



# 2023 IMPACT REPORT

MARCH 9, 2023

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# LETTER FROM OUR CEO

Dear Stakeholders,

Last year, we published our inaugural Sustainability Report, which detailed our Environmental, Social, and Governance (ESG) actions. We committed to establishing concrete goals and sharing our progress along the way. This year, we're delivering on that pledge. We've reframed this as our Impact Report, because we believe it better describes our results-driven, holistic approach to creating positive change. We have committed to clearly defined short- and medium-term goals that are grounded in our purpose to improve the lives of people, animals, and the planet through food.

Our ESG strategy — like all good things at Vital Farms — has grown out of our commitment to drive sustainable outcomes for all of our stakeholders. This long-term, stakeholder-first approach guides every decision we make and forces an element of pragmatism and accountability that differentiates how Vital Farms drives impact through ESG.

While our short- and medium-term goals outline the milestones we aim to hit over the next five years, they are building blocks — not constraints — that reflect our commitment to integrating ESG into our strategy.

As you'll read in this report, we continue to invest in our crew, innovate with our farmers, drive meaningful progress for the environment and our communities, support our consumers and customers, and deliver on our commitments to stockholders.

We're challenging ourselves every day to forge a path that we believe will deliver strong results and positive impact well into the future. We're committed to raising the standards in the food industry, and as our goals demonstrate, we are taking cumulative steps every day. For all the progress we're celebrating in this report, we are just getting started.



A handwritten signature in black ink, appearing to read 'Russell Diez-Canseco'.

**Russell Diez-Canseco**  
President and CEO  
Vital Farms

COMPANY OVERVIEW

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**WHO WE ARE**

# OUR PURPOSE

Improve the lives of people, animals, and the planet through food.

# OUR MISSION

Bring ethical food to the table.

# OUR VALUES

- 1 Be humble
- 2 Lead with a growth mindset
- 3 Practice empathy
- 4 Act like an owner
- 5 Compete to win

*“In 2007, I founded Vital Farms to prove that it is possible to produce the highest quality food in an environmentally responsible manner from humanely treated animals on a commercial scale.”*



**MATT O'HAYER**

FOUNDER, EXECUTIVE CHAIRPERSON & DIRECTOR

# HOW WE DO BUSINESS

We are fierce competitors who believe that driving positive, sustainable outcomes for all of our stakeholders creates a stronger, more resilient business. We are one of a very select group of U.S. companies that is a publicly traded, Delaware public benefit corporation, and B Corporation certified. Our decision to become a Certified B Corporation and Delaware public benefit corporation is a natural extension of our purpose-driven ethos. Learn more about what this means on [page 61](#).



COMPANY OVERVIEW

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**WHAT WE DO**

# STAKEHOLDER MODEL



## FARMERS & SUPPLIERS

Our farmers put animal welfare at the heart of their operations. We compensate them fairly and provide ongoing support.



## STOCKHOLDERS

Our investors believe in our model. We work to grow an enduring, profitable business.



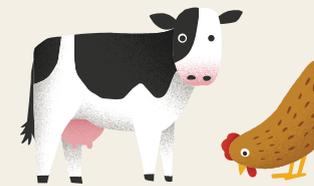
## ENVIRONMENT

We're conscious stewards of the incredible gifts of nature, including animals, land, air, and water. Our egg farmers do not use pesticides or herbicides on their pastures, and we believe pasture rotation protects the health of the land.



## COMMUNITY

Austin, Springfield, and Pasture Belt communities welcome us. We support working families and community initiatives.



## THE GIRLS

Our girls supply ethically produced eggs and butter. Our network of family farms gives them the lifestyle they deserve.



## CREW MEMBERS

Our crew is committed to our mission. We provide a supportive and empowering work life.



## CUSTOMERS & CONSUMERS

Our customers and consumers show the industry that ethics matter. We work to bring them joy through delicious food.

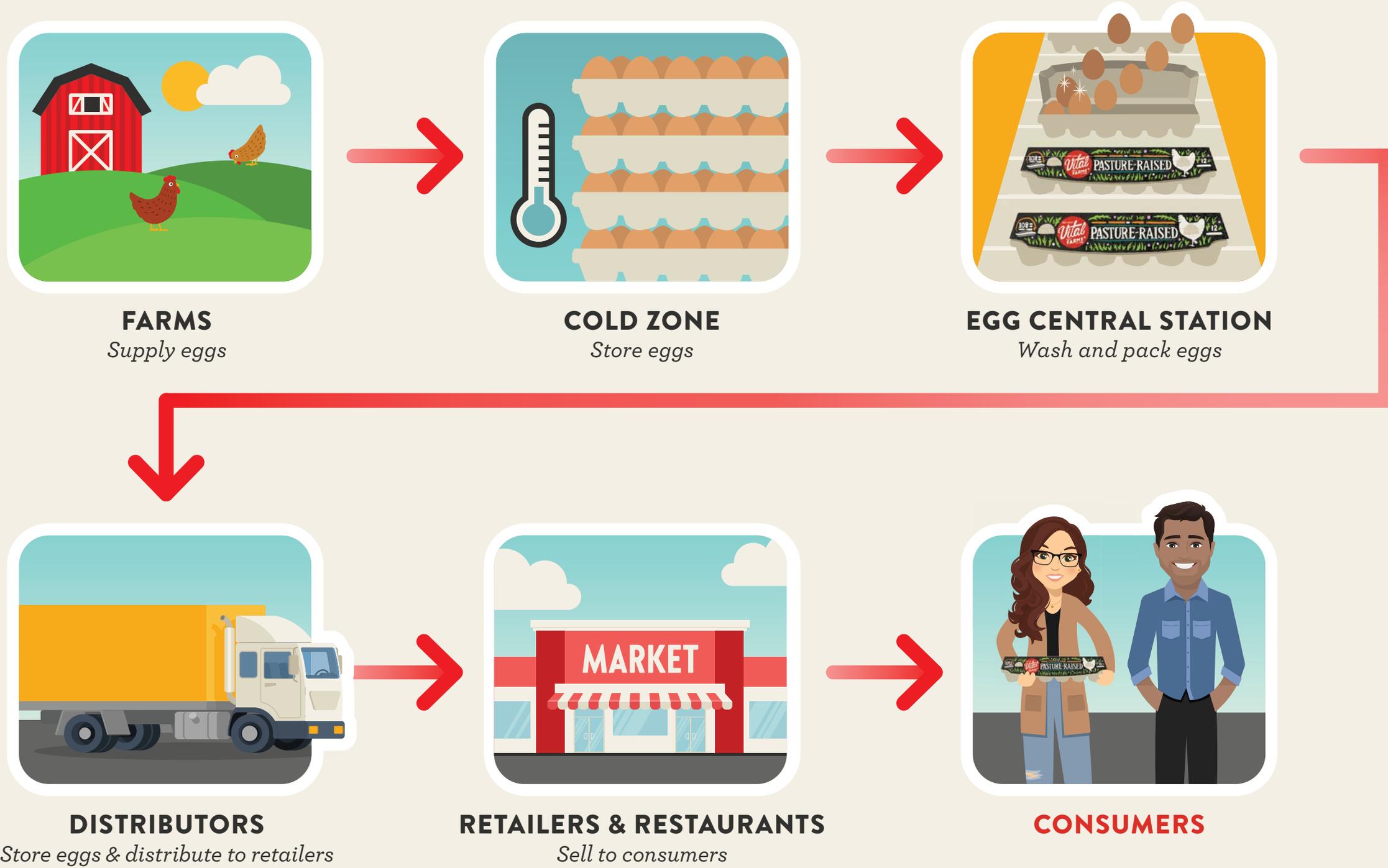


## VENDORS

Our vendors fulfill our needs throughout all aspects of our business. We strive to be a consistent and reliable partner.



# EGG SUPPLY CHAIN



# DAIRY SUPPLY CHAIN



## FARMS

Supply cream for butter



## PROCESSORS

Make and pack butter



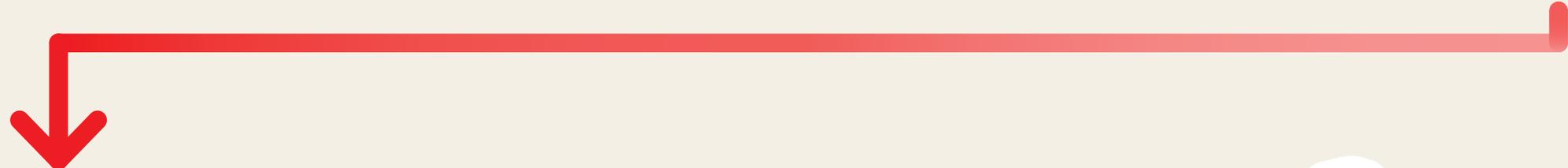
## COLD ZONE

Store finished product



## EGG CENTRAL STATION

Distribute butter



## DISTRIBUTORS

Distribute to retailers



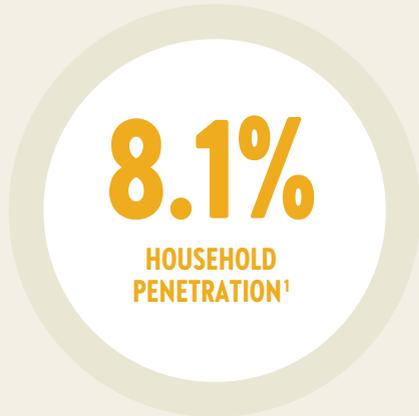
## RETAILERS & RESTAURANTS

Sell to consumers



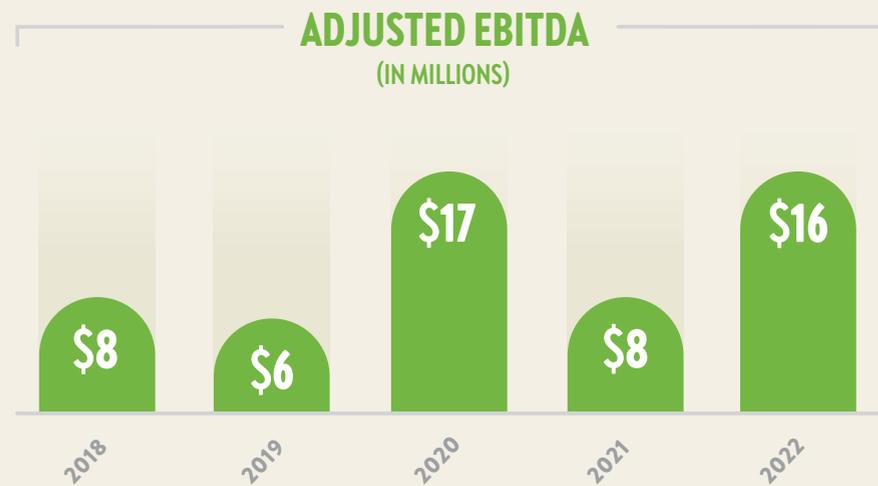
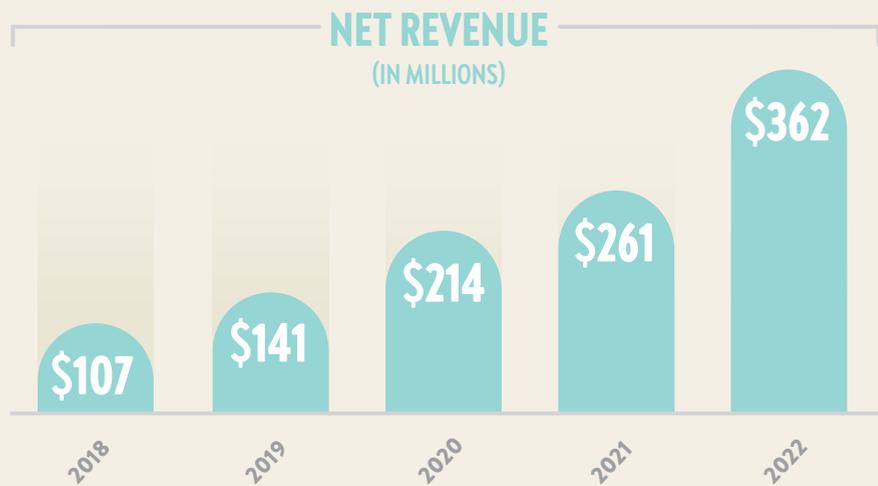
## CONSUMERS

# FINANCIALS & MARKETING METRICS



**BULLSH\*T FREE**

**HONEST FOOD**



<sup>1</sup>Numerator panel data based on the 52-week period ending 12/31/22 <sup>2</sup>SPINS data based on retail dollar sales for the 52-week period ending 12/25/22



COMPANY OVERVIEW

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# AWARDS & RECOGNITION

# AWARDS & RECOGNITION



BUILT IN AUSTIN: 2022 BEST PLACES TO WORK AWARDS (100 BEST MIDSIZE COMPANIES)



MINDFUL AWARDS: BUTTER PRODUCT OF THE YEAR (SPREADABLE BUTTER)



CANNES SILVER LION IN THE 'INDUSTRY CRAFT IN OUTDOOR' CATEGORY (HENS BEHIND THE LENS)

## FOOD PROCESSING

FOOD PROCESSING: GREEN PLANT AWARD FOR EGG CENTRAL STATION



PROGRESSIVE GROCER 'IMPACT' AWARD (WORKFORCE DEVELOPMENT AND EMPLOYEE SUPPORT CATEGORY)



WHOLE FOODS MARKET 2023 TRENDS REPORT: 'A POULTRY REVOLUTION' TREND (RESTORATIVE EGGS)

## FAST COMPANY

FAST COMPANY "BRANDS THAT MATTER"



TEXAN BY NATURE: TXN 20

## 2022 GREEN PLANT OF THE YEAR

Vital Farms' Egg Central Station (ECS) processing facility was named Green Plant of the Year by Food Processing. Located less than a day's drive from our more than 300 family farms, the plant was both designed and expanded with sustainability and performance in mind. See [page 25](#) to learn more about ECS.

## 2022 IMPACT AWARD

Vital Farms won Progressive Grocer's IMPACT Award for exceptionalism in the Workforce Development Employee Support category. See [page 37](#) to learn more about our culture and crew.





# OUR ESG STRATEGY

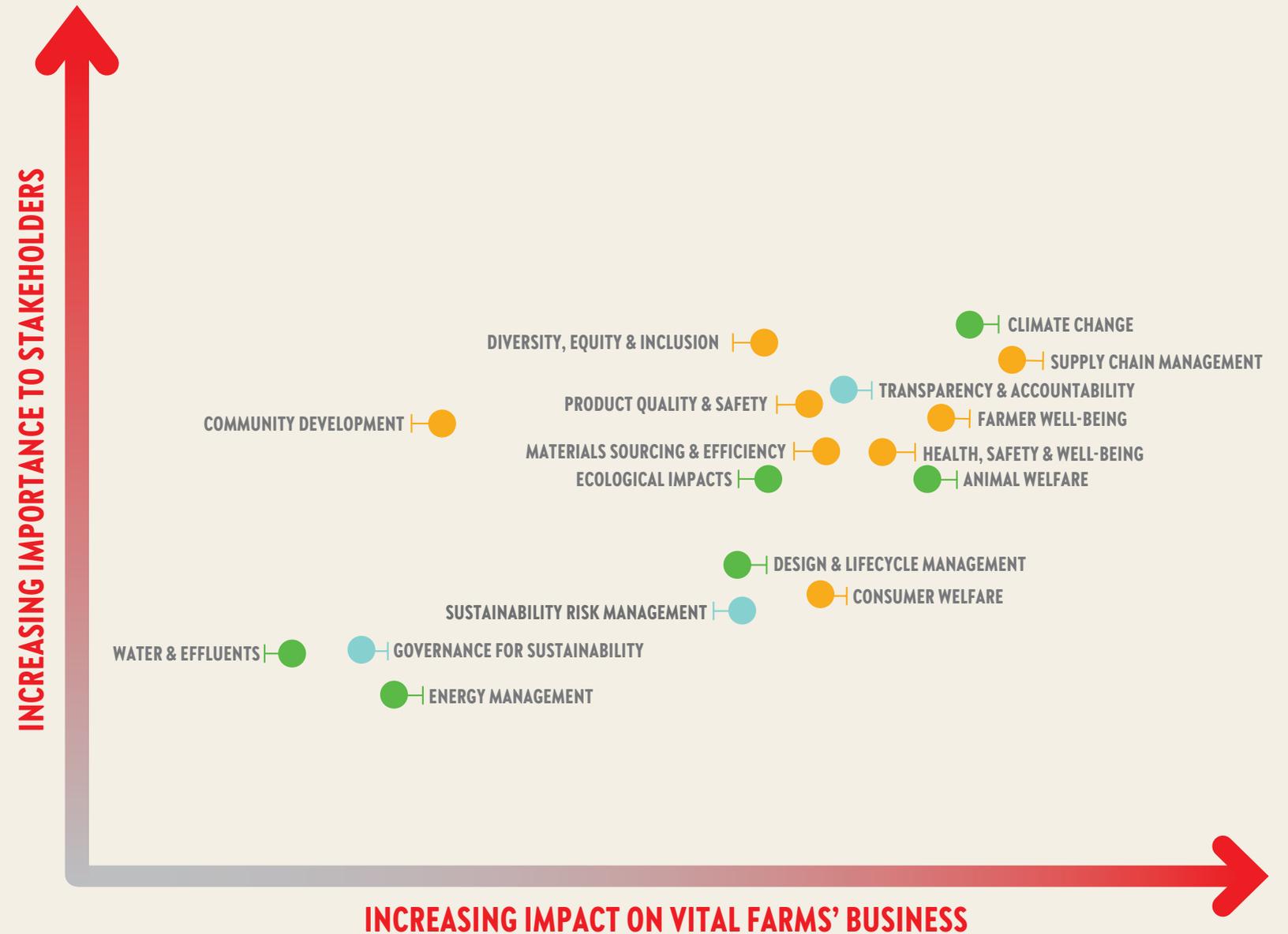
We have practiced Conscious Capitalism since our founding in 2007. Our commitment to the stakeholder model has made environment, social, and governance-related work an embedded part of our operating model, and it is core to our continued success as a business. In last year's report — our first ever — we highlighted the progress we'd made on important ESG areas like Ecological Impacts and Diversity, Equity, and Inclusion (DEI). This year, we're taking the next steps to formalize our ESG strategy so that we can drive even more positive impact. As we do this, we remain committed to three core principles: transparency, stakeholder success, and alignment to financial expectations. Our short- and medium-term goals, detailed in the following pages, propel our ESG strategy forward as we advance our purpose to improve the lives of people, animals, and the planet through food.

# MATERIALITY MATRIX

Our ESG work is embedded into our business. This holistic approach enables us to avoid siloed or bolt-on programming that, we believe, compromises the real impact this work should have across our stakeholders. The 17 issues identified in our Materiality Matrix are inextricably linked, foundational to our short- and medium-term goals, and result from a rigorous, three-stage process:

- 1 Identification of impactful issues:** We worked with independent experts to review reporting frameworks, market trends, industry benchmarking, expert insights, our business model, and potential for impact.
- 2 Stakeholder assessment:** We engaged our stakeholders, including crew members, stockholders, consumers, and farmers, to identify the ESG issues most impactful to our business and important to them.
- 3 Analysis and action:** We analyzed stakeholder, industry, and operational data to produce this matrix.

We conducted our first materiality assessment in 2021, and we review our matrix each year to ensure that it continues to align with our business and stakeholder expectations. In 2024, we are planning to refresh our matrix, which includes adding emerging issues for consideration and surveying stakeholders. We will do this on a 3-year cadence moving forward.



Informed by our Materiality Matrix, we are focusing our efforts on issues that are important to our stakeholder groups, operations, and financial performance. We believe the resulting systemic solutions will strengthen our business and our stakeholders' well-being by reducing risk and presenting opportunities for value creation. We aim to demonstrate clear, tangible progress on the following issues:

- E** Climate change, ecological impacts
- S** Diversity, equity, and inclusion, farmer well-being, supply chain management
- G** Transparency, accountability

Our short- and medium-term goals show a clear, disciplined path forward. The phased approach for these goals balances our commitment to long-term resilience with our determination to achieve daily action and progress.

While the goals outlined here focus on a 5-year time horizon, we continue to look at longer-term opportunities to raise standards, create positive fundamental shifts in our business model, and increase our value to society.



Short-term goals help to build the foundation for future, broader initiatives.

## 1 ECOLOGICAL IMPACTS



### IMPROVE NATURAL RESOURCE MANAGEMENT IN OUR OPERATIONS



#### HOW WILL WE MEASURE?

Achieve zero waste<sup>1</sup> to landfill at Egg Central Station by the end of 2023.



#### STAKEHOLDER FOCUS

Reduce the impact of our operations on the planet and communities

## 2 DIVERSITY, EQUITY, & INCLUSION



### CONTINUE TO BUILD A MORE INCLUSIVE WORKPLACE FOR OUR CREW



#### HOW WILL WE MEASURE?

Increase favorability in our annual Inclusion Survey by 5 percentage points<sup>2</sup> by the end of 2023.



#### STAKEHOLDER FOCUS

Support a world-class organization, driving crew retention and recruitment.

Medium-term goals span the next five years and may require several strategies to achieve.

## 1 ACCOUNTABILITY



**TIE EXECUTIVE COMPENSATION TO ESG PERFORMANCE**



### HOW WILL WE MEASURE?

Factor ESG performance into executive compensation by 2023–2025

### STAKEHOLDER FOCUS:



STOCKHOLDERS



ENVIRONMENT



CREW

## 2 CLIMATE CHANGE: FARMERS



**MITIGATE CLIMATE RISK IN OUR SUPPLY CHAIN**



### HOW WILL WE MEASURE?

Engage 100% of farmers on regenerative agriculture practices by 2026.

### STAKEHOLDER FOCUS:



FARMERS & SUPPLIERS



CUSTOMERS



ENVIRONMENT

## 3 CLIMATE CHANGE: OPERATIONS



**MITIGATE CLIMATE RISK IN OUR OPERATIONS**



### HOW WILL WE MEASURE?

Reduce our operational (Scope 1 & 2) greenhouse gas intensity<sup>1</sup> by 25% by 2027

### STAKEHOLDER FOCUS:



STOCKHOLDERS



CUSTOMERS



ENVIRONMENT

<sup>1</sup>Measured in tons of CO<sub>2</sub> per \$ million in revenue.

# ESG PROGRESS

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Our efforts to innovate and raise industry standards across all our stakeholder groups are described in the following pages of this report. You will read how we are addressing topics in the categories of the Environment, Social, and Governance — keep an eye out for our goals  and how they build on our 2022 accomplishments. Our standards-based performance metrics are disclosed on pages 68–70.

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A close-up photograph of a person's hands holding a clump of soil with roots and a green plant stem. The person is wearing a blue suit jacket. The background is a blurred field of tall grass under a clear blue sky. The text "ESG PROGRESS" is centered in white, bold, uppercase letters, with a thin green horizontal line below it.

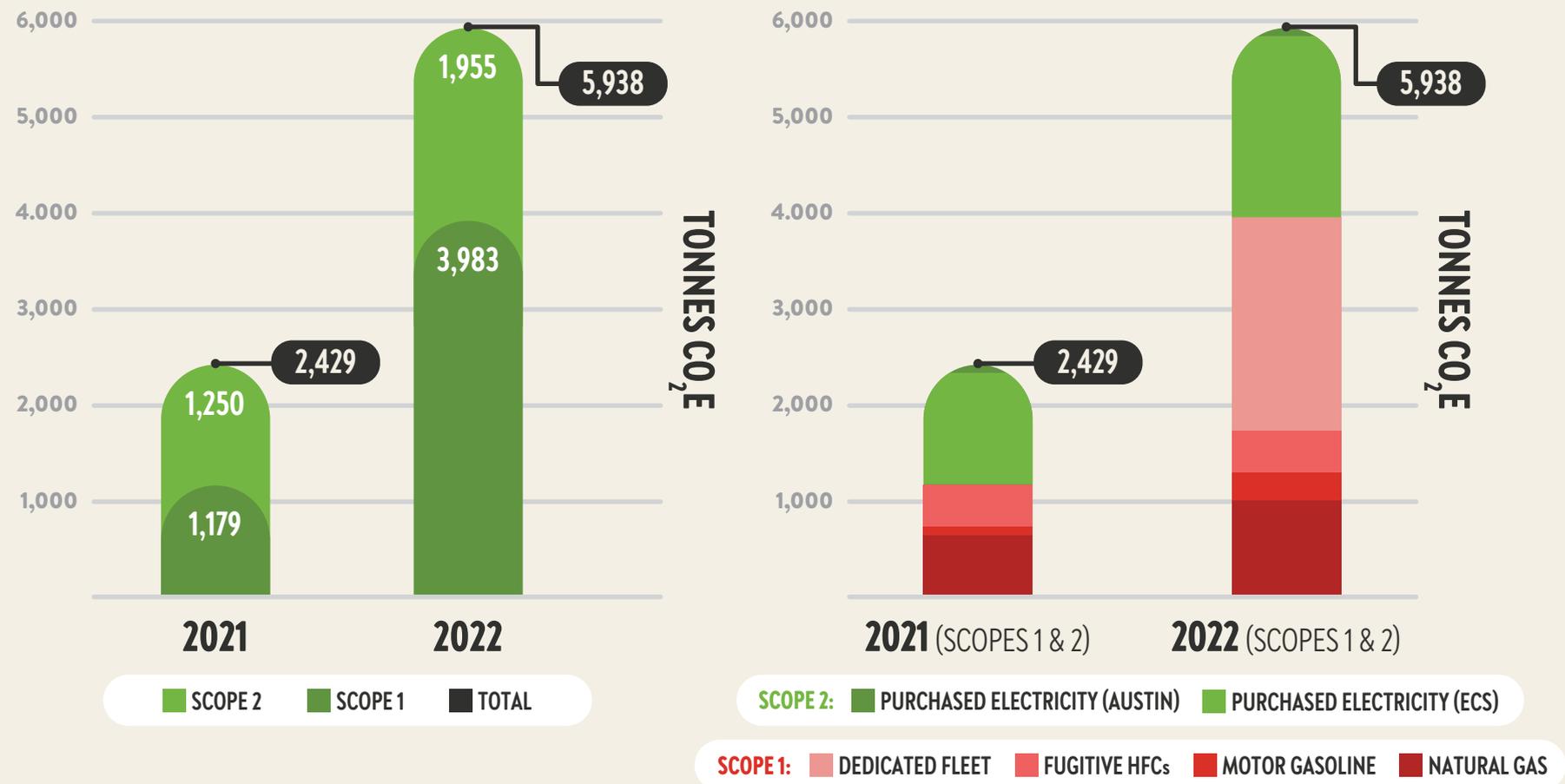
**ESG PROGRESS**

# **ENVIRONMENT**

# GREENHOUSE GAS (GHG) EMISSIONS | SCOPES 1 & 2

We consider the planet one of our key stakeholders. We continue to work with farmers and within our own operations to mitigate climate impacts and build a resilient food system. To that end, we completed our first greenhouse gas (GHG) emissions inventory and climate risk assessment in 2021. Our assessment mapped our owned/controlled assets and our supply chain, including our contracted farms, feed mills, and potential new farm locations. As our company has grown — including the expansion of our egg washing and packaging facility, Egg Central Station (ECS), which continues to be recognized for as a leader in sustainable design — our climate footprint also has grown. Scope 1 and 2 emissions come from

sources within our operational control, which include our facilities in Austin, Texas and Springfield, Missouri, our owned vehicles for our Farm Support crew, and our dedicated fleet for transporting eggs from farms to ECS.



*In 2022, Vital Farms brought in a dedicated fleet to transport eggs to processing more quickly and efficiently. As a result, our 2022 Scope 1 emissions have taken on emissions previously considered in our Scope 3 inventory.*



# GHG EMISSIONS | SCOPE 3 EMISSIONS – 2021 & 2022

We continue to enhance the quality of our Scope 3 emissions inventory, using as much empirical data as possible. Purchased goods and services make up the majority of our Scope 3 emissions, and we used a combination of supplier-specific activity data and secondary data for this year’s inventory, moving away from the spend-based approach from the previous year. As the company continues to grow and scale, partnering with more farmers and bringing more ethically produced food to the market, our Scope 3 inventory is also increasing.

SCOPE	TYPE	2021 EMISSIONS (TONNES CO <sub>2</sub> E)	% OF TOTAL	SCOPE	TYPE	2022 EMISSIONS (TONNES CO <sub>2</sub> E)	% OF TOTAL
SCOPE 3 2021	Purchased goods and services	110,155	72%	SCOPE 3 2022	Purchased Goods and services	138,877	82%
	Capital goods	8,723	6%		Capital goods	1,253	1%
	Fuel and energy related activities	62	0.04%		Fuel and energy related activities	98	0.06%
	Upstream transportation and distribution	21,194	14%		Upstream transportation and distribution	11,480	7%
	Waste generated in operations	33	0.02%		Waste generated in operations	35	0.02%
	Business travel	389	0.3%		Business travel	1,186	1%
	Employee commuting	NA			Employee commuting	NA	
	Upstream leased assets	Included in Scope 1 and 2			Upstream leased assets	Included in Scope 1 and 2	
	Downstream transportation*	85	0.1%		Downstream transportation*	95	0.1%
	Processing of sold products	NA			Processing of sold products	NA	
	Use of sold products	9,954	7%		Use of sold products	12,389	7%
	End-of-life treatment of sold product	2,381	2%		End-of-life treatment of sold product	2,963	2%
	Downstream leased assets	NA			Downstream leased assets	NA	
	Franchises	NA			Franchises	NA	
Investments	NA		Investments	NA			
<b>Total</b>		<b>152,976</b>	<b>100%</b>	<b>Total</b>		<b>168,375</b>	<b>100%</b>

\*Outbound transportation and distribution services purchased by Vital Farms were previously included in “Downstream transportation” and are now accurately included in “Upstream transportation and distribution” for 2021 and 2022.

NA = Not Applicable



# ACHIEVING OUR CLIMATE CHANGE (OPERATIONS) GOAL



## REDUCING SCOPE 1 AND 2 EMISSIONS INTENSITY

In 2022, we set our first public GHG emissions reduction goal, committing to reduce Scope 1 and Scope 2 greenhouse gas intensity by 25 percent by 2027 from a 2022 base year. To meet this goal, we will continue to assess our energy efficiency and explore renewable energy strategies such as power purchase agreements. Through our dedicated fleet, operated by a SmartWay® carrier, we will also focus on increasing fuel efficiency and route optimization to reduce overall miles over the next five years. As a food company, we believe our biggest opportunity for positive impact and climate mitigation lies in our supply chain — specifically farm operations and how we feed our hens. We continuously monitor and prioritize our actions based on each risk’s potential impact to business continuity and its likelihood of occurrence.

**2021:** FIRST GREENHOUSE GAS INVENTORY

**2021:** FIRST CLIMATE RISK ASSESSMENT

**2022:** FIRST PUBLIC GHG EMISSIONS REDUCTION GOAL: REDUCE SCOPE 1 AND 2 GHG EMISSIONS INTENSITY BY 25% BY 2027 FROM A 2022 BASE YEAR.

**GHG INTENSITY**  
■ 2022 BASELINE  
■ 2027 GOAL



# EGG CENTRAL STATION, GREEN PLANT OF THE YEAR



# EGG CENTRAL STATION, GREEN PLANT OF THE YEAR

ENVIRONMENT

Egg Central Station (ECS), located in Springfield, Missouri, is built for the mutual benefit of all our stakeholders:

- ✓ **Crew members:** Daylighting, climate control, and slip-resistant floors in the egg grading room for comfort and safety
- ✓ **Customers and Consumers:** Investing in food safety and maintenance that exceeds current regulatory requirements
- ✓ **Environment:** Energy efficient design, restoring native vegetation and installing best-in-class stormwater management

In 2022, we doubled the size of ECS, which was subsequently honored with Food Processing’s “Green Plant of the Year” award. While ECS is located in a “low-medium” water risk region (according to the World Resources Institute’s Aqueduct Water Risk Atlas), we designed efficient water use into our system. We reduce our overall consumption by

recirculating new water into our facility once every eight hours, and our pallet washers recycle water over at least 30 wash cycles. ECS also maximizes energy efficiency and renewable energy opportunities, including a solar array that is coming online in 2023, which will generate close to 20 percent of the facility’s energy usage, lowering energy costs and reducing greenhouse gas emissions.



# ECS ENERGY AND WATER CONSERVATION FEATURES



- ✓ Designed to LEED Silver standards and pursuing certification with the U.S. Green Building Council
- ✓ Crew-focused features capture natural light and manage engine room humidity
- ✓ A water filtration system allows us to reuse water for up to eight hours (30+ wash cycles)
- ✓ An offsite underground cold storage facility uses at least 25 percent less energy than above-ground storage
- ✓ LED lights improve energy efficiency by 50 percent
- ✓ Bioretention features clean and cool rainwater, provide for the recharge of local aquifers rather than runoff into storm sewers, and conserve over 700,000 gallons of water per year

## ZERO WASTE TO LANDFILL AT EGG CENTRAL STATION

ECS is already a zero-food-waste facility. Eggs that don't meet size standards become liquid eggs. Eggs that don't meet liquid egg standards are sent for pet food processing. Beyond food waste, we are committed to making ECS a fully zero-waste-to-landfill facility by the end of this year. We will meet this goal by improving the accuracy of our ordering, reusing materials when possible, and avoiding incinerators and landfills by finding alternative outlets. We're already making headway through crew-driven efforts to find better reuse for the most frequently disposed daily items at ECS: the hair and beard nets that are essential to food safety. Working with TerraCycle®, a recycling and upcycling company, our used nets are now ground up and turned into items such as park benches or plastic pallets similar to those we use to transport our

eggs. Through their advocacy, our crew also inspired us to transition away from nitrile gloves, which take up to 100 years to decompose, to biodegradable gloves, which fully decompose within five years.



# OUR SUPPLY CHAIN: EGG FARMS

Our supply chain includes a network of more than 300 family farms located across what we call the Pasture Belt — from Oklahoma to the Carolinas. We require all our pasture-raised egg farms to be Certified Humane® for pastured egg production by Humane Farm Animal Care. All of our farmers maintain their land to the USDA Organic Standard, though not all choose to undergo the third-party certification to earn the seal. Our Farm Support and Farm Compliance teams provide guidance and assistance to ensure that our farmers maintain our robust internal standards, which outline our expectations on topics such as:

- ✓ **Flock management:** regular sampling of hen environments to ensure food safety and animal well-being
- ✓ **House environment:** requirements around ventilation and monitoring of ammonia levels, foraging material, and minimum stocking density
- ✓ **Pasture:** must be mostly covered by living vegetation, rotation must be maintained, and must provide access to grassland or rangeland

In addition to our Farm Support team, we work with a network of

experts who help our farmers successfully raise healthy and happy hens. Wilson Veterinary Company is on call for Farm Support to help our farmers address any health challenges, and a roster of nutritionists help ensure hens receive all the right nutrients. Avian influenza has posed a challenge to our entire industry, and we are grateful that our close relationship with our farmers has prevented any major disruption to our business. We are working together to ensure a high level of welfare for our flocks.

In 2021, we conducted a climate-related risk assessment on a sampling of farm locations and approved feed mills. This assessment, which we plan to do biannually at a minimum, influences how we will grow our farmer network and prioritize areas that require adaptation plans and regenerative and climate-smart farming practices. Additionally, we are assessing supply chain resilience in a more holistic way. We gathered a group of experts across the organization to evaluate our farm network. They looked at risks and opportunities for improving overall farm resilience, such as climate change, drought, cost of feed and transportation, and flock performance. We plan to conduct more workshops on these topics in the future.

# ACHIEVING OUR CLIMATE CHANGE (FARMERS) GOAL

ENVIRONMENT



## 100% ENGAGEMENT IN REGENERATIVE PRACTICES

Regenerative agriculture brings a holistic approach to farming that is aligned with Vital Farms' values while aiming to increase resilience of the land, water, and farms themselves. Helping farmers build soil health and increase resilience to flood and drought is a natural extension of our current practices, and it is a pragmatic, scalable way to support our farmers. A foundational requirement for our egg farmers is to practice pasture rotation, which not only provides hens with fresh forage and insects, but also encourages nutrient cycling which builds soil health over time. We aim to engage 100 percent of our farmers in additional regenerative agriculture practices by 2026. Through increased training, educational resources, and funding opportunities, we will assist each farmer in implementing at least one additional practice to build even stronger resilience on their farms.

### VITAL FARMS' FIVE TENETS OF REGENERATIVE FARMING

- 1 Farm for the future:** Leave the land better than we found it
- 2 Animals and soil are better together:** Animals function as walking composters, dispersing seeds, suppressing pests, and bringing biology and fertility to the soil
- 3 Keep living roots in the soil:** Feed soil microorganisms and hold nutrients in the soil
- 4 Mix it up:** Diversity of plans, microbes, insects, and wildlife
- 5 Cover and build surface armor:** Help keep vital nutrients and water/moisture in the soil



*“Regenerative farming reflects Vital Farms’ purpose, which is improving the lives of people, animals, and the planet through food. I have seen farms with degraded soil, soil erosion, and flooding runoff implement regenerative practices and become farms with soil that has a healthy microbial community, no erosion, and soil cover that has improved water infiltration and reduced runoff.”*



**NATE KING**

FARM SUPPORT COORDINATOR AND REGENERATIVE AGRICULTURE SPECIALIST



# RAISING THE STANDARDS WITH RESTORATIVE

ENVIRONMENT

To better understand the full scale of benefits of regenerative agriculture on our farms, we launched our Restorative pasture-raised eggs in 2022 after almost two years of working side-by-side with four selected farms. These farms employ a comprehensive suite of regenerative agriculture practices. They are advised by Understanding Ag, a team of regenerative agriculture and soil health experts, and our Farm Support crew. In our pilot program, we created custom farm plans with site-specific recommendations for each pilot farm to promote rich, nutrient-dense soils. All four farms planted cover crops, followed more intentional paddock rotations, and implemented a tactic specific to the farm's location and farmer's choice, such as integrating grazing cattle into the farm operations. We work with Regen Ag Lab, a third-party soil testing service, to collect and test soil samples on an annual basis on each of the pilot farms. These measurements, including quantity of soil nutrients and water retention, are strong indicators of soil health that help us track progress and drive continuous improvement. We are currently pursuing third-party certification to build even more consumer trust in our program.



[VITALFARMS.COM/RESTORATIVE](https://vitalfarms.com/restorative)



# OUR SUPPLY CHAIN: DAIRY FARMS



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100 percent of our dairy farmers have committed to the National Dairy Farmers Assuring Responsible Management (FARM) program and Animal Care Standard. FARM standards include best practices for animal care, the environment, antibiotic stewardship, workforce development, and biosecurity. Each participating farm may be selected at random for third-party verification, and all our farms receive an on-farm evaluation at least once every three years.

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# ENSURING ANIMAL WELFARE WITH THE FIVE FREEDOMS

Every cow that produces cream for Vital Farms butter is raised according to the Five Freedoms that support their physical and mental health and are considered the gold standard for animal welfare.

- 1 Freedom from hunger and thirst:** Nutritionists help farmers give the girls a delicious, balanced diet, and clean, fresh water is abundant
- 2 Freedom from discomfort:** Farmers provide plenty of clean, dry, and comfortable space for lying down quietly or socializing
- 3 Freedom from pain, injury, or disease:** Cows are milked up to three times a day (they can get uncomfortable otherwise), and farmers offer both holistic and veterinary care whenever needed
- 4 Freedom from fear and distress:** Farmers form essential bonds with calves at an early age, minimizing their stress. Regular routines and inviting facilities help cows feel safe and secure
- 5 Freedom to express normal behaviors:** Our cows live in herds with the freedom and space to socialize, rest, eat, and drink as they like

ENVIRONMENT



# PACKAGING

We aim to use packaging that is recyclable, compostable, and made from recycled content without compromising on our food safety and quality standards. As members of the Sustainable Packaging Coalition, we are continuously evaluating the latest packaging innovations and communicating transparently with our consumers so they know how to properly dispose of our packaging in their own homes. Our packaging is:



**99% RECYCLABLE**  
BY WEIGHT



**52% COMPOSTABLE**  
BY WEIGHT



**80% MADE FROM POST-CONSUMER  
RECYCLED MATERIALS** BY WEIGHT



# PACKAGING HIGHLIGHTS



Our hybrid egg cartons are made from 100% recycled material and are fully compostable or recyclable.



Our fully recyclable and compostable Restorative cartons contain natural grass fibers sourced from nature preserves, reinforcing the value of cover crops like ryegrass.



Our butter cartons are fully recyclable.



## FIRST-OF-ITS-KIND CARBON-NEUTRAL 18CT HYBRID EGG CARTON

We have been working hard to find the best packaging for our 18-count eggs for years. We started with a pulp carton, but the integrity of the packaging was poor. We then moved to recyclable PET, made from 100 percent recycled content, but we believed we could do even better for our consumers and the planet. We worked with our packaging vendor to create the first carbon-neutral, 100 percent post-consumer paper, 18-count hybrid egg carton that also improves the quality of the packaging. We have now transitioned all of our PET cartons to this new hybrid package (as of the release of this report), which will reduce the carbon footprint of our packaging and our Scope 3 emissions overall.

BEFORE



AFTER





ESG PROGRESS

SOCIAL

# OUR CREW

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We create high-quality jobs, taking actions every day that support our people-first culture and the professional development, safety, and well-being of all our crew members.

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Our business — and our culture — are rooted in Conscious Capitalism. To help ground our crew members in how our commitment to this model drives decisions at Vital Farms, we trained all remote crew on Conscious Capitalism in 2022. In July, President and CEO Russell Diez-Canseco and COO Jason Dale held a fireside chat facilitated by Conscious Capitalism, Inc. for a group of functional leaders across the business and held a workshop discussing how to apply Conscious Capitalism tenets to Vital Farms scenarios with real-time feedback from Russell and Jason. In October, we offered a similar e-learning opportunity to give our entire crew the chance to hear directly from Russell and Jason and practice applying Conscious Capitalism tenets to stakeholder scenarios. Moving forward, Conscious Capitalism training will be embedded in new crew onboarding, and we will continue to find ways to help all members of our team understand the philosophy as a shared framework for decision making.



**CONSCIOUS  
CAPITALISM®**

# ENGAGEMENT

SOCIAL

We seek to improve the lives of people, animals, and the planet through food. That process starts with our own people — our crew. We are taking intentional steps to attract and retain a world-class workforce, and we continue to actively solicit crew feedback on their working experience through both formal processes like our annual engagement survey and informal conversations.

## CREW ENGAGEMENT SURVEY

Following up on our first crew engagement survey in 2021, we conducted an abbreviated survey in 2022 with Culture Amp™, an employee experience platform, to dive deeper into crew engagement. Our engagement score was 69 percent, which is equal to Culture Amp's benchmark for U.S. Food & Beverage companies. It is a two percent decrease from the previous year's engagement score, and we heard from crew that there is opportunity for us to provide more career mapping, training, and recognition. We focused on transforming this crew feedback into action, investing in programming for crew and looking at how we might redesign our processes to build stronger culture and connection for both our remote and production crew members.

*“My favorite thing about working at Vital Farms is the ability to grow along with the company and the people! When I first came to Vital Farms, I had no idea what the manufacturing industry was like, but I was eager to learn. I started out as a processing associate and worked my way up to shift supervisor. The wonderful people that work here encouraged me every step of the way and helped me stay motivated to continue growing.”*



**AMANDA WYATT**  
PRODUCTION SUPERVISOR

We cultivate leaders across every level of our business and are committed to professional development opportunities that embody our values and reflect the unique needs of our crew members. In support of remote crew member development, our senior leadership team (SLT) led the rollout of “Professional Development Conversations,” a biannual process focused on performance and development. Through this program, senior leaders, functional leaders, and people leaders calibrate talent across the organization and reward and recognize top performers. Additionally, crew members collaboratively build a development-focused action plan to continue their professional growth at Vital Farms.

At Egg Central Station we partnered with Habitat Communications & Culture, a local, best-in-class talent development consultancy, to enhance our existing leadership development program for our production crew.

Sixteen ECS leaders participated in the program, which addressed effective communication, creating a culture of engagement, navigating difficult discussions, and management best practices. In addition, we have worked to create more career growth at our facility, opening up shift lead and trainer positions in 2022.

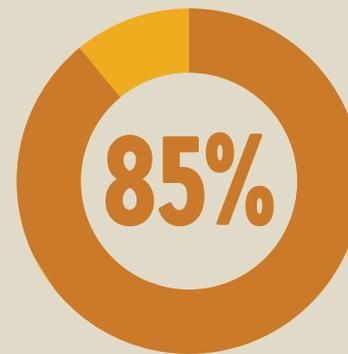


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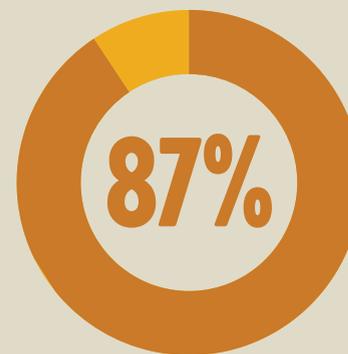
In 2022, we launched our largest crew development program to date, equipping nearly 100 crew members with new problem solving and communication skills. Created with an external collaborator, the ten-week program included cross-functional group work, interactive lessons, videos, case studies, and self-reflection activities, all intended to help us solve complex problems more efficiently and work more effectively in a remote environment. With the success of this development program, we are working to embed this into the remote crewmember experience.

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## PROGRAM STATS



85% of program participants anticipate applying program knowledge and/or capabilities on the job



87% felt their knowledge and capabilities were enhanced after program completion

# WORLD-CLASS ONBOARDING

Early in 2022, we met with over 40 crew members across the organization to gather feedback on our onboarding process, including what we were doing right and how we could better engage the hearts and minds of new crew members. In June 2022, we launched a new world-class onboarding program at Vital Farms. A reimagined first week experience helps both remote and ECS crew feel welcomed, integrated, and supported. New crew members are introduced to Vital Farms' purpose, values, and goals and given opportunities to connect with leadership and existing crew. Additionally, ECS crewmembers participate in extensive training to ensure competence in their roles with a focus on safety and occupational health. We also launched two off-site trips to give new remote crew members the opportunity to visit ECS in Springfield, Missouri and our headquarters office in Austin, Texas. Throughout their first year, ECS and remote crew can expect many opportunities to learn about our business, integrate into our culture, engage with leadership, foster collaborative relationships with cross-functional partners, and build skills critical to success in their roles. At ECS in 2022, we invested in additional trainers so that there is dedicated support during every shift for all crew, both new and existing.

**SPRINGFIELD:** tours of ECS and our farms (to meet the girls on grass!), workshops to learn more about the operations side of our business, an opportunity to participate in the production process, and meaningful activities for crew to connect in-person

**AUSTIN:** tours of our headquarters, The Roost, lunch with our Senior Leadership Team, visit to a store to see our products on shelf, learn how we bring ethical food to tables around the country, engage with other departments in Functional 101 sessions, and connect with fellow crew members



# FEEDBACK & RECOGNITION

## SHELL-EBRATIONS

To provide a space for peer recognition, we created praise walls at ECS and virtually for remote crew called “Shell-ebrations.” Each month, we highlight recognition givers and receivers.

## UNSUNG HEROES

To highlight the important, lesser-known work happening across our organization remotely, we piloted the “Unsung Heroes” program. This recognition program empowers crew members to help reward, recognize, and shine a spotlight on important contributions.

## VALUES COINS

At ECS, leaders recognize crew members who go above and beyond while living our values with “Values Coins” that are redeemable for awards of the crew member’s choice. We recognize how critical our core values are to our success, and Values Coins empower leaders to reward the actions of those who embody them.

### SHELL-EBRATION



Thank you  
**Lisa Armand**

A GIANT shout out to Lisa Armand, who makes a point to go above and beyond to support our crew every day...from onboarding, to celebrations, to care packages, experiences and overall support of the many critical engagement areas that make Vital Farms truly special. I appreciate you and the thoughtful genuine care that goes into everything you touch for our crew! Thank you!!!

From Michelle Krenzelo





# REVITALIZE

SOCIAL

In 2022, we hosted our first-ever remote crew retreat, which we named ReVITALize, in Springfield, Missouri. This event focused on three objectives:

- 1 Create connection in a remote environment
- 2 Improve time management capabilities
- 3 Increase effectiveness and productivity

Following the event, which included a recognition-focused welcome dinner, ECS and farm tours, volunteering, top-tier keynote speakers and discussion, and more, participants reported the following results:

- 94% FEEL MORE CONNECTED TO OTHERS
- 91% CAN IMPLEMENT TIME MANAGEMENT TECHNIQUES
- 86% FEEL MORE CONNECTED TO OUR MISSION AND VALUES



Crew safety is a top priority. At ECS, we work to reduce physicality as much as possible. We have automated certain jobs like tray washing, added scheduling blocks in our daily lineup template to prevent our crew members from working the same job for numerous days, and provided ergonomic handling equipment to help reduce job strain. We've invested in new power industrial trucks, like ride-on pallet jacks, to reduce the miles crew members are required to walk each day. We partner with an occupational therapist who visits ECS each week, provides ergonomics training for all new hires, and is available to support crew, especially in the first few weeks of transitioning to the ECS environment. We also help ECS crew members purchase shoes with anti-slip soles for their personal safety. Finally, we are improving our emergency notification system by increasing the number and size of speakers on the floor and tying the National Weather Service into our PA system. Upgraded

communication radios will be able to unlock doors and gates and, most importantly, access the PA system remotely for emergency situations and to communicate important information to our crew.



# DIVERSITY, EQUITY, & INCLUSION

Diversity, equity, and inclusion (DEI) help us fulfill our mission of building a more ethical food system. We are working to build an environment where every crew member feels valued and empowered.

We are also focused on taking meaningful action in diversifying our supply chain. Through partnerships with National Young Farmers Coalition (NYFC), Farmer Veteran Coalition, and the National Black Farmers Association (NBFA), we are connecting with and supporting farmers from historically underrepresented groups. We support the Farmer Veteran Coalition's work to provide farming equipment to farmers in need. With NYFC and NBFA, we support their conferences so farmers within their networks can learn and connect with their peers.

SOCIAL



# CREW RESOURCE GROUPS

Our DEI Council, which supports strategy development and helps to operationalize DEI across the organization, has historically consisted of the Senior Leadership Team, an Advisory Team, and a DEI Committee, which executes events for our crew. In August 2022, our DEI Council expanded to launch seven crew resource groups (CRGs), a key milestone in our DEI journey. Our regional and characteristic-based CRGs help foster a sense of community and belonging among our crew members, a particularly important goal in our remote-first organization.



## REGIONAL CRGS

AUSTIN  
MIDWEST  
PACIFIC

## CHARACTERISTIC-BASED CRGS

MULTICULTURAL  
WOMEN  
LGBTQ+  
VETERANS



# WORKFORCE DEMOGRAPHICS (AS OF DECEMBER 31, 2022)



- 52% MALE
- 47% FEMALE
- 1% DECLINE TO ANSWER



- 74% WHITE
- 7% HISPANIC/LATINO
- 5% ASIAN
- 4% BLACK/AFRICAN AMERICAN
- 5% NOT SPECIFIED
- 1% TWO OR MORE RACES
- 1% NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER

# INCLUSIVE FARMER OPEN HOUSE

In November 2022, Vital Farms hosted our first Inclusive Farmer Open House, an event designed to offer access and opportunity to individuals who have been historically marginalized and discriminated against in agriculture.



The share of Black farmers in the United States has declined significantly over the last century, from 14 percent 100 years ago to 1.4 percent today.<sup>1</sup> One reason for this is that people from historically marginalized backgrounds have a more challenging time securing loans to buy land to start a farm. Additionally, the average age of farmers in America is 60 years old. We seek to be a part of the solution to this complex issue and help shape the future of farming in America — the Inclusive Farmer Open House is a first step in expanding opportunities to underrepresented farmers. During the three-day event in Springfield, Missouri, farmers and students toured a farm and ECS. We hope to develop a more diverse network of farmers through this recruitment effort.

<sup>1</sup>Source: <https://www.mckinsey.com/industries/agriculture/our-insights/black-farmers-in-the-us-the-opportunity-for-addressing-racial-disparities-in-farming>





## INCREASE FAVORABILITY IN OUR ANNUAL INCLUSION SURVEY BY 5 POINTS

We launched our first Diversity, Equity, and Inclusion Survey in 2022 with the support of Culture Amp. Our objective was to collect clarifying data and develop a benchmark for assessing progress. Across seven key areas related to DEI (belonging, fairness, opportunities and resources, decision-making, diversity, voice, and contribution to a broader purpose), our survey yielded favorability rating of 69 percent. Additionally, nearly 7 out of 10 employees feel a sense of inclusion.

**OUR 2023 GOAL IS TO IMPROVE OUR INCLUSION SURVEY SCORE BY 5 PERCENTAGE POINTS.\***

### INCLUSION SURVEY RESULTS

n=260



\*Currently at 69% favorability. Global benchmark is 77% (according to Culture Amp).

# OUR FARMERS



*“I love working with farmers. Some of the best people in the world are farmers. It is extremely satisfying to me to be of help to them as well as I always learn something from them. Great people. Great Americans.”*



**DALE GOODWIN**

SENIOR FARM RECRUITING MANAGER

## We are invested in the success of every one of the more than 300 family farms that work with us.

The roughly 30 dedicated members of our Farm Support team serve as trusted advisors to our farmers and help them proactively address a range of ongoing challenges, from setting up new shaders to accounting support.

That support starts before the birds actually arrive at the farm. New farmers attend Egg School for training on proper barn management, feed and nutrition, animal welfare, and other critical topics needed to raise healthy, happy hens. Before the arrival of the pullets, which are young hens that have not started laying yet, each new farmer's dedicated Farm Support crew member ensures the farmers are set up for success. Farm Support then visits each new farm every week for the first three months after the pullets arrive.

Weekly phone calls and monthly in-person Farm Support visits help build and maintain strong relationships with farmers. In these calls and visits, the Farm Support team also provides some of the tools, expertise and information farmers need to keep hens — and farms — healthy and productive. Our veterinary consultant, Wilson Veterinary Company, frequently rides alongside Farm Support on their farm visits. At every farm we conduct internal audits at least once a year to ensure we're on track for all regulatory, customer and certification audits.

Additionally, in 2022 we held three in-person gatherings with our farmers to share farm learnings and the latest research. One of the meetings included professional advisors such as nutritionists, feed mills, poultry equipment companies, and local representatives from state agriculture departments.

In 2022, farmers faced the continued risk of avian influenza, rising feed prices, and a number of extreme heat days over the summer. In the past, we have surveyed our farmers and used a Net Promoter Score to assess farmer satisfaction. In an effort to more deeply understand our farmers' challenges and experiences, we set out on a listening tour in our "Care-o-Van." Vital Farms leaders drove across the Pasture Belt to sit, connect with our farmers, and listen. The effort highlighted ways we can be better partners and brought us closer to understanding our farmer's needs. We accounted for farmer feedback through decisions like our adjusted compensation model, which better accounts for volatile feed and pullet pricing. We also got to have in-person conversations about important topics like Avian Influenza (AI) and extreme weather.

## HOLIDAY FARMER GIFT

To express gratitude for their hard work, at our crew retreat, we hand-wrote thank you cards which were incorporated into holiday gifts for all of our farmers.



# OUR SUPPLY CHAIN: FOOD SAFETY AND QUALITY

Our Food Safety and Quality Assurance (FSQA) team works across our supply chain to ensure that our partners adhere to the same high standards we hold for ourselves. We work collaboratively with the feed mills that produce feed for our hens, our farms, ECS, and partner processing facilities to continue to deliver our very best to our consumers.

- ✓ **Feed mill auditing and compliance management:**  
Feed mills are audited to both FDA and Vital Farms standards to confirm our girls receive safe and high-quality feed. Routine compliance checks verify that mills maintain high standards
- ✓ **Nutritionist support and nutrition compliance:**  
By partnering with nutritionists and farmers, we help ensure our hens receive the nutrition that is essential to their health, growth and welfare. We monitor feed formulations and intake to stay ahead of any issues that may arise



## FSQA QUALITY TEAM

Our FSQA Quality team is dedicated to maintaining relationships between our operations team and our customers. Our Quality team at ECS is the final check before products are shipped to customers. These crewmembers manage compliance with federal and state requirements, maintain certifications, and track and trend egg quality, customer complaints, and quality standards. ECS is certified by the Global Food Safety Initiative (GFSI), a business-driven initiative for the ongoing improvement of food safety management systems, and we hold our supplier facilities to the same high standard. In addition, ECS is considered a Safe Quality Food Institute (SQFI) Select Site, which is the next level of commitment and food safety readiness as we voluntarily elect to have unannounced annual certification audits.

## FSQA CONTRACT MANUFACTURERS TEAM

Our FSQA Co-Man team maintains collaborative relationships with the contract manufacturers who produce Vital Farms-branded products for us. After qualifying partners to confirm they meet our high standards and are a strong cultural fit, we provide onboarding, working closely to identify any potential bottlenecks and ensure production runs smoothly. Visits throughout the year help strengthen our relationships and give us manufacturing oversight. We share consumer questions and feedback without co-man partners so that necessary corrective or preventative actions can be taken.

# TRANSPARENCY

We continue to build trust through radical transparency. Our consumers want to know where their food comes from and how it is produced. We give them a look at how our hens live through our Traceability program and help them understand how our values guide our business through our Consumer Care program.



## SEE THE GIRLS FOR YOURSELF!

By entering the code from our pasture-raised egg carton into our website, consumers can enjoy a 360-degree video of the farm where the eggs were laid and see (and hear!) how our hens live.

PEEK INTO THE PASTURE



We are in ongoing dialogue with our consumer community using a human, highly responsive, empathetic approach. We respond to consumer inquiries in an average of 56 minutes, which is down 89 percent from the year prior. We're also accessible on a range of different platforms. Last year, we added a new SMS text line to make our best-in-class customer service even better. Consumers can reach out to us via text for answers to their questions, baking tips, and even fun hen facts.

In addition to responding to our community, we are proactively engaging with them. We sent out 389 same-day grocery deliveries for consumers that we saw were in a pinch, and we replaced products that didn't meet our high standards. In social media, 97 percent of the 38,860 interactions we had included praise for Vital Farms. While positive sentiment remains the same from 2021, interactions have increased 38 percent. Our loyalty clubs

are growing too. Our Kids Club grew by 211 percent in 2022, surpassing 725 members, and our Bird Watchers Club grew 157 percent. Bird Watchers watch Traceability videos and fill out Pasture Passports to track their carton consumption.

SOCIAL MEDIA FOLLOWING  
**97% OF INTERACTIONS  
WERE POSITIVE\***

VITAL FARMS KIDS CLUB  
**GREW BY 211% IN 2022,  
SURPASSING 725 MEMBERS**

BIRDWATCHERS CLUB  
**GREW 157% IN 2022**

CONSUMERS' RESPONSE WAITING TIME  
**DECREASED BY 89% TO 56 MINUTES**



*\*Positive interactions are defined as praise or affirmation for our brand, products, hens, and farmers.*



**Vital Times**  
NATIONAL EDITION

**Celebrating fl...**  
Fifteen years ago, we be... with a big idea. We belie... food could help improv... animals, yes, but also t... people who raise them a... the planet we share. Many... this was exactly the sort... thinking you could expect... advocating for girls on gr... But some people starte... People like you.  
As we've grown through... been humbled to see t... outgrow that first big idea... to! It turns out ethical fo... for hens to enjoy outdo... round, free from confir... enough to help 300 farr... a living on their own land... to pay crew members wa...  
Printed on biod...

**An EggMaster Class in Minutes!**  
Did you know Vital Farms Founder Matt O'Hayer is an accomplished chef? Lucky for us, he is, and you can learn from the EggMaster himself in a scrappy video made just for you! Matt whips, fries and flips 10 egg dishes in less than 10 minutes, armed with little more than eggs, butter, a handful of household staples and a frying pan. Check it out for good eats, inspo and eggstremely relaxed and playful guidance. Then let us know your favorite Matt dish!

**Bird of the Month**  
**Precious Passion** enjoys a quiet evening in the pasture, as she lets sun warm her feathers.

**OUR MISSION** is to bring ethically produced food to the table by coordinating a collection of family farms to operate with a well-defined set of agricultural practices that accentuates the humane treatment of farm animals as the central tenet.

*Do you love cooking with our pasture-raised eggs? Show off your Vital Farms creation on social and tag us!*

WHAT DO YOU MEAN? OF COURSE I'M CHICKEN!

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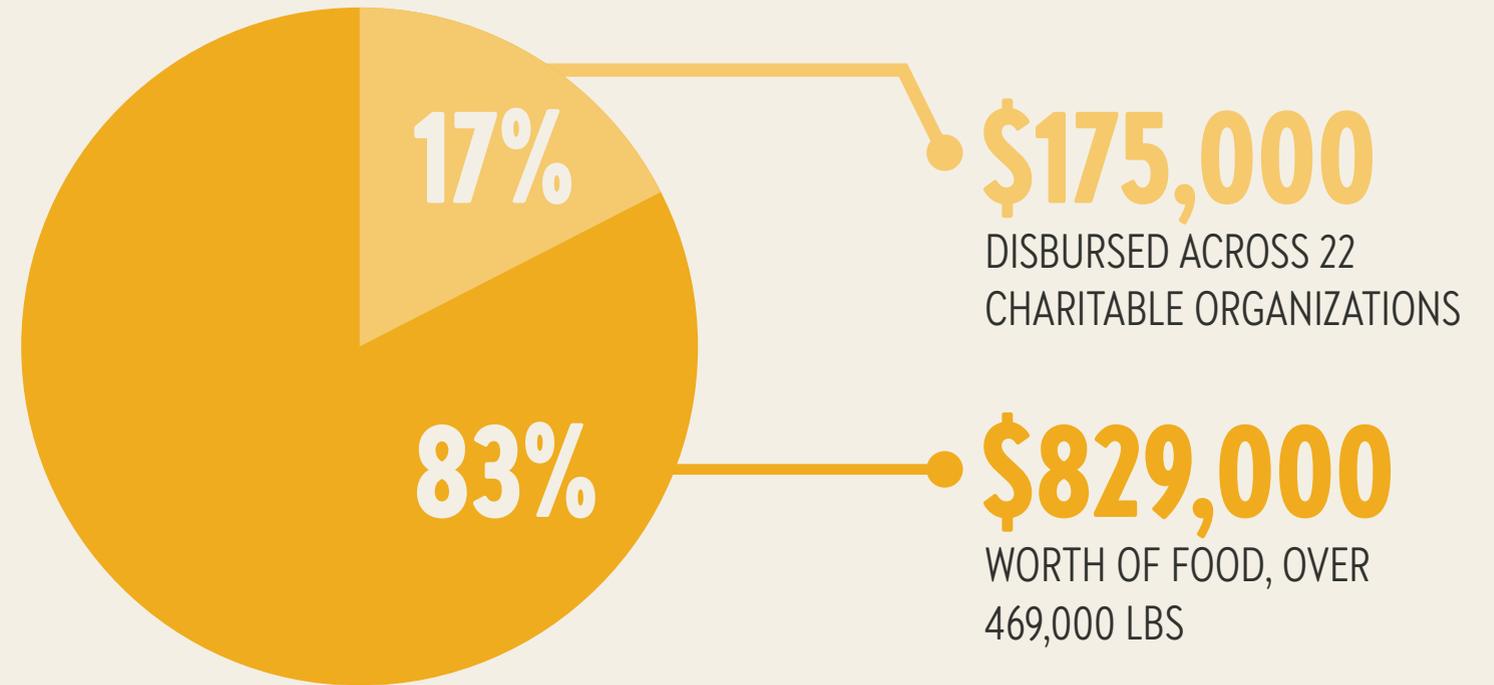
## WE NAMED A BIRD OF THE MONTH AFTER A SPECIAL RAVING FAN

Each issue of Vital Times features a new Bird of the Month. In 2022, we helped one of our consumers give a one-of-a-kind birthday present to his wife, Passion. They were both surprised, delighted, and touched.

# COMMUNITY ENGAGEMENT

Spearheaded by our Community Committee, which is made up of eleven crew members, we support community initiatives that improve the lives of people, animals, and the planet through food by volunteering and philanthropic activities. Being a leader in our local communities helps Vital Farms attract generous, like-minded talent.

**IN 2022, WE DONATED OVER \$175,000 TO 22 CHARITABLE ORGANIZATIONS, AND MORE THAN 469,000 POUNDS OF FOOD. THIS INCLUDED 2.4 MILLION EGGS, WHICH PROVIDED OVER 390,000 MEALS TO FOOD-INSECURE FAMILIES.**



## ECS EXPANSION RIBBON CUTTING

To celebrate our investment in the Springfield community, we hosted community stakeholders at our ECS Expansion Ribbon Cutting, including Missouri Governor Mike Parson, Springfield Mayor Ken McClure, Springfield Chamber of Commerce President Matt Morrow, and representatives from Ozarks Food Harvest and the Boys and Girls Club.

## FIGHTING HUNGER IN SOUTHWEST MISSOURI

During Hunger Action Month in September, our ECS crew donated more than 14,000 eggs and 2,046 pounds of canned goods to Ozarks Food Harvest and the southwest Missouri neighbors they serve. Our remote crew also volunteered at Ozarks Food Harvest during our retreat for remote crew. We sorted 6,398 pounds of fresh fruits and vegetables (5,332 meals) and packed 624 weekend bags of food for children who depend on school meals for their nutritional needs (3,744 meals).



A close-up photograph of a person's hands holding several brown eggs. The hands are positioned in the center of the frame, with the fingers gently cupping the eggs. The background is dark and out of focus. Overlaid on the image is the text 'ESG PROGRESS' in white, uppercase letters, centered horizontally. Below this text is a thin, light blue horizontal line. Further down, the word 'GOVERNANCE' is written in a larger, bold, white, uppercase font, also centered horizontally.

**ESG PROGRESS**

**GOVERNANCE**

Vital Farms is among a very select group of U.S. companies that are publicly traded, B Corporation Certified, and Delaware public benefit corporations. As a public benefit corporation, we are legally required to balance our financial interests with the best interests of our stakeholders. We believe that prioritizing the long-term viability of all stakeholders will produce stronger outcomes for everyone over time, and that strong corporate governance is critical to our success. We have established our corporate governance structure with three goals:

- 1 Effectively addressing stakeholders' interests
- 2 Appropriately managing enterprise risks
- 3 Fostering a culture of integrity throughout our organization

## ESG AS A PART OF IMPACT



At Vital Farms, we define Impact as a holistic ambition and active strategy that includes our ESG approach, our B Corp certification, DEI, risk mitigation, and purpose-driven program development.

# PUBLIC BENEFIT CORPORATION

In 2017, we elected to be treated as a public benefit corporation under Delaware law. Public benefit corporations in Delaware are required to identify in their governing documents the specific public benefits that they will promote, and directors have a duty to consider these interests when managing the company. Our classification as a public benefit corporation underscores our commitment to our purpose and pursuit of long-term benefits for each of our stakeholders, including farmers and suppliers, consumers and customers, communities and the environment, crew members, and stockholders.

The public benefits listed in our governing documents are:

- ✓ Bringing ethically produced food to the table
- ✓ Bringing joy to our customers through products and services
- ✓ Allowing crew members to thrive in an empowering, fun environment
- ✓ Fostering lasting partnerships with our farms and suppliers
- ✓ Forging an enduring profitable business
- ✓ Being stewards of our animals, land, air and water, and being supportive of our community

# Certified



# Corporation<sup>®</sup>

[bcorporation.net](http://bcorporation.net)

## CERTIFIED B CORPORATION

GOVERNANCE

Vital Farms has been a Certified B Corporation since 2015. B Lab, an independent nonprofit entity who administers the B Corporation standards, assesses companies on more than 200 sustainability questions and awards B Corporation certification to companies that meet stringent social and environmental performance, accountability, and transparency standards.

**TO CERTIFY AS A B CORP, COMPANIES MUST OBTAIN A MINIMUM SCORE OF 80 POINTS ON THE B CORP IMPACT ASSESSMENT**

CERTIFIED SINCE: **2015**

MOST RECENTLY RECERTIFIED: **2022**

OVERALL SCORE: **98.7**

COMMUNITY: **38.6**

WORKERS: **23.3**

ENVIRONMENT: **20.2**

GOVERNANCE: **14.9**

CUSTOMERS: **1.4**



# GOVERNANCE STRUCTURE

## BOARD OF DIRECTORS

Our Board of Directors and its committees oversee the company's overall risk management strategy, including ESG and climate-related risks and opportunities. The Board receives quarterly reports from its Nominating and Governance Committee that include ESG oversight along with annual reports from the company's management-level ESG leadership on ESG goals and initiatives. The Board also approves the company's annual operating and capital budgets, which include operating expenses and capital investments related to climate change mitigation and other initiatives.



## NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Oversight of ESG matters is managed by our Board's Nominating and Corporate Governance Committee and is reflected in the committee's charter. The committee oversees our strategy, initiatives, and reporting related to ESG, including environmental initiatives and progress toward our ESG goals. Its oversight function also includes responsibility for overseeing risk management with respect to ESG risk areas, including climate risk. Our General Counsel, Corporate Secretary & Head of Impact presents to the committee quarterly.



## SENIOR LEADERSHIP TEAM (SLT)

Our SLT is the highest management level in our company. The SLT manages risks to our company, including environmental and climate-related risks, through regular reporting from several functional areas. The SLT includes our General Counsel, Corporate Secretary & Head of Impact, who reports directly to our Chief Executive Officer. The SLT manages our response to material ESG-related issues, including adverse weather events and other climate-related matters, and regularly reports out to the Board and its committees with respect to such risks.



## ESG STEERING COMMITTEE

In 2022, we formed an ESG Steering Committee consisting of functional leadership and individual contributors from departments across our organization, including operations, live production, supply chain, legal, people, and investor relations. This committee is directly accountable for the strategy, ownership, and implementation of ESG goals and initiatives across our business, including measurement, monitoring, and reporting on the progress of our climate-related initiatives to the SLT.



## FACTORING ESG PERFORMANCE INTO EXECUTIVE COMPENSATION

In 2022, we took steps to ensure that our governance and leadership adequately represent the interests of our stakeholders, including:

- 1 Implementing director and officer stock ownership guidelines and an incentive clawback policy to better align the financial interests of our leadership and investors
- 2 Revising our Supplier Code of Conduct and Human Rights Policy
- 3 Implementing an Environmental Policy
- 4 Establishing an ESG Steering Committee overseen by our General Counsel, Corporate Secretary & Head of Impact and responsible for day-to-day oversight of our ESG goals and initiatives

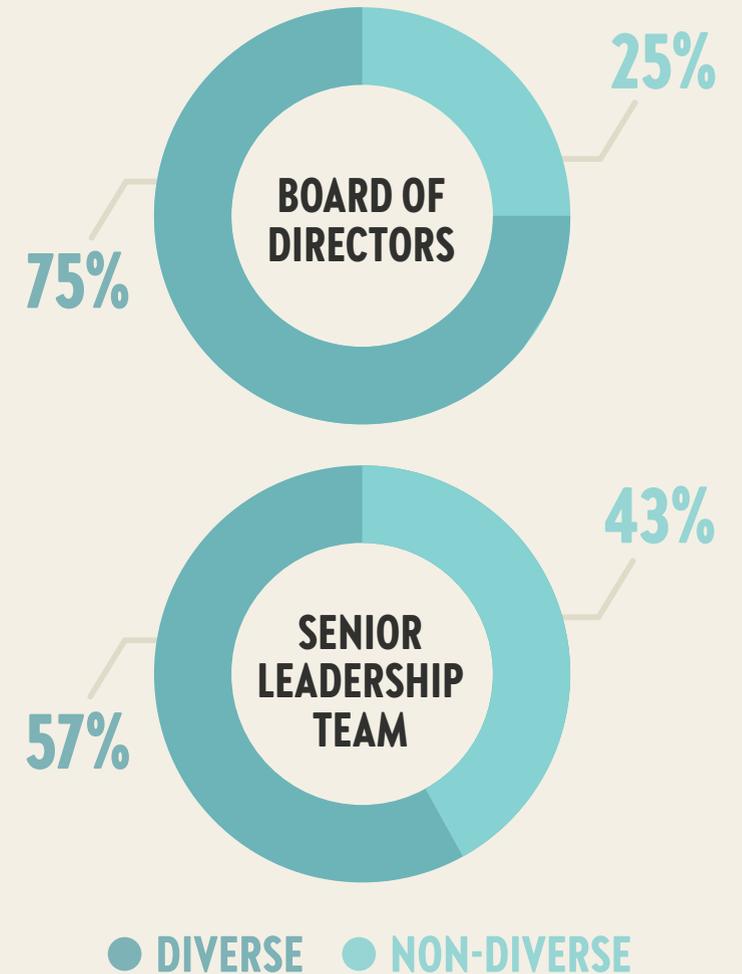
- 5 Ongoing assembly of a leadership team that brings diverse experiences, perspectives, and backgrounds, including the addition of two female Senior Leadership Team (SLT) members

Over the next three years (2023–2025), we are committed to factoring our ESG performance into executive compensation, further ensuring that responsibility for driving positive impact is led by management and spans the entire organization.



# LEADERSHIP DIVERSITY

We have consciously assembled a Board of Directors and Senior Leadership Team who bring diverse experiences, perspectives, and backgrounds. In keeping with our commitment to Diversity, Equity, and Inclusion across the company, we prioritize diversity among our Board members and Senior Leadership Team. Since January 2019, the composition of our Board has changed significantly to include members from diverse groups. Additionally, women hold several leadership positions, including Lead Independent Director and Chairperson of each of our standing Board committees.\*



\*Our definition of diversity aligns with the Nasdaq definition: anyone who self-identifies as a female, an Underrepresented Minority (Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), or LGBTQ+.



## BOARD OF DIRECTORS



**KOFI AMOO-GOTTFRIED**  
*Director*



**RUSSELL DIEZ-CANSECO**  
*President, CEO & Director*



**GLENDA FLANAGAN**  
*Director*



**KELLY KENNEDY**  
*Director & Chairperson of the Audit Committee*



**KARL KHOURY**  
*Director*



**MATTHEW O'HAYER**  
*Founder, Executive Chairperson & Director*



**DENNY MARIE POST**  
*Lead Independent Director & Chairperson of the Nominating and Corporate Governance Committee*



**GISEL RUIZ**  
*Director & Chairperson of the Compensation Committee*

## SENIOR LEADERSHIP TEAM



**JOANNE BAL**  
*General Counsel, Corporate Secretary & Head of Impact*



**STEPHANIE COON**  
*Senior Vice President, People and Strategy*



**JASON DALE**  
*Chief Operating Officer*



**RUSSELL DIEZ-CANSECO**  
*President & CEO*



**KATHRYN MCKEON**  
*Chief Marketing Officer*



**PETER PAPPAS**  
*Chief Sales Officer*



**BO MEISSNER**  
*Outgoing Chief Financial Officer*



**THILO WREDE**  
*Incoming Chief Financial Officer*

Thilo Wrede will be joining in mid-March. We thank Bo for his years of service to Vital Farms.

# ETHICS AND CONDUCT

It is our duty to our stakeholders to conduct our business with the highest standards of ethical conduct. Our Code of Business Conduct and Ethics applies to all crew members, officers, and directors and addresses, among other things, legal and environmental compliance, conflicts of interest, fair dealing, and confidentiality matters. We maintain an anonymous whistleblower hotline and online reporting form that allow crew members to report suspected and actual ethical violations. Our Audit Committee discusses any whistleblower reports and responses on a quarterly basis.



# SASB DISCLOSURE

Sustainability Accounting Standards Board (SASB) standards address industry-specific, financially material sustainability topics and metrics and enable us to track changes in performance over time using globally accepted best practices for data and reporting. In the following table, we have reported in accordance with the “Meat, Poultry, & Dairy” industry standards, which we believe are most appropriate for Vital Farms’ business operations.

TOPIC	ACCOUNTING METRIC	2022 RESPONSE
GREENHOUSE GAS EMISSIONS	Gross global Scope 1 emissions	<a href="#">p. 21</a>
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and analysis of performance against those targets	<a href="#">p. 21-23</a>
ENERGY MANAGEMENT	(1) total energy consumed	16,643 GJ
	(2) Percentage grid electricity	100%
	(3) Percentage renewable	40%
WATER MANAGEMENT	(1) Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 35,046 m3; 0% withdrawn from high or extremely high baseline water stress
	(2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(2) 10, 951 m3; 0% withdrawn from high or extremely high baseline water stress
	Description of water management risks and discussion of strategies and practices to mitigate those risks	<a href="#">p. 25-31</a>
	Number of incidents of non-compliance with water quality permits, standards, and regulations	0

(Continued on next page)



TOPIC	ACCOUNTING METRIC	2022 RESPONSE
LAND USE AND ECOLOGICAL IMPACTS	Amount of animal litter and manure generated	47,248.6 tonnes
	Percentage managed according to a nutrient management plan	100%
	Percentage of pasture and grazing land managed to NRCS conservation plan criteria	100%
	Animal protein production from concentrated animal feed operations (CAFOs)	0 tonnes
FOOD SAFETY	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate (a) major and (b) minor non-conformances	(a) 0 (b) 6
	(2) associated corrective action rate for (a) major and (b) minor non-conformances	(a) 0 (b) 1
	Percentage of supplier facilities certified to a GFSI food safety certification program	100%
	Number of recalls issued	0
	Total weight of products recalled	0 tonnes
	Discussion of markets that ban imports of the entity's products	This is not applicable to Vital Farms' business because we do not export our products.
ANTIBIOTIC USE IN ANIMAL PRODUCTION	Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type	(1) 0% (2) 0%

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TOPIC	ACCOUNTING METRIC	2022 RESPONSE
WORKFORCE HEALTH AND SAFETY	Total recordable incident rate (TRIR)	7.0
	Fatality rate	0
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions	This is not applicable to Vital Farms' business.
ANIMAL CARE AND WELFARE	Percentage of pork produced without use of gestation crates	This is not applicable to Vital Farms' business because we do not produce pork products.
	Percentage of cage-free shell egg sales	100%
	Percentage of production certified to a third-party animal welfare standard	100%
ENVIRONMENTAL AND SOCIAL IMPACTS OF ANIMAL SUPPLY CHAIN	Percentage of livestock from suppliers implementing NRCS conservation plan criteria or equivalent	100%
	Percentage of supplier and contract production facilities verified to meet animal welfare standards	100%
ANIMAL AND FEED SOURCING	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	15%
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	16%
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	<a href="#">p. 28-31, 54</a>
ACTIVITY METRICS	Number of processing facilities	1 egg processing facility, Egg Central Station (ECS) in Springfield, Missouri
	Animal protein production by category; percentage outsourced	Egg production represents more than 90% of our business. The remaining is butter production.



The Task Force on Climate-related Financial Disclosures (TCFD) provides climate-related financial disclosure recommendations in four areas: governance, strategy, risk management, and metrics and targets.

DISCLOSURE	RESPONSE
<p><b>GOVERNANCE</b></p> <p>a) Describe the board's oversight of climate-related risks and opportunities</p>	<p>Vital Farms' Board of Directors considers climate-related risks and opportunities as a part of its overall management and oversight of the company.</p> <p>Oversight of Environmental, Social, and Governance (ESG) activities is managed by the Nominating and Corporate Governance Committee of the Board of Directors and is reflected in this Committee's Charter. This Committee oversees the strategy, initiatives, and reporting related to ESG, including environmental initiatives and progress in meeting environmental goals. This Committee also oversees our <a href="#">Environmental Policy</a>.</p> <p>The Audit Committee of the Board of Directors has oversight of the Company's risk assessment and management, which includes climate-related risk. A report on the Company's ESG efforts is provided to the full Board of Directors annually, most recently in November 2022.</p> <p><a href="#">Governance Structure – p. 64</a></p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p><a href="#">Governance Structure – p. 64</a></p>

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DISCLOSURE	RESPONSE
<p><b>STRATEGY</b></p> <p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p><u>Approach – p. 16</u></p> <p><b>RISKS</b></p> <p><b>DIRECT OPERATIONS:</b> Climate change may increase the frequency and severity of natural disasters such as tornadoes and floods. This may cause disruptions to production and our ability to operate our facilities.</p> <p><b>SUPPLY CHAIN:</b> We rely on a network of family farms to supply us with eggs. These farms are located in a region that provides an environment conducive to year-round raising of chickens. Heat stress caused by rising global temperatures and water stress caused by drought create more challenging environments for animals, and climate change increases risk of infectious diseases. These risks may have significant negative impacts on animal productivity, our farmers, and thus, our ability to produce our products.</p> <p><b>FEED:</b> Corn and soy, which Vital Farms and our farmers rely on for feed, are vulnerable to adverse weather conditions and natural disasters. The occurrence and severity of such events may result in increased prices.</p> <p><b>REPUTATION:</b> Vital Farms is subject to risks related to heightened stakeholder focus on sustainability and corporate social responsibility. If we fail to meet the goals and standards we set for ourselves or the expectations of investors and other stakeholders with respect to ESG issues, our reputation and brand image could be damaged.</p> <p><b>OPPORTUNITIES</b></p> <p><b>DIRECT OPERATIONS:</b> With the price of fossil fuels projected to increase, Vital Farms has the opportunity to improve energy and resource efficiency at our facilities and invest in renewable energy projects.</p> <p><b>SUPPLY CHAIN:</b> We have the opportunity to engage our farmers and suppliers in meaningful strategies to reduce environmental impacts.</p> <p><b>PRODUCTS:</b> Vital Farms’ products occupy a competitive position within the landscape of shifting consumer preferences for more sustainable food with increased traceability.</p> <p><b>REPUTATION:</b> Vital Farms’ mission, Conscious Capitalism approach, and commitment to transparency each align with growing stakeholder interest in significant issues connected to animal farming, climate change, and resource conservation.</p>

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DISCLOSURE	RESPONSE
STRATEGY, CONT'D.	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p> <p><u>Environment — p. 21-29</u> <u>Our Farmers — p. 53</u></p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different future climate scenarios</p> <p>As a B Corp-certified food company that has been practicing Conscious Capitalism since our founding, we are acutely aware of the impact climate change can have on our business and each of our stakeholder groups, one of which is the environment.</p> <p><u>Environment — p. 21-20</u> <u>Our Farmers — p. 53</u></p>
RISK MANAGEMENT	<p>a) Describe the organization's processes for identifying and assessing climate-related risks</p> <p>Vital Farms understands the need to address climate-related risks and address them appropriately. As such, the organization identifies and assesses climate-related risks on an ongoing basis, monitoring and prioritizing action based on the risk's potential impact to business continuity and likelihood of occurrence.</p> <p><u>Environment — p. 23, 28-29</u></p>
	<p>b) Describe the organization's processes for managing climate-related risks</p> <p>The climate risk assessment and GHG inventory have both informed setting climate-related goals to appropriately address those risks.</p>
	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p> <p>As with other organizational risks, climate-related risks are addressed by day-to-day risk management procedures implemented by the company's officers and subject to oversight by the Board of Directors and its committees. On a quarterly basis, a committee of the company's officers meets to ensure that material risks affecting our business have been appropriately identified and assessed. Such risks (and any quarter-to-quarter changes) are reported to the company's Audit Committee, which oversees the risk management and assessment. As Vital Farms continues to build more formal processes to identify, assess, and monitor our company's risks, climate risks will be integrated into overall Vital Farms risk management processes.</p>

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DISCLOSURE	RESPONSE
<p><b>METRICS &amp; TARGETS</b></p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p><u><a href="#">Our Goals - p. 17-18</a></u></p>
	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions and the related risks</p> <p><u><a href="#">Greenhouse Gas Emissions — p. 21-23</a></u></p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p> <p><u><a href="#">Our Goals — p. 17-18</a></u></p>

# FORWARD-LOOKING STATEMENTS

This report contains “forward-looking” statements, as that term is defined under federal securities laws in the United States, including but not limited to statements regarding our growth potential and plans, our environmental, social, and governance (ESG) goals or targets, and our expectations regarding our future operating and business environment. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations or financial condition, business strategies, goals, initiatives, commitments and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements are subject to substantial risks, uncertainties, assumptions, and changes in circumstances that may cause actual results, performance, or achievements (including achievement of our ESG goals or targets) to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include but are not limited to those risks described in our filings

with the Securities and Exchange Commission (SEC), including in the sections entitled “Risk Factors” in our latest annual report on Form 10-K and our quarterly reports on Form 10-Q, and in our other filings and reports that we may file from time to time with the SEC, which can be found on <https://investors.vitalfarms.com/>. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual performance and results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent managements’ assumptions, expectations, and beliefs only as of the date of this report. We disclaim any obligation to update forward-looking statements except as required by law.

We utilize materiality to describe issues relating to certain sustainability and ESG matters that we consider to be impactful to our business and important to our stakeholders. Certain of our sustainability and ESG disclosures are included in our annual and quarterly

reports filed with the SEC, our proxy statement, and this report. The “materiality” thresholds for purposes of this report may differ from the concept of “materiality” for purposes of federal securities laws and disclosures required by the SEC rules in our filings with the SEC. The inclusion of sustainability and ESG disclosures (including identification of climate-related risks) in this report does not necessarily mean or imply that we consider such disclosures and risks to be material for purposes of applicable federal securities laws or SEC rules and regulations.

# NON-GAAP FINANCIAL MEASURE DISCLOSURES

In this report, we use certain non-GAAP financial measures, including Adjusted EBITDA. We report our financial results in accordance with GAAP. However, our management believes that Adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our performance.

Adjusted EBITDA is a financial measure that is not required by or presented in accordance with GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

We calculate Adjusted EBITDA as net income, adjusted to exclude: (1) depreciation and amortization; (2) stock-based compensation expense; (3) costs related to the discontinuation of our convenient breakfast product line; (4) costs related to the dissolution of the Ovabrite, Inc. variable interest entity; (5) benefit or provision for income

taxes, as applicable; (6) interest expense; (7) change in fair value of contingent consideration; and (8) interest income.

Adjusted EBITDA measurements in this report are presented for supplemental informational purposes only, have limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does not properly reflect capital commitments to be paid in the future; (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures; (3) it does not consider the impact of stock-based compensation expense; (4) it does include the costs related to the discontinuation of our convenient breakfast product line; (5) it does not reflect costs related to the dissolution of Ovabrite, Inc.; (6) it does not reflect other non-operating expenses, including interest expense; (7) it does not consider the impact of any contingent consideration liability valuation adjustments; and (8) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should

consider Adjusted EBITDA alongside other financial measures, including our net income and other results stated in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure stated in accordance with GAAP, for the periods presented in this report:

	52-WEEKS ENDED				
(\$ THOUSANDS)	25-DEC-22	26-DEC-21	27-DEC-20	29-DEC-19	30-DEC-18
<b>Net income</b>	<b>\$ 1,230</b>	<b>\$ 2,382</b>	<b>\$ 8,884</b>	<b>\$ 3,312</b>	<b>\$ 5,629</b>
Depreciation and amortization	5,761	3,540	2,550	1,921	1,437
(Benefit)/Provision for income tax	1,601	(2,028)	2,770	1,106	723
Stock-based compensation expense	6,040	4,440	2,509	1,029	600
Interest expense	114	52	488	349	424
Change in fair value of contingent consideration <sup>1</sup>	19	44	(333)	70	92
Interest income	(992)	(381)	(97)	(181)	(9)
Net litigation settlement gain <sup>2</sup>	-	-	(20)	(1,200)	(1,000)
Dissolution of Ovabrite, Inc.	122	-	-	-	-
Costs related to our exit of the convenient breakfast product line	2,341	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 16,236</b>	<b>8,049</b>	<b>16,751</b>	<b>6,406</b>	<b>7,896</b>
Net Income as a % of Net Revenues	0.3%	0.9%	4.1%	2.4%	5.3%
<b>Adjusted EBITDA Margin</b>	<b>4.5%</b>	<b>3.1%</b>	<b>7.8%</b>	<b>4.6%</b>	<b>7.4%</b>

<sup>1</sup> Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs.

<sup>2</sup> For the year ended December 29, 2019, amount reflects a gain in connection with the settlement of the Ovabrite lawsuit.





Vital Farms

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