About

The 2012 Hormel Foods Corporate Responsibility Report provides information useful to our stakeholders, which include customers, employees, consumers, investors, communities, government agencies and nonprofit organizations. It covers anecdotal and benchmark data from fiscal year 2012 (November 2011 to October 2012), unless otherwise noted. Our previous reports covered fiscal years 2006 to 2011.

At Hormel Foods, we align our sustainability practices with our financial goals to guide 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.

Boundary and 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 (GRI) Boundary Protocol, unless otherwise indicated. Water use, greenhouse gas (GHG) emissions and energy use data are from Hormel Foods manufacturing facilities in the U.S. and China. Employee data is from all U.S. manufacturing locations and corporate and research and development offices, but not international operations.

For our environmental data, we report the information by normalization on tons of production from each location in which we are gathering this information. Normalization helps account for variations in size and production at different facilities, and it provides an accurate picture of our efficiency improvements.

Our numerous suppliers, which are independent businesses, provide us with packaging materials, ingredients, transportation and animals for our operations. We do not publicly report on their performance because of the sheer breadth and variety of suppliers and because they operate as independent businesses. Both our suppliers and our joint ventures are required to follow government standards and are closely monitored by government regulatory agencies. Where applicable, we discuss these government standards in this report. For suppliers, we have established the Hormel Foods Supplier Responsibility Principles, a set of guidelines and expectations for our suppliers. For the independent family farmers who supply a majority of our hogs, we require producers and their employees who work with animals to participate in industry training and education programs.
Stakeholder Feedback and Materiality

The information within this report covers topics based on GRI indicators and relevancy to our business and our stakeholders. As we selected content, we assessed key issues 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 and helps us understand which issues to anticipate or address and which 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.

To decide which 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, government officials and communities.

The analysis included interviews, SRI (socially responsible investor) inquiries/questionnaires, meetings and media coverage, by which we determined the main topics of interest to stakeholders. From there, we prioritized the topics based on their importance to the business (i.e., would a topic affect whether or not we were able to operate?).

View the materiality assessment in the online Corporate Responsibility Report.
Consumers

How Hormel Foods engages

Consumer hotline
Consumer research
Twitter: @HormelFoodsCorp, @SPAMbrand
Facebook: Hormel Foods Recipes, brand sites

Stakeholder interests

Food safety
Healthy food
Food prices

How we respond to their interests

Answer questions through hotline, Twitter handle
Provide more proactive information and take suggestions through Twitter handle

Ongoing results of engagement

Improved consumer loyalty
Correction of misinformation
Helpful suggestions for how to improve our business
Better understanding of our consumers’ concerns and likes to help provide the best products on the market

Government

How Hormel Foods engages

One-on-one meetings with members of Congress and staff, regulatory agencies
Public forums via panels
Plant tours for elected officials
Engagement in associations, subcommittees
Reports and regulatory filings
Hormel Political Action Committee

Stakeholder interests

Commodity costs
Animal care
Food safety
Local community concerns
Regulatory climate change

How we respond to their interests

Updates to management on key issues
Engage in ongoing dialogues on these issues

Ongoing results of engagement

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

Philanthropic Partners

How Hormel Foods engages

Charitable Trust Committee
Conferences
Disaster response, matching gifts
Plant community donations
One-on-one meetings and visits

Stakeholder interests

Hunger relief in local communities where we have operations

How we respond to their interests

Developed more formal hunger and community giving strategy
Provide resources to plant managers to give to local hunger-relief efforts
Engage in social media to support partners

NGOs

How Hormel Foods engages

Annual meetings with the Consumer Federation of America
Biannual meetings with Interfaith Center on Corporate Responsibility (ICCR)

Stakeholder interests

Animal care
Water
Standards for suppliers
Human rights
Food deserts
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 explanation of business practices

Ongoing results of engagement

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

For more information about Hormel Foods visit hormelfoods.com/csr

2012 Hormel Foods Corporate Responsibility Report / About
Communities: where manufacturing facilities are located, and international communities suffering from malnutrition

Representation and participation in community organizations (meetings, volunteering)
Sponsorships
Plant community donations
Community events
Local media relations
Visits to Guatemala

How Hormel Foods engages

Community involvement
Philanthropy
Environmental impact from operations

Stakeholder interests

Hold meetings to discuss local concerns
Invest in community infrastructure
Discuss food safety and health and nutrition during trips to Guatemala
Developed product to help address malnutrition in children internationally

Relationship building in communities
Employee engagement
Positive corporate reputation
Larger number of community groups engaged

Ongoing results of engagement

Goal: Energy
Reduce 10 percent of non-renewable energy use by 2020.

2012 Progress:
Reduced 92,000 MMBtu (14 percent of goal).

Goal: Air
Reduce 10 percent of greenhouse gas emissions by 2020.

2012 Progress:
Reduced 11,000 metric tons CO2-e (14 percent of goal).

Goal: Water
Reduce 10 percent of water use by 2020.

2012 Progress:
Reduced 0.122 billion gallons (24 percent of goal)

Goal: Innovation
Earn $2 billion in total sales from products created since 2000 by the year 2012.

2012 Progress:
Achieved goal.

Goal: Diversity and Inclusion
Promote a more diverse and inclusive workplace.

2012 Progress:
• Added two employee resource groups.
• Created a three-year Diversity and Inclusion strategic plan.
• Created a Diversity and Inclusion Advisory Council and an Executive Diversity and Inclusion Steering Committee.
• Provided diversity training to our senior leadership and piloting leadership development training for women.

Goal: Solid Waste
Reduce 10 percent of solid waste sent to landfill by 2020.

2012 Progress:
Reduced 1,700 tons (51 percent of goal).

Goal: Packaging Minimization

2012 Progress:
Reduced packaging by 4.05 million pounds; completed 40 packaging reduction projects.

Goal: Sodium Reduction
Reduce sodium levels in select products within branded retail product portfolio by an average of 15 percent by 2020.

2012 Progress:
• Hormel® Cure 81® retail hams: 14 percent reduction.
• Hormel® chili: 18 percent reduction.
• Hormel® Compleats® microwave meals: 16 percent reduction.
• Hormel® Canadian bacon: 22 percent reduction. 1

1 Hormel® Canadian bacon has been added to the list of selected products for sodium reduction initiative since the 2011 CR Report.

Goal: People Safety
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.

2012 Progress:
• TCIR: Outperformed the BLS industry average by 28 percent with a rate of 4.6.
• DAFWII: Outperformed the BLS industry average by 50 percent with a rate of 0.6.
• DART: Outperformed the BLS industry average by 30 percent with a rate of 3.0. 2

2 Percentage calculated using 2010 BLS industry average rates.
**Data Summary**

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Unit 2011</th>
<th>Unit 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees worldwide</td>
<td>19,500</td>
<td>19,700</td>
</tr>
<tr>
<td>Countries where our products are</td>
<td></td>
<td></td>
</tr>
<tr>
<td>marketed</td>
<td>More than 40</td>
<td>More than 40</td>
</tr>
<tr>
<td>Countries where our products are</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>manufactured</td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>U.S. Manufacturing facilities</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,895</td>
<td>8,230</td>
</tr>
<tr>
<td>Brands that held no. 1 market share</td>
<td>36</td>
<td>34</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>96,911</td>
<td>132,303</td>
</tr>
<tr>
<td>Income taxes</td>
<td>239,640</td>
<td>253,374</td>
</tr>
<tr>
<td>Community investments</td>
<td>5,560</td>
<td>7,600</td>
</tr>
</tbody>
</table>

**Energy use**

<table>
<thead>
<tr>
<th></th>
<th>Direct: MMBtu per ton of production</th>
<th>Indirect: kWh per ton of production sent to landfill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct energy: 1.74</td>
<td>Indirect energy: 292</td>
</tr>
<tr>
<td></td>
<td>Direct energy: 1.68</td>
<td>Indirect energy: 292</td>
</tr>
</tbody>
</table>

**Water use**

<table>
<thead>
<tr>
<th></th>
<th>Cubic meter of production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.7</td>
</tr>
</tbody>
</table>

**Solid waste**

<table>
<thead>
<tr>
<th></th>
<th>Pounds per ton production sent to landfill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27.4</td>
</tr>
</tbody>
</table>

**Air emissions**

<table>
<thead>
<tr>
<th></th>
<th>Direct: Metric tons CO2-e</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct: 47</td>
</tr>
<tr>
<td></td>
<td>Indirect: 11317</td>
</tr>
<tr>
<td></td>
<td>Direct: 47</td>
</tr>
<tr>
<td></td>
<td>Indirect: 109</td>
</tr>
</tbody>
</table>

**Packaging reduction**

<table>
<thead>
<tr>
<th></th>
<th>Pounds, thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,290</td>
</tr>
<tr>
<td></td>
<td>4,050</td>
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</tbody>
</table>

**Environmental noncompliance**

<table>
<thead>
<tr>
<th></th>
<th>Number of individual findings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

**Sodium reduction**

<table>
<thead>
<tr>
<th></th>
<th>% reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hormel® Cure 87® retail hams: 14</td>
</tr>
<tr>
<td></td>
<td>Hormel® Completes® microwave meals: 16</td>
</tr>
<tr>
<td></td>
<td>Hormel® Canadian bacon: 22</td>
</tr>
<tr>
<td></td>
<td>Hormel® Cure 87® retail hams: 14</td>
</tr>
<tr>
<td></td>
<td>Hormel® chili: 18 (2008 - 2012)</td>
</tr>
<tr>
<td></td>
<td>Hormel® Completes® microwave meals: 16</td>
</tr>
</tbody>
</table>

**TCIR**

<table>
<thead>
<tr>
<th></th>
<th>Number of recordable incidents per 100 full-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.8</td>
</tr>
</tbody>
</table>

**DAFWI**

<table>
<thead>
<tr>
<th></th>
<th>Number of cases that involve days away from work per every 100 full-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.7</td>
</tr>
</tbody>
</table>

**DIART**

<table>
<thead>
<tr>
<th></th>
<th>Number of injuries or illnesses resulting in days away from work, restricted work activity or job transfer per every 100 full-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.3</td>
</tr>
</tbody>
</table>

**CEO letter**

Welcome to the 2012 Hormel Foods Corporate Responsibility Report. I am happy to share this year’s initiatives that have fueled our progress as a leading corporate citizen within the industry.

First, you will note that we have made some changes to the format of this year’s report. While our report is written in accordance with the guidelines developed by the Global Reporting Initiative (GRI), we have created a more concise, data-driven report.

Information about our corporate responsibility initiatives that remain consistent year after year without the need for data updates — such as our industry-leading animal care practices, environmental policies and information about our corporate governance — can be found within the corporate responsibility section of www.hormelfoods.com. Additionally, the 2012 Hormel Foods Corporate Responsibility Report is available in this downloadable PDF and an online platform.

We made this change so our stakeholders can easily access annual data that measures our progress and goals in corporate responsibility. We appreciate your interest and hope you will take the time to give us feedback — both on the substance of our report and how it is presented. Your suggestions are important as we strive each year to improve and expand our efforts; you can share feedback on the website.

Building upon our heritage of innovation and quality, we developed Our Way (the company’s internal principles platform), which guides our journey toward becoming an increasingly sustainable company. This year serves as a milestone for several focus areas that are important to us and our stakeholders.

Environment

In July 2012, we announced our second set of environmental goals. The new water, solid waste, air and energy goals are being measured against base year 2011 at company-owned and international manufacturing locations. Through the hard work of our dedicated employees, we surpassed the water reduction, packaging and solid waste minimization goals of our first set of five-year goals, which ended in 2011. While we did not meet our initial aggressive energy reduction goal, we continued to emphasize energy conservation throughout the organization. In 2012, we were able to make reductions against all of our targets.

Health and Wellness

We continue to provide choices for consumers to make smart decisions by offering a balanced portfolio of highly differentiated, quality products. We remain committed to our goal of aiming to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020.

Animal Care

Hormel Foods employs industry-leading animal care practices when raising livestock at our facilities, and we require that our suppliers do the same. We constantly monitor scientific research to understand the best animal care practices.

Philanthropy

We are committed to bettering the communities in which we live and work. In 2012, we contributed nearly $7.6 million through cash and in-kind donations, including products that we donated to food banks and for disaster relief efforts.

We have made significant strides in our progress throughout the past six years and have been recognized for our efforts. While challenges remain, we will continue to strive to be the best corporate citizen possible. We hope you will join us on our journey by continuing to support our efforts and reading our annual corporate responsibility reports. Thank you.

Jeffrey M. Ettinger
Chairman of the Board, President and Chief Executive Officer
### GRI Content Index

The 2012 Hormel Foods Corporate Responsibility Report uses the G3 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 G3 Guidelines but also includes other topics specific to our sector. The G3 Guidelines help us determine material issues not addressed by stakeholder feedback and best practices research. This chart explains which indicators are included in the report and where they are located online. The 2012 Hormel Foods Corporate Responsibility Report is self-declared Application Level B as confirmed by the Global Reporting Initiative (GRI).

#### Strategy and Analysis

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Statement from the most senior decision-maker of the organization.</td>
<td>Letter from CEO</td>
</tr>
<tr>
<td>1.2 Description of key impacts, risks and opportunities.</td>
<td>Letter from CEO</td>
</tr>
</tbody>
</table>

#### Organizational Profile

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Name of the organization.</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.2 Primary brands, products, and/or services.</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.4 Location of organization’s headquarters.</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.6 Nature of ownership and legal form.</td>
<td>Corporate Profile</td>
</tr>
<tr>
<td>2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>2.8 Scale of the reporting organization.</td>
<td>About This Report</td>
</tr>
</tbody>
</table>

#### Report Parameters

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9 Significant changes during the reporting period regarding size, structure, or ownership.</td>
<td>Letter from CEO</td>
</tr>
<tr>
<td>2.10 Awards received in the reporting period.</td>
<td>About Hormel Foods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Reporting period (e.g., fiscal/calendar year) for information provided.</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.2 Date of most recent previous report (if any).</td>
<td>Past Reports</td>
</tr>
<tr>
<td>3.3 Reporting cycle (annual, biennial, etc.)</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.4 Contact point for questions regarding the report or its contents.</td>
<td>Feedback</td>
</tr>
<tr>
<td>3.5 Process for defining report content.</td>
<td>Materiality Matrix</td>
</tr>
<tr>
<td>3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.7 State any specific limitations on the scope or boundary of the report.</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.9 Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.10 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).</td>
<td>Data Summary (see footnotes)</td>
</tr>
<tr>
<td>3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.</td>
<td>About This Report</td>
</tr>
<tr>
<td>3.12 Table identifying the location of the Standard Disclosures in the report.</td>
<td>GRI Content Index</td>
</tr>
<tr>
<td>3.13 Policy and current practice with regard to seeking external assurance for the report.</td>
<td>GRI Content Index</td>
</tr>
</tbody>
</table>
### Governance, Communities and Engagement

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.1</strong> Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.</td>
<td>Ethics and Conduct</td>
</tr>
<tr>
<td><strong>4.2</strong> Indicate whether the Chair of the highest governance body is also an executive officer.</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td><strong>4.3</strong> For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td><strong>4.4</strong> Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</td>
<td>Director Independence Standards</td>
</tr>
<tr>
<td><strong>4.5</strong> Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td><strong>4.6</strong> Processes in place for the highest governance body to ensure conflicts of interest are avoided.</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td><strong>4.7</strong> Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.</td>
<td>2012 Proxy, pages 2-3</td>
</tr>
<tr>
<td><strong>4.8</strong> Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</td>
<td>Ethics and Conduct</td>
</tr>
<tr>
<td><strong>4.9</strong> Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.</td>
<td>Principles Platform</td>
</tr>
<tr>
<td><strong>4.10</strong> Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.</td>
<td>Supplier Responsibility Principles</td>
</tr>
<tr>
<td><strong>4.11</strong> Explanation of whether and how the precautionary approach or principle is addressed by the organization.</td>
<td>N/A. Does not exist. We evaluate risks using an Enterprise Risk Management system. We have multiple goals to reduce environmental impacts and do not have serious threats of &quot;irreversible damage.&quot;</td>
</tr>
</tbody>
</table>

### All Aspect of Sourcing

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.12</strong> Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</td>
<td>Animal Care</td>
</tr>
<tr>
<td><strong>4.13</strong> Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.</td>
<td>Food Quality and Safety</td>
</tr>
<tr>
<td><strong>4.14</strong> List of stakeholder groups engaged by the organization.</td>
<td>Industry Representation</td>
</tr>
<tr>
<td><strong>4.15</strong> Basis for identification and selection of stakeholders with whom to engage.</td>
<td>Stakeholder Feedback</td>
</tr>
<tr>
<td><strong>4.16</strong> Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.</td>
<td>Stakeholder Feedback</td>
</tr>
<tr>
<td><strong>4.17</strong> 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.</td>
<td>Stakeholder Feedback</td>
</tr>
</tbody>
</table>

### Economic

<table>
<thead>
<tr>
<th>Profile Disclosure/Description</th>
<th>Supply Chain/SQM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.1</strong> 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.</td>
<td>Communities</td>
</tr>
<tr>
<td><strong>4.2</strong> Financial implications and other risks and opportunities for the organization’s activities due to climate change.</td>
<td>Annual Report, page 3-13, 18, 24, 58-59</td>
</tr>
</tbody>
</table>

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### Economic

<table>
<thead>
<tr>
<th>Economic</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EC3</strong> Coverage of the organization's defined benefit plan obligations.</td>
<td>Benefits</td>
</tr>
<tr>
<td><strong>EC4</strong> Significant financial assistance received from government.</td>
<td>We did not receive significant assistance from the government; therefore, this indicator is not applicable</td>
</tr>
<tr>
<td><strong>EC5</strong> Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.</td>
<td>Ratio of standard entry-level wage compared to local minimum wage is not reported. To report the ratio would be proprietary information: rather, we report the measures we take to ensure fair wages are given to all employees as part of our commitment to our employees.</td>
</tr>
<tr>
<td><strong>EC6</strong> Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</td>
<td>Supply Chain: We purchase the majority of our raw materials, equipment and services domestically within the regions where we manufacture our products.</td>
</tr>
<tr>
<td><strong>EC7</strong> Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.</td>
<td>People</td>
</tr>
<tr>
<td><strong>EC8</strong> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</td>
<td>Communities</td>
</tr>
<tr>
<td><strong>EC9</strong> Understanding and describing significant indirect economic impacts, including the extent of impacts.</td>
<td>Risk Management</td>
</tr>
</tbody>
</table>

### Environmental

<table>
<thead>
<tr>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN1</strong> Materials used by weight or volume.</td>
</tr>
<tr>
<td><strong>EN2</strong> Percentage of materials used that are recycled input materials.</td>
</tr>
<tr>
<td><strong>EN3</strong> Direct energy consumption by primary energy source.</td>
</tr>
</tbody>
</table>

### Air

| **EN4** Indirect energy consumption by primary source. | We report our direct energy consumption at our U.S. manufacturing facilities, which is the amount of natural gas, fuel oil and propane used, in MMbtu which equates to 4,262,200 gigajoules. Our indirect energy consumption, which is the amount of electricity we use, is reported in kWh, which equates to 2,532,146 gigajoules. |
| **EN5** Energy saved due to conservation and efficiency improvements. | Best of the Best Awards |
| **EN6** Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | N/A: This is not applicable to our business because we do not produce products or services that meet this criteria (i.e., that provide energy-efficient or renewable energy based products and services.) |
| **EN7** Initiatives to reduce indirect energy consumption and reductions achieved. | Energy |
| **EN8** Total water withdrawal by source. | Water |
| **EN9** Water sources significantly affected by withdrawal of water. | Not Material: Not material because our operations are not in areas that significantly affect water sources with our withdrawal. |
| **EN10** Percentage and total volume of water recycled and reused. | Water |
| **EN11** Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | N/A: We do not report on this issue since the disclosure does not relate to our business because we do not have significant operations in areas designated as protected areas of high biodiversity. |
| **EN12** Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | N/A: We do not report on this issue since the disclosure does not relate to our business because we do not have significant operations in areas designated as protected areas of high biodiversity. |
| **EN13** Habitats protected or restored. | N/A: We do not operate in areas where habitats are in need of being protected or restored. |
| **EN14** Strategies, current actions, and future plans for managing impacts on biodiversity. | N/A: We do not operate in areas where habitats are in need of being protected or restored. |
| **EN15** Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | N/A: We do not operate in areas where habitats are in need of being protected or restored. |
| **EN16** Total direct and indirect greenhouse gas emissions by weight. | Air |
Executive Summary

We did not have any significant spills for this reporting period.

Packaging Minimization

Not material: Our primary refrigeration is ammonia based (not a GHG or ODS). We do not have some ODS in use, such as R-22 (a Class II ODS), but its use is very minor by comparison and therefore is not material. The capture of the refrigerant is highly regulated, and we employ practices to minimize the risk of ODS losses related to equipment failure and incidental loss. Our organization does not produce ODS.

Training

For more information about Animal Care visit http://2011csr.hormelfoods.com/animalcare/

For more information about Hormel Foods visit hormelfoods.com/csr

Visit the Data Summary, Environmental noncompliance line to see Data Summary, Environmental noncompliance line.
## Social: Labor Practices and Decent Work

<table>
<thead>
<tr>
<th>LA11</th>
<th>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</th>
<th>Professional Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews.</td>
<td>Performance Review Program</td>
</tr>
<tr>
<td>LA13</td>
<td>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.</td>
<td>Diversity</td>
</tr>
<tr>
<td>LA14</td>
<td>Ratio of basic salary of men to women by employee category.</td>
<td>Not available: We do not report on the ratio, but we do report on how we employ an independent third party analyst to statistically review pay differences by gender, minority and age to ensure non-discriminatory pay practices.</td>
</tr>
</tbody>
</table>

## Social: Human Rights

<table>
<thead>
<tr>
<th>HR1</th>
<th>Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.</th>
<th>Professional Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR2</td>
<td>Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.</td>
<td>Not available: While we do not report human rights screening of suppliers, we have developed the Supplier Responsibility Principles, which will detail standards for suppliers related to environment, safety, human rights, etc. In fiscal year 2011, we rolled out these principles to some of our key suppliers.</td>
</tr>
<tr>
<td>HR3</td>
<td>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</td>
<td>Not available.</td>
</tr>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and actions taken.</td>
<td>About Our Employees</td>
</tr>
<tr>
<td>HR5</td>
<td>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.</td>
<td>About Our Employees</td>
</tr>
<tr>
<td>HR6</td>
<td>Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</td>
<td>Fair Employment Practices and Workplace Conduct</td>
</tr>
<tr>
<td>HR7</td>
<td>Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.</td>
<td>Fair Employment Practices and Workplace Conduct</td>
</tr>
<tr>
<td>HR8</td>
<td>Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.</td>
<td>Not material: We do not report on security practices because it is not material to our operations, which are largely in the United States and under the regulations of the USDA and federal agencies.</td>
</tr>
<tr>
<td>HR9</td>
<td>Total number of incidents of violations involving rights of indigenous people and actions taken.</td>
<td>Not material: We do not report on this because Hormel Foods does not operate in areas at significant risk to indigenous rights. See Human Rights section here.</td>
</tr>
</tbody>
</table>

## Social: Product Responsibility

<table>
<thead>
<tr>
<th>PR1</th>
<th>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR2</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.</td>
<td>Safety</td>
</tr>
<tr>
<td>FP5</td>
<td>Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.</td>
<td>Food Quality and Safety</td>
</tr>
</tbody>
</table>
Executive Summary

Innovation

Hogs and Turkeys

For more information about Animal Care visit hormelfoods.com/csr

2012 Hormel Foods Corporate Responsibility Report / About Hormel Foods

Social: Product Responsibility

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

FP7 Percentage of total sales volume of consumer products, by product category, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives. Not material: 77 percent of our products are meat, which are not allowed to be fortified according to USDA guidelines.

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. Packaging and Labeling

FP8 Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements. Packaging and Labeling

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. Food Quality & Safety

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. Innovation

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. Responsible Marketing

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. Responsible Marketing

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. We did not have any incidents to report.

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. We do not report on this because Hormel Foods has not incurred significant fines for non-compliance with laws and regulations concerning the provision and use of products.

FP9 Percentage and total of animals raised and/or processed, by species and breed type. Hogs and Turkeys

FP10 Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic. Not available: We follow industry standards for animal care and are committed to continuing to improve our practices. We base our animal husbandry practices on the best scientific data available, new technologies and hands-on experience. We will make a determination of our reporting as it relates to this specific indicator for future reports.

FP11 Percentage and total of animals raised and/or processed, by species and breed type, per housing type. Hogs and Turkeys

FP12 Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type. Medications

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

*Partial reporting

About Hormel Foods

Based in Austin, MN, Hormel Foods is a multinational manufacturer and marketer of high quality, brand name food and meat products for consumers throughout the world.

For more information about our products, please visit hormelfoods.com.

For more information about our goals and to see a summary of our performance, please visit our goals on page 11 and data summary on page 12.

Financials and Governance

At Hormel Foods, we align our sustainability practices with our financial goals to guide 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.

Financials

For 47 consecutive years, the company has increased its annual dividend. Since 2007, the return has been an annual dividend that increased an average of 15 percent per year. In 2012, we improved our financial performance, setting new records for both earnings and sales. We achieved sales growth of 4 percent, exceeding $8 billion for the first time.

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 aligned with the Code of Ethical Business Conduct. The Hormel Foods Board of Directors consists of 12 members, 10 of whom are independent. Of our 12-member Board of Directors, there are four women and three persons of color.

More information about our board structure can be found in the 2012 Proxy Statement in the Investors section of hormelfoods.com.

To read more about our corporate governance and our policies on risk management, performance-based executive compensation and our anonymous employee feedback hotline, visit the Corporate Governance section of our Corporate Responsibility information on hormelfoods.com.
Public Policy

In 2012, we spent $338,674 in lobbying. From our Political Action Committee (PAC), we contributed $5,000 to the American Meat Institute PAC and $5,000 to the Grocery Manufacturers Association PAC. Individuals contributions to political parties are allowed, but the company does not directly contribute to political parties.

Several legislative issues directly affect the food industry; as a result, Hormel Foods is involved in lobbying efforts to help create an open dialogue about our company's mission. In 2012, our lobbying efforts and activities primarily focused on agriculture, 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 (USDA) and the Food and Drug Administration (FDA). We maintain a good relationship with these parties in order to ensure an open discussion and that accurate information on these issues is appropriately disseminated.

Supply Chain

At Hormel Foods, our multifaceted supply chain includes suppliers of hogs, turkeys, ingredients, packaging materials and transportation. We recognize the crucial role of the supply chain in our ability to operate responsibly, and in 2011, we introduced our Supplier Responsibility Principles to our key suppliers.

We expect our suppliers to operate according to our ethical business practices. 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 the quality and food safety of our supply chain. In fiscal year 2012, we conducted 149 audits of our ingredient suppliers based on food safety standards that are recognized by the Global Food Safety Initiative (GFSI); if suppliers are found to be non-compliant, appropriate action is taken up to and including termination of partnership. Suppliers that exceed our established standards are eligible for our annual Hormel Foods Supplier Responsibility Principles.

2012 Lobbying

2012 Total Lobbying $338,674

CR Recognition

100 Best Corporate Citizens (No. 19, U.S. list)

Corporate Responsibility (CR) Magazine

Jeff Ettinger (chairman of the board, president and CEO) named 2012 Responsible CEO of the Year

Corporate Responsibility (CR) Magazine

Food Processing

Progressive Processing named 2012 Green Plant of the Year

Food Processing magazine

Food Engineering

Progressive Processing named Fabulous Food Plant of 2011

Food Engineering magazine

Remedy Health Media

Healthy Food Awards

Hormel® Natural Cheddar® Apple Gouda chicken sausage selected as a winner

Women's Health magazine

125 Best Packaged Foods for Women

Hormel® Natural Cheddar® Apple Gouda chicken sausage named Fabulous Food

Women's Health magazine

Progressive Processing

Achieved LEED Gold certification

Women's Health magazine

Best Places to Work for Recent Grads

Experience, Inc.

Remedy Health Media

Healthy Food Awards

Apple Gouda chicken sausage selected as a winner

Women's Health magazine

Food Processing magazine

Food Engineering magazine

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Women's Health magazine

Best Places to Work for Recent Grads

Experience, Inc.
Environment

Producing our products in a sustainable and responsible manner is a key driver at Hormel Foods. Today, this principle guides our company as it has for more than 120 years, since George A. Hormel founded Hormel Foods.

Our goals are established on absolute reductions. We will report our goal progress and will continue to report normalized results. To help meet these environmental goals across the company, we invest in our facilities and establish specific metrics to improve the efficiencies of our operations.

In 2011, we completed our first set of environmental goals, which commenced five years earlier. In 2012, we announced our second set of environmental goals, which will span from 2012-2020, using 2011 as a benchmark. Our goals are established on absolute reductions. We will report our goal progress and will continue to report normalized results.

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 2012, we invested more than $3.4 million in environmental and facility improvements.
In fiscal 2012, we implemented projects that resulted in a reduction of 11,000 metric tons of greenhouse gas (GHG) emissions. Of the total GHG emissions, direct GHG emissions were 30 percent and indirect GHG emissions were 70 percent.

As established from our 2011 base year, our target is to reduce GHG emissions by 77,000 metric tons CO2-e by 2020. With this year's efforts, we have fulfilled 14 percent of that level, putting us on target to reach our 2020 goal.

Recent projects to reduce GHG emissions include the following:

**Changing our transportation methods:** Our Austin (MN) plant team implemented an innovative project to switch to using ultra-light weight trucks to be able to haul more products per load. Using light weight equipment is not only more efficient, it also saves money, preserves natural resources and reduces greenhouse gases. By shipping more weight per loaded trailer on each lightweight truck, we were able to calculate that we reduced the miles we drove in 2012 by more than 54,000. This resulted in saving 9,837 gallons of fuel, which equates to a reduction of almost 100 metric tons CO2-e.

Reducing electrical usage plant wide: The team at the Jennie-O Turkey Store - Willmar Ave, (Willmar, MN) Plant aimed to reduce utility usage at the facility by two percent to support company goals. By installing VFD controls on a condenser and making operational changes to the refrigeration system the plant was able to reduce electrical usage by 2.04 million kWh, fuel use by 21,000 MMBtu, and GHG emissions by over 2,800 metric tons.

**Logistics**

Hormel Foods sells products worldwide and relies on transportation via truck, train and ship to deliver our products to customers. To minimize 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 36,966 pounds (or 88 percent) of vehicle weight capacity in 2012.

We continue to use intermodal shipments, which combine the best attributes of both truck and rail shipping. For long distances, this method of transportation can cut fuel use and greenhouse gas emissions by 65 percent compared to truck-only moves. In fiscal year 2012, we had 6,600 intermodal shipments. These shipments accounted for 9 million miles and saved more than 940,000 gallons of diesel fuel versus shipping solely by truck.

**Energy**

During 2012 we implemented projects that reduced energy use by 92,000 MMBtu, which fulfills 14 percent of our target of 664,000 MMBtu by 2020. Normalized direct energy (MMBtu/ton production) in 2012 was 1.68 and normalized indirect energy (kWh/ton production) in 2012 was 292.

Recent projects to reduce energy consumption include the following:

Replacing equipment to reduce energy use: At our Austin (MN) Plant, we replaced four older condensers with two larger, finned evaporative condensers. The goal of the installation was to increase plant condensing capacity by 27 percent and to reduce energy and water consumption. The equipment replacement project resulted in more than 1.85 million kWh saved in 2012. It also allows for a 7.5 million gallon reduction in water usage.

Reducing electrical costs by reducing electrical demand: At our Diamond Crystal Brands Savannah (GA) Plant, a team aimed to reduce overall energy use by implementing simple conservation principles such as managing compressed air needs and light usage. The plant also implemented a four day, 10 hour work week that helped to reduce energy usage. The combination of efforts resulted in an annual energy reduction of more than 568,000 kWh, which was 9 percent reduction from 2011 levels.

**Energy Use Reduction**

During 2012 we implemented projects that reduced energy use by 92,000 MMBtu, which fulfills 14 percent of our target of 664,000 MMBtu by 2020. Normalized direct energy (MMBtu/ton production) in 2012 was 1.68 and normalized indirect energy (kWh/ton production) in 2012 was 292.

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Reducing plant-wide electrical usage: At the Jennie-O Turkey Store – Faribault (MN) facility, VFD controls were installed on one condenser, suction pressures were raised on the blast freeze system during the post-production phase, and modifications were made to the water tank level controls, all in an attempt to decrease overall energy use. These initiatives resulted in a reduction of more than 200,000 kWh in energy.
Water

Total water use during 2012 was 4.9 billion gallons. Our target is to reduce total water use by 0.5 billion gallons by 2020. During 2012 we implemented projects that reduced water use by 0.122 billion gallons or 24 percent of our goal. We are currently on pace to achieve our water reduction goal prior to 2020.

Water use reduction was accomplished through ongoing equipment improvements and behavior based initiatives with employees at our operations. Our water sources include municipal utilities and company-owned wells. Normalized water usage (cubic meters/ tons of production) for 2012 was 7.7.

Total Water Use Reduction

<table>
<thead>
<tr>
<th>Year</th>
<th>Reduction</th>
<th>2012 Progress</th>
<th>2011 Baseline</th>
<th>2020 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.122 billion gallons reduction</td>
<td>24% of goal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce water use by</td>
<td>0.5 billion gallons</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Recent projects to reduce water consumption have included:

- **Reducing water consumption**: At our Rochelle (Ill.) Foods facility, the need to reduce water consumption was identified and a combined approach from all areas was implemented. The team aimed to surpass the company sustainability water reduction goal early, and they are well on their way by reducing water consumption by 13.4 million gallons. Employee education was a key part of the success of this project, with communications in the plant newsletter, posters, and monitors in the cafeteria and lobby. The project allowed for substantial financial savings.

- **Implementing new spray nozzles**: At our Austin (MN) Plant, the team replaced water spray nozzles in its smokehouse ovens with a more efficient design. This simple implementation cut water usage by 48 percent and saved more than 16,000 gallons of water per production cycle.

Reducing total water usage: Our Progressive Processing (Dubuque, IA) facility set a goal to reduce its water demand by reclaiming water to use in different areas of the plant. The team identified a new blancher as a source to potentially reclaim water and reuse it at the initial spray bar. By recapturing the water from the economizer we were able to add piping and start pumping it over to the tanks to reclaim water and reduce usage by more than 5.9 million gallons per year.

Reducing water usage while offsetting wastewater rate increases: The team at the Jennie-O Turkey Store - Willmar Ave. (Willmar, MN) Plant designed and installed a closed loop cooling system and worked with a third-party to determine the best rate for water to be carried to the chillers. The project resulted in a savings of more than 38 million gallons per year and allowed us to save money on wastewater charges.

Solid Waste Management

In 2012, our operations implemented projects that reduced the amount of solid waste sent to landfill by 1.700 tons. Our 2020 goal is to reduce solid waste to landfills by 3,300 tons, and with this year’s progress we have achieved 51 percent of our total goal. We are on track to achieve our 2020 goal early. Normalized total solid waste (pounds/ton production) for 2012 was 24.4.

<table>
<thead>
<tr>
<th>Reduction</th>
<th>Total Solid Waste Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Baseline</td>
<td>1,700 tons of reduction</td>
</tr>
<tr>
<td>2012 Progress</td>
<td>3,300 tons of reduction</td>
</tr>
</tbody>
</table>

Our plants have reduced solid waste produced from their operations.

Recent projects include:

- **Attempting a zero waste to landfill challenge**: Attempting a zero waste to landfill challenge: Our Progressive Processing (Dubuque, IA) facility was challenged by company objectives to reach zero waste to landfill status. The Progressive Processing employees identified the 2011 landfill costs and saw an opportunity to reduce landfill tonnage, increase recycling revenue and encourage overall employee participation in the plant recycling program. Their goal was to reduce tonnage by 25 percent and increase recycling revenue by 15 percent. Normalized results were a 28 percent reduction in tonnage sent to the landfill and increased recycling revenue. They attribute the heightened employee engagement and employee education efforts to the success of this project.

- **Reducing solid waste**: At our Rochelle (Ill.) Foods facility, employees combined a number of efforts to reduce waste including recycling and landspreading, which allowed for financial savings and the elimination of tote usage for transporting between plants. The implemented projects resulted in an 8 percent reduction in solid waste sent to landfill and improved beneficial use via land application by 29 percent.

- **Diversion of solid waste to energy plant**: In an effort to improve solid waste management practices, in 2011, the Farmer John (Vernon, CA) team started a project to divert landfill waste to a waste-to-energy facility that would power local residences and businesses. An audit was done to measure the heat content of the waste material to assure that suitability for energy production. Once the waste was determined usable for fuel, it was diverted to an incinerator based energy plant for local use. The project had continued success, and the facility is now diverting all of its wastes from landfill and was deemed as a zero waste disposal facility by the City of Vernon in October 2012.

For more information about Animal Care visit http://2011csr.hormelfoods.com/animalcare/

For more information about Hormel Foods visit hormelfoods.com/csr 2012 Hormel Foods Corporate Responsibility Report / Environment
Packaging Minimization

Hormel Foods uses more than 4,600 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.

Hormel Foods has a group of employees dedicated to packaging design who continuously look for optimization opportunities, and each member participates in an initiative to reduce materials in packaging. In 2012, each member of the team had a goal to identify 500,000 pounds of materials savings, amounting to a group goal to reduce packaging by 4 million pounds a year. The packaging team works with all departments and examines the entire supply chain for initiatives related to sustainability that will benefit all divisions. In 2012, this team initiated more than 69 total projects and completed 40 projects. Combined, these projects resulted in 4.05 million pounds in savings.

Examples of successful projects include:

• In partnership with a key can supplier, we identified an opportunity to reduce the basis weight of 15-ounce cans and end materials for Hormel® chili, Stage® chili, and Dinty Moore® beef stew. After extensive testing to prove the reduction, we successfully completed the conversion. These changes will result in 870,000 pounds of material savings in the can, and 296,000 pounds of material savings in lids.

• For our Range Brand® bacon product, we eliminated the carton from its packaging, which will save approximately 109,000 pounds of paperboard annually.

• With our Hormel® Country Crock® refrigerated side dishes, we switched to an in-mold label package (i.e., label is molded into the plastic container and lid), which eliminated the need for a paperboard sleeve. This paper weight savings totals 875,000 pounds annually.

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.

LEGAL DISCLAIMER: “Country Crock” and “Shedd’s Country Crock” are registered trademarks of the Unilever Group of Companies and used under license. All rights reserved.

Internal and External Recognition

Due to our conscious efforts to improve our environmental output, in 2012, Hormel Foods completed several projects that were recognized by independent sources including:

• All of our sites were eligible for American Meat Institute (AMI) Environmental Recognition Awards.

• The company’s corporate headquarters expansion achieved Leadership in Energy and Environmental Design (LEED) Gold Certification as a result of the sustainable design and construction practices employed. This project achieved a 46 percent energy reduction and 70 percent potable water reduction, and is expected to operate with utility costs 40 percent less than standard construction. For this project Hormel Foods received first place in the category of environmental technology, outreach and training programs from the AMI Environmental Achievement Awards.

• In September of 2008 Burke Corporation (Nevada, IA) began implementing water conservation projects that they identified through their own internal observations as well as in collaboration with a government agency’s pollution prevention intern program. Since then, Burke Corporation has saved more than 20 million gallons of water since 2008, which is a 25 percent drop in water usage. Since approximately 60 percent of that water saved is hot water, they also saved more than 67,000 therms of natural gas. This project received first place in the category of resource conservation from the AMI Environmental Achievement Awards.

In 2012, the internal Environmental Sustainability Best of the Best annual competition, which rewards and recognize teams that have identified areas for efficiency improvement and implemented changes, generated entries throughout all Hormel Foods business segments. This year’s winner was Rochelle Foods (IL) for its solid waste reduction projects that resulted in an 8 percent reduction in solid waste sent to landfill and improved beneficial use via land application by 29 percent.

To learn more about the other finalists, please visit the Environmental section of hormelfoods.com.

Best of the Best Awards

61 Environmental Sustainability Best of the Best projects documented these annual savings:
Animal Care

Since our founding in 1891, Hormel Foods has been committed to the highest standards for animal care and handling. We uphold these standards through means such as on-site assessments. Conducting these assessments helps us ensure our employees are practicing safe and ethical animal care. It also helps us formulate the animal care portion of our Supplier Responsibility Principles, which encourage our suppliers to follow our commitment to responsible environmental and social performance.

Hogs

All hog producers and the employees who care for hogs participate in the Hormel Foods Quality Assurance Program. As part of this program, suppliers are certified in the proper way to transport animals and the proper way to treat animals on their farms. Their farms are subject to random audits by third parties.

Not only do we require our suppliers to follow our animal care guidelines, we recognize hog producers that exemplify the commitment to quality at Hormel Foods through our annual Spirit of Excellence Awards. Hormel Foods awarded 59 suppliers with a 2012 Spirit of Excellence Award for their roles in the company's continuous improvement process throughout the last year. This includes 10 awards in the pork procurement category and one award in the provisions category.

In our processing facilities, we perform daily internal audits conducted by quality assurance and operations personnel to maintain the highest animal care practices. In fiscal year 2012, three external audits were performed by outside auditors in our processing facilities. Internally, we participated in 1,226 formal audits and 205 audits were conducted by company management at our processing facilities on an unannounced, random basis. In 2012, we received no incidents of noncompliance with laws and regulations and voluntary standards related to transportation, handling and slaughtering practices.

Turkeys

We use the National Turkey Federation animal welfare guidelines and the Global Food Safety Initiative guidelines for food safety as the audit criteria for our hatcheries, grower farms and processing plants, and we consistently score in the highest category.

In fiscal year 2012, 792 internal audits were conducted by the Jennie-O Turkey Store live production quality assurance department, as well as 117 production National Turkey Federation audits by live production managers and supervisors.

In our processing facilities, we perform daily internal audits conducted by quality assurance and operations personnel to maintain the highest animal care practices. In fiscal year 2012, four external audits were performed by outside auditors in our processing facilities. Internally, we participated in eight formal audits and 152 audits were conducted by company management at our processing facilities on an unannounced, random basis.

To learn about animal care at Hormel Foods, visit the Animal Care section of our Corporate Responsibility information on hormelfoods.com.
Products

By 2020, we aim to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent.

The $2B by 2012 Challenge was then set to achieve $2 billion in total sales of products created since 2000 by the end of 2012. We are pleased to announce that we successfully met this goal in 2012, and we have set a new goal of $3B by 2016.
Product Innovation

To help drive strategic innovation, Jeffrey M. Ettinger, chairman of the board, president and chief executive officer, issued the Billion Dollar Challenge to all Hormel Foods employees. The goal of the challenge was for Hormel Foods to generate $1 billion in sales from new products launched between fiscal year 2000 and fiscal year 2009. The company met the Billion Dollar Challenge in fiscal year 2007, announcing this achievement in the fourth quarter of 2007 and year-end earnings releases. The $2B by 2012 Challenge was then set to achieve $2 billion in total sales of products created since 2000 by the end of 2012. We are pleased to announce that we successfully met this goal in 2012, and we have set a new goal of $3B by 2016.

We had a total of 32 new retail products or line extensions launched and 302 projects in development in fiscal year 2012. Hormel Foods has more than 34 brands in the No. 1 or No. 2 market-share position.

As part of our product innovation approach, we have a team dedicated to innovation management. They are 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. Additionally, we have formalized an organization-wide governance system to maintain the necessary checks and balances.

Our consumer response team interacts directly with our customers on a daily basis to address product questions and gain valuable insight regarding consumer preferences. In 2012, the team fielded more than 120,000 contacts via email, toll-free lines and online. These insights help us respond to changing consumer tastes and information needs appropriately.

Our business can be categorized under four product platforms and many of our new products can be grouped under those platforms:

**Convenience meals**
- Hormel® Compleats® microwave meals

**Value-added protein products**
- Hormel® Natural Choice® chicken sausage

**Value-added fresh meat**
- Jenine-O Turkey Store® turkey bacon

**Solution products aimed at the foodservice deli market**
- Jenine-O Turkey Store® nachos extreme!

Reducing Sodium

Our wellness taskforce meets quarterly and 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. The graphic below identifies the results from the 2012 Sodium Reduction Analysis:

**2012 Sodium Reduction Analysis**

Sodium reduction by product category:
- Hormel® Canadian bacon: 22% reduction
- Hormel® Cure 81® retail hams: 14% reduction
- Hormel® chili: 18% reduction
- Hormel® Compleats® microwave meals: 16% reduction

Percent sales volume, by category, from items with a sodium reduction or developed with decreased sodium parameters:
- 66%
- 75%
- 85%
- 70%

Food Safety and Quality

Hormel Foods has implemented robust food safety and sanitation systems based on Hazard Analysis and Critical Control Points (HACCP) principles to ensure the safety of every product produced. Company personnel, independent third parties, the U.S. Department of Agriculture and the Food and Drug Administration oversee these food safety systems. In 2012, despite these efforts, 1,300 cases of a product were voluntarily recalled due to an undeclared allergen.

All employees receive food safety training appropriate for their responsibilities within the company.

Read more about Food Safety and Quality at hormelfoods.com.
Our People

More information on our employees, including benefits, fair employment practices and employee engagement, can be found on hormelfoods.com.

66% of employees with five years or more of service. Of those, 16% have 20 years or more and 6% have 30 years or more of service.

- **We hired** a new corporate manager of diversity and inclusion in 2011.
- **We implemented** two additional employee resource groups in 2012.

Promote a more diverse and inclusive workplace.

Ongoing goal.
About Our Employees

Tenure

At Hormel Foods, 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 success. We’re proud of our employee tenure numbers because they tell us that Hormel Foods is not only a great place to work, but also a corporation that offers professional opportunities and challenges for employees to grow. In 2012 our turnover rate for all employees was 8.8 percent. Also, we are honored to report that 66 percent of our employees had five or more years of service, and our 33-person officer team has an average of 25 years of service.

YEARS OF SERVICE

- 66% of employees have 5 years or more of service.
- Of those, 16% have 20 years or more and 6% have 30 years or more of service.

MALE/FEMALE

- Of those with five years or more of service, 30% were female and 64% were male.

HOURLY/SALARIED

- Of those with five years or more of service, 75% were hourly and 25% were salaried.

Discrimination

In 2012, there were zero incidents of discrimination. There were also no industrial disputes, strikes and/or lock-outs. Therefore, we did not lose any hours of working time.

Hormel Foods employs an independent third-party analysis to statistically review pay information by gender, minority and age to ensure nondiscriminatory pay practices, of which none were found.

Collective Bargaining

About 28 percent of our employees are covered by collective bargaining agreements. We adhere to the National Labor Relations Act and respect the right of employees 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 may be at significant risk.

Job Type

83.7 percent of workers are paid by the hour and 16.3 percent are salaried. 1.8 percent of workers are part time. Throughout the year, we supplement our workforce with temporary employees, 3.1 percent of workers make up this temporary sector.

Safety

Hormel Foods is known for its award winning safety programs. Our dedicated corporate safety department develops and administers companywide safety 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 safety audits of our manufacturing plants to ensure compliance with company safety policies.

Days Away from Work

Our commitment to safety is evidenced by our injury/illness incident rates, which are below the Bureau of Labor Statistics (BLS) industrial average for North American Industry Classification System (NAICS) 3116 Animal Slaughtering and Processing.

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 2012, for TCIR, Hormel Foods manufacturing locations outperformed the BLS industry average by 28 percent with a rate of 4.6. Since 2006, we have reduced our TCIR by 49 percent.

Days Away from Work Injury and Illness (DAFWII) measures an injury or illness that involves one or more days away from work. In 2012, the DAFWII rate at Hormel Foods was 0.6. This is 50 percent lower than the BLS industry average of 1.2. Since 2006, we have reduced our DAFWII rate by 33 percent.

Days Away, Restricted or Transfer (DART) measures the days an employee has restricted work activity or job transfer, or both. In 2012, our DART rate was 3.0. This is 30 percent lower than the BLS industry average of 4.3. Since 2006, we have reduced our DART rate by 42 percent.

Injury and Illness Incident Rates

- **HORMEL TCIR**
  - 4.6 incidents
- **BLS Industry Average**
  - 6.4 incidents

Since 2006, we have reduced our TCIR by 49%
Safety Training

Hormel Foods conducts safety training for an average of 15,025 employees and supervisors in our locations each month, and completes more than 891 safety assessments each month companywide. In 2012, Hormel Foods conducted an average of 6,937 lockout-tagout (LOTO) inspections per quarter, and held monthly, companywide safety conference calls with plant safety personnel.

Industry-Recognized Safety

Our meat processing plants annually receive recognition for their outstanding safety performance from the American Meat Institute (AMI).

In 2012, the AMI Foundation’s Safety Recognition Award Program recognized Hormel Foods with 16 awards. Locations receiving prestigious safety awards included:

- Five plants receiving the AMI Award of Honor, the highest level awarded for outstanding safety performance;
- Seven plants received the Award of Merit;
- One plant received the Award of Commendation; and
- Three plants received the Certificate of Recognition award.

The National Safety Council, a non-government, not-for-profit public service organization, develops and administers the program for the AMI Foundation.

Prestigious safety awards included:

- Award of Honor
- Award of Merit
- Award of Commendation
- Certificate of Recognition Award

The highest level awarded for outstanding safety performance.

Professional Review Program

We understand how important it is for our employees to feel both valued and challenged, so we conduct annual performance reviews with more than 99 percent of salary employees; 92 percent of office hourly employees; and 49 percent of plant hourly employees. Reviews for salary and office hourly employees include an assessment of current job performance and mutual employee/supervisor goal-setting for the next year. The process also considers work/life balance, career development, training needs and opportunities and current job performance.

Training

To support our tradition of fostering long-term careers, 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 2012 was 289,081. This equaled approximately 14.7 hours of training per employee. You can find an in-depth analysis of training hours per employee group at hormelfoods.com.

Diversity

Hormel Foods has demonstrated its commitment to fostering diversity by including it among the company’s key strategies. Following the hiring of a new corporate manager of diversity and inclusion in 2011, the company implemented two additional employee resource groups in 2012.

Companywide, women represented 36 percent of our workforce in fiscal year 2012. Our ethnic minority workforce represented 64 percent in fiscal year 2012.

Of our 12-member Board of Directors, there are four women and three persons of color.
Communities

We believe in making our communities better — they are our neighborhoods, and we invest in making them great places to live, work and play. This is our responsibility, intrinsic to our culture and our heritage.

In 2012, we continued the On Our Way to Ending Hunger program — our formalized approach to doing our part to relieve hunger, both domestically and internationally. Within the pillars of Nourish, Collaborate and Motivate, we forged important partnerships and that provided local assistance through donations to hunger relief organizations.

For the 46th consecutive year, Hormel Foods awarded more than a dozen undergraduate college scholarships to children of full-time, retired and deceased employees of Hormel Foods and its subsidiaries.
Hunger

In 2012, we continued the On Our Way to Ending Hunger program — our formalized approach to doing our part to relieve hunger, both domestically and internationally. Within the pillars of Nourish, Collaborate and Motivate, we forged important partnerships and that provided local assistance through donations to hunger relief organizations.

Nourish

Hormel Foods donated an estimated 26 million individual meals through 2012 On Our Way to Ending Hunger efforts (using the Feeding America estimation of $1 donated = 8 meals).

Jennie-O Turkey Store contributed more than 182,400 pounds of product to food banks, local food shelves and feeding programs in 2012.

We donated more than 2.4 million cans of Spammy™ shelf-stable poultry product in fiscal year 2012 through our partnership with Food for the Poor and Caritas Arquidiocesana. Spammy™ shelf-stable poultry product is fortified with vitamins and minerals to help prevent childhood malnutrition in Guatemala.

We contributed 3,456 cans of Hormel® chili and Spammy® chili to the American Institute of Architects (AIA) Honolulu's seventh annual Construction competition. All product was donated to the Hawaii Foodbank after the event.

We donated one semi-trailer of Hormel® chili with beans to Gleaners Food Bank as part of the FFA Rally to Fight Hunger in Indianapolis in October 2012. This donation included more than 3,000 cases of canned chili.

Farmer John gave more than $772,000 in product and cash donations to support local communities and education efforts.

Collaborate

For the second year, we partnered with Hunger-Free Minnesota, a statewide coalition of community and corporate organizations aimed at closing the missing meals gap in Minnesota. The organization's goal is to provide 100 million additional meals, annually and sustainably, by 2014 for Minnesotans in need. Jeffrey M. Ettinger, Hormel Foods chairman of the board, president and chief executive officer, serves on the steering committee of Hunger-Free Minnesota.

For the 2012-2013 school year, we partnered with Feeding America to provide more than 1.3 million meals for children. Feeding America is working with local food banks in select communities where we operate to provide these meals (worth a total of $130,000) to children.

Motivate

In the second year of our partnership with the Des Moines Area Religious Council (DMARC), DMARC embarked on phase two of its Mapping an End to Hunger in Greater Des Moines initiative. Some of the accomplishments include:

- Continued and increased Supplemental Nutrition Assistance Program (SNAP) benefits enrollment outreach.
- Increased distribution capacity to a four-day supply of food once each month, up from the three-day supply implemented a year ago.
- Piloted a market-style pantry model in two locations to increase efficiencies of operation, reduce food waste and improve consumer awareness and self-selection of healthy foods.
- Began steps to develop the Greater Des Moines Food Research and Action Council. The council will guide development and drafting of the inaugural “Greater Des Moines Hunger-Free Community Plan.”
- Recognized as a leader in food access research and work. The project has provided opportunities for broader community discussion and education about how nutrition awareness, food choices and food access significantly impact community and family capacity for health. In addition to support from Hormel Foods, these discussions have led to additional program and funding support through Community Foundation of Greater Des Moines, Iowa Department of Human Services – Adults, Children & Families; The Wellmark Foundation; United Way of Central Iowa; USDA – Food & Nutrition Service; Healthy Polk 2020; and Telligen Community Initiative.

Our plant managers motivated employees to participate in local hunger relief initiatives through our plant community donations program. In total, we donated $220,000 to local hunger-relief organizations in more than 20 U.S. communities where we have manufacturing facilities.

- These communities and their beneficiaries include:
  - Algona (IA) Plant: Kossuth County Food Pantry;
  - Alma (KS) Foods: Community Health Ministry;
  - Atlanta Plant (Tucker, GA): Central Georgia Christian Food Bank;
  - Austin (MN) Plant: Meals On Wheels and The Salvation Army;
  - Beloit (WI) Plant: Meals On Wheels and Central Christian Church Care Feeding Program;
  - Creative Contract Packaging Corporation (Aurora, IL): Aurora Area Interfaith Food Pantry;
  - Dold Foods (Wichita, KS): The Lord's Diner;
  - Fremont (NE) Plant: The Salvation Army and Low Income Ministry – Dodge County;
  - Jennie-O Turkey Store (Barron, WI): Barron Cupboard and Closet food pantry;
  - Jennie-O Turkey Store (Faribault, MN): The Salvation Army;
  - Jennie-O Turkey Store (Melrose, MN): Project Give-A-Gift food program;
  - Jennie-O Turkey Store (Montevideo, MN): Prairie Five Community Action Council – Food Program;
  - Jennie-O Turkey Store (Pelican Rapids, MN): Pelican Rapids Community Food Shelf;
  - Jennie-O Turkey Store (Willmar, MN): United Way of West Central Minnesota’s Growmobile Program;
  - Knoxville (IA) Plant: Knoxville Meals On Wheels and Helping Hands Food Pantry;
  - Lloyd’s Barbeque Company (Mendota Heights, MN): Second Harvest Heartland;
  - Mexican Accent (New Berlin, WI): Hunger Task Force;
  - Osceola (IA) Food: Clarke County Food Pantry;
  - Progressive Processing (Dubuque, IA): St. Stephen’s Food Bank;
  - Rochelle Foods (IL): Rochelle Area Community Foundation;
  - Swiss American Sausage Co. (Lathrop, CA): Second Harvest Food Bank; and
  - Stockton (CA) Plant: Second Harvest Food Bank.
Education

For the 46th consecutive year, Hormel Foods awarded more than a dozen undergraduate college scholarships to children of full-time, retired and deceased employees of Hormel Foods and its subsidiaries. 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 school and their community.

Jennie-O Turkey Store also awarded education scholarships to employees, their dependents and graduating seniors who plan to attend an accredited two-year technical/vocational college or a four-year college or university to obtain a bachelor’s degree.

Disaster Relief

In March 2012, we donated 55,000 Hormel® Compleats® microwave meals and more than 11,000 cases of Hormel® turkey pepperoni packs to Feeding America to aid in relief efforts for parts of Kentucky and southern Indiana following the tornadoes that devastated that part of the country.

Read more about our community involvement on hormelfoods.com.