



**HORMEL
FOODS
CORPORATE
RESPONSIBILITY**

2017 CR Report
Our Food Journey™



About This Report

Our progress is measured not only in the dollars we make, but in the lives we touch and the communities we lift.

For the last 12 years, we have been proud to share our corporate responsibility efforts and achievements. Our 2017 report has been developed in collaboration with the Hormel Foods Corporate Responsibility Council and other company experts, and was reviewed and approved by the council, experts and the respective vice presidents who oversee relevant topics. Additionally, the report has also been reviewed by our executive-level Corporate Responsibility Steering Committee.

As in past years, this 2017 Hormel Foods Corporate Responsibility Report is an annual report designed to provide useful information for our stakeholders, who include employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities. It follows the GRI Standards established by the Global Reporting Initiative (GRI) and covers anecdotal and benchmark data from fiscal year 2017, unless otherwise noted. All other boundary-related information for this report can be found in the boundary and measurement section. Our previous reports covered fiscal years 2006 to 2016.



Our Goals

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

Our packaging minimization goal was established in fiscal year 2012, and we also monitor progress toward goals designed to support animal welfare, sodium reduction, innovation, employee safety, diversity and inclusion, and communities. Many of our goals support the Sustainable Development Goals* to end poverty, protect the planet and ensure prosperity for all.

CONTACT US

We gladly welcome your feedback about this report and/or corporate responsibility at Hormel Foods.

Email

SUSTAINABILITY@HORMEL.COM

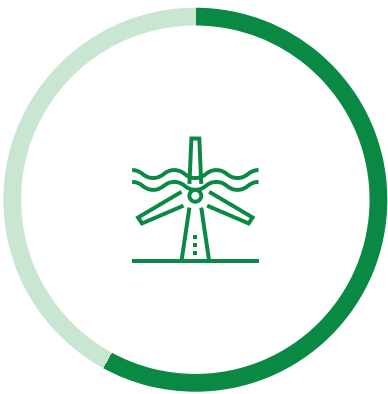
Call Consumer Engagement

1-800-523-4635

Use our Contact Form

HORMELFOODS.COM/ABOUT/CONTACT-US

*The Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA) acts as the Secretariat for the SDGs, providing substantive support and capacity-building for the goals and their related thematic issues, including water, energy, climate, oceans, urbanization, transport, science and technology, the Global Sustainable Development Report (GSDR), partnerships and Small Island Developing States. DSDG plays a key role in the evaluation of UN systemwide implementation of the 2030 Agenda and on advocacy and outreach activities relating to the SDGs.



GREENHOUSE GAS EMISSIONS

GOAL: Reduce GHG emissions by 10% by 2020.

PROGRESS

In 2017, we reduced over 6,000 metric tons of GHG emissions from our manufacturing operations – 58% of our goal when combined with our previous progress.



ENERGY

GOAL: Reduce nonrenewable energy use by 10% by 2020.

PROGRESS

In 2017, we reduced our energy use by more than 62,000 MMBtu – 93% of our goal when combined with our previous progress.



WATER ⊕ GOAL SURPASSED

GOAL: Reduce water use by 10% by 2020.

PROGRESS

After surpassing our goal in 2016, we continue to achieve additional reductions. In 2017 alone, we reduced water use by 101 million gallons.

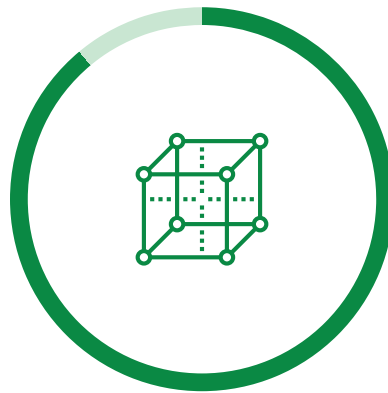


SOLID WASTE **GOAL SURPASSED**

GOAL: Reduce solid waste sent to landfills by 10% by 2020.

PROGRESS

After surpassing our goal in 2014, we continue to achieve additional reductions. In 2017 alone, we reduced the amount of solid waste sent to landfills by 179 tons.



PACKAGING MINIMIZATION

GOAL: Reduce product packaging by 25 million pounds by 2020.

PROGRESS

In 2017, we reduced product packaging by 1.7 million pounds – 89% of our goal when combined with our previous progress.



ANIMAL WELFARE

GOAL: Maintain the highest standards for animal welfare and handling throughout our entire supply chain.

PROGRESS

In 2017, more than 2,000 audits were conducted to ensure the accountability of our standards.

SODIUM REDUCTION

GOAL: Reduce sodium levels in select products within our branded retail product portfolio by an average of 15%.

28%

CHI-CHI'S®, Herdez® and La Victoria® tortillas

14%

Hormel® chili with beans

12%

Hormel® Cure 81® retail hams

19%

Hormel® smoked pork loins

27%

Hormel® Canadian bacon

19%

Hormel® Compleats® microwave meals

8%

Hormel® refrigerated entrees

20%

Valley Fresh® chicken and turkey



INNOVATION

GOAL: Deliver 15% of sales from new products developed and launched in the previous five years.

PROGRESS

In 2017, 14% of our sales were from new products developed and launched in the previous five years.



EMPLOYEE SAFETY

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

PROGRESS

	2016	2017
Total Case Incident Rate	3.11	2.72
Days Away From Work Injury And Illness	0.64	0.58
Days Away, Restricted Or Transfer	2.24	1.87



DIVERSITY AND INCLUSION

GOAL: Promote a more diverse and inclusive workplace.

PROGRESS

We received a perfect score on the Human Rights Campaign Foundation’s Corporate Equality Index. In addition, we have nine employee resource groups in place to support our efforts.



COMMUNITIES

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

PROGRESS

We contributed \$7.8 million in cash and product donations in 2017.



From our CEO

We are proud of the progress we have made as a leading corporate citizen in our industry and are excited to share our 12th annual report with you.

At Hormel Foods, we know that building social value and creating economic value are not competing goals, and we are inspired to do our part in making the world a better place. In fact, we continue to be recognized for our efforts. We were honored to once again be named as one of the 100 Best Corporate Citizens by Corporate Responsibility Magazine. In addition, we received a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index and were named a Best for Vets Employer by Military Times.

We recently launched our corporate responsibility platform called *Our Food Journey™*. This journey consists of producing food responsibly for customers and consumers around the world by focusing on:

- **Investing in our people and partners;**
- **Improving communities around the world; and**
- **Creating products that improve the lives of others.**

I'm pleased to share the following 2017 highlights in these areas:



ON TRACK

After surpassing our goal to reduce solid waste sent to landfills and water use by 10 percent by 2020, we continued to implement projects to achieve further reductions. We remain on track to achieve our goals to reduce nonrenewable energy use by 10 percent and product packaging by 25 million pounds by 2020.



WATER STEWARDSHIP

In addition to reducing water use by 101 million gallons, we developed and published our Sustainable Agriculture Policy and completed a high-level water risk assessment of our top suppliers.



ANIMAL WELFARE AND ANTIBIOTIC STEWARDSHIP

To ensure the accountability of our high standards for animal welfare throughout our supply chain, more than 2,000 audits were conducted. In addition, we continued to advance our antibiotic stewardship efforts. These efforts consist of reducing the use of antibiotics, the responsible use of antibiotics, investing in producing raised-without-antibiotics products and working with others to create solutions through our Antibiotic Working Group.



SODIUM REDUCTION AND CLEAN-LABEL INITIATIVE EFFORTS

We launched over 520 new retail and foodservice items and also continued to advance our sodium reduction efforts and clean-label initiative.



DIVERSITY, INCLUSION AND EMPLOYEE SAFETY

Our inspired employees are the cornerstone of our company. We continue to place great emphasis on our diversity and inclusion efforts and have nine employee resource groups in place. We also continue to put the safety of our employees first by focusing on training, audits and improving our safety performance year over year.



CHARITABLE GIVING

We donated \$7.8 million in cash and product donations. This includes \$5.4 million in hunger donations, our donation of 2.6 million cans of SPAMMY® (a shelf-stable poultry product to help prevent childhood malnutrition in Guatemala), and more than \$827,000 in education donations. I would like to thank all of our team members worldwide as well as our partners and suppliers, as it takes everyone working together to achieve these outstanding results. And while we celebrate these achievements, we realize there is more to accomplish on this journey.

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

Thank you,
Jim Snee

Chairman of the Board, President and Chief Executive Officer

Our belief is that good business and good stewardship go hand in hand.

Our Food Journey™

Given our role in helping to feed America and the world for over 125 years, we know that building social value and creating economic value are not competing goals. For us, there is no daylight between good citizenship and good business.

While we are committed to many worthy causes, including cancer research and fighting childhood hunger, it is our core business – efficiently producing delicious food for the world’s growing population – that we are most proud of. Since the beginning, we’ve believed that social responsibility is more than giving a percentage of our profits at the end of the year.

“ We know that building social value and creating economic value are not competing goals. And where Our Path Forward is our compass, **Our Food Journey is our North Star.**

— **JIM SNEE**, Chairman of the Board, President and Chief Executive Officer



Investing

IN OUR PEOPLE AND PARTNERS

- Dedicated to the health, wellness, safety and advancement of our 20,000 inspired team members around the world
- Cultivating long-term relationships of trust, responsibility and innovation with suppliers, partners, and retailers
- Committed to a diverse and inclusive workforce
- Supporting family farms
- Striving for continuous improvement in animal welfare with uncompromising support for animal welfare standards
- Promoting and respecting human rights

Improving

COMMUNITIES AND THE WORLD

- Doing our part to end hunger and food insecurity by creating safe, wholesome food for all
- Caring for our communities as a good neighbor
- Motivated stewardship of our water, energy and land
- Doing our part to reduce food waste
- Engaging in honest dialogue with all stakeholders about the challenges that face our global food supply

Creating

PRODUCTS THAT IMPROVE THE LIVES OF OUR CUSTOMERS

- Uncompromising food safety and food integrity
- Improving nutrition and wellness and pioneering functional foods
- Promoting informed food choices through increasing food and sourcing transparency
- Innovating and creating products that make a difference

Key Topics Assessment

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

To inform our reporting and corporate responsibility objectives, Hormel Foods engaged with BSR in 2017, a nonprofit sustainability consultancy and business network, to help us identify, prioritize and understand the topics most relevant to our business and our stakeholders. Topics were identified based on our prior assessment, industry trends and global corporate responsibility megatrends. The topics were then prioritized based on input from senior executives, our Corporate Responsibility Council and key external stakeholders, whom offer a broad and diverse perspective on Hormel Foods. We engaged senior executives representing key business functions and members of our Corporate Responsibility Council to validate our assessment and key topics.

ABOUT THIS REPORT/ABOUT HORMEL FOODS

KEY TOPICS	LOCATION
Business ethics	Ethics, Governance & Risk
Farmer livelihoods	New key topic; will be addressed in future reports
Lobbying, disclosure and political contributions	About Hormel Foods – Public Policy
Transparency, reporting and stakeholder engagement	About This Report – Stakeholder Feedback
Responsible sourcing and supply chain management	About Hormel Foods – Supply Chain
Corporate responsibility governance	About Hormel Foods – Governance & Financials

ENVIRONMENT

KEY TOPICS	LOCATION
Air emissions	Environment – Greenhouse Gas Emissions
Climate change	Environment
Energy use and efficiency	Environment – Energy
Environment compliance	About This Report – Data Summary Environment
Food waste and loss	Environment – Waste
Packaging footprint	Environment – Packaging
Renewable energy	Environment – Energy
Sustainable agriculture	Environment – Water
Waste management	Environment
Wastewater management	Environment – Water
Water use	Environment – Water

ANIMAL WELFARE

KEY TOPICS	LOCATION
Animal care	Animal Welfare
Antibiotics	Animal Care – Raising Our Animals

PRODUCTS

KEY TOPICS	LOCATION
Consumer education and information	Products – Nutrition Resources
Consumer health and safety	Products – Food Safety & Quality Products – Nutrition & Wellness
Food safety and quality	Products – Food Safety & Quality
Food access and affordability	Products – Emerging Markets
Food waste and loss	Products – Products & Food Waste
GMOs	Products – Ingredients
Health, nutrition and wellness	Products – Nutrition & Wellness
Responsible marketing	Products – Responsible Marketing
Safe packaging	Products – Food Safety & Quality

PEOPLE

KEY TOPICS	LOCATION
Diversity and inclusion	People – Diversity & Inclusion
Employee health and wellness	People – Benefits
Employee recruitment and retention	People – About Our Employees
Human Rights	People – Human Rights
Occupational health and safety	People – Safety

COMMUNITIES

KEY TOPICS	LOCATION
Community impacts	Environment People Communities
Distribution of profits	Communities 2017 Annual Report
Food relief	Communities – Hunger
Philanthropy	Communities

Stakeholder Feedback

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

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

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

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

View the key topics assessment section for the results of our analysis.

EMPLOYEES

(Current, prospective and retired)

How Hormel Foods Engages

- Annual performance reviews
- Annual town hall meetings with the CEO and executives at various plants
- Departmental meetings (ongoing)
- Engagement surveys (ongoing)
- Intranet (daily)
- Monthly location-specific newsletters and quarterly companywide magazine
- Ongoing recruitment events (college campuses, job fairs)
- Social media (daily)

Stakeholder Interests

- Community impacts
- Distribution of profits
- Diversity and inclusion
- Employee health and wellness
- Employee recruitment and retention
- Environmental sustainability
- Occupational health and safety
- Philanthropy

How We Respond To Their Interests

- Charitable giving
- Diversity and inclusion initiatives and employee resource groups
- Employee benefits
- Environmental sustainability goals
- Safety program and goals

Ongoing Results Of Engagement

- Community support and retiree engagement and involvement
- Improved safety
- Increased employee engagement and retention

CUSTOMERS

How Hormel Foods Engages

- Conferences (ongoing)
- Facility and farm tours (ongoing)
- One-on-one meetings (ongoing)
- Questionnaires (ongoing)
- Sales meetings (ongoing)

Stakeholder Interests

- Animal welfare and antibiotics
- Environmental sustainability
- Food access and affordability

- Food safety and quality
- Responsible marketing
- Responsible sourcing and supply chain management

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Connect customers with internal experts
- Environmental sustainability goals
- Integrate customer feedback into product development
- Respond to questionnaires and inquiries
- Robust food safety program and training

Ongoing Results Of Engagement

- Demonstration of our best practices
- Development of customer relationships
- Identification of risks and opportunities
- Increased understanding of the business and practices

SUPPLIERS

How Hormel Foods Engages

- One-on-one meetings (ongoing)
- Supplier site audits (ongoing)
- Supplier site tours (ongoing)
- Supplier Quality Management System (ongoing)

Stakeholder Interests

- Animal welfare and antibiotics
- Farmer livelihoods
- Responsible sourcing and supply chain management
- Sustainable agriculture

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Participate in ongoing dialogue
- Recognize top suppliers through annual awards
- Requirements outlined in our Supplier Responsibility Principles

Ongoing Results Of Engagement

- Increased accountability
- Improvement of supplier relationships
- Improvement of supply base
- Improvement of quality from suppliers

INVESTORS/ANALYSTS

How Hormel Foods Engages

- One-on-one meetings (ongoing)
- Rankings/questionnaires (annually)

Stakeholder Interests

- Animal welfare and antibiotics
- Environmental sustainability
- Human rights
- Sustainable agriculture
- Sustainability governance

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Development of company policies
- Environmental sustainability goals
- Respond to questionnaires/inquiries
- Verify data from analysts compiling rankings and indices

Ongoing Results Of Engagement

- Benchmark data
- Correct information

CONSUMERS

How Hormel Foods Engages

- Consumer hotline (daily)
- Consumer research (ongoing)
- Social media (daily)
- Websites (daily)

Stakeholder Interests

- Animal welfare and antibiotics
- Consumer education and information
- Consumer health and safety
- Environmental sustainability
- Food access and affordability
- Food safety and quality
- GMOs
- Health, nutrition and wellness

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Answer questions through hotline and social media channels
- Environmental sustainability goals
- Promote more proactive information and take suggestions
- Robust food safety program and training
- Sodium reduction efforts
- Use insights for new product development

Ongoing Results Of Engagement

- Better understanding of our consumers' concerns and interests to help provide the best products on the market
- Correct information
- Helpful suggestions for how to improve our business/products
- Improved consumer loyalty

GOVERNMENT

How Hormel Foods Engages

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

Stakeholder Interests

- Animal welfare and antibiotics
- Community impacts
- Environmental sustainability
- Food safety and quality
- Lobbying disclosure and political contributions

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Engage in ongoing dialogue about these issues
- Environmental sustainability goals
- Robust food safety program and training
- Updates to management about key issues

Ongoing Results Of Engagement

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

NONGOVERNMENTAL ORGANIZATIONS

How Hormel Foods Engages

- Meetings (ongoing)
- Response to questions/concerns (ongoing)

Stakeholder Interests

- Animal welfare and antibiotics
- Business ethics
- Community impacts
- Distribution of profits
- Environmental sustainability
- Food relief
- Health, nutrition and wellness
- Human rights
- Lobbying disclosure and political contributions
- Philanthropy
- Responsible sourcing and supply chain management

Stakeholder engagement

- Sustainable agriculture
- Sustainability governance
- Transparency and reporting

How We Respond To Their Interests

- Animal welfare standards and antibiotic stewardship efforts
- Charitable giving
- Consider topics raised in our reporting and operating practices
- Developed formal hunger and community giving strategy
- Developed Project SPAMMY® hunger-relief program
- Development of company policies
- Environmental sustainability goals
- Maintain ongoing dialogue to incorporate a variety of changes to business practices and explain business practices
- Reporting

Ongoing Results Of Engagement

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

COMMUNITIES

How Hormel Foods Engages

- Charitable giving (ongoing)
- Community events (ongoing)
- Local media relations (ongoing)
- Representation and participation in community organizations (ongoing)
- Sponsorships (ongoing)
- Volunteer efforts (ongoing)

Stakeholder Interests

- Community impacts
- Distribution of profits
- Environmental sustainability
- Employee recruitment and retention
- Food relief
- Philanthropy
- Sustainable agriculture

How We Respond To Their Interests

- Charitable giving
- Consider topics raised in our reporting and operating practices
- Developed formal hunger and community giving strategy
- Developed Project SPAMMY® hunger-relief program
- Environmental sustainability goals
- Hold meetings to discuss local concerns
- Invest in community infrastructure

Ongoing Results Of Engagement

- Employee engagement
- Large number of community groups engaged
- Positive community relations
- Positive corporate reputation

Boundary & Measurement

The boundary of the report includes all entities over which Hormel Foods exercises control or significant influence with regard to financial and operating policies and practices.

Unless otherwise noted, the report does not include MegaMex Foods (less than 50 percent operational and financial control), Fresherized Foods (acquisition of a joint venture), Okinawa Hormel Ltd. (less than 50 percent operational and financial control) and Purefoods – Hormel Company (less than 50 percent operational and financial control).

The following chart explains exceptions to this and gives additional information about what parts of the company are or are not included in this report, by section.

ABOUT HORMEL FOODS

CATEGORY	EXCEPTIONS/ADDITIONAL INFORMATION
No. of employees, countries where products are sold, categories in which our brands held the No. 1 or No. 2 share and manufacturing facilities	Includes all
Audits of ingredient suppliers	Does not include Applegate, Justin's, Cidade do Sol and Fontanini Italian Meats and Sausages
Diverse businesses	Does not include international, Applegate, Justin's and Fontanini Italian Meats and Sausages; only includes applicable vendor categories
New vendors	Includes all active suppliers in the company's tracking system
Financial information	As reported and defined in the company's Annual Report
Lobbying and political action committee	Does not include Applegate

ENVIRONMENT

CATEGORY	EXCEPTIONS/ADDITIONAL INFORMATION
Environment	Includes U.S. manufacturing locations and co-pack and joint venture locations with operational control; does not include Fontanini Italian Meats and Sausages
Logistics	Does not include Applegate, international and Fontanini Italian Meats and Sausages
Packaging projects and material savings	Includes all projects and savings captured by the corporate packaging development group
Product packaging that is recyclable and/or made from recycled materials	Includes strategic suppliers in the company's tracking system
Unique packaging items	Includes all packaging items in the company's tracking system

ANIMAL WELFARE

CATEGORY	EXCEPTIONS/ADDITIONAL INFORMATION
Animal welfare	Does not include Applegate, international and Fontanini Italian Meats and Sausages

PRODUCTS

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

PEOPLE

CATEGORY	EXCEPTIONS/ADDITIONAL INFORMATION
People	Data (employment type, gender and tenure) and collective bargaining does not include international
Safety and safety training	Does not include Applegate, Justin's, international, CytoSport and Fontanini Italian Meats and Sausages
Employee engagement survey	Does not include union employees at the Austin (Minn.) Plant and Fremont (Neb.) Plant, Applegate, CytoSport, Jennie-O Turkey Store, Justin's, international plant employees, Cidade do Sol and Fontanini Italian Meats and Sausages
Training	Includes training captured by our corporate learning and development department (may not include everything); does not include international and Fontanini Italian Meats and Sausages

COMMUNITIES

CATEGORY	EXCEPTIONS/ADDITIONAL INFORMATION
Cash and product donation amounts	Amounts provided are donations recorded through our corporate donation records, which may not capture everything

GRI Content Index

The 2017 Hormel Foods Corporate Responsibility Report follows the standards developed by the Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting.

This chart explains the GRI Standards that are included in our report and where they are located online. The 2017 Hormel Foods Corporate Responsibility Report is developed in accordance with the core option.

GRI 102: GENERAL DISCLOSURES		
ORGANIZATIONAL PROFILE		
GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
102-1	Name of the organization	<i>Hormel Foods Corporation</i>
102-2	Activities, brands, products and services	About Hormel Foods
102-3	Location of headquarters	<i>Austin, Minn.</i>
102-4	Location of operations	About Hormel Foods
102-5	Ownership and legal form	2017 Annual Report (page 68)
102-6	Markets served	About Hormel Foods
102-7	Scale of the organization	About Hormel Foods
102-8	Information about employees and other workers	People - About Our Employees
102-9	Supply chain	About Hormel Foods - Supply Chain

102-10	Significant changes to the organization and its supply chain	About This Report - CEO Letter 2017 Annual Report (pages 1-3)
102-11	Precautionary Principle or approach	Ethics, Governance and Risk
102-12	External initiatives	Products - Food Safety & Quality Hogs Turkeys
102-13	Membership of associations	Raising Our Animals

STRATEGY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
102-14	Statement from senior decision-maker	About This Report - CEO Letter
102-15	Key impacts, risks and opportunities	About This Report - CEO Letter About This Report - Our Goals Ethics, Governance and Risk 2017 Annual Report (pages 32-35)

ETHICS AND INTEGRITY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
102-16	Values, principles, standards and norms of behavior	About Hormel Foods - Supply Chain Ethics, Governance and Risk
102-17	Mechanisms for advice and concerns about ethics	Ethics, Governance and Risk

GOVERNANCE

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
102-18	Governance structure	About Hormel Foods - Governance & Financials Ethics, Governance and Risk
102-19	Delegating authority	About Hormel Foods - Governance & Financials
102-20	Executive-level responsibility for economic, environmental and social topics	About Hormel Foods - Governance & Financials
102-21	Consulting stakeholders on economic, environmental and social topics	Ethics, Governance and Risk
102-22	Composition of the highest governance body and its committees	Ethics, Governance and Risk

102-23	Chair of the highest governance body	About Hormel Foods - Governance & Financials Ethics, Governance and Risk
102-24	Nominating and selecting the highest governance body	Ethics, Governance and Risk
102-25	Conflicts of interest	About Hormel Foods - Governance & Financials Ethics, Governance and Risk
102-26	Role of highest governance body in setting purpose, values and strategy	About Hormel Foods - Governance & Financials
102-28	Evaluating the highest governance body's performance	2017 Proxy (pages 6-7)
102-29	Identifying and managing economic, environmental and social impacts	Ethics, Governance and Risk
102-30	Effectiveness of risk management process	About Hormel Foods - Governance & Financials
102-31	Review of economic, environmental and social topics	About Hormel Foods - Governance & Financials Ethics, Governance and Risk
102-32	Highest governance body's role in sustainability reporting	About Hormel Foods - Governance & Financials About This Report About This Report - Key Topics Assessment
102-33	Communicating critical concerns	About Hormel Foods - Governance & Financials Ethics, Governance and Risk
102-35	Remuneration policies	Ethics, Governance and Risk
102-36	Process for determining remuneration	Ethics, Governance and Risk
102-37	Stakeholder involvement in remuneration	Ethics, Governance and Risk

STAKEHOLDER ENGAGEMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
102-40	List of stakeholder groups	About This Report - Stakeholder Feedback
102-41	Collective bargaining agreements	People - About Our Employees
102-42	Identifying and selecting stakeholders	About This Report - Stakeholder Feedback
102-43	Approach to stakeholder engagement	About This Report - Stakeholder Feedback
102-44	Key topics and concerns raised	About This Report - Stakeholder Feedback

102-46	Defining report content and topic boundaries	About This Report - Key Topics Assessment About This Report - Stakeholder Feedback
102-47	List of material topics	About This Report - Key Topics Assessment
102-48	Restatements of information	None
102-49	Changes in reporting	About This Report - Boundary & Measurement
102-50	Reporting period	About This Report
102-51	Date of most recent report	About This Report
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	About This Report
102-54	Claims of reporting in accordance with the GRI Standards	<i>The 2017 Hormel Foods Corporate Responsibility Report is developed in accordance with the core option</i>
102-55	GRI content index	<i>This is our content index</i>
102-56	External assurance	<i>Our report is reviewed by our internal audit department; it is not externally assured</i>

GRI 103: MANAGEMENT APPROACH

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
103-1	Explanation of the material topic and its boundary	About This Report - Boundary & Measurement About This Report - Key Topics Assessment About This Report - Stakeholder Feedback
103-2	The management approach and its components	About This Report - Our Goals <i>Information about our policies and practices can be found in the appropriate category in the Responsibility section of our corporate website: https://www.hormelfoods.com/responsibility/</i> <i>Information about our responsibilities, commitments, goals and targets and other initiatives can be found in this report</i>
103-3	Evaluation of the management approach	About This Report - Data Summary About This Report - Our Goals <i>We evaluate the effectiveness of our management approach for each key topic through stakeholder feedback, benchmarking external performance rankings and evaluating/monitoring our progress toward our goals</i>

GRI 201: ECONOMIC PERFORMANCE

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
201-1	Direct economic value generated and distributed	Communities 2017 Annual Report (pages 18-24 and 39-42)
201-2	Financial implications and other risks and opportunities due to climate change	Ethics, Governance and Risk 2017 Annual Report (pages 32-35)
201-3	Defined benefit plan obligations and other retirement plans	2017 Annual Report (pages 52-56)

GRI 301: MATERIALS

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
301-1	Materials used by weight or volume	Environment - Packaging
301-2	Recycled input materials used	Environment - Packaging

GRI 302: ENERGY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
302-1	Energy consumption within the organization	Environment - Energy
302-2	Energy consumption outside of the organization	Environment - Energy
302-3	Energy intensity	Environment - Energy
302-4	Reduction of energy consumption	Environment - Energy

GRI 303: WATER

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
303-1	Water withdrawal by source	Environment - Water
303-2	Water sources significantly affected by withdrawal of water	Environment - Water

GRI 305: EMISSIONS

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
305-1	Direct (Scope 1) GHG emissions	Environment - Greenhouse Gas Emissions
305-2	Energy indirect (Scope 2) GHG emissions	Environment - Greenhouse Gas Emissions
305-5	Reduction of GHG emissions	Environment - Greenhouse Gas Emissions

GRI 306: EFFLUENTS AND WASTE

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
306-1	Water discharge by quality and destination	Environment - Water

GRI 307: ENVIRONMENTAL COMPLIANCE

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
307-1	Noncompliance with environmental laws and regulations	About This Report - Data Summary

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
308-2	Negative environmental impacts in the supply chain and actions taken	About Hormel Foods - Supply Chain

GRI 401: EMPLOYMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
401-1	New employee hires and turnover	People - About Our Employees
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits Why Hormel Foods?

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
403-1	Workers representation in formal joint management-worker health and safety committees	Safety
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	People - Safety

GRI 404: TRAINING AND EDUCATION

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
404-1	Average hours of training per year per employee	People - Training
404-2	Programs for upgrading employee skills and transition assistance programs	People - Training Professional Development
404-3	Percentage of employees receiving regular performance and career development reviews	People - Professional Development

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
405-1	Diversity of governance bodies and employees	People - Diversity & Inclusion

GRI 406: NONDISCRIMINATION

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
406-1	Incidents of discrimination and corrective actions taken	People - Diversity & Inclusion

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People - About Our Employees

GRI 408: CHILD LABOR

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
408-1	Operations and suppliers at significant risk for incidents of child labor	About Hormel Foods - Supply Chain People Supply Chain

GRI 409: FORCED OR COMPULSORY LABOR

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	About Hormel Foods - Supply Chain People Supply Chain

GRI 412: HUMAN RIGHTS ASSESSMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights <i>Some Hormel Foods operations had social performance assessments completed by customers/third parties</i>
412-2	Employee training on human rights policies or procedures	People - Training Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human Rights

GRI 414: SUPPLIER SOCIAL ASSESSMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
414-2	Negative social impacts in the supply chain and actions taken	About Hormel Foods - Supply Chain

GRI 415: PUBLIC POLICY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
415-1	Political contributions	About Hormel Foods - Public Policy

GRI 416: CUSTOMER HEALTH AND SAFETY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
416-1	Assessment of health and safety impacts of products and service categories	Products - Product Innovation
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	Products - Food Safety & Quality

GRI 417: MARKETING AND LABELING

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
417-1	Requirements for product and service information and labeling	Products
417-2	Incidents of noncompliance concerning product and service information and labeling	Products - Food Safety & Quality
417-3	Incidents of noncompliance concerning marketing communications	Responsible Marketing

GRI 418: CUSTOMER PRIVACY

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<i>No incidents to report</i>

GRI FOOD PROCESSING SECTOR SUPPLEMENT

GRI STANDARD	DESCRIPTION	LOCATION/INFORMATION
FP1	Percentage of purchased volume from suppliers compliant with the company's sourcing policy	About Hormel Foods - Supply Chain
FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs by country	People - Diversity & Inclusion
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Food Safety and Quality
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Products - Nutrition & Wellness
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	Products for Nutrition and Well-Being Nutrition Resources
FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Raising Our Animals
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type	Raising Our Animals
FP13	Total number of incidents of noncompliance with laws and regulations and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals	Animal Welfare - Hogs Animal Welfare - Turkeys

Data Summary

TYPE	UNIT	2016	2017
Employees worldwide	Number (approximate)	More than 21,000	More than 19,000
Countries where our products are sold	Number (approximate)	70	80
Countries where our products are manufactured	Number	See our corporate website	See our corporate website
U.S. manufacturing facilities	Number	More than 30	More than 30
Net sales	U.S. dollars, millions	9,523	9,168
Categories in which our brands held the No. 1 or No. 2 share	Number	More than 30	More than 35
Capital expenditures	U.S. dollars, thousands	255,524	221,286
Income tax expense	U.S. dollars, thousands	426,698	431,542
Community investments	U.S. dollars, thousands	10,974	7,774
Air emissions	Metric tons CO ₂ -e	Direct: 363,000 Indirect: 481,000	Direct: 220,000 Indirect: 417,000
Energy use	Direct: MMBtu/sales tonnage Indirect: Kilowatt hours (kWh)/sales tonnage	Direct: 1.68 Indirect: 290	Direct: 1.75 Indirect: 285
Water use	Cubic meters/sales tonnage	7.3	7.3
Solid waste	Pounds/sales tonnage	21.9	23.5

Packaging reduction	Pounds, thousands	1,866	1,668
Environmental noncompliance	Number of individual findings	4*	3*
Animal welfare audits	Number	More than 2,000	More than 2,000
Product recalls	Number	2	1
Sodium reduction	Percent reduction	<i>CHI-CHI'S®</i> , <i>Herdez®</i> and <i>La Victoria®</i> tortillas: 36 <i>Hormel®</i> Canadian bacon: 21 <i>Hormel®</i> chili with beans: 12 <i>Hormel® Compleats®</i> microwave meals: 21 <i>Hormel® Cure 81®</i> retail hams: 12 <i>Hormel®</i> refrigerated entrees: 13 <i>Hormel®</i> smoked pork loins: 19 <i>Valley Fresh®</i> chicken and turkey: 25	<i>CHI-CHI'S®</i> , <i>Herdez®</i> and <i>La Victoria®</i> tortillas: 28 <i>Hormel®</i> Canadian bacon: 27 <i>Hormel®</i> chili with beans: 14 <i>Hormel® Compleats®</i> microwave meals: 19 <i>Hormel® Cure 81®</i> retail hams: 12 <i>Hormel®</i> refrigerated entrees: 8 <i>Hormel®</i> smoked pork loins: 19 <i>Valley Fresh®</i> chicken and turkey: 20
Employee turnover rate	Percentage	17	14
Total Case Incident Rate (TCIR)	Number of recordable incidents per 100 full-time employees	3.11	2.72
Days Away from Work Injury and Illness (DAFWII)	Number of cases that involve days away from work per every 100 full-time employees	0.64	0.58
Days Away, Restricted or Transfer (DART)	Number of injuries or illnesses resulting in days away from work, restricted work activity or job transfer per every 100 full-time employees	2.24	1.87
Training hours	Average number of hours per employee	27	23

*Notice(s) of noncompliance from state or federal agencies

About Hormel Foods



35+

OUR BRANDS HELD THE NO. 1 OR NO. 2
SHARE IN MORE THAN 35 CATEGORIES.

We're not just inspired to make great food, we're inspired to make a difference. Hormel Foods, based in Austin, Minn., is a global branded food company with \$9.2 billion in annual revenue. Our brands include *SKIPPY*[®], *SPAM*[®], *Hormel*[®] *Natural Choice*[®], *Applegate*[®], *Justin's*[®], *Wholly Guacamole*[®], *Hormel*[®] *Black Label*[®] and many more.

We were honored in 2017 to be No. 8 on the 100 Best Corporate Citizens list by Corporate Responsibility magazine.

2017 at Hormel Foods

19K+

employees worldwide

80

countries where
products are sold

\$9.2

billion net sales

\$221M

in capital
expenditures

\$432M

income tax expense

30+

manufacturing facilities
*end of fiscal 2017

\$7.8M

donated in cash
and products



16%

In 2017, only approximately 16 percent of our purchases were from new suppliers.

Supply Chain

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

SUPPLIER RESPONSIBILITY PRINCIPLES

All of our suppliers are required to follow our Supplier Responsibility Principles to ensure the quality of products and services we receive from our suppliers follow our commitment to responsible environmental and social performance. In partnership, we deliver quality products and add value to society.

SUPPLIER ASSESSMENT

We expect every one of our suppliers (domestic and international) to operate according to our ethical business practices. All of our purchases are from suppliers that are compliant with our sourcing policy, and we strictly enforce suspension of any supplier not in accordance with such policies. Additionally, we have established supplier quality management (SQM), which evaluates our suppliers based on quality, delivery, service, technology and price. Our ingredient suppliers are subject to additional measurements to further ensure quality and food safety. Suppliers that exceed our established standards are eligible for our annual Hormel Foods Spirit of Excellence Awards. In 2017 alone, we recognized 90 suppliers for their performance.

To exemplify our commitment to supply chain sustainability management, we require third-party food safety audits of all of our ingredient suppliers. In addition to the third-party food safety audits, in 2017 we conducted an additional 87 food safety supplemental audits. If suppliers are found to be noncompliant, appropriate action is taken — up to and including termination.

Hormel Foods values the long-standing relationships we have established with our suppliers. In fact, in calendar year 2017 only approximately 16 percent of our purchases were from new suppliers. We are continuously looking for ways to assess our current supplier relationships to ensure that environmental/social risks are addressed and mitigated. To that end, in 2014 we completed a category-level assessment process to identify risks. As a next step, we are working with our suppliers in categories where risks have been identified. In 2016, we assessed 41 suppliers on environmental and social risks. In addition, we completed a high-level water risk assessment of our top suppliers in 2017.

SUPPLIER DIVERSITY PROGRAM

In addition to ensuring our suppliers comply with the food safety standards recognized by the Global Food Safety Initiative (GFSI), we make a concerted effort to give diverse companies such as small, women-owned, minority-owned and veteran-owned businesses the opportunity to supply quality products that meet our company's growing business needs. As a result of our supplier diversity program, in calendar year 2017 we purchased 23 percent of our resources from diverse businesses (small businesses, women-owned businesses, minority-owned businesses and veteran-owned businesses). This percentage includes independent family-owned hog farms.

PALM OIL SOURCING POLICY

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

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

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

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

**TO READ OUR FULL PALM OIL
POLICY AND ACTION PLAN, PLEASE
VISIT OUR CORPORATE WEBSITE.**



16%

Since 2007, our average dividend growth rate has been 16 percent per year.

Governance & Financials

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

GOVERNANCE AND POLICIES

The Board of Directors oversees all activities at Hormel Foods and assumes the ultimate responsibility of ensuring that the company's performance is based on strong ethical practices and is aligned with the Code of Ethical Business Conduct. In 2017, the Hormel Foods Board of Directors consisted of 14 members, 12 of whom were independent. On the 2017 Board of Directors, there were three women and five persons of color.

Additional information about our board structure can be found in our Proxy Statement.

CORPORATE RESPONSIBILITY OVERSIGHT

In calendar year 2015, Hormel Foods implemented a Corporate Responsibility (CR) Steering Committee. The CR Steering Committee is comprised of company executives, and the group's role is to provide direction and approval for the company's environmental, social and governance activities. Our CR Council (comprised of cross-functional subject-matter experts) reports to the CR Steering Committee.

In addition, oversight of our sustainability, environmental and corporate social responsibility activities was added to the responsibility of the Governance Committee of our Board of Directors. Additional information about the responsibilities of this committee can be found on our corporate website.

FINANCIALS

Fiscal year 2018 marks the 52nd consecutive year the company has increased its annual dividend. Since 2007, the average dividend growth rate has been 16 percent per year.

Hormel Foods continues to deliver strong financial results. While earnings per share were below the previous year, decreasing 7 cents to \$1.57 per share, they have grown at an average annual rate of 11 percent since 2007.

To read more about additional governance topics, such as risk management, visit our corporate website. To read more about our financial performance, please see our 2017 Annual Report.



Public Policy

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

As a leader in the industry, we are involved in lobbying efforts to help create an open dialogue about our company's mission. In 2017, our lobbying efforts and activities primarily focused on agriculture, food labeling, health and labor/workplace issues, U.S. trade policies and federal tax reform.

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

In calendar year 2017, we spent \$765,500 on lobbying. From our employee-funded Political Action Committee (PAC), we contributed \$5,000 to the North American Meat Institute PAC and \$5,000 to the Grocery Manufacturers Association PAC. Individual contributions to political parties are allowed, but the company does not directly contribute to political parties.



In calendar year 2017, we spent \$765,500 on lobbying.

Environment





**IN 2017, WE DEVELOPED AND PUBLISHED
OUR SUSTAINABLE AGRICULTURE POLICY
AND COMPLETED A HIGH-LEVEL WATER RISK
ASSESSMENT OF OUR TOP SUPPLIERS.**

We are inspired to do our part in making the world a better place. We place great emphasis on minimizing environmental impacts when producing products for customers and consumers around the world, such as pursuing alternative energy sources like solar gardens.

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

In addition to these goals, we also aim to reduce our product packaging by 25 million pounds by 2020. Our packaging team regularly evaluates our packaging design, consistently looking for minimization opportunities.

2017 Environmental Highlights

REDUCED GHG EMISSIONS BY

6K
metric tons

REDUCED ENERGY USE BY

62K
MMBtu

REDUCED WATER USE BY

101M
gallons

REDUCED SOLID WASTE BY

179
tons (sent to landfills)

REDUCED PRODUCT PACKAGING BY

1.7M
pounds

Our Environmental Progress

2020 GOALS

Reduce nonrenewable energy use, water use, solid waste sent to landfills and GHG emissions by 10 percent, and to reduce product packaging by 25 million pounds.



WATER

After exceeding our water use reduction goal in 2016, we implemented additional projects that reduced water use by 101 million gallons in 2017. In addition, we developed and published our Sustainable Agriculture Policy and completed a high-level water risk assessment of our top suppliers.



SOLID WASTE

We surpassed our solid waste sent to landfills reduction goal in 2014. In 2017, we implemented projects that reduced the amount of solid waste sent to landfills by 179 tons.



ON TRACK

We remain on track to achieve our nonrenewable energy use and product packaging reduction goals.

\$3.7M

FACILITY IMPROVEMENTS

We implemented \$3.7 million in facility improvements.



Greenhouse Gas Emissions

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

As established from our 2011 base year, our goal is to implement projects that reduce GHG emissions by 92,000 metric tons of carbon dioxide equivalent (CO₂-e) by 2020. In 2017, we implemented projects that resulted in a reduction of over 6,000 metric tons of GHG emissions from our manufacturing operations, reaching 58 percent of our goal when combined with our progress since 2012. Of the total GHG emissions, direct GHG emissions were approximately 35 percent and indirect GHG emissions were approximately 65 percent. Normalized GHG emissions for manufacturing plants were 0.267 metric tons of CO₂-e per ton of products sold, up seven percent from the prior-year level. We are currently not on pace to reach our 2020 goal.

92K

metric ton reduction in GHG emissions

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

6K⁺

metric tons reduction

In 2017, we implemented projects that resulted in a reduction of over 6,000 metric tons of GHG emissions from our manufacturing operations.

58%

OF OUR 2020 GOAL

when combined with progress since 2012.

RENEWABLE ENERGY INITIATIVES

We support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including a co-sponsorship with Westar Energy for its first community solar garden near Wichita, Kan., where we manufacture most of our *Hormel® Natural Choice®* bacon products.

RECENT PROJECTS TO REDUCE AIR EMISSIONS

*According to the United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator

DIRECT GHG EMISSIONS SAVED

2.3K

metric tons

Austin (Minn.) Plant

Our Austin Plant team added equipment to capture additional heat energy that could be used at the facility, effectively reducing the demand for natural gas combustion. This included installing a larger hot water tank, adding ammonia heat exchangers and changing the heat recovery water-flow path to optimize the existing heat exchangers. These changes resulted in a savings of more than 2,300 metric tons of direct GHG emissions — enough to offset the emissions from over 490 passenger cars operating for a year.*

INDIRECT GHG EMISSIONS SAVED

65

metric tons

Century Foods International (Sparta, Wis.)

Our Century Foods International team continued to replace metal halide light bulbs and fixtures and fluorescent light bulbs with LED light bulbs. These changes resulted in a savings of over 65 metric tons of indirect GHG emissions — enough to offset over 7,300 gallons of gasoline consumed.*

INDIRECT GHG EMISSIONS SAVED

1.3K

metric tons

Rochelle (Ill.) Foods

Our Rochelle Foods team replaced large engine room compressors, performed weekly energy audits and partnered with the local utilities department to complete energy assessments. Through these initiatives, the plant was able to reduce over 1,300 metric tons of indirect GHG emissions — enough to offset the electrical use for approximately 150 homes for one year.*

LOGISTICS

With our worldwide presence, Hormel Foods relies on transportation via truck, train and ship to deliver our products to customers. We do so in a way that minimizes our impact on air quality. We transport our products as efficiently as possible by structuring pallet loads, reviewing product mixes and improving route planning. Load factors averaged approximately 90 percent of vehicle weight capacity in 2017.

We recognize that our methods of intermodal shipments need to be reassessed on a regular basis and thus, we continue to evaluate best practices. Intermodal shipments combine the best attributes of truck and rail shipping. For long distances, this method of transportation can cut fuel use and GHG emissions by 70 percent compared to truck-only moves.* In 2017, we had over 36,000 intermodal shipments. These shipments accounted for approximately 15 million miles and saved more than 1.8 million gallons of diesel fuel versus shipping solely by truck.

*Average of the following sources:

Truckloads are 65 percent less efficient than rail (U.S. Environmental Protection Agency Office of Transportation and Air Quality)

Updated trucks prove to be 75 percent less efficient than locomotives (Association of American Railroads)



Energy

In 2017, we continued to make progress toward our energy reduction goal, resulting in reduced energy use exceeding 62,000 MMBtu.

When combined with our results since 2012, this fulfills 93 percent of our target of 692,000 MMBtu by 2020.

We look forward to continuing our support of renewable energy through additional solar power initiatives in 2018.

93%

OF OUR 2020 GOAL

when combined with progress since 2012.

2017 PROGRESS

Normalized direct energy (MMBtu/sales tonnage) in 2017 was 1.75, and normalized indirect energy (kWh/sales tonnage) in 2017 was 285, with indirect energy efficiency improving from the prior-year level. We are currently on pace to achieve our 2020 goal.

NORMALIZED DIRECT ENERGY

1.75
MMBtu/sales tonnage

NORMALIZED INDIRECT ENERGY

285
kWh/sales tonnage

RENEWABLE ENERGY INITIATIVES

We continue to support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including a co-sponsorship with Westar Energy for its first community solar garden near Wichita, Kan., where we manufacture most of our *Hormel® Natural Choice®* bacon products.

RECENT PROJECTS TO REDUCE ENERGY CONSUMPTION

590K⁺
saved kilowatt hours

Dan's Prize (Browerville and Long Prairie, Minn.)

Our Dan's Prize team installed over 250 LED fixtures, over 20 variable frequency device motor starters, four high-speed refrigeration doors and two high-efficient battery chargers. These changes resulted in a savings of more than 590,000 kilowatt hours of electricity — enough to offset the consumption of over 49,000 gallons of gasoline.*

265K⁺
saved kilowatt hours

Jennie-O Turkey Store (Barron, Wis.)

Our Jennie-O Turkey Store team replaced the control system for their clean-up water pumps, resulting in a savings of more than 265,000 kilowatt hours of electricity — enough to offset over 480,000 miles driven by an average passenger vehicle for one year.*

325K
saved kilowatt hours

Skippy Foods (Little Rock, Ark.)

Our Skippy Foods team replaced a condenser and updated system controls to reduce refrigeration system energy consumption. This project resulted in a savings of 325,000 kilowatt hours of electricity and approximately 2.5 million gallons of water. The energy savings is enough to offset the electricity use for one year for 26 homes.*

*According to the Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator



Water

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

Our target is to implement projects that reduce total water use by 0.5 billion gallons by 2020. During 2017, we successfully implemented projects that reduced water use by 101 million gallons, exceeding our goal by 51 percent when combined with our progress since 2012. Total manufacturing water use during 2017 was 4.6 billion gallons. We will continue to focus on water reduction and efficiency improvements as we work to establish a new goal.

Our water sources include municipal utilities and company-owned wells. We consistently look for ways to improve our equipment and engage our employees on an ongoing basis to achieve water use reduction through behavior-based initiatives. Normalized usage (cubic meters/sales tonnage) for 2017 was 7.3, even with the prior year's level.

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

In 2017, we published our Sustainable Agriculture Policy and completed a high-level water risk assessment for our top suppliers through our participation in the AgWater Challenge. We will continue to provide updates on our progress through this challenge in future reports.

101M

gallon reduction

During 2017, we successfully implemented projects that reduced water use by 101 million gallons.

2020 GOAL EXCEEDED BY

51%

when combined with progress since 2012.

RECENT PROJECTS TO REDUCE WATER USAGE

2.4M⁺

gallons of water saved

Algona (Iowa) Plant

Our Algona Plant team adjusted rinse times for its smokehouse area while ensuring quality. This change resulted in a savings of more than 2.4 million gallons of water — enough to fill over 15.3 million 20-ounce bottles of water.

7.9M⁺

gallons of water saved

Austin (Minn.) Plant

Our Austin Plant team helped a third-party contractor save over 7.9 million gallons of water by replacing equipment parts and eliminating a manual wash process, which also resulted in improved product quality. That is enough water to fill over 84 million 12-ounce cans of soda.

49M⁺

gallons of water saved

Jennie-O Turkey Store (Faribault, Minn.)

Our Jennie-O Turkey Store team was able to save more than 49 million gallons of water by reducing water use through recycling water from processes downstream and reusing it earlier in the manufacturing process. That is enough water to fill 980,000 standard bathtubs.

WASTEWATER MANAGEMENT

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

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

Upper Mississippi

78.9%

Missouri

12.9%

South Atlantic

3.7%

Souris/Red River

2.5%

Other watersheds

2%



Waste

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

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

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

Hormel Foods has a rich history of donating food to those in need. To learn about our efforts in 2017, visit the communities section of this report.

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

To learn more about our initiatives to decrease food waste at the consumer level, please visit the products section of this report.

179

ton reduction

In 2017, our operations implemented projects that reduced the amount of solid waste sent to landfills by 179 tons.

2017 PROGRESS

After surpassing our 2020 goal in 2014 to reduce solid waste sent to landfills by 3,500 tons per year, we have continued to implement projects to achieve additional reductions.

In 2017 alone, our operations implemented projects that reduced the amount of solid waste sent to landfills by 179 tons. These reductions helped offset the impacts from challenges in the recycling and alternative disposal markets, resulting in normalized total solid waste (pounds/sales tonnage) for 2017 of 23.5 pounds per salable ton, a five percent increase from the prior-year level.

REDUCED SOLID WASTE

48

tons (sent to landfills)

Jennie-O Turkey Store (Melrose, Minn.)

The waste committee at this Jennie-O Turkey Store location initiated an improved communication effort around recyclability of manufacturing materials. Efforts included direct communication with the operations team and posted signage in three different languages. The team was able to reduce solid waste sent to landfills by 48 tons through these efforts.

REDUCED SOLID WASTE

120

tons (sent to landfills)

Beloit (Wis.) Plant

Our Beloit Plant's waste reduction team used Six Sigma methodology to identify areas for waste reduction. Through these efforts, the plant was able to identify additional recycling opportunities and implemented a method to remove organic waste from containers, enabling additional recycling and improved organic waste management. In total, the team was able to remove 120 tons of waste from area landfills.

REDUCED SOLID WASTE

11

tons (sent to landfills)

Jennie-O Turkey Store (Willmar, Minn.)

Our Jennie-O Turkey Store team identified incoming materials as a source for waste reduction. The team moved from smaller- packed items to bulk sourcing, eliminating 11 tons of material from entering the supply chain.



Packaging

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

The packaging team collaborates with all departments and examines the entire supply chain for sustainability initiatives that will benefit all divisions. In calendar year 2017, this team initiated 30 projects and completed 31 projects. Combined, these projects resulted in 1.7 million pounds in savings.* When combined with our progress made since 2012, these savings represent 89 percent of our goal to reduce product packaging by 25 million pounds by 2020.

PRODUCT PACKAGING

Hormel Foods uses more than 11,000 unique items to package and produce our products, including corrugated paperboard, labels, films, cans, plastic bags, displays, glass containers, metal closures and plastic closures. Approximately 89 percent of our product packaging, by weight, is recyclable and/or made from recycled materials.

PROJECTS TO ACHIEVE PACKAGING MINIMIZATION*

790K⁺

pounds of material saved

Peanut Butter Jar Cap Optimization

We reduced the cap weight for our SKIPPY® peanut butter jars, which resulted in less plastic and a more efficient packing method. These changes resulted in a material reduction of over 790,000 pounds.

91K⁺

pounds of material saved

Bacon Display Case Redesign

We implemented a new design for our Hormel® Black Label® fully cooked bacon display case, which reduced the square footage of the corrugated material needed. This change resulted in a material reduction of over 91,000 pounds.

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

1.7M

pounds saved

In 2017, our packaging team's sustainability initiatives resulted in 1.7 million pounds in savings.

89%

OF OUR 2020 GOAL

when combined with progress since 2012.

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



In 2017, we received project entries from across the company in our Sustainability Best of the Best competition.

Recognition

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

INTERNAL RECOGNITION

In 2017, we received project entries from across the company in our Sustainability Best of the Best competition. The Austin (Minn.) Plant team was chosen as the champion for a water reduction project, which documented an annual water savings of 7.9 million gallons. To learn more about this project, please visit the water section of this report. Also see our Environmental Sustainability Policy for more information about the commitment our company has made to environmental sustainability objectives.

EXTERNAL RECOGNITION

In 2017, our continued dedication to reducing our environmental footprint resulted in recognition by a number of independent sources.

Alliant Energy's Energy-Efficiency Award

Our Osceola (Iowa) Food location received an Energy-Efficiency Award from Alliant Energy.

Colorado Department of Public Health And Environment Gold Award

The Colorado Department of Public Health and Environment awarded our Mountain Prairie Farms location (Las Animas, Colo.) with a Gold Award. The Environmental Leadership Program recognizes Colorado organizations for going above and beyond compliance with state and federal regulations and for their commitment to continual environmental improvement.

North American Meat Institute

The North American Meat Institute recognized several Hormel Foods locations for implementing an environmental management system (EMS). These locations received Tier 3 recognition, indicating full EMS implementation without third-party certification.

Sustainability Excellence In Manufacturing Award

ProFood magazine recognized our Beloit (Wis.) Plant with a Sustainability Excellence in Manufacturing Award for its solid waste stream optimization efforts.

EMPLOYEE ENGAGEMENT IN ENVIRONMENTAL INITIATIVES

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

Our Grow Team is an internal group that aims to assemble and evaluate sustainability metrics, increase awareness with education and events, and improve sustainability at our Corporate Office campus (Austin, Minn.). In 2017, the team successfully implemented a number of projects, including:

Beat The Peak Week

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

Education

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

Adopt A Highway

Hormel Foods employees volunteer to clean a section of the highway in the Austin, Minn., area. In addition, several of our manufacturing locations have also adopted sections of roadways in their communities.

Recycling Initiatives

The team held a denim and an athletic shoe recycling drive for employees. The denim was donated to an organization that recycles denim into insulation. This keeps textile waste out of landfills and helps with building efforts in communities around the country. The shoes were donated to a company that grinds down worn-out athletic shoes and turns them into surfaces such as running tracks.

A close-up photograph of a pig's face, showing its large, upright ears, dark eyes, and pink snout. The pig is looking slightly to the left. The background is blurred, showing other pigs and warm, indoor lighting. The text "Animal Welfare" is overlaid in white, bold, serif font across the center of the pig's face.

Animal Welfare

2K⁺

**MORE THAN 2,000 AUDITS WERE
CONDUCTED TO ENSURE THE
ACCOUNTABILITY OF OUR STANDARDS.**

Since 1891, we have strived to maintain the highest standards for animal welfare and handling throughout our entire supply chain.

We have a commitment to unwavering animal welfare standards and environmental stewardship — not because someone is watching, but because it is the right thing to do.

To verify that our animal welfare requirements are being met, we conduct assessments and audits. In addition, we have several animal welfare committees in place to ensure the accountability of our standards.

ANIMAL WELFARE PRINCIPLES

Our goal is to maintain the highest standards for animal welfare and handling throughout our entire supply chain.

To maintain our standards, we have developed the following principles:

- Every animal in our care will be provided a balanced and nutritious diet and water.
- A safe and humane environment will be furnished for every animal throughout its life, including minimizing stress, managing social needs and controlling temperature.
- Every facility will be properly maintained with the animals' well-being in mind, including appropriate facilities and space and the utilization of compassionate, stress-reducing techniques during handling.
- Animals will be raised to be healthy and provided the best in medical care, including veterinary oversight and the identification of prompt treatment of sick animals. When medically necessary, we use antibiotics responsibly and focus on reducing the use of antibiotics that are important to human health.
- We will follow clearly documented humane procedures in the event an animal needs to be euthanized.

We developed our standards in conjunction with animal care experts, including renowned authorities on humane animal husbandry, to ensure that every animal is raised in a healthy environment and treated with the utmost care, respect and compassion throughout its entire life. Our network of family farms understands and shares these values.

Hormel Foods has a zero-tolerance policy toward the mistreatment of animals through abuse or neglect. We have strict requirements related to animal care, overseen by veterinarians, third-party experts and a team of animal welfare professionals at Hormel Foods. For more information about our standards and antibiotic stewardship efforts, please visit our corporate website.

2017 Animal Welfare Highlights

2017 SPIRIT OF EXCELLENCE

7

awards for provisions

31

awards for procurement

ANTIBIOTIC STEWARDSHIP

Read more about our antibiotic stewardship efforts at www.HormelFoods.com



HOG QUALITY ASSURANCE AUDITS

2

external

1.1K⁺

internal formal

65

internal random

TURKEY QUALITY ASSURANCE AUDITS

607

live production internal
by Jennie-O Turkey Store

120

live production NTF* by
live production managers
and supervisors

5

live production external

8

processing external

7

processing internal formal

105

processing internal random

*National Turkey Federation



Hogs

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

Our annual Spirit of Excellence Awards recognize hog producers that exemplify our commitment to quality at Hormel Foods. In 2017, we awarded 90 suppliers with Spirit of Excellence Awards for their roles in the company's continuous improvement process throughout the last year. This includes seven awards in the provisions category and 31 awards in the procurement category.

Quality assurance and operations personnel perform daily internal audits in our processing facilities to maintain the highest animal care practices. In 2017, two external audits were performed by outside auditors in our processing facilities. Internally, we participated in 1,158 formal audits, and 65 audits were conducted by company management at our processing facilities on an unannounced, random basis. In 2017, we did not have any notices of intended enforcement from the Food Safety and Inspection Service as a result of noncompliance with laws and regulations related to our transportation, handling and slaughtering practices.

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

1.2K⁺

hog audits

In 2017, more than 1,200 hog audits were conducted.

7

awards for provisions

31

awards for procurement

1.1K⁺

internal formal audits

65

random audits

0

notices of intended enforcement



850+

turkey audits

In 2017, more than 850 turkey live production and processing audits were conducted.

607

live production internal by Jennie-O Turkey Store

105

random audits

0

notices of intended enforcement

Turkeys

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

In 2017, 607 internal audits were conducted by the Jennie-O Turkey Store live production quality assurance department, 120 production National Turkey Federation audits were performed by managers and supervisors of live production, and five audits were performed by outside auditors.

Daily internal audits at Jennie-O Turkey Store processing facilities conducted by quality assurance and operations personnel help maintain the highest animal care practices. In 2017, eight external audits were performed by outside auditors. Internally, Jennie-O Turkey Store participated in seven formal audits, and 105 audits were conducted by company managers at processing facilities on an unannounced, random basis.

In 2017, we did not have any notices of intended enforcement from the Food Safety and Inspection Service as a result of noncompliance with laws and regulations related to our transportation, handling and slaughtering practices.

Products



520+

IN 2017, WE LAUNCHED OVER 520
NEW RETAIL AND FOODSERVICE ITEMS.

Producing some of the most trusted and well-known food products in the world inspires us every day.

We believe good food should be available to everyone – food that is affordable, safe, nutritious and delicious. We continue to diversify our portfolio of products to offer consumers a wide range of options to meet their needs.

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

2017 Product Highlights

6

clean-label projects
completed

5

products recognized
with Progressive Grocer
Editors' Picks awards

**WHOLLY® HAND-
SCOOPED AVOCADO**

winner in our Innovation
Best of the Best competition

SKIPPY® P.B. BITES

winner of the GMA* Award for
Innovation and Creativity
*Grocery Manufacturers Association

OUR SODIUM REDUCTION PROGRESS

28%

CHI-CHI'S®, Herdez® and
La Victoria® tortillas

19%

Hormel® Compleats®
microwave meals

19%

Hormel®
smoked pork loins

27%

Hormel®
Canadian bacon

12%

Hormel® Cure 81®
retail hams

20%

Valley Fresh®
chicken and turkey

14%

Hormel®
chili with beans

8%

Hormel®
refrigerated entrees



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

Food Safety & Quality

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

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

In 2017, we issued one recall. The recall was for *Hormel Health Labs Great Shake™* and *Great Shake™ PLUS* fortified dairy/soy supplements because the product packaging did not adequately identify the presence of a dairy (milk) allergen in the product. Due to the packaging error, approximately 19,500 cases were recalled.

All employees receive food safety training appropriate for their responsibilities within the company. For more information about our food safety and quality program, visit www.HormelFoods.com.



Nutrition & Wellness

We have a Health, Science and Wellness Advisory Council (a cross-functional team consisting of research and development, marketing, consumer insights, regulatory affairs and packaging) in place that discusses health and wellness, consumer trends, and initiatives and strategies for our product portfolio.

98%

Approximately 98 percent of our portfolio had 5 grams of sugar or less per serving in 2017.

CLEAN-LABEL INITIATIVE

We have implemented a clean-label initiative to simplify the ingredient statements of many of our retail products through the removal or replacement of ingredients, while still delivering great-tasting items that consumers expect. This means products are evaluated for a simpler ingredient list, using ingredients familiar to consumers, and no artificial colors or flavors.

In 2017, we initiated seven clean-label projects and six clean-label projects were completed. Those completed in 2017 included *Hormel™ Natural Choice®* snacks and *Stagg®* chili.

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

PARTIALLY HYDROGENATED OILS AND SUGAR

We continue to implement projects to eliminate partially hydrogenated oils (PHOs), the source of artificial trans fats. Our work over the past several years has resulted in a 90 percent reduction in the number of products containing PHOs. We will continue to work closely with our ingredient suppliers to find suitable alternatives that do not compromise product flavor or texture.

Additionally, the products in our portfolio already contain low amounts of sugar. Approximately 98 percent of our portfolio had 5 grams of sugar or less per serving in 2017.

SODIUM REDUCTION

Our Health, Science and Wellness Advisory Council has set an important sodium reduction goal: By 2020, we aim to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent.

SODIUM REDUCTION BY PRODUCT CATEGORY

28%
CHI-CHI'S®, *Herdez*®
 and *La Victoria*® tortillas

27%
Hormel®
 Canadian bacon

14%
Hormel®
 chili with beans

19%
Hormel® *Compleats*®
 microwave meals

12%
Hormel® *Cure 81*®
 retail hams

8%
Hormel®
 refrigerated entrees

19%
Hormel®
 smoked pork loins

20%
Valley Fresh®
 chicken and turkey

PERCENT OF SODIUM REDUCTION BY CATEGORY*

100%
CHI-CHI'S®, *Herdez*®
 and *La Victoria*® tortillas

89%
Hormel®
 Canadian bacon

95%
Hormel®
 chili with beans

60%
Hormel® *Compleats*®
 microwave meals

45%
Hormel® *Cure 81*®
 retail hams

99%
Hormel®
 refrigerated entrees

90%
Hormel®
 smoked pork loins

100%
Valley Fresh®
 chicken and turkey

CANCER NUTRITION PRODUCTS

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

During product development, Hormel Foods brought together researchers in both the health and culinary fields to ensure a thorough understanding of a patient's needs during various phases of treatment. The *Hormel*® *Vital Cuisine*® product line was thoughtfully crafted, since many product attributes such as flavor, texture and ingredients are known to affect patients differently during recovery, during which eating and drinking can be challenging.

In 2017, *Hormel*® *Vital Cuisine*® products entered retail distribution for the first time to make the products more readily available for those in need of recovery nutrition. In addition, *Hormel*® *Vital Cuisine*® meals were named a finalist in the best health foods category and best social responsibility initiative category of the World Food Innovation Awards

Hormel Foods gives a portion of all *Hormel*® *Vital Cuisine*® product sales to the CNC. The mission of the CNC is to improve cancer patients' quality of life by raising awareness about their experiences with food, taste and nutrition during cancer treatment. For additional information, visit www.homecarenutrition.com/vital-cuisine.

*Percent of item sales within category with a sodium reduction or developed with decreased sodium parameters



We produce a variety of products to help consumers with portion control, while simultaneously minimizing the amount of waste from leftover food.

Products & Food Waste

We understand that just like us, many consumers are looking for ways to reduce food waste.

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

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

We produce a variety of products to help consumers with portion control, while simultaneously minimizing the amount of waste from leftover food, such as: *Dinty Moore*® microwave cups, *Hormel*™ *Natural Choice*® snacks, *Justin's*® squeeze packs, *SKIPPY*® singles and *Wholly Guacamole*® minis.

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

Hormel Foods has a rich history of donating food to those in need. To learn about our efforts in 2017, visit the communities section of this report.

For information about our efforts to divert food waste from landfills, visit the environment section of this report.



Product Innovation

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

In addition, we recently introduced a new innovation goal: to deliver 15 percent of sales from new products developed and launched in the previous five years. In 2017, we came close to achieving our goal as 14 percent of our sales were from new products developed and launched in the previous five years.

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

In 2014, we also established an internal Innovation Best of the Best competition to highlight our focus on successful innovation. In 2017, four entries from multiple business units entered the competition and the *Wholly*® hand scooped avocado team was named the winner. *Wholly*® hand scooped avocado improves the consistency and taste of avocados year-round while reducing labor and improving food and employee safety.

Our consumer engagement team is dedicated to maintaining strong relationships with our consumers, while ascertaining consumer tastes and preferences in changing demographics. By interacting with consumers on a daily basis, our team can better evaluate consumer needs. In 2017, the consumer engagement team fielded more than 118,000 contacts.

520⁺

new products

We launched over 520 retail and food-service items, and 14 percent of our sales were from new products developed and launched in the previous five years.

118K

contacts fielded

by our consumer engagement team.

Strategic acquisitions continue to be a focus for the company for continued growth and additional innovation opportunities. Listed below are some of our recent acquisitions:

Applegate Farms

In 2015, we acquired Applegate Farms, LLC, owner of the *Applegate*[®] brand (the No. 1 brand in the natural and organic prepared meats category). As a growing number of consumers choose natural and organic products, this purchase provides Hormel Foods and Applegate a faster path to expanded offerings in this high-growth category.

Justin's LLC

In 2016, we acquired Justin's LLC, owner of the *Justin's*[®] brand and a pioneer in nut butter-based snacking.

Cidade do Sol

In 2017, we acquired Cidade do Sol, a growing, branded, value-added meats company in Brazil. The company offers more than 70 products in 15 categories including authentic meats such as mortadella, sausage and salami for Brazilian retail and foodservice markets under the popular *Ceratti*[®] brand. We also acquired Fontanini Italian Meats and Sausages, a branded foodservice business, from Capitol Wholesale Meats, Inc. Fontanini specializes in authentic Italian meats and sausages, as well as a variety of other premium meat products including pizza toppings and meatballs.

NEW OPTIONS & RECOGNITION

In 2017, we launched over 520 retail and foodservice items. These items included *Hormel*[™] *Natural Choice*[®] snacks, *Muscle Milk*[®] bars and *Applegate Naturals*[®] no sugar bacon. We also received the Grocery Manufacturers Association Award for Innovation and Creativity for *SKIPPY*[®] P.B. bites and the following products were recognized with Progressive Grocer Editors' Picks awards:

- ***Evolve*[®] products;**
- ***Applegate Naturals*[®] jalapeño and cheddar sausage;**
- ***Applegate*[®] thick cut bacon;**
- ***Hormel*[®] *Black Label*[®] real bacon crumbles; and**
- ***Hormel*[™] *Natural Choice*[®] snacks.**

A photograph of two people sitting at a table. On the left, a woman with long dark hair, wearing a bright blue sweater, is seen in profile, gesturing with her hand as if speaking. On the right, a man with glasses and a balding head, wearing a blue and white striped button-down shirt, is smiling broadly. They appear to be in a casual setting, possibly a cafe or office break room, with a laptop open on the table in front of them. The background is softly blurred, showing what might be a window with trees outside.

People

23

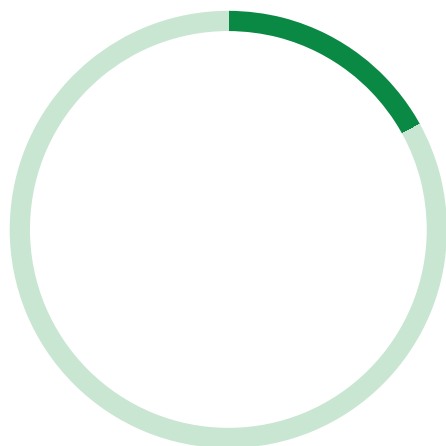
WE SPENT APPROXIMATELY 414,000
TOTAL HOURS ON TRAINING IN 2017.
THIS EQUATED TO AROUND 23 HOURS
OF TRAINING PER EMPLOYEE.

As one of the most trusted food companies in the world, our inspired people are making a difference around the world. Our employees are the cornerstone of our company and of the fulfillment of our purpose of — *Inspired People. Inspired Food.™* That's why we place great importance on the growth, development and engagement of our employees, which in turn, helps with retention.

2017 Employee Highlights

ONGOING GOALS

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



17%
salaried

83%
hourly

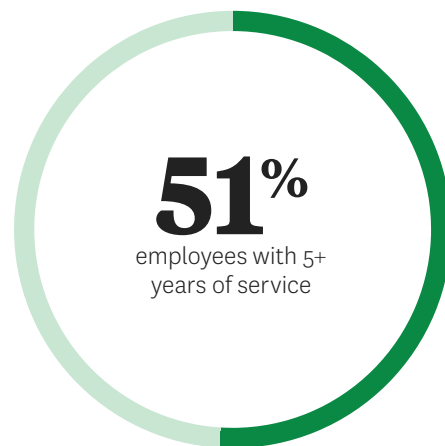


workforce by location

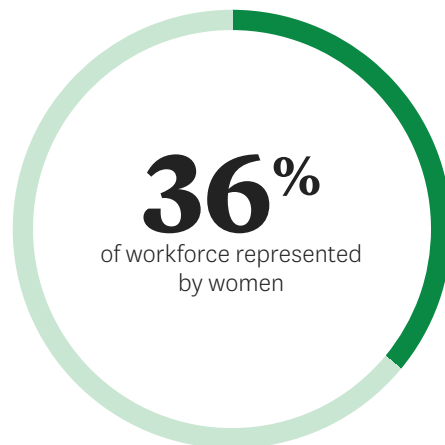
89%
United States

9%
Asia

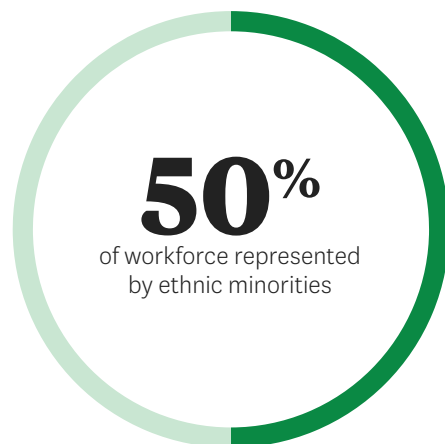
2%
other countries



51%
employees with 5+
years of service



36%
of workforce represented
by women



50%
of workforce represented
by ethnic minorities

9
employee resource groups

414K
training hours



award-winning safety program



14%

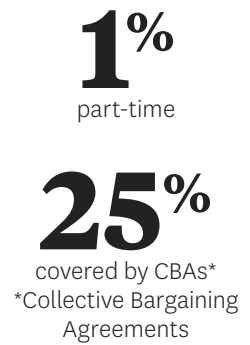
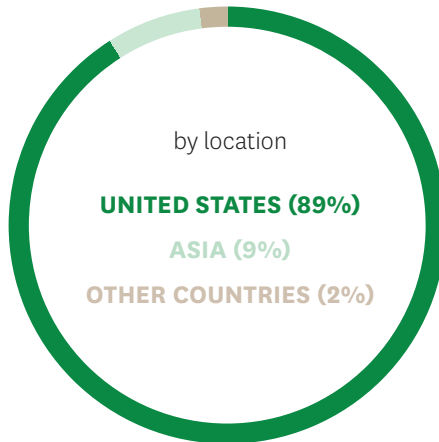
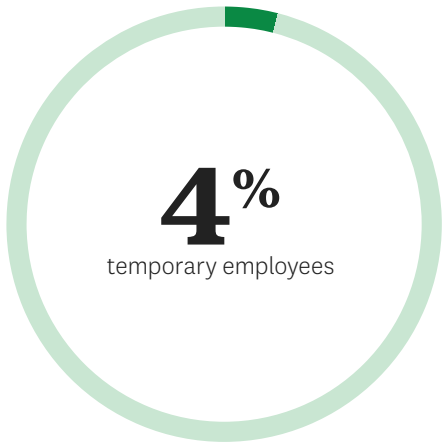
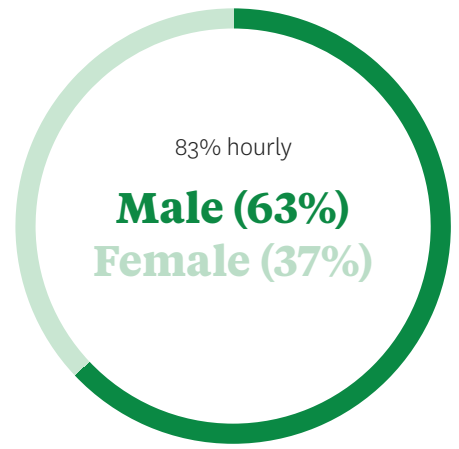
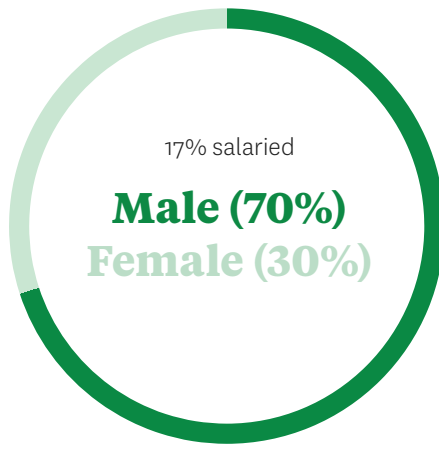
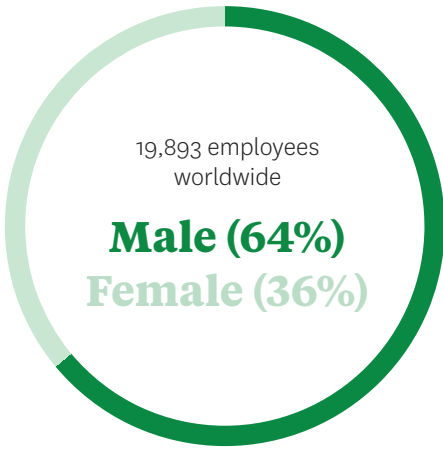
In 2017, our turnover rate for all employees was 14 percent.

About Our Employees

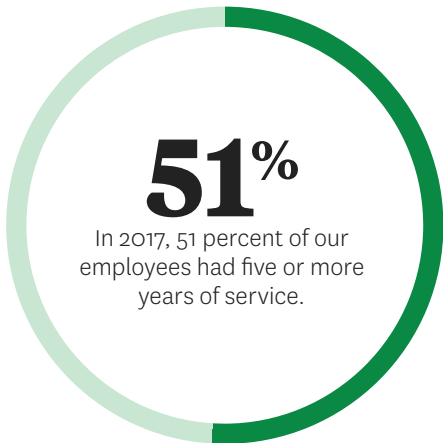
Our people are the driving force behind our innovation, improvement and success. We consider the tenure of our employees an important indicator of our overall company performance, and we're proud of our tenure figures.

In 2017, our turnover rate for all employees was 14 percent. Additionally, we are proud to report that 51 percent of our employees had five or more years of service, and our 36-person officer team had an average of 25 years of service.

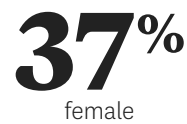
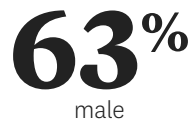
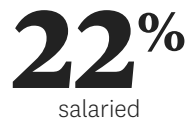
ABOUT OUR EMPLOYEES



ABOUT THEIR TENURE



OF THOSE 51 PERCENT:



Hormel Foods adheres to the National Labor Relations Act and respects the rights of employees to choose whether or not they want to organize a collective bargaining unit. We do not have any operations in which the right to exercise freedom of association and collective bargaining is at significant risk.



1K⁺

safety assessments

We completed more than 1,000 safety assessments each month companywide.

7.2K⁺

lockout-tagout inspections

In 2017, Hormel Foods conducted an average of 7,255 lockout-tagout (LOTO) inspections per quarter and held semi-monthly companywide safety conference.

Safety

Hormel Foods is known for its award-winning safety program.

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

One example of how Hormel Foods instills the principles of safety into everyday operations is through the creation of our Safety Awareness Mascot (SAM). The Hormel Foods safety department introduced SAM in 2015 to brand the safety process and increase employee understanding of the company's safety principles. Hormel Foods also holds a biennial safety conference for its safety managers from across the country, and has a Safety Elite recognition program that recognizes locations that have achieved superior performance.

INJURY/ILLNESS RATES

Our goal is to provide a safe workplace for all employees and reduce our injury/illness rates each year. Our injury/illness incident rates are better than the Bureau of Labor Statistics (BLS) industry average for North American Industry Classification System (NAICS) 3116 Animal Slaughtering and Processing.

Total Case Incident Rate

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 2017, the TCIR at Hormel Foods was 2.72, which is better than the BLS industry average of 5.3.

Days Away From Work Injury And Illness

Days Away from Work Injury and Illness (DAFWII) measures an injury or illness that involves one or more days away from work. In 2017, the DAFWII rate at Hormel Foods was 0.58, which is better than the BLS industry average of 1.

Days Away, Restricted Or Transfer

Days Away, Restricted or Transfer (DART) measures the days an employee has restricted work activity or job transfer, or both. In 2017, our DART rate was 1.87, which is better than the BLS industry average of 3.8.

DESCRIPTION

2016

2017

DESCRIPTION	2016	2017
Total Case Incident Rate	3.11	2.72
Days Away From Work Injury And Illness	0.64	0.58
Days Away, Restricted Or Transfer	2.24	1.87

SAFETY TRAINING

Hormel Foods conducts safety training for an average of 15,524 employees in our locations every month, and completes more than 1,000 safety assessments each month company-wide. In 2017, Hormel Foods conducted an average of 7,255 lockout-tagout (LOTO) inspections per quarter and held semi-monthly companywide safety conference calls with plant safety personnel.



We conduct performance reviews with more than 99 percent of our salaried employees and 100 percent of our office hourly and plant hourly employees.

Professional Development

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

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

Additionally, we periodically conduct an employee engagement survey to better understand what engagement at Hormel Foods really means to our employees and how it can be enhanced. In 2015, our engagement score of 67 percent continued to outperform the manufacturing industry average. While the score is slightly lower than our previous survey results, likely due to the expansion of the survey to additional locations, we continue to work toward achieving open communication, job satisfaction and collaborative work environments. We piloted different engagement survey program options in 2017 and plan to roll out a new version in 2018.



Training

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

We spent approximately 414,000 total hours on training in 2017. This equated to around 23 hours of training per employee. For additional information about our training programs, please visit our corporate website.

Employees are also trained on policies and procedures concerning aspects of human rights that are relevant to our operations. In 2017, around 4,900 hours were spent on human rights training. (Some of these hours may be included in our total training hours.)

23

average training hours

We spent approximately 414,000 total hours on training in 2017. This equated to around 23 hours of training per employee.

4.9K

human rights training hours

In 2017, around 4,900 hours were spent on human rights training.



9

employee resource groups

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



diverse board of directors; three women and five persons of color.



Best Employers for Veterans according to Military Times.

Diversity & Inclusion

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

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

We regularly conduct an analysis to statistically review pay information by gender, minority and age to ensure nondiscriminatory pay practices. In 2017, there were no substantiated reports of discrimination. There were also no industrial disputes, strikes or lockouts. Therefore, Hormel Foods did not lose any hours of working time.

36%

of workforce was female

0

reports of discrimination substantiated in 2017

50%

of workforce represented by ethnic minorities

0

strikes or lockouts in 2017

Communities



\$7.8M

**WE DONATED \$7.8 MILLION IN CASH
AND PRODUCT DONATIONS IN 2017.**

At Hormel Foods, we're inspired to help others. For us there is no daylight between good citizenship and good business. From cash and product donations to scholarships and volunteer initiatives, we continually look for ways to do our part in making the world a better place.

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

In 2017, we contributed \$7.8 million in cash and product donations. This includes \$5.4 million in hunger donations, our donation of 2.6 million cans of *SPAMMY*[®] (a shelf-stable poultry product to help prevent childhood malnutrition in Guatemala), and more than \$827,000 in education donations.

2017 Donations

2.6M
cans of SPAMMY®

\$300K
to local charities
in 30 communities

709K
meals* through
Hams for Hunger™ program

\$5.4M
hunger donations including
products we donated to food banks
and disaster-relief efforts

\$827K
education donations including
cash donations made through
our Matching Gifts Program

*using the estimation of 3 ounces = 1 meal

THE HORMEL FOUNDATION

The Hormel Foundation is a nonprofit 501(c)(3) organization established in 1941 by George A. Hormel and his son, Jay C. The Hormel Foundation supports charitable, educational and scientific organizations in Austin, Minn., including The Hormel Institute. It is one of the top giving foundations in Minnesota. For more information, please visit www.thehormelfoundation.com.

THE HORMEL INSTITUTE

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



709K⁺

meals

Over 709,000 meals were provided through our *Hams for Hunger*™ program.**

Hunger

In 2017, we continued our commitment to helping end hunger around the world by donating a total of \$5.4 million (or 5.9 million individual meals*) to hunger-relief efforts, including products we donated to food banks and disaster-relief efforts. We are proud to partner with organizations like Feeding America, Second Harvest Heartland, Convoy of Hope, Food For The Poor, Caritas Arquidiocesana and Conscious Alliance, who help us distribute our products to those in need.

EXAMPLES OF OUR HUNGER-RELIEF EFFORTS

Project SPAMMY®

We specifically designed and developed SPAMMY®, a shelf-stable poultry product fortified with vitamins and minerals, to help malnourished children in Guatemala. Working with Food For The Poor and Caritas Arquidiocesana to distribute the product to family centers and orphanages, we donated 2.6 million cans of SPAMMY® in 2017. Furthermore, many of our employees and their guests made the journey to Guatemala to help with the project. In total, we've donated approximately 17 million cans of SPAMMY® since its inception.

We continue to engage with stakeholders to determine the best ways to scale Project SPAMMY® to other countries around the world. In recognition of our Project SPAMMY® efforts, we received a Leadership in Community Service and Corporate Responsibility Communitas Award in 2016.

Hormel Foods Plant Community Donations Program

Through the Hormel Foods Plant Community Donations Program, Hormel Foods provides funds to its U.S. manufacturing facilities to share with local hunger-relief organizations in their communities. In 2017, over \$300,000 was donated to local charities in 30 communities.

For example, our Fremont (Neb.) Plant donated \$10,000 to the Hope Center for Kids, and our Atlanta (Tucker, Ga.) Plant donated \$10,000 to Hosea Feed the Hungry and Homeless through this program.

Disaster Response

2017 was a devastating year in terms of natural disasters around the world. Through our Disaster-Response Program, we partner with Convoy of Hope to assist with relief efforts.

In 2017, we helped stock Convoy of Hope's warehouse with protein-rich, shelf-stable products, such as SKIPPY® peanut butter, Stagg® chili, Hormel® premium chicken breast and SPAM® products. We also donated \$25,000 to the organization, and our Applegate and CytoSport subsidiaries donated products as well. Convoy of Hope provided relief efforts for Hurricane Harvey, Hurricane Irma, Hurricane Maria, the earthquake in Mexico and wildfires in California.

Hams For Hunger™

Through our Hams for Hunger™ program, we donate Hormel® Cure 81® hams with our retailer partners to foodbanks and other organizations throughout the country. In 2017, over 709,000 meals were provided through this program.**

Pine Ridge Indian Reservation

Our Justin's subsidiary donates Justin's® snack packs to help support the Bring Nutrition Home Backpack Program. More than 10,000 snack packs were donated in calendar year 2017. The program provides bags of healthy, kid-friendly food for students at Isna Wica Owayawa (Loneman School) on the Pine Ridge Indian Reservation in South Dakota for the weekend. All of the students (K-8) receive free and reduced price lunches at this school.***

In addition, members of the Justin's team make an annual trip to the reservation in November assemble and pass out meals.

Second Harvest Heartland

Our Jennie-O Turkey Store subsidiary partners with Second Harvest Heartland to help fill the missing meals gap in Minnesota. Jennie-O Turkey Store received a Hunger Hero award from the organization for donating over 645,000 pounds of turkey products from October 2016 – September 2017.

*Using the Feeding America estimations of \$1 donated = 10 meals and 1.2 pounds donated = 1 meal

**Using the estimation of 3 ounces = 1 meal

***<https://www.consciousalliance.org/project-entries/backpack-program-2/>



We are proud to be a partner in a reading program for kindergartners.

Education & Supporting Communities

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

EXAMPLES OF OUR EFFORTS

Hormel Heroes Scholarships

Hormel Foods created the Hormel Heroes Scholarship Program to support female students with military backgrounds pursuing careers in culinary arts or a program related to foodservice management. The program is administered by the National Restaurant Educational Foundation. In 2017, we awarded two \$10,000 scholarships.

Reading Program

We are proud to be a partner in a reading program for kindergartners in Austin, Minn. The program is designed to pair working professionals with students and provides an environment where students learn the joy of reading through one-on-one interactions. Many of our employees volunteered their time to participate during the 2016-2017 school year.

Undergraduate College Scholarships

For the 51st consecutive year, Hormel Foods awarded 17 undergraduate college scholarships to children of full-time, retired and deceased employees of Hormel Foods and its subsidiaries. Hormel Foods has provided funds for the scholarship program since 1966, and recipients receive awards amounting to \$2,000 per year for four years. These students showed exemplary scholastic abilities and leadership qualities, outstanding standardized test scores and significant involvement in their schools and communities.

Jennie-O Turkey Store Scholarships

Each year, our Jennie-O Turkey Store subsidiary awards Continuing Education scholarships in the amount of \$1,000 and Golden Excellence scholarships in the amount of \$6,000 to selected sons and daughters of team members. In 2017, Jennie-O Turkey Store awarded 65 students with a \$1,000 scholarship and two students with a \$6,000 scholarship.

Employee Volunteer Hours

We know our employees support organizations in their communities to help others through financial donations as well as volunteering their time and talents. In fact, our Jennie-O Turkey Store employees reported a total of almost 25,000 volunteer hours in 2017.* We are in the process of capturing this information for all our locations so we can include in future reports.

*Self-reported by employees – includes work and personal time