



WHEREAS: The growing plastic pollution and packaging waste crises pose increasing risks to Hormel Foods. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce.¹ Laws to this effect have significant momentum, having been recently adopted in four U.S. states, with additional introduced at the state and federal level.² The European Union has already enacted a \$1 per kilogram tax on all non-recycled plastic packaging waste.³ Additionally, consumer demand for sustainable packaging is increasing.⁴

A circular economy for packaging, whereby packaging is designed for reuse or recycling and kept in the economy and out of the environment, plays an important role in a net-zero emissions world. Hormel states it is committed to emissions reductions,⁵ yet lacks commitments to ensure the circularity of its product packaging,⁶ even though its sold products and packaging contribute significantly to Scope 3 emissions at their end-of-life (“EOL”).⁷

More than 100 leading companies have committed to promoting a circular economy for packaging by acknowledging responsibility for the collection, sorting, and recycling of packaging at EOL, a policy known as Extended Producer Responsibility (“EPR”).⁸ Absent legally mandated EPR, companies must make voluntary contributions to improve the collection and recycling of their packaging.

The Recycling Partnership (“TRP”), the leading recycling organization, finds that \$17 billion is needed to modernize and expand recycling infrastructure, and that doing so will save the equivalent of 710 million metric tons of CO₂ over ten years.⁹ To improve

¹ https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf, p. 9

² <https://www.packworld.com/news/business-intelligence/article/22861621/extended-producer-responsibility-legislation-emerging-in-us>

³ https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource_en

⁴ <https://www.shorr.com/resources/blog/the-2022-sustainable-packaging-consumer-report/>

⁵ <https://csr.hormelfoods.com/environment/greenhouse-gas-emissions/>

⁶ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/data-visualization>

⁷ <https://ghgprotocol.org/scope-3-technical-calculation-guidance>

⁸ https://ellenmacarthurfoundation.org/extended-producer-responsibility/overview?_ga=2.194255722.613184023.1673367048-710010554.1662564816&_gl=1*18c5mjb*_ga*NzEwMDEwNTU0LjE2NjI1NjQ4MTY.*_ga_V32N675KJX*MTY3MzZmM2ZjA0OC4xNC4wLjE2NzZmZjcwNDguNjAuMC4w

⁹ <https://recyclingpartnership.org/paying-it-forward/>



plastic recycling infrastructure, TRP recommends that companies contribute at least \$88 for every metric ton of plastic used.¹⁰

Competitors Kraft Heinz, Kellogg's, Nestlé, Procter & Gamble and at least 25 other companies make voluntary contributions to expand recycling infrastructure, a critical step in embracing EPR.¹¹ Hormel is not known to voluntarily contribute to help ensure its packaging never becomes waste.¹²

Hormel received an "F" grade on a recent report evaluating corporate packaging sustainability for its failure to financially support recycling infrastructure, endorse EPR, explore reuse opportunities, and make all packaging recyclable.¹³

Our Company could avoid regulatory, environmental, and competitive risks by adopting a circular economy approach to packaging and financially contributing to recycling infrastructure.

BE IT RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding proprietary information, describing opportunities for Hormel to support a circular economy for packaging.

SUPPORTING STATEMENT: The report should assess, at Board discretion:

- The reputational, financial, and operational risks associated with failing to promote a circular economy for packaging;
- The potential to increase packaging recyclability and transition to reusable packaging; and
- Opportunities to develop policies or goals to endorse EPR and determine an appropriate level of voluntary financial contributions to recycling infrastructure.

¹⁰ <https://plasticiq.org/>

¹¹ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 17

¹² <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/data-visualization>

¹³ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 5