



Cracker Barrel
OLD COUNTRY STORE

2019

CORPORATE SOCIAL RESPONSIBILITY REPORT



Sandy Cochran, President & CEO

Sandy B Cochran

WELCOME TO CRACKER BARREL

Five decades ago, our founder Danny Evins had a vision to build an old country store to share with travelers on the road and families from nearby. Fast-forward to today and you'll find that Cracker Barrel Old Country Store is a strong and growing business, grounded by a clear mission of Pleasing People.

Back in the day, country stores were a gathering place for many communities; somewhere folks could catch up on the news, local events, and their neighbors' lives. Country stores were complete with "cracker barrels" that were used to ship soda crackers, so they wouldn't break in transit. After the crackers had been sold, the barrels were used as makeshift tables. Visitors to the stores would sit around the barrel-tables chatting and catching up on the day's news. We like to think of that as early upcycling.

Since 1969, our company has taken pride in Pleasing People. Our commitment to Corporate Social Responsibility (CSR) also reflects this Mission. We are pleased to serve people in the communities in which we do business by directing charitable donations to worthy nonprofits across the country. We are pleased to serve our shareholders by setting high standards for sound corporate governance, and we are pleased to serve as good stewards of the environment through our sustainability initiatives.

Our Board of Directors takes CSR seriously. In addition to the committees that public companies are required to have, Cracker Barrel Old Country Store's Board of Directors has established a Public Responsibility Committee (PRC) that assesses the social, political, environmental, and public policy aspects of Cracker Barrel's business. The PRC helps us review our progress toward diversity goals and the creation of an inclusive and respectful corporate culture. The PRC also oversees our corporate giving initiatives across the country.

In this report, we are striving to offer transparency to our guests, shareholders, and employees about our CSR initiatives. We are more advanced in some areas, and have room for growth in others. We are just starting our sustainability journey, for example, and opportunities remain. We have organized our reporting efforts around four key pillars: Community Engagement, Diversity, Sustainability, and Workforce Development.

We are proud of how we do business, and we are pleased to share our initiatives with you. On this 50th anniversary, we are pleased to share Cracker Barrel's first-ever CSR report.

Community Engagement

Our mission of Pleasing People drives our passion for helping people in the neighborhoods where we do business, and we are Pleased to Serve™ communities across the country by donating to nonprofits that help those in need.

The Cracker Barrel Old Country Store Foundation has awarded millions of dollars in grant funding and scholarships over more than 25 years, while the company itself annually donates both monetary funds and in-kind goods to charitable organizations across the nation.

Our main philanthropic focus is supporting members of America's armed forces and their families. Both Cracker Barrel and the Cracker Barrel Old Country Store Foundation support several military-focused nonprofits and charitable initiatives.

- In 2016, Cracker Barrel selected Operation Homefront as our flagship national nonprofit military partner, and we have since donated more than \$1.4 million in financial support and goods to this organization, whose mission is to build strong, stable, and secure military families so they can thrive - and not simply struggle to get by - in the communities they worked so hard to protect.

- In addition, we provide grant funding to the USO, Fisher House Foundation, Special Operations Warrior Foundation, and The Legion Fund, among others.

Where appropriate, Cracker Barrel seeks to engage our guests and our employees in supporting nonprofits that help military families. One of our most effective campaigns was Operation Rocker, a buy-one-give-one campaign that resulted in the donation of more than 3,000 of our iconic wood rockers to military families.

Cracker Barrel also spearheads grassroots efforts to build stronger ties between stores and our local communities, such as localized fundraising days where a percent of sales are donated to a local charity, and Home Office fundraising teams that benefit local Tennessee charities.



IN 2019, CRACKER BARREL'S FOUNDATION AWARDED MORE THAN \$250,000 IN GRANT FUNDING TO NUMEROUS ORGANIZATIONS, INCLUDING THE ESTABLISHMENT OF AN ENDOWED SCHOLARSHIP AT VANDERBILT UNIVERSITY'S OWEN GRADUATE SCHOOL OF MANAGEMENT, WHICH WILL HELP UNDERWRITE THE TUITION OF VETERANS SEEKING THEIR MBA.



Over the past three years, Cracker Barrel donated Easter meals to 10,000 military family members through our annual Easter Heat n' Serve meals donation program.

CRACKER BARREL IS UNIQUE IN THE RESTAURANT INDUSTRY IN OFFERING A DISTINCTIVE RETAIL EXPERIENCE FOR OUR GUESTS. CRACKER BARREL DONATES RETAIL SAMPLES TO THE COMMUNITY RESOURCE CENTER OF NASHVILLE TO, IN TURN, DISTRIBUTE TO NONPROFITS ACROSS MIDDLE TENNESSEE.

Diversity & Inclusion

At Cracker Barrel, we value what everyone brings to the table. The ideals of fairness, mutual respect, and equal opportunity for all people are at the core of our corporate culture and the driving force behind everything we do. Cracker Barrel has a zero-tolerance policy for discriminatory treatment or harassment of any sort.



Across the company we strive to recruit, develop, and retain a high performance workforce that reflects the communities we serve. Cracker Barrel's commitment to gender and ethnic diversity is evident at the highest levels of leadership. The company's Executive Team is 50% female, including both the company's CEO and CFO, and our Board of directors is 30% diverse.

DIVERSITY TRAINING

Cracker Barrel is committed to promoting diversity and inclusion in our workforce. We provide training that presents diversity and inclusion in a broader context, builds awareness, and teaches competencies (e.g. cultural, generational, etc.) and behaviors on to how to create a more inclusive and welcoming workplace for both employees and guests regardless of differences.

CRACKER BARREL CONTINUES TO MAKE STRIDES IN INCREASING OUR HUMAN RIGHTS CAMPAIGN CORPORATE EQUALITY INDEX (HRC CEI). AS OF 2019 WE ACHIEVED A SCORE OF 80, A 20 POINT INCREASE OVER 2018.



In 2019, Cracker Barrel was the title sponsor of the inaugural Houston, TX, "National Battle of the Bands." One of the event's goals was to enhance the exposure of Historically Black Colleges and Universities (HBCUs) and their marching bands, and the roles they play in educating aspiring musicians and developing our future leaders. The event also generated scholarship funds for the participating colleges and universities, of which \$80,000 was donated by Cracker Barrel.

SUPPLIER DIVERSITY

We recognize the importance of diversity and believe it is a key ingredient in fostering long term economic growth in the local communities in which we operate. We leverage a supplier diversity program to better understand and serve our diverse markets, with the belief that our inclusive strategies will ultimately create value - for our guests, our company, our shareholders, and our suppliers. Our supplier diversity program provides an equal opportunity to compete for our business, regardless of race, national origin, mental or physical disability, gender, sexual orientation, or gender identity. In Fiscal 2019, we spent over \$18 million with qualified diverse suppliers.



We value what
EVERYONE
BRINGS TO THE TABLE.



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This year, Cracker Barrel launched “Five Decades, One Voice,” a program to celebrate iconic female country music artists and shine a spotlight on those following in their footsteps. With radio airtime for female country artists at an all-time low, Cracker Barrel used its 50th anniversary as a moment to recognize women in country music and lend a voice to help elevate this group of inspirational artists.

Sustainability

ENVIRONMENTAL STEWARDSHIP

In 2018, Cracker Barrel joined the Restaurant Roundtable for Sustainability (RRS), a collaborative, pre-competitive platform for restaurant and foodservice industry players to address shared challenges and to develop commercially viable solutions and strategies that enhance the sustainability of their operations and supply chains. The RRS helps enable restaurant and foodservice companies to identify, understand, and prioritize shared solutions for emerging sustainability issues through a discussion-based, shared learning forum. This consortium is managed by BSR, a global nonprofit organization that assists in helping to drive broad-reaching outcomes and impacts that create social and commercial value.

ENERGY & WATER CONSERVATION

Cracker Barrel evaluates and assesses our energy and water use to assist us in reducing our impact on the environment while also helping to achieve cost savings. Cracker Barrel strives to invest in processes and equipment that will help streamline and reduce our consumption of energy and water.

Our building designs incorporate features that increase energy efficiency, including window tinting, shades, window awnings, insulation, and economizers on HVAC units. Even our iconic covered front porches help to conserve energy.

Our new store locations have been outfitted with high-efficiency water heaters since the early 2000s, and in 2019, we began replacing outdated water heaters with high-efficiency versions across all existing locations. We are upgrading our water heaters at a rate of approximately 75 a year, with 200 stores currently featuring a high-efficiency unit.

Cracker Barrel has launched several initiatives to achieve better water conservation, including aerators, high temperature dishwashers, and - most recently - installing multiple heated utensil warmers across all of our stores.

Cracker Barrel is also investigating new ways to save water and energy. We are currently testing a new automated ventilation system and are studying how to better control the temperature gauge in freezer walk-ins with a test pilot in 50 stores.



KEY CONSERVATION STATS

Electricity:

Cracker Barrel's per store electricity usage has fallen over 14% over the last 10 years. Even though Cracker Barrel's store footprint has grown 12% over the past 10 years, total electricity usage for the company is down 3.7%.

Natural Gas/Propane:

Cracker Barrel's per store gas usage has fallen over 13% over the last 10 years. Even though Cracker Barrel's store footprint has grown 12% over the past 10 years, total gas usage for the company is down 2.5%.

Water:

Cracker Barrel's per store water usage has fallen over 13% over the last 10 years. Even though Cracker Barrel's store footprint has grown 12% over the past 10 years, total water usage for the company is down 3%.

ANIMAL WELFARE

At Cracker Barrel, we pay close attention to animal welfare issues that impact the restaurant side of our business, and we encourage our suppliers to lead the way in adopting responsible animal welfare practices. Our internal compliance processes are used to verify that our strategic sourcing suppliers exercise humane treatment of animals and proper animal handling procedures. Preference is given to suppliers that meet - or exceed - the animal welfare standards set forth by the following organizations:

- United Egg Producers
- National Chicken Council
- National Pork Producers Council
- National Cattlemen's Beef Association

CRACKER BARREL IS COMMITTED TO TRANSITIONING 100% OF OUR GRADE A EGG SUPPLY TO BE CAGE-FREE BY 2026. WE ALSO SOURCE ALL OF OUR BEEF, PORK, AND POULTRY DOMESTICALLY, WHICH ALLOWS GREATER VISIBILITY INTO OUR SUPPLIERS' ANIMAL WELFARE PRACTICES.

Our farm-raised trout, catfish, and shrimp come from seafood suppliers that follow sustainable aquaculture practices. Our wild-caught haddock and cod suppliers adhere to sustainable fishing practices that respect established quotas, minimize damage to the habitat and non-target species, and reject poaching and over-fishing.

We require that animals used in food production for Cracker Barrel are not routinely given antibiotics, but only under veterinary care for the treatment of sickness or to control outbreak of disease. Cracker Barrel's poultry suppliers estimate that less than 5% of their flocks are given antibiotics. Suppliers confirm that if an animal is given antibiotics, that animal will only be processed after a predetermined amount of time, allowing for the antibiotics to pass through the animal's system.

The Restaurant Roundtable for Sustainability (RSS), to which we belong, supports many different sustainable seafood standards, initiatives, and certification schemes. The RSS has established a set of seafood sustainability principles that we will use to collectively influence positive change in our shared supply chains. To review the RSS seafood principles, please [click here](#). Or you can visit www.bsr.org/rss to learn more.

MANAGING WASTE

As a restaurant company, limiting food waste is an integral part of our business. We routinely adopt business practices to evaluate and minimize food waste.

We are currently evaluating potential new tracking systems to help stores better manage and prepare the appropriate amount of food, thus reducing waste. We are also working to determine how we can better manage disposal of uneaten food, to minimize organic matter going into landfills.

We currently work with local governmental bodies and organizations in select markets to convert organic waste to compost or power, or to feed livestock, depending on the systems that are in place locally. We do this in states and cities where it is required. Going forward, we believe there is also potential to proactively partner with local organizations and nonprofits to help divert organic waste away from landfills and toward better use.

IN FISCAL 2019, CRACKER BARREL RECYCLED APPROXIMATELY 2,750,000 POUNDS OF USED COOKING OIL. THIS OPTIONAL PROCESS IS NOT ONLY ENVIRONMENTALLY SOUND – IT GENERATES ADDITIONAL REVENUE FOR THE COMPANY.

Recycling is a key area where we feel we have room for improvement. We recycle cardboard in our districts where recycling is available – currently 532 of our locations. However, only select locations recycle plastic, paper, tin, aluminum, and glass. As part of our sustainability journey, we are continuing to investigate cost-effective ways to divert recyclable materials away from landfills.

RETAIL VENDOR ACCOUNTABILITY

At Cracker Barrel, we view our retail vendors, and their subcontractors and suppliers, as an integral part of our business success. We strive to select retail vendors that adopt strong ethical standards, conduct their operations in a manner that respects the rights of their employees, and demonstrate stewardship of the environment.

Cracker Barrel requires our retail vendors to commit to the ethical treatment of all employees, suppliers, and product purchasers and the highest level of integrity in all transactions with the company. Our vendors must comply with our Code of Ethics and all applicable laws, and with applicable internationally recognized standards of social accountability, including those addressing working conditions, fair wages, working hours, child or forced labor, discrimination, harassment, freedom of association, and health and safety.

Social compliance audits are conducted on our behalf by a third party in accordance with the SA8000 standard. Cracker Barrel maintains the right to inspect and audit manufacturing facilities of our retail suppliers, including on-site inspections of manufacturing facilities and suppliers' employer-provided housing; reviews of books and records relating to employment and labor matters; and interviews with supplier employees.



Vendor Spotlights

Cracker Barrel is exceptionally proud of our unique vendor base. As part of our CSR efforts, many of our vendors have seen their businesses grow from small local businesses into nationally recognized companies because of our support and their longtime partnership with us. They are really part of the Cracker Barrel family, and we are also proud to support them in their own sustainability efforts.



DILLON CABINET AND MILLWORK

One of our longest partnerships has been with Dillon Cabinet and Millwork, based in our hometown of Lebanon, Tennessee. We have been sourcing high-quality, durable furniture from this partner since our founder Danny Evins approached his friend Danny Dillon to partner with us in 1969. When tables are worn down and ready to be replaced, they come home to Lebanon, where this company sands them down and refinishes them, sending them back out to our stores. Dillon can refinish a table between four or five times, which then lasts for more than five years, giving each of our tables a more than 20-year life span before they are fully retired. When feasible, retired tables are upcycled and reused by the team in our Décor Warehouse.

MAPLE GROVE FARMS

Cracker Barrel's supplier of syrup is a recipient of the Vermont Governors Award for Environmental Excellence in recognition of their zero-waste landfill project. The project, begun in 2014, had the goal to achieve a 91% reduction in waste diversion from landfills within five years. In 2016, they achieved their goal ahead of schedule and reached a 92% diversion rate. Maple Grove Farms maintains its commitment to sustainability, and strives to continue to pursue new and better ways of improving waste management protocols, and doing their part to make the world a better, greener place to live. Their facility produces over 55 million bottles of syrup for Cracker Barrel each year.

H.W. CHAIRS

The dining room chairs at Cracker Barrel are unique to our stores. Our partner, H.W. Chair, crafts these chairs in their factory in Millersburg, Ohio. The manufacturer owns their own forest and maintains strategic relations with mills and kiln dry facilities, and harvests the lumber on site to minimize waste. H.W. Chair utilizes their scrap wood for animal bedding for local farmers. While they use high-tech machinery to build our proprietary chair design, the folks who run the factory ride bikes or take horses and carriages to work.

W.S. BADGER CO.

Cracker Barrel began working with W.S. Badger Co. and its company founder Bill Whyte to supply us with body care retail products almost 20 years ago. Our commitment to Badger early on helped the company grow from a small niche business in New England to a nationally recognized brand. With a focus on everything from sustainable agriculture to workplace health, Badger became a certified B Corporation in 2011. The company only uses ingredients that fit their rigorous standards for healthy agriculture, minimal processing, sustainable supply chain, and health-giving properties. We are proud of our continued support of the Badger brand, both in its business growth and its sustainability journey.

THE CRACKER BARREL DÉCOR WAREHOUSE IS KNOWN FOR ITS UPCYCLING. OUTDATED FIXTURES AND FURNITURE COME BACK TO US, AND WE RE-PURPOSE THEM INTO PROPS, SHADOW BOXES, AND SHELVES FOR NEW STORES. EVEN WHEN OUR BUILDINGS ARE RENOVATED AT CRACKER BARREL'S HOME OFFICE, WE RECLAIM WOOD FOR OTHER PURPOSES.



Workforce Development

The strength of our brand and the success of our stores rely on the health and well-being of our employees and their families. Cracker Barrel supports our employees and their spouses and children through several key initiatives.



EMPLOYEE SUPPORT

For the past decade, Cracker Barrel employees have helped fellow employees through Cracker Barrel Cares, a 501(c)(3) public nonprofit with the objective of supporting our employees who face unforeseen financial hardship. Funds are generated predominately from employee donations through ongoing payroll deductions. These funds are then redistributed as grants to employees in need.

Employees who donate to Cracker Barrel Cares show their deep commitment to serving people and to caring for fellow employees and their families. Recipients know that the grants represent true support from their Cracker Barrel family. In 2018, Cracker Barrel Cares gave nearly \$1.3 million in emergency grant funding to over 900 employees in need.

SCHOLARSHIP PROGRAM

The Cracker Barrel Old Country Store Foundation supports an annual employee scholarship program, which recognizes and rewards the accomplishments of Cracker Barrel employees and their children who excel in their studies and serve their communities. The Foundation awards approximately \$90K a year in scholarships to Cracker Barrel employees and their children.

EMPLOYEE RESOURCE GROUPS

At Cracker Barrel, we believe that it's impossible to take care of our guests without taking care of our employees first. Cracker Barrel's home office **EMPLOYEE RESOURCE GROUPS (ERGS)** exist to do just that – engage, develop and connect our employees through a wide range of programs, events, and community outreach projects.

WOMEN'S CONNECT - Inspiring women leaders

MERGE - Growing millennial talent and strengthening the Cracker Barrel brand

LGBT ALLIANCE - Promoting LGBT awareness and building workplace inclusion

- This group was awarded the "Employee Resource Group of the Year" in 2018 at the Out & Equal Summit in Seattle. The Nashville LGBT Chamber of Commerce also honored the company with its 2018 Corporate Diversity Award.

UNITED CULTURAL AWARENESS NETWORK - Embracing our cultures to enhance the employee experience

CRACKER BARREL MILITARY VOLUNTEERS - Supporting employees and brand initiatives by providing veteran-centric consultation and support to recruiting, retention, and marketing programs

- In 2019, this group was honored to receive the 2019 Freedom Award, the highest honor offered by the Department of Defense to employers for their exceptional support of National Guard and Reserve members.

WELLNESS ERG - Improving the employee experience by sponsoring health and wellness activities that nurture employees' physical, emotional, financial, and intellectual well-being

EMPLOYEE VOLUNTEERISM

In addition to Cracker Barrel's home office ERG volunteer and community outreach efforts throughout the year, in 2019 Cracker Barrel launched Second Helping, a company-wide volunteerism program that celebrates individual employee volunteer efforts by making in-kind donations to charities to which they donate their time.





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