Conference Title: Hormel Foods Corporation Annual Meeting

Date: Tuesday, 31st January 2023

Jim Snee: Good evening, and welcome to the Hormel Foods 2023 Annual meeting of Stockholders. I'm Jim Snee, Chairman of the Board, President and CEO. Thank you for joining us. In attendance for this meeting are members of our Board of Directors and our leadership team. Also joining us, our representatives of Ernst & Young, our independent registered public accounting firm. The agenda and the rules of conduct we will follow are posted on the online meeting portal.

Our Corporate Secretary, Brian Johnson, has confirmed proper notice of the meeting has been given and a quorum is present at this meeting. Please note the legal disclosure shown on the meeting screen as some of the comments tonight may be forward looking. I declare the polls open for voting. The polls will remain open until all items of business have been presented. Any stockholder who has not voted by proxy and would like to vote online tonight may do so by clicking on the voting button on the online portal.

The Board of Directors has elected Paul Kuehneman, Florence Makope, and Nadia Braaten as inspectors of elections for this meeting. Our first item of business is the election of a board of 11 directors. In addition to me, the nominees for Director are as follows Prama Bhatt, Chief Digital Officer Ulta Beauty. Gary Bhojwani, Chief Executive Officer of CNO Financial Group and former Chairman of Allianz Life Insurance Company of North America. Steve Lacy, former Chairman of the Board, President and Chief Executive Officer of Meredith Corporation.

Dr. Elsa Murano, Director of the Norman Borlaug Institute for International Agriculture, Texas A&M University and former Undersecretary for Food Safety at the US Department of Agriculture. Suzanne Nestegard, former President, Global Health Care for Ecolab. Our new Lead Director, Bill Newlands, President and Chief Executive Officer of Constellation Brands. Chris Policinski, former President and Chief Executive Officer of Land O'Lakes. We thank Chris for the outstanding leadership he provided as Lead Director over the past five- and one-half years. Jose Luis Prado,

former President, Quaker Oats, North America and Global Baking for PepsiCo. Sally Smith, former President and Chief Executive Officer of Buffalo Wild Wings. And Steve White, former President Comcast West Division.

The second item of business is ratification of the audit committee's appointment of Ernst & Young as the company's independent registered public accounting firm for fiscal 2023. The third item of business is the say on pay advisory vote on executive compensation. The board believes our compensation programs have been effective and recommends a vote for adoption of the resolution to approve the compensation of the company's named executive officers.

The fourth item of business is the advisory vote on the frequency of the say on pay vote. The board recommends a vote for one year or an annual say on pay vote. The fifth item of business is consideration of the stockholder proposal, which was included in the proxy statement for this meeting. I believe we have a representative from the Shareholder Commons joining us to make a statement.

Speaker: The line is now open for the shareholder proponent.

Sarah Murphy: This is Sarah Murphy with the Shareholder Commons. Shareholders ask Hormel to comply with the World Health Organization guidelines on use of medically important antimicrobials in food producing animals throughout its supply chains. Hormel routinely uses medically important antibiotics on its own farms and allows such use in its meat supply chains. This practice is known to exacerbate antimicrobial resistance, which the W.H.O. describes as one of the top ten global public health threats facing humanity.

AMR also damages diversified portfolios. When the efficacy and availability of lifesaving drugs are compromised, the entire economy suffers. And when the economy suffers, investors lose. By 2050, AMR could cause 100 trillion in lost global production, thus lowering the economy's intrinsic

value. A healthy economy is a far greater value driver for diversified portfolios than the profits of any one company within those portfolios.

Numerous studies have shown that systematic factors explain 75 to 94% of average portfolio return. Thus, whatever marginal increase in returns Hormel might deliver to shareholders using cost cutting measures that cram animals into disease promoting conditions is dwarfed by the outsized costs diversified shareholders absorb across their portfolios from the economic damage arising from antibiotics overuse that harms a crucial pillar of modern medicine.

Hormel's top managers who are paid in equity and have concentrated ownership positions in Hormel, have a conflict of interest with the company's diversified shareholders. Similarly, Hormel's biggest owner with nearly half the company's stock, the Hormel Foundation, relies almost exclusively on the company to provide for the financial welfare of Hormel family heirs. Their interests are not aligned with those of Hormel's diversified shareholders, who, we must remember, are relying on their 401-Ks and pension funds to prevent them from running out of money before they die.

Hormel misleads you when it says this proposal would cause animals unnecessary suffering, failing to mention the fact that such tension only exists because of commercial decisions. Hormel is holding as immutable the disease promoting conditions under which animals are raised without acknowledging that if those animals were given more space, better hygiene, and improved ventilation, there wouldn't be such a trade-off between antibiotic use and welfare, as Hormel's own Applegate brand acknowledges.

Such improved conditions cost money, however, and Hormel refuses to acknowledge the commercial decisions it makes when choosing between antibiotics use reduction and animal welfare. The false dichotomy it poses is a sleight of hand executed at diversified shareholders'

expense. Moreover, academic studies have shown a link between improved animal welfare and reductions in-

Jim Snee: The board believes that the company's antibiotic stewardship efforts are industry leading, and the company follows all required state and federal guidelines, including the requirements of the USDA and FDA. While we agree that antibiotic stewardship is of critical importance today and will continue to be important in the future, we are not in agreement with the approach as outlined in the proponent's document. The board thus recommends a vote against the proposal.

At this time, I declare the polls are now closed. Based on their preliminary vote tabulation, I'm pleased to report each of the 11 director nominees has been elected by a majority vote, and items two and three have been approved by the required votes. For item four, the stockholder's choice is to have a say on pay vote every year. Item five, the stockholder proposal was defeated by a majority vote. The final vote tabulation will be included in a Form 8-K filed with the SEC in the next few days. This concludes the business portion of the agenda and I declare the formal meeting adjourned.

Before we begin the business update, I would like to report on retirements and advancements since our last meeting. I want to recognize the retirement of Terry Crews from our Board. Terry joined our Board in October 2007 and retires today after serving for over 15 years. Terry served as Chair of the Board's Audit Committee for over ten years during his tenure. We thank Terry for his many valuable contributions to our board and wish him the very best.

Now on to executive advancements and retirements. With more than 25 years of finance, accounting and audit experience with Hormel Foods, Paul Kuehneman advanced to Vice President and Controller in February. Also in February, Fred Halvin, Vice President of Corporate Development, announced his retirement after a 37-year career with the company. Fred was a key leader for all of our transformational acquisitions over the past decade and was instrumental in our

journey to become the global branded food company we are today. Nathan Annis advanced to Vice President of Corporate Development following Fred's retirement.

Gary Jamison, Vice President and Treasurer, announced his retirement from the company in June. Over his 34-year career, Gary held many roles and recently led the implementation of the company's project Orion Systems and financing for the acquisition of the Planters Snack Nuts business. With Gary's retirement, Florence Makope joined the company as Vice President and Treasurer. Prior to joining us at Hormel Foods, Florence was Director of Strategy Deployment for Oshkosh Corporation, where she led the strategic planning process for the global manufacturing company. Prior to leading strategy, she was the company's Director of International Finance.

And in October, Katie Larson was appointed Senior Vice President of Human Resources, leading the global HR function at the company. Katie brings more than 20 years of experience in human resources leadership at Hormel Foods to this role. Finally, Scott Aakre was appointed senior vice president of Brand Fuel, the company's newest center of excellence focused on consumer insights and innovation for our portfolio of more than 30 leading brands. I wish all the best to these individuals. I will now share some of the highlights from our 2022 fiscal year, and then we'll have our question-and-answer session.

Business dynamics continued to evolve rapidly in 2022. And even in this unpredictable environment, your company has continued not only to adapt and evolve, but to excel. We remain a strong, uncommon and inspired company, doing what we do best, making great food that nourishes, feeds and brings family and friends together.

Fiscal 2022 was a return to growth for our business as we delivered our third consecutive year of record sales and the second most profitable year in our company's 131-year history. Demand for our products in the marketplace remained robust, and for the first time in our company's history, our sales eclipsed $12 billion. Consumers and operators have continued to engage with our brands

due to the value, convenience, and versatility they provide, further supporting our strategy of building a balanced portfolio with both premium and value offerings.

Earnings per share for the full year increased 10% to $1.82. Strong results from the Jennie-O Turkey Store segment, growth from our food service businesses, and the contribution from the Planters business were key in driving double digit growth. We also had another year of operating cash flow exceeding $1 billion, which allows us to invest in future growth and return cash to our shareholders.

In fiscal 2022, we invested $279 million in capital expenditures, including the completion of pepperoni and bacon capacity expansion projects, also an expansion for our spam family of products to be opened in the first half of this fiscal year, and many other projects to support growth of branded products and to increase automation.

In 2022, your company returned a record $558 million in dividends to shareholders, and we announced an increase of 6% to the dividend for fiscal 2023, which will represent the 57th consecutive year of dividend increases with the annualized rate of $1.10 per share.

We celebrated another year of being a dividend aristocrat and remain one of about 30 companies with the designation of dividend king, a designation reserved for those companies that have increased their dividend for at least 50 consecutive years. Our financial strength benefits our shareholders and also our team members. Last year, Hormel Foods celebrated its 84th consecutive year of sharing profits with its team members. A program started by J. Hormel in 1938. In total, we shared approximately $20 million with our employees in 2022. Our team members are the heart and soul of this company and the reason behind our continued financial success. And the company continues to have one of the strongest balance sheets among Fortune 500 companies and our peers due to our cash position and responsible level of debt.

2022 was not without its challenges, of course. We faced many headwinds, labor issues and supply chain challenges, highly pathogenic avian influenza at our Jennie-O Turkey store business, and the lingering impact of the pandemic. But in spite of these challenges, as we've done so many times before, Hormel Foods and our inspired people delivered. And we've been rewarded by the market for our long-term decision making. Over the past ten calendar years, the total return to shareholders in both stock price and reinvested dividends has outpaced our peer group and the broader market.

In addition to achieving these strong financial results, our team made considerable progress on our six strategic priorities. First, we continued our efforts to protect and grow our core brands, brands that can be found in 86% of all households across the United States. We maintained our number one or number two leadership position in more than 40 categories. We invested in new production capacity for key product lines such as bacon and pepperoni, and we increased advertising support by $18 million. As a result, sales in our retail channel increased 7% in fiscal 2022, led by brands such as SPAM, Skippy, Hormel Natural Choice, Dinty Moore, and Mary Kitchen. Of note, the SPAM family of products achieved its eighth consecutive year of record growth. Quite a record.

Second, we made progress in strengthening our presence in snacking and entertaining. We delivered excellent growth of the Columbus and Hormel gatherings brands, and we successfully integrated the Planters business. We now have a powerhouse of brands with the vision to become the leading solutions provider in the snacking and entertainment space.

Third, we saw growth from our ethnic and food forward portfolios. Both our MegaMex Foods Joint Venture and Applegate Business achieved sales milestones this fiscal year, driving growth of the wholly, Herdez, and Applegate brands. These businesses are well positioned in the marketplace due to their strong authentic brands, on-trend innovation, and loyal consumer bases.

Fourth, we continue to expand our leadership position in food service. Sales in the food service channel grew 20% compared to last year, as operators again turn to our items to help solve for labor pressures and to diversify menu offerings. We drove excellent growth in this critically important channel highlighted by brands such as Bacon One, Austin Blues, Hormel Fire Braised and Café H. Our food service portfolio and direct selling organization remain key differentiators and growth catalysts for the company.

We've also been able to expand our presence in the convenience store channel by capitalizing on the scale of the Planters business. The C-store channel, which is managed by our food service team, represents a largely untapped opportunity for growth for our grocery, refrigerated, snacking, and prepared items.

Fifth, we continue to aggressively develop our global presence by leveraging our brands, including SPAM and Skippy, replicating our balanced business model in high growth geographies such as China and Brazil, and continuing to nurture and grow our strong partnerships in South Korea, Europe, the Philippines, and Indonesia. We remain very committed to investing in our international business.

In fiscal 2022, we commissioned a state-of-the-art Innovation Center supporting the Asia Pacific region and approved another investment to support our growth in China. Recently, we also announced an investment in Garudafood, a leading provider of snacking and entertaining products in Indonesia. We expect our international business to be a significant growth driver for the company for years to come.

And finally, we continue to transform our company. We made noteworthy progress in our transformational efforts at Jennie-O Turkey Store and laid the groundwork for the next step in our journey as a global branded food company with our Go Forward initiative. In August, we announced our Go Forward Initiative to realign our business into three operating segments, retail, food service,

and international. Simply said, Go Forward aligns our structure with our strategy, and as a continuation of our evolution to become a better, more agile and more balanced global branded food company.

Continuing to evolve our company is necessary, especially as consumer preferences changed and as unprecedented business conditions persist. A successful transition to this new strategic operating model is dependent on strong leadership, and I have full confidence in the ability of our experienced management team to deliver on this initiative. Hormel Foods and our 20,000 team members are dedicated to making the world a better place. We know food has the power to change the world and change lives, and we continue to make progress on our journey to change what it means to be a food company, one that can positively impact the world around us.

Our food journey is our focus on making a difference with our people, our communities and our products. It includes our 2030 challenge, a defined set of goals that is in alignment with the United Nations Sustainability Goals, and it includes commitments surrounding environmental stewardship, food security, and diversity and inclusion. We launched these goals last year, and I am proud to report we have made significant progress towards achieving these 20 ambitious goals by 2030.

Now, this progress includes committing to the advancement of our antibiotic stewardship efforts and piloting an antibiotic use measurement and reporting system. It includes matching 100% of our domestic energy use in fiscal 2022 with renewable sourcing. We remain on track to have an approved science-based target for the reduction of greenhouse gas emissions by 2023, becoming a major sponsor of an up to 50,000-acre regenerative agriculture pilot project to be located throughout central and southeast Minnesota. And to date, we have provided support to over 200 students, including many first-generation college students, as part of our ground-breaking college degree program Inspired Pathways. We announced our commitment to create a food secure community program in Austin, Minnesota, with the additional goal of sharing the blueprint and findings more broadly.

As a result of these and many other efforts, we continue to be recognized for our work in this important area. For the first time, we were named on Newsweek's 2022 America's Most Trusted Companies list and appeared on Its America's Most Responsible Companies list for the third year in a row. We were named as one of the world's top female friendly companies by Forbes and appeared on the 100 Best Corporate Citizens by 3BL Media for the 13th time. We are now number 57 on the US Environmental Protection Agency's Fortune 500 list of the largest green power users from the Green Power Partnership. For the first time, we made the Investor's Business Daily annual report of the 100 best ESG companies. And finally, we received several impact awards from Progressive Grocer for our educational support and food security programs.

In closing, I want to share with you something we did with many of our team members this past September. To represent the power of food has to make a difference in the world, we unveiled the Inspired People Plaza at our global headquarters in Austin, Minnesota, our home since 1891. The centerpiece of this new community space is a 25-foot-tall sculpture entitled, The Big Fork. The piece is clad with nearly 20,000 forks collected from our team members worldwide, enough to represent each member of our global workforce. This work of art is dedicated to those inspired people who are behind our products. The people who so proudly produce the brands that are found all over the world and trusted and loved by so many. To me, the sculpture serves as a daily reminder that what we do matters. People count on us and the food we produce. And that there is tremendous power and inspiration in food.

Producing food responsibly and safely is an awesome responsibility, one that drives us to be a thought leader and a changemaker in all aspects of the food industry. We remain incredibly well positioned to deliver long-term growth and industry leading shareholder returns while supporting our global team members and the communities that we call home. As we embark on the next chapter in our evolution, I can assure you we will continue to leverage the power of food to benefit our shareholders, customers, consumers, team members and society as we build upon our success

in 2023 and beyond. My sincere thanks to our team members for all they do and to our stockholders for your continued commitment to Hormel Foods. Thank you.

I am now happy to take questions. To submit a question, use the box in the lower left corner of the online meeting portal. We will answer as many of your questions as time allows. If we don't get to your question, feel free to follow up with our Investor Relations group through our corporate website. Assisting me with the Q&A are David Dahlstrom, Director of Investor Relations, Wendy Watkins, Senior Vice President and Chief Communications Officer, and Brian Johnson, Vice President and Corporate Secretary.

So, as we get started, like we've done in previous years, for those of you who have submitted similar questions, we'll do our best to group them together and make sure that we get the questions answered as best we can.

So, we'll start with several questions that inquire about the investments that we make into our business and into our team members. The first being Project Orion, which was a project that we first announced several years ago. And it was our objective to proactively modernize our technology and e-commerce capabilities, and really is foundational to all of our platforms. And so, the work that we have done so far has really helped lead to the creation of our digital experience group. It's helped modernize some of our functions for human resources, for our accounting and financial teams. And those integrations were crucial during the early days of the pandemic, and they continue to provide benefits as we work to grow and involve the business in 2023 and beyond.

Some of the more recent work that we've done in terms of integrating Planters, integrating Jennie-O Turkey Store, and then with our re-organization, our Go Forward initiative, having Project Orion in place really was a key factor in our ability to being able to do all of those things successfully. We still have more work to do as we move next to our supply chain platform, but overall, Project Orion really has been a success for the organization, and there is still more work to be done.

The second question in regard to our investments talks about the big fork, which you just heard me talk about, and wanting to know how do we rationalize an investment like that versus buying some manufacturing equipment that would drive revenue and profit. And we're fortunate because we work for a company that, again, generated $1 billion in cash in fiscal 2022. And as we think about how we invest in the business, how we invest in our employees, how we give back to our communities, we have the optionality to do all of those things. This isn't an 'or' situation where we have to make decisions to invest in equipment or our team members. We're able to do both. And that's exactly what we did this year with the creation of the big fork.

And it really is dedicated to our team members who are the backbone of this organization. And as we think about how we want to continue to recognize and engage our team members, this was something that we felt was absolutely a worthwhile investment. And so, we'll continue to take a very long-term approach to our investments and to our decision making to always ensure superior returns for our shareholders. So, if you haven't had a chance and you're in the Austin area, I encourage you to get by and see the fork up close, because it is really a spectacular piece of artwork.

We have gotten a question about the virtual meeting and wondering if this meeting will ever go back in person. And what I'll tell you is that we'll continue to evaluate the effectiveness of the meeting on a year-by-year basis. Clearly, coming out of the pandemic, we wanted to make sure that we put safety first, as we do in so many things in our organization, and as we continue to evaluate, we're not tied to any one meeting format at this point in time.

And then the other questions that we've received are about Planters, the largest acquisition that we've made. Questions about, are we creating more shareholder value now that we're bigger in the peanut business? Question about the integration of the business. And we would tell you that our talented team members did an amazing job integrating this business over the last eight months.

We are now fully operating or running the business. We're very, very fortunate to have some of the talented team members from the Planters Organization join us and serving in key roles as we focus on continuing to grow this business.

But, yeah, we're very, very optimistic. We're very positive about the shareholder value that we have created, that we'll continue to create, and really serving as that foundational platform as we grow the snacking and entertaining pillar in our retail business.

And then the last question, it wouldn't be a meeting without these last two questions, actually. Will we be adding back some of the varieties of SPAM that went away, especially during the pandemic? And I'll tell you, our marketing and supply chain teams are continuing to add back varieties over time. They're not going to come back overnight. We don't necessarily have a roadmap for which varieties may come back when, but just know that we appreciate the loyal support of our SPAM fans and will continue to add back varieties over time.

And then the last question is about gift boxes. And so, as we wrap up here this evening, I would just remind you, for those shareholders who are in Austin, the gift boxes are available at the SPAM Museum beginning tomorrow, Wednesday, and available Wednesday, Thursday and Friday during SPAM business hours.

So, as always, we are so incredibly thankful, grateful for your support. We appreciate your questions. We thank you for joining us. Thank you for your continued support of Hormel Foods and hope you have an enjoyable rest of your evening.