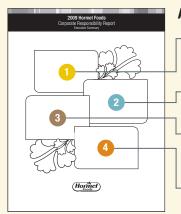
# 2009 Hormel Foods Corporate Responsibility Report Executive Summary



### **Contents and 2009 Highlights**

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#### **About the Cover**

- Hormel Foods produces wholesome, nutritious, great-tasting and safe products, including *Jennie-O Turkey Store®* roast flavored turkey breast tenderloin.
- We aim to minimize our environmental impact at our company-owned farms.
- Hormel Foods donated product to Canstruction, a nonprofit dedicated to hunger relief, as part of an event in Philadelphia.
- Employees stand in front of the dry sausage area at the Hormel Foods Austin (Minn.) Plant.



### Letter from CEO



#### Welcome

I welcome you to the 2009 Hormel Foods Corporate Responsibility Report.

We appreciate your interest and hope you can take the time to give us some feedback — both on the substance of our report and how it is presented. Your input is important as we strive each year to improve and expand our efforts.

This year, we continued to deepen our reporting efforts, hoping to provide more information in an increasingly relevant format. We worked with internal stakeholders to understand the highest priorities for them and their external stakeholders.

This report also marks the first time we are reporting on a single year of data, which will provide you, our stakeholders, regular and consistent information and greater transparency during a set reporting period. One example of a great achievement is our continued success at reducing water use in our U.S. manufacturing by 447 million gallons from the previous year.

The basic tenets of corporate responsibility and sustainability were principles upon which this company was founded 119 years ago. They remain vibrant and relevant today as a vital part of our cultural fabric. We express these values internally as "Our Way"— our commitment and approach to people, process, products and performance. It is our promise to ourselves and to you, our stakeholders.

Later this year, we will celebrate the 150<sup>th</sup> birthday of George A. Hormel, our founder. The idea of corporate responsibility reporting might have been unfamiliar to George, but he was dedicated to corporate responsibility and to embedding those principles within our organization. I think he would have been pleased by the company's continued commitment to these values, which have been enlivened and renewed by our corporate responsibility and sustainability journey. Of course, challenges remain.

Keeping tabs on precise information at a company as large and diverse as Hormel Foods is not always as straightforward as we would like. We have succeeded, beginning last year and continuing this year, in tracking and reporting against previously stated goals for all 41 of our manufacturing operations in the United States.

If you are taking the time to read this letter and report, Hormel Foods is obviously important to you in some way, whether you are an employee, a stockholder, a customer, an analyst or someone who lives in one of our plant communities. Please let us know what you think of this report by visiting the Feedback section at http://hormelfoods.com/csr/2009/feedback/ and let us know what is important to you because that, ultimately, is what is important to us.

Sincerely,

Jeffrey M. Ettinger

Jeffrey M. Ettinger Chairman of the Board, President and Chief Executive Officer

# **Goals and Progress**

All progress reported is based on fiscal year 2009 activities. Environmental data has been normalized for production. Goals, unless otherwise indicated, were established in previous reports.

Category	Focus	Goals and Timing	2009 Progress	Future Plans
People	Diversity and Inclusion	Promote a more diverse and inclusive workplace, ongoing.	Continued managing inclusion training program for people managers. Formed three employee resource groups to increase attraction and retention of women and people of color.	Provide individual contributor appreciating differences training for all employees. Encourage the formation of additional employee resource groups to meet the growing needs of our diverse workforce and to ensure inclusion.
	Safety	Perform better than the OSHA industry average for TCIR, DAFWII and DART each year. <sup>1</sup>	<ul> <li>TCIR: Outperformed OSHA industry average by 27 percent with a rate of 5.5.</li> <li>DAFWII: Outperformed OSHA industry average by 36 percent with a rate of 0.7.</li> <li>DART: Outperformed OSHA industry average by 24 percent with a rate of 3.8.<sup>a</sup></li> </ul>	We will continue to perform better than the OSHA average on these indicators and will excel in worker safety at our operations.
Process	Energy Conservation	Reduce energy use at our U.S. manufacturing facilities by 2 percent per year for five years using fiscal year 2006 as a benchmark. <sup>III</sup>	Indirect energy consumption increased 3 percent in fiscal year 2009 compared to 2006 levels. Direct energy consumption stayed at the same level compared to 2006 levels.	During the past year, we implemented several capital projects designed to reduce energy use, and expect to see results in the following year. We will continue to emphasize energy conservation throughout the organization.
	Water Use Reduction	Reduce water consumption at our U.S. manufacturing facilities by 2 percent per year for five years using fiscal year 2006 as a benchmark. <sup>W</sup>	Reduced water consumption by 9 percent in fiscal year 2009 compared to 2006 levels.	We will continue to implement water reduction projects through capital improvements and awareness initiatives for employees.
	Solid Waste Recycling	Increase recycling to 50 percent of total waste by November 2011 using fiscal year 2006 as a benchmark.	Increased recycling to 38 percent in fiscal year 2009, compared to 32 percent in fiscal year 2008.	We continue to help all facilities meet and exceed the companywide goal to recycle 50 percent of total waste by 2011. Our plants continue to conduct recycling awareness initiatives and focus on solid waste reduction.
	Solid Waste Minimization <sup>v</sup>	Reduce solid waste to landfills by 2 percent per year through 2011 using 2006 as a benchmark.	Reduced solid waste to landfills by 16 percent in 2009 compared to 2006 levels.	We will continue to work with our locations to find new ways to reduce the solid waste to landfills through recycling, reuse or reduction of materials used.
	Air Emissions	Reduce greenhouse gases at our U.S. manufacturing facilities by 2 percent per year annualized for production for five years using fiscal year 2009 as a benchmark.	Reported greenhouse gas emissions for all domestic manufacturing facilities and established a reduction goal.	We will continue to identify and implement practices to reduce our greenhouse gas emissions and report the progress toward the reduction goal.
	Package Minimization Initiative	Reduce product packaging by 3 million pounds annually from 2006 to 2011. <sup>vi</sup>	Reduced packaging by 4.2 million pounds; completed 44 packaging reduction projects.	Our packaging team continues to identify sustainability projects, which included initiating 77 projects. We will continue to work with packaging suppliers on sustainability improvements.
	Supplier Responsibility Principles <sup>vii</sup>	Develop supplier responsibility principles by end of fiscal year 2010.	Started reviewing supplier responsibility principles through benchmarking and determining main components of the document.	We plan to finalize a set of supplier responsibility principles.
Products	\$2 Billion in Sales of New Products <sup>viii</sup>	Earn \$2 billion in total sales from products created since 2000 by the year 2012.	New products attributed to 20 percent of revenue.	We will continue to develop new products that meet changing consumer tastes and preferences.
Philanthropy	Charitable Contributions <sup>ix</sup>	Contribute \$4.2 million to local communities and hunger initiatives in fiscal year 2010.	Contributed \$4.2 million to local communities and hunger initiatives.	We will continue to support local communities and hunger initiatives.

OSHA (Occupational Safety and Health Administration) industry average refers to the rate for NAICS (North American Industry Classification System) 3116
 Animal Slaughtering and Processing. TCIR (Total Case Incidence Rate), DAFWII (Days Away from Work Injury and Illness) and DART (Days Away from Work, Restricted Work or Job Transfer Injury and Illness).
 Percentage calculated using 2008 OSHA industry average rates.

Benchmark year changed for goal.
 Benchmark year changed for goal.

\* Goal was restated to focus on solid waste reduction. This change was noted in the 2008 Hormel Foods Corporate Responsibility Report, and this report.

<sup>vi</sup> Goal is updated from previous year.
 <sup>vii</sup> Goal was not included in 2008 Hormel Foods Corporate Responsibility Report.

viii Goal was not included in 2008 Hormel Foods Corporate Responsibility Report.

<sup>ix</sup> Goal was not included in *2008 Hormel Foods Corporate Responsibility Report*.

# Supply Chain

Hormel Foods has a complex supply chain with suppliers for hogs, turkeys, ingredients, packaging materials, transportation and more. We started evaluating how the supply chain fits within our overall corporate responsibility and sustainability initiatives to further understand its potential impacts.

During production of a product, many factors are involved. This diagram illustrates the components necessary to produce a product and the resulting outputs. Our main focus for measuring our impact on the environment is our production because we have direct responsibility for these operations.

Agricultural commodities fall primarily outside of our direct responsibility, since the majority of these items are purchased from independent farmers. We acknowledge we do have influence and are always looking for ways to ensure our values and principles are upheld throughout our supply chain.

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.

#### Supply Chain<sup>1</sup>

Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water Direct Responsibility: Company-owned manufacturing facilities   Indirect Responsibility: Joint vent	<b>Outputs:</b> Fresh and shelf-stable products, air emissions, organic soil nutrients solid waste to landfills, wastewater, recycling
Direct Responsibility: Company-owned locations   Indirect Responsibility: Independent for Processing Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water Direct Responsibility: Company-owned manufacturing facilities   Indirect Responsibility: Joint vent The spice is a spice in the spice is a s	organic soil nutrients, compost, wastewater farmers/suppliers <b>Outputs:</b> Fresh and shelf-stable products, air emissions, organic soil nutrients solid waste to landfills, wastewater recycling
Processing Inputs: Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water Direct Responsibility: Company-owned manufacturing facilities   Indirect Responsibility: Joint vent Distribution Inputs:	wastewater farmers/suppliers <b>Outputs:</b> Fresh and shelf-stable products, air emissions, organic soil nutrients solid waste to landfills, wastewater, recycling
Processing Inputs: Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water Direct Responsibility: Company-owned manufacturing facilities   Indirect Responsibility: Joint vent V Distribution Inputs:	farmers/suppliers <b>Outputs:</b> Fresh and shelf-stable products, air emissions, organic soil nutrients solid waste to landfills, wastewater, recycling
Processing Inputs: Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water Direct Responsibility: Company-owned manufacturing facilities   Indirect Responsibility: Joint vent  Distribution Inputs:	<b>Outputs:</b> Fresh and shelf-stable products, air emissions, organic soil nutrients solid waste to landfills, wastewater, recycling
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Distribution Inputs:	
Distribution Inputs:	iures, co-packers, suppliers
Fresh and shelf-stable products,	Outputs: Air emissions, recycling
fuel, shipping materials	The orthonone, rooponing
Direct Responsibility: Distribution Centers, mode/carrier selection   Indirect Responsibility: Transp	portation service providers
Consumption	
Inputs:	Outputs:
Fresh and shelf-stable products,	Air emissions, waste to landfills,
fuel, electricity, equipment	recycling
Indirect Responsibility: Retailers, consumers	

<sup>1</sup> The diagram is a representation of our supply chain.

### People

#### **Our Employees**

Employees by Job Type In fiscal year 2009, we had 18,606 employees at 44 U.S. facilities. Our team consists of full-time and part-time hourly and salaried employees. Please see the related graph depicting the demographics of our team.



	U.S.
Part-time	2 percent
Temporary <sup>1</sup>	3 percent
Covered by collective bargaining agreements	33 percent

workforce with temporary employees, which averaged 3 percent in 2009.

*Employee Tenure* As a company, we measure part of our success based on the tenure of our employees. We are honored to report that 60 percent of all employees had five years or more of service at Hormel Foods in fiscal year 2009.

*Employee Engagement* Our company believes engaged employees are more productive and committed. To measure and improve employee engagement, Hormel Foods uses a well-defined employee engagement improvement process. The process is currently in its sixth year. The first year of our biannual cycle started with our 2009 survey, with 89 percent of employees participating (19 percentage points above the average for this type of survey).

One sample statistic from the survey showed that 72 percent of employees agreed with the statement, "Hormel Foods values my contribution"-16 percent above the industry average.

Wellness Our Way Program In June 2009, we provided health assessments to give employees the state of their current health and recommendations for what they could do to make improvements. One employee initiative was designed to promote 30 or more minutes of daily, moderate-intensity walking/exercise as recommended by the U.S. Surgeon General. The fun walking challenge called The Tour de Midwest encouraged each team to walk/exercise a total of 1,653 miles. More than 750 employees participated on 111 teams.

#### **Safety**

Hormel Foods is a leader in the meat industry for employee safety and is known for its award-winning safety programs. Our injury incident rates are equal to or below the Bureau of Labor Statistics (BLS) industrial average for North American Industry Classification (NAICS) 3116 Animal Slaughtering and Processing. For example, in 2009 the Total Case Incidence Rate (TCIR) at Hormel Foods was 5.5, which was 27 percent lower than the 2008 industry average incident rate of 7.5 for NAICS 3116 Animal Slaughtering and Processing. For more safety statistics, please visit http://hormelfoods.com/csr/2009/people/safety.aspx.

#### **Diversity and Inclusion**

At Hormel Foods, diversity is defined as respect for, and inclusion of, the unique differences of every individual. This encompasses personal attributes, values and organizational roles.

*Diversity and Inclusion Council* We have convened a cross-functional diversity and inclusion council to assist the company in meeting the needs of our diverse workforce and to ensure inclusion. We provide formal inclusion training to our managers and appreciating differences training to all employees.

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.



Hormel Foods believes its employees are its most valuable asset and has an industry-leading record in employee safety.

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### Process

#### **Responsible Animal Care**

Treating animals humanely is simply the right thing to do. This philosophy carries through in our openness to share our company's best practices and state-of-the-art facility designs with others involved in the industry. For example, we host representatives for first-hand tours of facilities, industry presentations and industry collaboration.

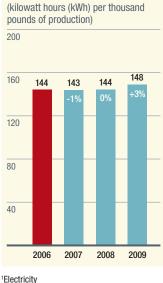
Our animals come from both company-owned farms and independent family farms. In 2008, we publicly stated that by Dec. 31, 2009, certifications from the National Pork Board would be required for individuals who supply hogs to Hormel Foods. These requirements have been met by 100 percent of individuals who supply hogs to Hormel Foods, and the certifications continue to be mandatory for any new owner and his or her employees who supply hogs to Hormel Foods.

To protect our animals from extreme weather conditions, predators and disease, hogs and turkeys are raised in barns with climate-controlled environments. Within these facilities, 100 percent of the market hogs for Hormel Foods are housed in group pens and 100 percent of the turkeys raised by Jennie-O Turkey Store are housed in open barns. More information and our full animal care policy are available at www.hormelfoods.com.

#### Environment

*Establishing a Baseline and Measuring Progress* We continue to report and set goals for energy, solid waste, water and greenhouse gas data for all U.S. manufacturing locations. We adjust our baseline as we acquire and divest locations. Throughout the company, dedicated teams are working to identify ways to reduce our environmental impact. This year, we are reporting

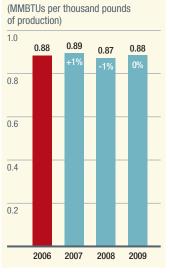
#### **Total Indirect Energy<sup>1</sup>**



-

Baseline Year

#### Total Direct Energy<sup>1</sup>



<sup>1</sup>Natural gas, fuel oil, propane



data that has been normalized by pounds of finished goods shipped from our plants. This more accurately shows our relative performance in a year-over-year comparison.

More information about projects to reduce our impact on the environment, including packaging minimization efforts, water use reduction projects and partnerships with local municipalities, is available at http://hormelfoods.com/csr/2009/process/environment/.

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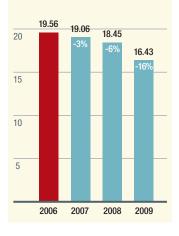
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#### **Total Water Use**



#### **Total Solid Waste to Landfill**

(pounds of solid waste per thousand pounds of production)

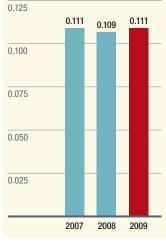


#### Total Indirect

Greenhouse Gases

(metric tons CO<sub>2</sub>-e<sup>1</sup> per thousand

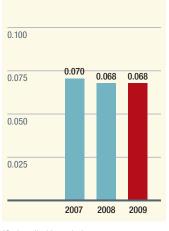
pounds of production)



1Carbon dioxide equivalent

#### Total Direct Greenhouse Gases

(metric tons  $CO_2$ -e<sup>1</sup> per thousand pounds of production) 0.125



<sup>1</sup>Carbon dioxide equivalent

### **Products**

#### Food Safety Technology

Hormel Foods believes in investing in technology that creates safe, quality products. In 2009, Vice President of Research and Development for Hormel Foods, Phillip L. Minerich, was recognized for his personal commitment to food safety when he was awarded a Lifetime Achievement Award in Packaging and Distribution at the sixth annual Food Safety Leadership Awards. This award highlights the dedication of a cross-functional team of employees from Research and Development, quality control and engineering who are focused on developing and implementing food security systems. Important components to our food safety system are: modified atmosphere packaging, nutritional verification, training and a sophisticated software system to maintain an accurate database of all ingredient and formulation specifications.

*Audits* All Hormel Foods and subsidiary facilities are audited for adherence to our stringent quality, food safety and sanitation programs by internal staff as well as by third-party organizations.

#### **New Product Innovation**

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The company announced the Go for \$2B by 2012 goal in 2008, which aims to achieve growth through innovation — \$2 billion in total sales of products created since 2000 by the year 2012. In fiscal year 2009, more than 20 percent of revenue was attributed to the aforementioned new products. Some of these new product innovations were *Hormel®* pepperoni minis, *Hormel® Natural Choice®* rotisserie style chicken breast, *Hormel®* party rings and *Jennie-O Turkey Store®* fully cooked home style turkey meatballs.

*Innovation, Our Way* Hormel Foods is routinely evaluating potential new product concepts and ended fiscal year 2009 with more than 300 projects under review. In total, 40 percent of product innovation was focused on health and wellness.

We approach the innovation process in two phases of product development — creation and commercialization. In the creation phase, we identify relevant human needs and problems worth solving through customer and consumer immersion, observation, curiosity and prototype testing. The second phase is the commercialization phase where we build, quantify and bring the new product to market. *Innovation Requires Collaboration* A collaborative spirit led to the creation of the Culinary Enrichment and Innovation Program (CEIP), which is a partnership between the company's foodservice division and The Culinary Institute of America. CEIP was created to build tomorrow's culinary leaders through a unique leadership program with an elite class of commercial and noncommercial chefs from around the United States. In 2009, 16 professional chefs from across the country gathered for four, three-day educational sessions during the 18-month program.

*Responsible Marketing* As reported in the past, we market our products through a variety of efforts, but do not target children with advertisements.

We are members of the Association of National Advertisers, which works on behalf of marketers on policies, regulations and other issues affecting members. Advertising done by or on behalf of Hormel Foods complies with the advertising industry's self-regulation system of codes. These guidelines complement government regulations and legislation and are self-imposed.

There are no incidents of noncompliance with regulations or voluntary codes concerning marketing communications to report for fiscal year 2009.

#### **Healthy Options**

Hormel Foods offers a variety of products that meet consumers' needs for lower-sodium and all-natural products.

*Sodium* While sodium is a functional ingredient for taste, preservation and food safety, we have established a goal to lower sodium levels in all products. Our focus is for a single serving to only have one-third of the recommended daily amount of sodium. In addition, the Grocery Products division has established a target to reduce the sodium levels in all existing products to less than 1,000 milligrams per serving and to introduce all new products following this standard.

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### Performance

#### **Conducting our Business Ethically**

*Code of Ethical Business Conduct* Our Code of Ethical Business Conduct serves as a guide for our employees, officers and directors in making business decisions. The code covers many topics that we discuss in our full corporate responsibility report online, including fair employment practices, harassment, safety, diversity, environmental responsibility and product integrity. Additionally, our code of conduct outlines our policies on conflicts of interest, gifts, illegal payments, illegal political contributions and disciplinary action.

At Hormel Foods, all of our policies follow local and national laws in the United States and elsewhere.

One hundred percent of our subsidiaries, joint ventures and company locations are covered under our code of conduct, which includes attesting to compliance with the Foreign Corrupt Practices Act. When considering a company for merger or acquisition, we conduct due diligence and examine the suppliers of the prospective party, ensuring it does not violate this code.

To ensure adherence to our code of conduct, we established a compliance program that upholds accountability through reporting, tracking and investigations of possible violations of the code.

*Performance-based Executive Compensation* Hormel Foods has a compensation committee within our Board of Directors that consists exclusively of nonemployee, independent directors. The committee establishes and administers the compensation and benefit programs, and upholds two primary goals:

- Attract and retain highly qualified executive officers; and
- · Incent the behavior of executive officers to create stockholder value.

We also benchmark compensation compared to industry peers.

#### **Board of Directors and Corporate Governance**

The Hormel Foods Board of Directors consists of 12 members; 10 of whom are independent. The Board of Directors oversees all activities at Hormel Foods and is ultimately responsible for ensuring the company's performance is based on strong ethical practices.

*Our Governing Principles* The company's stockholders elect the members of the Board of Directors each year at our Annual Meeting. The governance committee of the Board of Directors is responsible for identifying and recommending individuals qualified to become members of the board, to oversee succession planning for the corporation's chief executive officer, to ensure the corporation's personnel resources are being managed responsibly and effectively and to develop and recommend to the Board of Directors a set of corporate governance principles applicable to the company.

*Open Communication with Stakeholders* We welcome feedback on our corporate responsibility performance and reporting from our stakeholders. All communications, whether signed or anonymous, are directed to the chair of one of the committees on our Board of Directors based on the subject matter of the communication, to the nonemployee directors or the specified directors on various topics related to business.

#### **Public Policy**

*Engaging in Legislative Issues* Many legislative issues affect the food industry. To participate in this dialogue, Hormel Foods is involved in several different ways, including:

- Being a member of trade organizations that conduct lobbying on behalf of the food industry. These organizations include the American Meat Institute, Grocery Manufacturers of America, National Meat Association, National Restaurant Association and National Turkey Federation.
- Monitoring legislative and regulatory issues and conducting lobbying activity when the company determines it is vital to its operations.

#### **International Operations**

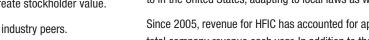
Hormel Foods International Corporation (HFIC) is a wholly owned subsidiary of Hormel Foods Corporation and has joint-ventures in several countries, including China, the Philippines, South Korea, Mexico and Japan.

When we enter markets outside of the United States, it is our policy to manage the operation with the same rules and procedures that we commit to in the United States, adapting to local laws as well.

Since 2005, revenue for HFIC has accounted for approximately 5 percent of total company revenue each year. In addition to the export of the company's signature products, HFIC manufactures a variety of product lines that meet the special needs of each local country.

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### Philanthropy

#### **Contributing to Communities**

Hormel Foods invests in the communities where our employees live and is focused on efforts to help alleviate hunger. In fiscal year 2009, we donated \$4.2 million toward these efforts. When we give back to our communities and our world, we contribute with the same integrity and community-minded spirit that guides us in our daily work.

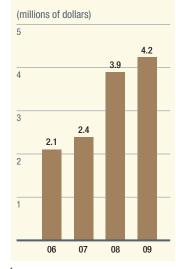
#### **Fighting Hunger**

We understand families around the country and the world are struggling to put food on the table. Through our position as a leader in the food industry, we feel fortunate to be uniquely equipped to help alleviate the hunger problem.

*Product Donations* During fiscal year 2009, we donated about 1 million pounds of product to food banks — one donation included more than 26,000 meals to the Salvation Army Austin Corps. This year also marked 30 years of partnership with Feeding America the nation's largest domestic hunger-relief charity.

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#### **Total Charitable Contributions**<sup>1</sup>



<sup>1</sup>Cash and in-kind donations.

Among these donations, we sent 30,240 pounds of *SPAM®* product to the Philippine National Red Cross to help feed those in the country affected by the typhoons in September and October 2009. We also matched employee donations, giving the American Red Cross International Response Fund more than \$11,000 to help support recovery efforts.

*Events to Fight Hunger* Hormel Foods donated more than 3,500 cans of *Hormel®* chili, *Stagg®* chili and *Dinty Moore®* beef stew to Canstruction — a nonprofit that deems itself the "most unique food charity in the world"— as part of events in Philadelphia and Austin, Minn.

*Thought Leadership* To stay at the forefront as a thought leader regarding the topic of hunger, we commissioned our fourth annual Hormel Hunger Survey in fiscal year 2009. The study continues to explore the attitudes and behaviors of the American general public relative to the key domestic issues of poverty and hunger. The results have been used to raise awareness of this growing concern in American communities. Key findings from the 2009 survey include:

- Nearly a quarter of American adults (24 percent) said they have eaten less in order to ensure their children have enough food; and
- Not being able to feed one's family is among the most distressing circumstances imaginable for Americans on par with spending a night in jail and far more distressing than getting fired from a job.

For more key findings from this and past surveys visit http://hormelfoods.com/responsibility/hunger/.

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A student builds a structure made out of Hormel Foods products as part of Canstruction — a design/build competition currently held in cities throughout North America and Australia. Teams of architects, engineers, and students mentored by these professionals, compete to design and build giant structures made entirely from full cans of food, which are later donated to food banks.

# **Living Our Principles**

The principles of Our Way underscore integrity in everything we do at Hormel Foods. The following examples tell a piece of the story about how we are living our principles.

#### Hormel Foods Employees Give Big to Local Communities

In various communities, Hormel Foods employees have given big to local organizations.

Employees from the Hormel Foods Fremont (Neb.) Plant contributed food and monetary donations to more than 100 organizations over the course of a year and earned the 2009 Spirit of Impact award from United Way.

#### Consumer Insights: Continuous Improvement Throughout Product Development

When a new product is in development or an existing product is being reformulated, a team of people from all different departments work together to ensure the product meets the needs and tastes of the consumer. One component of this process is the consumer insights team — a group that operates as internal consultants and helps marketing, sales and others make decisions to continuously improve Hormel Foods products.

This team gathers information to assist decision making using various methods of data collection. This is incorporated into every step of the product development process and helps the company decide whether to make changes and how to market products. Through continuous online tracking, competitive evaluations and focus groups, they are able to provide data to the sales teams.

As the team develops specific methodology to understand a particular product and consumers' reaction to it, the entire innovation process is well-informed, helping Hormel Foods be responsible in how it innovates both for consumers and shareholders.

# Packaging Refresh for *Hormel®* Party Trays Generates Resource Savings

As part of the overall corporate responsibility strategy at Hormel Foods, the company continuously looks for ways to reduce its environmental footprint, and packaging minimization is one area of focus.

The newly redesigned packaging for *Hormel®* party trays is one example. It debuted in fall 2009 in response to consumer feedback for more sustainable packaging and a clearer view of the meats, cheese and crackers in the trays.



Converting the Hormel<sup>®</sup> party trays from a round to a square tray reduced material waste.

Significant savings were realized, including:

- Eliminating the need for shrink wrap produced an annual material savings of about 100,000 pounds;
- Reducing the size of the corrugated case used to ship the product resulted in a corrugated material savings of more than 174,000 pounds per year; and
- Increasing the shipping efficiency by three cases per pallet eliminated 71 truckloads per year.

#### University of Georgia Partnership Explores Bioconversion Methods

The Hormel Foods Atlanta (Tucker, Ga.) Plant partnered with the staff at the University of Georgia Bioconversion and Research Facility to study bioconversion of food processing wastewater in 2009. The goal of the study is to develop a treatment process that will ensure waste solids from the food industry are handled in the most environmentally friendly manner.

#### **Bioconversion Benefits:**

- Conserves valuable organic materials;
- Provides organic soil
   nutrients; and
- Reduces greenhouse gas emissions.

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.

## **Global Reporting Initiative Content Index**

The 2009 Hormel Foods Corporate Responsibility Report uses the G3 Guidelines developed by the Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting. The G3 Guidelines help us determine material issues and are supplemented by stakeholder feedback and best practices research. This chart explains what indicators are included in the executive summary and where they are located within the document. The full index is available online with the full report at http://hormelfoods.com/csr/2009/about/gri-content-index.aspx.

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EN17         Other relevant indirect greenhouse gas emissions by weight.         Process           EN22         Total weight of waste by type and disposal method.         Process           EN27         Percentage of products sold and their packaging materials that are reclaimed by category.         Process           EN29         Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.         Supply Chain           Social: Labor Practices and De	EN8	Total water withdrawal by source.	Process
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EN27         Percentage of products sold and their packaging materials that are reclaimed by category.         Process           EN29         Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.         Supply Chain           Social: Labor Practices and Decent Work         People           LA1         Total workforce by employment type, employment contract and region.         People           LA2         Total number and rate of employee turnover by age group, gender and region.         People           LA3         Education, training, coupational diseases, lost days and absenteeism, and number of work-related fatalities by region.         People           LA4         Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.         People           LA11         Programs for skills management and lifelong learning that support the corruption.         People           Social: Society         Social: Society         Performance           SO2         Percentage and total number of business units analyzed for risks related to corruption.         Performance           SO4         Actions taken in response to incidents of corruption.         Performance           SO5         Public policy positions and participation in public policy development and lobbying.         Performance	EN17	Other relevant indirect greenhouse gas emissions by weight.	Process
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LA1       Total workforce by employment type, employment contract and region.       People         LA2       Total number and rate of employee turnover by age group, gender and region.       People         LA7       Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.       People         LA8       Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.       People         LA11       Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.       People         Social: Society       Social: Society       Performance       Performance         SO5       Public policy positions and participation in public policy development and lobbying.       Performance       Performance         Social: Product Responsibility       Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services       Products         PR6       Programs for adherence to laws, standards and voluntary codes cencerning marketing communications, including advertising, promotion and sponsorship.       Products         PR7       Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.       Products <td></td> <td></td> <td></td>			
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LA8         Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.         People           LA11         Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.         People           Social: Society         Social statem in response to incidents of corruption.         Performance           S04         Actions taken in response to incidents of corruption.         Performance           S05         Public policy positions and participation in public policy development and lobbying.         Performance           Social: Product Responsibility         Preformance         Performance           PR1         Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services are cased services are assessed for improvement, and percentage of significant products and services         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and         Products			
serious diseases.         Frequencies           LA11         Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.         People           Social: Society         Social is assist them in response to incidents of corruption.         Performance           S04         Actions taken in response to incidents of corruption.         Performance           S05         Public policy positions and participation in public policy development and lobbying.         Performance           Social: Product Responsibility         Frequencies and safety impacts of products and services are assessed for improvement, and percentage of significant products and services are disported in a soft or mance and percentage of significant products and services.         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.         Products			
Social: Society         Percentage and total number of business units analyzed for risks related to corruption.         Performance           S04         Actions taken in response to incidents of corruption.         Performance           S05         Public policy positions and participation in public policy development and lobbying.         Performance           Social: Product Responsibility         Performance         Performance           PR1         Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.         Products	LAS		Реоріе
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S04     Actions taken in response to incidents of corruption.     Performance       S05     Public policy positions and participation in public policy development and lobbying.     Performance       Social: Product Responsibility     Evelopment and services are assessed for improvement, and percentage of significant products and services are despense subject to such procedures.     Products       PR6     Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.     Products       PR7     Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and products     Products	Social: Society		
S04         Actions taken in response to incidents of corruption.         Performance           S05         Public policy positions and participation in public policy development and lobbying.         Performance           Social: Product Responsibility          Performance         Performance           PR1         Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services and services are categories subject to such procedures.         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and products         Products	S02	Percentage and total number of business units analyzed for risks related to corruption.	Performance
S05         Public policy positions and participation in public policy development and lobbying.         Performance           Social: Product Responsibility	S04		Performance
Social: Product Responsibility         Products           PR1         Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and         Products			Performance
PR1         Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services         Products           PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and protecting products         Products	Social: Product Responsibili		
PR6         Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.         Products           PR7         Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.         Products			Products
PR7 Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and Products		categories subject to such procedures.	
	PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	
	PR7		Products

Scope of Report: The reporting data is from fiscal year 2009 (November 2008 to October 2009), unless otherwise indicated. The boundary of the report includes all entities Hormel Foods exercises control or significant influence with regard to financial and operation policies and practices. Environmental data comes from the company's 41 U.S. manufacturing facilities and people data is from 44 facilities, which includes all manufacturing facilities and three corporate offices.



**Feedback:** Your feedback helps us improve our future reporting. Please contact us at sustainability@hormel.com or http://hormelfoods.com/csr/2009/feedback/.