

# HORMEL FOODS CORPORATION

## INSIDER TRADING POLICY

### INTRODUCTION

The strength of our nation's stock market system, as well as Hormel Foods Corporation's stakehold in that system, lies in investor confidence that the securities of public companies, including our own, are traded fairly upon information that is transparent and equally available to all investors. Hormel Foods Corporation, including all of its subsidiaries worldwide ("Hormel Foods"), has long prided itself on the integrity of its employees, officers and directors. To that end, this policy has been adopted to provide guidance to employees, officers and directors of Hormel Foods regarding transactions in Hormel Foods securities and to insure that material nonpublic information is not misused.

"Securities" include common stock, options to purchase common stock, debt securities, preferred stock and derivative securities such as put and call options, forward contracts, futures contracts, and equity swaps.

"Transactions in Hormel Foods securities" include purchases, sales, pledges, hedges, loans and gifts of Hormel Foods securities, as well as other direct or indirect transfers of Hormel Foods securities.

### POLICY

Employees, officers and directors of Hormel Foods, including members of their immediate families and households (sometimes referred to in this policy as "insiders"), shall not engage in any transaction in Hormel Foods securities while aware of material nonpublic information concerning Hormel Foods. In addition, you are prohibited from "tipping" -- disclosing material nonpublic information to others who may use that information to trade in Hormel Foods securities or pass along the information to others who might trade in Hormel Foods securities.

This policy applies to material nonpublic information relating to other companies, including Hormel Foods' customers, vendors, suppliers, competitors and potential merger or acquisition targets, when that information is obtained in the course of employment with Hormel Foods.

### MATERIAL INFORMATION

Trading in the securities of Hormel Foods while you are aware of nonpublic information does not violate the securities laws or this policy unless the information is "material." For this purpose material information is defined as any information, either positive or negative, for which there is a substantial likelihood that a reasonable investor would consider such information to be important in making an investment decision regarding the purchase or sale of Hormel Foods securities. It should be emphasized that materiality

will be judged with the benefit of hindsight when it is too late to undo the decision. While it is not practical to precisely predict what information will be “material,” the following are examples of information that is likely to be material:

Financial information -

- Quarterly or annual earnings
- Earnings estimates or changes in previously announced earnings estimates
- Change in the independent auditor
- Creation of, or default on, a financial obligation
- Change in dividend policy
- Financial liquidity problems

Information regarding significant transactions -

- Proposal or agreement for a merger, acquisition, divestiture, tender offer or joint venture, or the termination of such an agreement
- Purchase or sale of an asset
- Plant closures or expansions

Information regarding Company resources -

- New products or discoveries
- Product recalls
- Developments regarding customers or suppliers
- Changes in senior management or the departure or election of a director
- Labor disputes, including a strike or lockout
- Cybersecurity incidents or breaches

Regulatory and legal information -

- Amendment to Hormel Foods’ certificate of incorporation or bylaws
- Waiver of a provision of the code of ethics
- Failure to satisfy a stock exchange rule or listing standard
- Litigation, regulatory compliance matters or government investigations

## **NONPUBLIC INFORMATION**

Inside information simply means information that has not yet been generally made available to the investing public. Once material nonpublic information has been disclosed to the general public it loses its character as inside information. For this purpose, effective public disclosure requires that the information be widely available for a sufficient period of time (generally two business days must elapse) to give the markets enough time to digest the information. This requirement is satisfied if dissemination of inside information is made through a press release, national news services or disclosed

through a public filing with the U.S. Securities and Exchange Commission (“SEC”) (for example, a Form 10-Q, Form 10-K or Form 8-K).

### **PROHIBITION ON HEDGING**

Employees, officers and directors of Hormel Foods, and their designees, shall not purchase any financial instruments (including without limitation prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engage in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Hormel Foods securities granted to the employee, officer or director as compensation or held directly or indirectly by the employee, officer or director.

### **PROHIBITION ON PLEDGING**

Because a margin sale or foreclosure sale may occur at a time when an officer or director of Hormel Foods is aware of material nonpublic information or otherwise not permitted to trade in Hormel Foods securities, all officers and directors are prohibited from holding Hormel Foods securities in a margin account or pledging Hormel Foods securities as collateral for a loan.

### **PRE-CLEARANCE OF TRANSACTIONS**

All transactions in Hormel Foods securities at any time by an executive officer or director of Hormel Foods, as well as any employee designated as subject to pre-clearance procedures, must be pre-cleared with Hormel Foods’ Corporate Secretary.

### **TRADING WINDOWS**

No transactions in Hormel Foods securities may be made by an executive officer or director of Hormel Foods, or any employee designated as subject to trading windows, during a quarterly “closed window” period which starts two weeks before each fiscal quarter end and continues through the second business day after the quarterly earnings release.

No stock options granted by Hormel Foods may be exercised by an employee, officer or director of Hormel Foods during a quarterly “closed window” period which starts two weeks before each fiscal quarter end and continues through the second business day after the quarterly earnings release. The foregoing restriction shall not apply to the exercise of stock options which expire during the then current quarterly “closed window” period pursuant an exercise method approved by Hormel Foods’ Corporate Secretary.

Hormel Foods may impose special “closed window” periods during which no transactions in Hormel Foods securities may be made by any designated employees, officers or directors of Hormel Foods, even though the quarterly trading window would otherwise be open, due to developments known to Hormel Foods but not yet publicly disclosed.

The foregoing restrictions on transactions in Hormel Foods securities and stock option exercises during quarterly and special “closed window” periods shall not apply to transactions or exercises made pursuant to a Rule 10b5-1 plan (see below).

## **TRANSACTIONS PURSUANT TO RULE 10b5-1 PLANS**

You may transact in Hormel Foods securities pursuant to certain plans recognized by SEC rules, referred to as a Rule 10b5-1 plan, regardless of whether you have material nonpublic information so long as you are in an open trading window (see above) and not aware of material nonpublic information when you adopt the plan. Once your Rule 10b5-1 plan has been put in place, any modifications must occur during an open trading window and when you are not otherwise restricted from trading. Any adoption or modification of a Rule 10b5-1 plan must comply with SEC rules and must be pre-cleared with Hormel Foods' Corporate Secretary. You may not alter or deviate from the terms of the approved Rule 10b5-1 plan. Nothing in this policy prohibits you from terminating a Rule 10b5-1 plan in accordance with applicable laws.

## **PENALTIES FOR INSIDER TRADING**

The consequences of insider trading for Hormel Foods and the individual can be very detrimental. Insiders may be subject to:

- criminal prosecution, prison sentence or substantial criminal fines;
- disgorgement of any profit gained or loss avoided in a civil enforcement action by the SEC;
- a civil penalty of up to three times the amount of the profit gained or loss avoided (in addition to disgorgement);
- administrative proceedings and cease-and-desist orders by the SEC; and
- civil liability for damages to private plaintiffs who traded contemporaneously in the market.

In addition, the federal securities laws also impose potential liability on companies and other "controlling persons" (such as managerial and supervisory personnel) if they fail to take appropriate steps to prevent insider trading by company personnel. Charges of insider trading, even where defensible, are made with the benefit of hindsight and typically result in adverse publicity and embarrassment for the individual and the company involved.

## **DISCIPLINARY ACTION**

Violation of this policy shall subject an employee to appropriate disciplinary action which may include termination of employment.

## **PRACTICAL ADVICE**

- To avoid inadvertent disclosure, keep all written or electronic records that contain inside information in a secure location.
- Avoid discussions about confidential matters in areas where the conversation could be heard by people who are not authorized to have access to the information or have no valid "need to know" the information.
- Do not discuss confidential information with relatives or social acquaintances.

- Do not give your computer identification and passwords to any other person.

If you have questions as to whether information received by you about Hormel Foods or another company is material nonpublic information, refrain from trading or disclosing such information until you first determine the information has been made public or is not material. When in doubt, consult with Hormel Foods' Corporate Secretary or General Counsel before proceeding.

If stock analysts, members of the media or any outsider ask a question regarding inside information, he or she should be referred to Hormel Foods' designated spokesperson. In this regard inquiries from the media, stock exchange and others regarding rumors, unusual trading activity or other material information should be directed to one of the following: Chief Executive Officer, Chief Financial Officer, Chief Communications Officer, or Director of Investor Relations. Inquiries from financial media or stock analysts should be first referred to the Director of Investor Relations or, in his or her absence, the Chief Financial Officer. In making the referral, your response should be limited to the referral itself without commenting further on the inquiry.

The following are examples of insider trading:

- At a Hormel Foods' meeting, the CFO informs the employees in attendance that Hormel Foods will not meet its quarterly earnings projection. An employee in attendance later sells 500 shares prior to public announcement of quarterly earnings and makes a profit. The violation occurred when the employee sold the shares while aware of material nonpublic information. The violation could have been avoided if the employee waited to sell the shares on the third business day after the quarterly earnings had been released to the public.
- As an insider you mention to your father-in-law that Hormel Foods is about to purchase a large food manufacturing company. Your father-in-law purchases 1,000 shares of Hormel Foods stock before the purchase is publicly announced and later sells those shares for a substantial profit after the announcement. The violation occurred when your father-in-law purchased the shares while he was aware of material nonpublic information. The information tipped to your father-in-law would be a basis for an SEC investigation regarding his trading and the information you "tipped" to him, and could expose you to a penalty of up to three times the profit made on his transaction.
- In your job as Director of Marketing you learn that a large customer of Hormel Foods is going to declare bankruptcy, but the bankruptcy has not yet been announced to the public. You own 10,000 shares of the customer's stock which you immediately sell prior to the public announcement. After the bankruptcy, the stock price of the other company falls but you avoided the loss because you sold prior to the announcement. The violation occurred when you sold your stock of the customer's company based on inside information. You could be

fined up to three times the loss avoided. It is important to remember that the obligation not to engage in insider trading extends to any material nonpublic information you learn about any publicly traded company.

#### **ASSISTANCE**

Any insider with questions about this policy or specific transactions may obtain additional guidance from the Corporate Secretary or General Counsel of Hormel Foods. Insiders should remember, however, that the ultimate responsibility for adhering to this policy and avoiding improper transactions rests with each individual.

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