



10<sup>TH</sup>  
ANNIVERSARY REPORT

— HORMEL FOODS —  
**2015 CORPORATE  
RESPONSIBILITY REPORT**  
*Our Food Journey*



**HORMEL  
FOODS  
CORPORATE  
RESPONSIBILITY**



# About This Report

**For the last 10 years,** we have been proud to share our efforts and achievements in the realm of corporate responsibility. This year, we are happy to share with you the 2015 Hormel Foods Corporate Responsibility Report. This report has been developed in collaboration with the Hormel Foods Corporate Responsibility Council and other company experts, and is reviewed and approved by the council, experts and the respective vice presidents that oversee relevant topics. Additionally, the report has also been reviewed by our newly established executive-level Corporate Responsibility Steering Committee.

As in past years, this 2015 Hormel Foods Corporate Responsibility Report is an annual report designed to provide useful information for our stakeholders, which includes employees, customers, consumers, investors, suppliers, non-governmental organizations, government agencies and communities. It follows the G4 Guidelines established by the Global Reporting Initiative (GRI) and covers anecdotal and benchmark data from fiscal year 2015 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 2014.

We gladly welcome your feedback about this report or corporate responsibility at Hormel Foods. Please do so by emailing [sustainability@hormel.com](mailto:sustainability@hormel.com). If you have comments or questions related to our products, please contact our consumer engagement team at [cresponse@hormel.com](mailto:cresponse@hormel.com).

## 2020 Goals and Progress

Our current set of environmental goals for 2020 are being measured against base year 2011 and include water, solid waste, air and energy. Our packaging minimization goal was established in fiscal year 2012, and we also monitor progress against goals designed to support product innovation and the safety of our employees.

To view the full list of our 2020 goals and 2015 progress, please visit the About This Report section of the online report at [2015csr.hormelfoods.com](http://2015csr.hormelfoods.com).

### 2020 Goals

#### Energy



### Greenhouse Gas Emissions

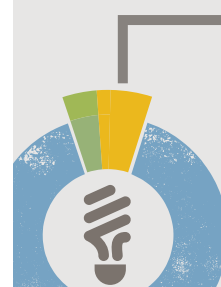


### 2015 Progress

Reduced

**114,000**

MMBtu



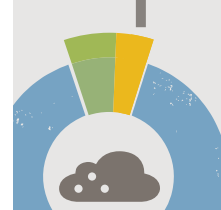
**61%**  
of goal

when combined  
with previous  
progress.

Reduced

**9,200**

metric tons  
CO<sub>2</sub>-e



**42%**  
of goal

when combined  
with previous  
progress.



## 2020 Goals

### Water

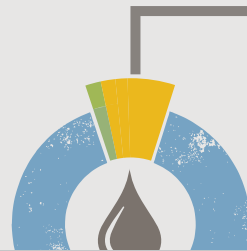


## 2015 Progress

Reduced

**84**

million gallons of water



**83%**  
of goal  
when combined  
with previous  
progress.

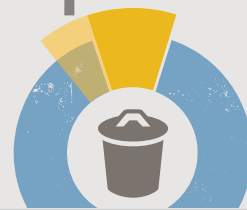
### Solid Waste



Reduced

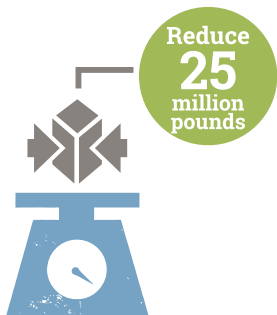
**1,200**

tons



**We have exceeded our 2020 goal.**

### Packaging Minimization



Reduced packaging by

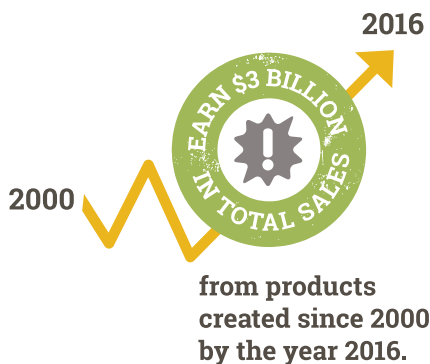
**1.61**

million pounds



**75%**  
of goal  
when combined  
with previous  
progress.

### Innovation



We continue to make progress toward this goal.



## GRI Indicators

G4-2: Description of key impacts, risks and opportunities.



# About This Report



## 2015 Corporate Responsibility Report CEO Letter

Welcome, and thank you for visiting the 2015 Hormel Foods Corporate Responsibility Report.

As we celebrate the 125<sup>th</sup> anniversary of the company this year, we are excited to share our 10<sup>th</sup> annual report and the progress we have made as a leading corporate citizen in our industry.

Our food journey is how we produce food responsibly for customers and consumers around the world through five focus areas: the environment, animal welfare, our products, people and communities. We continue to make significant strides, and this past year was no exception. To build upon the efforts of our Corporate Responsibility Council, we established an executive Corporate Responsibility Steering Committee. In addition, we formally added oversight of sustainability, environmental issues and corporate social responsibility activities to the authority of the Governance Committee of our Board of Directors.

### Environment

After surpassing our 2020 solid waste goal last year, we continued to implement projects to achieve additional reductions. In 2015 alone, our operations implemented projects that reduced the amount of solid waste sent to landfills by 1,200 tons. We also made notable progress toward our other 2020 goals to reduce water, energy, greenhouse gas emissions and packaging.

Each year, Hormel Foods facilitates an Environmental Sustainability Best of the Best competition that recognizes internal teams of employees who identify and implement ways to help us operate more efficiently. In 2015, there were 58 entries generated across all Hormel Foods business segments, and our Farmer John (Vernon, Calif.) team was chosen as the champion for their energy reduction initiatives.

This team implemented projects that resulted in a savings of over 1.75 million kWh of electricity and 3,000 MMBtu of natural gas.

### Nutrition and Wellness

In addition to our sodium reduction efforts, we 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. Clean label projects that were completed in 2015 included: *Valley Fresh*<sup>®</sup> chicken and turkey, *Hormel*<sup>®</sup> *Compleats*<sup>®</sup> microwaveable meals and *Hormel*<sup>®</sup> *Always Tender*<sup>®</sup> meats.

We also partnered with the Cancer Nutrition Consortium to develop a line of food and beverage products designed to support the unique nutrition needs of patients recovering from cancer and undergoing chemotherapy or radiation therapy. In 2015, we launched *Hormel Vital Cuisine*<sup>™</sup> high-protein shakes and whey powders and made them available directly to consumers for home delivery. We will be launching a line of *Hormel Vital Cuisine*<sup>™</sup> meals in 2016.

### Product Innovation

We continue to innovate and adapt our offerings to meet the constantly evolving needs of consumers. Delivering foods that fit today's busy lifestyles, products focused on nutritious and holistic attributes, and items with new and adventurous flavors from many cultures around the globe will drive our future growth.

In 2015, we added several new products to our portfolio such as: *Hormel*<sup>®</sup> *Black Label*<sup>®</sup> premium bacon, *Muscle Milk Pro Series*<sup>®</sup> products and *SKIPPY*<sup>®</sup> P.B. bites. We also acquired Applegate Farms, LLC, which has allowed us to offer a new line of products to meet the growing demand for natural and organic foods.

### Philanthropy

Giving back is an important value of our company. We continue to focus our

philanthropic efforts on hunger relief, education and supporting the local communities where we operate, and in 2015 we contributed more than \$7.7 million to support these initiatives.

For example, we donated \$400,000 to local hunger relief organizations in 40 communities where we have manufacturing facilities. We also continued our donations of *SPAMMY*<sup>®</sup>, a shelf-stable poultry product fortified with vitamins and minerals that is distributed to malnourished children in Guatemala. In 2015, we donated 2.4 million cans of *SPAMMY*<sup>®</sup> through our partnership with Food for the Poor and Caritas Arquidiocesana. Additionally, the fortified poultry-based spread was made available for purchase under Title I for USDA feeding programs and Title II for USAID programs, which will help us expand our reach to help malnourished people.

We are honored to be recognized for our work in these important areas, such as being named one of the 100 Best Corporate Citizens by Corporate Responsibility Magazine, receiving Progressive Grocer Editors' Picks accolades for eight of our product innovations, and being named a finalist in the U.S. Chamber of Commerce Foundation's Corporate Citizenship Awards for Project *SPAMMY*<sup>®</sup>.

I encourage you to read more about our journey within our online report and this PDF. Please also visit the corporate responsibility section of [www.hormelfoods.com](http://www.hormelfoods.com) for additional information. As always, we welcome any feedback you may have on our report or our efforts to help us continue to improve and expand upon our efforts.

Sincerely,

**Jeffrey M. Ettinger**  
Chairman of the Board  
and Chief Executive Officer



## Key Topics Assessment

On a biennial basis, we use a third party to help research, analyze and assess the key topics affecting the food industry, and simultaneously engage with stakeholders both inside and outside of the organization to help determine the topics' overall significance and priority within our sustainability report. Our stakeholders include our employees, customers, consumers, investors, suppliers, non-governmental organizations, government agencies and communities. Internally, this assessment is

reviewed and approved by the Hormel Foods Corporate Responsibility Council and the executive-level Corporate Responsibility Steering Committee. For this report, we analyzed the topics according to the aspects of GRI's G4 Framework.

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

Topic	Description	More Information
Animal welfare (i.e., standards, audits, sow housing and antibiotics)	How we ensure the proper treatment of animals at company-owned farms and by our suppliers	Animal welfare
Bisphenol A (BPA)	Compliance with the California Office of Environmental Health Hazard Assessment's listing for all of our FDA-regulated retail products	Products
Bribery and anticorruption	How we ensure an ethically sound culture	About Hormel Foods
Conflict minerals	Compliance with the SEC Rule on Conflict Minerals	Products
Diversity and inclusion	Our commitment to fostering a diverse and inclusive work environment	People
Employee satisfaction and trends (i.e., employee demographics, turnover rate, training, compensation and benefits)	How we attract and retain our employees	People
Food safety	How we ensure food safety and quality	Products
Food waste	How we minimize food waste	Environment and Products
Genetically modified organisms (GMOs)	About the use of genetically modified food ingredients	Products
Greenhouse gas emissions (GHG)	How we reduce greenhouse gas emissions	Environment

### GRI Indicators

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

**G4-2:** Description of key impacts, risks and opportunities.

**G4-13:** Significant changes during the reporting period regarding size, structure or ownership, or supply chain.

**G4-18:** Process for defining the report content and Aspect Boundaries; How the organization has implemented the Reporting Principles for Defining Report Content.

**G4-19:** Material Aspects identified in the process for defining report content.

**G4-20:** Boundary for each material Aspect, including if it is material for all entities within the organization, and any specific limitation to the Aspect boundary.

**G4-48:** Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.

**G4-52:** Process for determining remuneration.

### G4-DMA



# About This Report

Topic	Description	More Information
Hunger relief	How we help with hunger relief efforts	Communities
Lobbying disclosure and political contributions	About our legislative affairs	About Hormel Foods
Nutrition and wellness	About our nutrition and wellness initiatives	Products
Occupational health and safety	How we ensure a safe work environment	People
Palm oil sourcing	Our palm oil sourcing commitments	About Hormel Foods
Philanthropy (i.e., volunteerism and donations)	How we give back to communities	Communities
Product labeling and communications	How we ensure the accuracy of information about our products	Products
Solid waste	How we reduce solid waste sent to landfills	Environment
Supply chain management (i.e., principles, assessments and supplier diversity)	About our supply chain and our expectations of suppliers	About Hormel Foods
Corporate responsibility governance	About our corporate responsibility structure	About Hormel Foods
Water	How we reduce water usage	Environment
Workers' and human rights	How we respect the rights of all workers	People



# Stakeholder Feedback

The information within this report covers topics based on GRI indicators and relevancy to our business and our stakeholders. To select content, we assessed key topics in our industry and engaged with stakeholders to understand their concerns, questions and feedback. This dialogue gives us a picture of future topics of interest to our stakeholder groups and helps us understand the issues to anticipate or address and 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 which information to report, we conducted a process to identify topics based on the interest of

our stakeholders – a group that includes employees, customers, consumers, investors, suppliers, non-governmental organizations, government agencies and communities.

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

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

Employees (current, prospective and retired)			
How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Biennial engagement survey	Company information	Include benefits information in materials for employees and in our corporate responsibility report	Improved safety
Intranet (daily)	Strategic vision, employee and retiree benefits	Measure and include safety and demographic data in our corporate responsibility report	Increased employee retention and engagement
Monthly location-specific newsletters and companywide magazine	Compensation	Hold annual Road Show meetings to help communicate the vision to employees at all levels	Improved communication of company vision and motivated employees
Annual town hall meetings with the CEO and senior executives at various plants	Diversity		Community support and retiree engagement and involvement

## GRI Indicators

**G4-18:** Process for defining report content.

**G4-24:** List of stakeholder groups engaged by the organization.

**G4-25:** Basis for identification and selection of stakeholders with whom to engage.

**G4-26:** Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

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



# About This Report

## Employees (current, prospective and retired)

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Departmental meetings (ongoing)	Employee safety		
Annual performance reviews	Community outreach		
Ongoing recruitment tours (college campuses, job fairs)			

## Customers

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Conferences (ongoing)	Food safety	Integrate customer feedback into product development	Increased understanding of the business and practices
One-on-one meetings (ongoing)	Healthy food	Respond to questionnaires and inquiries	Demonstration of our best practices
Facility and farm tours (ongoing)	Food prices	Connect customers with internal experts	Identification of risks and opportunities
Sales meetings (ongoing)	Animal welfare		Development of customer relationships
Questionnaires (ongoing)	Environment		





## Suppliers

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
One-on-one meetings (ongoing)	Standards required to remain/become a supplier of Hormel Foods	Created Supplier Responsibility Principles	Improvement of quality from suppliers
Supplier Quality Management System (ongoing)		Recognize top suppliers through annual awards	More accountability for suppliers
Supplier site tours (ongoing)		Participate in ongoing dialogue	Improvement of supplier relations
Supplier site audits (ongoing)			Improvement of supply base

## Investors/Analysts

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Rankings, questionnaires (annually)	New product development	Respond to multiple questionnaires or verification of data from analysts compiling rankings and indices	Correct information
One-on-one meetings (ongoing)	Food prices		Benchmark data
	Commodity costs		
	Code of ethics		
	Governance		
	Environmental impact		



# About This Report

## Consumers

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Consumer hotline (daily)	Food safety	Answer questions through hotline and social media handles	Improve consumer loyalty
Consumer research (ongoing)	Healthy food	Provide more proactive information and take suggestions	Correction of misinformation
Social media (daily)	Food prices		Helpful suggestions for how to improve our business
Websites (daily)			Better understanding of our consumers' concerns and interests to help provide the best products on the market

## Government

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
One-on-one meetings with members of Congress and staff, regulatory agencies (ongoing)	Commodity costs	Updates to management about key issues	Better understanding of our practices and processes
Public forums via panels (ongoing)	Animal welfare	Engage in ongoing dialogues about these issues	Communication of our culture, commitment to communities and the impact we have on the industry and in communities
Plant tours for elected officials (ongoing)	Food safety		Positive business policies
Engagement in associations and subcommittees (ongoing)	Local community concerns		



## Government

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Reports and regulatory filings (ongoing)	Regulatory climate		
Hormel Political Action Committee (ongoing)			

## Philanthropic Partners

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Charitable Trust Committee (quarterly)	Hunger relief efforts in the communities where we have operations	Developed formal hunger and community giving strategy	Formal hunger strategy
Conferences (ongoing)		Provide resources to plant managers to give to local hunger relief efforts	Employee engagement
Disaster response and matching gifts (ongoing)		Engage in social media to support partners	Community involvement
Plant community donations (ongoing)			Relationship building in communities
One-on-one meetings and visits (ongoing)			



# About This Report

## Non-governmental Organizations (NGOs)

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Annual meetings with the Consumer Federation of America	Animal welfare	Consider topics raised in our reporting and operating practices	Improved two-way conversation about industry and business practices
Biannual meetings with Interfaith Center on Corporate Responsibility	Water	Maintain ongoing dialogue to incorporate a variety of changes to business practices and explain business practices	Identification of risks to the business or larger issues in the industry
	Standards for suppliers		
	Human rights		
	Cost of rising food prices		
	Global food system		
	Food safety		

## Communities

Communities where manufacturing facilities are located, and international communities suffering from malnutrition

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Representation and participation in community organizations (ongoing)	Community involvement	Hold meetings to discuss local concerns	Relationship building in communities
Sponsorships (ongoing)	Philanthropy	Invest in community infrastructure	Employee engagement
Plant community donations (ongoing)	Environmental impact from operations	Provide education about food safety and health and nutrition as part of SPAMMY® trips to Guatemala	Positive corporate reputation



## Communities

Communities where manufacturing facilities are located, and international communities suffering from malnutrition

How Hormel Foods engages	Stakeholder interests	How we respond to their interests	Ongoing results of engagement
Community events (ongoing)		Developed product to address malnutrition in children internationally	Large number of community groups engaged
Local media relations (ongoing)			
Visits to Guatemala (several times per year)			

## GRI Indicators

**G4-17:** Entities included in the organization's consolidated financial statement or equivalent documents, and any entity included not covered by this report.

**G4-20:** Boundary for each Material aspect, including if it is material for all entities within the organization, and any specific limitation to the Aspect boundary.

**G4-21:** Boundary for each mater Aspect outside of the organization if material, including entities and locations to which it is material, as well as limitations.

**G4-23:** Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.



# About This Report

## Boundary and Measurement

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

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

Ltd. (less than 50 percent operational and financial control) and Purefoods – Hormel Company (less than 50 percent operational and financial control).

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

### About Hormel Foods

<b>No. of Employees, Countries where Products are Marketed, Brands that Held No. 1 or No 2. Market Share and Manufacturing Facilities</b>	Includes all
<b>Audits of Ingredient Suppliers</b>	Does not include international and Applegate
<b>Diverse Businesses</b>	Does not include international and Applegate, and only includes applicable vendor categories
<b>New Vendors</b>	Includes all active suppliers in the company's tracking system
<b>Financial Information</b>	As reported and defined in the company's Annual Report
<b>Lobbying and Political Action Committee</b>	Does not include Applegate

### Environment

<b>Environment</b>	Does not include our Corporate Office, R&D, live production locations and Applegate; includes co-pack and joint venture locations with operational control
<b>Logistics</b>	Does not include Applegate and international
<b>Packaging Projects and Material Savings</b>	Includes all projects and savings captured by the corporate research and development (R&D) packaging development group
<b>Product Packaging that is Recyclable and/or Made from Recycled Materials</b>	Includes strategic suppliers in the company's tracking system
<b>Unique Packaging Items</b>	Includes all packaging items in the company's tracking system



## Animal Welfare

Animal Welfare	Does not include Applegate and international
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## Products

Clean Label Initiative Projects	Includes projects that are captured through our corporate tracking systems; however, all projects may not be captured
Partially Hydrogenated Oils Reduction	Includes products that are captured through our corporate tracking systems; however, all products may not be captured
Sugar Amounts	Includes products that are 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
New Retail and Line Extension Launches and Products in Development	Includes projects that are captured through our corporate tracking systems; however, all projects may not be captured
Brands that Held No. 1 or No. 2 Market-Share Position	Includes all

## People

People	Data (employment type, gender and tenure) and collective bargaining does not include Applegate and international
Safety and Safety Training	Does not include Applegate, international and CytoSport
Employee Engagement Survey	Does not include Applegate; CytoSport; Jennie-O Turkey Store; union plant employees at the Austin Plant, Fremont Plant and Farmer John; and international plant employees
Training	Includes training captured by our corporate learning and development department (may not include everything); does not include Applegate, international and CytoSport

## Communities

Cash and Product Donation Amounts	Amounts provided are donations recorded through our corporate donation records, which may not capture everything
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# About This Report

## Data Summary

Type	Unit	2014	2015
Employee worldwide	Number (approximate)	20,444	20,713
Countries where our products are marketed	Number (approximate)	60	60
Countries where our products are manufactured	Number	See our Business Divisions	See our Business Divisions
U.S. manufacturing facilities	Number	More than 40	More than 40
Net sales	U.S. dollars, millions	9,316	9,264
Brands that hold the No. 1 or No. 2 market share	Number	More than 30	More than 30
Capital expenditures	U.S. dollars, thousands	159,138	144,063
Income taxes	U.S. dollars, thousands	316,126	369,879
Community investments	U.S. dollars, thousands	9,100	7,700
Energy use	Direct: MMBtu/sales tonnage Indirect: kWh/sales tonnage	Direct: 1.75 Indirect: 301	Direct: 1.68 Indirect: 295
Water use	Cubic meters/sales tonnage	7.6	7.4





Type	Unit	2014	2015
Solid waste	Pounds/sales tonnage	23	26
Air emissions	Metric tons CO2-e	Direct: 387,000 Indirect: 460,000	Direct: 354,000 Indirect: 488,000
Packaging reduction	Pounds, thousands	8,310	1,610
Environmental noncompliance	Number of individual findings	1 <sup>1</sup>	8 <sup>1</sup>
Sodium reduction	Percent reduction	<i>CHI-CHI'S</i> <sup>®</sup> and <i>Herdez</i> <sup>®</sup> branded tortillas: 33 <i>Hormel</i> <sup>®</sup> <i>Always Tender</i> <sup>®</sup> marinated meats: 17 <i>Hormel</i> <sup>®</sup> Canadian bacon: 23 <i>Hormel</i> <sup>®</sup> chili with beans: 18 <i>Hormel</i> <sup>®</sup> <i>Compleats</i> <sup>®</sup> microwave meals: 16 <i>Hormel</i> <sup>®</sup> <i>Cure 81</i> <sup>®</sup> retail hams: 14	<i>CHI-CHI'S</i> <sup>®</sup> and <i>Herdez</i> <sup>®</sup> branded tortillas: 34 <i>Valley Fresh</i> <sup>®</sup> chicken and turkey: 25 <i>Hormel</i> <sup>®</sup> Canadian bacon: 23 <i>Hormel</i> <sup>®</sup> chili with beans: 14 <i>Hormel</i> <sup>®</sup> <i>Compleats</i> <sup>®</sup> microwave meals: 23 <i>Hormel</i> <sup>®</sup> <i>Cure 81</i> <sup>®</sup> retail hams: 17
TCIR	Number of recordable incidents per 100 full-time employees	3.7	3.2 <sup>2</sup>
DAFWII	Number of cases that involve days away from work per every 100 full-time employees	0.5	0.5 <sup>2</sup>
DART	Number of injuries or illnesses resulting in days away from work, restricted work activity or job transfer per ever 100 full-time employees	2.7	2.2 <sup>2</sup>

## GRI Indicators

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

**G4-EN29:** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

**G4-EN3:** Energy consumption within the organization

**G4-EN4:** Energy consumption outside of the organization

**G4-EN20:** Emissions of ozone-depleting substances.

<sup>1</sup>Notice(s) of non-compliance from state or federal agencies.

<sup>2</sup>Fiscal year 2015 calculations include corporate and sales employees to more accurately reflect our rates and to be consistent with how other companies report their rates.



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

To learn more about our operations, please visit [Hormelfoods.com](http://Hormelfoods.com).

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## 2015 at Hormel Foods

- **20,713** Employees Worldwide
- **More Than 60** Countries Where Our Products Are Marketed
- **More Than 30** Brands Held the No.1 or No.2 Market Share
- **\$9,263,863,000** Net Sales
- **\$144,063,000** Capital Expenditures
- **\$369,879,000** Income Taxes
- **\$7,773,905** Community Investments
- **More Than 40** Manufacturing Facilities

We invite you to learn more about our products on our corporate site.

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## CR Awards

Over the past year, we have received a number of sustainability-related awards. Please visit the awards and recognition page of our corporate site to learn more about our recent recognition.

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## Supply Chain

### Supplier Responsibility Principles

At Hormel Foods, our multifaceted supply chain includes suppliers of hogs, turkeys, ingredients, packaging materials and transportation. We introduced our Supplier Responsibility Principles to our key suppliers in 2011, and we shared with all of our suppliers in 2015 to ensure everyone is operating in a sustainable and responsible manner.

### Supplier Assessment

We expect all our suppliers (both those based domestically and internationally) to operate according to our ethical business practices. All of our purchases are derived from suppliers that are compliant with our sourcing policy, as 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, and suppliers in 2015, we awarded 87 suppliers for their performance.

To exemplify our commitment to supply chain sustainability management, we require third-party food safety audits for all of our ingredient suppliers. In addition to the third-party food safety audits, in fiscal year 2015 we conducted an additional 50 food safety supplemental audits. If suppliers are found to be non-compliant, 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 2015, only 6 percent of our suppliers were new suppliers. We are continuously looking for ways to assess our current supplier relationships to ensure that environmental/social risks are addressed and mitigated. In 2014, we completed a category level assessment process to identify risks. As a next step, we are working with our suppliers in categories where risks have been identified. In addition, we assessed more than 30 suppliers on environmental and social risks.

### Supplier Diversity Program

In addition to ensuring our suppliers comply with the food safety standards recognized by 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 product options that meet our company's growing business needs. As a result of our supplier diversity program, in calendar year 2015, we purchased 22 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.

“ Supplier diversity provides access to new markets, drives innovation, builds customer relationships and supports our communities.”

– Jeffrey M. Ettinger,  
Chairman of the Board  
and Chief Executive Officer

### 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 who comply with our sourcing principles.

In 2015, the Hormel Foods Palm Oil Council updated our palm oil policy and action plan moving forward.

We made an initial commitment to purchase only fully traceable palm oil by the end of 2014. We met this commitment by working with our suppliers and achieved traceability to the mill level. In the spirit of continuous improvement, our updated commitment is to purchase only sustainable palm oil that is fully traceable to the plantation level by 2020.

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.

## 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 aligned with the Code of Ethical Business Conduct. In 2015, the Hormel Foods Board of Directors consisted of 14 members, 12 of whom were independent. Of the 2015 14-member Board of Directors, there were four women and five persons of color.

### GRI Indicators

**G4-3:** Name of the organization.

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

**G4-5:** Location of the organization's headquarters.

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

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

**G4-9:** Scale of the reporting organization.

**G4-12:** Description of organization's supply chain.

**G4-FP1:** Percentage of purchased volume from suppliers compliant with company's sourcing policy.

**G4-S09:** Percentage of new suppliers that were screened using criteria for impacts on society.

**G4-LA14:** Percentage of new suppliers that were screened using labor practices criteria.

**G4-EN32:** Percentage of new suppliers that were screened using environmental criteria.



# About Hormel Foods

Additional information about our board structure can be found in our 2015 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. The chair of the CR Steering Committee is Bryan Farnsworth, senior vice president of supply chain, who reports directly to the company's chief executive officer. The CR Council (comprised of cross-functional subject-matter experts) reports to the CR Steering Committee.

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

## Financials

For 50 consecutive years, the company has increased its annual dividend. Since 2011, the average dividend growth rate is 18 percent per year. Hormel Foods continues to grow, increasing earnings per share by 18 percent in 2015 to a record \$2.64 per share.

To read more about additional governance topics, such as risk management, visit the corporate governance section on our corporate site.

## 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 2015, our lobbying efforts and activities primarily focused on agriculture, food labeling, health and labor/workplace issues.

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

In calendar year 2015, we spent \$486,383 in lobbying. From our Political Action Committee (PAC), we contributed \$5,000 to the North American Meat Institute PAC and \$5,000 to the Grocery Manufacturers Association PAC. Individual contributions to political parties are allowed, but the company does not directly contribute to political parties.





**GRI Indicators**

**G4-48:** Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.

**G4-49:** Report the process for communicating critical concerns to the highest governance body.

**G4-34:** Governance structure of the organization, including committees under the highest governance body responsible for decision-making on economic, environmental and social impacts.

**G4-35:** Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.

**G4-36:** Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.

**G4-39:** Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).

**G4-41:** Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:

- Cross-board membership
- Cross-shareholding with suppliers and other stakeholders
- Existence of controlling shareholder
- Related party disclosures

**G4-42:** Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.

**G4-43:** Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.

**G4-46:** Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.

**G4-47:** Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.

**G4-S06:** Total value of political contributions by country and recipient/beneficiary.

Hormel Foods places great emphasis on environmental considerations when producing the products made for our customers. Sustainability and environmental responsibility continue to serve as our guiding principles as they have for 125 years, since George A. Hormel founded Hormel Foods.

Our goals are established on a target to implement projects that provide absolute reductions equaling 10 percent of our base year level. 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. As we report our goal progress, we will continue to report normalized results.

To learn more about the environmental policies at Hormel Foods, we invite you to read our environment section on our corporate site.

## Greenhouse Gas Emissions

### 2015 Progress

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

As established from our 2011 base year, our goal is to implement projects that reduce GHG emissions by 92,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>-e) by 2020. In 2015, we implemented projects that resulted in a reduction of over 9,200 metric tons of GHG emissions from our manufacturing operations, reaching 42 percent of our goal when combined with our progress since 2012. Of the total GHG emissions, direct GHG emissions were approximately 42 percent and indirect GHG emissions were approximately 58 percent. Normalized GHG emissions for manufacturing plants were 0.330 metric tons CO<sub>2</sub>-e per ton of products sold, down 2.6 percent from the prior year level. We are currently on pace to reach our 2020 goal.

### Recent projects to reduce air emissions

- The Algona (Iowa) Plant team replaced equipment for dry sausage production with a more efficient process that reduced energy usage. By making this change, the team was able to document an annual reduction of more than 780 metric tons of direct greenhouse gas emissions.
- By utilizing a natural gas-fired unit rather than a steam coil unit to improve the efficiency of heating in an area of the Beloit (Wis.) Plant, the team was able to achieve a savings of 6,540 MMBtu, equaling 340 metric tons of direct greenhouse gas emissions.
- The Jennie-O Turkey Store Benson Ave. (Willmar, Minn.) Plant team set out to reduce natural gas usage by 1 percent compared to the previous year. By implementing changes to run a more efficient boiler room and utilizing zone heaters when possible, the plant was able to achieve a 28 percent MMBtu reduction, a 3,500 metric ton per year reduction of direct greenhouse gas emissions.



## 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 2015.

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 both truck and rail shipping. For long distances, this method of transportation can cut fuel use and GHG emissions by 65 percent compared to truck-only moves.<sup>1</sup> In 2015, we had over 8,200 intermodal shipments. These shipments accounted for approximately 13.3 million miles and saved more than 1.2 million gallons of diesel fuel versus shipping solely by truck.

<sup>1</sup>According to the U.S. Environmental Protection Agency Office of Transportation and Air Quality, intermodal shipments can cut fuel use and GHG emissions by 65 percent compared to truck-only moves.

## Energy

### 2015 Progress

In 2015, we continued to make progress toward our energy reduction goal, resulting in reduced energy use exceeding 114,000 MMBtu. When combined with our results since 2012, this fulfills 61 percent of our target of 692,000 MMBtu by 2020. Normalized direct energy (MMBtu/sales tonnage) in 2015 was 1.68 and normalized indirect energy (kWh/sales tonnage) in 2015 was 295, both improved from the prior year levels. We are currently on pace to achieve our 2020 goal.

## Hormel® Natural Choice® facility's energy offset by wind power

We match a portion of the electricity used to prepare and package *Hormel® Natural Choice®* deli meats at our Osceola (Iowa) Food location with renewable energy certificates. More information about this initiative will be included in our 2016 report

### Recent projects to reduce energy consumption

- Our Farmer John (Vernon, Calif.) team focused on energy savings by implementing hybrid refrigeration and energy-efficient lighting projects. The team conducted a complete review of all procedures to determine where the energy savings projects could be implemented. One solution implemented involved the installation of LED lighting. Testing was conducted to ensure bulb longevity and luminosity levels would meet or exceed plant requirements. Combined, the projects resulted in a savings of more than 1.75 million kWh of electricity and 3,000 MMBtu of natural gas.
- Our Dold Foods (Wichita, Kan.) team was able to save more than 4,000 MMBtu in 2015 by tuning equipment and educating employees about natural gas costs and their impact on overall usage.
- By installing LED lighting on the exterior of the Beloit (Wis.) Plant facility and in the parking lot, the team was able to save more than 32,000 kWh of electricity.

### GRI Indicators

**G4-EN5:** Energy Intensity.

**G4-EN6:** Reduction of energy consumption.

**G4-EN15:** Direct greenhouse gas (GHG) emissions.

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

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

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

**G4-EN31:** Total environmental protection expenditures and investments by type.

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## 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 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 2015 was 7.4, a 2.5 percent reduction from the prior year level.

In addition to monitoring our water usage, we also evaluated our operations to determine the business risk associated with water scarcity. After careful evaluation, we learned that Hormel Foods does not have manufacturing operations in areas defined as water scarce regions by the World Resource Institute (annual renewable water supply per person <1,700 cubic meters/person/year). Hormel Foods does have manufacturing locations in California that are identified as overall high risk using the World Resources Institute Aqueduct Water Risk Atlas. Hormel Foods is committed to driving water reduction and efficiency improvements at these and all manufacturing locations.

### Water reduction efforts in California

The severe drought in California has resulted in emergency conservation regulation. As part of our ongoing water reduction efforts, we have implemented a number of projects at our manufacturing facilities and live production operations in California, including:

- Our Diamond Crystal Brands (Visalia, Calif.) Plant team set out to reduce the amount of water used by the facility by 25 percent. By implementing employee engagement initiatives, equipment upgrades and regulating water usage on landscaping, the team was able to reduce water usage by 51 percent compared to the previous year.
- Our Swiss American Sausage Company (Lathrop, Calif.) team set out to reduce water usage in the oven and fermentation rooms at the plant by 25 percent. By installing pressure regulators to reduce the water pressure in these areas, the team was able to reduce water usage by 43 percent.

### 2015 Progress

Our target is to implement projects that reduce total water use by 0.5 billion gallons by 2020. During 2015, we successfully implemented projects that reduced water use by 84 million gallons or 83 percent of our goal when combined with our progress since 2012. Total manufacturing water use during 2015 was 4.98 billion gallons. We are currently on pace to achieve our water reduction goal prior to 2020.

### Recent projects to reduce water usage

- The Austin (Minn.) Plant team focused on a more efficient way to clean the cook belts for the precooked bacon department. By upgrading to high-pressure belt washers, the team was able to achieve annual water savings in excess of 4 million gallons.
- Our Jennie-O Turkey Store Faribault (Minn.) Plant team set out to reduce water usage by 15 million gallons. The team installed more efficient nozzles for its wash cabinets and was able to reduce annual water demand by more than 34 million gallons.

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## 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 last year, 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 donation; 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 2015, 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, 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.

## 2015 Progress

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

In 2015 alone, our operations implemented projects that reduced the amount of solid waste sent to landfills by 1,200 tons. These reductions helped offset the impacts seen with increased production and poor performance in the recycling markets, resulting in normalized total solid waste (pounds/sales tonnage) for 2015 of 25, an 8 percent gain from the prior year level.

## Recent projects to reduce solid waste sent to landfills

- In order to achieve a higher recycling percentage at the Osceola (Iowa) Food plant, the team identified four main areas for improvement, including reviewing current items recycled, reducing cardboard waste, eliminating the need to pay an outside service to dispose of wood chips and utilizing totes more than once. Through these initiatives, they were able to reduce solid waste sent to landfills by 78 tons in 2015.
- Our Atlanta Plant (Tucker, Ga.) team worked to continue momentum on a project that had begun two years earlier. Through continuing employee education and engagement, they were able to reduce solid waste sent to the landfills by 20 tons in 2015.

## Packaging

Hormel Foods has a dedicated group of employees who regularly evaluate our packaging design, consistently looking for minimization opportunities. Additionally, each of these employees participates in an initiative to reduce materials in packaging over the course of the year. In calendar year 2015, each member of the team had a goal to identify 500,000 pounds of materials savings, amounting to a group goal to reduce packaging by 4 million pounds a year.

The packaging team collaborates with all other departments and examines the entire supply chain for initiatives related to sustainability that will benefit all divisions. In calendar year 2015, this team initiated 38 total projects and completed 37 projects. Combined, these projects resulted in 1.61 million pounds in savings. When combined with our progress made since 2012, these savings represent 75 percent of our goal to reduce product packaging by 25 million pounds by 2020<sup>1</sup>. While we did not reduce packaging by our yearly goal of 4 million pounds, we anticipate we will still achieve our 2020 goal.

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.

## Product Packaging

Hormel Foods uses more than 10,000 unique items to package and produce our products, including corrugated paperboard, labels, films, cans, plastic bags, displays, glass containers, metal closures and plastic closures. Approximately 80 percent of our product packaging by weight is recyclable and/or made from recycled materials.

### GRI Indicators

**G4-EN1:** Materials used by weight or volume.

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

**G4-EN8:** Total water withdrawal by source.

**G4-EN23:** Total weight of waste by type and disposal method.

**G4-EN27:** Extent of impact mitigation of environmental impacts of products and services.

<sup>1</sup>Savings are estimated annualized savings based on a full year of volume.

## Recent projects to achieve packaging minimization<sup>1</sup>

- We changed the orientation of the cartons inside the corrugated boxes for our microwave bacon, which resulted in a more efficient cube shape. We were also able to reduce the thickness of the corrugated boxes. These changes resulted in a savings of 301,807 pounds. An added bonus was that we were able to increase the amount of product on each pallet we ship, which reduces fuel usage and emissions from trucks used to transport our products to customers.
- By removing a small portion of the headspace of an open stock burrito case, we were able to add an additional layer of product to the pallet pattern to improve shipping efficiencies. These changes resulted in a total material savings of 137,190 pounds.
- We reduced the thickness of the plastic in one of our snack trays, which resulted in a savings of 98,570 pounds.
- This past year, our subsidiary, Farmer John (Vernon, Calif.), completed seven projects for a total of 35,963 pounds of material savings. Material savings included films, paperboard, corrugated and glue.

<sup>1</sup>Savings are estimated annualized savings based on a full year of volume.

## Recognition

### Internal Recognition

At Hormel Foods, we reward and recognize teams that have taken the time and effort to identify areas for efficiency improvements and implemented changes through our internal Environmental Sustainability Best of the Best annual competition. In 2015, there were 58 entries generated across all Hormel Foods business segments. The Farmer John (Vernon, Calif.) team was chosen as the 2015 Environmental Sustainability Best of the Best champion for their energy reduction initiatives. To learn more about this project and the project finalists, please visit the environment section of our corporate site. Also see our environmental sustainability policy for more information about the commitment our company has made toward environmental sustainability objectives.

### External Recognition

In 2015, our continued dedication to reducing our environmental footprint resulted in recognition by a number of independent sources:

- **North American Meat Institute EMS Implementation Recognition** The North American Meat Institute recognized 24 Hormel Foods and subsidiary manufacturing plants for implementing an environmental management system (EMS). The plants received tier 3 recognition, indicating full EMS implementation without third-party certification.
- **Skippy Foods Recognized by Little Rock Wastewater** Skippy Foods (Little Rock, Ark.) was awarded the Excellence Award for continuing environmental compliance with the Little Rock Industrial Pretreatment Program. The award, issued in March 2015, covered pretreatment performance for 2014.
- **Jennie-O Turkey Store Wastewater Operator Recognition**  
The Wisconsin Wastewater Operators' Association (WVWA) named Larry Reinke, maintenance and wastewater treatment plant supervisor, Jennie-O Turkey Store (Barron, Wis.), the Regional Operator of the Year for the northwest region.  
Reinke was chosen among the 80 members of this region for his outstanding work in keeping the environment clean and his facility discharge limits well below those set by the Wisconsin Department of Natural Resources.
- **Dold Foods Recognized by the Kansas Water Environment Association**  
Dold Foods (Wichita, Kan.) was awarded the Gold Pretreatment Compliance Award by the Kansas Water Environment Association in 2015. The qualifications to win this award include 95 percent or better compliance with all discharge and reporting requirements, a good record of cooperation with the pretreatment coordinator, and the operation of a wastewater treatment system or significant efforts to minimize pollutant concentrations.
- **PFFJ Mountain Prairie Received Bronze Achiever Award from the Colorado Department of Public Health Environmental Leadership Program**  
PFFJ Mountain Prairie (Las Animas, Colo.) received a Bronze Achiever Award from the Colorado Department of Public Health Environmental Leadership Program. The award recognizes facilities that:
  - Have made significant achievements in improving the environment of Colorado;
  - Haven't had serious violations during the last year; and
  - Are making pollution prevention efforts in energy efficiency, waste minimization and water conservation.



## Employee Engagement in Environmental Initiatives

At Hormel Foods, we are dedicated to fostering an environment where employees are engaged in our sustainability initiatives.

### GReen our Way (GROW)

GReen Our Way (GROW) is an internal team, started in 2010, that aims to assemble and evaluate sustainability metrics, increase awareness with education and events, and improve sustainability at our Corporate Office campus (Austin, Minn.). In 2015, the team successfully implemented a number of projects including:



#### Beat the Peak Week:

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



#### Water Monitoring Challenge:

Each year, the Water Environment Federation promotes an annual Water Monitoring Challenge. The event focuses on understanding and measuring water quality parameters in local waterways. In September, members of the GROW team and a Boy Scout troop participated in the challenge by collecting samples and then testing each sample for temperature, pH, turbidity and dissolved oxygen.



#### Lunch and Learns:

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



#### Recycling Initiatives:

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

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

Animal care is evaluated through on-site assessments that help us ensure employees are practicing safe and ethical practices. These standards also guide the animal care portion of our Supplier Responsibility Principles, which require our suppliers to follow our commitment to responsible environmental and social performance.

To ensure the accountability of our animal welfare standards, we have several animal welfare committees in place. Hormel Foods announced the implementation in 2016 of a corporate Animal Welfare Steering Committee, as well as an Animal Welfare Committee at each of our hog harvesting facilities. This is in addition to the Jennie-O Turkey Store Animal Welfare Review Board that has been in place for many years.

To learn more about animal welfare at Hormel Foods, visit the animal welfare section on our corporate site.

## 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 2015, we awarded 87 suppliers with a Spirit of Excellence Award for their roles in the company's continuous improvement process throughout the last year. This includes 30 awards in the pork procurement category and three awards in the provisions category.

Quality assurance and operations personnel perform daily internal audits in our processing facilities to maintain the highest animal care practices. In 2015, seven external audits were performed by outside auditors in our processing facilities. Internally, we participated in 991 formal audits, and 64 audits were conducted by company management at our processing facilities on an unannounced, random basis. In 2015, we received one incident of noncompliance with laws and regulations and voluntary standards related to transportation, handling and slaughtering practices.

At Hormel Foods company-owned farms, 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. Within these facilities, 100 percent of our market hogs are housed in group pens. We constantly monitor scientific research to understand the best animal treatment practices. By 2018, all company-owned hog farms will transition to group sow housing. As of October 2015, we've successfully converted 25 percent of company-owned sows to group sow housing. Remaining conversions are set to be completed by 2018.

In 2015, we partnered with the Audubon-Manning Veterinary Clinic to help define long-term health strategies for all of our company-owned operations. Through this partnership, they assigned an experienced veterinarian to each of our locations, and in addition to defining long-term health strategies, they provide routine assistance to the local production team.

To learn more about animal welfare for hogs at Hormel Foods, visit the animal welfare section of our corporate site.



## Turkeys

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

In 2015, 575 internal audits were conducted by the Jennie-O Turkey Store live production quality assurance department, as well as 39 production National Turkey Federation audits by live production managers and supervisors.

Daily internal audits in our processing facilities conducted by quality assurance and operations personnel help us maintain the highest animal care practices. In 2015, four external audits were performed by outside auditors in our processing facilities. Internally, we participated in eight formal audits, and 98 audits were conducted by company management at our processing facilities on an unannounced, random basis.

In 2015, we did not receive any noncompliance records for laws and regulations and voluntary standards related to transportation, handling and slaughtering practices.

To learn about animal welfare for turkeys at Hormel Foods, visit the animal welfare section of our corporate site.

### GRI Indicators

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

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



# Products

We continue to diversify our portfolio of products to offer consumers a wide range of options to meet their needs. Keeping the health and safety of consumers as our number one priority, we work across multiple departments to deliver a comprehensive approach to every product, allowing for an expanded portfolio of brands to reflect the taste, trends and efficiency consumers look for in their favorite foods. We are continuing to maintain our goal to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020. Additionally, in 2015 Hormel Foods acquired Applegate Farms, LLC, which has allowed us to offer a new line of products to meet the growing demand for natural and organic foods.

More information about our products can be found on [HormelFoods.com](http://HormelFoods.com).

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## Food Safety & Quality

Hormel Foods has implemented 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 Food and Drug Administration. We are proud to report that in 2015 we did not issue any product recalls.

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

Read more about food safety and quality at [HormelFoods.com](http://HormelFoods.com).

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## Nutrition and Wellness

### Clean Label Initiative

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

Hormel Foods has implemented a clean label initiative to simplify the ingredient statements of many of its retail products through the removal or replacement of ingredients, while still delivering great-tasting items that consumers expect.

In fiscal years 2014 and 2015, a total of 12 clean label projects were initiated. Clean label projects that were completed in fiscal 2015 included:

- *Valley Fresh*<sup>®</sup> chicken and turkey,
- *Hormel*<sup>®</sup> *Compleats*<sup>®</sup> microwaveable meals, and
- *Hormel*<sup>®</sup> *Always Tender*<sup>®</sup> meats.

For example, *Valley Fresh*<sup>®</sup> 100 percent natural chicken contains only chicken breast meat with rib meat, chicken broth, sea salt and rosemary extract.

We are continuing to evaluate the simplification of ingredients used in many of our heritage products, including *Hormel*<sup>®</sup> chili, *Dinty Moore*<sup>®</sup> stew.

In addition to this effort, we implemented a fast facts nutrition panel, which highlights nutritional benefits of products. *Hormel*<sup>®</sup> *Compleats*<sup>®</sup> microwave meals were the first product line to feature the new panel in 2015. The fast facts nutrition panel will be featured on additional product lines in 2016.

### 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 36 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, our product portfolio already contains low amounts of sugar. Approximately 97 percent of our portfolio has five grams of sugar or less per serving.

## 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.

In addition to these efforts, in 2015 we launched *Hormel® Pillow Pack®* 50% less sodium pepperoni, which joins our other better-for-you pepperoni products including our 25% less fat and turkey pepperoni varieties.

### Sodium Reduction by Product Category

- *CHI-CHI'S®* and *Herdez®* branded tortillas – 34% reduction
- *Valley Fresh®* chicken and turkey – 25% reduction
- *Hormel®* Canadian bacon – 23% reduction
- *Hormel®* chili with beans – 14% reduction
- *Hormel® Compleats®* microwave meals – 23% reduction
- *Hormel® Cure 81®* retail hams – 17% reduction

### Percent of Sodium Reduction by Category<sup>1</sup>

- *CHI-CHI'S®* and *Herdez®* branded tortillas – 96%
- *Valley Fresh®* chicken and turkey – 100%
- *Hormel®* Canadian bacon – 55%
- *Hormel®* chili with beans – 86%
- *Hormel® Compleats®* microwave meals – 84%
- *Hormel® Cure 81®* retail hams – 63%

<sup>1</sup> Percent of item sales within category with a sodium reduction or developed with decreased sodium parameters.

## Products and 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 donation; 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.

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.

Hormel Foods has a rich history of donating food to those in need. To learn about our efforts in 2015, visit the communities section of this report.

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

## Product Innovation

To help drive strategic innovation, our chief executive officer Jeff Ettinger issued the Billion Dollar Challenge to all Hormel Foods employees. The goal of the challenge was for Hormel Foods to generate \$1 billion in sales from new products launched between fiscal year 2000 and fiscal year 2009. The company met the Billion Dollar Challenge in fiscal year 2007. Following the completion of the Billion Dollar Challenge, a goal was set to achieve \$2 billion in sales by 2012 from new products created since 2000. This goal was also successfully met, and our current challenge – \$3B by 2016 – was then developed.

### GRI Indicators

G4-PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

G4-FP7: The percentage of total sales volume of consumer products, by product category, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives

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



# Products

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

In 2014, we also established an Innovation Best of the Best competition category to highlight our focus on successful innovation. In 2015, nine entries from multiple business units entered the competition, and the *SKIPPY*® P.B. bites team was named the winner. *SKIPPY*® P.B. bites are bite-size snacks that start with a pretzel or peanut butter center and then are covered in *SKIPPY*® peanut butter.

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 in a wide range of platforms, our team can better evaluate consumer needs. In 2015, the consumer engagement team fielded more than 120,000 contacts via email, toll-free lines and postal mail.

Building on our 2014 acquisition of CytoSport Holdings, Inc., the maker of *Muscle Milk*® products, we acquired Applegate Farms, LLC, owner of the *Applegate*® brand (the No. 1 brand in the natural and organic prepared meats category) in July 2015. As a growing number of consumers choose natural and organic products, this purchase provides Hormel Foods and the *Applegate*® brand a faster path to expanded offerings in this high-growth category.

## New Options

In 2015, we rolled out several new items, with a focus on expanding our snack offering, while reenergizing our legacy brands with new, diverse and robust flavors.

Some of these new products include:

- *Hormel*® *Black Label*® premium bacon,
- *Muscle Milk Pro Series*® products, and
- *SKIPPY*® P.B. bites.

## *Hormel Vital Cuisine*™ products



Our Specialty Foods group focuses on health and nutrition using three strategic pillars: performance nutrition, activity nutrition and recovery nutrition. In 2014, we initiated a partnership with the Cancer Nutrition Consortium (CNC)

to develop a line of food and beverage products designed to support the nutrition needs of patients recovering from cancer and undergoing chemotherapy or radiation therapy. 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](http://www.homecarenutrition.com/vital-cuisine). A line of *Hormel Vital Cuisine*™ meals will be launched in 2016.

Hormel Foods gives a portion of all *Hormel Vital Cuisine*™ brand 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 <http://www.homecarenutrition.com/vital-cuisine>.





#### GRI Indicators

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

G4-PR5: Results of surveys measuring customer satisfaction.



# People

At Hormel Foods, our employees are the cornerstone of our company, and we recognize the importance and impact that they have across all areas of our business. That's why we place great importance on the growth, development and engagement of our employees, which in turn, helps with retention.

More information about our employees, benefits, fair employment practices and employee engagement can be found on our corporate site.

## 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. Our high retention numbers indicate to us that our staff thinks Hormel Foods is a great place to work because we provide professional opportunities for employees to learn and grow. In 2015, our turnover rate for all employees was 22.4 percent. Additionally, we are proud to report that 56 percent of our employees had five or more years of service, and our 35 person officer team has an average of 26.3 years of service.

For more information about our people, visit our corporate site.

For a complete breakdown of our employees by type and tenure, please visit the People section of our online report at [2015csr.hormelfoods.com](http://2015csr.hormelfoods.com).

## Retiree Spotlight

Employees and retirees of the company spend countless hours volunteering and giving back to their communities each year.

We are proud to spotlight one of them in this year's report: Leonard Youngman. Leonard is 104 years old and a retiree of Hormel Foods. He began working at the Austin (Minn.) Plant in 1942 and later became a salesperson. He retired in 1973.

Leonard still volunteers at Essentia Health Virginia Clinic in Virginia, Minn. In fact, over the years he has volunteered more than 16,000 hours there. He says he began helping out while his wife was there, and has continued to do so ever since.

To view the "Making a Difference: Leonard Youngman" news clip, visit [2015csr.hormelfoods.com](http://2015csr.hormelfoods.com).



## Safety

Hormel Foods is known for its award-winning safety programs. 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 the Safety Awareness Mascot (SAM). The Hormel Foods safety department introduced SAM in 2015 to brand the safety process and increase employee understanding of the company's safety principles.

## Illness/Injury Rates

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

For more information about our total case incident rate, injury and illness rate, and restricted work or job transfer rate in 2015, please visit the People section of our online report at [2015csr.hormelfoods.com](http://2015csr.hormelfoods.com).

## Safety Training

Hormel Foods conducts safety training for an average of 16,908 employees in our locations every month, and completes more than 1,106 safety assessments each month companywide. In 2015, Hormel Foods conducted an average of 7,322 lockout-tagout (LOTO) inspections per quarter, and held semi-monthly companywide safety conference calls with plant safety personnel.

## Industry-Recognized Safety

Our meat processing plants annually receive recognition for their safety performance from the North American Meat Institute (NAMI). The National Safety Council, a non-government, not-for-profit public service organization, develops and administers the program for the NAMI Foundation.

In 2015, the NAMI Foundation's Safety Recognition Award Program recognized Hormel Foods with 26 awards:

- 5 Awards of Honor (the highest level awarded for outstanding safety performance)
- 12 Awards of Merit
- 4 Awards of Commendation
- 5 Certificate of Recognition Awards

## Professional Development

We understand how important it is for our people to feel both valued and challenged, so 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. The evaluation process also takes into consideration work-life balance, career development, training needs and opportunities.

Additionally, on a biennial basis, we 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.

## GRI Indicators

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

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

**G4-LA1:** Total number and rates of new employee hires and employee turnover by age group, gender and region.

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

**G4-LA4:** Minimum notice period(s) regarding operational changes, including whether these are specified in collective agreements.

**G4-HR3:** Total number of incidents of discrimination and corrective actions taken.

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

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

**G4-LA6:** Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender



# People

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## Training

In order to support our tradition of fostering long-term employment through promoting from within, employees receive formal training throughout their careers at Hormel Foods, applicable to their levels of responsibility and expertise. The total hours spent on training in 2015 was 492,224. This equaled about 25.8 hours of training per employee. For additional information about our training programs, please visit [hormelfoods.com/csr](http://hormelfoods.com/csr).

Employees are also trained on policies and procedures concerning aspects of human rights that are relevant to Hormel Foods operations. In 2015, approximately 2,200 hours were spent on human rights training (some of these hours may be included in our total training hours as well).

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## Diversity

Hormel Foods has demonstrated a commitment to fostering diversity with the formation of eight employee resource groups (ERGs):

- Hormel African American Resource Group
- Hormel Asian American Professionals Association
- Nuestra Gente: Hormel Foods Hispanic Resource Group
- Hormel Foods Women Our Way
- Hormel Professionals Representing Out and United Individuals
- Hormel Young Professionals Enterprise
- Hormel Military Veterans Engagement Team
- Hormel Food and Agriculture Resource Members

Read more about these ERGs on our corporate site.





## GRI Indicators

**G4-LA9:** Average hours of training per year per employee by gender and employee category.

**G4-HR2:** Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

**G4-LA12:** Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.



At Hormel Foods, we believe strong, thriving communities are intrinsic to our culture and our heritage. We are proud of our efforts and commitments to make the communities that surround us a better place to live, learn, work and play.

## Hunger

In 2015, we continued our commitment to helping end hunger around the world through the On Our Way to Ending Hunger program and donated a total of \$5.2 million to hunger relief efforts, including products we donated to food banks and disaster relief efforts. Within the pillars of Nourish, Collaborate and Motivate, we continued to build important partnerships that provided assistance through donations to local hunger relief organizations.

### Project SPAMMY®

For more than eight years, Hormel Foods has been working with non-governmental organization (NGO) partners in Guatemala to fight malnutrition. 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, Hormel Foods has contributed more than 11 million cans of SPAMMY® since the inception of the project.

In July 2014, Hormel Foods announced promising results of a nutrition study demonstrating the benefits of supplementing traditional diets with high-quality protein and micronutrients. As a part of the 20-week trial, fortified or unfortified versions of SPAMMY® were fed to more than 160 schoolchildren in Guatemala.

The results revealed:

- All participants showed greater-than-expected improvement in cognitive scores.
- There was a 44 percent reduction in the number of school days missed due to illness.
- Children receiving fortified SPAMMY® showed statistical improvements in vitamin D and B12 levels, underscoring the magnitude of deficiencies of these two essential vitamins in young Guatemalans.
- A positive correlation between the increase in cognitive gain scores and vitamin D concentrations in the group that received the fortified SPAMMY®.

In 2015, we donated 2.4 million cans of SPAMMY® through our partners, and 33 Hormel Foods employees and their guests made the journey to Guatemala to help with project operations. Additionally, Hormel Foods provided scholarships to several high school-age students to attend the Villa de los Ninos and Ninas boarding schools in Guatemala City.

The United States Agency for International Development (USAID) has called for more animal protein in food aid programs, and SPAMMY® fits that need. The Guatemala pilot demonstrates a strong proof of concept for the SPAMMY® model. The product mixes easily into traditional diets as an ingredient and is customizable. The base product can be fortified with the vitamins and minerals that are deficient in the local diet, and the product is shelf-stable, ready to eat and easy to transport. Hormel Foods is actively engaging the international development community to determine how to scale the project to other regions and groups suffering from malnutrition.

Additionally, in 2015 Hormel Foods announced the availability of the fortified poultry-based spread for purchase under Title I for U.S. Department of Agriculture feeding programs and Title II for U.S. Agency for International Development programs. We were also recognized by the U.S. Chamber of Commerce Foundation as a finalist in the 2015 Corporate Citizenship



Awards in the Community Improvement Program category for Project SPAMMY®. Hormel Foods is engaging with leading international development NGOs and multilateral organizations to determine the best way to scale Project SPAMMY® to other developing countries around the world.

More information about Project SPAMMY® can be found on our corporate site.

### 2015 Hunger Relief Highlights

Hormel Foods donated an estimated 5.6 million individual meals through 2015 On Our Way to Ending Hunger efforts (using the Feeding America estimations of \$1 donated = 8 meals and 1.2 pounds donated = 1 meal).

Hormel Foods contributed more than 2.4 million pounds of product to food banks, local food shelves and feeding programs around the world in 2015.

### Examples of our Hunger Relief Efforts

- 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 2015, a total of \$400,000 was donated to local charities in 40 communities.
  - The Hormel Foods Fremont (Neb.) Plant, for example, donated \$10,000 to The Hope Center for Kids for its summer lunch program. The program is for children on the free or reduced lunch program during the school year. The Hope Center for Kids, along with the United Way, The Salvation Army, local churches and other organizations hosts the program, which provides transportation, lunch, a learning curriculum, games and other activities for children.
- Through the company's Hams for Hunger retailer program, we donated approximately 6,900 Hormel® Cure 81® hams to charities throughout the country – enough to feed more than 62,000 people (using the estimation that each ham serves nine people).
- We donated approximately 15,000 pounds of products to a Convoy of Hope event held in the Twin Cities area of Minnesota to help those in need. Products donated included SKIPPY® singles, Stagg® chili, CHI-CHI'S®

salsa snack cups, Hormel® Cook-Off Series™ chili and Hormel® Compleats® chicken and rice microwaveable meals. In addition to receiving food supplies, those in attendance also received other services, such as haircuts and family photos.

- To assist with Typhoon Soudelor relief efforts in Saipan in 2015, Hormel Foods donated more than 20,000 cans of Hormel® Black Label® canned luncheon meat to help feed those in need and provide a source of shelf-stable protein as they began the difficult process of rebuilding.
- We donated product to assist with the relief efforts in South Carolina due to flooding in October 2015. One semitrailer of Austin Market™ canned luncheon loaf and one semitrailer load of Hormel® Compleats® microwave meals was donated to Feeding America food banks in the area to help those in need.

## Philanthropy

At Hormel Foods, we know how impactful our philanthropic efforts can be on local communities. Thus, we focus on a number of different causes that we know we can meaningfully contribute to.

### Examples of our Philanthropic Efforts

- **Corporate Angel Network participation:** Hormel Foods is a proud participant of the Corporate Angel Network. As a member since 1995, we are happy to help cancer patients access the best possible treatment for their specific type of cancer by arranging free travel to treatment across the country using empty seats on our corporate jets. This not only improves the patients' chances of survival but at the same time, it reduces their emotional stress, physical discomfort and financial burden.
- **Everybody Wins program:** We are also proud to be a partner in the Everybody Wins MN program in Austin, Minn. The program is designed to pair working professionals with students and provides an environment where students learn the joy of reading through one-on-one partnerships. During the 2014-2015 school year, more than 60 employees volunteered their time to participate.

### GRI Indicators

**G4-EC1:** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Sector addition: Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.

**G4-EC7:** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.



# Communities

- **Muscle Milk® and Hope For The Warriors:** CytoSport, Inc., the parent company to our *Muscle Milk*® brand, teamed up with Hope For The Warriors, a national nonprofit dedicated to restoring a sense of self, restoring the family unit and restoring hope for service members and their families. They launched a limited-edition, ready-to-drink bottle to honor those who have served our country through military service, and donated a portion of sales from each bottle to Hope For The Warriors. Additionally, the *Muscle Milk*® brand provided products at the finish line for select Hope For The Warriors races and sporting events. CytoSport employees also compiled and donated recovery packs with workout gear, shaker bottles and powder packets for veterans training through Hope For The Warriors programs.
- **Undergraduate College Scholarships:** For the 49<sup>th</sup> consecutive year, Hormel Foods awarded 18 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 1996, 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 Golden Excellence Scholarship Program:** Since the Jennie-O Turkey Store Golden Excellence Scholarship Program began 32 years ago, 87 sons and daughters of team members have received Golden Excellence Scholarships, totaling \$384,000. Scholarship recipients are chosen primarily based on their exceptional scholastic abilities, including grade point average and college entrance exam scores. In 2015, Jennie-O Turkey Store awarded three Golden Excellence scholarships.







# About This Report

## GRI Content Index

The 2015 Hormel Foods Corporate Responsibility Report follows the G4 Guidelines developed by the Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting. We use the Food Processing Sector Supplement, which is part of the G4 Guidelines but also includes other topics specific to our sector. These guidelines help us determine topics not addressed by stakeholder feedback and best-practices research. This chart explains which indicators are included in the report and where they are located online. The 2015 Hormel Foods Corporate Responsibility Report is “in accordance” with the core option (Content Index

has been verified by GRI as being accurate and aligned with GRI General Standard Disclosure G4-32).

Additionally, 2015 is our second report that has been formally reviewed by the Hormel Foods internal audit department. At this time, our report is not externally assured.



### General Standard Disclosures

#### Strategy and Analysis

General Standard Disclosures	Page
G4-1	<b>About This Report – CEO Letter (CR site)</b>
G4-2	<b>About This Report – CEO Letter (CR site)</b> <b>About This Report – 2020 Goals and Progress (CR site)</b> <b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b> <b>2015 Annual Report (pages 28-30)</b>

#### Organizational Profile

General Standard Disclosures	Page
G4-3	<b>About Hormel Foods (CR Site)</b>
G4-4	<b>About Hormel Foods (CR Site)</b>
G4-5	<b>About Hormel Foods (CR Site)</b>



## General Standard Disclosures

### Organizational Profile

General Standard Disclosures	Page
G4-6	<b>About Hormel Foods (CR Site)</b>
G4-7	<b>Corporate Profile</b>
G4-8	<b>About Hormel Foods (CR Site)</b>
G4-9	<b>About Hormel Foods, 2015 at Hormel Foods (CR Site)</b> <b>2015 Annual Report, CEO Letter (pages 1-2)</b> <b>2015 Annual Report, Financial Highlights (page 3)</b> <b>2015 Annual Report, Executive Overview (page 14)</b> <b>2015 Annual Report, Results of Operations (pages 16-17)</b> <b>2015 Annual Report, Acquisitions (pages 46-47)</b>
G4-10	<b>People – About Our Employees (CR Site)</b> All employees tracked are considered supervised, not contractors.
G4-11	<b>People – About Our Employees – Job Type (tab) (CR Site)</b>
G4-12	<b>About Hormel Foods – Supply Chain (CR Site)</b>
G4-13	<b>About This Report – CEO Letter (CR site)</b>

### GRI Indicators

**G4-32:** “In Accordance” option organization has chosen by which to report; GRI Content Index for the chosen option; Reference to the External Assurance Report if externally assured.

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



# About This Report

## General Standard Disclosures

### Organizational Profile

General Standard Disclosures	Page
G4-14	<b>About Hormel Foods – Risk Management (HormelFoods.com)</b> We evaluate risks using an Enterprise Risk Management system. We have multiple goals to reduce environmental impacts and do not have serious threats of “irreversible damage.”
G4-15	<b>Animal Welfare (CR Site)</b> <b>Products – Food Safety &amp; Quality (CR Site)</b>
G4-16	<b>Animal Welfare – Industry Representation (HormelFoods.com)</b>

### Identified Material Aspects and Boundaries

General Standard Disclosures	Page
G4-17	<b>2015 Annual Report (page 17)</b> <b>About This Report – Boundary and Measurement (CR Site)</b>
G4-18	<b>About This Report – Stakeholder Feedback (CR Site)</b> <b>About This Report – Key Topics Assessment (CR Site)</b>
G4-19	<b>About This Report – Key Topics Assessment (CR Site)</b>
G4-20	<b>About This Report – Boundary and Measurement (CR Site)</b> <b>About This Report – Key Topics Assessment (CR Site)</b>
G4-21	<b>About This Report – Boundary and Measurement (CR Site)</b>
G4-22	<b>About This Report – Data Summary (CR Site)</b>
G4-23	<b>About This Report – Boundary and Measurement (CR Site)</b>



## General Standard Disclosures

### Stakeholder Engagement

General Standard Disclosures	Page
G4-24	<b>About This Report – Stakeholder Feedback (CR Site)</b>
G4-25	<b>About This Report – Stakeholder Feedback (CR Site)</b>
G4-26	<b>About This Report – Stakeholder Feedback (CR Site)</b>
G4-27	<b>About This Report – Stakeholder Feedback (CR Site)</b>

### Report Profile

General Standard Disclosures	Page
G4-28	<b>About This Report – Home Page (CR Site)</b>
G4-29	<b>About This Report (HormelFoods.com)</b>
G4-30	<b>About This Report – Home Page (CR Site)</b>
G4-31	<b>Feedback Form</b>
G4-32	<b>About This Report – GRI Content Index (CR Site)</b>
G4-33	<b>About This Report – GRI Content Index (CR Site)</b>



# About This Report

## General Standard Disclosures

### Governance

General Standard Disclosures	Page
G4-34	<b>About Hormel Foods – Ethics, Governance and Risk, Corporate Governance (HormelFoods.com)</b> <b>About Hormel Foods – Governance &amp; Financials – Governance &amp; Policies (CR Site)</b>
G4-35	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b>
G4-36	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b>
G4-37	<b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-38	<b>About Hormel Foods – Ethics, Governance and Risk, Corporate Governance (HormelFoods.com)</b>
G4-39	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b> <b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-40	<b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-41	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b> <b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-42	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b>
G4-43	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b>
G4-44	<b>2015 Proxy (pages 8-9)</b>



## General Standard Disclosures

### Governance

General Standard Disclosures	Page
G4-45	<b>About Hormel Foods – Risk Management (HormelFoods.com)</b>
G4-46	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b>
G4-47	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b> <b>About Hormel Foods – Risk Management (HormelFoods.com)</b>
G4-48	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b> <b>About This Report – Key Topics Assessment (CR Site)</b>
G4-49	<b>About Hormel Foods – Governance &amp; Financials – Corporate Responsibility Oversight (CR Site)</b> <b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-50	<b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>
G4-51	<b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b>



# About This Report

## General Standard Disclosures

### Governance

General Standard Disclosures	Page
G4-52	<b>About This Report – Key Topics Assessment (CR Site)</b> <b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b>
G4-53	<b>About Hormel Foods – Corporate Governance (HormelFoods.com)</b>

### Ethics and Integrity

General Standard Disclosures	Page
G4-56	<b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b> <b>About Hormel Foods – Supply Chain (HormelFoods.com)</b>
G4-57	<b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b>
G4-58	<b>About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</b>





## Specific Standard Disclosures

### Category: Economic

Material Aspects	DMA and Indicators	Omissions
Economic Performance	<p><b>G4-DMA</b>  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  <b>G4-EC1</b>  <a href="#">Communities (CR Site)</a>  <a href="#">Products – Products in Emerging Markets (HormelFoods.com)</a>  <a href="#">2015 Annual Report, CEO Letter (pages 1-2)</a>  <a href="#">2015 Annual Report, Financial Highlights (page 3)</a>  <a href="#">2015 Annual Report, Select Financial Data (page 13)</a>  <a href="#">2015 Annual Report, Executive Overview (page 14)</a>  <a href="#">2015 Annual Report, Results of Operations (pages 16-17)</a>  <b>G4-EC2</b>  <a href="#">2015 Annual Report (page 28)</a>  <a href="#">About Hormel Foods – Risk Management (HormelFoods.com)</a>  <b>G4-EC3</b>  <a href="#">2015 Annual Report, Pension and Other Post-Retirement Benefits (pages 48-51)</a></p>	
Indirect Economic Impacts	<p><b>G4-DMA</b>  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  <b>G4-EC7</b>  <a href="#">Communities (CR Site)</a>  <b>G4-EC8</b>  <a href="#">About Hormel Foods – Risk Management (HormelFoods.com)</a></p>	
Procurement Practices	<p><b>G4-DMA</b>  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  <b>G4-FP1</b>  <a href="#">About Hormel Foods – Supply Chain (CR Site)</a></p>	



# About This Report

## Specific Standard Disclosures

### Category: Environmental

Material Aspects	DMA and Indicators	Omissions
Materials	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-EN1  <a href="#">Environment – Packaging (CR Site)</a></p> <p>G4-EN2  <a href="#">Environment – Packaging (CR Site)</a></p>	
Energy	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-EN3  <a href="#">About This Report – Data Summary (CR Site)</a></p> <p><b>G4-EN4</b>  <a href="#">About This Report – Data Summary (CR Site)</a></p> <p><b>G4-EN5</b>  <a href="#">Environment – Energy (CR Site)</a></p> <p><b>G4-EN6</b>  <a href="#">Environment – Energy (CR Site)</a></p>	
Water	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-EN8  <a href="#">Environment – Water (CR Site)</a></p>	



## Specific Standard Disclosures

### Category: Environmental

Material Aspects	DMA and Indicators	Omissions
Emissions	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>            G4-EN15  <a href="#">Environment – Greenhouse Gas Emissions (CR Site)</a>            G4-EN16  <a href="#">Environment – Greenhouse Gas Emissions (CR Site)</a>            G4-EN19  <a href="#">Environment – Greenhouse Gas Emissions (CR Site)</a>            G4-EN20  <a href="#">About This Report – Data Summary (CR Site)</a></p>	
Effluents and Waste	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>            G4-EN22  <a href="#">Environment – Wastewater Management (HormelFoods.com)</a>            G4-EN23  <a href="#">Environment – Waste (CR Site)</a></p>	
Products and Services	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>            G4-EN27  <a href="#">Environment – Packaging (CR Site)</a></p>	
Compliance	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a>            G4-EN29  <a href="#">About This Report – Data Summary – Environmental Noncompliance Line (CR Site)</a></p>	



# About This Report

Specific Standard Disclosures		
Category: Environmental		
Material Aspects	DMA and Indicators	Omissions
Transport	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  G4-EN30 <a href="#">Environment – Greenhouse Gas Emissions – Logistics (CR Site)</a>	
Overall	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  G4-EN31 <a href="#">Environment (CR Site)</a>	
Supplier Environmental Assessment	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  G4-EN32 <a href="#">About Hormel Foods – Supply Chain (CR Site)</a>	
Environmental Grievance Mechanisms	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a>  G4-EN34 <a href="#">Environment – Environmental Grievances (HormelFoods.com)</a>  <a href="#">About Hormel Foods – Ethics, Governance and Risk (HormelFoods.com)</a>	



## Specific Standard Disclosures

### Category: Social

### Sub-Category: Labor Practices and Decent Work

Material Aspects	DMA and Indicators	Omissions
Employment	<p>G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b></p> <p>G4-LA1 <b>People – About Our Employees (CR Site)</b></p> <p>G4-LA2 <b>People – Benefits (HormelFoods.com)</b></p> <p>G4-LA3 <b>People – Flexibility (HormelFoods.com)</b></p>	
Labor/ Management Relations	<p>G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b></p> <p>G4-FP3 <b>People – About Our Employees (CR Site)</b></p> <p>G4-LA4 <b>People – About Our Employees (CR Site)</b></p>	
Occupational Health and Safety	<p>G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b></p> <p>G4-LA5 <b>People – Safety and Well-Being (HormelFoods.com)</b></p> <p>G4-LA6 <b>People – Safety (CR Site)</b></p> <p>G4-LA7 <b>People – Benefits (HormelFoods.com)</b></p> <p>G4-LA8 <b>People – Safety and Well-Being (HormelFoods.com)</b></p>	



# About This Report

## Specific Standard Disclosures

### Category: Social

### Sub-Category: Labor Practices and Decent Work

Material Aspects	DMA and Indicators	Omissions
Training and Education	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a> G4-LA9 <a href="#">People – Training (CR Site)</a> G4-LA10 <a href="#">People – Professional Development (HormelFoods.com)</a> G4-LA11 <a href="#">People – Professional Development – Performance Review Program (HormelFoods.com)</a>	
Diversity and Equal Opportunity	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a> G4-LA12 <a href="#">People – Diversity (CR Site)</a>	
Supplier Assessment for Labor Practices	G4-DMA <a href="#">About This Report – Key Topics Assessment (CR Site)</a> G4-LA14 <a href="#">About Hormel Foods – Supply Chain (CR Site)</a>	



## Specific Standard Disclosures

### Category: Social

### Sub-Category: Human Rights

Material Aspects	DMA and Indicators	Omissions
Investment	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-HR1 <b>People – Human Rights (HormelFoods.com)</b>  G4-HR2 <b>People – Human Rights (CR Site)</b> <b>People – Training (CR Site)</b>	
Non-discrimination	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-HR3 <b>People – About Our Employees (CR Site)</b>	
Freedom of Association and Collective Bargaining	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-HR4 <b>People – About Our Employees (CR Site)</b>	
Child Labor	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-HR5 <b>People – Fair Employment (HormelFoods.com)</b>	
Forced or Compulsory Labor	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-HR6 <b>People – Fair Employment (HormelFoods.com)</b>	



# About This Report

## Specific Standard Disclosures

### Category: Social

### Sub-Category: Society

Material Aspects	DMA and Indicators	Omissions
Anti-corruption	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-SO3  <a href="#">About Hormel Foods – Risk Management (HormelFoods.com)</a>  <a href="#">About Hormel Foods – Ethics &amp; Conduct (HormelFoods.com)</a></p>	
Public Policy	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-SO6  <a href="#">About Hormel Foods – Public Policy (CR Site)</a></p>	
Compliance	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-SO8                      We have had no fines or non-monetary sanctions for non-compliance with laws and regulations (based on our understanding of significant as defined by the SEC).</p>	
Supplier Assessment for Impacts on Society	<p>G4-DMA  <a href="#">About This Report – Key Topics Assessment (CR Site)</a></p> <p>G4-SO9  <a href="#">About Hormel Foods – Supply Chain (CR Site)</a></p>	





## Specific Standard Disclosures

**Category: Social**

**Sub-Category: Society**

Material Aspects	DMA and Indicators	Omissions
Animal Welfare	<p>G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b></p> <p>G4-FP9 <b>Animal Welfare – Hogs (HormelFoods.com)</b></p> <p>G4-FP11 <b>Animal Welfare – Raising Our Animals (HormelFoods.com)</b></p> <p>G4-FP12 <b>Animal Welfare – Raising Our Animals – Antibiotics/ Medications (HormelFoods.com)</b></p> <p>G4-FP13 <b>Animal Welfare – Hogs (CR Site)</b></p>	

## Specific Standard Disclosures

**Category: Social**

**Sub-Category: Product Responsibility**

Material Aspects	DMA and Indicators	Omissions
Customer Health and Safety	<p>G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b></p> <p>G4-PR1 <b>Products – Innovation (CR Site)</b></p> <p>G4-PR2 <b>Products – Food Safety and Quality (CR Site)</b></p> <p>G4-FP5 <b>Products – Food Safety and Quality – Product Safety Management (HormelFoods.com)</b></p> <p>G4-FP6 <b>Products – Nutrition and Wellness – Sodium Reduction (CR Site)</b></p> <p>G4-FP7 <b>Products – Nutrition and Wellness – Partially Hydrogenated Oils and Sugars (CR Site)</b></p>	

Learn More

For more information about Hormel Foods visit [hormelfoods.com/csr](http://hormelfoods.com/csr)



# About This Report

## Specific Standard Disclosures

### Category: Social

### Sub-Category: Product Responsibility

Material Aspects	DMA and Indicators	Omissions
Product and Service Labeling	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-PR3 <b>Products – Packaging and Labeling (HormelFoods.com)</b>  G4-PR4 <b>Product – Food Safety and Quality (CR Site)</b>  G4-PR5 <b>Products – Product Innovation (CR Site)</b>	
Marketing Communications	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-PR6 <b>Products – Responsible Marketing (HormelFoods.com)</b>  G4-PR7 <b>Products – Responsible Marketing (HormelFoods.com)</b>	
Customer Privacy	G4-DMA <b>About This Report – Key Topics Assessment (CR Site)</b>  G4-PR8 We did not have any incidents to report.	



Research &  
Development





**HORMEL FOODS**  
**2015 CORPORATE**  
**RESPONSIBILITY REPORT**  
*Our Food Journey*



**HORMEL  
FOODS  
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RESPONSIBILITY**

For more information about Hormel Foods,  
visit [hormelfoods.com/csr](http://hormelfoods.com/csr).