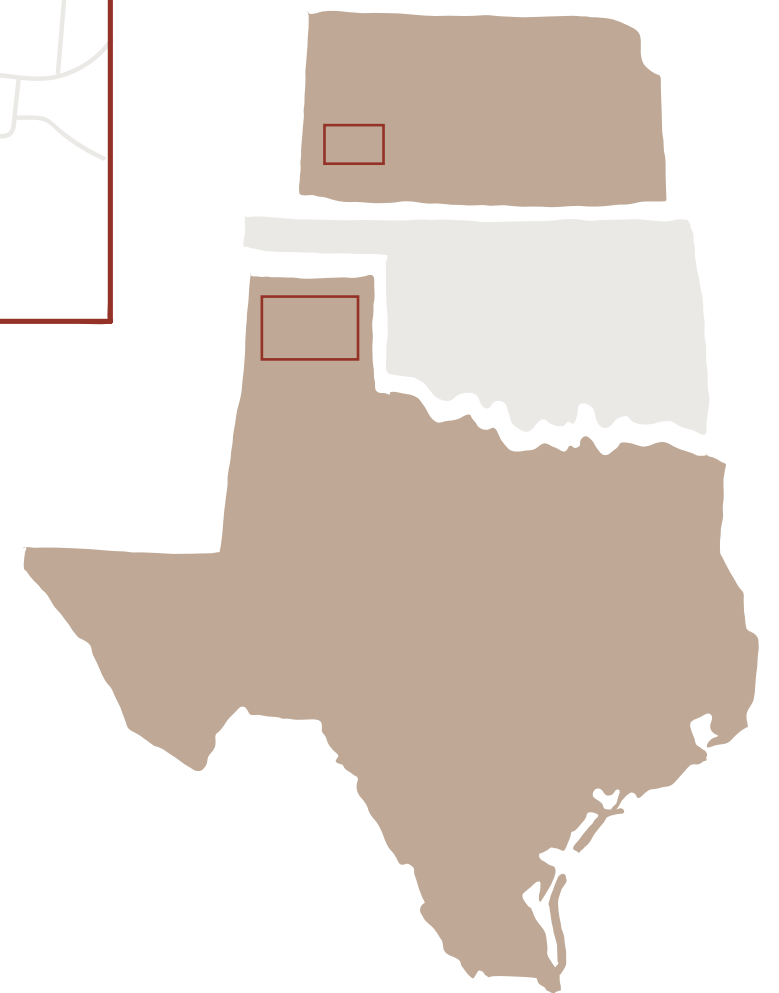
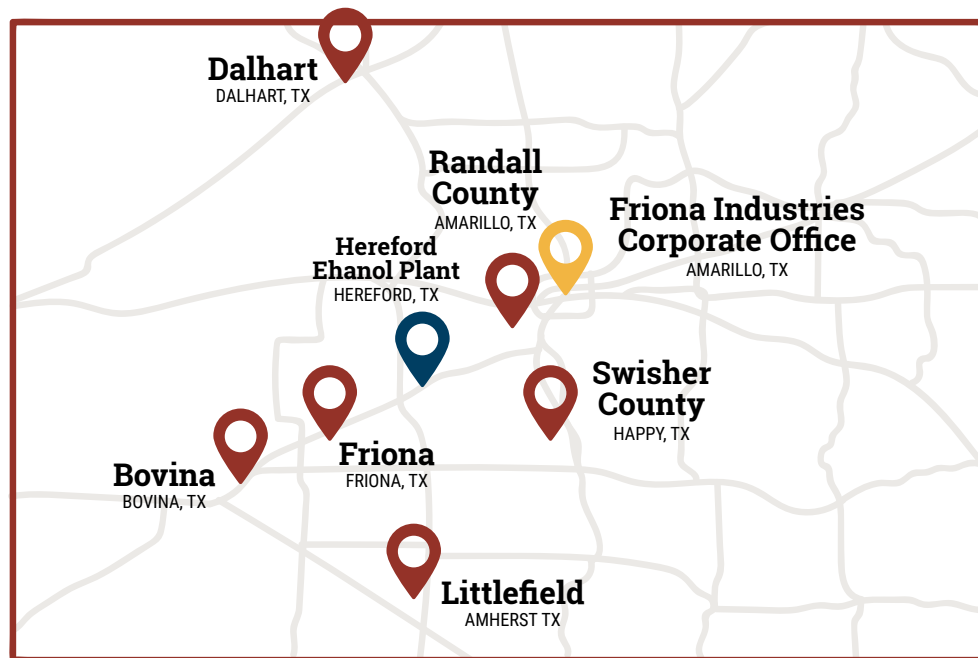
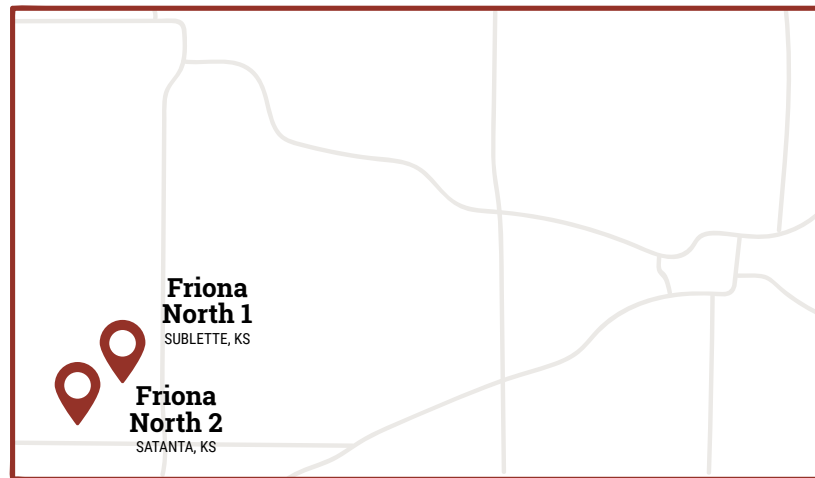
Long-term vision

Today, Friona Industries is in its third generation, and we look to continue that legacy for generations to come. Friona Industries will be a leader for the future to help create a new standard and expectation for the beef industry.

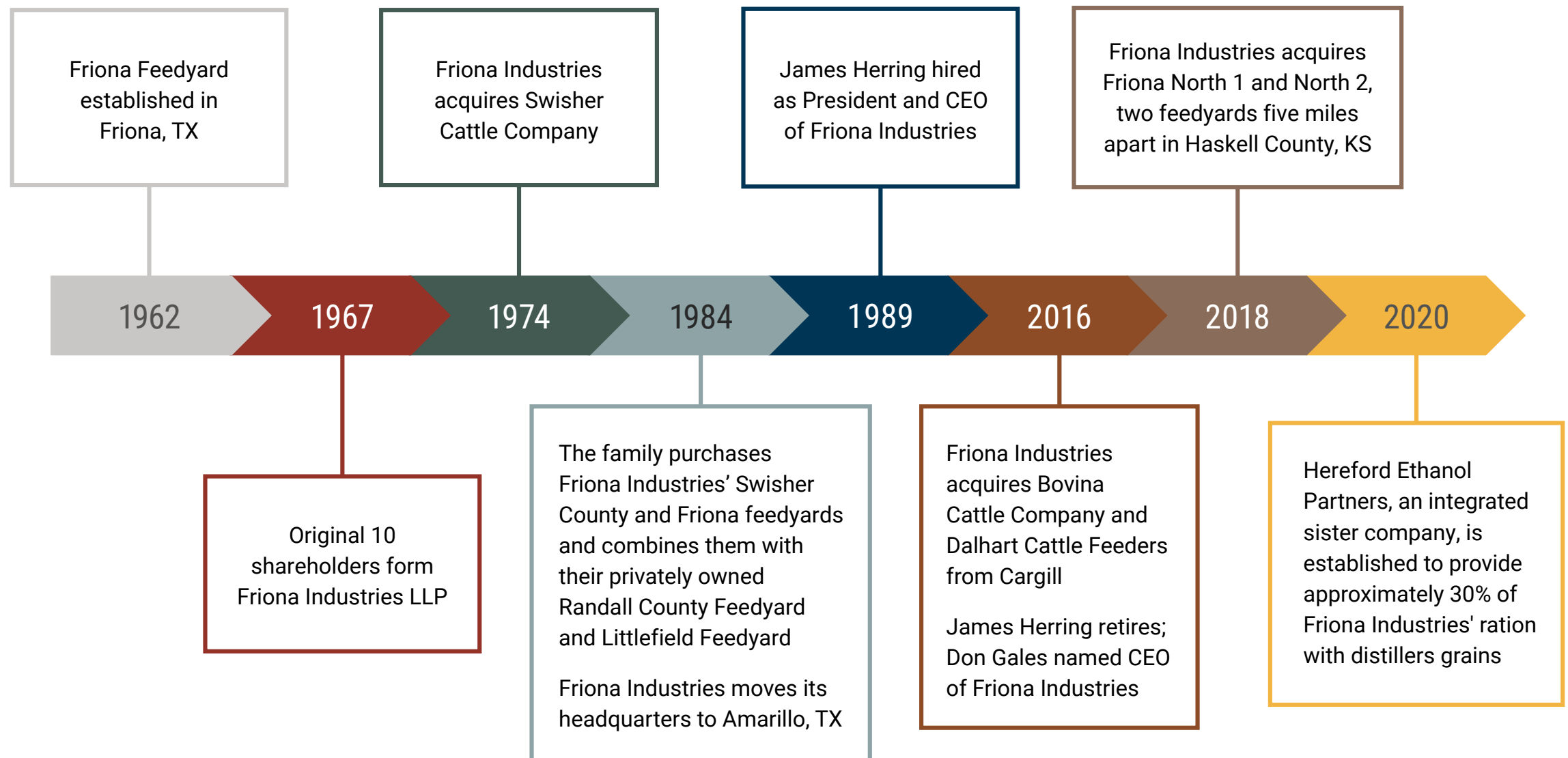
Don Gales, Chairman and Chief Executive Officer

ABOUT FRIONA

At Friona Industries, we continually strive to improve our environmental, social and governance (ESG) responsibilities because we're committed to boldly do what's right for people, beef and the greater good. To transform the beef industry, we must be unwavering in our commitment to improving our animal care and environmental stewardship practices, while empowering people, families and communities. We're holding ourselves accountable to these efforts through internal and external governance to fulfill our mission of producing beef responsibly.



Historical timeline



At a glance

8 feedyards

6 in Texas
2 in SW Kansas

This infographic features a large yellow number '8' on a dark red background. To its right, the word 'feedyards' is written in a bold, yellow, sans-serif font. Below the number, a white location pin icon is positioned to the left of the text '6 in Texas' and '2 in SW Kansas', which is written in a white, sans-serif font.

ONE TIME CAPACITY OF
610,000
cattle on feed

This infographic has a dark blue background with a faint silhouette of a cow. The text 'ONE TIME CAPACITY OF' is in a light blue, sans-serif font. Below it, the number '610,000' is prominently displayed in a larger, light blue font, followed by 'cattle on feed' in a smaller, light blue font.

420+
employees

This infographic has a yellow background. At the top, there is a stylized icon of a group of people in dark blue. Below the icon, the number '420+' is written in a large, bold, dark red font, and the word 'employees' is written below it in a smaller, dark red font.

We own our cattle

while operating a fully hedged business model

This infographic has a dark green background. The text 'We own our cattle' is in a bold, yellow, sans-serif font. Below it, the phrase 'while operating a fully hedged business model' is written in a smaller, white, sans-serif font.

Office based in Amarillo, TX

This infographic has a dark grey background with a silhouette of the state of Texas. A light blue location pin icon is placed over the northern part of the state. The text 'Office based in Amarillo, TX' is written in a white, sans-serif font.

60+ YEARS IN THE CATTLE FEEDING INDUSTRY

This infographic has a brown background. The number '60+' is enclosed in a light brown circle, with a horizontal line passing through the center of the circle. To the right of the circle, the text 'YEARS IN THE CATTLE FEEDING INDUSTRY' is written in a white, sans-serif font.

ANIMAL CARE

We are passionate about animal care and well-being because we are caretakers at heart. With a customized approach to feeding cattle, we can care for each animal as an individual while looking after more than 1 million head of cattle per year.



ANIMAL CARE

Outside parties constantly monitor animal well-being.

Regular 2nd- and 3rd-party audits are conducted through verified auditors from IMI Global and Food Safety Net Services (FSNS) Certification & Audit. The audit tool selected for verifying our animal care program is certified through the Professional Animal Auditor Certification Organization (PAACO) Inc.

We utilize a team of consulting veterinarians across our eight feedyards to help in daily animal care and health decision-making.

Antibiotic stewardship is reinforced by our team of consulting veterinarians who advise and monitor us on the proper use of antibiotics.

Quality nutrition for our cattle is vital. We work with nutritionists to create balanced rations that meet the needs of nearly 600,000 head of cattle daily.

All new employees undergo Beef Quality Assurance (BQA) training during their onboarding before interacting with any cattle.

Annual BQA certification is a requirement for all 400 feedyard employees at Friona Industries.

99%
of employees are
BQA certified each year



Beef Quality Assurance participation

Our BQA participation is well above the industry norm, with 65.5% of all U.S. feedlots having at least one individual participate in BQA training within five years.



Our animal well-being goals are to meet or exceed the internationally accepted **Five Freedoms**¹:

1. **Freedom from hunger and thirst**
by ready access to fresh water and diet to maintain health and vigor.
2. **Freedom from discomfort**
by providing an appropriate environment, including shelter and a comfortable resting area.
3. **Freedom from pain, injury or disease**
by prevention or rapid diagnosis and treatment.
4. **Freedom to express normal behavior**
by providing sufficient space, proper facilities and company of the animal's own kind.
5. **Freedom from fear and distress**
by ensuring conditions and treatment which avoid mental suffering.

“Everybody that works here has an instinctive desire to do what’s right for the cattle. We want cattle to be healthy and productive so we can efficiently produce beef. That’s something we have to communicate to consumers.”



BILYNN JOHNSON

“Every day of the year, cattle have to eat. We are responsible to do that. I’m proud to contribute to the food supply chain. Every time I see a package of beef in the store, I know I am part of it.”



JAIME PALACIOS

¹ Five Freedoms. 1979. U.K. Farm Animal Welfare Committee.

ENVIRONMENTAL STEWARDSHIP

We strive to improve environmental stewardship because it's the right thing to do to sustainably feed a growing global population. Moving the industry forward requires us to be brave in business by responsibly innovating.



ENVIRONMENTAL STEWARDSHIP

We are pioneering a low-carbon beef movement. Our work with beef X dairy cattle selection and sustainably feeding commercial beef cattle produces higher quality beef with less environmental impact.

Manure from our feedyards is given new life through a compost program. Once manure has been properly composted, it is utilized as fertilizer on neighboring farmers' fields – many of whom grow crops and forages that will feed our cattle.

Similarly, **runoff water from our feedyard pens is captured in our lagoon systems.** The resulting wastewater is spread on fields to grow crops like wheat, corn, milo, etc.

Sourcing local feedstuffs helps limit our environmental footprint by having short hauls for trucking.

Feeding byproducts such as wet distillers grains, cheese whey and cotton seed hulls and burrs **helps reduce food waste across the agricultural sector.** We can turn these byproducts into edible protein in the form of healthy, nutrient-rich beef.

Our integrated sister-company ethanol plant **provides approximately 30% of our ration with distillers grains.**



We're exploring proofs of concept for **carbon reduction** within the cattle feeding sector.

As members of the U.S. Roundtable for Sustainable Beef (USRSB), we helped establish benchmarks for the wider industry goal of going carbon neutral, and **we'll continue to be a leader to help the industry meet its sustainability goals.**

"Friona Industries is always looking for more ways to be sustainable. To us, sustainability means not being wasteful, not abusing our resources and, really, just trying to be better."



COURTNEY BANMAN





PEOPLE, FAMILIES AND COMMUNITIES

We are committed to supporting our people, families and communities because they are the heart and soul of our company. We strive to grow our teams so they can help build the communities that built us.



PEOPLE, FAMILIES AND COMMUNITIES



We encourage and support employee career growth and development. For example, we've had employees start their careers as hourly employees or interns and advance to managing an entire feedyard within a few years.

Employees are frequently encouraged and celebrated through training sessions, recognition of individual service for supporting our core values and employee appreciation meals.

Our employee benefits are unmatched in the industry, with competitive wages, 401K offering, health insurance coverage, team activities and performance-based incentive programs.



We're proud to support women working in agriculture. Across our feedyards and corporate office, we employ women in multiple capacities. Our vision is to recruit and develop more women to serve in leadership roles within the cattle feeding sector.

Diversity, equity and inclusion are promoted at Friona Industries. **We have a diverse workforce** that includes people who grew up in communities where our feedyards are located and TN visa workers primarily from Mexico. **We offer bilingual documents and training,** along with hiring team members fluent in both English and Spanish to aid in any language barriers and positively empower the culture of a diverse workforce.

Employees can make their voices heard through a third-party hotline that allows them to share complaints without fearing consequences. Three years into the use of the third-party hotline, we've had a limited number of complaints, and we've been able to help resolve issues when they occur.

2

Volume of Third-Party Hotline Calls in 2022

Within our local communities, **we give back** through programs like Snack Pak 4 Kids, High Plains Food Bank and donating to local 4-H and agricultural activities.



We support the local economies where our feedyards are located by purchasing crops and forages from local farmers, along with buying cattle throughout various regions.

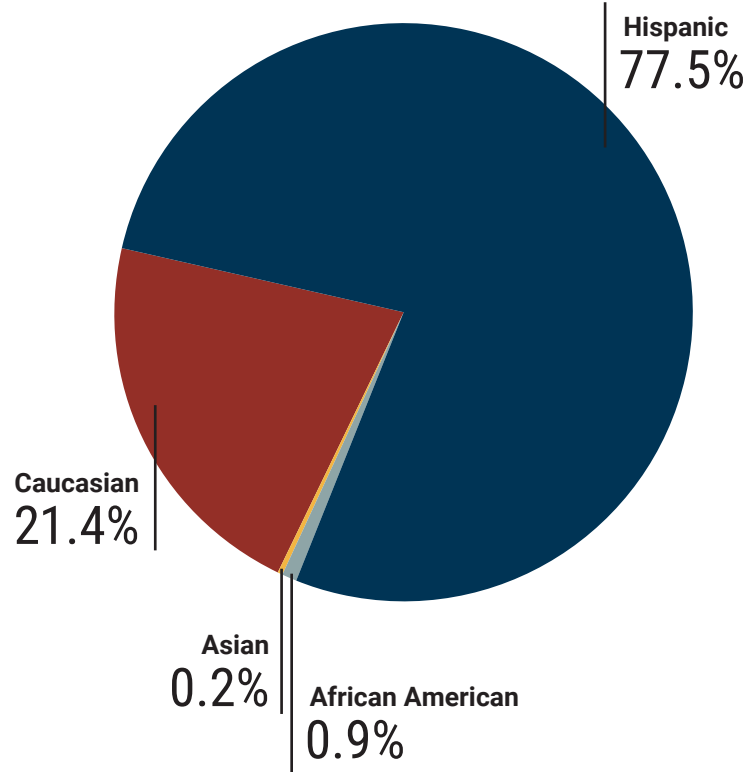
"Anyone considering a career in a feedlot needs to be willing to learn and be open to new ideas. It is hard work, but if you are willing to take on new challenges, and responsibilities and are willing to work with others, the growth and opportunity are second to none. If you want to grow, work and have a career, Friona Industries is the place."



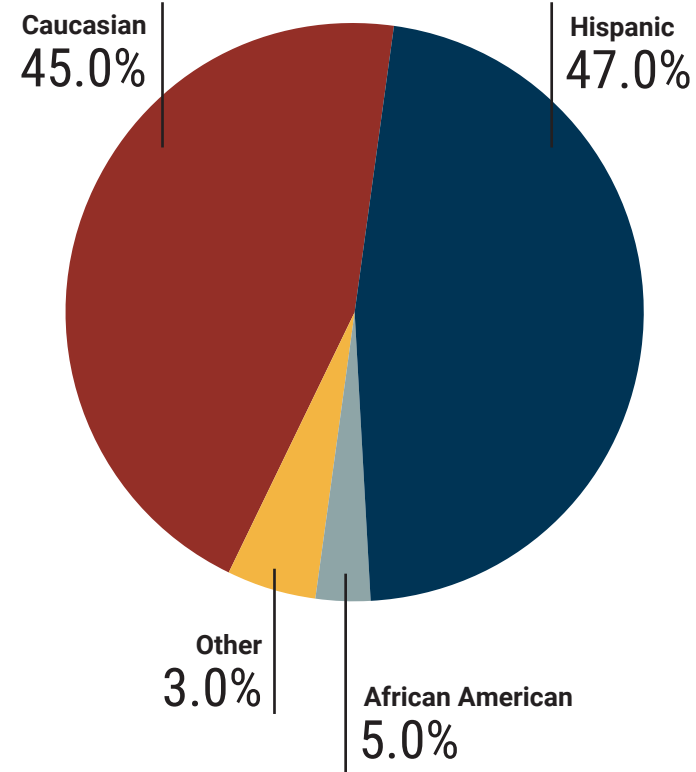
ISAAC WATTS

Workplace demographics

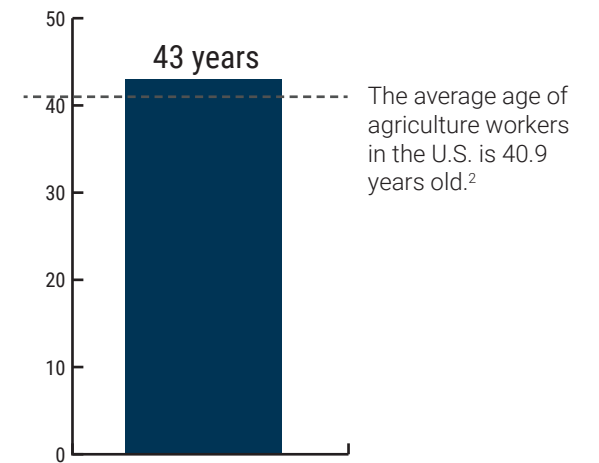
Diversity of race in Friona Industries



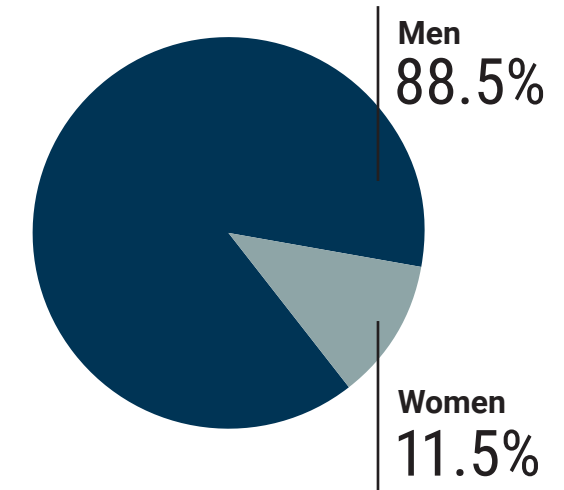
Diversity of race in U.S. agriculture²



Average Age



Gender



² USDA, Economic Research Service. Data from USDA, National Agriculture Statistics Service, Farm Labor Survey. <https://www.ers.usda.gov/topics/farm-economy/farm-labor/>. Accessed Aug. 28, 2023.

GOVERNANCE

We are committed to progressing our governance because it shows we mean what we say, and we say what we mean. We believe in following established standards set by respected organizations.



GOVERNANCE

We're advancing our ESG responsibilities by **establishing an internal task force** to hold ourselves accountable for each of our goals.

As a member of the USRSB, **we're dedicated to helping meet industry goals** for:

- Air and greenhouse gas emissions
- Land resources
- Water resources
- Animal health and well-being
- Employee safety and well-being
- Efficiency and yield



We follow guidelines for worker safety set by Occupational Safety and Health Administration (OSHA) at all our feedyards. We continually look for opportunities to improve our safety metrics.

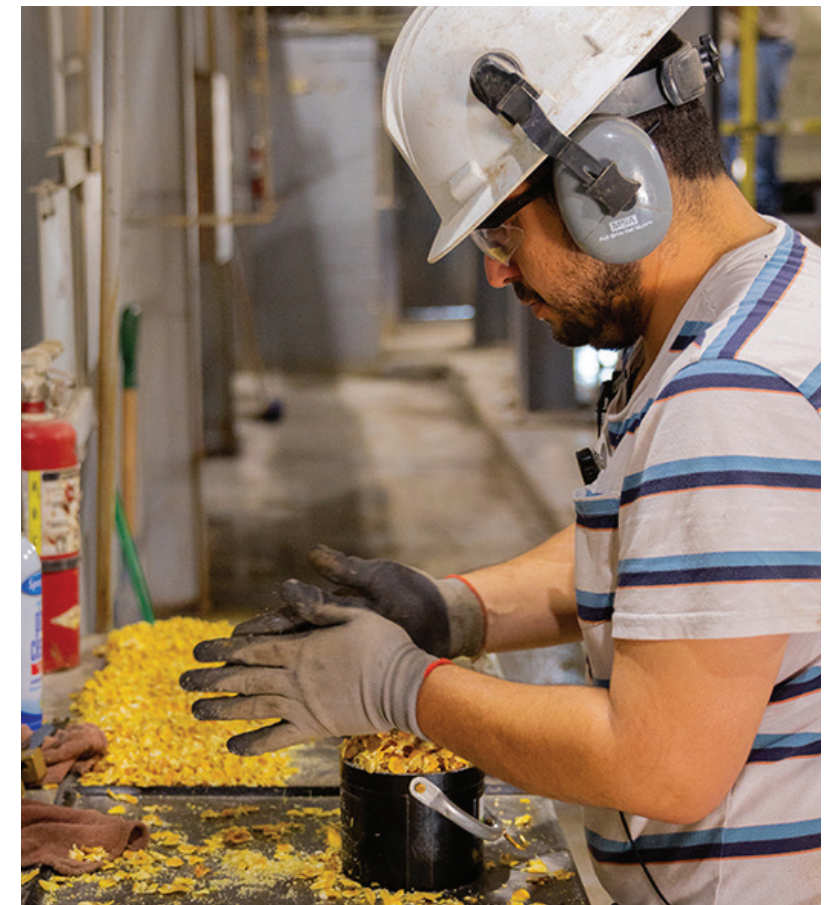
We work with governing and environmental agencies in Texas and Kansas to ensure we're meeting the regulations of those states.

We have an on-staff safety and environmental manager to ensure we're meeting the requirements of national, state and local governments.

We utilize 3rd-party environmental consultants to advise us on ways to limit our environmental footprint.

PAACO certified audits are performed by IMI Global and FSNS Certification & Audit.

Enforcement of anti-corruption by the Grain Inspection, Packers and Stockyards Administration through the Packers and Stockyards Act of 1921 is necessary to maintain a robust cattle industry.



LOOKING FORWARD

We will keep advancing our animal care and environmental stewardship to empower our people, families and communities to serve the greater good. Friona Industries' commitment to progressing our ESG responsibilities will help us continue producing beef responsibly.



FRIONA
— INDUSTRIES —

frionaindustries.com