

OUR FOOD JOURNEY



Hormel Foods Sustainable Agriculture Policy

Hormel Foods places great emphasis on the environment when we produce products for our customers and consumers. Sustainability and environmental responsibility continue to serve as guiding principles, as they have since George A. Hormel founded Hormel Foods Corporation in 1891. We recognize that the food industry is complex and that much of our environmental impact occurs outside of the Hormel Foods manufacturing boundary, including cultivation of feed ingredients and live production of poultry, pork and beef. Thus, a high level of commitment is required from Hormel Foods, our suppliers and partners to ensure that our shared natural resources are used sustainably and that our environment is protected.

Hormel Foods recognizes the critical role that sustainable agricultural practices play in meeting the world's food demands while protecting our natural resources. We recognize a shared interest and need to support the principles outlined in the United Nations Sustainable Development Goals, especially those sections involving water scarcity and water quality¹.

In our journey to continuously improve sustainable agriculture practices, we seek suppliers and partners that recognize and address water quantity and quality challenges at the watershed level. This Policy strengthens our commitment to develop and foster programs that improve the efficiency of water used for food production and irrigation, maintain and improve soil quality, reduce erosion, and eliminate runoff linked to improper fertilizer, pesticide and herbicide use.

Sustainable Agriculture

Hormel Foods includes social, economic and environmental impacts in its evaluation of sustainable outcomes. Our definition of sustainable agriculture adopts this approach, and strives for food and agricultural production that preserves and protects biodiversity, natural resources and our communities now and into the future.

Applicability

The Policy Objectives section of this document applies to our direct suppliers, contract animal producers and feed grain growers. Additional requirements and expectations outlined in our Supplier

¹ United Nations Sustainable Development Goal SD6, Clean Water and Sanitation

Responsibility Principles and Environmental Sustainability Policy Statement are incorporated by reference into this Policy.

Purpose

The purpose of the Policy is to outline objectives that will result in increasingly efficient water use and protection of water quality throughout the agricultural supply chain. This Policy is intended to strengthen our commitment to the principles agreed to by the Bipartisan Policy Center's CEO Council on Sustainability and Innovation. Through this Policy we embrace the Council's call to action on the future of sustainable agriculture including the three action areas of:

- Sustainable productivity;
- Transparency; and
- Science-based collaborative decision making across the food and agriculture supply chain².

Hormel Foods Water Programs

Hormel Foods has a deeply rooted commitment to efficient use of water and protection of water quality. We aim to take actions that demonstrate leadership in water use and water quality improvement. Hormel Foods has established a goal of implementing projects that reduce water consumption within our manufacturing operations 10 percent by 2020 based on our 2011 base year. Hormel Foods will continue to publicly release information about its water programs, including goal progress, through annual corporate responsibility and CDP water reports.

Hormel Foods discharges wastewater primarily through publicly owned treatment works. We value the partnerships that we have developed with our municipal wastewater operations and commit to working collaboratively to ensure that effluent standards are met or exceeded. Hormel Foods commits to working with all stakeholders to identify and implement science-based water quality criteria that are protective of water quality.

Hormel Foods water program goals:

- Measure and publicly report direct water use and improvement initiatives within company owned locations through our corporate responsibility report (annual, June);
- In partnership with a reputable third party, complete a comprehensive water risk assessment of company owned operations and our primary agricultural inputs using a recognized water risk tool by (June 2017);
- Engage with growers in high risk water regions and identify areas for improvement that will lower water risk and improve water quality (December 2017);

² Food for Thought: A Call to Action on the Future of Sustainable Agriculture, Bipartisan Policy Center, May 2016

- Establish sustainable agricultural sourcing goals (March 2018); and
- Communicate water program best practices to a broader stakeholder group to foster and encourage continuous improvement throughout the agricultural supply chain (May 2018).

Policy Objectives

Hormel Foods expects our direct suppliers, contract animal producers and feed grain growers to adopt and advance the following objectives:

- **Full compliance, at all times.** Members of our agricultural supply chain must maintain full compliance with applicable environmental laws, regulations and ordinances. International laws and recognized industry standards must be followed where applicable. Each organization is expected to develop procedures to periodically review the organization's compliance status and to immediately initiate corrective actions in the event that a non-compliant condition is discovered.
- **Improve water use efficiency.** Identify and implement best practices to improve the efficiency of water use, including improvements in water used for row crop irrigation.
- **Soil management.** Hormel Foods expects each member of the agricultural supply chain to develop a soil management plan that is appropriate for the size and nature of its operation. The plan should include an assessment of the major risks to soil, including the suitability of the land for its intended use. The plan should address soil quality monitoring and the management or erosion risks.
- **Prevent the release of substances that can cause harm to the environment.** Fully implement measures to prevent the spill, release or migration of substances that contribute to the degradation of ground or surface water quality. The measures taken should be appropriate for the size and nature of the operation, with consideration given to sensitivity of the surrounding areas. Plans must be in place to quickly contain and clean up accidental spills and releases.
- **Identify and implement best practices for nutrient management.** The proper application of nutrients is specific to local crop, meteorological, and geological conditions. Each organization must evaluate its operation and develop a nutrient management plan specific to its conditions. Where applicable, the evaluation must include the storage, transport and application of manure and litter.
- **Measure environmental impact and make improvements.** Members of our agricultural supply chain are expected to measure the environmental impacts that are material to their operation, including data related to water use and water quality. We expect our suppliers and partners use the data to set improvement goals that are appropriate for the size and nature of the operation.

- **Transparency and cooperation.** Hormel Foods expects members of its agricultural supply chain to be willing to share data, best practices and supporting information. We will work with our suppliers and partners to share key information with a larger stakeholder group.

To ensure our suppliers understand and adhere to the objective and requirements of this Policy, we will:

- Make this Policy publicly available to all direct and indirect suppliers;
- Meet with our largest direct suppliers to communicate the objectives and requirements of this Policy;
- Seek self-certifications of compliance with the requirements for our largest direct suppliers; and
- Complete site-specific reviews with our largest suppliers deemed to be at high risk for water programs.

Procurement Statement

Hormel Foods seeks to do business with suppliers who share our commitment to reducing the environmental impact of business operations. This includes making efforts to improve water quality and reduce water consumption, air emissions and waste generation. Our goal is to partner with our suppliers to find innovative solutions to improve efficiency and prevent damage to the land, water and air.

Procurement decisions will be consistent with the shared principles as outlined in this Policy and the Hormel Foods Supplier Responsibility Principles.