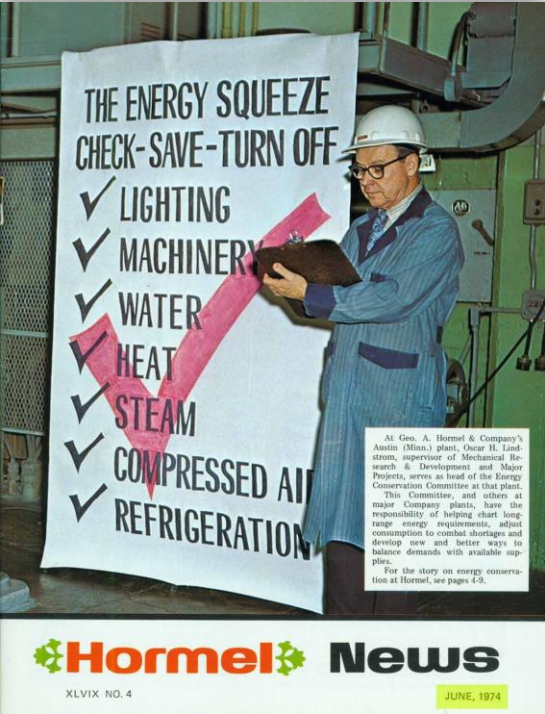




Hormel Foods Sustainability Reporting



Evolution





Mandatory Reporting

- Air emissions
 - Air emissions inventory reporting (e.g., Minn. Rules 7019.3000-3010)
 - Criteria air pollutants
 - Greenhouse gases
 - Mandatory Greenhouse Gas Reporting Rule, 40 C.F.R. § 98
 - Subpart C (stationary fuel combustion) & JJ (manure management)

- Disclosure of Environmental Risk, 17 C.F.R. § 211, 231, 241
 - Impact of legislation and regulation
 - International accords
 - Indirect consequences of regulation or business trends
 - Physical impacts of climate change





Mandatory Reporting

- Water use
 - Appropriation permits (e.g., Minn. Stat. § 103G.265)
 - Required for withdrawal of:
 - Greater than 10,000 gpd
 - One million+ gpy
- Spills & releases (CERCLA § 103 and EPCRA § 304)
 - Location, material, volume and impacts
 - Federal, 40 C.F.R. § § 302 and 355
 - Additional state requirements





Mandatory Reporting

- Hazardous materials
 - Licenses and biennial reports
 - SARA 312 and 313
- Total water discharges
 - Wastewater (e.g., Minn. Rules 7049)
- Compliance
 - ECHO (EPA)
 - Newspaper
 - Social media

The screenshot shows the Metropolitan Council website navigation bar with the following menu items: COMMUNITIES, PARKS, TRANSPORTATION, and WASTEWATER & WATER. The 'WASTEWATER & WATER' section is active, displaying a sidebar with 'SERVICES' including Industrial Waste, Industrial Waste Permit Enforcement, Industrial Waste Rates & Fees, Industrial Waste Spill Reporting Procedures, and Industrial Waste Discharge Permits. The main content area is titled 'INDUSTRIAL WASTE PERMIT ENFORCEMENT' and contains the following text:

Metropolitan Council Environmental Services has been granted the authority to enforce its "Waste Discharge Rules" and the EPA pretreatment regulations in the Twin Cities seven county metropolitan service area. Contained below are a few subject areas of possible interest. For additional information please contact Mark Pierson at 651.602.4707.

- Legal Authority
- Annual Summary of Enforcement Activities
- Notice of Violation Information
- Significant Noncompliance



History of Hormel Foods CR Reporting

- 2012 Hormel Foods Corporate Responsibility Report
 - 7th overall report
 - 6th full report
- Report annually – GRI framework
- Available online www.hormelfoods.com
 - Topics include: economic, environmental, social and governance





Our Way



People



Products



Process



Performance



Principles





GRI G4 Transition

- Plan to use **G4 framework** for 2014 report (which will be launched May 2015)
- Begin with **core** and additional indicators and will move toward **comprehensive**
- **Assurance**





Sustainability Indexes, Surveys and Awards

- CR report provides stakeholders consistent information, which is pulled for indexes (i.e., Sustainalytics, Bloomberg ESG, etc.)
- Also used to complete sustainability surveys for customers as they continue to examine their supply chains
- Recognition



Recognition

- **100 Best Corporate Citizens List** by Corporate Responsibility Magazine
- CEO named a **Responsible CEO of the Year** by Corporate Responsibility Magazine
- **Newsweek Green Rankings**
- **Maplecroft Climate Innovation Indexes Benchmark**
- Progressive Processing named **2012 Green Plant of the Year** by Food Processing magazine





Environmental/Green Claims

- Suggesting or creating the impression that a product/service is environmentally friendly or less damaging to the environment than competition
 - Due to composition, way it is manufactured/produced, the way it can be disposed of, and the reduction in energy or pollution
 - Not true or can't be verified = "greenwashing"





Sustainable Claims

- Federal Securities Law
- FTC issued Environmental Guides (“Green Guides”)
 - Indicate how the FTC will apply Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices, to environmental marketing claims
 - For environmental claims the guides do not address, FTC law requires **substantiation** (tests, analyses, research, studies, etc.)





Lanham Act

- Under Section 43(a) some companies have confronted competitors directly
- Seek injunctive or declaratory relief for misleading green ads to maintain parity in the marketplace



Complaint Examples

- Humane Society of the U.S. v. Smithfield Foods
- Paduano v. Am. Honda Motor Co., Inc.
- Koh v. S.C. Johnson & Son, Inc.
- Hilex Poly Co. v. ChicoEco, Inc.

November 2, 2011

Complaint Filed with SEC Alleging Smithfield Foods Makes False Animal Welfare and Environmental Claims

Today, just 24 hours after Smithfield Foods – the world's largest pork producer – launched its

mission has
ing that the
ers about its

Deceptive Ad Claim For Hybrid Can Proceed

BY LAUREN WILLIAMSON
April 1, 2009 • Reprints



A brochure for the Honda Civic Hybrid that Gaetano Paduano bought in June 2004 promised amazing fuel efficiency: an Environmental Protection Agency (EPA) estimate of up to 51 miles per gallon for the model with a manual transmission. "Just drive the Hybrid like you would a conventional car and save on fuel bills," the brochure read. That's what Paduano did--and for a year found himself back at the gas pump twice as often as he anticipated.

Paduano asked a dealership service employee what he could do to bring his fuel efficiency closer to the EPA estimates. The employee told him that compared to cars with conventional engines, hybrid efficiency is much more dependant on factors such as whether the windows are open or the air conditioner is on. The employee also said Paduano would have to significantly alter his driving habits--to the point that he would "create a driving hazard"--to near the EPA estimate. Feeling misled, Paduano tried to return the car, but Honda refused to buy it back.

Questions?