



2010 Hormel Foods Corporate Responsibility Report

Process

For 120 years, Hormel Foods has been guided by the values of integrity and innovation. The company has flourished by promoting the best governance practices with high standards for transparency and accountability, as well as financial sustainability through the use of sound business decisions. At Hormel Foods, we make a concerted effort to marry our financial and sustainable goals to ensure we bring the best possible products to our consumers through the most ethical practices.

Explore

Environment

Hormel Foods understands and accepts the responsibility to minimize our impact on the environment and is recognized by independent sources for our efforts. In 2010, our Progressive Processing LLC (Dubuque, IA) production facility was a finalist in both the Green Manufacturing and Manufacturer of the Year categories of the Strategic Manufacturing Awards. We also invested more than \$10 million in environmental upgrades and improvements in our facilities.

The production and transportation of consumer goods impacts the environment by consuming energy and water and producing air emissions and waste. Our products travel to stores and restaurants in more than 40 countries by rail, truck and ship. Once purchased, the product packaging used to protect our product is disposed of or recycled by consumers. Through this report, we will state what we are doing to mitigate these impacts. Read our [environmental policy](#) for more information about the commitment our locations have made toward environmental sustainability objectives.

We continue to report environmental data that is normalized by thousand pounds of finished goods shipped from each location. Accounting for variations in size and production at different facilities, this allows us to more accurately show our relative performance in a year-over-year comparison.

Topics in this section include:

- [Environmental Management System](#)
- [Knowledge Sharing and Training](#)
- [Hazardous Waste](#)
- [Compliance](#)
- [Internal Recognition](#)



Environmental Management System

To track and monitor our progress toward meeting environmental requirements, we use a web-based Environmental Management System throughout the company. This system includes compliance calendars, policy and procedure information and environmental training materials.

Knowledge Sharing and Training

To achieve our environmental goals we continually improve our practices, which includes enhanced information sharing. Monthly conference calls with plant engineering and environmental staff are used to facilitate communication on environmental compliance and sustainability issues. In addition, we hold a biannual company-wide environmental conference to discuss environmental improvement projects and to encourage knowledge sharing among Hormel Foods plant engineers from around the country. Our most recent company-wide environmental conference was in fall 2010. Additionally, we require regular environmental training covering storm water, wastewater and air emission programs, as well as the proper handling and transportation of waste materials.

Hazardous Waste

Certain operations generate low volumes of regulated hazardous waste. Most of our locations are well within the federal definition of a Conditionally Exempt Small Quantity Generator. Our facilities adhere to strict operational standards that have been designed to assure compliance with all applicable hazardous waste rules. Our operations also generate small quantities of other regulated substances, such as used oil, batteries and lamps. As with the generation of hazardous waste, strict standards are applied to assure compliance with regulatory standards.

Compliance

Our expectation is to comply with local ordinances and state and federal laws at all times. During fiscal year 2010, we received no Notice of Violation (NOV) at the state or federal level. When issues arise, we work cooperatively with regulators to ensure resolution of all environmental matters.

Internal Recognition

Teams are continuously working with our suppliers and managers throughout the company to raise awareness about sustainability efforts. We have set aggressive environmental goals that require employees to think of new ways to help us conserve our resources. To recognize new thinking and environmentally friendly projects, we established the Environmental Sustainability Best of the Best annual competition in 2008.

The program is designed to reward and recognize teams that have identified areas for improvement and implemented changes to make a measurable difference that will reduce the company's environmental impact and help Hormel Foods achieve its environmental goals. In 2010, the competition included 39 entries. [Read more](#) about the winning projects.



Efforts to Reduce and Monitor Air Emissions

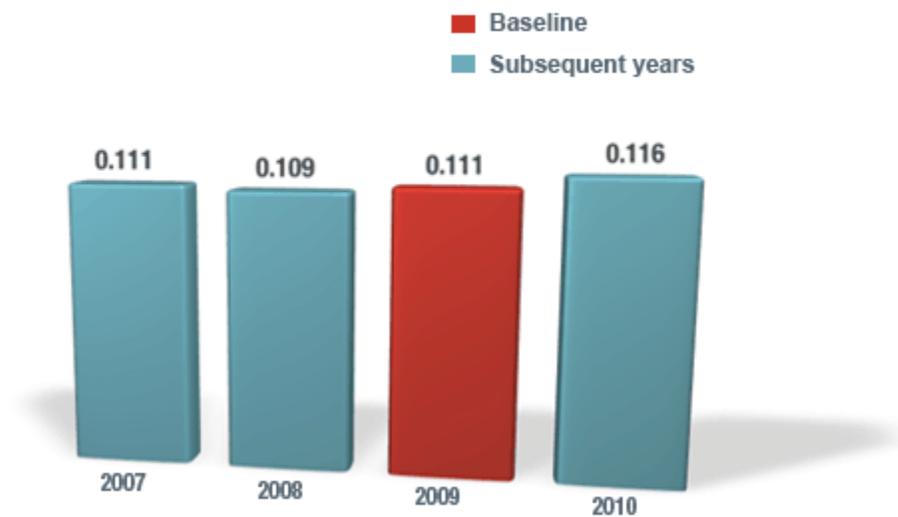
In calendar year 2010, our indirect greenhouse gas (GHG) emissions per thousand metric tons of CO₂ per thousand pounds of production increased 6 percent from calendar year 2009. In the same time period, our direct GHG emissions decreased by 4 percent. Overall, we increased GHG emissions 0.5 percent. This accounts for 42 U.S. manufacturing plant locations.

Total Indirect Greenhouse Gas Emissions

Click [here](#) to show related graph.

Total Indirect Greenhouse Gases

Metric tons CO₂-E¹ per thousand pounds of production



¹Carbon dioxide equivalent

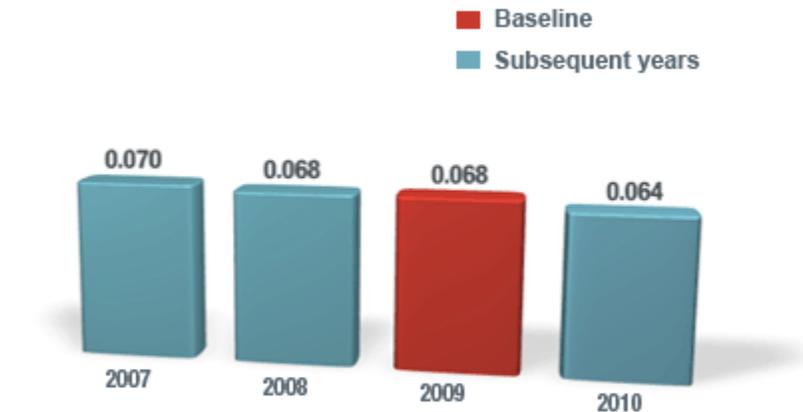
Total Direct Greenhouse Gas Emissions



Click [here](#) to show related graph.

Total Direct Greenhouse Gases

Metric tons CO₂-E¹ per thousand pounds of production



¹Carbon dioxide equivalent

Our operations track and record criteria air pollutant emissions, including NO_x (Nitrogen oxides), SO₂ (Sulfur dioxide), CO (Carbon monoxide) and PM (particulate matter). These emissions are reported as required by local, state and federal requirements.

Air Emissions Reduction Projects

Projects have been implemented around the company to reduce our impact on the environment, including reducing energy and water use. In doing so, these project have also reduced air emissions in the form of CO₂.

- Condensing economizers reduced 36,000 MMBTUs per year at the Austin (MN) Plant. This technology recovers heat currently going “up the stack” from five boilers and then allows us to use the heat recovered to preheat the makeup water to the steam boilers in our facility.
- Reduced 1,500 metric tons of CO₂ equivalent and improved reliability of the main engine room at our Farmer John (Vernon, CA) facility by replacing an ammonia condenser and connecting two other condensers to a common sump. This also decreased energy use by 3.5 percent, approximately 74 million kilowatt hours (kWh).
- Implemented U.S. Department of Energy energy assessment findings at the Rochelle (IL) Foods facility and conducted air compressors and steam assessments, communication and education. Annual savings were 3,640 metric tons CO₂ equivalent.

Logistics/Transportation

Hormel Foods sells products around the world and relies on transportation via truck, train and ship to deliver our products to customers. To minimize our impact on air quality, we transport



our products as efficiently as possible by structuring pallet loads, reviewing product mixes and improving route planning to increase overall load factors. Load factors have increased to between 38,000 and 40,000 pounds per load.

We continue to use intermodal shipments, which combines the best attributes of both truck and rail shipping, and for long distances, can cut fuel use and greenhouse gas emissions by 65 percent compared to truck-only moves. In fiscal year 2010, we had 9,500 intermodal shipments. These shipments accounted for 12.5 million miles and saved more than 1.3 million gallons of diesel fuel versus shipping by truck.

Energy

Our goal is to reduce energy consumption at our U.S. manufacturing facilities by 10 percent of MMBTUs per thousand pounds of production by the end of fiscal year 2011 using fiscal year 2006 as a benchmark. At the end of 2010, we recorded an overall 1 percent increase in energy consumption compared to the fiscal year 2006 benchmark. In fiscal year 2010, direct energy consumption decreased 6 percent compared to 2006 levels when normalized for production. Indirect energy consumption increased 9 percent compared to 2006 levels when normalized for production in part due to higher cooling demands. Although indirect energy consumption increased 9 percent, our overall energy use was minimized by implementing energy savings projects in our facilities.

We continue to emphasize energy conservation throughout the organization, and we implemented several significant capital projects designed to reduce energy use in fiscal year 2010. This aspirational goal, along with all of our goals, will be completed at the end of fiscal year 2011. Therefore, we will establish new goals to begin fiscal year 2012 and will report those in the 2012 report.

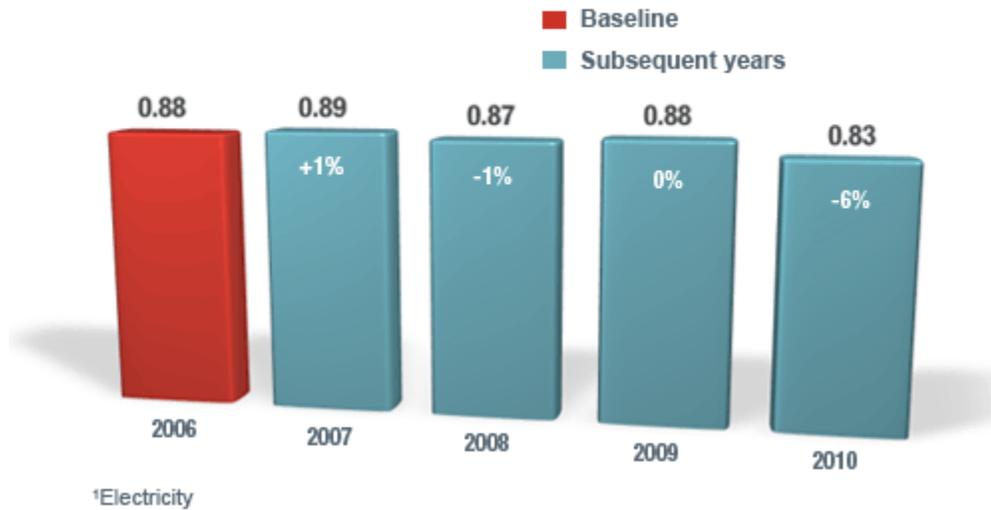
At our U.S. manufacturing facilities, our direct energy consumption, which is the amount of natural gas, fuel oil and propane used, decreased from 4.06 million MMBTUs in 2009 to 4.00 million MMBTUs in 2010. Our indirect energy consumption, which is the amount of electricity we use, increased from 684 million kilowatt hours (kWh) in 2009 to 757 million kilowatt hours (kWh) in 2010. Combined energy use as measured in MMBTUs increased 1 percent in 2010 compared to fiscal year 2006 benchmark.



[Click here](#) to show related graph.

Total Direct Energy¹

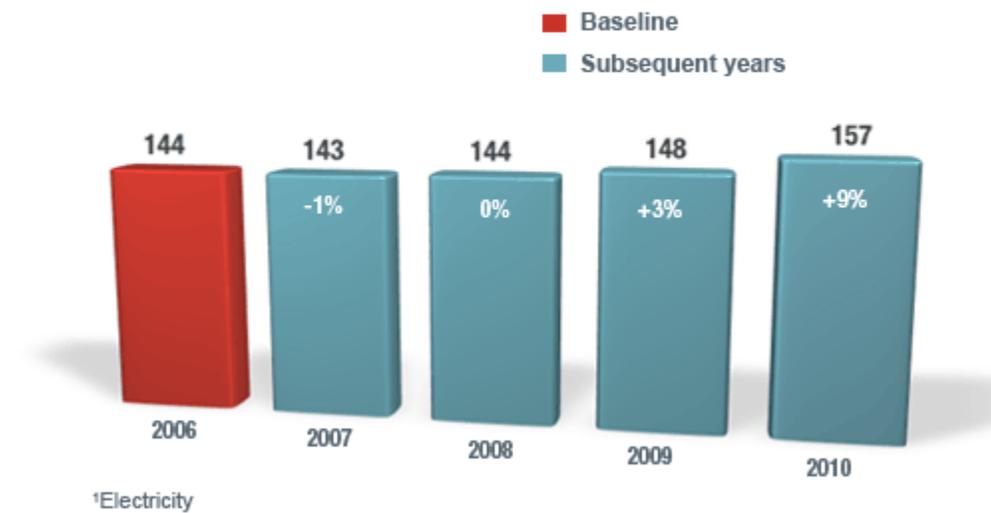
MMBTUs per thousand pounds of production



[Click here](#) to show related graph.

Total Indirect Energy¹

Kilowatt hours (kWh) per thousand pounds of production



Energy Initiatives

Recent projects to reduce energy consumption have included:



- **Heat reclaim in Knoxville, IA:** A closed-loop cooling system was designed at our Knoxville, IA, plant that saved water and was specifically designed to maximize heat reclaim for reuse.
 - **Alternative Energy:** Our engineering team monitors advancements in alternative energy technology, including solar, wind and bio-fuels, and looks for opportunities where this technology can be applied at our operations. For example, we have installed wind turbines at three of our Jennie-O Turkey Store farms and are monitoring their performance to see if additional installations are warranted.
 - In addition to our own initiatives, we receive a certain percentage of renewable energy from our utility providers. For example, we receive power from the Southern Minnesota Municipal Power Agency (SMMPA), which generates approximately 13.5 percent of its energy from renewable sources; in Stockton, CA, we receive power from PG&E, which generates approximately 14.4 percent of its energy from renewable sources; and in Atlanta, Southern Company generates approximately 2 percent of its energy from renewable sources.
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Water

While we met our goal to reduce water consumption by 10 percent by the end of fiscal year 2011 one year early, we continue to focus on water reduction projects at our facilities. In 2010, at various production plants, we incorporated new equipment designs and process modifications, including closed-loop cooling systems and technologies that recycle gray water to reduce water use at the source. Our inclusion of these initiatives allowed for a significant decrease in water consumption. Total water use during 2010 was 5.1 billion gallons – an absolute reduction of 30 million gallons from the previous year. Since 2006, total water reduction was 11 percent when normalized for production – an absolute reduction of 459 million gallons.

Water use reduction was accomplished through ongoing educational initiatives with employees at our operations and equipment improvements. Our water sources include municipal utilities and company-owned wells.

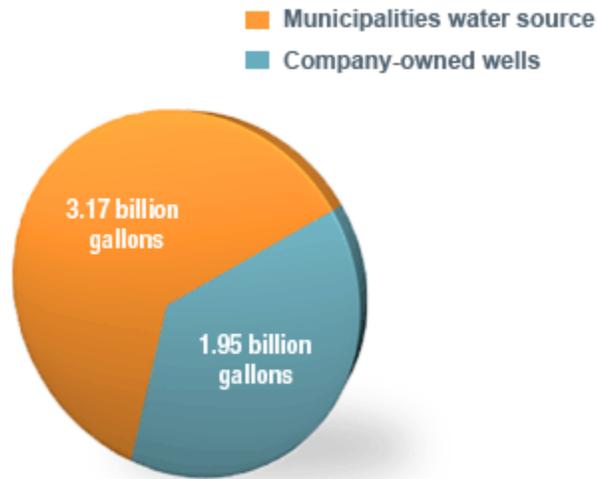
Total Withdrawal of Water by Source



[Click here](#) to show related graph.

U.S. Manufacturing Plant Withdrawal of Water by Source

Billions

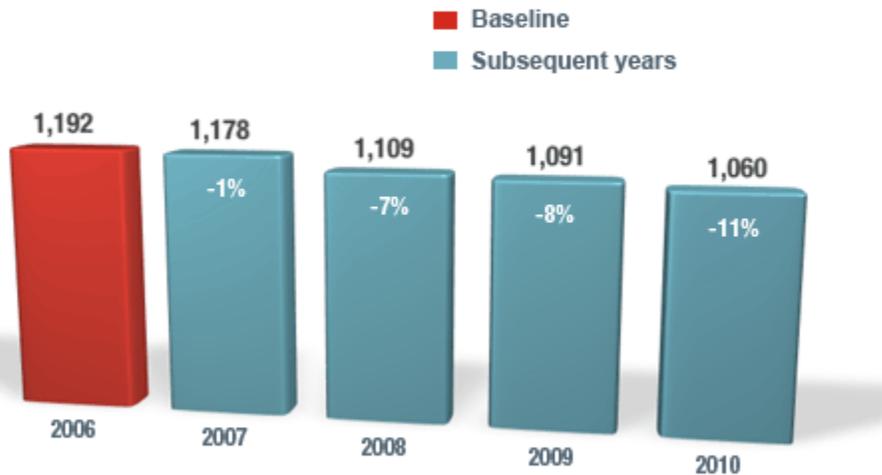


Total Water Use

[Click here](#) to show related graph.

Total Water Use

Gallons per thousand pounds of production



Water Initiatives

Recent projects to reduce water consumption have included:



- **Saving water and energy through closed-loop cooling in Knoxville, IA and Rochelle, IL:** In fall 2010, we completed closed-loop cooling systems at both our Knoxville, IA and Rochelle, IL, facilities to reduce water use and wastewater discharge. Now, instead of the water used to cool equipment, such as microwave transmitters, ammonia compressors, and packaging machines being discharged to wastewater, the system reuses the water. In Knoxville, the system also captures waste heat to reduce the amount of natural gas being used to preheat boiler feed water and generate hot water to the plant. The closed-loop cooling system at our Rochelle, IL, facility saves 157,000 gallons of water per day. The system at our Knoxville, IA, facility saves 98,000 gallons of water per day and also saves energy by reducing electricity use by reducing load on the ammonia refrigeration system.

Water Discharge

Water discharges are an important part of our operations and a primary focus of our environmental programs. Our goal goes beyond full compliance and extends to developing collaborative partnerships with the communities in which we operate. Examples of our efforts include:

- **Improving pretreatment systems** at our Jennie-O Turkey Store plants in Willmar, MN, Montevideo, MN, and Pelican Rapids, MN. For example, we invested \$1 million to upgrade the pretreatment system at our Benson Avenue location in Willmar, MN.
- **Installing advanced pretreatment equipment** in Atlanta to help ensure ongoing compliance that will minimize operational costs.
- **Entering into joint engineering studies with the cities of Lathrop, CA, and Browerville, MN.** Swiss American Sausage in Lathrop, CA, and Dan's Prize in Browerville, MN, have worked collaboratively to identify the most efficient method of treating water and to ensure long-term compliance.
- **Continuing to develop a long-term partnership with the City of Austin.** A team composed of individuals from our Austin (MN) Plant and the City of Austin meet regularly to discuss compliance, operations and mutual goals.

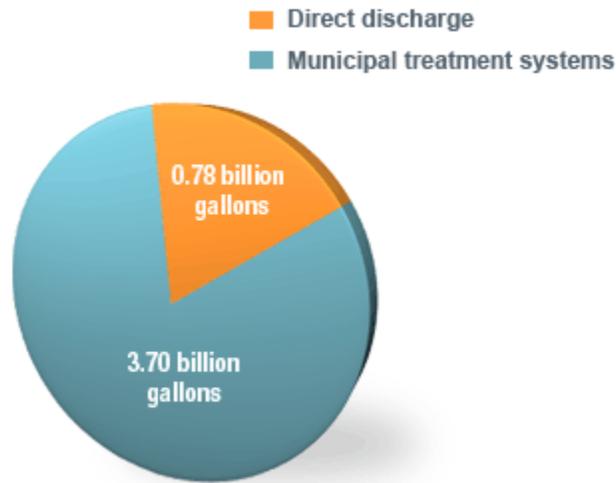
Total Water Discharge by Type and Destination



[Click here](#) to show related graph.

Total Water Discharge

Billions



Solid Waste Management

Our goal is to reduce solid waste to landfills by 10 percent when normalized for production by the end of fiscal year 2011 using fiscal year 2006 as a benchmark. Our solid waste reduction goal emphasizes the importance of eliminating waste at its source. We continue to promote our recycling efforts to maximize the amount of waste that we eliminate from landfills.

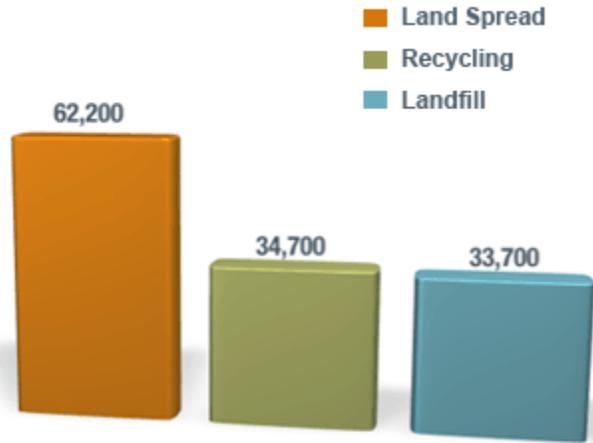
In 2010, our U.S. operations sent 4,200 fewer tons of solid waste to landfills than the previous year. Since 2006, we have reduced our total waste by 28 percent, when normalized for production levels. To date, we are diverting more than 74 percent of waste from the landfill through recycling and the land spreading of byproducts, which are used as a soil nutrient by farmers. Approximately half of our turkey litter is sent to an electric production facility in central Minnesota as biomass fuel. The remaining turkey litter is used by farmers as a replacement for chemical fertilizers.



[Click here](#) to show related graph.

Total Weight of Waste by Disposal Method

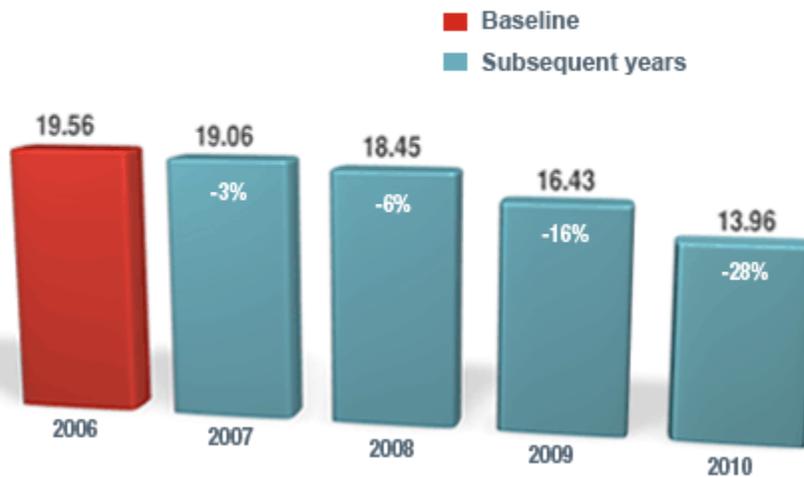
Tons



[Click here](#) to show related graph.

Total Solid Waste to Landfill

Pounds of solid waste per thousand pounds of production



¹Electricity

Our plants have taken the initiative to reduce solid waste produced from their operations. Here are two examples:

Fremont Solid Waste Reduction, Fremont, NE: In order to help meet the company goal, the plant set out to reduce the solid waste to landfill by 10 percent from fiscal year 2009. In pursuit of this goal, the team installed equipment to hydrolyze solid waste and increased awareness of recycling at the plant with a poster campaign. Finally, the plant selected a supplier to receive and



apply agricultural nutrients through land spreading application. As a result, the Fremont facility met and surpassed its aggressive goal and reduced solid waste to landfill by 17 percent in 2010.

Farmer John Composting, Vernon, CA: The team at Farmer John decreased solid waste by 800 tons by diverting various materials to composting and land spreading. Materials included woodchips and casings.

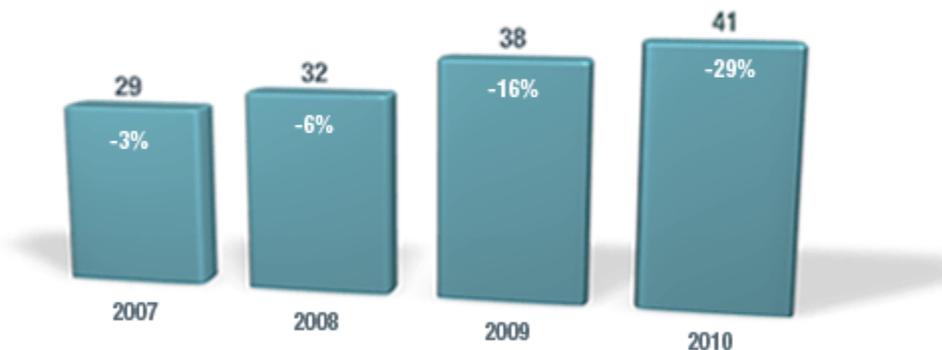
Recycling

We continue to work toward the long-term goal of maximizing our recycling effort. We look for opportunities to increase recycling of difficult materials such as meat casings, vat covers and liners and packaging film scrap.

Our recycling rate for all of our manufacturing facilities is 42 percent of our total waste. We are confident that our culture of continuous improvement will encourage our employees to develop new recycling opportunities.

Click [here](#) to show related graph.

Total Recycled Waste
Percentage recycled of total waste



Packaging Minimization Efforts

In addition to recycling, we work to reduce our packaging. We do this through collaborating across the company to come up with innovative solutions and by partnering with our packaging suppliers. Hormel Foods uses more than 4,600 unique items to package and produce our products, including corrugated paperboard, labels, films, cans, plastic bags, displays, glass containers, metal closures and plastic closures. About 80 percent of our product packaging by weight is recyclable and/or made from recycled materials.



Each member of our packaging group participates in an initiative to reduce materials in packaging. In 2010, 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 3 million pounds a year. The packaging team works with other departments and examines the entire supply chain for initiatives related to sustainability that benefit all divisions. In 2010, we initiated more than 70 total project and completed 52 projects. Combined, these projects resulted in 5.6 million pounds in savings. Examples of successful projects include:

- Strengthened the box for *Hormel® Always Tender®* marinated tenderloins, roasts and filets and lightened the amount of paperboard used to make them by creating a new design that led to increased efficiencies. The new box, with its reinforced corners and lighter lid, increases the line speed and will save a total of about 334,000 pounds of paperboard annually.
- Reduced the thickness of the paperboard sleeve for *Hormel®* refrigerated entrees and *Lloyd's Woodfire Barbeque™* products from 18 points to 16 points and changed the method for shipping to the production facility, saving more than more than 157,000 pounds of paper each year.

Because of 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.

Collaboration with suppliers

The packaging group works with suppliers to be environmentally focused and requires suppliers to meet with Hormel Foods at least once a year to discuss solutions to reduce packaging. Internally, we want each supplier to provide our teams environmentally friendly options. They are engaged in helping us achieve our goals of reducing packaging.

Responsible Animal Treatment

Producing the highest-quality, brand-name foods and meat products for consumers throughout the world starts with industry-leading animal care practices. For 120 years, Hormel Foods has focused on treating animals humanely simply because it is the right thing to do.

We base our animal husbandry practices on the best scientific data available, new technologies and hands-on experience. The combination of these factors allows us to have a consistent, successful and measurable animal care program. Throughout this section of the report, we outline our commitment and policies related to animal care for hogs and turkeys.

Topics in this section include:

- [Raising Our Animals](#)



- [Antibiotics](#)
- [Research/Innovation and Investment](#)
- [Industry Representation](#)
- [Industry Collaboration](#)

Raising our Animals: Husbandry

Our commitment to ensuring all animals are raised in a healthy environment and treated properly starts with training, reinforcement and knowledge of each person's skills, while he or she interacts with each hog and turkey. We expect training and proper animal management to be the foundation of each production facility's culture and reinforced daily in the behavior exhibited by all employees. Our animals come from both company-owned farms and independent family farms. We hold our company management staff and the independent producers who supply animals to Hormel Foods to the highest standards. We also encourage employees at company farms and at independent family farms to hold each other accountable for proper animal care techniques.

To protect our animals from extreme weather conditions, predators and disease, the hogs and turkeys are raised in barns with climate-controlled environments. Within these facilities, 100 percent of the market hogs for Hormel Foods are housed in group pens and 100 percent of the turkeys raised by Jennie-O Turkey Store are housed in open barns.

Medications

Through each phase of production, we expect employees at our farms and producers that supply hogs and turkeys to Hormel Foods to practice the judicious use of medications. Our producers and veterinarians use medications responsibly because nothing is more important than public health, including a safe food supply and animal well-being.

Licensed veterinarians prescribe approved medications and dosage levels to properly treat, control and prevent illness in animals. These items are all regulated by the Food and Drug Administration, which evaluates the medication's possible affects on human health and the environment and impact on resistance. Furthermore, the agency has the authority to ban animal drugs it feels are a risk to human health.

We also follow industry programs outlining guidelines for using medications such as antibiotics responsibly. These programs include the National Pork Board's "Take Care – Use Antibiotics Responsibly" and the American Veterinarian Medical Association's "Principles of Judicious Therapeutic Use of Antimicrobials." These written procedures are one of the many safeguards in place to ensure antibiotics are used to keep animals healthy without harming public health.

In addition to endorsing the "Take Care – Use Antibiotics Responsibly" program from the National Pork Board, Hormel Foods requires all producers to sign the company's "Quality Management System" document, which requires that all hog producers who supply hogs to Hormel Foods and employees of these producers who work with hogs to be certified in Pork Quality Assurance (PQA) Plus. This program focuses on 10 good production practices (GPP),



which includes a chapter about proper antibiotic use. An additional six GPPs cover topics about medication.

At company-owned hog and turkey operations, we have seven licensed veterinarians who are responsible for overseeing the direction and management of all livestock health assurance programs. At our hog operations, the veterinarians are responsible for ensuring the guidelines outlined by “Take Care. Use Antibiotics Responsibly” are followed and all employees who work with animals are PQA Plus certified.

In addition to the work we have done with our producers, we have increased monitoring for antibiotic residues at our production facilities as well. Along with the random statistical sampling testing performed by the U. S. Department of Agriculture (USDA), we have initiated our own testing program using the Charm KIS rapid test. This is the same test the USDA has provided for their inspection personnel to use. Since 2008, we have conducted random residue testing on more than 4,900 hogs. These test results confirm our producers are using antibiotics responsibly and are following the GPPs identified in the PQA Plus program. With these steps, we are able to assure our customers the pork products produced from these animals meet the highest standards for food safety and quality.

Animal Care Research/Innovation and Investment

At Hormel Foods, we continually evaluate, invest and develop new ways to improve our hog and turkey handling processes.

We operate a state-of-the-art hog holding facility at our plant in Austin, MN. This structure was developed with animal care and working conditions for employees as the top priority. Additionally, we have received a patent for our process related to improving turkey handling at Jennie-O Turkey Store.

At our processing plants, we invest in employee training to ensure workers are educated about the proper way to handle and move animals throughout our facilities. All personnel involved in receiving hogs and turkeys at our processing facilities are routinely trained to guarantee proper and humane handling of all animals. We also require that these employees review and agree to follow a personal pledge of conduct on an annual or quarterly basis. This document outlines principles for animal care and handling.

In addition to training, we conduct routine audits at our facilities and hire third-party auditors. We use information from each audit to continuously improve our animal handling procedures.

Documentation is an essential element of our training and auditing procedures. Within our records, we keep a copy of each audit report and a file for each employee that outlines his or her training and recertification qualifications.

Industry Representation



Industry representation in national and local organizations helps Hormel Foods share ideas and best practices within the food industry regarding animal care and handling and humane processing. We are proud to have a representative serving as a member, as an officer or on the board of directors of various industry organizations, which include:

- Alliance for the Future of Agriculture in Nebraska
- American Veterinary Medical Association
- Midwest Food Processors Board of Directors
- Midwest Poultry Research Committee
- Minnesota Turkey Federation Board of Directors
- National Feed and Grain Association
- National Turkey Federation's Board of Directors
- National Turkey Federation's Executive Committee
- National Turkey Federation's Health and Welfare Committee
- National Turkey Federation's Issues Management Committee
- National Turkey Federation's Live Production Committee
- National Turkey Federation's Technical and Regulatory Affairs Committee
- Northwest Feed Manufacturers Association
- Professional Animal Auditor Certification Organization
- State of Wisconsin Livestock Facility Siting Review Board
- Texas Tech International Center for Food Industry Excellence Board of Directors
- United States Animal Health Association
- University of Wisconsin Meal Science Advisory Board
- University of Wisconsin Poultry Science Advisory Committee
- Wisconsin Agriculture Coalition

Industry Collaboration

Treating animals humanely is simply the right thing to do. This philosophy carries through in our openness to share our company's best practices and state-of-the-art facility designs with other companies and individuals involved in the industry. We accomplish this through hosting representatives for first-hand tours of facilities, industry presentations and industry collaboration. Within the hog and turkey industries, Hormel Foods is seen as a leader for developing and implementing animal care and handling procedures.

For example, we support and participate in the Professional Animal Auditors Certification Organization (PAACO) by inviting trainers and trainees to visit and see first-hand our hog facilities and turkey facilities as part of the real-world training component of the program. Eleven members of the Jennie-O Turkey Store team and Hormel Foods teams are PAACO-certified auditors. One of our Hormel Foods employees is also a certified instructor for the program. To support continuing research within the turkey industry, Jennie-O Turkey Store provides support to the Minnesota Turkey Growers Association, the Minnesota Turkey Research and Promotion Council and the National Turkey Federation.

Read more about our commitment to animal care:



- [Hogs](#)
- [Turkeys](#)

Overview of Hog Operations



Hormel Foods secures hogs from more than 775 independent family farmers across the Midwest and three company-owned operations in Arizona, Colorado and Wyoming.

In 2010, we continued implementing quality management systems (QMS) at all company-owned hog productions sites.

From birth, all designated market hogs are housed in a group pen setting. The breeding sows at our company-owned farms are currently housed in stalls. We continue to monitor science-based research and industry best practices, which continue to support both stalls and group pens for sows. We are moving toward group sow housing at our operations in Arizona before 2013 and Colorado before 2018. We have started to implement group sow housing in the state of Arizona this year, which will give us a first-hand opportunity to see for ourselves if there is any difference between gestation stalls or group sow housing. If there is a noticeable difference, we have publicly stated we will look to implement group sow housing at our other company-owned farm operations.

Pork Procurement and Processing

Each year, three pork processing operations process about 9.4 million hogs to provide the company with raw materials. These locations include Farmer John (Vernon, CA), the Hormel Foods Fremont (NE) Plant and Quality Pork Processors Inc. in Austin, MN, which is a third-party contractor. The raw materials are then distributed to locations across the United States and used to produce meat and food products.

Plants are located across the United States in areas such as Stockton, CA; Atlanta, GA; Algona, Knoxville and Osceola, IA; Aurora and Rochelle, IL; Wichita, KS; Austin, Browerville and Long Prairie, MN; Fremont, NE; and Beloit, WI.

For the Hormel Foods Austin (MN) and Fremont (NE) Plants, we purchase hogs from independent producers from across the Midwest. These hogs are purchased using the lean pork value table, and we pay a premium for properly sorted, consistent, lean hogs that meet the stringent requirements at Hormel Foods. These requirements ensure hogs purchased by Hormel



Foods are healthy, top quality animals and, therefore, have been properly managed and treated well.

To ensure the requirements at Hormel Foods for animal care are upheld, the majority of our hogs are purchased via contractual agreements. In the contract, each hog producer agrees to comply with local, state and federal laws and qualifications outlined in the Hormel Foods Quality Assurance Program, which includes an animal care component. In addition to producers who supply hogs to Hormel Foods, we also require all employees who work with hogs at our three company-owned hog operations to follow these guidelines. Our animal care practices include:

- All producers who supply hogs to Hormel Foods, and the employees of these producers, must be certified in the National Pork Board's PQA Plus program. To achieve certification, producers must attend an educational and training session taught by a PQA Plus advisor – a veterinarian, extension personnel or an adult agricultural educator. The class content focuses on food safety, animal well-being, herd health and medication decision-making, administration and records management.
- All sites where a producer raises hogs supplied to Hormel Foods must achieve Site Status as defined by the PQA Plus program. This on-farm assessment evaluates care and well-being principles. Once PQA Plus Site Status is achieved, this site becomes eligible for a random third-party audit. This statistically valid sample of audits validates the PQA Plus program.
- All producers, employees of producers and individuals who transport hogs to the company must have Transport Quality Assurance (TQA) certification. This program was originally developed by Hormel Foods before being adopted as the industry standard. The training materials cover the responsible way to treat and handle animals during loading, transportation and delivery. Handlers are taught to recognize a hog's flight zones and points of balance to aid in hog movement. Achieving TQA certification requires attending an educational and training session and scoring a 90 percent or better on a written exam.
- All employees on our company-owned hog operations are required to comply with qualifications outlined in our quality management system, which includes standard operating procedures, signing a Personal Pledge of Proper Conduct and certifications in Pork Quality Assurance Plus and Transport Quality Assurance.
- Routine audits are conducted at our facilities, and we hire third-party auditors to gather information to continuously improve our animal care procedures.
- Employees have a confidential hotline to anonymously report any animal care procedure that does not meet our standards.

For hog producers who exemplify the commitment to quality at Hormel Foods, we recognize them through our annual Spirit of Excellence Awards. These awards reward suppliers that consistently meet the company's stringent requirements. The award was received by nine independent hog producers in fiscal year 2010.



Overview of Turkey Operations



We establish clear, simple guidelines and closely monitor adherence to those guidelines to ensure standards are being upheld every step of the way when raising, transporting and processing turkeys at Jennie-O Turkey Store.

Jennie-O Turkey Store, a wholly owned subsidiary of Hormel Foods, is one of the world's leading processors and marketers of turkey products. This vertically integrated enterprise consists of 11 breeder farms, three hatcheries, more than 100 commercial growing farms, eight feed mills and seven processing plants across Minnesota and Wisconsin.

To feed 34 million turkeys, last year our feed mills purchased more than 30 million bushels of corn from local growers and more than 251,000 tons of soybean meal from local processors to make more than 1.55 million tons of feed. We know that our presence has a significant impact on the local agricultural economy and are honored to support these local communities.

Topics in this section include:

- [Turkey Handling](#)
- [Turkey Training and Audits](#)
- [Harvesting of Turkeys](#)

Turkey Handling

Jennie-O Turkey Store has established clear, simple handling guidelines and closely monitors adherence to those guidelines to ensure our high standards are being upheld every step of the way. Our animal handling practices are consistent with policies set forth by the National Turkey Federation and the American Veterinary Medical Association. These documents include information about proper loading, unloading and processing techniques.

As industry leaders, our adherence to these guidelines ensures we raise, transport and process our animals in a humane manner with minimal stress. We are proud of our history of establishing handling procedures that have been adopted by national trade organizations and for being pioneers in using anesthetizing techniques for turkeys prior to processing.

Turkey Training and Audits



Before working with turkeys at our farm locations and processing facilities, new employees undergo a thorough training program to emphasize different techniques related to their respective jobs. Our training for all employees is ongoing and includes monthly, quarterly and annual audits to evaluate best practice guidelines executed by employees. These audits gauge employee compliance with handling procedures and also ensure care guidelines are being followed for factors, such as air and water quality and access to food.

The results from internal and third-party audits conducted at our hatcheries, grower farms and processing plants consistently score in the highest category. We use the results from these audits to continuously improve our processes. In fiscal year 2010, 242 internal audits were conducted in the Jennie-O Turkey Store live production area.

To actively engage each employee and maintain the highest animal care practices, we conduct daily audits to ensure compliance with all animal care practices. In fiscal year 2010, four external audits were performed by outside auditors in our processing facilities. Internally, we participated in eight formal audits and 122 audits, conducted by company management, at our processing facilities on an unannounced, random basis.

We require a two-step process to certify all independent and contract suppliers of turkeys to Jennie-O Turkey Store in the area of animal care. "Conditional certification" is obtained after the independent/contract producer completes company-provided training in animal handling. "Final certification" is obtained after personnel in the turkey procurement area complete an on-site inspection and audit of the independent/contract producer's operation. Recertification is required every three years.

Harvesting of Turkeys

The humane harvesting of animals is an ongoing topic of discussion within the meat industry. At Jennie-O Turkey Store, we use Controlled Atmosphere Stunning and electrical stunning methods, which scientific research continues to show are both accepted methods of humanely anesthetizing turkeys prior to processing. Our focus is to ensure our processing methods remain best-in-class. At this time, scientific data has not showed a significant difference between the methods previously mentioned, but we are committed to best practices for our animals based on scientific findings.

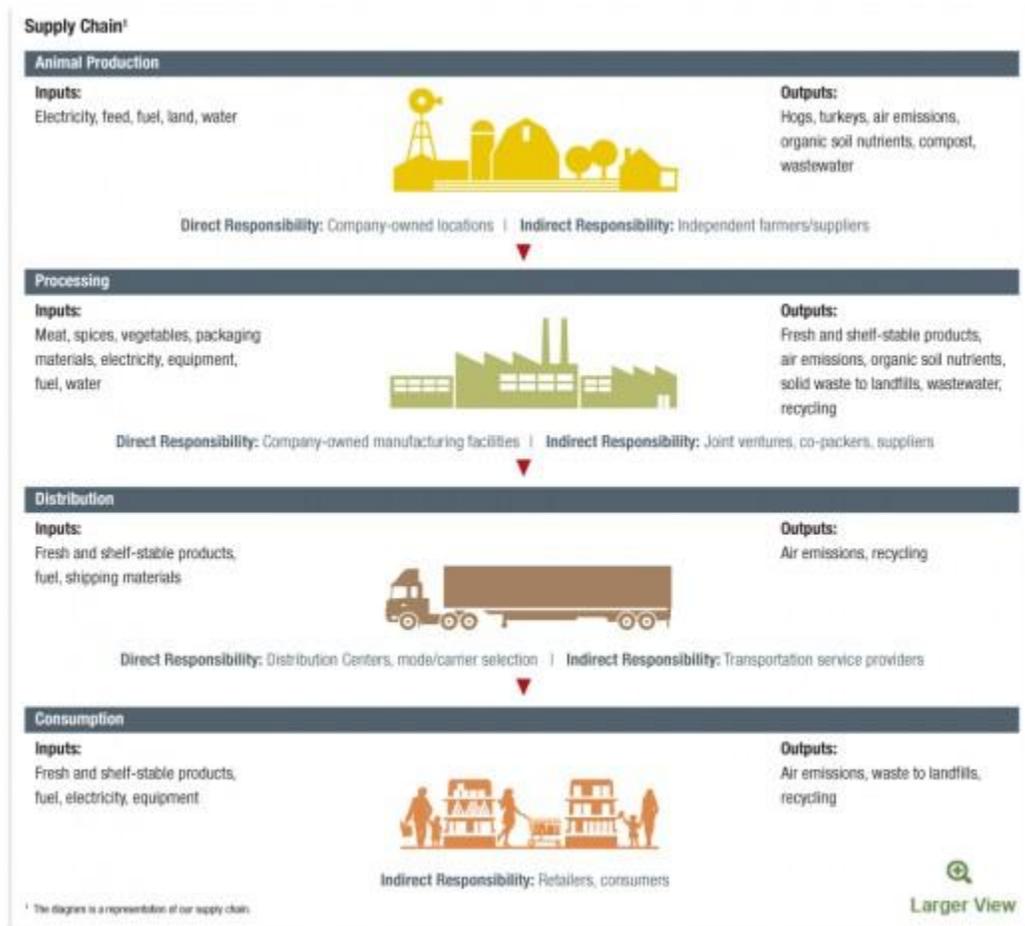
Supply Chain

Hormel Foods has a complex supply chain with suppliers for hogs, turkey, ingredients, packaging materials, transportation and more. As part of our ongoing assessment of how the supply chain fits within our overall corporate responsibility and sustainability initiatives, in 2010, we developed Supplier Responsibility Principles that outline specific areas of responsibility with which we expect our suppliers to comply. We plan on launching these principles with suppliers in fiscal year 2011.



During production, many factors are involved. This diagram illustrates the components necessary to produce a product and the resulting outputs. Our main focus for measuring our impact on the environment is our production because we have direct responsibility for these operations.

Agricultural commodities and distribution/consumption fall primarily outside of our direct responsibility, since the majority of these items are purchased from independent farmers. We acknowledge we do have influence and are always looking for ways to ensure our values and principles are upheld throughout our supply chain.



Evaluation of Suppliers

Hormel Foods is a champion of continuous improvement and we extend this continuous improvement challenge to our suppliers through our Supplier Quality Management (SQM) program. Through our SQM program, we measure suppliers based on quality, delivery, service, technology and price. Our ingredient suppliers are subjected to additional measurements to further ensure the quality and food safety of our supply chain.

To ensure compliance from our suppliers to our SQM standards, we utilize a combination of third-party audits, internal audits and self audits.



Suppliers who exceed our established standards for audits, degree of compliance and other criteria, are eligible for our annual Hormel Foods Spirit of Excellence Awards. In 2010, [58 suppliers](#) received this recognition for their 2009 performance. More recently, we also awarded [65 suppliers](#) for their performance in 2010.

Supplier Diversity

Our policy states that Hormel Foods is committed to providing a respectful and inclusive environment where our employees, customers, consumers and suppliers grow and succeed. Our supplier diversity program provides businesses an opportunity to provide quality product options that meet the company's growing business needs.

We are committed to providing opportunities to diverse suppliers, such as women-owned and minority-owned businesses, which provide the highest quality materials and services to our internal and external customers on a timely basis at the best economic value. Suppliers can submit their business for consideration at <https://suppliers.hormelfoods.com>.

In fiscal year 2010, we purchased 17 percent of our resources from small businesses. Of these small businesses, 1 percent was women-owned or minority-owned businesses. This information includes the independent family-owned hog farmers.
