2011 Hormel Foods Corporate Responsibility Report

Elevate the Everyday, Our Way
The balanced model at Hormel Foods is a key driver for our annual growth. We insulate ourselves from ever-changing market forces through our five business segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, Specialty Foods and All Other.

The diversity of these segments allows us to be successful in a variety of economic conditions. Hormel Foods has more than 36 brands in the No. 1 or No. 2 market share positions.
I am happy to take this opportunity to share the Hormel Foods corporate responsibility story.

We regard the progress in our corporate responsibility initiatives as a collaborative effort, one that seeks your input and ongoing feedback. We appreciate your responses and hope you will continue to share your thoughts with us.

This year marks our fifth full report and the completion of our first set of five-year environmental goals. The last five years have been rewarding, as we achieved significant reductions on several key sustainability metrics; challenging, as we reported data that had not previously been calculated; and enlightening, as the process provided an opportunity for us to take a fresh look at long-established policies and procedures.

I am proud of our team for achieving outstanding results in fiscal 2011. Throughout the year, Hormel Foods:
- Was listed on the Dow Jones Sustainability Index for the second consecutive year. Our placement on this index puts us among the world's top 10 percent of sustainable companies.
- Achieved outstanding results from our Environmental Sustainability Best of the Best, an annual competition among all our locations. In 2011, the competition generated entries throughout all business segments that resulted in the reduction of 695.2 tons of solid waste to landfill, an increase in recycling tonnage by 27 percent, and more than 40.4 million gallons of water saved collectively.
- Enhanced the “On Our Way to Ending Hunger” program, with contributions of more than $5 million in cash and product to aid hunger-relief efforts in the United States and abroad.
- Completed and distributed our Supplier Responsibility Principles to ensure that our suppliers understand our expectations for sustainability.
- Expanded the number of facilities that have been certified under the Global Food Safety Initiative food safety recognized standards.
- Improved performance on a number of key metrics, including:
  - Beating our packaging minimization goal, reducing packaging by 4.2 million pounds; and
  - Continuing to outperform the industry average for safety rates.

We recognize there are areas that need additional attention, as well as issues that remain challenging for both our company and the industry in the short- and long-term. Among these are:
- Energy reduction: While we did not meet our aggressive goal, the last five years have given us additional knowledge about reducing energy usage. We will be establishing a new goal from 2012 to 2020 that reflects this insight.
- Health and wellness: We remain committed to providing a balanced portfolio of products that offers alternatives for all dietary needs. Understanding the national concern regarding sodium consumption, we have pledged to reduce sodium levels in select products within the branded retail product portfolio by an average of 15 percent by 2020.
- Commodity prices: We remain concerned about rising commodity prices, especially corn, as these trends ultimately mean higher food prices for consumers.

We are concerned about one of the root causes of this increase – corn-based ethanol – which diverts food into fuel production.

Our stakeholders can be assured that we will continue our corporate responsibility efforts in concert with Our Way: our values statement that defines how we operate every day in our approach to people, process, products, performance and philanthropy. We look forward to hearing your perspective – which you can share at http://2011csr.hormelfoods.com/feedback/ – on how we have adhered to the Our Way principles and how we have captured that performance in this report. We thank you.

Sincerely,

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

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<td><strong>People</strong></td>
<td>Diversity and Inclusion</td>
<td>Promote a more diverse and inclusive workplace (ongoing).</td>
<td>• Hired a corporate manager of diversity and inclusion in June 2011.</td>
<td>Three-year strategic plan to encourage the formation of additional employee resource groups to meet the growing needs of our diverse workforce and support inclusion.</td>
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<td>Safety</td>
<td>Perform better than the Bureau of Labor Statistics (BLS) industry average for Total Case Incident Rate (TCIR), Days Away from Work Injury Illness (DAFWII) and Days Away Restricted Transfer (DART) each year.</td>
<td>• TCIR: Outperformed the BLS industry average by 30 percent with a rate of 4.8.</td>
<td>We will continue to aspire to perform better than the BLS industry average on these indicators and excel in worker safety in our operations.</td>
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<td><strong>Process</strong></td>
<td>Energy Conservation</td>
<td>Reduce energy use at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Indirect energy consumption increased 1 percent in fiscal year 2011 compared to 2006 levels. Direct energy consumption decreased by 1 percent compared to 2006 levels.</td>
<td>During the last year, we implemented several significant capital projects designed to reduce energy use and expect to see results in the following year. We will continue to emphasize energy conservation throughout the organization.</td>
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<td>Water Use Reduction</td>
<td>Reduce water consumption at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Reduced water consumption by 15 percent in fiscal year 2011 compared to 2006 levels.</td>
<td>We met our water use reduction goal one year early by reducing water use 11 percent in 2010 compared to 2006 levels and now again in 2011 with a 15 percent reduction. We will continue to implement water reduction projects through capital improvements and awareness initiatives for employees.</td>
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<td>Solid Waste Recycling</td>
<td>Increase recycling to 50 percent of total waste by November 2011 using fiscal year 2006 as a benchmark.</td>
<td>The recycling rate was 46 percent at the close of fiscal year 2011 compared to 41 percent at the close of fiscal year 2010.</td>
<td>The year 2011 marked the end of our first set of environmental goals. Hormel Foods is establishing a new energy conservation goal that will take effect with calendar year 2012.</td>
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<td>Solid Waste Minimization</td>
<td>Reduce solid waste to landfills by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Reduced solid waste to landfills by 29 percent in 2011 compared to 2006 levels.</td>
<td>We will continue to work with our locations to find new ways to reduce the solid waste to landfills through recycling, reuse or reduction of materials used.</td>
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<td>Air Emissions</td>
<td>Reduce greenhouse gases at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2014, using fiscal year 2009 as a benchmark.</td>
<td>Decreased greenhouse gas emissions by 5 percent compared to fiscal year 2009.</td>
<td>The year 2011 marked the end of our first set of environmental goals. We are establishing new goals for solid waste minimization that will take effect with calendar year 2012.</td>
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<td>Package Minimization Initiative</td>
<td>Reduce product packaging by 4 million pounds annually from 2006 to 2011.</td>
<td>Reduced packaging by 4.2 million pounds; completed 33 packaging reduction projects.</td>
<td>We will continue to identify and implement practices to reduce our greenhouse gas emissions and report the progress toward the reduction goal.</td>
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<td><strong>Products</strong></td>
<td>$2 Billion in Sales of New Products</td>
<td>Earn $2 billion in total sales from products created since 2000 by the year 2012.</td>
<td>New products attributed to 21 percent of revenue.</td>
<td>In fiscal year 2012, we will continue to raise awareness of recycling and will report on our results.</td>
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<td>Sodium Reduction</td>
<td>Reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020.</td>
<td>• Hormel® Cure 81® retail hams - 14 percent reduction, Hormel® chili - 15 percent reduction, Hormel® Complete® microwave meals - 16 percent reduction</td>
<td>We will continue to work toward our sodium reduction goal.</td>
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<td><strong>Philanthropy</strong></td>
<td>Charitable Contributions</td>
<td>Contribute $4.2 million to local communities and hunger initiatives.</td>
<td>Contributed more than $5.5 million to local communities and hunger initiatives, including donating to 16 hunger relief organizations in our plant communities.</td>
<td>We will continue to support local communities and hunger initiatives.</td>
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*Goal increased from previous report, from 3 million to 4 million pounds.*

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People

Our Employees are Our Greatest Asset

We have more than 19,500 employees in plants and offices around the United States including joint ventures in countries such as China and the Philippines.

Professional Development

In fiscal year 2011, 368,426 total hours were spent on training, up 14.5 percent from fiscal year 2010. Employees receive formal training applicable to their levels of responsibility and expertise throughout their careers at Hormel Foods. This commitment supports our tradition of fostering long-term careers.

Wellness Our Way

Hormel Foods understands that employees perform best when they are healthy. We aim to cultivate and maintain a culture of health that is focused on encouraging and empowering employees to make healthy lifestyle choices through awareness, prevention and positive behavior change. In 2011, the Wellness Our Way program included initiatives such as the Journey with George Summer Walking Challenge. As part of this initiative, challenge participants worked toward the goal of walking George A. Hormel’s path in life, which was equivalent to the distance from Buffalo, N.Y., to Bel Air, Calif.

Diversity

At Hormel Foods, diversity is defined as all of the similarities and differences that we share with one another — our ability to be unique — including personal attributes, values and organizational roles. Embracing all the ways in which we are different — beyond race and gender — fosters innovation and cultivates an environment in which people aspire to work and build long-term careers.

Safety

Our dedicated corporate safety department, known for its award-winning safety programs, develops and administers companywide policies to ensure the safety of each employee and compliance with Occupational Safety and Health Administration (OSHA) standards.
Key Highlights

Reduced our total solid waste by 29%.

Process

Elevating Sustainability and Animal Care with Our Processes

Suppliers

Suppliers

Supplier Responsibility Principles

Released Supplier Responsibility Principles to key suppliers.

Key Highlights

Released Supplier Responsibility Principles to key suppliers.

Partnered with suppliers that are certified through the National Pork Board’s Pork Quality Assurance Plus (PQA Plus) program. One-hundred percent of our suppliers are also required to achieve a Pork Quality Assurance Plus Site Assessment Status.

Responsible Animal Care

Producing the highest quality brand-name foods and meat products for consumers throughout the world starts with industry-leading animal care practices. For 121 years, Hormel Foods has focused on treating animals humanely, simply because it is the right thing to do.

We base our animal husbandry practices on the best scientific data available, new technologies and hands-on experience. The combination of these factors allows us to have a consistent, successful and measurable animal care program. Food safety is our highest priority at Hormel Foods, and scientific research shows that healthy hogs help ensure a safe food supply. We do not tolerate any abuse of animals, and the appropriate use of medications, such as antibiotics, ensures proper herd health. To protect our animals from extreme weather conditions, predators and disease, hogs and turkeys are raised in barns with climate-controlled environments. Within the facilities, 100 percent of the market hogs for Hormel Foods are housed in group pens and 100 percent of the turkeys raised by Jennie-O Turkey Store are housed in open barns.

Environment

At Hormel Foods, the production and transportation of consumer goods impacts the environment by consuming energy and water and producing air emissions and waste materials. We understand and accept the responsibility to minimize our impact on the environment. Throughout the company, dedicated teams are working to identify ways to reduce our environmental impact.

Our goal is to minimize impact in the areas of air, water, solid waste and energy. We continue to report and set goals for these areas for all U.S. manufacturing locations.
At Hormel Foods, our multifaceted supply chain includes suppliers for hogs, turkeys, ingredients, packaging materials and transportation. We recognize the crucial role of the supply chain in our ability to operate responsibly. While it is a complex undertaking to understand and measure the impacts of the supply chain, we took a first step by developing Supplier Responsibility Principles in 2010, which we launched to our key suppliers in fiscal year 2011.

We purchase 99 percent of our raw materials, equipment and services domestically within the regions where we manufacture our products. To describe the various factors of our production process, the diagram below illustrates the components that go into the creation of a Hormel Foods product and the resulting outputs. These components are also areas for which we have direct responsibility. Agricultural commodities and distribution/consumption fall outside of our direct responsibility since the majority of these items are purchased from independent farmers. We acknowledge that we can, however, exert influence over the procurement of these commodities. We believe that the development of the Supplier Responsibility Principles will help uphold our values and principles throughout our supply chain.
Executive Summary / Products

Innovative New Products and Product Varieties
Hormel Foods and our subsidiaries continue to introduce savory, wholesome and high-quality new food products and varieties to meet consumer desires and needs. We focus on four platform areas aimed at the foodservice deli market: convenience meals, value-added protein products, value-added fresh meat and solution products.

Nutritious Options
Reducing Sodium
As a means to continually evaluate the health and wellness profile of our products, we have established a health and wellness taskforce that meets quarterly to discuss goals. This group, led by the Hormel Foods corporate communications and Research and Development departments, has set a sodium reduction goal for the company. Our goal is to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020.

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<th>Percentage of Total Sales of Products Reduced in Sodium¹</th>
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<tr>
<td>Hormel® Cure 81® retail hams 14%</td>
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<td>Hormel® chili 18%</td>
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<td>Hormel® Compleats® microwave meals 16%</td>
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¹These numbers reflect changes, accounting for sales volume, in sodium per serving between 2008 and 2011.

Food Safety Leadership
To maintain objective oversight of the highest food safety and quality standards, Hormel Foods facilities have been certified against the food safety standards recognized by the Global Food Safety Initiative (GFSI), an internationally recognized, third-party food safety management system.

Hormel Foods had one of the first manufacturing facilities independently certified using GFSI-recognized food safety standards. A total of 40 manufacturing sites, including a combination of Hormel Foods and subsidiary locations, have been certified by GFSI-recognized food safety management systems, which include the British Retail Consortium Global Standard for Food Safety and Safe Quality Food Institute. These sites produced more than 89 percent of our product volume in fiscal year 2011.
Achieved a sales increase of 9.3% and strong, double-digit earnings growth.

Named to the Dow Jones Sustainability Index, a highly regarded list of the most sustainable companies worldwide, for the second consecutive year.

Selected as a finalist in the Best Corporate Steward category for the U.S. Chamber of Commerce Corporate Citizenship Awards through the U.S. Chamber of Commerce Business Civic Leadership Center.

Ranked 30th on Corporate Responsibility Magazine’s 12th annual 100 Best Corporate Citizens List. This is the third consecutive year Hormel Foods has been recognized, improving our ranking of 40th in both 2009 and 2010.

**Performance**

**Conducting Our Business Ethically**

Our Code of Ethical Business Conduct serves as a guide for employees, officers and directors in making business decisions. The code covers many topics that we discuss in our full report online, including fair employment practices, harassment, safety, diversity, environmental responsibility and product integrity. Our code of conduct outlines our policies on conflicts of interest, gifts, illegal payments, illegal political contributions and disciplinary action. All company policies at Hormel Foods follow local and national laws in the United States and other locations in which we operate.

**Board of Directors and Corporate Governance**

The Hormel Foods Board of Directors consists of 12 members; 10 of whom are independent. The board 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 aligned with the Code of Ethical Business Conduct.

**Our Governing Principles**

The company's stockholders elect the members of the Board of Directors each year at the Annual Meeting. The Governance Committee of the Board of Directors is responsible for identifying and recommending individuals qualified to become members of the board; overseeing succession planning for the chief executive officer; ensuring personnel resources are being managed responsibly and effectively; and developing and recommending to the Board of Directors a set of corporate governance principles applicable to the company.

**Engaging in Legislative Affairs**

As policies and regulations continue to evolve, there are many legislative issues that affect the food industry. Hormel Foods is involved in several efforts to engage in open dialogue and provide elected officials and community members with a clear understanding of the positive role and mission of our company, how we go about our business and how we impact our communities. These efforts include:

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

**International Operations**

Hormel Foods International Corporation (HFIC) is a wholly owned subsidiary of Hormel Foods Corporation and has joint ventures in several countries, including China, the Philippines, South Korea, Mexico and Japan. When we enter markets outside of the United States, it is our policy to manage the operation with the same rules and procedures that we commit to in the United States, in addition to adapting to local laws.
Elevating Our Communities with Philanthropic Efforts

In order to have the greatest impact, Hormel Foods focuses our philanthropic efforts on three areas: education (through scholarships and matching gifts), supporting our plant communities, and hunger programs (primarily through nationwide plant community initiatives and our partnership with Feeding America). We have found that our focus areas are also passionately supported by our employees. The On Our Way to Ending Hunger program was created in 2010 to formalize our efforts to fight hunger.

On Our Way to Ending Hunger

Through our 2011 On Our Way to Ending Hunger efforts, we estimate that about 40 million individual meals went to help individuals and families in need.¹ We developed Spammy™, a shelf-stable poultry product fortified with vitamins and minerals, to help prevent malnutrition in children in Guatemala. We donated more than 1 million cans of Spammy™ product in the fiscal year 2011 through our partnership with Food for the Poor and Caritas Arquidiocesana.

Domestically, we support local food banks and continue our partnership of more than 30 years with Feeding America. In 2011, we donated more than $5 million in cash and products to charitable organizations focused on education and hunger-relief efforts. We donated more than $100,000 to local hunger-relief organizations in 16 U.S. communities where we have manufacturing facilities.

Additionally, to assist in recovery efforts for natural disasters, Hormel Foods donated products and funds in partnership with Feeding America and the American Red Cross.

Domestically, we support local food banks and continue our more than 30-year partnership with Feeding America.

*Using the Feeding America estimation of $1 donated = 8 meals

¹Cash and in-kind donations; all numbers reflect Hormel Foods and Jennie-O Turkey Store donations. (The 2009 Hormel Foods Corporate Responsibility Report did not include Jennie-O Turkey Store numbers.)
Farmer John (Vernon, Calif.) was named the champion of the 2011 Environmental Sustainability Best of the Best competition, which is held annually to recognize sustainable projects. In an effort to improve recycling, the Farmer John team pursued an opportunity to convert landfill waste into energy that would power local residences and businesses. An audit was done to measure the heat sensibility of the waste material, determining that it was a good source of fuel. It was then diverted to a local incinerator energy plant for local use. Results of the program include increased recycling tonnage by 27 percent and a reduction in solid waste to landfill by 445 tons. In 2011, Hormel Foods employees submitted 42 projects for the Environmental Sustainability Best of the Best competition.
The 2011 Hormel Foods Corporate Responsibility Report uses the G3 Guidelines by the Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting. The G3 Guidelines help us determine materials issues and are supplemented by stakeholder feedback and best practices research. For a full explanation of stakeholder engagement, please visit http://2011csr.hormelfoods.com/about-this-report/stakeholder-feedback/. The summary below explains what GRI indicators are included in the executive summary. All indicators are reported fully unless otherwise noted. A full index is available online with the full report at www.hormelfoods.com/csr.

Scope: The reporting data is from fiscal year 2011 (November 2010-October 2011), unless otherwise indicated. Reported annually, the previous report (2010 Hormel Foods Corporate Responsibility Report) was released in May 2011 and covered data from November 2009 to October 2010. The boundary of the report included all entities Hormel Foods exercises control or significant influence with regard to financial and operation policies and procedures. Environmental data comes from the company's 41 U.S. manufacturing facilities. We report people data from 41 facilities and three corporate offices.

Global Reporting Initiative Context Index

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Feedback: Your feedback helps us improve our future reporting. Please contact us at sustainability@hormel.com or http://2011csr.hormelfoods.com/feedback/.