About This Report
For the last 11 years, we have been proud to share our corporate responsibility efforts and achievements.

Our 2016 report has been developed in collaboration with the Hormel Foods Corporate Responsibility Council and other company experts, and was reviewed and approved by the council, experts and the respective vice presidents who oversee relevant topics. Additionally, the report has also been reviewed by our executive-level Corporate Responsibility Steering Committee.

As in past years, this 2016 Hormel Foods Corporate Responsibility Report is an annual report designed to provide useful information for our stakeholders, who include employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities. It follows the G4 Guidelines established by the Global Reporting Initiative (GRI) and covers anecdotal and benchmark data from fiscal year 2016, unless otherwise noted. All other boundary-related information for this report can be found in the boundary and measurement section. Our previous reports covered fiscal years 2006 to 2015.

GRI Indicators

- G4-28 Reporting period (e.g., fiscal/calendar year) for information provided.
- G4-29 Date of most recent previous report (if any).
- G4-30 Reporting cycle (annual, biennial, etc.).
- G4-31 Provide the contact point for questions regarding the report or its contents.
- G4-48 Report the highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material aspects are covered.

We gladly welcome your feedback about this report and/or corporate responsibility at Hormel Foods. Please do so by emailing:

→ sustainability@hormel.com

If you have comments or questions related to our products, please contact our consumer engagement team by phone/online:

→ 1 (800) 523-4635
→ hormelfoods.com/About/Contact-Us
Our Goals

Our 2020 environmental goals are being measured against base year 2011 and include greenhouse gas emissions, energy, water and solid waste.

Our packaging minimization goal was established in fiscal year 2012, and we also monitor progress toward goals designed to support animal welfare, sodium reduction, innovation, employee safety, diversity and inclusion, and communities. Many of our goals support the Sustainable Development Goals to end poverty, protect the planet and ensure prosperity for all.
In 2016, we reduced water use by 239 million gallons – exceeding our goal by 31% when combined with our previous progress.

51% OF OUR 2020 GOAL
In 2016, we reduced over 9,000 metric tons of GHG emissions from our manufacturing operations – 51% of our goal when combined with our previous progress.

94 TONS OF SOLID WASTE
After surpassing our goal in 2014, we continue to achieve additional reductions – in 2016 alone we reduced the amount of solid waste sent to landfills by 94 tons.

84% OF OUR 2020 GOAL
In 2016, we reduced our energy use by more than 157,000 MMBtu – 84% of our goal when combined with our previous progress.

82% OF OUR 2020 GOAL
In 2016, we reduced product packaging by 1.9 million pounds - 82% of our goal when combined with our previous progress.

31% OVER OUR GOAL
In 2016, we reduced water use by 239 million gallons – exceeding our goal by 31% when combined with our previous progress.

In 2016, we reduced over 9,000 metric tons of GHG emissions from our manufacturing operations – 51% of our goal when combined with our previous progress.

51% OF OUR 2020 GOAL

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In 2016, we reduced water use by 239 million gallons – exceeding our goal by 31% when combined with our previous progress.

In 2016, more than 2,000 audits were conducted to ensure the accountability of our standards, and we publicly announced our antibiotic stewardship efforts.

2K+ AUDITS CONDUCTED
In 2016, more than 2,000 audits were conducted to ensure the accountability of our standards, and we publicly announced our antibiotic stewardship efforts.
SODIUM REDUCTION
Reduce sodium levels in select products within our branded retail product portfolio by an average of 15%.

- **36%**
  - CHI-CHI’S®, Herdez® and La Victoria® tortillas

- **21%**
  - Hormel® Canadian bacon

- **12%**
  - Hormel® chili with beans

- **21%**
  - Hormel® Compleats® microwave meals

- **13%**
  - Hormel® refrigerated entrées (new category)

- **19%**
  - Hormel® smoked pork loins (new category)

- **25%**
  - Valley Fresh® chicken and turkey

INNOVATION
Deliver 15% of sales from new products developed and launched in the previous five years (new goal in 2016).

We will report our innovation progress in future reports.
DIVERSITY AND INCLUSION
Promote a more diverse and inclusive workplace.

Perfect Score
An additional employee resource group was formed, and we received a perfect score on the Human Rights Campaign Foundation’s Corporate Equality Index.

COMMUNITIES
Help others through our focus areas of hunger, education and supporting the local communities where we operate.

$10.9M
2016 was a record year for our giving, with $10.9 million in cash and product donations.

EMPLOYEE SAFETY
Provide a safe workplace for all employees and reduce our injury/illness rates each year.

65.8%
reduction of Total Case Incident Rate (TCIR) since 2006

28.9%
reduction of Days Away From Work Injury and Illness (DAFWII) since 2006

56.9%
reduction of Days Away, Restricted or Transfer (DART) since 2006

2016 was a record year for our giving, with $10.9 million in cash and product donations.
CEO Letter

We are proud of the progress we have made as a leading corporate citizen in our industry and are excited to share our 11th annual report with you.

Welcome, and thank you for visiting the 2016 Hormel Foods Corporate Responsibility Report. At Hormel Foods, we are inspired to do our part in making the world a better place.

We continue to produce food responsibly for customers and consumers around the world through five focus areas: the environment, animal welfare, our products, people and communities. We work hard to advance our efforts every year, and this past year was no exception.

In fact, we are proud to report that we:

**SURPASSED OUR 2020 WATER REDUCTION GOAL**
In 2016 alone, we implemented projects that reduced water usage by 239 million gallons. We are also on track to achieve our remaining 2020 environmental goals.

**ANNOUNCED OUR PARTICIPATION IN THE CERES AND WORLD WILDLIFE FUND AGWATER CHALLENGE**
Through this initiative, we will work with growers in our supply chain to reduce water use and improve water quality.

**CONDUCTED MORE THAN 2,000 AUDITS**
These audits ensure the accountability of our animal welfare standards. We also publicly announced our antibiotic stewardship efforts.

**CONTINUED OUR SODIUM REDUCTION AND CLEAN-LABEL INITIATIVE EFFORTS**
In 2016, we added two additional sodium-reduction product categories.

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GRI Indicators

G4 – 1
Statement from the most senior decision-maker of the organization.

G4 – 2
Description of key impacts, risks and opportunities.

G4 – 13
Significant changes during the reporting period regarding size, structure or ownership, or supply chain.
We continue to be recognized for our work in these important areas and were honored to once again be named as one of the 100 Best Corporate Citizens by Corporate Responsibility Magazine.

I would like to thank all of our employees worldwide as well as our partners and suppliers as it takes everyone working together to achieve these outstanding results. And while we celebrate these achievements, we realize there is more to accomplish on this journey.

Please read more about our progress within this report. As always, please email sustainability@hormel.com to share any feedback you may have about our report or our corporate responsibility efforts.

Thank you,

Jim Snee
President and Chief Executive Officer
Key Topics Assessment

On a biennial basis, we use a third party to help research, analyze and assess the key topics affecting the food industry.

We simultaneously engage with stakeholders inside and outside of the organization to help determine the overall significance and priority of each topic within our report. Our stakeholders include our employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities. This assessment is reviewed and approved by the Hormel Foods Corporate Responsibility Council and the executive-level Corporate Responsibility Steering Committee. For this report, we analyzed the topics according to the aspects of the Global Reporting Initiative’s G4 Framework.

The following table summarizes the topics of interest for our stakeholders regarding our corporate responsibility reporting, based on our feedback and analysis process.

<table>
<thead>
<tr>
<th>TITLE</th>
<th>DESCRIPTION</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal welfare (i.e., standards, audits, sow housing and antibiotics)</td>
<td>How we ensure the proper treatment of animals at company-owned farms and by our suppliers</td>
<td>Animal Welfare</td>
</tr>
<tr>
<td>Bribery and anti-corruption</td>
<td>How we ensure an ethically sound culture</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>Conflict minerals</td>
<td>Compliance with the Securities and Exchange Commission rule on conflict minerals</td>
<td>Products</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>Our commitment to fostering a diverse and inclusive work environment</td>
<td>People</td>
</tr>
<tr>
<td>Employee satisfaction and trends (i.e., employee demographics, turnover rate, training, compensation and benefits)</td>
<td>How we attract and retain our employees</td>
<td>People</td>
</tr>
<tr>
<td>Food safety</td>
<td>How we ensure food safety and quality</td>
<td>Products</td>
</tr>
<tr>
<td>TITLE</td>
<td>DESCRIPTION</td>
<td>MORE INFORMATION</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>Food waste</td>
<td>How we minimize food waste</td>
<td>Environment and Products</td>
</tr>
<tr>
<td>Genetically modified organisms (GMOs)</td>
<td>About the use of genetically modified food ingredients</td>
<td>Products</td>
</tr>
<tr>
<td>Greenhouse gas (GHG) emissions</td>
<td>How we reduce GHG emissions</td>
<td>Environment</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td>About our waste handling practices</td>
<td>Environment</td>
</tr>
<tr>
<td>Hunger relief</td>
<td>How we help with hunger relief</td>
<td>Communities</td>
</tr>
<tr>
<td>Lobbying disclosure and political contributions</td>
<td>About our legislative affairs</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>Nutrition and wellness</td>
<td>About our nutrition and wellness initiatives</td>
<td>Products</td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>How we ensure a safe work environment</td>
<td>People</td>
</tr>
<tr>
<td>Palm oil sourcing</td>
<td>Our palm oil sourcing commitments</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>Philanthropy (i.e., volunteerism and donations)</td>
<td>How we give back to communities</td>
<td>Communities</td>
</tr>
<tr>
<td>Product labeling and communications</td>
<td>How we ensure the accuracy of information about our products</td>
<td>Products</td>
</tr>
<tr>
<td>Solid waste</td>
<td>How we reduce our solid waste sent to landfills</td>
<td>Environment</td>
</tr>
<tr>
<td>Supply chain management (i.e., principles, assessments and supplier diversity)</td>
<td>About our supply chain and our expectations of suppliers</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>Corporate responsibility governance</td>
<td>About our corporate responsibility structure</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>Water</td>
<td>How we reduce water usage</td>
<td>Environment</td>
</tr>
<tr>
<td>Human rights</td>
<td>How we respect the rights of all workers</td>
<td>People</td>
</tr>
</tbody>
</table>
Stakeholder Feedback

The information within this report covers topics based on Global Reporting Initiative indicators and relevancy to our business and our stakeholders.

To select content, we assessed key topics in our industry and engaged with stakeholders to understand their concerns, questions and feedback. This dialogue gives us a picture of future topics of interest to our stakeholder groups, helps us understand the issues to anticipate and/or address, and outlines the questions we can help answer. We engage with stakeholders who have an active role or stake in our business, as well as those who help us improve as a company and are looking to engage in constructive dialogue.

In determining the information to report, we conducted a process to identify topics based on the interest of our stakeholders — a group that includes employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities.

The analysis included interviews, socially responsible investor (SRI) inquiries/questionnaires, customer questionnaires, consumer feedback, meetings, conferences and media coverage. From there, we prioritized the topics based on their importance to the business.

GRI Indicators

G4 – 18
Process for defining the report content and aspect boundaries; how the organization has implemented the reporting principles for defining report content.

G4 – 24
List of stakeholder groups engaged by the organization.

G4 – 25
Basis for identification and selection of stakeholders with whom to engage.

G4 – 26
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

G4 – 27
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting, and name of stakeholder group.

View the key topics assessment section (page 9) for the results of our analysis.
EMPLOYEES
How Hormel Foods engages
→ Biennial engagement survey
→ Intranet (daily)
→ Monthly location-specific newsletters and quarterly companywide magazine
→ Annual town hall meetings with the CEO and executives at various plants
→ Departmental meetings (ongoing)
→ Annual performance reviews
→ Ongoing recruitment tours (college campuses, job fairs)

Stakeholder interests
→ Company information
→ Strategic vision, employee and retiree benefits
→ Compensation
→ Diversity
→ Employee safety
→ Community outreach

How we respond to their interests
→ Include benefits information in materials for employees and in our corporate responsibility report
→ Measure and include safety and demographic data in our corporate responsibility report
→ Hold annual meetings to communicate company goals and progress to employees at all levels

Ongoing results of engagement
→ Improved safety
→ Increased employee engagement and retention
→ Improved communication of the company’s progress and motivated employees
→ Community support and retiree engagement and involvement

CUSTOMERS
How Hormel Foods engages
→ Conferences (ongoing)
→ One-on-one meetings (ongoing)
→ Facility and farm tours (ongoing)
→ Sales meetings (ongoing)
→ Questionnaires (ongoing)

Stakeholder interests
→ Food safety
→ Healthy food
→ Food prices
→ Animal welfare
→ Environment

How we respond to their interests
→ Integrate customer feedback into product development
→ Respond to questionnaires and inquiries
→ Connect customers with internal experts

Ongoing results of engagement
→ Increased understanding of the business and practices
→ Demonstration of our best practices
→ Identification of risks and opportunities
→ Development of customer relationships

SUPPLIERS
How Hormel Foods engages
→ One-on-one meetings (ongoing)
→ Supplier Quality Management System (ongoing)
→ Supplier site tours (ongoing)
→ Supplier site audits (ongoing)

Stakeholder interests
→ Standards required to remain/become a supplier of Hormel Foods

How we respond to their interests
→ Requirements outlined in our Supplier Responsibility Principles
→ Recognize top suppliers through annual awards
→ Participate in ongoing dialogue

Ongoing results of engagement
→ Improvement of quality from suppliers
→ Increased accountability
→ Improvement of supplier relationships
→ Improvement of supply base

INVESTORS/ANALYSTS
How Hormel Foods engages
→ Rankings/questionnaires (annually)
→ One-on-one meetings (ongoing)

Stakeholder interests
→ New product development
→ Food prices
→ Commodity costs
→ Code of ethics
→ Governance
→ Environmental impact

How we respond to their interests
→ Respond to questionnaires/inquiries
→ Verify data from analysts compiling rankings and indices

Ongoing results of engagement
→ Correct information
→ Benchmark data
CONSUMERS
How Hormel Foods engages
→ Consumer hotline (daily)
→ Consumer research (ongoing)
→ Social media (daily)
→ Websites (daily)

Stakeholder interests
→ Food safety
→ Healthy food
→ Food prices

How we respond to their interests
→ Answer questions through hotline and social media channels
→ Promote more proactive information and take suggestions

Ongoing results of engagement
→ Improve consumer loyalty
→ Correct misinformation
→ Helpful suggestions for how to improve our business
→ Better understanding of our consumers’ concerns and interests to help provide the best products on the market

GOVERNMENT
How Hormel Foods engages
→ One-on-one meetings with members of congress and regulatory agencies (ongoing)
→ Public forums via panels (ongoing)
→ Plant tours for elected officials (ongoing)
→ Engagement in associations and subcommittees (ongoing)
→ Reports and regulatory filings (ongoing)
→ Hormel Foods Political Action Committee (ongoing)

Stakeholder interests
→ Commodity costs
→ Animal welfare
→ Food safety
→ Local community concerns
→ Regulatory climate

How we respond to their interests
→ Updates to management about key issues
→ Engage in ongoing dialogue about these issues

Ongoing results of engagement
→ Better understanding of our practices and processes
→ Communication of our culture, commitment to communities and the impact we have on the industry and in communities
→ Positive business policies

PHILANTHROPIC PARTNERS
How Hormel Foods engages
→ Charitable Trust Committee (quarterly)
→ Conferences (ongoing)
→ Disaster response and matching gifts (ongoing)
→ Plant community donations
→ One-on-one meetings and visits (ongoing)

Stakeholder interests
→ Hunger relief efforts
How we respond to their interests
→ Developed formal hunger and community giving strategy
→ Provide resources to plant locations to give to local organizations to help with hunger relief
→ Engage in social media to support partners
→ Provide donations for disaster relief

Ongoing results of engagement
→ Formal hunger strategy
→ Employee engagement
→ Community involvement
→ Relationship-building in communities

NONGOVERNMENTAL ORGANIZATIONS (NGOs)
How Hormel Foods engages
→ Meetings (ongoing)
→ Response to questions/concerns (ongoing)

Stakeholder interests
→ Animal welfare
→ Water
→ Supplier Responsibility Principles
→ Human rights
→ Cost of rising food prices
→ Global food system
→ Food safety

How we respond to their interests
→ Consider topics raised in our reporting and operating practices
→ Maintain ongoing dialogue to incorporate a variety of changes to business practices and explain business practices

Ongoing results of engagement
→ Improved two-way conversation about the industry and business practices
→ Identification of risks to the business or larger issues in the industry

COMMUNITIES
How Hormel Foods engages
→ Representation and participation in community organizations (ongoing)
→ Sponsorships (ongoing)
→ Plant community donations (ongoing)
→ Community events (ongoing)
→ Local media relations (ongoing)
→ Visits to Guatemala (several times per year)

Stakeholder interests
→ Community involvement
→ Philanthropy
→ Environmental impact from our operations

How we respond to their interests
→ Hold meetings to discuss local concerns
→ Invest in community infrastructure
→ Developed product to address malnutrition in children internationally
→ Provide information about food safety, health and nutrition through Project SPAMMY®

Ongoing results of engagement
→ Positive community relations
→ Employee engagement
→ Positive corporate reputation
→ Large number of community groups engaged
Boundary & Measurement

The boundary of the report includes all entities that Hormel Foods “exercises control or significant influence with regard to financial and operating policies and practices,” as defined by the Global Reporting Initiative’s Boundary Protocol.

Unless otherwise noted, the report does not include MegaMex Foods (less than 50 percent operational and financial control), Fresherized Foods (acquisition of a joint venture), Okinawa Hormel Ltd. (less than 50 percent operational and financial control) and Purefoods – Hormel Company (less than 50 percent operational and financial control). The following chart explains exceptions to this or additional information about what parts of the company are or are not included in this report, by section.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees, countries where products are sold, brands that held the No. 1 or No. 2 market share and manufacturing facilities</td>
<td>Includes all</td>
</tr>
<tr>
<td>Audits of ingredient suppliers</td>
<td>Does not include Applegate</td>
</tr>
<tr>
<td>Diverse businesses</td>
<td>Does not include international and Applegate, and only includes applicable vendor categories</td>
</tr>
<tr>
<td>New vendors</td>
<td>Includes all active suppliers in the company’s tracking system</td>
</tr>
<tr>
<td>Financial information</td>
<td>As reported and defined in the company’s Annual Report</td>
</tr>
<tr>
<td>Lobbying and political action committee</td>
<td>Does not include Applegate</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>EXCEPTIONS</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Environment</td>
<td>Includes U.S. manufacturing locations and co-pack and joint venture locations with operational control</td>
</tr>
<tr>
<td>Logistics</td>
<td>Does not include Applegate, Justin’s and international</td>
</tr>
<tr>
<td>Packaging projects and material savings</td>
<td>Includes all projects and savings captured by the corporate R&amp;D packaging development group</td>
</tr>
<tr>
<td>Product packaging that is recyclable and/or made from recycled materials</td>
<td>Includes strategic suppliers in the company’s tracking system</td>
</tr>
<tr>
<td>Unique packaging items</td>
<td>Includes all packaging items in the company’s tracking system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal welfare</td>
<td>Does not include international and Applegate</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean-label initiative projects</td>
<td>Includes all projects captured through our corporate tracking systems; however, all projects may not be captured</td>
</tr>
<tr>
<td>Partially hydrogenated oils</td>
<td>Includes products captured through our corporate tracking systems; however, all products may not be captured</td>
</tr>
<tr>
<td>Sugar amounts</td>
<td>Includes products captured through our corporate tracking systems; however, all products may not be captured</td>
</tr>
<tr>
<td>Sodium reduction</td>
<td>Only includes brands listed, which include brands from Hormel Foods and MegaMex Foods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Data (employment type, gender and tenure) and collective bargaining does not include international</td>
</tr>
<tr>
<td>Safety and safety training</td>
<td>Does not include Applegate, Justin’s, international and CytoSport</td>
</tr>
<tr>
<td>Employee engagement survey</td>
<td>Does not include Applegate, CytoSport, Jennie-O Turkey Store, union plant employees at the Austin Plant and Fremont Plant, and international plant employees</td>
</tr>
<tr>
<td>Training</td>
<td>Includes training captured by our corporate learning and development department (may not include everything); does not include international</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and product donation amounts</td>
<td>Amounts provided are donations recorded through our corporate donation records, which may not capture everything</td>
</tr>
</tbody>
</table>
Data Summary

**GRI Indicators**

G4 – 22
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

G4 - EN3
Energy consumption within the organization.

G4 - EN4
Energy consumption outside of the organization.

G4 - EN20
Emissions of ozone-depleting substances.

G4 - EN29
Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations.

<table>
<thead>
<tr>
<th>TYPE</th>
<th>UNIT</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees worldwide</td>
<td>Number (approximate)</td>
<td>20,713</td>
<td>More than 21,000</td>
</tr>
<tr>
<td>Countries where our products are sold</td>
<td>Number (approximate)</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>Countries where our products are manufactured</td>
<td>Number</td>
<td>See our corporate site</td>
<td>See our corporate site</td>
</tr>
<tr>
<td>U.S. manufacturing facilities</td>
<td>Number</td>
<td>More than 40</td>
<td>More than 30</td>
</tr>
<tr>
<td>Net sales</td>
<td>U.S. dollars, millions</td>
<td>9,264</td>
<td>9,523</td>
</tr>
<tr>
<td>Categories in which our brands held the No. 1 or No. 2 share</td>
<td>Number</td>
<td>More than 30</td>
<td>More than 30</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>U.S. dollars, thousands</td>
<td>144,063</td>
<td>255,524</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>U.S. dollars, thousands</td>
<td>369,879</td>
<td>426,698</td>
</tr>
<tr>
<td>Community investments</td>
<td>U.S. dollars, thousands</td>
<td>7,734</td>
<td>10,974</td>
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<tr>
<td>Energy use</td>
<td>Direct: MMBtu/sales tonnage</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect: Kilowatt hours (kWh)/sales tonnage</td>
<td>Direct: 1.68</td>
<td>Direct: 1.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indirect: 295</td>
<td>Indirect: 290</td>
</tr>
<tr>
<td>TYPE</td>
<td>UNIT</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Water use</td>
<td>Cubic meters/sales tonnage</td>
<td>7.4</td>
<td>7.3</td>
</tr>
<tr>
<td>Solid waste</td>
<td>Pounds/sales tonnage</td>
<td>26</td>
<td>21.9</td>
</tr>
<tr>
<td>Air emissions</td>
<td>Metric tons CO2-e</td>
<td>Direct: 354,000</td>
<td>Direct: 363,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indirect: 488,000</td>
<td>Indirect: 481,000</td>
</tr>
<tr>
<td>Packaging reduction</td>
<td>Pounds, thousands</td>
<td>1,616</td>
<td>1,866</td>
</tr>
<tr>
<td>Environmental noncompliance</td>
<td>Number of individual findings</td>
<td>8*</td>
<td>4*</td>
</tr>
<tr>
<td>Sodium reduction</td>
<td>Percent reduction</td>
<td>CHI-CHI'S® and Herdez® tortillas: 34</td>
<td>CHI-CHI'S® and Herdez® and La Victoria® tortillas: 36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Canadian bacon: 23</td>
<td>Hormel® Canadian bacon: 21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® chili with beans: 14</td>
<td>Hormel® chili with beans: 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Compleats® microwave meals: 23</td>
<td>Hormel® Compleats® microwave meals: 21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Cure 81® retail hams: 17</td>
<td>Hormel® Cure 81® retail hams: 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Valley Fresh® chicken and turkey: 25</td>
<td>Valley Fresh® chicken and turkey: 25</td>
</tr>
<tr>
<td>Total Case Incident Rate (TCIR)</td>
<td>Number of recordable incidents per 100 full-time employees</td>
<td>3.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Days Away from Work Injury and Illness (DAFWII)</td>
<td>Number of cases that involve days away from work per every 100 full time employees</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Days Away, Restricted or Transfer (DART)</td>
<td>Number of injuries or illnesses resulting in days away from work, restricted work activity or job transfer per every 100 full-time employees</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

*Notice(s) of noncompliance from state or federal agencies
Hormel Foods, based in Austin, Minn., is a global branded food company with over $9.5 billion in annual revenue. Our brands include SKIPPY®, SPAM®, Hormel® Natural Choice®, Applegate®, Justin’s®, Wholly Guacamole®, Hormel® Black Label® and more than 30 other beloved brands.

We were honored in 2016 as one of the 100 Best Corporate Citizens by Corporate Responsibility magazine for the eighth consecutive year. We also celebrated our 125th anniversary and announced our new vision for the future – Inspired People. Inspired Food.™
“People genuinely like to be here. They are intelligent, creative and hardworking people with a common goal: to create food that our consumers love.”

— LYNN, 3 YEARS OF SERVICE

2016 Highlights

21K+ employees worldwide

70+ countries where our products are sold

$9.5B net sales

$256M in capital expenditures

$427M income tax expense

$10.9M donated in cash and products

30+ manufacturing facilities *end of fiscal 2016

GRI Indicators

G4-3 Name of the organization.

G4-4 Primary brands, products and/or services.

G4-5 Location of the organization’s headquarters.

G4-6 Number of countries where the organization operates, and the names of countries with either significant operations or that are specifically relevant to the sustainability issues covered in the report.

G4-8 Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).

G4-9 Scale of the reporting organization.
Supply Chain

At Hormel Foods, our multifaceted supply chain includes suppliers of hogs, turkeys, ingredients, packaging materials and transportation.

**SUPPLIER RESPONSIBILITY PRINCIPLES**

We introduced our Supplier Responsibility Principles to our key suppliers in 2011. By 2015, we had shared them with all of our suppliers to ensure everyone is operating in a sustainable and responsible manner.

**SUPPLIER ASSESSMENT**

We expect every one of our suppliers (domestic and international) to operate according to our ethical business practices. All of our purchases are derived from suppliers that are compliant with our sourcing policy, and we strictly enforce suspension of any supplier not in accordance with such policies. Additionally, we have established supplier quality management (SQM), which evaluates our suppliers based on quality, delivery, service, technology and price. Our ingredient suppliers are subject to additional measurements to further ensure quality and food safety. Suppliers that exceed our established standards are eligible for our annual Hormel Foods Spirit of Excellence Awards. In 2016 alone, we recognized 89 suppliers for their performance.

To exemplify our commitment to supply chain sustainability management, we require third-party food safety audits for all of our ingredient suppliers. In addition to the third-party food safety audits, in 2016 we conducted an additional 55 food safety supplemental audits. If suppliers are found to be noncompliant, appropriate action is taken — up to and including termination.

Hormel Foods values the long-standing relationships we have established with our suppliers. In fact, in calendar year 2016 only 3 percent of our purchases were from new suppliers. We are continuously looking for ways to assess our current supplier relationships to ensure that environmental/social risks are addressed and mitigated. To that end, in 2014 we completed a category-level assessment process to identify risks. As a next step, we are working with our suppliers in categories where risks have been identified. In addition, in 2016 we assessed 41 suppliers on environmental and social risks.

3%

In 2016, only 3 percent of our purchases were from new suppliers.

89

SPIRIT OF EXCELLENCE AWARDS

Given to suppliers for performance.
SUPPLIER DIVERSITY PROGRAM
In addition to ensuring our suppliers comply with the food safety standards recognized by the Global Food Safety Initiative (GFSI), we make a concerted effort to give diverse companies such as small, women-owned, minority-owned and veteran-owned businesses the opportunity to supply quality products that meet our company’s growing business needs. As a result of our supplier diversity program, in calendar year 2016 we purchased 23 percent of our resources from diverse businesses (small businesses, women-owned businesses, minority-owned businesses and veteran-owned businesses). This percentage includes independent family-owned hog farms.

PALM OIL SOURCING POLICY
Hormel Foods recognizes the unique environmental and social risks associated with palm oil. These risks require additional due diligence in sourcing, education and training to ensure the palm oil in our supply chain is not associated with human rights issues, deforestation or plantation expansion on carbon-rich peatlands.

While Hormel Foods is a relatively minor user of palm oil, we realize that responsible sourcing of even the smallest amount of this ingredient can make a difference. Therefore, we are dedicated to only purchasing palm oil from suppliers that comply with our sourcing principles.

In 2015, the Hormel Foods Palm Oil Council updated our palm oil policy and action plan moving forward. We had made an initial commitment to purchase only fully traceable palm oil by the end of 2014. We met this commitment by working with our suppliers and achieved traceability to the mill level. In the spirit of continuous improvement, our updated commitment is to purchase only sustainable palm oil that is fully traceable to the plantation level by 2019.

In addition, in 2015 all of our suppliers published sourcing policies for their entire operations that meet our principles and implementation timelines.

GRI Indicators
G4-12
Description of the organization’s supply chain.
G4-EN32
Percentage of new suppliers that were screened using environmental criteria.
G4-FP1
Percentage of purchased volume from suppliers compliant with the company’s sourcing policy.
G4-LA14
Percentage of new suppliers that were screened using labor practices criteria.
G4-SO9
Percentage of new suppliers that were screened using criteria for impacts on society.
Governance & Financials

At Hormel Foods, we recognize that our sustainability practices directly align with our financial goals and thus, sustainability serves as a guide to our day-to-day business operations. In this way, we excel as a company and improve our sustainability performance while adhering to the highest standards of ethics.

GOVERNANCE AND POLICIES

The Board of Directors oversees all activities at Hormel Foods and assumes the ultimate responsibility of ensuring that the company’s performance is based on strong ethical practices and is aligned with the Code of Ethical Business Conduct.

In 2016, the Hormel Foods Board of Directors consisted of 15 members, 12 of whom were independent. On the 2016 Board of Directors, there were four women and five persons of color.

CORPORATE RESPONSIBILITY OVERSIGHT

In calendar year 2015, Hormel Foods implemented a Corporate Responsibility (CR) Steering Committee. The CR Steering Committee is comprised of company executives, and the group’s role is to provide direction and approval for the company’s environmental, social and governance activities. The chair of the CR Steering Committee is Lori Marco, senior vice president of external affairs and general counsel, who reports to the company’s chief executive officer. The CR Council (comprised of cross-functional subject-matter experts) reports to the CR Steering Committee.

In addition, oversight of our sustainability, environmental and corporate social responsibility activities was added to the responsibility of the Governance Committee of our Board of Directors.

FINANCIALS

For 51 consecutive years, the company has increased its annual dividend. Since 2011, the average dividend growth rate is 18 percent per year.

Hormel Foods continues to grow, increasing earnings per share by 29 percent in 2016 to a record $1.64 per share.
Public Policy

Hormel Foods recognizes there are several legislative issues that directly affect the food industry.

As a leader in the industry, we are involved in lobbying efforts to help create an open dialogue about our company’s mission. In 2016, our lobbying efforts and activities primarily focused on agriculture, food labeling, health and labor/workplace issues.

Activities vary according to the issue and may involve working with legislators, the House and Senate Agricultural Committees, the U.S. Department of Agriculture and the Food and Drug Administration. We maintain a relationship with these parties in order to ensure an open discussion and that accurate information on these issues is appropriately disseminated.

In calendar year 2016, we spent $490,683 in lobbying. From our Political Action Committee (PAC), we contributed $5,000 to the North American Meat Institute PAC and $5,000 to the Grocery Manufacturers Association PAC. Individual contributions to political parties are allowed, but the company does not directly contribute to political parties.

GRI Indicators

G4-506
Total value of political contributions by country and recipient/beneficiary.
Environment
We are inspired to do our part in making the world a better place. That’s why we place great emphasis on the environment when producing products for customers and consumers around the world.

To minimize our environmental impact, we’ve set goals to reduce our non-renewable energy use, water use, solid waste sent to landfills and greenhouse gas emissions by 10 percent by 2020. These goals are established on a target to implement projects that provide absolute reductions equaling 10 percent of our base-year level (2011). To help meet these environmental goals across the company, we invest in our facilities and establish specific metrics to improve the efficiency of our operations.

In addition to these goals, we also aim to reduce our product packaging by 25 million pounds by 2020. Our packaging team regularly evaluates our packaging design, consistently looking for minimization opportunities.
Hormel Foods cares about its people, the environment and the quality of products it makes. That is what makes me love coming to work every day.

- PAT, 21 YEARS OF SERVICE

## 2016 Environmental Highlights

<table>
<thead>
<tr>
<th>REDUCED GHG EMISSIONS</th>
<th>NORMALIZED DIRECT ENERGY</th>
<th>PACKAGING POUNDS SAVED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9k</strong> metric tons</td>
<td><strong>1.68</strong> MMBtu/sales tonnage</td>
<td><strong>1.9M</strong> through sustainability initiatives</td>
</tr>
</tbody>
</table>

### 2020 GOAL
Reduce non-renewable energy use, water use, solid waste sent to landfills and greenhouse gas emissions by 10 percent, and reduce product packaging by 25 million pounds.

### 2016 PROGRESS
In 2016, we were proud to announce our participation in the Ceres and World Wildlife Fund AgWater Challenge. Through this initiative, we will work with growers in our supply chain to reduce water use and improve water quality. We will provide updates on our progress through this challenge in future reports.

- **Solid Waste Reduction Goal Surpassed**
  We surpassed our goal of reducing solid waste sent to landfills in 2014 and continue to implement projects to achieve additional reductions.

- **Water Reduction Goal Surpassed**
  We surpassed our water reduction goal during 2016 and will continue to drive projects to achieve additional reductions.

- **$4.8M in facility improvements**
  We are on track to achieve our remaining environmental goals. We implemented more than $4.8 million in facility improvements in 2016 and joined the Ceres and World Wildlife Fund AgWater Challenge to work with growers in our supply chain to reduce water use and improve water quality.

For additional information about the AgWater Challenge, or to learn more about the environmental policies at Hormel Foods, we invite you to read our environment section on HormelFoods.com.
Greenhouse Gas Emissions

At Hormel Foods, we have a number of projects in place that help reduce our greenhouse gas (GHG) emissions, ranging from improvements to our facilities to the way that we transport our products to our customers.

As established from our 2011 base year, our goal is to implement projects that reduce GHG emissions by 92,000 metric tons of carbon dioxide equivalent (CO2-e) by 2020.

In 2016, we implemented projects that resulted in a reduction of over 9,000 metric tons of GHG emissions from our manufacturing operations, reaching 51 percent of our goal when combined with our progress since 2012. Of the total GHG emissions, direct GHG emissions were approximately 43 percent and indirect GHG emissions were approximately 57 percent. Normalized GHG emissions for manufacturing plants were 0.325 metric tons CO2-e per ton of products sold, up 0.4 percent from the prior year level. We are currently on pace to reach our 2020 goal.

9K
METRIC TON REDUCTION

In 2016, we implemented projects that resulted in a reduction of over 9,000 metric tons of GHG emissions from our manufacturing operations.

92K
METRIC TONS IN GHG EMISSIONS

Our goal is to implement projects that reduce GHG emissions by 92,000 metric tons of carbon dioxide equivalent (CO2-e) by 2020.

GRI Indicators

G4-EN15
Direct greenhouse gas (GHG) emissions.

G4-EN16
Energy indirect greenhouse gas (GHG) emissions.

G4-EN19
Reduction of greenhouse gas (GHG) emissions.

G4-EN30
Significant environmental impacts of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce.

51%
OF OUR 2020 GOAL

In 2016, we reached 51 percent of our goal when combined with our progress since 2012.
**RENEWABLE ENERGY INITIATIVES**

We have purchased wind power renewable energy certificates to offset the purchased electricity demand of our Osceola (Iowa) Food facility, offsetting 35 million kilowatt hours of energy. The use of this green power offsets power at the facility that produces most of the company’s Hormel® Natural Choice® deli meats products.

In 2016, we also continued to support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including entering into a co-sponsorship with Westar Energy to develop its first community solar garden near Wichita, Kan., where we manufacture most of our Hormel® Natural Choice® bacon products. We look forward to continuing our support of renewable energy through additional solar power initiatives in 2017.

**RECENT PROJECTS TO REDUCE AIR EMISSIONS**

**DIRECT GHG EMISSIONS SAVED**

675 METRIC TONS

Austin (Minn.) Plant

Our team investigated steam usage in the soup stock process and prioritized areas for improvement. By implementing projects that improved the efficiency of the steam use, the plant was able to save more than 675 metric tons of direct GHG emissions – enough to offset the GHG emissions from 1.6 million miles driven by an average passenger vehicle.

**DIRECT GHG EMISSIONS SAVED**

790 METRIC TONS

Knoxville (Iowa) Plant

Our team looked at ways to improve the efficiency of drying sausage. The team completed an energy and air balance study to determine the current conditions and then identified changes that would improve production and reduce energy use. The plant documented changes that reduced over 790 metric tons of direct GHG emissions annually – enough to offset over 91,000 gallons of gasoline consumed.

**INDIRECT GHG EMISSIONS SAVED**

99 METRIC TONS

Skippy Foods (Little Rock, Ark.)

Our team completed lighting improvement projects, replacing older inefficient lighting with high-efficiency LED lamps. The changes improved lighting levels and saved 99 metric tons of indirect GHG emissions – enough to offset the electricity use of 22 homes for one year.

**LOGISTICS**

With our worldwide presence, Hormel Foods relies on transportation via truck, train and ship to deliver our products to customers. We do so in a way that minimizes our impact on air quality. We transport our products as efficiently as possible by structuring pallet loads, reviewing product mixes and improving route planning. Load factors averaged approximately 90 percent of vehicle weight capacity in 2016.

We recognize that our methods of intermodal shipments need to be reassessed on a regular basis and thus, we continue to evaluate best practices. Intermodal shipments combine the best attributes of truck and rail shipping. For long distances, this method of transportation can cut fuel use and GHG emissions compared to truck-only moves. In 2016, we had over 8,200 intermodal shipments. These shipments accounted for approximately 13.6 million miles and saved more than 650,000 million gallons of diesel fuel versus shipping solely by truck.
Energy

In 2016, we continued to make progress toward our energy reduction goal, resulting in reduced energy use exceeding 157,000 MMBtu. When combined with our results since 2012, this fulfills 84 percent of our target of 692,000 MMBtu by 2020.

We look forward to continuing our support of renewable energy through additional solar power initiatives in 2017.

GRI Indicators

G4-EN5
Energy intensity.

G4-ENS
Reduction of energy consumption.
RENEWABLE ENERGY INITIATIVES

We have purchased wind power renewable energy certificates to offset the purchased electricity demand of our Osceola (Iowa) Food facility, offsetting 35 million kilowatt hours of energy. The use of this green power offsets power at the facility that produces most of the company’s Hormel® Natural Choice® deli meats products.

In 2016, we also continued to support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including entering into a co-sponsorship with Westar Energy to develop their first community solar garden near Wichita, Kan., where we manufacture most of our Hormel® Natural Choice® bacon products. We look forward to continuing our support of renewable energy through additional solar power initiatives in 2017.

RECENT PROJECTS TO REDUCE ENERGY CONSUMPTION

- **Swiss American Sausage Company (Lathrop, Calif.)**
  Our team tackled a refrigeration system improvement project that targeted the optimization of the system pressure. By optimizing the settings of the system, the plant was able to save over 380,000 kilowatt hours of electricity.

- **The Progressive Processing (Dubuque, Iowa)**
  Our team identified a process that eliminated the need to use compressed air to remove water from the exterior of cans. This process change reduced over 345,000 kilowatt hours of electricity.

- **Jennie-O Turkey Store (Faribault, Minn.)**
  Our team identified areas of outdated lighting and worked with a team of energy experts to install a highly efficient LED system. This project led to the elimination of stocking anything but LED lighting for replacement use and will save the facility over 450,000 kilowatt hours of electricity per year.

2016 PROGRESS

Normalized direct energy (MMBtu/sales tonnage) was 1.68 and normalized indirect energy (kWh/sales tonnage) was 290, with indirect energy efficiency improving from the prior-year level. We are currently on pace to achieve our 2020 goal.

NORMALIZED DIRECT ENERGY

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalized direct energy (MMBtu/sales tonnage)</td>
<td>1.68</td>
</tr>
<tr>
<td>Normalized indirect energy (kWh/sales tonnage)</td>
<td>290</td>
</tr>
</tbody>
</table>

2016 PROGRESS

Normalized direct energy (MMBtu/sales tonnage) was 1.68 and normalized indirect energy (kWh/sales tonnage) was 290, with indirect energy efficiency improving from the prior-year level. We are currently on pace to achieve our 2020 goal.
### Water

Water usage continues to be a top priority for all of our stakeholders and thus, continues to be a priority at Hormel Foods.

Our target is to implement projects that reduce total water use by 0.5 billion gallons by 2020. During 2016, we successfully implemented projects that reduced water use by 239 million gallons, exceeding our goal by 31 percent when combined with our progress since 2012. Total manufacturing water use during 2016 was 4.99 billion gallons. We will continue to focus on water reduction and efficiency improvements as we work to establish a new goal.

Our water sources include municipal utilities and company-owned wells. We consistently look for ways to improve our equipment and engage our employees on an ongoing basis to achieve water use reduction through behavior-based initiatives. Normalized usage (cubic meters/sales tonnage) for 2016 was 7.3, even with the prior year’s level.

In addition to monitoring our water usage, we evaluated our operations to determine the business risk associated with water scarcity. After careful evaluation, we learned that Hormel Foods does not have manufacturing operations in areas defined as water-scarce regions by the World Resources Institute. We have identified three manufacturing facilities that are located in regions defined as overall high risk, using the World Resources Institute’s Aqueduct Water Risk Atlas. Access-to-water risk remains low at all domestic manufacturing locations, and we remain committed to driving water reduction and efficiency improvements at these and all manufacturing locations.

In 2016, we also announced our participation in the Ceres and World Wildlife Fund AgWater Challenge to work with growers in our supply chain to reduce water use and improve water quality. We will provide updates on our progress through this challenge in future reports.

---

239 M

**GALLON REDUCTION**

During 2016, we successfully implemented projects that reduced water use by 239 million gallons.

2020 GOAL EXCEEDED BY 30%

In 2016, we exceeded our 2020 goal by 31 percent when combined with progress since 2012.

GRI Indicators

- **G4-EN8** Total water withdrawal by source.
- **G4-EN22** Total weight of waste by type and disposal method.

Additional information about the AgWater Challenge can be found on HormelFoods.com.
RECENT PROJECTS TO REDUCE WATER USAGE

164M
GALLONS OF FRESH WATER SAVED PER YEAR

Austin (Minn.) Plant
Our team added enough reverse osmosis capacity to exceed boiler demand and eliminated single-pass cooling of air compressors. This project reduced boiler water chemical use and provided adequate cooling through heat exchangers on the air compressor, saving over 164 million gallons of fresh water per year.

12M
GALLONS OF FRESH WATER SAVED PER YEAR

Jennie-O Turkey Store (Barron, Wis.)
Our team identified a way to optimize the refrigeration load and eliminate a compressor room. By doing so, the plant was able to eliminate compressor cooling water, saving over 12 million gallons of fresh water per year.

20M
GALLONS OF FRESH WATER SAVED PER YEAR

Beloit (Wis.) Plant
Our team eliminated the use of fresh water for single-pass cooling of the air compressors in the engine room. Changing to a closed-loop cooling system will save the plant 20 million gallons of fresh water per year.

WASTEWATER MANAGEMENT
The efficient treatment of process water is an important part of our operations and a key focus of our environmental programs. Our goal extends beyond full compliance to developing collaborative partnerships in the communities where we operate.

Whether by direct discharge or indirect discharge via municipal wastewater systems, treated process water from our manufacturing locations is distributed to the following watersheds (percentage denotes the breakdown of wastewater distribution to each location):

- 74% Upper Mississippi
- 11% Missouri
- 7% California
- 3% South Atlantic
- 2% Souris/Red River
- 1% Texas Gulf
- 2% other watersheds
Waste

Reducing our solid waste generation across our operations continues to be an important environmental topic that we work to address. After surpassing our 2020 goal in 2014, we continued to implement projects to achieve additional reductions.

As a member of the Grocery Manufacturers Association, we support the Food Waste Reduction Alliance’s efforts to:

- Reduce food waste by half by 2020 based on 2016 levels;
- Increase the amount of food donations; and
- Recycle unavoidable food waste by diverting it from landfills.

Hormel Foods has a rich history of donating food to those in need. We make every effort to divert food waste to the most beneficial end use possible. Depending on the nature of the food waste and the location of the generation, our food waste can be used as animal feed, as feedstock for anaerobic digestion, as a composting substrate or as a synthetic nutrient substitute.

To learn about our efforts in 2016, visit the communities section (page 75) of this report. To learn more about our initiatives to decrease food waste at the consumer level, please visit the products section (page 56) of this report.
2016 PROGRESS

After surpassing our 2020 goal in 2014 to reduce solid waste to landfills by 3,500 tons per year, we have continued to implement projects to achieve additional reductions. In 2016 alone, our operations implemented projects that reduced the amount of solid waste sent to landfills by 94 tons. These reductions helped offset the impacts seen with increased production and poor performance in the recycling markets, resulting in normalized total solid waste (pounds/sales tonnage) for 2016 of 21.9, a 15 percent reduction from the prior year level.

15% REDUCTION

In 2016 our normalized total solid waste (pounds/sales tonnage) for 2016 of 21.9, a 15 percent reduction from the prior year level.

REDUCING SOLID WASTE SENT TO LANDFILLS

40+ TONS PER YEAR IMPROVEMENT IN RECYCLING VOLUME

Atlanta Plant (Tucker, Ga.)
Our team was able to extend their solid waste avoidance and recycling improvement efforts as production volumes increased. By staying focused on the separation of materials, the plant was able to improve recycling volume by over 40 tons per year.

50 TONS OF LANDFILL WASTE SAVED

Progressive Processing (Dubuque, Iowa)
Our team continued toward their goal of zero waste to landfills by identifying an outlet for soft-plastic waste that is no longer accepted by area recyclers. As an alternative to landfills, the team worked to qualify the material for use in an area waste-to-energy boiler. By doing this, the plant avoided sending 50 tons per year of soft-plastic waste to a landfill.
Packaging

Hormel Foods has a dedicated group of employees that regularly evaluates our packaging design, consistently looking for minimization opportunities.

The packaging team collaborates with all other departments and examines the entire supply chain for sustainability initiatives that will benefit all divisions. In calendar year 2016, this team initiated 42 total projects and completed 27 projects. Combined, these projects resulted in 1.9 million pounds in savings.* When combined with our progress made since 2012, these savings represent 82 percent of our goal to reduce product packaging by 25 million pounds by 2020.

*Savings are estimated annualized savings based on a full year of volume

1.9M POUNDS

In 2016, our packaging team’s sustainability initiatives resulted in 1.9 million pounds in savings.

82% OF OUR 2020 GOAL

In 2016 we reached 82 percent of our 2020 goal to reduce product packaging by 25 million pounds when combined with progress made since 2012.

*Note: Due to the breadth of input materials used in production and packaging, we cannot report on the total weight of materials used throughout the company until we have a reliable process to measure and track this information.

GRI Indicators

G4-EN1
Materials used by weight or volume.

G4-EN2
Percentage of materials used that are recycled input materials.

G4-EN27
Extent of impact mitigation of environmental impacts of products and services.
PRODUCT PACKAGING

Hormel Foods uses more than 9,000 unique items to package and produce our products, including corrugated paperboard, labels, films, cans, plastic bags, displays, glass containers, metal closures and plastic closures. Approximately 80 percent of our product packaging by weight is recyclable and/or made from recycled materials.

PROJECTS TO ACHIEVE PACKAGING MINIMIZATION*

239K+ POUNDS OF MATERIAL SAVED

Grocery Products And CHEP
We were able to eliminate using paperboard slip sheets on pallets for our Grocery Products items by utilizing the CHEP pallet-pool program. This change resulted in a material savings of more than 239,000 pounds.

196K+ POUNDS OF MATERIAL SAVED

Corrugated Box Design
By adding an automated piece of equipment to our Hormel® Natural Choice® core deli line, we were able to design a corrugated box that uses less corrugated material and eliminates the need for tape. These changes resulted in a material savings of more than 196,000 pounds.

626K+ POUNDS OF MATERIAL SAVED

Plastic Jar Weight Reduction
By reducing the gram weight for the 15- and 16.3-ounce plastic jars for SKIPPY® peanut butter products from 26 to 22 grams, we were able to achieve a material savings of more than 626,000 pounds.

*Savings are estimated annualized savings based on a full year of volume.
Recognition

Through our internal Environmental Sustainability Best of the Best annual competition, we recognize and reward Hormel Foods teams that have identified improvement opportunities and implemented changes.

44 ENTRIES

In 2016, there were 44 Best of the Best entries generated across all Hormel Foods business segments.
EXTERNAL RECOGNITION
In 2016, our continued dedication to reducing our environmental footprint resulted in recognition by a number of independent sources:

North American Meat Institute EMS Implementation Recognition
The North American Meat Institute recognized 25 Hormel Foods and subsidiary manufacturing plants for implementing an environmental management system (EMS). The plants received Tier 3 recognition, indicating full EMS implementation without third-party certification.

North American Meat Institute Environmental Achievement Award Recognition
The North American Meat Institute recognized our Beloit (Wis.) Plant. The team was the second-place recipient of the Resource Conservation Achievement Award. More information about this team’s accomplishments can be found in the water section of this report.

Wastewater Operator of the Year
Larry Reinke, supervisor of the Jennie-O Turkey Store (Barron, Wis.) wastewater plant, was awarded the Wisconsin Wastewater Operators’ Association Northwest Region Operator of the Year Award.

INTERNAL RECOGNITION
In 2016, there were 44 entries generated across all Hormel Foods business segments. The Austin (Minn.) Plant team was chosen as the 2016 Environmental Sustainability Best of the Best champion for their water reduction project, which documented savings in excess of 164 million gallons.

To learn more about this project, please visit the water section (page 42) of this report. Also see our environmental sustainability policy for more information about the commitment our company has made to environmental sustainability objectives.
EMPLOYEE ENGAGEMENT IN ENVIRONMENTAL INITIATIVES

We are dedicated to fostering an environment at Hormel Foods where employees are engaged in our sustainability initiatives.

GReen Our Way (GROW) is an internal team, started in 2010, that aims to assemble and evaluate sustainability metrics, increase awareness with education and events, and improve sustainability at our Corporate Office campus (Austin, Minn.).

In 2016, the team successfully implemented a number of projects, including:

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**Beat the Peak Week**

The Beat the Peak Week aimed to increase awareness of peak alerts and electrical usage at the corporate campus. The final event during Beat the Peak Week was Lights Out Day on June 5 in which employees were asked to reduce their electrical usage by limiting non-essential lighting and equipment.

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**Lunch and Learns**

Throughout the year, the team organized and hosted several lunch-and-learn opportunities for employees on environmental topics.

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**Adopt a Highway**

Twice a year, Hormel Foods employees volunteer to clean a section of the highway in the Austin, Minn., area. During 2016, our plant managers from across the country gathered in Austin and helped with the clean-up effort.

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**Recycling Initiatives**

The team held denim and athletic shoe recycling drives for employees. The denim was donated to an organization that recycles denim into insulation, and therefore keeps textile waste out of landfills and helps with building efforts in communities around the country. The shoes were donated to a company that grinds down worn-out athletic shoes and turns them into surfaces such as running tracks.
Animal Welfare
Since 1891, we have strived to maintain the highest standards for animal welfare and handling throughout our entire supply chain.

To verify that our animal welfare requirements are being met, we conduct on-site assessments and audits. In addition, we have several animal welfare committees in place to ensure the accountability of our standards.
Animal care is an absolute priority at Hormel Foods.

— JOSE, FOUR YEARS OF SERVICE

### 2016 Animal Welfare Highlights

<table>
<thead>
<tr>
<th>ONGOING GOAL</th>
<th>Maintain the highest standards for animal welfare and handling throughout our entire supply chain.</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOG QUALITY ASSURANCE AUDITS</td>
<td>3 by outside auditors</td>
</tr>
<tr>
<td>TURKEY QUALITY ASSURANCE AUDITS</td>
<td>607 internal by Jennie-O Turkey Store</td>
</tr>
<tr>
<td>2016 SPIRIT OF EXCELLENCE AWARDS</td>
<td>4 awards for provisions</td>
</tr>
<tr>
<td></td>
<td>23 awards for procurement</td>
</tr>
<tr>
<td>ANTIBIOTIC STEWARDSHIP</td>
<td>1,193 internal formal</td>
</tr>
<tr>
<td></td>
<td>57 internal random</td>
</tr>
<tr>
<td></td>
<td>32 production National Turkey Federation audits by live production managers and supervisors</td>
</tr>
<tr>
<td></td>
<td>9 external in the calendar year 2016</td>
</tr>
<tr>
<td></td>
<td>6 internal formal processing</td>
</tr>
<tr>
<td></td>
<td>102 internal random processing</td>
</tr>
</tbody>
</table>

To learn more about animal welfare at Hormel Foods, visit the animal care section of HormelFoods.com.
I am extremely proud to work for a company that produces food responsibly and is a good corporate citizen.

— KELLY, SEVEN YEARS OF SERVICE

Hogs

All hog producers and employees who care for our hogs participate in the Hormel Foods Quality Assurance Program. This program certifies them in the proper way to transport and treat animals on their farms. In addition, all farms are subject to third-party audits.

Our annual Spirit of Excellence Awards recognize hog producers that exemplify our commitment to quality at Hormel Foods. In 2016, we awarded 89 suppliers with Spirit of Excellence Awards for their roles in the company’s continuous improvement process throughout the last year. This includes four awards in the provisions category and 23 awards in the pork procurement category.

Quality assurance and operations personnel perform daily internal audits in our processing facilities to maintain the highest animal care practices. In 2016, three external audits were performed by outside auditors in our processing facilities. Internally, we participated in 1,193 formal audits, and 57 audits were conducted by company management at our processing facilities on an unannounced, random basis. In 2016, there were no incidents of noncompliance with laws and regulations, and/or voluntary standards related to our transportation, handling and slaughtering practices.

At our Hormel Foods company-owned farm, we raise our hogs in climate-controlled barns. Raising animals indoors is beneficial because our housing systems keep animals healthier, protecting them from predators, diseases and extreme weather conditions. We constantly monitor scientific research to understand the best animal treatment practices.

For information about our antibiotic stewardship efforts and our animal care practices, visit the animal care section of HormelFoods.com.
Turkeys

Jennie-O Turkey Store follows the animal welfare guidelines from the National Turkey Federation and the Global Food Safety Initiative guidelines for food safety as the auditing criteria for our hatcheries, grower farms and processing plants. We are proud to consistently score in the highest category.

In 2016, 607 internal audits were conducted by the Jennie-O Turkey Store live production quality assurance department, as well as 32 production National Turkey Federation audits by managers and supervisors of live production.

Daily internal audits at Jennie-O Turkey Store processing facilities conducted by quality assurance and operations personnel help maintain the highest animal care practices. In calendar year 2016, nine external audits were performed by outside auditors. Internally, Jennie-O Turkey Store participated in six formal audits, and 102 audits were conducted by company managers at processing facilities on an unannounced, random basis.

In 2016, we did not receive any noncompliance records for laws and regulations, and/or voluntary standards related to transportation, handling and slaughtering practices.

GRI Indicators

G4-FP13
Total number of incidents of noncompliance with laws and regulations, and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals.

For information about our antibiotic stewardship efforts and animal care practices, visit the animal care section of HormelFoods.com.
Products
Producing some of the most trusted and well-known food products in the world inspires us every day. We continue to diversify our portfolio of products to offer consumers a wide range of options to meet their needs.

We have a goal to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020. In addition, we’ve implemented a clean-label initiative to simplify the ingredient statements of many of our retail products and have set a new innovation goal: to deliver 15 percent of sales from new products developed and launched in the previous five years.

I enjoy working with my team and the developers to see what new innovations the team has and which of those ideas flourish in the marketplace. 

– THERESE, 1 YEAR OF SERVICE
I love Hormel Foods for being an honest, trustworthy and safe company to work for. I love that we are producing quality products that are feeding the world!

– NICOLE, 16 YEARS OF SERVICE

2016 Product Highlights

97% of our products contain 5g or less sugar/serving

HERDEZ® Guacamole Salsa winner of our Innovation Best of the Best competition

127K+ contacts fielded by our consumer engagement team

ACQUIRED JUSTIN’S, LLC

SODIUM REDUCTION PROGRESS

36% CHI-CHI’S®, Herdez® and La Victoria® tortillas

21% Hormel® Compleats® microwave meals

19% Hormel® smoked pork loins*

21% Hormel® Canadian bacon

12% Hormel® Cure B® retail hams

25% Valley Fresh® chicken and turkey

12% Hormel® chili with beans

13% Hormel® refrigerated entrées*

*New category in 2016

97% of our products contain 5g or less sugar/serving
Food Safety & Quality

Hormel Foods has robust food safety and sanitation systems based on Hazard Analysis and Critical Control Points principles to ensure the safety of every product produced.

Food safety systems are overseen by company personnel, independent third parties, the U.S. Department of Agriculture and the U.S. Food and Drug Administration.

The safety of our products is of utmost important to us. In 2016, out of an abundance of caution, we issued two voluntary recalls. One recall was for 153 cases of a single code date of Skippy® reduced fat creamy peanut butter spread. The second recall was for 450 pounds of Dinty Moore® beef stew.

**GRI Indicators**

G4-15
Externally developed economic, environmental and social charters, principles or other initiatives the organization subscribes or endorses.

G4-PR2
The total number of incidents of noncompliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

G4-PR4
The total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
Nutrition & Wellness

Our Health, Science and Wellness Advisory Council (a cross-functional team consisting of research and development, marketing, consumer insights, regulatory affairs and packaging) meets regularly to discuss health and wellness, consumer trends, and initiatives and strategies for our product portfolio.

70% REDUCTION

Our work over the past several years has resulted in a 70 percent reduction in the number of products containing partially hydrogenated oils.

GRI Indicators

G4-FP6
Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.

G4-FP7
The percentage of total sales volume of consumer products, by product category, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.
We have implemented a clean-label initiative to simplify the ingredient statements of many of our retail products through the removal or replacement of ingredients, while still delivering great-tasting items that consumers expect. This means products are evaluated for a simpler ingredient list, using ingredients familiar to consumers, and no artificial colors or flavors.

In 2016, we initiated 47 clean-label projects. Those completed in 2016 included Valley Fresh® chicken breast raised without antibiotics and Hormel Vital Cuisine™ meals.

In addition to the company’s retail products clean-label efforts, the company’s food service division is focusing on clean labels as well. Knowing that food service operators and their patrons desire their ingredients and menu items to reflect what they find in their own pantries, all Hormel Foods Foodservice innovation efforts will continue to be chef-inspired with easily recognized ingredients, smart sodium levels and on-trend preparation methods. Innovation product successes include Hormel® Fire Braised™ meats, Hormel® Natural Choice® meats and Hormel® FUSE™ patties. These items are 100 percent all natural with zero preservatives, no artificial colors, no nitrates or nitrites added, and have no gluten-containing ingredients.

We continue to implement projects to eliminate partially hydrogenated oils (PHOs), the source of artificial trans fats. Our work over the past several years has resulted in a 70 percent reduction in the number of products containing PHOs. We will continue to work closely with our ingredient suppliers to find suitable alternatives that do not compromise product flavor or texture.

Additionally, the products in our portfolio already contain low amounts of sugar. Approximately 97 percent of our portfolio had five grams of sugar or less per serving in 2016.

Our Health, Science and Wellness Advisory Council has set an important sodium reduction goal: by 2020, we aim to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent.
**Percent of item sales within category with a sodium reduction or developed with decreased sodium parameters

**SODIUM REDUCTION BY PRODUCT CATEGORY**

- **36%**
  - *CHI-CHI’S®, Herdez® and La Victoria® tortillas

- **21%**
  - Hormel® Compleats® microwave meals

- **21%**
  - Hormel® Cure 81® retail hams

- **19%**
  - Hormel® smoked pork loins*

- **25%**
  - Valley Fresh® chicken and turkey

- **12%**
  - Hormel® chili with beans

- **13%**
  - Hormel® refrigerated entrées*

**PERCENT OF SODIUM REDUCTION BY CATEGORY**

- **99%**
  - *CHI-CHI’S®, Herdez® and La Victoria® tortillas

- **72%**
  - Hormel® Compleats® microwave meals

- **71%**
  - Hormel® Cure 81® retail hams

- **76%**
  - Hormel® refrigerated entrées*

- **90%**
  - Hormel® smoked pork loins*

- **50%**
  - Hormel® Compleats® microwave meals

- **99%**
  - Valley Fresh® chicken and turkey

- **99%**
  - Hormel® refrigerated entrées*

- **99%**
  - We also reduced the sodium in our Hormel® Mary Kitchen® corned beef hash

*New category in 2016

**Percent of item sales within category with a sodium reduction or developed with decreased sodium parameters
“We brought together researchers in both the health and culinary fields to ensure a thorough understanding of a patient’s needs during various phases of treatment.”

– CHET RAO, PH.D., STRATEGY AND BUSINESS MANAGER AT HORMEL FOODS

CANCER NUTRITION PRODUCTS
In 2014, we initiated a partnership with the Cancer Nutrition Consortium (CNC) to develop a line of food and beverage products to support the nutrition needs of patients recovering from cancer and other ailments. In 2015, we launched Hormel Vital Cuisine™ high-protein shakes and whey powders and made them available directly to consumers for home delivery at www.homecarenutrition.com/vital-cuisine. A line of Hormel Vital Cuisine™ meals was launched in 2016.

“During product development, we brought together researchers in both the health and culinary fields to ensure a thorough understanding of a patient’s needs during various phases of treatment,” said Chet Rao, Ph.D., strategy and business manager at Hormel Foods. “This product line was thoughtfully crafted, since many product attributes such as flavor, texture and ingredients are known to affect patients differently during their recovery, during which eating and drinking can be challenging.”

In 2016, the Hormel Vital Cuisine™ brand team sponsored several American Cancer Society (ACS) events, including Making Strides Against Breast Cancer and Relay For Life. Hormel Vital Cuisine™ products were also donated to several ACS Hope Lodges, which are free temporary lodging centers for patients and their caregivers near treatment centers.

Hormel Foods gives a portion of all Hormel Vital Cuisine™ product sales to the CNC. The mission of the CNC is to improve cancer patients’ quality of life by raising awareness about their experiences with food, taste and nutrition during cancer treatment.

For additional information, visit homecarenutrition.com/vital-cuisine.
We understand that just like us, many consumers are looking for ways to reduce food waste.

As a member of the Grocery Manufacturers Association, we support the Food Waste Reduction Alliance’s efforts to:

- Reduce food waste by half by 2020 based on 2016 levels;
- Increase the amount of food donations; and
- Recycle unavoidable food waste by diverting it from landfills.

We produce a variety of products to help consumers with portion control, while simultaneously minimizing the amount of waste from leftover food, such as: Dinty Moore® microwave cups, Hormel® REV® wraps, SKIPPY® singles and Wholly Guacamole® minis.

We also produce a variety of canned foods and shelf-stable microwaveable meals that have a long shelf life. These products also have an additional benefit – they do not require the energy needed for refrigeration when being shipped or stored. Examples of our shelf-stable products include: Hormel® chili, Dinty Moore® beef stew, Hormel® Compleats® microwave meals and Valley Fresh® turkey and chicken.

Hormel Foods has a rich history of donating food to those in need. To learn about our efforts in 2016, visit the communities section of this report (page 75). For information about our efforts to divert food waste from landfills, visit the environment section (page 35) of this report.
Product Innovation

To continue to offer new options to meet the needs of consumers around the world, we focus our innovation efforts on healthy/holistic lifestyle, on-the-go options, multicultural options and global options.

In 2016, we launched 600 new retail and foodservice items. In addition, we recently introduced a new innovation goal: to deliver 15 percent of sales from new products developed and launched in the previous five years.

As part of our product innovation approach, we have a team dedicated to innovation management. This team is responsible for major new product development projects in our company, and we have a system for measuring key indicators to help manage the new product innovation process. We also have formalized a companywide governance system to maintain the necessary checks and balances of this product innovation process, and in 2014 we created an Innovation Steering Committee that meets quarterly to review the company’s innovation progress.

In 2014, we also established an Innovation Best of the Best competition category to highlight our focus on successful innovation. In 2016, five entries from multiple business units entered the competition and the Herdez® guacamole salsa team was named the winner. The team started with a strategic goal of driving growth in the salsa category. Herdez® guacamole salsa is modeled after flavors of local taco shops, or taquerias, which offer various types of salsas and sauces. Until now, consumers have never been able to buy a shelf-stable version of a guacamole salsa.

Our consumer engagement team is dedicated to maintaining strong relationships with our consumers, while ascertaining consumer tastes and preferences in changing demographics. By interacting with consumers on a daily basis, our team can better evaluate consumer needs. In 2016, the consumer engagement team fielded more than 127,000 contacts.

In 2015, we acquired Applegate Farms, LLC, owner of the Applegate® brand (the No. 1 brand in the natural and organic prepared meats category). As a growing number of consumers choose natural and organic products, this purchase provides Hormel Foods and the Applegate® brand a faster path to expanded offerings in this high-growth category. In addition, we acquired Justin’s LLC, owner of the Justin’s® brand and a pioneer in nut butter-based snacking, in 2016.

GRI Indicators

G4-PR1
Percentage of significant product and service categories for which health and safety are assessed for improvement.

G4-PR5
Results of surveys measuring customer satisfaction.
In 2016, we launched 600 new retail and foodservice items.

NEW OPTIONS
In 2016, we rolled out several new items, with a focus on expanding our on-the-go offerings for today’s busy consumers. These items included:

- Three varieties of **HORMEL® REV® BITES**
- **HORMEL GATHERINGS®** culinary pairings products
- Four varieties of **JENNIE-O® TURKEY BREAST STICKS**
- Two varieties of **HORMEL® REV® WRAPS**
- Two new varieties of **SKIPPY® P.B. BITES**
At Hormel Foods, our employees are the cornerstone of our company and of the fulfillment of our purpose of “Inspired People. Inspired Food.™” That’s why we place great importance on the growth, development and engagement of our employees, which in turn, helps with retention.

More information about our employment practices, benefits, safety programs and employee engagement can be found on HormelFoods.com.
2016 People Highlights

**ONGOING GOALS**
We aim to promote a more diverse and inclusive workplace, provide a safe workplace for all employees, and reduce our injury/illness rates each year.

**ABOUT OUR WORKFORCE IN 2016**

- **17%** salaried
- **83%** hourly
- **<1%** temporary
- **>92%** in the US
- **7%** in Asia
- **<1%** in other countries
- **526K+** training hours
- **9** employee resource groups
- Award-winning safety programs

**27 Training hours on average per employee**

We provided over 500,000 hours of training to our employees—approximately 27 hours of training per employee.
In 2016, our turnover rate for all employees was 17 percent.

About Our Employees

Our people are the driving force behind our innovation, improvement and success. We consider the tenure of our employees an important indicator of our overall company performance, and we’re proud of our tenure figures.

In 2016, our turnover rate for all employees was 17 percent. Additionally, we are proud to report that 53 percent of our employees had five or more years of service, and our 36-person officer team had an average of 26 years of service.

19K+ employees worldwide

- 65% Male
- 35% Female

17% of employees are salaried

- 71% Male
- 29% Female

83% of employees are hourly

- 64% Male
- 36% Female

1% of employees are temporary

GRI Indicators

G4-10 Employees by contract and gender; permanent employees by employment type and gender; workforce by employees and supervised workers and gender; workforce by region and gender; portion of work performed by workers who are self-employed or by individuals other than employees or supervised workers; significant variations in employment numbers.

G4-11 Percentage of total employees covered by collective bargaining agreements.

G4-FP3 Percentage of working time lost due to industrial disputes, strikes and/or lockouts by country.

G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.

G4-LA1 Total workforce by employment type, employment contract and region, broken down by gender.

G4-LA4 Percentage of employees covered by collective bargaining agreements.
Hormel Foods adheres to the National Labor Relations Act and respects the right of workers to choose whether or not they want to organize a collective bargaining unit. There are no operations in which the right to exercise freedom of association and collective bargaining is at significant risk.

For more information about our people, visit HormelFoods.com.
Hormel Foods is known for its award-winning safety programs.

Our dedicated corporate safety department develops and administers company-wide policies to ensure the safety of each employee and compliance with Occupational Safety and Health Administration (OSHA) standards. The corporate safety department also conducts annual audits of our manufacturing plants to ensure compliance with company safety policies.

One example of how Hormel Foods instills the principles of safety into everyday operations is through the creation of the Safety Awareness Mascot (SAM). The Hormel Foods safety department introduced SAM in 2015 to brand the safety process and increase employee understanding of the company’s safety principles.

GRI Indicators

G4-1A6
Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender.
ILLNESS/INJURY RATES
Our commitment to safety is evidenced by our injury/illness incident rates, which are better than the Bureau of Labor Statistics (BLS) industry average for North American Industry Classification System (NAICS) 3116 Animal Slaughtering and Processing.

65.8% TCIR REDUCTION
OSHA calculates the Total Case Incident Rate (TCIR) as the number of OSHA recordable incidents multiplied by 200,000 hours and divided by the total hours worked that year. In 2016, the TCIR at Hormel Foods of 3.11 indicated we performed better than the BLS industry average for TCIR. Since 2006, we have reduced our TCIR by 65.8 percent.

28.9% DAFWII REDUCTION
Days Away from Work Injury and Illness (DAFWII) measures an injury or illness that involves one or more days away from work. In 2016, the DAFWII rate at Hormel Foods of 0.64 indicated we performed better than the BLS industry average. Since 2006, we have reduced our DAFWII rate by 28.9 percent.

59.6% DART REDUCTION
Days Away, Restricted or Transfer (DART) measures the days an employee has restricted work activity or job transfer, or both. In 2016, our DART rate was 2.24, which means we performed better than the BLS industry average. Since 2006, we have reduced our DART rate by 56.9 percent.

SAFETY TRAINING
Hormel Foods conducts safety training for an average of 17,059 employees in our locations every month, and completes more than 1,100 safety assessments each month companywide. In 2016, Hormel Foods conducted an average of 7,600 lockout-tagout (LOTO) inspections per quarter and held semi-monthly companywide safety conference calls with plant safety personnel.

7,600 LOCKOUT-TAGOUT INSPECTIONS
In 2016, Hormel Foods conducted an average of 7,600 lockout-tagout (LOTO) inspections per quarter.
We conduct performance reviews with more than 99 percent of our salaried employees and 100 percent of our office hourly and plant hourly employees.

GRI Indicators

G4-LA11
Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

Professional Development

We understand how important it is for our people to feel valued and challenged.

That’s why we conduct annual performance reviews with more than 99 percent of salaried employees, 100 percent of office hourly employees and 100 percent (informal) of plant hourly employees. Reviews for salaried and office hourly employees include an assessment of current job performance and mutual employee/supervisor goal-setting for the coming year. Our career discussion process encourages conversations between managers and employees regarding work-life balance, career development, training needs and opportunities.

Additionally, we periodically conduct an Employee Engagement Survey to better understand what engagement at Hormel Foods really means to our employees and how it can be enhanced. In 2015, our engagement score of 67 percent continued to outperform the manufacturing industry average. While the score is slightly lower than our previous survey results, likely due to the expansion of the survey to additional locations, we continue to work toward achieving open communication, job satisfaction and collaborative work environments.

Training

In order to support our tradition of fostering long-term employment through promoting from within, employees receive formal training throughout their careers at Hormel Foods, applicable to their levels of responsibility and expertise.

The total hours spent on training in fiscal year 2016 was 526,242. This equated to approximately 27 hours of training per employee.

Employees are also trained on policies and procedures concerning aspects of human rights that are relevant to our operations. In 2016, approximately 7,150 hours were spent on human rights training (some of these hours may be included in our total training hours as well).
Diversity & Inclusion

We believe a diverse workforce fosters innovation and cultivates an environment filled with unique perspectives.

Hormel Foods is committed to having an inclusive workplace and has nine employee resource groups (ERGs): Hormel African American Resource Group; Hormel Asian American Professionals Association; Nuestra Gente: Hormel Foods Hispanic Resource Group; Hormel Foods Women Our Way; Hormel Professionals Representing Out and United Individuals; Hormel Young Professionals Enterprise; Hormel Military Veterans Engagement Team; Hormel Food and Agriculture Resource Members; and Hormel Integrating Relevant Experiences. These groups help us better understand diverse groups of consumers and relate to diverse groups of employees. Read more about these ERGs on our corporate site.

We regularly conduct an analysis to statistically review pay information by gender, minority and age to ensure nondiscriminatory pay practices. In 2016, there were no reported incidents of discrimination that were substantiated. There were also no industrial disputes, strikes or lockouts. Therefore, Hormel Foods did not lose any hours of working time.

9

RESOURCE GROUPS

Hormel Foods is committed to having an inclusive workplace and has nine employee resource groups.

DIVERSE BOARD OF DIRECTORS

Out of our 15 members there were four women and five persons of color.

PERFECT SCORE

Human Rights Campaign Foundation’s Corporate Equality Index.

GRI Indicators

G4-HR3
The total number of incidents of discrimination and corrective actions taken.

G4-LA12
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.
Communities
At Hormel Foods, we’re inspired to help others. From cash and product donations to scholarships and volunteer initiatives, we continually look for ways to do our part in making the world a better place.

We focus our philanthropic efforts on three areas: hunger, education and supporting the local communities where we operate. These areas closely align with our business initiatives, and over the years we’ve learned they are also the areas our employees are most passionate about.

We’re proud that 2016 was a record year for our giving, with $10.9 million in cash and product donations. This includes $7.4 million in hunger donations, our donation of 2.7 million cans of SPAM™ shelf-stable poultry product to help prevent childhood malnutrition in Guatemala, and more than $826,000 in education donations.

GRI Indicators

G4-EC1
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
Sector addition: Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promotes healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.

G4-EC7
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.
Hormel Foods has a great history of philanthropy, which makes me proud. I love that I get to work for a company that is so concerned about the world we live in.

– STEPHANIE, TWO YEARS OF SERVICE

2016 Community Highlights

NOTABLE 2016 DONATIONS

- 2.7M cans of SPAMMY®
- $350K to local charities in 35 communities
- 9K PB&J sandwiches for local charities

COMMUNITY DONATIONS

- $7.4M hunger donations including products we donated to food banks and disaster relief efforts
- $826K education donations including cash donations made through our Matching Gifts Program

THE HORMEL INSTITUTE

Started in 1942 by Jay C. Hormel, The Hormel Institute has a seven-decade history of making significant scientific discoveries aimed at improving the health of the world. For the past 20 years, The Hormel Institute has targeted its cutting-edge research on better ways to prevent, detect and treat cancer.

Hormel Foods is a stand-up kind of company because we are not just concerned about the company; we are out there helping others around the world and making a difference in many people’s lives.

– RITA, TWO YEARS OF SERVICE
Hunger

In 2016, we continued our commitment to helping end hunger around the world by donating a total of $7.4 million (or 7.4 million individual meals*) to hunger relief efforts, including products we donated to food banks and disaster relief efforts.

*Using the Feeding America estimations:
$1 donated = 11 meals | 1.2 pounds donated = 1 meal.

Our foodservice sales team made 9,000 PB&J sandwiches in an hour for local charities.

More information about the ways we help those in need can be found on HormelFoods.com.
Hormel Foods Plant Community Donations Program
Through the Hormel Foods Plant Community Donations Program, Hormel Foods provides funds to its U.S. manufacturing facilities to share with local hunger relief organizations in their communities. In 2016, a total of $350,000 was donated to local charities in 35 communities.

For example, our Algona (Iowa) Plant donated $10,000 to the Food Bank of Iowa to support the Kossuth County BackPack Program. The BackPack Program provides sacks of kid-friendly, easy-to-prepare foods to low-income elementary school children on weekends when they do not have access to the federal free and reduced-price meal program.

Helping Flint, Mich.
Hormel Foods donated a semi-trailer of protein-rich products to help Flint, Mich., families dealing with the recent water and economic crisis. The donation, which was organized by the United Food and Commercial Workers International Union, included food donations from several food manufacturers to the Food Bank of Eastern Michigan. Combined, the donation totaled more than 125,000 pounds of food.

Disaster Response
To support those affected by disaster situations, we donated more than 70,000 pounds of products to assist with Hurricane Matthew relief efforts in the United States and Haiti. The donation of shelf-stable products such as SKIPPY® peanut butter, SPAM® products, Hormel® Compleats® microwave meals and Hearty Creations™ products was distributed by Convoy of Hope in the United States and Food For The Poor in Haiti. In addition, we donated more than 34,000 pounds of products, such as SKIPPY® peanut butter and Hormel® chili microwave cups, to assist with flood relief efforts in Louisiana.

Community Outreach Event
We donated more than 24,000 pounds of products for a Convoy of Hope community outreach event in Wichita, Kan. Food, health and dental screenings, haircuts and career service training were provided at the event to help those in need.

Project PB&J® Spreading Party
Our foodservice sales team partnered with Which Wich® Superior Sandwiches for a Project PB&J® Spreading Party during a national sales meeting in Minneapolis, Minn. The team surpassed their goal of making 9,000 PB&J sandwiches made with SKIPPY® peanut butter in an hour. After the event, all of the sandwiches were donated to local charities to help those in need.
Education & Supporting Communities

We know how important it is to support education, as well as initiatives that build better communities. From scholarship opportunities to volunteer efforts and donations, we are proud of our ongoing efforts.

We are proud to be a partner in a one-on-one reading program for kindergartners in Austin, Minn.

For more information about the ways we give back and support communities, visit HormelFoods.com.
We are proud to be a partner in a reading program for kindergartners in Austin, Minn. The program is designed to pair working professionals with students and provides an environment where students learn the joy of reading through one-on-one partnerships. Many of our employees volunteered their time to participate during the 2015-2016 school year.

Our Dan’s Prize subsidiary (Long Prairie, Minn.) donated $100,000 to the Building a Healthy Community campaign to construct a new CentraCare Health medical facility in Long Prairie. The new medical campus will replace an existing 60-year-old facility that will better serve the rural community. Construction of the new facility is expected to be completed in 2017.

For the 50th consecutive year, Hormel Foods awarded 16 undergraduate college scholarships to children of full-time, retired and deceased employees of Hormel Foods and its subsidiaries. Hormel Foods has provided funds for the scholarship program since 1966, and recipients receive awards amounting to $2,000 per year for four years. These students showed exemplary scholastic abilities and leadership qualities, outstanding standardized test scores and significant involvement in their schools and communities.

Our Jennie-O Turkey Store subsidiary donated $500,000 to the Destination Playground initiative in Willmar, Minn. The funds will be used to build a community playground that will offer a place for all children to play and will include handicapped-accessible equipment.

Since the Jennie-O Turkey Store Golden Excellence Scholarship Program began 33 years ago, 90 sons and daughters of team members have received Golden Excellence Scholarships totaling more than $400,000. Scholarship recipients are chosen primarily based on their exceptional scholastic abilities, including grade point averages and college entrance exam scores. In 2016, Jennie-O Turkey Store awarded three Golden Excellence Scholarships.
GRI Content Index

The 2016 Hormel Foods Corporate Responsibility Report follows the G4 Guidelines developed by the Global Reporting Initiative (GRI), the internationally-recognized standard for responsibility reporting.

We use the Food Processing Sector Supplement, which is part of the G4 Guidelines but also includes other topics specific to our sector. These guidelines help us determine topics not addressed by stakeholder feedback. This chart explains the indicators that are included in our report and where they are located online. The 2016 Hormel Foods Corporate Responsibility Report is "in accordance" with the core option.

Our 2016 report is our third report that has been formally reviewed by the Hormel Foods internal audit department. At this time, our report is not externally assured.

G4 Indicators

G4 – 32
"in accordance" option organization has chosen by which to report; GRI Content Index for the chosen option; reference to the external assurance report if externally assured.

G4 – 33
Organization’s policy and practice with regard to external assurance, including scope and basis of external assurance, relationship between organization and assurance providers, and whether the highest governance body is involved in seeking assurance for report.

GENERAL STANDARD DISCLOSURES

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CSR.HORMELFOODS.COM
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<td><em>All employees tracked are considered supervised, not contractors.</em></td>
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<td><em>We evaluate risks using an enterprise risk management system. We have multiple goals to reduce environmental impacts and do not have serious threats of irreversible damage.</em></td>
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