

# **Corporate Code of Conduct**

**Amended as of October 22, 2015**

## **1. Introduction**

The Board of Directors of Sanderson Farms, Inc. (the “Company”) has adopted this Corporate Code of Conduct (the “Code”), which provides basic principles and guidance to assist directors, officers and other employees in complying with the legal and ethical requirements governing the Company’s business conduct. The Code covers a wide range of business practices and procedures but does not cover every issue that may arise.

## **2. Complying with Law**

All employees, officers and directors of the Company should respect and comply with all of the laws, rules and regulations that are applicable to the Company.

Such legal compliance should include, without limitation, compliance with the “insider trading” prohibitions applicable to the Company and its employees, officers and directors. Generally, employees, officers and directors who have access to or knowledge of any material fact about the Company that has not been disclosed to the public (commonly known as “insider information”) may not engage in any transactions (including in derivative instruments, hedging and pledging) in the Company’s securities (other than exercising stock options granted by the Company without simultaneously selling the shares) unless and until such information is disclosed to the public. In addition, employees, officers and directors may not provide insider information to other persons. Generally speaking, a material fact is a matter which an average prudent investor would find significant in deciding whether to buy or sell the security involved. Examples of material facts include information such as knowledge of significant new products, sales and earnings figures, major contracts, plans for stock splits, and acquisitions or mergers. Employees, officers and directors who have questions relative to the sale or purchase of a security under circumstances where these laws and regulations might apply should consult with the Company’s Chief Financial Officer. Violation of these insider trading prohibitions can lead to serious civil and criminal actions against the individual and the corporation involved.

In addition to the prohibition against the use of “insider information” which applies to all officers, directors and employees, the securities laws place definite restrictions on the manner in which directors, officers and 10% stockholders of the Company (including in many cases their family members; corporations, trusts, partnerships and other entities in which they have an interest; and their other “affiliates”), may engage in transactions involving the securities of the Company. Generally speaking, the laws provide that if such a person derives a profit from “short-swing” trading (selling within six months after buying, or vice-versa), the profit must be paid to the Company. In addition, such persons are prohibited from making short sales of the Company’s securities. The Company discourages, even in instances where the law is not violated, officers, directors and 10% stockholders from engaging in trading activity of a speculative nature involving the Company’s securities. Whenever there is any doubt as to whether any transactions involving the Company’s securities would violate

securities laws, such persons should consult the Company's Chief Financial Officer, who will consult legal counsel when that is deemed necessary.

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to foreign government officials or foreign political candidates in order to obtain or retain business. The Company strictly prohibits making illegal payments to government officials of any country. The U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company has adopted a Foreign Corrupt Practices Act Policy (the "FCPA Policy") and all employees, officers and directors must comply with it in addition to this Code.

### **3. Conflicts of Interest**

All employees, officers and directors of the Company should be scrupulous in avoiding a conflict of interest with regard to the Company's interests. A "conflict of interest" exists whenever an individual's private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Loans to, or guarantees of obligations of, employees, officers and directors and their respective family members may create conflicts of interest and, in any event, must be approved by the Board of Directors or Audit Committee if officers, directors or affiliates are involved. Federal law prohibits loans to directors, officers and other affiliates, with some exceptions.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors or the Audit Committee. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Company's Audit Committee, Internal Auditor or Chief Financial Officer. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of the Audit Committee, Internal Auditor, Chief Financial Officer, a supervisor, manager or other appropriate management person.

It is a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf. Employees, officers and directors shall not acquire real estate or any business interest which they know that the Company is interested in acquiring. Moreover, based on such advance information, employees shall not acquire any nearby property for speculation

or investment. Employees, officers and directors should avoid any outside financial interest which might influence their corporate decisions or actions. Such outside financial interests could include, among other things, a personal or family financial interest in an enterprise which has business relations with the Company unless such interest has been disclosed to the Company and approved by it. If there are approved services or goods provided by an employee, officer or director to the Company, periodic reports must be provided to the Company's Internal Auditor for review and approval by the Audit Committee. Employees, officers and directors should avoid outside employment or activities which would impair the effective performance of their responsibilities to the Company, either because of excessive demands on their time or because the outside commitments can be contrary to their obligations to the Company.

#### **4. Corporate Opportunity**

Employees, officers and directors are prohibited from (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

#### **5. Confidentiality**

Employees, officers and directors of the Company must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized by the Board of Directors, Chief Executive Officer or Chief Financial Officer or required by laws, regulations or legal proceedings. Whenever feasible, employees, officers and directors should consult the Chief Financial Officer if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors of the Company, or harmful to the Company or its suppliers or customers if disclosed.

Notwithstanding anything herein to the contrary, nothing in this Corporate Code of Conduct or in any other document shall (1) prohibit an employee, officer or director from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provision of state or federal law or regulation or (ii) require notification or prior approval by the employer of any reporting described in clause (i).

#### **6. Fair Dealing**

Each employee, officer and director should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

Fair competition is fundamental to the free enterprise system. The Company complies with and supports laws of all countries that prohibit restraints of trade, unfair practices, or abuse of economic power. The Company will not enter into arrangements which unlawfully restrict its ability to compete with other businesses, or the ability of any other business organization to compete freely with the Company. Company policy prohibits entering into, or even discussing, any unlawful arrangement or understanding which affects its pricing policies, terms upon which its products are sold, and the number and type of products sold, or which might be construed as dividing customers or sales territories with a competitor. These principles of fair competition are basic to all our operations. They are integral parts of the following paragraphs that cover the Company's dealings with suppliers, customers, and public officials.

### **Dealing with Suppliers**

The Company is a valuable customer for many suppliers of goods and services and facilities. People who want to do business, or to continue to do business, with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service, and suitability to the Company's needs. Corporate purchases or sales of goods and services must not lead to Company employees or their families receiving personal kickbacks or rebates. Employees, officers, directors and their families must not accept any form of "under-the-table" payment. Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they can be misunderstood. They can appear to be attempts to bribe the recipient into directing Company business to a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards apply to the receipt of gifts and entertainment by Company personnel:

- Company personnel (officers, directors and employees) are prohibited from soliciting gifts, gratuities, or any other personal benefit or favor of any kind from suppliers or potential suppliers. Gifts include not only merchandise and products, but also personal services. Company personnel are discouraged from accepting unsolicited gifts. They are prohibited from accepting gifts of money.
- Company personnel may accept unsolicited non-money gifts provided they are items of nominal intrinsic value, or they are advertising and promotional materials, clearly marked with company or brand names. Any gift of more than

nominal intrinsic value must be reported to determine whether it can be accepted. Officers and directors should make such reports to the Audit Committee. Other employees should make such reports to their supervisors. Some gifts may be personalized or perishable so as to make their return impractical. Supervisors can permit acceptance of such gifts, but can require employees to tactfully inform givers that such gifts are discouraged.

- Company personnel shall not encourage or solicit entertainment of more than nominal value from any individual or company with whom the Company does business. From time to time, company personnel may accept unsolicited entertainment, but only under the following conditions: (i) the entertainment occurs infrequently and it arises out of the ordinary course of business, (ii) it involves reasonable, not lavish, expenditures, (iii) the amounts involved should be ones employees are accustomed normally to spending for their own business or personal entertainment, and (iv) the entertainment takes place in settings that also are reasonable, appropriate, and fitting to employees, their hosts, and their business at hand.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should be offered, given, provided or accepted by Company personnel or their family members unless it meets the requirements above and does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

### **Dealing with Customers**

Employees must keep all dealings with customers and potential customers fair and aboveboard. The Company gets business and keeps it because of the quality of its products and service. The Company doesn't give unethical or illegal rebates, kickbacks, "under-the-table" payments, or other similar improper favors to customers or their representatives.

The boundary line between ethical and unethical competition, or legal and illegal conduct, is not always well-defined, particularly in international activities, where differing local laws, customs and practices apply. To help keep all of us in compliance, the following standards will serve as guides.

- All employees should make every effort to know and fully comply with all laws governing relations with customers as well as competitors.
- All employees engaged in government contracts must also know and abide by the specific rules and regulations covering relations with public agencies.
- Employees will give no gifts to customers, except items of nominal value that fit the legal, normal, and customary pattern of the Company's sales efforts for a particular market.

- Entertainment for any customer must fit regular business practices. The place and type of entertainment and the money spent must be reasonable and appropriate.

### **Dealing with Public Officials**

Laws and regulations require the Company to be in contact with public officials on a wide variety of matters. The Company personnel who regularly make these contacts have special responsibilities for upholding the Company's good name. The following standards point up these special responsibilities:

- All Company personnel who contact public officials must be familiar with lobbying laws and public disclosure requirements, particularly those that apply to registrations and filings.
- No Company personnel shall make any form of payment, direct or indirect, to any public official as inducement to having a law or regulation enacted, defeated, or suspended. This is bribery, pure and simple. It will not be tolerated.
- When not prohibited by law, Company personnel are allowed to give to public officials gifts where the presentation and acceptance of gifts is an established custom and a normal business practice. All such gifts shall be of reasonable value and the presentation approved in advance by the Company's executive committee. Moreover, such gifts must be presented in a manner that clearly identifies the Company and the occasion that warrants the presentation.
- On special ceremonial occasions, senior officers of the Company may publicly give gifts of more than nominal value to public institutions and public bodies. Such gifts can commemorate special events or milestones in the Company's history. These may be transmitted through public officials, but the gifts are given to the public institutions and public groups they represent, not to the officials personally.
- From time to time, Company personnel may entertain public officials, but only under the following conditions: (i) it is legal, (ii) the entertainment is not solicited by the public official, (iii) the entertainment occurs infrequently, (iv) it arises out of the ordinary course of business, (v) it does not involve lavish expenditures, considering the circumstances, and (vi) the settings and types of entertainment are reasonable, appropriate, and fitting to our personnel, their guests, and the business at hand.

### **7. Protection and Proper Use of Company Assets**

All employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the

Company's profitability. All Company assets should be used only for legitimate business purposes.

## **8. Public Company Reporting**

It is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. An employee, officer or director may be called upon to provide necessary information to assure that the Company's public reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

## **9. Books and Records**

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets must not be maintained unless both permitted by applicable law or regulation and approved by the Audit Committee.

Records should always be retained or destroyed according to the Company's record retention policies. In the event of litigation or governmental investigation please consult the Chief Financial Officer.

The integrity of the Company's recordkeeping and reporting system will be respected at all times. Employees and supervisors are forbidden to use, authorize, or condone the use of "off-the-books" bookkeeping, secret accounts, unrecorded bank accounts, "slush" funds, falsified reports, or any other devices that could be used to distort records of the Company's true operating results and financial condition.

## **10. Political Activities and Contributions**

Federal law and the statutes of most states prohibit the Company from contributing to political candidates or political parties. Employees who participate in partisan political activities must make every effort to ensure they do not leave the impression that they speak or act for the Company. Company funds, facilities, or other assets will not be used by political candidates or parties without approval by the Board of Directors, Audit Committee, Chief Executive Officer or Chief Financial Officer.

No corporate action, direct or indirect, will be allowed that infringes on the right of any employee individually to decide whether, to whom, and in what amount, he or she will make personal political contributions. The same is true of volunteer political donations of personal service time, so long as it does not interfere with the working status of Company personnel.

## **11. Accounting Complaints**

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. If any employee, officer or director Company has concerns or complaints regarding questionable accounting or auditing of the Company, then he or she is encouraged to submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors. The Audit Committee will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially. Such submissions may be directed to the attention of the Audit Committee, or any director who is a member of the Audit Committee, at the principal office of the Company in Laurel, Mississippi, or may be mailed to any such member at his or her home or business address. In addition, the Audit Committee has created an "anonymous tip line" that permits submissions to be made, anonymously if desired, by telephone recording, to be monitored by the Company's internal auditor, who shall report any confirmed violations of this Code or the FCPA Policy to the Audit Committee.

## **12. Violations**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation.

Employees, officers and directors should immediately report any violations of this Code and of the Company's FCPA Policy. Failure to do so can have serious consequences for the person who fails to report. Reports of violations should be made to the Audit Committee, if the alleged violator is an officer or director. If the alleged violator is any other employee, reports of violations should be made to the supervisor of the reporting person or, in unusual circumstances, to the Internal Auditor or Audit Committee (such as when the alleged violation is by a direct supervisor). Supervisors have the responsibility of promptly and thoroughly investigating all reports and reporting the results of the investigation to the Internal Auditor. Supervisors have the responsibility of taking remedial steps to correct any operating procedures that contributed to violations. Confidentiality of all reports of violations will be protected, subject to applicable laws, regulations and legal proceedings.

After a violation is investigated, appropriate action will be taken. The Audit Committee, in the case of violations by officers or directors, or management, in the case of other employees, has the right to determine what disciplinary action will be taken for a violation, ranging from an oral reprimand to termination. All proposed disciplinary action determined by management is subject to review by the Executive Committee.

Company personnel should be aware that in addition to any disciplinary action taken by the Company, violations of some policies may require restitution and may lead to civil or criminal action against individual employees and any company involved.



### **13. No Retaliation**

The Company will treat all reports of violations confidentially and not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

### **14. Conclusion**

It is impossible to list all activities and practices that can cause difficulties under various policies and laws. All officers, directors and employees are expected to comply with the intent and purpose of the foregoing policies and to be candid about them. Questions regarding this Code should be discussed with the appropriate department head or a corporate officer.

### **15. Amendment, Modification and Waiver**

This Code may be amended or modified by the Board of Directors and waivers may be granted by the Board of Directors or the Audit Committee, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, and the rules thereunder and the applicable rules of Nasdaq. Any waiver of this Code for directors or executive officers must be granted by the full Board of Directors, and the fact of the waiver and the reasons for it must be disclosed promptly by the Company to its stockholders. The Audit Committee will review this Code at least annually and will recommend to the Board of Directors any amendments that the Audit Committee considers necessary or desirable.

### **16. Distribution**

The Chief Financial Officer shall be responsible for distributing this Code (and any amendments) to officers, directors and employees and keeping evidence of the receipt thereof by each such person.