



SUSTAINABILITY

2019/2020 REPORT

Flowers Foods is committed to applying sustainability principles to all aspects of its business.



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About this
Report

CEO'S MESSAGE



“

By collaborating with stakeholders, including team members, business partners, suppliers, and customers, we've become a more sustainable company.

At Flowers Foods, we understand consumers care about where their food comes from and how it's made. Our leading brands and delicious bakery foods are made with a commitment to operating efficiently, reducing waste, and sourcing ingredients responsibly. As part of that, we recognize our responsibility to uphold the company's founding values, which for more than 100 years, have centered on working ethically, responsibly, and with integrity. We also look for ways to make a positive difference at work and in our communities.

By collaborating with stakeholders, including team members, business partners, suppliers, and customers, we've become a more sustainable company. We're excited to share the progress we've made toward achieving Flowers' 2025 goals:

- **Invested in energy-efficient upgrades.** Flowers continues to find new ways to integrate energy efficiency into the business. For example, we incorporated energy efficiency into the design of a recent line addition at the Suwanee, Georgia bakery. Fifteen Flowers bakeries achieved U.S. Environmental Protection Agency (EPA) ENERGY STAR Certification in 2020 in part due to these improvements.
- **Reduced waste sent to landfills.** We have strengthened our waste program and developed innovative methods to reduce and reuse at our bakeries and warehouses. In 2020, we set goals to convert all of our packaging to recyclable, reusable, or compostable materials and to increase the recycled content of our packaging by 2025.
- **We've expanded our commitment to responsible sourcing practices.** Flowers' cake bakeries maintain Roundtable on Sustainable Palm Oil (RSPO) Supply Chain Certification, building upon our pledge to source 100% RSPO-certified palm oil for all cake products.

Year after year, we've made progress against these goals, and we recognize there's still work that needs to be done as we strengthen our commitment. In these unprecedented times, our progress would not be possible without the focus and dedication of our team members.



Ryals McMullian
President and CEO
Flowers Foods

PERFORMANCE SUMMARY








SUSTAINABILITY STRATEGY

✓ Integrate sustainability into existing processes

✓ Provide support and resources for continual improvement

✓ Communicate success through multiple platforms

PROGRESS	2025 GOALS*
 -17%	Reduce greenhouse gas emissions 20% per metric ton of product
 -6%	Reduce water use 20% per metric ton of product
 91%	Achieve zero waste to landfill (98% or greater diversion) company-wide
 NEW	a. Convert 100% of packaging to recyclable/ reusable or compostable material b. Introduce 20% of recycled materials into packaging
 100%	Source 100% RSPO-certified palm oil for all cake products and achieve RSPO Supply Chain Certification for all cake bakeries

*Compared to 2015 Baseline

ABOUT FLOWERS FOODS

Flowers Foods (NYSE: FLO), founded in Thomasville, Ga., in 1919 and headquartered there, is a leading producer of packaged bakery foods in the United States with reported sales of \$4.1 billion in 2019. The company operates 46 bakery subsidiaries in 18 states and employs approximately 9,700 people.

OUR PRIMARY BRANDS:



OUR VISION

As America's premier baker, we craft foods that make people smile. We are driven by a passion to boldly grow our business through inspiring leadership, teamwork, and creativity.

OUR VALUES

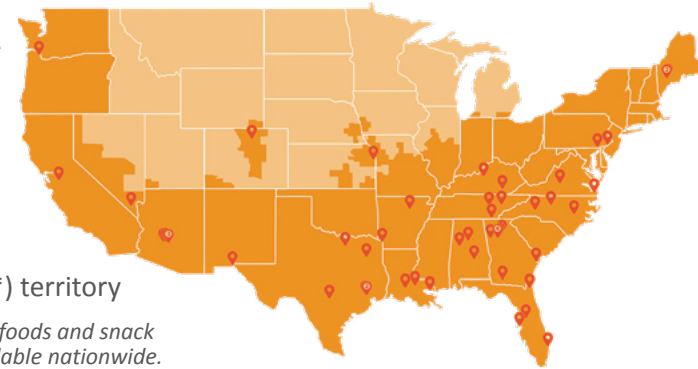
A passion for baking and our commitment to integrity, service, quality, and creativity guide all our efforts. [Read more about our Social Responsibility practices.](#)

OUR CULTURE

Always do what's right. Respect every person. Be fair. Work as a team.

Flowers recognizes that sustainability makes the company stronger, increasing profitability and enhancing shareholder value over the long term. Flowers is committed to applying sustainability processes to all aspects of its business. Working with team members, business partners, suppliers, and customers, the company strives to prevent waste of water, packaging, energy, and other resources.

WHERE OUR PRODUCTS ARE BAKED AND SOLD



 Fresh (DSD*) territory

Frozen bakery foods and snack cakes are available nationwide.

**Direct-store delivery*

[Click here for more info on Flowers Foods >>](#)

OUR STRATEGIC PRIORITIES



FOCUS ON BRANDS

Prioritize national brands, invest in brand growth and innovations, and streamline product assortment.



PRIORITIZE MARGINS

Reduce organizational and indirect costs, focus on strategic pricing and optimizing portfolio and network profitability.



SMART M&A

Seeking innovative platform brands in grain-based foods beyond fresh packaged bread and geographic expansion of growth and core brands.



DEVELOP TEAM

Enhance critical capabilities to build brands, manage costs, deliver insights, and drive execution.

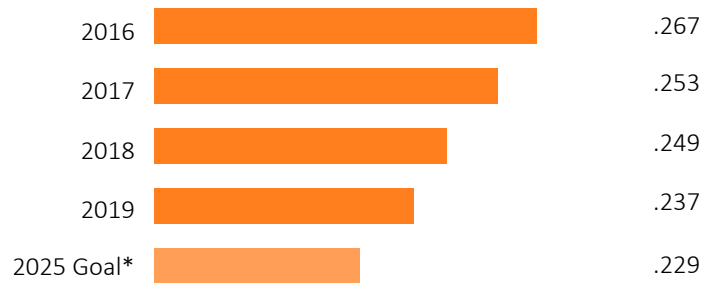


CLIMATE

Flowers recognizes that carbon dioxide and other greenhouse gases (GHG) in the atmosphere can have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. We make progress toward our emissions goal through a combination of energy awareness and efficiency upgrades.

Manufacturing Emissions Intensity

(mt CO2e/mt product)



*Compared to 2015 baseline

2025 Goal

Reduce manufacturing (GHG) emissions 20% per metric ton of product

Results

In 2019, 86% of goal achieved.

ENERGY STRATEGY



El Paso Bakery **HEAT RECOVERY**

Uses heat recovery in place of boilers to operate proof boxes. Reduces annual GHG emissions by 248 metric tons CO₂e.

1 TRACK


At all of our facilities, including bakeries, distribution centers and warehouses, Flowers team members continually track energy and emissions with an online energy management program – notifying bakery management of any unusual changes in energy consumption warranting investigation.

2 INTEGRATE

We continually look for opportunities to improve energy efficiency of operations. When upgrading equipment or installing new lines, we incorporate energy saving measures into the project.

3 SHARE

Flowers communicates best practices and recognizes energy successes to internal audiences.



Our Newton, North Carolina bakery received new LED lighting.

ENERGY INITIATIVES

FOCUS AREAS



COMPRESSED AIR



LIGHTING



HEAT RECOVERY

A large part of reducing our energy footprint comes from lighting our facilities, and we continue to find new ways to integrate more efficient lighting fixtures and practices.

Lighting

Since 2015, Flowers has completed LED lighting upgrades at 31 of its 46 bakeries. The new LED fixtures reduce energy use with the added benefit of improving lighting levels and reducing the heat in the bakeries. When renewing warehouse leases, we request LED lighting upgrades and repairs to improve the building's overall energy efficiency. We also upgraded lights to LED throughout the distribution center in Crossville, Tennessee.

Compressed Air

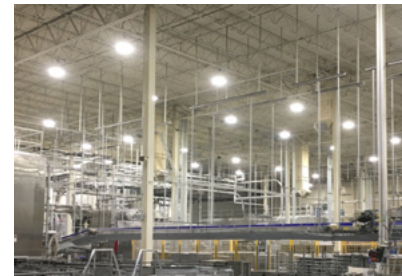
We continue to upgrade compressed air systems to increase energy efficiency. These improvements involve installing systems with variable frequency drives, redesigning piping and air nozzles, and repairing air leaks.

Heat Recovery

Flowers reuses waste heat from ovens at many locations. One bakery in Lewiston, Maine captures waste heat to heat water and warm the building and save approximately 217 metric tons of CO₂e by using heat recovery.



The Oxford, Pennsylvania bakery reuses heat generated by ovens to heat water and other areas of the facility.



The Henderson, Nevada bakery upgraded to LED lighting in 2019, one of 31 Flowers bakeries to complete the process.



The Henderson bakery also removed energy waste from its compressed air system by redesigning air nozzles.

ENERGY INITIATIVES

As we invest in our operations – whether it’s new bakeries, production lines, or upgrades to existing equipment – sustainability and predictability features are an integral part of the design process.

We consider energy usage at the start of capital projects, when planning new production lines, in order to generate significant savings. One such example is the new energy-efficient production line added to the **Suwanee, Georgia** bakery in 2020.



The production line’s new heat recovery system captures waste heat from the oven’s oxidizer to heat the proof box and tote jackets.



The line’s new pan cleaner uses an electric blower rather than compressed air to improve energy efficiency.



The Suwanee bakery has LED lighting and motion sensors in storage areas. Engineers can adjust lighting levels and on/off times remotely.

PARTNERSHIPS

Entering key partnerships to help us meet our goals.

BETTER PLANTS

In 2019, Flowers joined the U. S. Department of Energy’s (DOE) Better Plants Program, a voluntary public-private partnership to help manufacturers set long-term efficiency goals. DOE provides technical assistance, tools, and networking opportunities to help companies like Flowers meet those goals. (See more on page 17.)



Flowers’ Sustainability team attended a Better Plants Program event during 2019. Shown from left: Wei Guo, DOE advisor; Margaret Ann Marsh, Flowers’ vice president/sustainability & environmental; Thomas Riggs, Flowers’ sustainability project engineer; and Lori Driver, Flowers’ sustainability manager.





The Henderson, Nevada bakery celebrates its Energy Star Certification with a socially distanced photo.



In 2020, the Batesville, Arkansas bakery received more than \$11,600 in rebates after completing two efficiency upgrades. The bakery has completed seven energy projects since 2016, significantly reducing its annual energy usage.

RECOGNITION

ENERGY STAR CERTIFICATION



Fifteen Flowers Foods bakeries earned the EPA’s ENERGY STAR certification in 2020. More than half scored in the top 10 percent of similar U. S. facilities for energy efficiency and meeting strict EPA-established performance levels.



Bakeries that achieve ENERGY STAR certification score in the top 25 percent of all U.S. commercial bread and roll bakeries for improving energy performance through best practices and cost-effective improvements.

These are the Flowers bakeries that earned ENERGY STAR certification in 2020:

- | | | |
|--|--|--------------------------------------|
| Dave’s Killer Bread | Flowers Baking Co. of Houston | Flowers Baking Co. of Norfolk |
| Flowers Baking Co. of Batesville | Flowers Baking Co. of Lafayette | Flowers Baking Co. of Tyler |
| Flowers Baking Co. of Baton Rouge | Flowers Baking Co. of Lynchburg | Holsum Bakery of Tolleason |
| Flowers Baking Co. of El Paso | Flowers Baking Co. of Modesto | Mesa Organic Baking Co. |
| Flowers Baking Co. of Henderson | Flowers Baking Co. of New Orleans | Tuscaloosa Organic Baking Co. |

WATER STEWARDSHIP

FOCUS AREAS

BAKERIES:

Nurture a culture where sound water stewardship and operational excellence is “business as usual.”

KEY INGREDIENTS & SUPPLIERS:

Use resources, knowledge, and expertise to facilitate improvements in water stewardship within the company’s supply chain.

COMMUNITY & WATERSHEDS:

Understand water demand and discharge in relation to the conditions of communities and watersheds where Flowers bakeries operate.

Water Policy

Water is critical to the long-term health and vitality of people, communities, and ecosystems and essential to Flowers operations. We are committed to applying water stewardship principles to all aspects of our business.

Manufacturing Water Use

(m³/mt product)



*Compared to 2015 baseline



2025 Goal

Reduce water use 20% per metric ton of product

Results

In 2019, 32% of goal achieved.

WATER RISKS



Since 2016, Flowers has participated in the annual CDP Water Program, a public disclosure of the company's water use. This report provides insight for investors, customers, non-governmental organizations, and others interested in how companies manage water risks.

Water usage is essential to Flowers' direct operations as well as across our supply chain. We have identified facilities with high water risks and have taken actions to mitigate those risks.

Direct Operations

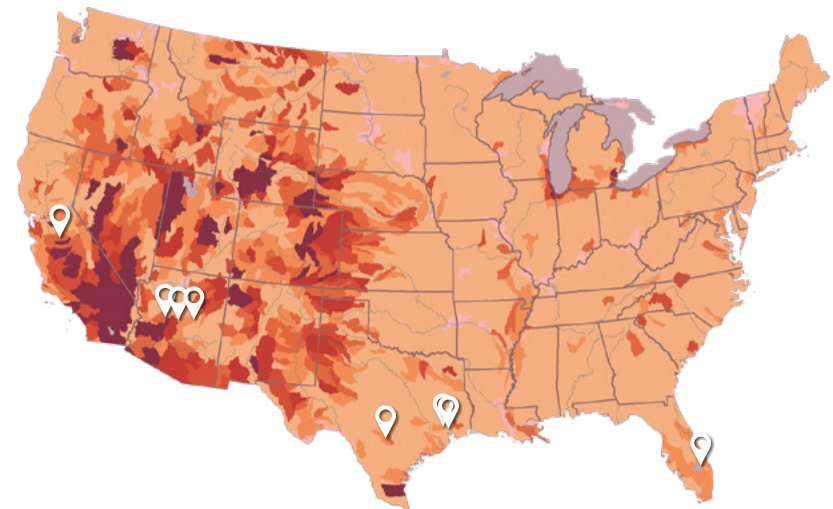
Flowers' bakeries depend on water as an ingredient and for cleaning. We evaluate current and potential water availability at bakery locations using the World Business Council for Sustainable Development's Global Water Tool (WBCSD), the World Resources Institute (WRI) Aqueduct, and a third-party consultant.

Supply Chain

Flowers analyzes water risks across the majority of its wheat and sugar growing regions. Wheat and sugar are two key commodities required for the manufacture of most Flowers products.

As a CDP Supply Chain member, we requested ingredient suppliers to respond to the CDP Water Program in 2020. These suppliers represent more than 75% of Flowers' annual ingredient spend. We will use this information to better understand potential water risks in our supply chain.

HIGH WATER RISK LOCATIONS



Using the WBCSD Global Tool, WRI Aqueduct and a third-party consultant, Flowers identified eight bakeries with high water risks.

WATER INITIATIVES

Water use is inherent in our business, but we recognize the importance of conservation and work hard to be as efficient as possible.

Monitoring

Flowers monitors monthly water consumption across all bakeries and alerts management of any unusual changes in water usage. Managers also have access to Flowers' energy management website and can regularly track their location's water consumption. Some locations take on-site meter readings to monitor water use more frequently and verify invoices.

Water Reuse

There are limited opportunities to reuse water in baking processes. When possible, we reuse water for equipment that does not come into direct contact with food products, such as cooling towers. Flowers is exploring ways to expand water metering to improve tracking and help quantify water reuse.

Training & Recognition

Flowers shares best practices through multiple communications platforms, highlighting sustainable cleaning practices, water-efficient equipment use, and water leak identification. Flower's 2019 Pinnacle Awards program recognized bakeries that reduced water intensity by 8% or more compared to their 2015 baseline.



Flowers' 2019 Pinnacle Awards, the company's annual performance program, recognized bakeries that reduced water withdrawals by 8% or more compared to their 2015 baseline.

WASTE & RECYCLING

Improving our recycling initiatives is central to our overall waste reduction. In 2019, Flowers took on the management of waste and recycling services across all bakeries, warehouses, and thrift stores. Through this transition, we have gained insight into our waste operations and identified additional opportunities for diversion.

WASTE to ENERGY PROGRAMS

Several bakeries achieved Zero Waste to Landfill status by partnering with waste-to-energy vendors.



Last year, our Bradenton and Lakeland bakeries in Florida partnered with a new waste-to-energy company. Each bakery now diverts over 100 tons of waste from landfill.

Company-wide Diversion Rate



*Compared to 2015 baseline

Flowers' Sustainability team provides the following waste/recycling support

- Virtual dumpster surveys
- Site-specific best practices and solutions
- On-demand training on material handling
- Equipment technical support
- Reporting of bakeries' waste streams and costs

2025 Goal

Achieve zero waste to landfill company-wide (98% or greater diversion of waste from landfill)

Results

In 2019, 93% of goal achieved.

RECYCLING INITIATIVES

The Batesville, Arkansas and Jamestown, North Carolina

bakeries reduced landfill costs and increased their diversion rates by transporting cardboard waste from warehouses to the bakery for recycling.



The Batesville Green team launched a backhaul program. Members included representatives from engineering, production and shipping departments.

Flowers partners with external organizations to reduce waste and make donations.

Site Assessments

Flowers conducts site assessments to identify potential recycling savings and improvements. As a result, we have invested in waste equipment, such as balers and compactors, to improve recycling efforts at several bakeries.

Special Recycling Programs

In 2020, we launched a company-wide battery recycling program and expanded our ink and cartridge recycling program to all locations. The program provides containers with pre-paid shipping labels. Once containers are filled and properly packaged, they are mailed to the vendor for recycling. We donate proceeds to local charities.

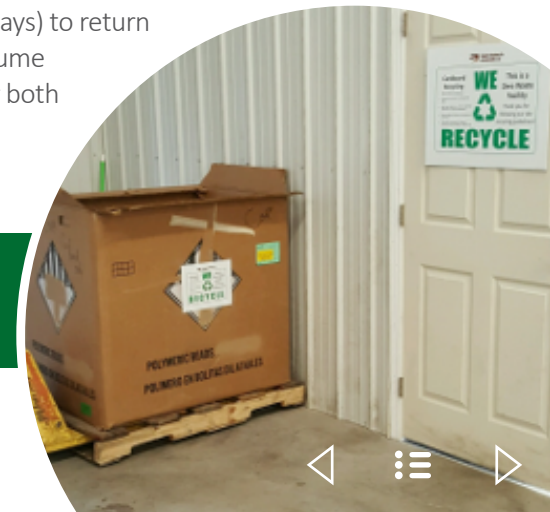
Compactor Monitors

Flowers installed compactor monitors at many bakeries. The monitors automatically notify waste haulers when a pickup is needed. These devices provide intelligent monitoring and maximize container capacity to reduce the number of hauls.

Logistics (Backhauls)

Some Flowers warehouses and distribution centers utilize existing routes (relays) to return cardboard and stale to central locations for collection and baling. At high-volume warehouses and distribution centers, we installed bulk collection systems for both cardboard and stale from the market.

The Suwanee, Georgia bakery recycles gaylord boxes (see photo at right) by sending them to other bakeries needing recycling containers.





10X20X30 FOOD WASTE REDUCTION INITIATIVE

In September 2020, Flowers joined the 10x20x30 food waste initiative led by a group of the world’s biggest food retailers and providers. The program offers training and technical assistance to help suppliers reduce food loss and waste in their operations.

PARTNERSHIPS

WASTE REDUCTION PILOT PROGRAM

Flowers participates in a waste reduction pilot with the DOE’s 20 other Better Plants partners. Flowers works with this group to collectively set, track, and meet waste reduction goals. The pilot will help determine how to expand the program to support other DOE partners.



FOOD DONATIONS

To avoid food waste, Flowers bakeries partner with Feeding America and independent food banks, soup kitchens, and other organizations that provide food to the needy, donating unsold bakery foods. In 2019, we donated a total of \$10.2 million in bakery foods toward this effort. Flowers Foods is a Mission Partner of Feeding America.



Flowers operates thrift stores that sell product to the local community at discounted rates.

PACKAGING

Flowers looks for ways to improve the sustainability of our packaging and limit the amount of materials used to package our products. Most packaging is made of recycled or recyclable materials.

Flowers' bread bags are made of 100% recyclable low-density polyethylene plastic and the gauge of the plastic and size of the bags have been reduced to minimize plastic waste. Approximately 65% of folding cartons used for snack cakes are made from recycled materials. In addition, polystyrene trays for cake items are Polyethylene terephthalate (PET), a form of resin that is fully recyclable.



MADE
of
100%
RECYCLABLE
LOW-DENSITY
POLYETHYLENE
PLASTIC

2025 TARGETS

- ① Convert all packaging to recyclable, reusable, or compostable materials
- ② Introduce 20% of recycled materials into packaging



LOGISTICS

Through the direct-store delivery (DSD) network, Flowers ships fresh bakery foods from bakeries to warehouses where it is picked up by independent distributor partners for delivery to retail and foodservice customers. DSD bakery's products ultimately reach customers located within approximately 250 miles of the bakery.

When Flowers serves markets farther from its bakeries, the sustainability and logistics teams look for ways to reduce the company's carbon footprint of this greater travel distance. One solution is to ship product by rail, especially to the West Coast. Over the past few years, Flowers has diverted more than 1 million miles of truck transport to rail.

The Benefit of Backhauls

In 2018, Flowers launched a company-wide pallet reuse program. Several bakeries use Grade A pallets to ship products to customers. To reduce waste and costs, bakeries send extra pallets from ingredients and packaging shipments to plants needing them for existing backhauls. Over the past three years, Flowers has reused over 150,000 pallets internally.



SASB INDEX

The disclosures in this report are informed by the recommendations of the Sustainability Accounting Standards Board (SASB) Processed Foods standard. SASB is an independent, standards-setting organization dedicated to improving the effectiveness and comparability of corporate disclosures on environmental, social and governance factors.

Topic and Accounting Metric	Code	Selective Disclosure
Energy Management		
Total Energy Consumed	FB-PF-130a.1	2019: 4,247,739 MMBtu
		2018: 4,270,474 MMBtu
Water Management		
Total Water Withdrawn	FB-PF-140a.1	2019: 1,995,548 m ³
		2018: 2,001,360 m ³
Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-PF-140a.3	See pages 12-14
Packaging Lifecycle Management		
Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	FB-PF-410a.2	See page 18
Ingredient Sourcing		
List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	FB-PF-440a.2	See Water Risks – Supply Chain, page 13
Activity Metric		
Number of production facilities	FB-PF-000.B	46

2019 SUSTAINABILITY SCORECARD

Energy Consumption	2015	2016	2017	2018	2019
Manufacturing (MMBtu)	4,032,476	4,029,732	3,907,907	3,860,093	3,860,430
Manufacturing (MMBtu/mt product)	2.91	2.86	2.74	2.76	2.80
Company-wide (MMBtu)	4,416,070	4,395,642	4,220,081	4,270,474	4,247,739
Green House Gas Emissions	2015	2016	2017	2018	2019
Scope 1 Emissions					
Manufacturing (mt CO ₂ e)	183,035	171,765	162,631	168,684	168,283
Manufacturing (mt CO ₂ e/mt product)	0.132	0.122	0.114	0.121	0.122
Company-wide (mt CO ₂ e)	194,551	179,853	171,849	183,615	182,475
Scope 2 Emissions					
Manufacturing (mt CO ₂ e)	215,365	204,801	198,652	178,734	158,460
Manufacturing (mt CO ₂ e/mt product)	0.154	0.145	0.139	0.128	0.115
Company-wide (mt CO ₂ e)	242,107	229,132	221,556	199,031	176,769
Water Withdrawal	2015	2016	2017	2018	2019
Manufacturing (m ³)	1,883,720	1,920,540	1,758,687	1,797,848	1,762,030
Manufacturing (m ³ /mt product)	1.36	1.36	1.23	1.29	1.28
Company-wide (m ³)	2,103,040	2,131,682	2,312,843	2,001,360	1,995,548
Waste & Recycling	2015	2016	2017	2018	2019
Manufacturing Waste (mt)	8,823	8,758	8,327	8,684	7,140
Company-wide Waste (mt)	17,875	18,777	18,200	18,217	18,219
Manufacturing Diversion Rate (%)	94.5%	94.9%	95.1%	95.2%	96.1%
Company-Wide Diversion Rate	89.7%	89.9%	90.1%	91.1%	91.4%

Manufacturing values include all locations that manufacture product. Company-wide values include warehouses, thrift stores, and corporate and sales offices, in addition to all manufacturing locations.
 MMBtu = One million British thermal units mt = metric tons m³ = cubic meters

ABOUT THIS REPORT

VERIFICATION

Information in this report was analyzed by internal departments but was not independently verified. Data was collected using external energy management programs, SAP, and manual data entry. Proxy data was used rarely, and only when results were skewed due to individual meter failures.

CONTACT

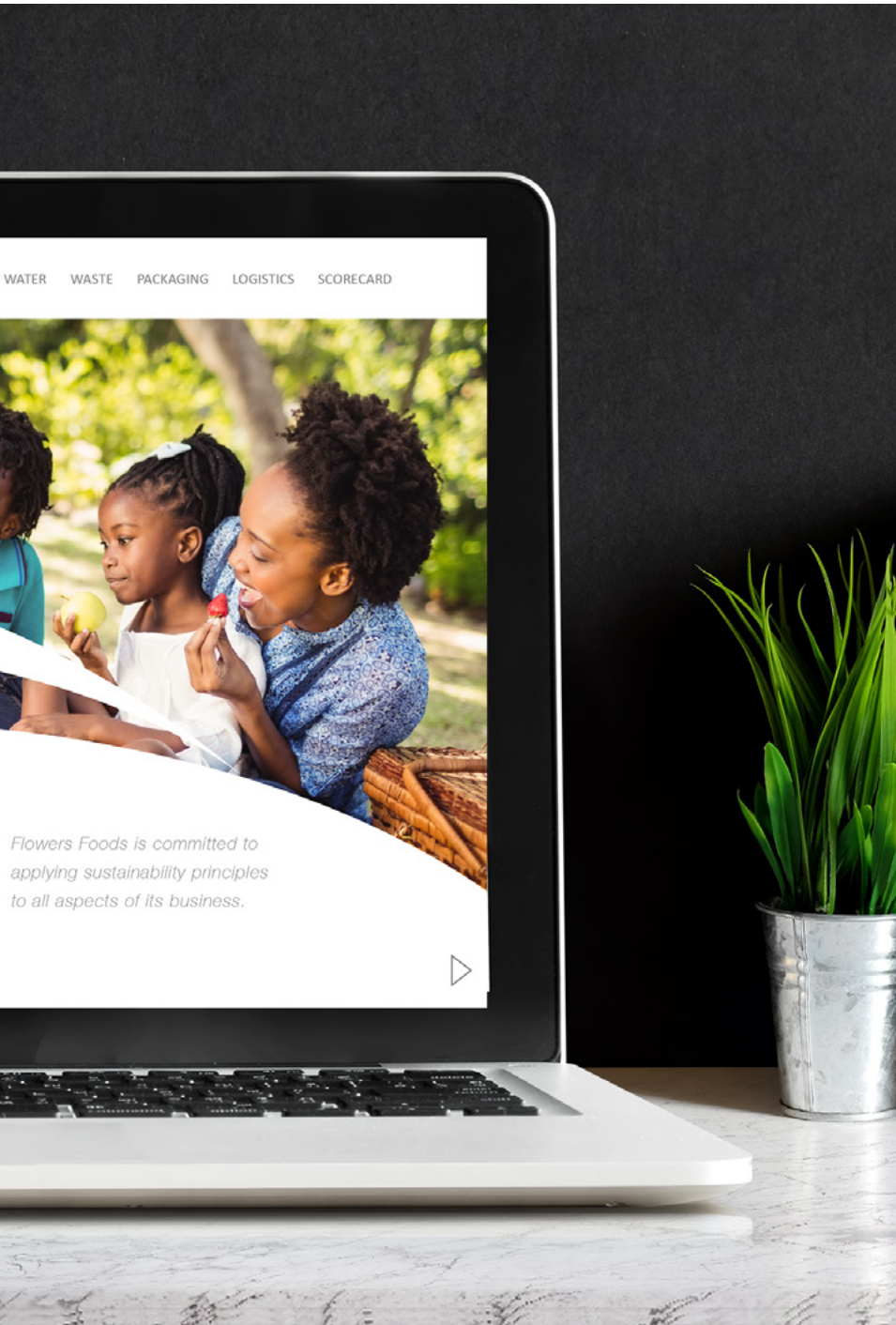
Please direct questions regarding this report to:

Margaret Ann Marsh

VP, Environmental and Sustainability

Flowers Foods

[Email me >](#)



FORWARD-LOOKING STATEMENT

Statements contained in this report are not historical facts and are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to current expectations regarding our future financial condition, performance, and results of operations, planned capital expenditures, long-term objectives of management, supply and demand, pricing trends and market forces, and integration plans that are often identified by the use of words and phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “would,” “is likely to,” “is expected to” or “will continue,” or the negative of these terms or other comparable terminology. All forward-looking statements are based upon assumptions we believe are reasonable.

Forward-looking statements are based on current information and are subject to risks and uncertainties that could cause our actual results to differ from those projected. Other factors that may cause actual results to differ from the forward-looking statements contained in this report and that may affect the company’s prospects in general include, but are not limited to: (a) competitive conditions in the baked foods industry, including promotional and price competition, (b) changes in consumer demand for our products, including changes in consumer behavior, trends and preferences, including health and whole grain trends, and the movement toward more inexpensive store-branded products, (c) the success of productivity improvements and new product introductions, (d) a significant reduction in business with any of our major customers including a reduction from adverse developments in any of our customer’s business, (e) fluctuations in

commodity pricing, (f) energy and raw material costs and availability and hedging and counterparty risk, (g) our ability to fully integrate recent acquisitions into our business, (h) our ability to achieve cash flow from capital expenditures and acquisitions and the availability of new acquisitions that build shareholder value, (i) consolidation within the baking industry and related industries, (j) disruptions in our direct-store delivery system, including litigation or an adverse ruling from a court or regulatory or government body that could affect the independent contractor classification of our independent distributors, and (k) the failure of our information technology systems to perform adequately, including any interruptions, intrusions or security breaches of such systems. The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the company, including the risk factors included in our most recently filed Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) and disclosures made in other filings with the SEC and company press releases, for other factors that may cause actual results to differ materially from those projected by the company.

We caution you not to place undue reliance on forward-looking statements, as they speak only as of the date made and are inherently uncertain. The company undertakes no obligation to publicly revise or update such statements, except as required by law.

Learn more about Flowers Foods at flowersfoods.com.