HERSHEY

SHARED GOODNESS

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

TABLE OF CONTENTS

1
To Our Stakeholders

4
About Hershey

6
2015 Highlights

10
Our Value Chain

11
Our Priority Issues

12
Performance Summary

14
Progress Toward Our Goals

19

49

62

Good Business

Better Life

Bright Future

73
About This Report

2015

75
Disclosure Index

GRI G4

TO OUR STAKEHOLDERS

At Hershey, we've long recognized our industry is changing as a result of shifts in consumer preferences, globalization and disruptive technologies. In response, we've developed strategies to leverage these trends in ways that will help keep us growing. The past year gave us the opportunity to demonstrate some of the very real benefits these strategies are providing our business and our stakeholders.

No trend impacts our industry more than consumers' changing relationship with food. People want the tastes they've always loved, but also want simpler and more sustainable ingredients and greater transparency. On-the-go consumers need more variety and sustenance from their snacks as their lives get busier.

This past year, we met these needs better than ever before.

Simple, Transparent Ingredients

In February 2015, we announced our commitment to use simpler, more familiar ingredients. By the holiday season, we had delivered on that promise with the launch of our new *Brookside* Dark Chocolate Fruit & Nut Bars and the reformulation of our iconic *Hershey's Kisses* Milk Chocolates and *Hershey's* Milk Chocolate Bars, which now contain no artificial flavors but have the same delicious taste—and a simpler label. We'll continue to evolve our product portfolio to feature simpler ingredients.

To make it easy for people to access extensive product information, not only did we partner with industry peers to help create the new SmartLabel™ technology, but we also became the first company to adopt the technology. The SmartLabel™ allows consumers to scan our products with a mobile device and instantly receive detailed ingredient, allergen, calorie and nutritional information. We plan to make even more information accessible in the future, including how ingredients are sourced and manufactured.

We're also developing a wider range of products with diverse nutritional profiles. Our acquisition of Krave Pure Foods, Inc. added *KRAVE* Jerky, a protein-containing, gluten-free meat snack, to our snacking portfolio. The launch in the U.S. market of *SoFit*, our soy protein brand from India, was another example of how we are creating and acquiring brands that expand our snacking options for the modern consumer.

Progress in Responsible Sourcing

Meanwhile, our progress in sourcing ingredients responsibly is improving the sustainability of both our products and the communities that make them possible. We met our 2016 goal to source 50 percent of our cocoa from farms certified to be operating sustainably. By 2017, at least 75 percent of our cocoa will be certified and sustainable—enough to supply five of our most popular global chocolate brands: *Hershey's*, *Hershey's Kisses*, *Reese's*, *Kit Kat*® (in the U.S.) and *Brookside*.

This sustainable sourcing commitment complements our efforts across West African cocoa-growing regions to improve the livelihoods of farmers and strengthen farming communities. Through multi-stakeholder efforts such as the industry-wide CocoaAction initiative and the Hershey Learn to Grow program, we are now providing significant technical assistance to more than 45,000 cocoa farmers. We have also distributed more than 1 million disease-resistant cocoa-tree seedlings to farmers across nearly 100 cocoa-growing communities and are supporting opportunities for women to participate more equitably in farming.

In October, we strengthened our environmental commitments when we signed the White House's American Business Act on Climate Pledge, which included our new 2025 commitments to reduce greenhouse gas emissions by 50 percent and to address other environmental impacts in our own operations. We also broadened our efforts to limit deforestation within our supply chain, particularly when it comes to how we source palm oil, pulp and paper.

Nourishing Minds

Another important milestone for us in 2015 was the launch of our new Nourishing Minds program, which does the important work of providing basic nutrition to children so they can focus and grow in their studies. To extend our long legacy of benefiting children in need, we've partnered with Feeding America® to reach children here in the United States. And in Ghana, our flagship program, Energize Learning, is already providing schoolchildren with ViVi, an innovative nutritional supplement we've developed. Not only is this an issue where our food expertise and values can help bring about a brighter future, but it's also providing our employees with a richer workplace experience and sense of purpose. The sense of fulfillment and passion we've witnessed among our colleagues who have stepped up to launch this work is deeply inspiring to all of us as we explore ways to scale up this effort.

An Employer of Choice

Finally, I want to highlight our dedication to providing a compelling and contemporary workplace. We are particularly focused on creating a diverse and inclusive workplace through the recruitment and development of people of varied backgrounds and perspectives.

I'm pleased that the hard work of our employees on these matters continues to be recognized. We received great accolades as an employer of choice this last year, including a 100 percent rating on the Human Rights Campaign Corporate Equality Index and being listed as one of America's Best Employers by *Forbes*.

Millennials and young adults continue to show interest in our company. We were ranked No. 4 as a top place to work in the Youth 100 VoxBurner Report and No. 20 as a preferred company in the 2015 Millennials Career Survey by the National Society of High School Scholars.

Hershey was also named to the 2015 World's Most Ethical Companies® list by the Ethisphere Institute. We moved up to No. 6 on *Newsweek*'s 2015 Top World Green Companies and remain listed on the Dow Jones Sustainability North American and World Indices for the third year in a row.

Structured for Growth

We enter 2016 confident we have the right structure and strategies to ensure that our company and iconic brands will remain trusted household names far into the future. While our business faces macroeconomic challenges such as the economic slowdown in Asia and the impact on exports of the rise in value of the U.S. dollar, we have nonetheless been able to accomplish much this past year. This progress has been supported by reorganizing and streamlining certain aspects of our operations and taking steps such as the hiring of a Global Chief Sales Officer, who will strengthen our sales organization around the world across all product channels, including the e-commerce ones in which we are building important opportunities for the future.

I'm equally confident that our Shared Goodness efforts will only continue to increase in quality and importance—both in how they create value for our business and in the ways they help us have a more positive impact in the world each day.

John P. Bilbrey
Chairman, President and CEO
The Hershey Company

If you have questions about or feedback on the work Hershey is doing, please contact us.

SHARED GOODNESS

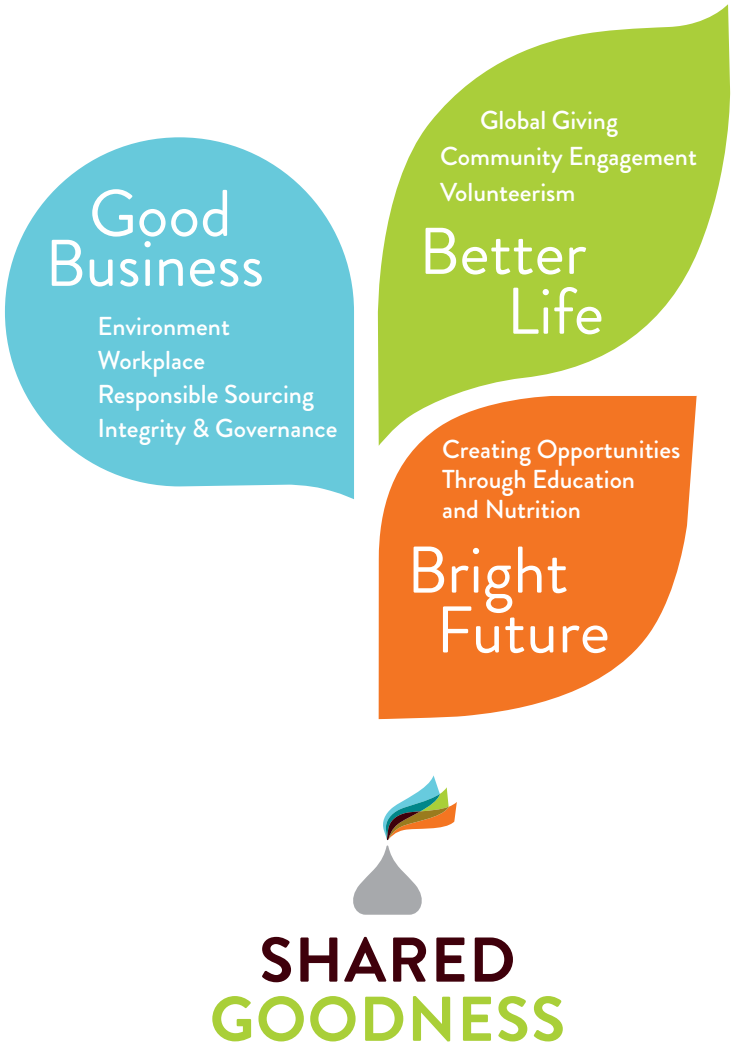
Our Shared Goodness framework represents our conviction that strong company performance is intrinsically linked to responsible, sustainable operation. We use this model as a filter through which to evaluate and prioritize our existing commitments and new opportunities.

The rewards of operating ethically while delivering strong financial performance, which we call Good Business, create value for our shareholders and build the skills, influence and financial strength that help our many stakeholders achieve a Better Life and Bright Future. Better Life and Bright Future, in turn, benefit the communities upon which we rely and deepen our sense of purpose and teamwork, thus motivating and enhancing our Good Business performance.

Good Business
Because our business must create value for all of our many stakeholders, we go to great lengths to ensure it is managed in an effective, ethical and fiscally successful manner.

Better Life
Creating value for all means that the skills, influence and financial strength that we build can help our stakeholders attain more meaningful lives.

Bright Future
We believe bright futures start with basic nutrition. That's why we're expanding beyond our work in children's education to provide children here and abroad with the basic nutrition they need to learn and grow.



ABOUT THE HERSHEY COMPANY

Established in 1894, The Hershey Company is a leading global manufacturer of chocolate and non-chocolate confections, gums, mints and snacks. We manufacture, market, sell and distribute our many delicious products in approximately 70 countries. From *Hershey's Kisses* to *Reese's*, *Ice Breakers* to *Brookside*, our iconic brands have become household names to consumers around the world.

HERSHEY

OFFICIAL SPONSOR

Hershey is proud to be an official sponsor of the U.S. Olympic Committee. Hershey will support the U.S. Olympic and Paralympic teams through the Rio 2016 Olympic Games, PyeongChang 2018 Olympic Winter Games, and Tokyo 2020 Olympic Games.

FACTS ABOUT HERSHEY (YEAR-END 2015):

HSY
Hershey is publicly traded on the New York Stock Exchange and headquartered in Hershey, Pa.

80+
brands sold in approximately 70 countries

21,000
employees

US$7.4 B
consolidated net sales in 2015

MILTON HERSHEY'S OPERATING PRINCIPLES HAVE ENDURED FOR MORE THAN 120 YEARS

- MAKE A DELICIOUS, HIGH-QUALITY PRODUCT AND SELL IT AT A FAIR PRICE
- GIVE BACK TO THE COMMUNITIES WHERE THE COMPANY OPERATES
- PROVIDE MEANINGFUL WORK AND A POSITIVE WORKPLACE FOR EMPLOYEES
- BE A GOOD STEWARD OF THE LAND AND ITS RESOURCES

KEY BRANDS

ALLAN CANDY	ICE BREAKERS	MUNCHING MONKEY	SOFIT
BROOKSIDE	JOLLY RANCHER	PAYDAY	TAKE5
CADBURY*	KIT KAT*	PELON PELO RICO	TWIZZLERS
HERSHEY'S	KRAVE	REESE'S	
HERSHEY'S KISSES	LANCASTER	ROLO*	

*Manufactured in the United States under license.

HERSHEY NEWS AROUND THE WORLD

NORTH AMERICA

Led SmartLabel™ food transparency initiative

Transitioned *Hershey's Kisses* Milk Chocolates and *Hershey's* Milk Chocolate Bars to simple, familiar ingredients

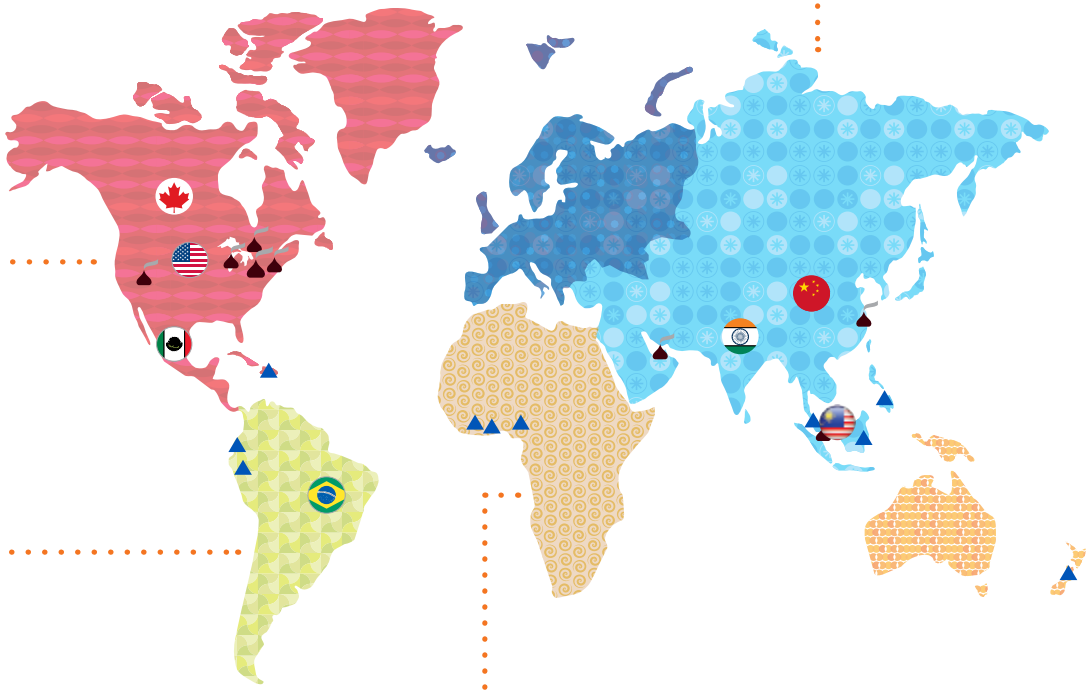
Acquired *KRAVE* Jerky

Partnered with Feeding America® to help children receive nourishment

ASIA

Completed integration of Shanghai Golden Monkey

Developed e-commerce strategy for *Hershey's Kisses* Do-It-Yourself gift box and wedding box



SOUTH AMERICA

Became sole owners of former joint venture in Brazil and received the ABRAS (Brazilian Association of Supermarkets) award for *Hershey's* tablet bar sales growth

AFRICA

Reached 50% certified and sustainable cocoa sourcing milestone

Increased the number of cocoa farmers enrolled in Hershey's Learn to Grow training program to 45,000

Launched Energize Learning child nutrition program in Ghana as part of Nourishing Minds initiative

Key Markets & Manufacturing Countries

- BRAZIL
- CANADA
- CHINA
- INDIA
- MALAYSIA
- MEXICO
- UNITED STATES

Primary Sourcing Countries

- CÔTE D'IVOIRE
- DOMINICAN REPUBLIC
- ECUADOR
- GHANA
- INDONESIA
- MALAYSIA
- NEW ZEALAND
- NIGERIA
- PERU
- PHILIPPINES
- UNITED STATES

Hershey's Chocolate World Attractions and Stores

- HERSHEY, Pa.
- CHICAGO, Ill.
- DUBAI, UAE
- LAS VEGAS, Nev.
- NEW YORK CITY, N.Y.
- NIAGARA FALLS, CANADA
- SHANGHAI, CHINA
- SINGAPORE

HERSHEY 2015 NET SALES

NET SALES REVENUE (FIGURES IN US$ BILLIONS)	
NORTH AMERICA	$ 6.468
INTERNATIONAL & OTHER	$ 0.918

GROWING OUR PORTFOLIO AND MARKETS GLOBALLY

By adding delicious new snacks to our product portfolio and evolving our consumer-centric strategy, we're broadening our business and brand around the world.

The Hershey Company has built iconic confection brands and delivered great-tasting products by always listening and responding to our consumers. In the United States and around the world, tastes are shifting, and we're changing with them.

As people's relationship with food changes, they want more and different snacking options. That's why we're focused on building both our core business in chocolate and confections as well as new snacks for people on the go in the United States and key international markets. By adding snack bites and mixes, protein snacks and snacks with simple, wholesome ingredients, we're building on our core business in a way that meets the needs of today's consumers.

NEW SNACKING CHOICES

In 2015, we acquired *KRAVE* Jerky, a premium, chef-inspired snack, to begin including more protein choices among the products we offer consumers. This move positions us to expand further into the broader snacking space.

CULTIVATING SUSTAINABLE COCOA AND AGRICULTURAL COMMUNITIES

By helping cocoa farmers stay up to date on the latest agricultural practices and providing more opportunities for education in the communities they live in, we are working to ensure a sustainable supply of certified cocoa.

We rely on farmers in cocoa-growing regions throughout West Africa to produce the high-quality cocoa beans we use to make our delicious chocolate. We are committed to improving the livelihoods of these cocoa farmers, while protecting the environment and ensuring there is a sustainable supply of cocoa now and far into the future.

OUR COCOA COMMITMENTS

100%
certified and sustainable cocoa by 2020

70,000
West African cocoa farmers enrolled in Learn to Grow by 2019

- **Our Learn to Grow programs in 464 cocoa communities in Ghana, Côte d'Ivoire and Nigeria currently help more than 31,000 farmers, 15 percent of whom are women, by providing information on best practices in sustainable cocoa farming.**
- **CocoaAction—an industry collaboration of cocoa and chocolate companies that Hershey played a key role in founding—is advancing the sustainability of the cocoa industry and improving the livelihoods of cocoa farmers and communities.**
- **We have committed to purchase 100 percent certified and sustainable sourced cocoa by 2020—a plan on which we are currently ahead of schedule.**

LEARN TO GROW

Our Learn to Grow programs across West Africa have provided training to many farmers and entrepreneurs such as Patricia Amoin (second from left), who has used her new skills to establish her own cocoa farm.

MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

By committing to reducing our environmental impact and setting ambitious new commitments and goals for our operations and supply chain, we're helping protect our planet for future generations.

PALM OIL COMMITMENT LIMITS DEFORESTATION

By the end of 2016, our supply of palm oil will be traceable back to the plantation level, which helps us to verify our usage is not contributing to deforestation.

Protecting the natural resources our business and stakeholders rely on has been a priority for us since the days when Milton Hershey established the company's first recycling center in the 1930s.

In October 2015, we signed the White House's American Business Act on Climate Pledge and announced our new 2025 goals to reduce the environmental footprint of our operations and within our supply chain.

Among our 2015 achievements in environmental sustainability:

- **We have decreased our greenhouse gas emissions by 8 percent since 2014 and 23 percent since 2009. In 2015, we reduced our emissions by 13,000 metric tons CO_2e, equivalent to taking 2,700 passenger cars off the road for one year.**
- **We have 11 zero-waste-to-landfill (ZWL) facilities, 10 in the United States and 1 in Mexico. In 2015, 71 percent of our total production globally took place in ZWL plants.**
- **At our Monterrey, Mexico, plant our new desalination system implementation saved 16 million gallons of water last year, enough to fill 24 Olympic-size swimming pools.**

THE WORKPLACE FOR REMARKABLE PEOPLE

Our employees have always been the secret to our success. We've grown because of the unmatched knowledge, expertise and excellence that our entire team brings to work each day.

To ensure we remain a leader in our industry, we're focusing resources and attention on creating an "innovation everywhere" mindset across our organization. To get there, we're empowering and inspiring our employees to take a hard look at how we do things and find fresh opportunities to collaborate and take smart risks to drive our business forward.

Continued success requires constant evolution, and in 2015 our company made strategic organizational and structural shifts that focused on enabling growth. These changes ensure we will continue to have unmatched expertise in our fields and the right capabilities and talent to deliver on our growth strategies. To support this refreshed structure, we have developed robust communications, formal development and change-management approaches for our teams around the world.

PROMOTING GOOD CITIZENSHIP

We encourage employees to be active members of the community by granting two paid days of community volunteer time annually. In addition, the Matching Gifts and Dollars for Doers programs encourage our employees to support causes around the world with their time and financial resources.

SIMPLE INGREDIENTS, EASY-TO-ACCESS INFORMATION

Today's consumers want to know what's in their food and are choosing foods with simple, familiar ingredients that deliver the tastes they love.

In 2015, we announced our commitment to use simpler, more familiar ingredients and began delivering on that promise with the launch of our new *Brookside* Dark Chocolate Fruit & Nut Bars and the reformulation of our iconic *Hershey's Kisses* Milk Chocolates and *Hershey's* Milk Chocolate Bars, which now contain no artificial flavors but have the same delicious taste—and a simpler label.

Making these fundamental changes is a complex endeavor and will occur over a number of years as we continue to evaluate alternate ingredients and adapt those recipes where it is possible.

EASY-TO-ACCESS INFORMATION

Hershey was one of the first U.S. confectionery and snacking companies to voluntarily provide nutrition information on food packages, and we continue to embrace transparency as a core value. We are proud to have spearheaded the development of, and been the first company to adopt, the Grocery Manufacturers Association's SmartLabel™ program in 2015.

INGREDIENT INFORMATION AT YOUR FINGERTIPS

Hershey is using the power of technology to put ingredient information at consumers' fingertips. We helped develop and became the first company to adopt the Grocery Manufacturers Association's SmartLabel™.

A STRONG PARTNER TO COMMUNITIES

We're helping the communities where we work thrive by contributing our time and funds and by partnering with effective organizations.

ENCOURAGING KIDS TO RUN, JUMP AND THROW

Our newest U.S. youth learning program, *RunJumpThrow*, encourages kids to have fun and learn new skills through noncompetitive physical activities. More than 250,000 students participated through school or one-day events in 2015.

Through generous giving, purposeful action and volunteer efforts, we have worked to better the lives of people and the communities we work in across the globe in partnership with leading nonprofits at the national, regional and local levels.

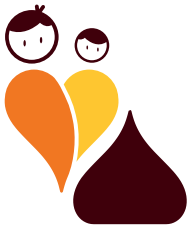
GIVING BACK

The Hershey Company donated more than US$20.7 million in cash and products to 1,300 organizations in 2015. And 2,300 Hershey employees donated more than US$1.7 million and volunteered more than 98,250 hours to worthy causes and nonprofit organizations.

- **Our employees once again demonstrated their generosity during our annual United Way Campaign, as their donations and our company's match totaled more than US$2.7 million.**
- **In 2015, we raised more than US$364,000 for Children's Miracle Network, which uses these donations to fund critical treatments and healthcare services, pediatric medical equipment and charitable care for children.**

BRIGHT FUTURES START WITH BASIC NUTRITION

Nourishing Minds, our new shared social purpose initiative, draws on the skills, expertise and passion of our employees to provide children with the basic nutrition they need to build bright futures and successful lives.



We've seen firsthand that children learn best when they have the energy and nourishment to help them focus on their studies, rather than their stomachs. Today, 16 million children in the United States don't have access to the basic nutrition they need each day to learn and grow.

Across the developing world, 166 million primary school-age children come to school hungry, with 23 million in Africa alone.

We launched Nourishing Minds in 2015 to build on our company's unique expertise in food processing, production and distribution as well as our tradition of improving children's lives.

Nourishing Minds focuses not only on feeding children but also on investing in the agriculture and food systems needed to ensure nutritious food is available now and into the future. Our platform is built on three objectives:

- **Provide immediate and basic nutrition through local and global programs**
- **Invest in local and sustainable nourishing food systems**
- **Build a more food-secure future through research and development**

We aim to nourish one million minds by 2020 in the communities where we live and work.

OUR ENERGIZE LEARNING PROGRAM IN GHANA

Through Energize Learning, our flagship program in Ghana, a team of Hershey employees worked with Project Peanut Butter to develop ViVi, a unique, peanut-based vitamin- and mineral-fortified nutrition supplement specifically developed to provide basic nutrition for schoolchildren.

OUR CHILD HUNGER PARTNERSHIP WITH FEEDING AMERICA®

To make a difference in Hershey's local communities, our partnership with Feeding America® supports BackPack, School Pantry and Kids Café and includes both financial and volunteer support for six food banks in key sales districts. In 2015, we provided meals to more than 13,000 kids through our partnership with Feeding America®.

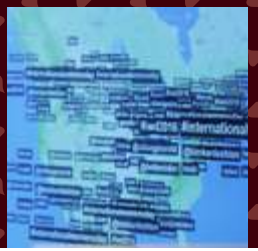
OUR VIVI COMMITMENTS

50,000 Ghanaian schoolchildren receive ViVi, a nutritional high-protein supplement, by the end of 2016

100% of peanuts sourced from local farmers to produce ViVi by the end of 2018

OUR VALUE CHAIN

Our value chain map shows Hershey's primary range of activities that generate business value, from the development or acquisition of new products to the collection of consumer feedback.



INNOVATION, RESEARCH AND DEVELOPMENT

The development or acquisition of new products, improvement of existing ones and development of capabilities to create and deliver quality products

RAW INGREDIENT SOURCING

Acquiring and ensuring a sustainable supply of ingredients by cultivating supplier relationships, enforcing the Supplier Code of Conduct and encouraging sustainable farming and fair labor practices

PROCESSING AND PACKAGING

Includes the manufacturing and food safety activities that create our products and ensure their quality

BRANDING, ADVERTISING AND SALES

Activities meant to build and maintain relationships with Hershey customers and consumers and maintain Hershey's brand strength

LOGISTICS AND DISTRIBUTION

Activities that deliver our products to customers and consumers

CONSUMER EXPERIENCE AND FEEDBACK

Analysis of data that can improve Hershey's product quality, maintain reputation and help us understand and address any concerns expressed by the public

SUPPORTING ELEMENTS

KNOWLEDGE AND INSIGHTS

LEADERSHIP AND TALENT

KEY STAKEHOLDER RELATIONSHIPS

PRIORITY ISSUES

Our priority issues list is based on an analysis of internal and external stakeholders' perceptions of issues that could affect Hershey's strategy and operations. It also takes into account the results of our enterprise risk management process. These priorities, which cut across our Good Business, Better Life, and Bright Future commitments, inform our sustainability strategy and shape our efforts to create far-reaching and long-lasting positive impacts through our work.

ETHICAL SOURCING

Ethical sourcing requires diligent attention to human and labor rights, health and safety, and environmental issues throughout our supply chain. We work to have positive impacts in the communities that produce our agricultural ingredients.

SUSTAINABLE AGRICULTURE

Sustainable agriculture means that ingredients are grown and harvested on farms that observe environmentally and socially sound practices. Examples include maintaining healthy soil, using pesticides properly, limiting deforestation and paying attention to biodiversity.

ILLEGAL CHILD LABOR

We are committed to combating illegal child labor, which occurs primarily at the raw ingredient sourcing stage. It is important to foster agricultural community development through education and enhanced economic opportunities so that illegal child labor will no longer be an acceptable practice on farms.

TALENT MANAGEMENT

Attracting, developing, and retaining talented, diverse and engaged employees is central to our success. We strive to create a positive environment by attending to professional development and training opportunities, succession planning and diversity and inclusion.

ETHICS AND COMPLIANCE

Hershey operates with the highest ethical standards. All of our employees receive our Code of Ethical Business Conduct training, which is made available in multiple languages to accommodate our global workforce. We have systems and processes in place to strive to ensure business is conducted ethically and operations are compliant with relevant policies and regulations.

GLOBAL COMPETITIVENESS, TRANSPARENCY AND GOVERNANCE

As we continue to expand internationally, strong and transparent governance will enable us to be competitive in new markets and retain our successful position in established markets.

FOOD SAFETY

Food safety begins at the R&D stage, where our products are first created, and remains important through every stage of our value chain. We have strong programs, policies and procedures designed to assure safety throughout our supply chain, manufacturing processes and distribution to our customers.

CONSUMER HEALTH

In response to consumers' growing interest in the foods they consume, we are committed to using simpler, familiar ingredients and providing comprehensive, easily accessible nutrition and calorie information for our products.

LEARN MORE ABOUT *OUR REPORT*

PERFORMANCE SUMMARY

Our commitment to strategic, environmental and social goals supports our global business performance, just as our financial strength enables us to invest in CSR initiatives.

KEY PERFORMANCE INDICATORS	2015	2014	2013
Financials			
Number of countries in which our products are marketed	**70**	70	70
Number of countries in which our products are manufactured	**10**	17	17
Manufacturing facilities (wholly owned/joint venture)	**19/1**	19/2	15/2
Consolidated net sales (US$ million)	**7,387**	7,422	7,146
Shareholder return	**-13.4%**	9.1%	37.4%
Dividends paid (US$ million)	**476**	440	394
Diluted earnings per share (adjusted)(US$)	**4.12**	3.98	3.72
Income taxes paid (US$ million)	**369**	384	374
Worldwide payroll (US$ million)	**786**	780	736
Long-term net sales growth outlook	**3–5%**	5.5–7.5%	5–7%
Community			
Cash donations (US$ million)	**10.6**	10.0	7.3
Product donations (US$ million)	**10.1**	4.3	2.1
Workforce			
Number of employees worldwide (FT/PT)[1]	**20,710** (19,060/1,650)	22,450 (20,800/1,650)	12,978 (12,275/703)
Union representation (approx.)	**29%**	25%	35%
Number (percentage) of women on executive team	**3** (27%)	2 (20%)	2 (20%)
Number (percentage) of women on Board of Directors	**2** (20%)	2 (20%)	2 (20%)
Number (percentage) of minorities represented on Board of Directors[2]	**1** (10%)	1 (10%)	1 (10%)
Total Recordable Incident Rate (TRIR)	**1.56**	1.69	1.81
Days Away, Restricted, Transferred (DART)	**0.75**	1.00	1.09
Lost Workday Incident Rate (LWIR)	**0.41**	0.45	0.63
Total fatalities (work-related)	**0**	0	0
Total hours of employee training (whole company)	**228,921**	312,220[3]	N/A

[1] Active employees in our wholly owned operations as of December 31.
[2] Aligns with the Equal Employment Opportunity Commission's definition of ethnic and racial minority groups.
[3] Includes specialized training offered only in 2014.

PERFORMANCE SUMMARY

KEY PERFORMANCE INDICATORS	2015	2014	2013
Environment			
Direct (Scope 1) greenhouse gas (GHG) emissions (metric tons CO_2e)	103,668	92,752	101,007
Direct (Scope 1) GHG emissions (metric tons CO_2e per thousand pounds of product produced)	0.05	0.05	0.12
Indirect (Scope 2) GHG emissions (metric tons CO_2e)	204,065	227,768	224,738
Indirect (Scope 2) GHG emissions (metric tons CO_2e per thousand pounds of product produced)	0.10	0.12	0.27
NO_x emissions (metric tons)	63.08	131.83	128.04
SO_x emissions (metric tons)	2.38	7.15	12.73
VOC emissions (metric tons)	185.08	152.99	165.16
CO emissions (metric tons)	58.03	127.16	115.35
Particulate emissions[4] (metric tons)	40.91	62.98	63.19
Total water use (million gallons)	1,314.97	1,255.61	1,220.75
Total water discharge (million gallons)	469.18	431.18	504.34
Percentage water withdrawal from ground	54.1%	57.2%	60.0%
Percentage purchased water	45.9%	42.8%	40.8%
Water use (gallons per thousand pounds of product produced)	0.70	0.70	0.66
Waste generated (metric tons) (includes recycling)	39,920	42,189	40,078
Total hazardous waste[5] (metric tons)	14	13	N/A

[4] Particulate matter: 10 microns or less.

[5] All hazardous waste was transported nationally off-site to permitted treatment, storage and disposal facilities.

PROGRESS TOWARD OUR GOALS

The Hershey Company sets ambitious goals to address our priority issues.

	GOAL	2015 PROGRESS
CONSUMER WELL-BEING LEARN MORE ABOUT *DELIVERING FOOD QUALITY, SAFETY AND TRANSPARENCY*	Attain food-safety certification recognized by the Global Food Safety Initiative (GFSI) at all of our wholly owned manufacturing and joint-venture operations and contract manufacturing/ co-packing facilities by 2012	We have obtained GFSI certification in 16 wholly owned facilities and one joint-venture facility, representing **80%** of our wholly owned facilities and **82%** completion toward our overall goal. We will continue to work with our co-manufacturers and co-packers to obtain GFSI certification at all remaining facilities.
EFFICIENT BUSINESS OPERATIONS *BY 2017, COMPARED TO 2013 BASELINE*	Reduce greenhouse gas (GHG) emissions in our U.S. distribution and transportation operations by 10%	We reduced the GHG emissions from our U.S. distribution and transportation operations by **5.85%**, or **5,089** metric tons of CO_2e, in part due to our continued focus on improving operational efficiency. Building on last year's reduction of 4.75%, this brings our total reduction to **8%** since 2013.
	Attain zero-waste-to-landfill (ZWL) status at two additional plants from baseline of 11	In 2015, one additional facility attained ZWL status, while our Stuarts Draft plant was unable to retain its ZWL status due to the closure of a waste disposal facility. By the end of 2015, **11** of our facilities had achieved ZWL status. Last year, we set a new goal to attain ZWL status at all of our wholly owned facilities by 2025.
	Achieve a recycling rate of 90%	Our recycling rate was 88%, a slight decrease from our recycling rate in 2014 of 88.9% due to the acquisition of manufacturing facilities. Last year, we set a new recycling rate goal to achieve a **95%** recycling rate by 2025.
LEARN MORE ABOUT *ENVIRONMENT, HEALTH AND SAFETY PERFORMANCE*	Reduce waste per thousand pounds of product by 5%	We reduced waste per thousand pounds of product by **0.2%**, which brings our cumulative reduction to **1.6%** since 2013.

PROGRESS TOWARD OUR GOALS

	GOAL	2015 PROGRESS
EFFICIENT BUSINESS OPERATIONS *BY 2017, COMPARED TO 2013 BASELINE*	Reduce GHG emissions by 15%	We have decreased our GHG emissions by **4%** since 2014 and **23%** since 2009. In 2015, we reduced our emissions by **13,000** metric tons CO_2e, which is equivalent to taking 2,700 passenger cars off the road for one year. Our new goal is to reduce our emissions by 50% from 2009.
	Reduce absolute water use by 17%	We used 1.3 billion gallons of water in our global operations, an increase of **4.8%** from 2014. The increase was primarily due to our acquisition of manufacturing facilities. We set a new goal last year to reduce our absolute water use by an additional **25%** by 2025.
	Complete a minimum of 25 initiatives resulting in the cumulative elimination of 16 million pounds of packaging material	We saved 7.1 million pounds of packaging material. This brings our cumulative savings since 2013 to **14.3 million** pounds. Last year we set a new goal to save an additional 25 million pounds of packaging material by 2025.
INTEGRITY OF SUPPLY CHAIN LEARN MORE ABOUT *SOURCING RESPONSIBLY FOR A BETTER FUTURE*	Assess 25% of external suppliers and internal manufacturing sites (measured by spend) by beginning of 2016	Achieved. We set out to audit a select number of external suppliers and internal manufacturing sites representing **25%** of our spend and have completed all of these audits.

PROGRESS TOWARD OUR GOALS

	GOAL	2015 PROGRESS
RESPONSIBLE SOURCING	Achieve 100% certified and sustainable cocoa in all our chocolate products by 2020	We sourced **50%** of our cocoa from certified sustainable sources, keeping us on track to achieve our goal in 2020.
	Trace 100 percent of our full-year 2016 purchases to the plantation level, ensuring the palm oil we purchase is deforestation-free and grown and processed sustainably	As of June 30, 2015, we traced **10%** of the palm oil we use to the plantation level, so we know the exact location and history of the land where the fruit is grown. This helps ensure that our palm oil purchases do not contribute to deforestation.
LEARN MORE ABOUT *SOURCING RESPONSIBLY FOR A BETTER FUTURE*	Maintain our commitment to use at least 80% recyclable materials (by weight)	We continue to ensure that **80%** of packaging materials (by weight) are recyclable.
SAFETY AND WELLNESS AT WORK	Continue to achieve top-tier safety performance as measured by innovative training programs and systems that focus on measurable improvements in people and safety metrics	We continued to improve our safety performance across our operations, seeing marked decreases in injuries and lost time. We also began tracking near-misses to better prevent future accidents.
	Through the myWell-Being program, achieve 35% Well-Being Assessment participation among employees, partners and dependents	MyWell-Being had participation from **36%** of employees globally; in the United States **47%** participated.
LEARN MORE ABOUT *FOSTERING WORKFORCE ENGAGEMENT AND EXCELLENCE*		

OUR NEW GOALS

In late 2015, we announced ambitious new goals to significantly reduce our environmental impact, increase our purchase of responsibly sourced ingredients and become a recognized leader in employee diversity. Many of our new goals build upon current commitments and achievements, while others reflect more recent focus areas for the company. Taken together, our goals help guide our Shared Goodness work by addressing aspects of Good Business, Better Life and Bright Future. We will begin reporting progress toward these goals in our next CSR report.

OUR WORKPLACE OBJECTIVES:

BECOME A GLOBAL INDUSTRY LEADER
in diversity and inclusion by 2020

OUR ENVIRONMENTAL GOALS:

REDUCE GREENHOUSE GAS (GHG) EMISSIONS
50% by 2025, compared to 2009 baseline, augmenting the 23% reduction we have already achieved

EXPAND THE UTILIZATION OF ELECTRIC VEHICLES
in our corporate fleet and continue to purchase carbon credits to offset unavoidable emissions in our sales and corporate fleet of vehicles while concurrently reducing these emissions

ACHIEVE ZERO-WASTE-TO-LANDFILL STATUS
at all wholly owned Hershey facilities by 2025, building on our existing roster of 11 zero-waste-to-landfill facilities

IMPROVE OUR COMPANY-WIDE RECYCLING RATE
to 95% by 2025, up from our 2009 baseline of 72%

REDUCE ABSOLUTE WATER USE
by an additional 25% by 2025, building on our existing progress of reducing water use by 70% since 2009

SAVE AN ADDITIONAL 25 MILLION POUNDS OF PACKAGING MATERIAL
by 2025, augmenting the 16 million pounds we have already saved since 2009

OUR RESPONSIBLE SOURCING COMMITMENTS:

ACHIEVE 100% CERTIFIED AND SUSTAINABLE COCOA
in all our chocolate products worldwide by 2020. By 2017, source at least 75% certified and sustainable cocoa, enough to supply five of our most popular global chocolate brands: *Hershey's*, *Hershey's Kisses*, *Reese's*, *Kit Kat®* (U.S. only) and *Brookside*

TRACE 100% OF OUR PALM OIL PURCHASES
to the plantation level by 2016, striving to ensure the palm oil we purchase is deforestation-free and grown and processed sustainably, in alignment with the 2014 New York Declaration on Forests

ENROLL 70,000 FARMERS
by 2019 in Hershey's Learn to Grow programs

SOURCE 100% VIRGIN FIBER
in any pulp and paper from certified sources by 2017

SOURCE 100% CAGE-FREE EGGS
for products in the United States by 2020

AWARDS, RATINGS AND RANKINGS

Listed on Dow Jones Sustainability Indexes—both North America (for the 4th year) and World (for the 3rd year)

2015 World's Most Ethical Companies by Ethisphere Institute

100 Best Corporate Citizens by Corporate Responsibility magazine

No. 6 on 2015 Newsweek U.S. Green Rankings

100% rating as one of the "Best Places to Work for LGBT Equality" in the 2016 Human Rights Campaign Corporate Equality Index

No. 2 on the Top 100 Powerful Brands in the United States in Tenet's CoreBrand® Index two years in a row

York Minis named No. 10 on IRi's Pacesetters—New Product Launches

No. 4 as a top place to work for millennials and No. 1 in the "Grocery and Snacks" category in Voxburner's Youth 100 USA 2015 report

Hershey's Kisses named Chocolate Candy Brand of the Year and Reese's Pieces Candy named Non-Chocolate Candy Brand of the Year

Speedway's Retail Partner of the Year

Most Trusted Chocolate Brand in BrandSpark International and Better Homes and Gardens poll

Commercial Project of the Year Award for our factory-to-facility LEED Gold-certified renovation from U.S. Green Building Council (USGBC) Central Pennsylvania Chapter

Commonwealth Award for our factory-to-facility renovation from 10,000 Friends of Pennsylvania

Good Business

GROWING OUR PORTFOLIO AND MARKETS GLOBALLY 20

SOURCING RESPONSIBLY FOR A BETTER FUTURE 24

ENVIRONMENT, HEALTH & SAFETY PERFORMANCE 32

ENSURING GOOD GOVERNANCE AND ACCOUNTABLE MANAGEMENT 38

FOSTERING WORKFORCE ENGAGEMENT AND EXCELLENCE 41

GROWING OUR PORTFOLIO AND MARKETS GLOBALLY

KEY ACHIEVEMENTS

- Acquisition and integration of *KRAVE* Jerky into the Hershey product portfolio
- Reorganization of the company's executive leadership to address global growth and changing consumer needs

KEY CHALLENGES

- Growing our business in targeted international markets
- Implementing a risk-relevant approach to integrating newly acquired and existing partner businesses
- Addressing the impacts of the global economic slowdown combined with a strong U.S. dollar

Since its founding, The Hershey Company has always listened and responded to consumer preferences and trends. Our consumer-centric focus drives business decisions at all levels of our organization. This is one of the primary reasons that our company achieves high rankings on important indices and has such a strong brand reputation.

We are focused on growing our core business lines and presence in North America and in key international markets and product categories by evolving our strategies to leverage changing global demands and customer interests in chocolate, confections and snacks.

In 2015, The Hershey Company restructured the company to better deliver on these strategies, support our core business and position Hershey to capitalize on growth opportunities. This resulted in greater productivity that will drive margin enhancement by simplifying our structure and improving the ways we work. We also strategically placed talented and proven people in critical areas of our business to unlock the potential of the organization and align it with our refreshed U.S. and global strategies.

Within this new structure, Hershey will leverage our strength in consumer insights, product innovation and sales to drive revenues. Our marketing experts will expand and enhance great traditional and digital marketing techniques that engage consumers. Combined with our resonance among the rising millennial demographic, these efforts position us to be a brand of choice for years to come.

Our new *KRAVE* Jerky, a premium low-fat snack product that contains no artificial flavors, is gluten-free and a good source of protein.

The Advantage Report for the Convenience Channel recognized The Hershey Company as the top overall "Fast Moving Consumer Goods" manufacturer in 2015. Receiving this award is a testament to our deep marketing expertise and ability to work with retailers in order to optimize the sales potential of each individual outlet.

BUILDING OUR SNACKING PORTFOLIO

Consumers' relationship with food is changing. They want more and different snacking options—including more wholesome choices and protein on the go—and they want the foods they love to be made with simple, familiar ingredients. Addressing these changes by offering a broad range of snacks represents significant business opportunities for our company.

In 2015, The Hershey Company acquired Krave Pure Foods, Inc., a leader in premium jerky, the fastest-growing subsegment of the estimated $2.5 billion U.S. meat snacks category. This move adds meat snacks to our portfolio, further expands our presence in snacking and builds our innovation capabilities in the natural specialty snack niche.

We are now leveraging our best-in-class supply chain capabilities, consumer insights and retail relationships to accelerate the growth and distribution of *KRAVE* products. We have introduced these delicious snacks into select U.S. and global markets, and in early 2016, *KRAVE* Jerky launched in Canada, where beef jerky is also one of the fastest-growing snack segments. As we strategically integrate this new business, we will also maintain and benefit from its innovative culture and nimble entrepreneurial spirit.

Other delicious snacks we introduced in select U.S. and global markets included:

- ***Brookside*** Fruit & Nut Bars
- ***Hershey's***, ***PayDay*** and ***Mr. Goodbar*** Snack Bites
- ***Hershey's*** and ***Reese's*** Snack Mixes

"I'm delighted to be building upon Hershey's long legacy of retail leadership. By proactively engaging with retail customers and sharing our market insights, we are helping them adapt to changing consumer shopping habits and to implement innovative sales strategies."

Rob Gehring
Global Chief Sales Officer
The Hershey Company

Hershey's Kisses Deluxe Chocolates feature a whole hazelnut surrounded by milk chocolate with crisped rice.

INTRODUCING GLOBAL PRODUCTS TO THE UNITED STATES

One aspect of our consumer-centric strategy is to introduce successful products from our global confection and snack portfolio to the United States.

- ***Hershey's Kisses Deluxe* Chocolates, which premiered in China, were launched in the United States, Mexico and Canada just in time for the 2015 holiday gift-giving season. These premium chocolates represent the largest innovation in 25 years for the iconic *Kisses* brand.**
- **In 2015, we began planning for the *SoFit* brand and product launch in select U.S. markets in 2016. Originally developed as a soy beverage in India, the U.S. brand includes a number of snacks that deliver complete plant-based protein with unique sweet and savory flavors.**
- **Completed integration of The Allan Candy Company Limited, which we acquired in 2014, and launched its *Big Foot* Candy in the United States.**

Cultivating direct relationships with our retail customers is another essential element of our global growth strategy. To complement our long-standing marketing expertise and the work of our dedicated sales force, in 2015 Hershey created the position of Global Chief Sales Officer and hired sales veteran Rob Gehring, who is helping drive our global sales strategy with a focus on our expanding snacks portfolio and digital marketing activities.

MARKETS AROUND THE WORLD

During 2015, as our company pursued our international growth plans, we faced new challenges and achieved a variety of successes. As we continue to gain knowledge and insights about our newer markets, our international activities are positioned to deliver meaningful, long-term value for our stockholders. We remain committed to our strategy of growing our presence abroad despite the challenges we faced in 2015, including the economic slowdown in Asia and the stronger U.S. dollar.

China

China is a key market for Hershey. We are confident in its long-term potential and are moving ahead with our strategic plans for the country. In 2015, we worked to advance the integration of our recent acquisition, Shanghai Golden Monkey Food Joint Stock., Co., Ltd. (Golden Monkey), and expand Hershey China's market presence and distribution, now known as Golden Hershey. We also gained a deeper understanding of consumer behavior in China and of Golden Monkey's fast-paced product innovation cycle.

Given the strength of online shopping in China, Hershey China developed an innovative e-commerce strategy to support two customizable products available exclusively online: *Hershey's Kisses* DIY gift box and wedding box. The DIY gift box features a personalized photo on the front and holds six standard-size *Hershey's* Milk Chocolate Bars. The other customiz-

Hershey's online sales in China tripled over the course of the three-day Shanghai Chocolate Festival that the Hershey China team organized to promote our online flagship store. Visitors to Hershey's booth were able to customize products "live," an experience that normally takes place online.

Hershey India has proven that a brand-building model can work in India: Hershey's Syrup, SoFit Soya Milk and Jolly Rancher Candy exceeded targeted sales in 2015.

able product—intricate, laser-cut wedding-guest gift boxes—targets the enormous wedding market in China. Hershey is one of the only confection manufacturers in China that sells both wedding boxes and the candy contents. The potential market for this product is sizable, as each wedding host may purchase 500 to 1,000 boxes as gifts for guests.

We are focused on strengthening our core brands in confection and snacking. The Hershey China and Golden Monkey teams have also been collaborating closely to expand the Munching Monkey brand of instant consumable bean curd products through various new protein-based snacks.

Malaysia

The opening of our new 700,000-square-foot confectionery manufacturing plant in Johor, Malaysia, is in progress. Once operational, the facility will provide strategic access to regional markets, minimize shipping and transport costs and provide local products to the region. Initial production began in the spring of 2016.

Brazil

In the second quarter of 2015, Hershey Brazil transitioned to a new commercial structure after acquiring the remaining 49 percent stake of the joint venture with Bauducco, paving the way to operate independently in South America's largest economy. This move includes operating a sales team composed entirely of Hershey employees. These changes have resulted in a strong start to 2016.

In 2015, the Hershey Brazil team received the ABRAS (Brazilian Association of Supermarkets) award for its Hershey's tablet bar sales growth, innovation and in-store execution in the modern trade. The award is determined by supermarket buyers and managers from across Brazil, who evaluate the best brand performance in 220 marketplace categories.

India

After exiting the edible oils business, Hershey India delivered its second consecutive year of growth for its confectionery and beverage businesses in 2015. The success was driven by brand marketing programs for brands such as *SoFit*, *Hershey's* Syrup and *Jolly Rancher*.

The business also successfully executed a new regional strategy, expanding distribution from six metro areas to 19. We shifted manufacturing from our Chittoor facility to other facilities to better meet our quality and efficiency requirements. Hershey India was also active in its community engagement, donating *SoFit* soy beverages during the Chennai flood relief operations and supporting the United Way in Mumbai.

SOURCING RESPONSIBLY FOR A BETTER FUTURE

KEY ACHIEVEMENTS

- Sourced 50% certified and sustainable cocoa one year ahead of our 2016 target
- Announced our fifth Learn to Grow program with supplier Barry Callebaut in Côte d'Ivoire, impacting 8,000 cocoa farmers
- As of the second quarter of 2015, traced 90% of our palm oil purchases to the mill level and 10% to the plantation level
- Developed and announced our animal welfare position as well as a pulp and paper policy to help limit deforestation

KEY CHALLENGES

- Addressing climate change and geopolitical risks in cocoa-producing regions
- Combating illegal labor practices, including illegal use of child labor and use of forced labor
- Improving gender equality in some communities where we source ingredients

Our ability to meet the needs of our consumers depends on productive and sustainable communities where we source our ingredients. Our strategic approach is designed to deliver responsibly sourced ingredients to Hershey and improve livelihoods for farmers and our suppliers for years to come.

Responsible sourcing encompasses many environmental, economic and social considerations throughout our supply chain. We develop our priorities by assessing the status and needs of our business and the agricultural communities in our value chain. We then set far-reaching sustainability goals and engage partner organizations positioned to help us achieve them. Working through these partners, we aim to:

- Improve agricultural infrastructure
- Deliver farmer and supplier training to foster sustainable and successful businesses and promote appropriate labor practices
- Support programs that promote healthy, thriving communities
- Protect ecosystems and biodiversity in the regions from which we source

Our Key Ingredients

Eighty percent of our chocolate products' ingredient volumes are made up of just four ingredients: cocoa, fresh milk, nuts and sugar.

LEARN MORE ABOUT *THESE PRIMARY INGREDIENTS AND OUR SUSTAINABLE SOURCES FOR THEM ON OUR WEBSITE*

"In just three years, we have made remarkable progress toward our goal of sourcing 100 percent of our cocoa supply from certified and sustainable cocoa farms by 2020."

Terry O'Day
Senior Vice President and Chief Supply Chain Officer
The Hershey Company

Increasing Our Use of Certified Cocoa

2015

50%
Achieved our 2016 goal

75%
by 2017

100%
by 2020

Who Certifies Our Cocoa?

COCOA SUSTAINABILITY

Addressing the many environmental, social and economic factors that will ensure a sustainable future for cocoa and the communities that grow it requires sustained, collaborative efforts. This is why we became a founding member of CocoaAction in 2014.

CocoaAction is an organization that brings the world's leading cocoa and chocolate companies together to strengthen the West Africa cocoa industry and improve the livelihoods of cocoa farmers. It uses the power of public-private partnerships to multiply the potential ability of individual organizations to accomplish social good.

The work of CocoaAction creates partnerships between the cocoa industry and governments to improve the livelihoods of farmers, promote primary education, advocate against illegal child labor and empower women. Its effectiveness will be measured through performance indicators agreed upon by the companies and producing-country governments, with aggregate progress publicly reported on a regular basis.

CocoaAction's vision is to rejuvenate an economically viable and sustainable cocoa sector by 2020, benefiting up to 300,000 cocoa farmers and their local communities.

CocoaAction provides access to:

- Good agricultural practices (GAP) training
- Improved planting material
- Fertilizer

CocoaAction promotes community development by:

- Addressing labor issues through labor monitoring and mitigation
- Encouraging school attendance by children
- Improving gender equality by ensuring women have greater influence in community decision-making through income-generating activities

COCOA CERTIFICATION: A TOOL FOR CHANGE

We made the commitment in late 2012 to purchase 100 percent certified and sustainable cocoa by 2020. Certified cocoa verified by independent auditors ensures that high international standards for labor, environmental and farming practices are met.

EMPOWERING WOMEN IN AGRICULTURE

Women cocoa farmers attending the Coopama Coop Ca Women's Business & Productivity Training held in Manzanoua, Abengourou, Côte d'Ivoire. One hundred women attended the training.

"I am a dressmaker and I was living and working in Abidjan. At the beginning of the political turmoil in the country in 2003, I decided to join my home village and set up my business close to my relatives. My business ran very well, and the profit margin was beyond my expectation. So I decided to reinvest in cocoa-farm creation on a small land that I had inherited from my grandmother. I am now a single-woman cocoa farmer with three hectares. I am confident that my yield will increase thanks to the good agricultural practices training we are following."

Patricia Amoin,
Cocoa Farmer

Creating Opportunity Through Learn to Grow

The empowerment of women farmers and other women in cocoa communities is an important element in Hershey's Learn to Grow programs across West Africa. We believe that empowered women who have access to the same training and farming inputs to improve their farms as men help to strengthen their families and entire communities. Hershey's Learn to Grow programs focus on enrolling and encouraging the participation of women to help elevate the livelihoods of families across the region. Today, approximately 16 percent of the 47,000 farmers enrolled in Learn to Grow across Côte d'Ivoire, Nigeria and Ghana are women.

Although certification alone cannot address all of the economic and social challenges in cocoa communities, it is one of many tools we use to help achieve economic, social and environmental goals that benefit our entire value chain. This third-party validation of the sustainability of our supply also helps us address our customers' and consumers' rising interest in responsibly sourced ingredients.

Hershey sources certified cocoa through three of the world's largest and most recognized cocoa certification programs. In addition to being a growing purchaser of sustainable cocoa, we also aim to help increase its supply. Our farmer training programs are preparing more farmers to become elegible to produce certified cocoa.

RESTORING COCOA FARMING IN MEXICO

More than a decade ago, hundreds of cocoa farms in the Chiapas region of southern Mexico were devastated by tree disease. In 2012, Hershey launched its Mexico Cocoa Project to revitalize cocoa farming in this region by offering training programs for cocoa farmers, introducing and evaluating disease-resistant cocoa varieties and assisting farmers in achieving UTZ certification for sustainable cocoa. We made significant progress in this work during 2015:

- Trees planted on 20 demonstration plots in 2012 are bearing fruit
- Planted 85 additional demonstration plots in 2015 in conjunction with the Instituto Nacional de la Economía Social (INAES)
- Identified and integrated 35 new producer groups as candidates for INAES financing resources
- Distributed 305,000 cacao plants in three disease-resistant varieties to nurseries
- Completed physiochemical testing of 14 cacao materials from trees in the Cocoa Collection Garden
- Updated the baseline assessment required for UTZ Certified sustainable cocoa (inspected and approved in December 2015)

HERSHEY'S LEARN TO GROW OUTCOMES IN WEST AFRICA

LEARN TO GROW'S ACHIEVEMENTS DURING 2015 INCLUDE:

Increased the number of cocoa farmers enrolled in the program to 45,000, including:

25,000 farmers in Côte d'Ivoire

12,000 farmers in Nigeria

8,200 farmers in Ghana

70,000 farmers will be enrolled across West Africa in Hershey Learn to Grow programs by 2019

31,000+
farmers benefited to date across 464 cocoa communities

20 percent
of those farmers are women

2,500+
trainings conducted across Côte d'Ivoire and Ghana on agricultural productivity, the importance of women's empowerment and illegal child labor

37,000+
farm inspections conducted over the course of the year

1.1 million
cocoa seedlings distributed across 75 communities in Côte d'Ivorie, and more than 95,000 seedlings to farmers enrolled in Learn to Grow across 18 communities in Ghana

260
students helped with their studies through the donation of a village resource center for a community in Oyo state in Nigeria

2
new rural primary schools built in Côte d'Ivoire to educate children in cocoa communities

1
health center built in Côte d'Ivoire with Olam Cocoa and Blommer Chocolate; foundation laid for a second center to be opened in 2016

HERSHEY'S LEARN TO GROW PROGRAMS

Hershey's Learn to Grow agricultural training and empowerment program has expanded farmers' agricultural capacities and economic opportunities since we launched the program in Ghana in 2012.

Learn to Grow seeks to empower the next generation of cocoa farmers by providing training to women and young cocoa farmers and by encouraging them to take leadership roles in farmer organizations. Because cocoa trees' yields diminish in time, we also provide farmers with young trees to replace aging stock.

HERSHEY'S LEARN TO GROW EXPANDS INTO CÔTE D'IVOIRE

In 2015, Learn to Grow expanded into Côte d'Ivoire as we teamed with long-term strategic sourcing partners Cargill, Olam and Barry Callebaut. Through this new partnership, we aim to transform the livelihoods of farmers, their families and entire communities. We have committed to:

- Train 8,000 farmers in Côte d'Ivoire in sustainable, modern cocoa-farming practices that will increase family incomes as part of our commitment to enroll 70,000 West African cocoa farmers by 2019
- Help hundreds of children obtain birth certificates, allowing them to enroll in school for the first time
- Build two new rural primary schools in Côte d'Ivoire to further promote education for children in cocoa communities

Also active in Ghana and Nigeria in partnership with the nonprofit Source Trust, Learn to Grow is adapted to the particular needs of each country.

Ensuring Animal Welfare

Hershey sources a variety of animal protein ingredients (dairy, egg and meat) and expects farm animals within our supply chain to be treated humanely. In 2015, we published our Farm Animal Welfare Position to advise our U.S. suppliers of our requirements, which include the judicious use of antibiotics, the avoidance of growth hormones and the use of humane slaughtering practices. It outlines our commitment to use 100% cage-free eggs in the United States by 2020. The Hershey Company will work with our suppliers to implement these expectations and remedy any violation.

GLOBAL RESOURCES FOR A SUSTAINABLE SUPPLY CHAIN

Hershey sets clear, high standards for all of our suppliers, as outlined in our Supplier Code of Conduct. As an added measure of accountability, we require key suppliers to undergo the Sedex Members Ethical Trade Audit (SMETA) of the Sustainable Ethical Data Exchange (Sedex). The SMETA audit process provides us with valuable data while minimizing the administrative burden on suppliers.

Beyond our own supply chain code and policies, we manage our complex global supply chain with the help of partners and multi-stakeholder organizations. These include the Sweetener Users Association, the Foundation for Strategic Sourcing, the World Cocoa Foundation, the American Peanut Council and the Dairy Board of Excellence.

Our membership in AIM-PROGRESS facilitates collaboration and best-practices sharing with other leading consumer goods manufacturers that are also committed to responsible sourcing and sustainable supply chains.

Our policies and positions related to responsible sourcing are available on our corporate social responsibility website:

- SEC Conflict Minerals Filing
- Farm Animal Welfare Position
- Responsible Palm Oil Sourcing Policy
- Pulp and Paper Sourcing Policy

ASSESSING SUPPLIER PERFORMANCE

The Hershey Company's Supplier Code of Conduct clearly defines our standards and expectations for all partners and suppliers. It addresses a variety of environmental, social and governance matters, including worker safety, human rights, labor standards and environmental stewardship, and is available in six languages.

Hershey undertakes a comprehensive auditing process to monitor and work with suppliers, ensuring their adherence to our Supplier Code of Conduct. In 2015, we met our goal to audit 25 percent of internal manufacturing sites and external suppliers.

We traced 10% of our palm oil purchases to the plantation level by the second quarter of 2015, moving toward our target of 100% traceability by the end of 2016

Progress on Palm Oil

Our Responsible Palm Oil Sourcing Policy requires all suppliers to implement responsible expansion procedures at the plantation level. And, through our partnership with The Forest Trust, we're tracking our palm oil purchases throughout the supply chain to ensure that palm oil is not being grown in areas connected to deforestation or peat areas. We also ask suppliers to identify and reduce greenhouse gas emissions in their operations.

ADDRESSING DEFORESTATION AND CLIMATE CHANGE

In 2015, Hershey and 154 other U.S. companies, both large and small, signed the White House's American Business Act on Climate Pledge to offer support for action on climate change and a global agreement at the COP21 climate summit in Paris. Hershey developed new greenhouse gas emissions reduction goals to achieve by 2025 and expanded sustainable sourcing efforts with actions and new commitments to help protect forests and combat climate change. These measures build on our existing commitments to operate sustainably and source ingredients in ways that limit deforestation and reduce GHG emissions.

PULP, PAPER AND PALM OIL SOURCING ACHIEVEMENTS

During the past 50 years, about half of the world's original forest cover has been lost. We are helping to protect this critical resource through our new Pulp and Paper Policy. By 2017, all virgin fiber in any pulp and paper sourced by the company must come from sources that protect areas of high conservation value, respect indigenous rights and are verified through third-party due-diligence systems, among other requirements. Implementation will begin in the United States and Canada and expand across our global operations.

Another area where we have taken action to protect forests and the communities they support is our work to ensure that our palm oil suppliers are not participating in deforestation.

Protecting Children in Cocoa-Growing Regions

Hershey does not tolerate illegal or inappropriate child labor in our supply chain, including the Worst Forms of Child Labor (WFCL) as defined by International Labor Organization Conventions 138 and 182. Our Supplier Code of Conduct explicitly states:

- **Children should not be kept from school to work on the farm.**
- **Children should not carry heavy loads that harm their physical development.**
- **Children should not be present on the farm when farm chemicals are applied.**
- **Young children should not use sharp implements during farmwork.**
- **Trafficking of children and forcing children to work are included among the Worst Forms of Child Labor.**

OUR COMMITMENT TO HELP ELIMINATE ILLEGAL CHILD LABOR

With 70 percent of the world's cocoa supply coming from West Africa, there are entire communities in that region dependent on this crop. Illegal use of child labor by some cocoa farmers can occur when poor economic and social conditions exist, which can lead to children working unwillingly under deplorable conditions that deprive them of their freedom and opportunity for education.

At Hershey, we are committed to eliminating any illegal and abusive forms of child labor. In our efforts, we are attentive to the International Labour Organization (ILO) definitions of the "worst forms of labor," including "hazardous labor," in their conventions Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor.

We cannot tolerate the unacceptable forms of child labor that continue to exist in cocoa-growing regions. Yet, we recognize this is an enormous challenge well beyond the ability of a single organization to solve. Because these issues are deeply rooted in complex, systemic circumstances that are not easily reversed, they are best addressed through large-scale, multi-stakeholder efforts to change the underlying circumstances that contribute to these inexcusable human and labor rights violations.

As part of our commitment to eliminating illegal labor from our supply chain, we continue to build and accelerate our relevant programs. Among the steps we've taken:

- Hershey committed in 2012 to use 100% certified and sustainable cocoa in its products worldwide by 2020. Certification programs include strict regulations for cocoa farms, which prohibit child labor that violates ILO conventions. These programs involve verification from independent authorities that help mitigate the conditions leading to illegal child labor.
- Hershey is a founding member of CocoaAction, the industry-wide collaboration that trains and delivers improved planting material and fertilizer to cocoa farmers. It aims to strengthen communities through education, illegal child labor monitoring and women's empowerment.
- Hershey's Learn to Grow programs throughout Ghana, Côte d'Ivoire and Nigeria provide thousands of cocoa farmers with resources and education that address both direct and indirect causes of illegal child labor. The programs also include building health clinics and schools, which strengthen communities and help direct children toward an education rather than field work.

- CocoaLink, a technology program created by Hershey and the World Cocoa Foundation (WCF), educates farmers by sending information about agricultural and labor best practices from cocoa experts to farmers via mobile text messages. The program's focus areas include improving gender equality and raising awareness about labor rights issues, including illegal child labor. The program is now managed by the Ghanaian government.
- Hershey is partnering with the International Cocoa Initiative (ICI), a leading organization promoting and implementing child protection systems in the cocoa industry. ICI is implementing Child Labor Monitoring and Remediation Systems (CLMRS) programming in five Hershey-sponsored cocoa communities, including the formation of local Community Child Protection Committees, community-based training on the definitions of illegal child labor and active monitoring of potential cases of illegal child labor. Our intent is to learn from these five communities for potential future expansion across Hershey's cocoa supply chain.
- Hershey continues to provide funding, expertise and resources to assist with the construction of schools in cocoa-growing communities so that more children have an opportunity to obtain an education.

The expansion of our partner-led farmer training programs over the years and the rapid progress we have made since 2012 toward our commitment to source 100% certified and sustainable cocoa are significant achievements. But we recognize certification alone will not fully solve the entrenched social and economic challenges that contribute to the use of illegal child labor. To help create a bright future for young people and communities in cocoa-growing regions, we will continue to invest and innovate in this work alongside governments, non-governmental organizations (NGOs), private foundations and activist groups.

Our programs and activities reflect continued expansion of initiatives over the past six years that focus on directly addressing the long-embedded challenges in the West Africa cocoa supply chain that perpetuate abusive labor practices.

We are also greatly encouraged by the coordinated efforts of the World Cocoa Foundation's CocoaAction members. As a founding member, Hershey has worked to ensure our cocoa sustainability programs complement and support the broader goals of CocoaAction. We believe this will greatly advance our mutual commitment to end illegal child labor.

ENVIRONMENT, HEALTH & SAFETY PERFORMANCE

KEY ACHIEVEMENTS

- Developed our new 2025 Environmental Goals
- Signed the White House's American Business Act on Climate Pledge to mitigate climate change and other negative environmental impacts
- Offset 6,250 metric tons of our fleet's carbon emissions through Verified Emission Reductions

KEY CHALLENGES

- Integrating Environment and Health and Safety groups into a combined unit
- Integrating our acquired plants into our environmental measuring systems and metrics

Milton Hershey established some of the most progressive operating standards of his time, operating with deep respect for employees, consumers and the environment. We continue that legacy through our efforts to comply with or exceed all environment, health and safety (EHS) laws and regulations wherever we operate.

Although our environmental and safety and health departments have always collaborated closely, they have operated as separate departments. In 2015, we combined them into a single department. To improve efficiency and accountability, we are integrating both functions' audit processes, training programs and management systems. In addition, we have combined EHS leadership roles at many of our manufacturing sites.

Our new EHS department will retain key elements of the environmental management system we implemented in 2013, which helped us preserve the environment, conserve natural resources and reduce waste in ways aligned with our business strategies and objectives. By encompassing health and safety, the new EHS organization strengthens our commitment to operate ethically and safely around the world.

Employee Engagement in Plant Safety

At Hershey, our remarkable employees regularly lead enhancements of our EHS programs and processes.

The Maintenance Safety Committee at our Robinson, Ill., plant exemplifies this commitment to fellow workers and maintaining a safe workplace.

The committee includes employees in the site maintenance group, many of whom have been members of this self-managed and self-motivated committee since its creation 10 years ago.

The committee is involved in the site incident investigation process and routinely helps develop corrective actions.

Its work includes tracking the status of maintenance jobs designated as safety priority tasks and routinely speaking with employees in the production areas regarding repair tasks. This close level of involvement results in timely repairs while ensuring a high level of safety.

ENSURE HEALTH AND SAFETY AT HERSHEY

The health and safety of all of our workers is a core value at Hershey. Combining our health and safety management systems will allow us to monitor and improve our performance across all of our operations. We are committed to achieving best-in-class results by:

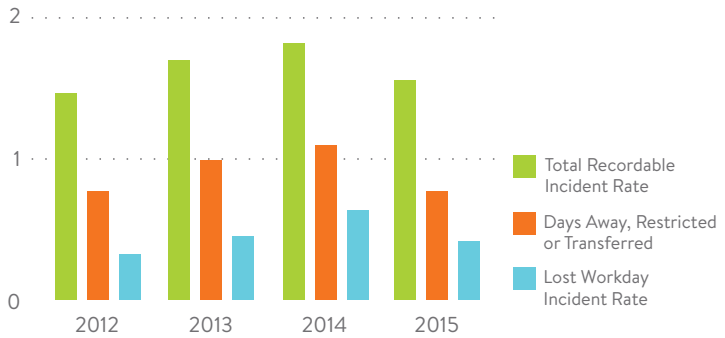
- Reviewing incidents at the local level, identifying root causes and implementing corrective actions
- Working with industry peers to understand and share best practices
- Ensuring all employees at wholly owned Hershey facilities are actively represented by a safety committee
- Dedicating safety resources at all manufacturing sites

NEW METRICS TO MEASURE SAFETY

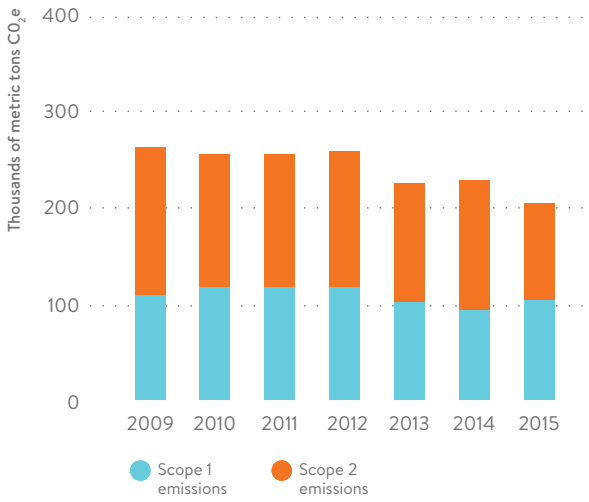
Historically, we have focused on measuring and reporting Total Recordable Incident Rate (TRIR), Days Away, Restricted or Transferred (DART) and Lost Workday Incident Rate (LWIR).

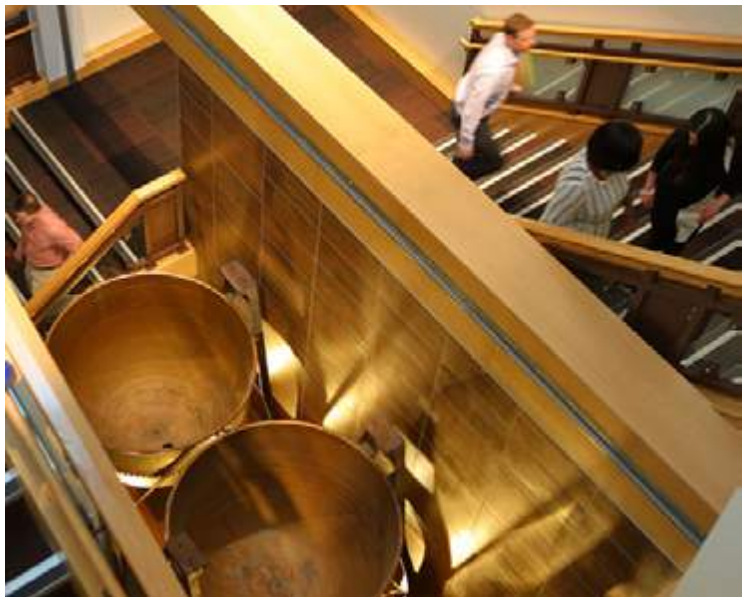
In 2015, we began tracking our near-miss-to-injury ratio to better understand where and how we can improve our safety performance. We implemented this new metric globally in 2016 and are using it to develop 2016 safety goals and incentives at each facility.

KEY PERFORMANCE INDICATORS	2012	2013	2014	2015
Total Recordable Incident Rate (TRIR)	1.45	1.81	1.69	1.56
Days Away, Restricted or Transferred (DART)	.75	1.09	1.00	.75
Lost Workday Incident Rate (LWIR)	.31	.63	.45	.41



HERSHEY'S GREENHOUSE GAS EMISSIONS





LEARN MORE ABOUT: *ALL OF OUR COMPANY'S RESPONSIBLE SOURCING GOALS*

ENERGY AND GHG EMISSIONS

We continue to look for ways to reduce our greenhouse gas (GHG) emissions and our impact on climate change. Last year, we reduced our GHG emissions by 12,782 metric tons CO_2e. This is the equivalent of taking 2,691 passenger cars off the road for one year or installing 3.5 wind turbines. In 2015, we undertook additional work to further our goals:

- Upgraded our exterior lights at all U.S. facilities to Ceramtec fixtures, reducing GHG emissions by 1,097 metric tons annually, or the equivalent of not consuming 2,551 barrels of oil
- Upgraded mechanical utility systems in China, reducing GHG emissions by 5,314 metric tons annually, which is equivalent to the energy use of 731 U.S. homes
- Explored the feasibility of reducing electrical consumption and GHG emissions by installing LED fixtures at our U.S. distribution centers

HERSHEY'S AMERICAN BUSINESS ACT PLEDGE

In October 2015, Hershey signed the White House's American Business Act on Climate Pledge to show our support for a strong outcome in the historic global 2015 Paris Climate Conference (COP 21) climate change negotiations. We also set ambitious new environmental goals to achieve over the next decade, which replace our previously set 2017 goals. Our full pledge is available on the White House website: Hershey Pledge.

WE WILL:

REDUCE GREENHOUSE GAS EMISSIONS 50% by 2025, compared to our 2009 baseline, augmenting the 23% reduction we have already achieved

REDUCE ABSOLUTE WATER USE by an additional 25% by 2025, building on our existing progress of reducing water use by 70% since 2009

SAVE AN ADDITIONAL 25 MILLION POUNDS OF PACKAGING MATERIAL by 2025, augmenting the 16 million pounds we have already saved since 2009

EXPAND THE USE OF ELECTRIC VEHICLES in our corporate fleet, reduce the emissions associated with it and continue to purchase carbon credits to offset unavoidable emissions

IMPROVE OUR COMPANY-WIDE RECYCLING RATE to 95% by 2025, up from our 2009 baseline of 72%

ACHIEVE ZERO-WASTE-TO-LANDFILL STATUS at all Hershey wholly owned facilities by 2025, building on our existing roster of 11 zero-waste-to-landfill facilities

Carbon Offsets Benefit Global Climate, African Communities

In 2015, we offset greenhouse gas emissions from our fleet vehicles through the purchase of 6,250 metric tons of Verified Emission Reductions (VERs), which is equivalent to leaving 14,535 barrels of oil unused. Hershey acquired the credits through the MAI Ndombe REDD+ Project, a program to reduce emissions from deforestation and forest degradation that is located in the Democratic Republic of Congo. The project is working to preserve 740,000 acres of vital wildlife migration corridor between Kenya's two largest national parks, which are currently threatened by deforestation. The REDD+ project focuses on long-term greenhouse gas reduction and also provides a range of immediate benefits to Kenyan communities, including local jobs, improved agricultural practices and tax payments to national and provincial governments. Community funds, which are distributed through Wildlife Works, sponsor school construction, school supplies, agro-forestry activities, mobile health clinics and medical supplies.

Cogen Installation at Monterrey Plant

Cogeneration, or combined heat and power, is the production of electricity using waste heat (such as steam) from an industrial process or the use of steam from electric power generation as a source of heat. It's an efficiency strategy Hershey has used since its early days—when excess steam from our plant was captured to heat nearby businesses—that continues to provide benefits today. In 2015, we installed a cogeneration system at our plant in Monterrey, Mexico, which also uses natural gas to efficiently generate both steam and electricity for the facility. As a result of this project, we expect to save more than 32 million kWh of electricity annually. This is equivalent to the annual electricity generated by 4.7 wind turbines, or the mitigation of 17,000 metric tons of CO_2e.

ADDRESSING CLIMATE CHANGE RISKS

Hershey's dedicated employees take a comprehensive approach to mitigating climate change risks. This begins with understanding, identifying and monitoring risks that may impact our ability to conduct business in different parts of the world.

Understanding how climate change may affect cocoa farming and production is one top priority our teams address. Through research, modeling and analysis, we examine shifting weather and temperature patterns, among other potential climate impacts. Our commodities experts analyze the potential impacts on cocoa and other commodities and investigate alternative commodities and growing regions while keeping abreast of changes in policies and regulations. At the same time, we seek to mitigate climate change risk in our supply chain by sourcing crops grown sustainably and training farmers in practices that limit deforestation and use natural resources responsibly.

We also work pre-competitively with our supply chain partners and trade associations on climate change issues where appropriate.

The renovation of our former factory into a modern office building at 19 E. Chocolate Ave. in Hershey, Pa., earned Leadership in Energy & Environmental Design (LEED) Gold certification from the U.S. Green Building Council (USGBC).

Awards

USGBC Pennsylvania Chapter's Project of the Year Award

10,000 Friends of Pennsylvania's Commonwealth Award

Renovation Facts

More than 30% of all the new building material used recycled content

98% of construction material was diverted from landfill

Update on Efficient Business Operations Goals and Progress

GOALS (due 2017 from 2013 base year, except where noted)	2015 PROGRESS
Reduce greenhouse gas emissions (GHG) in our U.S. distribution and transportation operations by 10%	We reduced the GHG emissions from our U.S. distribution and transportation operations by 5.85%, or 5,089 metric tons of CO_2e, in part through our continued focus on improving operational efficiency. Building on last year's reduction of 4.75%, this brings our total reduction to 8% since 2013.
Attain zero-waste-to-landfill (ZWL) status at two additional plants	In 2015, one additional facility attained ZWL status, while our Stuarts Draft plant was unable to retain its ZWL status due to the closure of a waste disposal facility. By the end of 2015, 11 of our facilities had achieved ZWL status. Last year, we set a new goal to attain ZWL status at all of our wholly owned facilities by 2025.
Achieve a recycling rate of 90%	Our recycling rate was 88%, a slight decrease from our recycling rate in 2014 of 88.9% due to the acquisition of manufacturing facilities. Last year, we set a new recycling rate goal to achieve a 95% recycling rate by 2025.
Reduce waste per thousand pounds of product by 5%	We reduced waste per thousand pounds of product by 0.2%, which brings our cumulative reduction to 1.6% since 2013.
Reduce GHG emissions by 15%	We have decreased our GHG emissions by 4% since 2014 and 23% since 2009. In 2015, we reduced our emissions by 13,000 metric tons CO_2e, which is equivalent to taking 2,700 passenger cars off the road for one year. Our new goal is to reduce our emissions by 50% from 2009.
Reduce absolute water use by 17%	We used 1.3 billion gallons of water in our global operations, an increase of 4.8% from 2014. The increase was primarily due to our acquisition of manufacturing facilities. We set a new goal last year to reduce our absolute water use by an additional 25% by 2025.
Complete a minimum of 25 initiatives resulting in the cumulative elimination of 16 million pounds of packaging material	We saved 7.1 million pounds of packaging material. This brings our cumulative savings since 2013 to 14.3 million pounds. Last year we set a new goal to save an additional 25 million pounds of packaging material.
Maintain our commitment to use at least 80% recyclable materials (by weight)	We continue to ensure that 80% of packaging materials are recyclable.
Continue to achieve top-tier safety performance as measured by innovative training programs and systems that focus on measurable improvements in people and safety metrics	We continued to improve our safety performance across our operations, seeing marked decreases in injuries and lost time. We also began tracking an additional metric to better understand cases in which safety may have been compromised but did not result in an injury.

Our El Salto plant, a zero-waste-to-landfill facility

FOCUSING ON WATER EFFICIENCY AND RISKS

Water is a crucial resource for our farmers, suppliers and manufacturing facilities, not to mention the communities where we live and do business.

Since water conditions can impact the availability, price and quality of our key ingredients, we manage its usage carefully and work with suppliers as well as commodity and agricultural trade organizations to track water risks and develop response strategies across our value chain.

We conduct comprehensive water risk assessments at all of our manufacturing facilities. Some of the steps we take at each facility include:

- Monitoring conditions and regulations that might impact water quality and/or availability
- Tracking regional water scarcity trends
- Communicating with suppliers to track conditions that can impact ingredient availability

Monitoring our water use and implementing efficiency measures and systems can make a significant difference to our operations. At our Monterrey, Mexico plant, our new desalination system implementation saved 15.8 million gallons of water last year, enough to fill 24 Olympic-size swimming pools.

Our overall water use increased by 4.8 percent in 2015, primarily as a result of our recent acquisitions and expanded manufacturing capacity. For example, our acquisition of the Allan Candy Company included a 170,000-square-foot manufacturing facility in Canada. While our total water use increased over 2014, we were able to maintain our water use intensity ratio, which measures the amount of water we use per thousand pounds of product. As we share best practices among facilities, we expect to achieve the reductions needed to meet our new goal to reduce our total water use by 25 percent by 2025.

Our cocoa sustainability programs also help build resiliency in regions that are vulnerable to water stress, such as Ghana and Côte d'Ivoire. Read more about these efforts in Responsible Sourcing.

REDUCING WASTE

Hershey has 11 zero-waste-to-landfill (ZWL) facilities, 10 in the United States and one in Mexico. In 2015, 71 percent of our total production globally took place in ZWL plants. Our new environmental goals include achieving ZWL status at all facilities by 2025.

For eight years, we have focused on improving Hershey's recycling rate. Today, our plants consistently exceed an 88 percent recycling rate. Achievements such as this one are further amplified over time because we share our learning and best practices across our manufacturing network. For example, as we integrate Allan Candy Company facilities, we are sharing this knowledge and raising awareness among employees about our waste minimization efforts.

BY THE END OF 2015:

14 million

pounds of packaging material have been saved since 2013 toward our goal of 25 million cumulative pounds by 2025

80%

of our packaging by weight was recyclable

ENSURING GOOD GOVERNANCE AND ACCOUNTABLE MANAGEMENT

KEY ACHIEVEMENTS

- Optimized enterprise-wide processes to identify and mitigate ethics and compliance risks
- Continued to effectively manage compliance-related risks in key international markets and with new business partners
- Further enhanced global due-diligence processes and procedures to evaluate the company's business with existing and new business partners

KEY CHALLENGES

- Implementing a risk-conscious approach to integrating newly acquired and partner entities that embeds our compliance expectations and values while maintaining the appropriate level of autonomy
- Driving operational efficiency through a proactive analysis of regulatory risks that may threaten the achievement of strategic goals

At Hershey, we are committed to outstanding corporate governance. This focus enables us to operate effectively, strengthen our exceptional brand reputation and protect the value our employees work hard to create for all of our stakeholders.

We continue to take a long-term view as we expand our business globally. We aim to deliver growth while supporting and collaborating with key stakeholders, including employees, customers, NGO partners, consumers and policy makers. Ongoing dialogue with these and other groups, together with our strong values, clear policies and rigorous accountability processes, help us maintain focus on responsible and ethical operation.

LEADERSHIP REORGANIZATION

In 2015, we reorganized our leadership structure to better support our evolving strategy, develop growth-enabling capabilities, and unlock strategic and leadership potential at all levels of our company.

LEARN MORE ABOUT: *ENGAGING STAKEHOLDERS*

"I'm excited to build on the strong tradition of CSR at The Hershey Company. Our vision is to continue to draw on the expertise of our employees around the world to more closely align our business objectives with key stakeholder needs. In doing so, we can invest more in our communities and expand our shared social purpose of helping to improve children's nutrition."

Jeff King
Senior Director of Sustainability, CSR and Social Innovation
The Hershey Company

These structural and strategic changes made us a more agile and focused organization. They take into account our dynamic workforce, the importance of diversity and inclusion, consumers' evolving relationship with food and changing buying behaviors. We are confident that our new structure will help us be more nimble and competitive in key regions and markets around the world.

SHARED GOODNESS: A STRATEGIC APPROACH

We use priority issues analyses, benchmarking and our Code of Ethical Business Conduct to direct our corporate social responsibility (CSR) strategy and execution, which is overseen by members of our Global Leadership Team, composed of company executives.

Sustainability and CSR activities are increasingly integrated into functional areas across the company. This strategy effectively brings cross-functional teams together to work on CSR projects.

CSR is under the purview of our Vice President of Corporate Communications and CSR, who reports to our Senior Vice President, Chief Administrative Officer. CSR management reports regularly to the Board of Directors on strategy and progress toward our CSR goals.

In addition, a special senior leadership council provides oversight and direction for our strategy and engagement in West Africa. This cross-functional council creates visibility for and alignment across Hershey's commercial, responsible sourcing and CSR strategies. For example, the council oversees our sourcing and farmer-training programs related to cocoa and other ingredients, as well as the Nourishing Minds initiative, which includes the Energize Learning school-feeding program in Ghana.

ETHICS, COMPLIANCE AND TRANSPARENCY

Hershey's Corporate Governance Guidelines set forth the company's approach to corporate governance in detail. They are reviewed by the Board of Directors annually and were last amended effective April 1, 2015. These guidelines address matters such as the Board's responsibilities, structure and composition, membership criteria, committees and director qualifications and independence.

The Code of Ethical Business Conduct establishes Hershey's expectations for employees and partners and is published in eight languages. All directors and employees undergo training and certify acknowledgment of the principles outlined in the Code.

In 2015, we took advantage of technological efficiencies to advance our global due-diligence procedures related to our engagement of third parties. These enhancements are helping our employees conduct business in a manner that supports our ethics and compliance commitments.

We reinforce our standards through our confidential ethics and compliance reporting system, which allows employees and third parties to ask questions about our company policies and report compliance concerns. The system offers local, country-specific hotline telephone numbers to facilitate access.

BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors has oversight responsibility for the company's strategies, significant decisions and business performance. To that end, it has established five standing committees to enable in-depth review of key matters: 1) Audit, 2) Governance, 3) Compensation and Executive Organization, 4) Finance and Risk Management and 5) Executive.

The Board and its committees are responsible for overseeing, among other matters, compliance with legal and regulatory requirements, the company's enterprise risk management (ERM) program and the key risks identified through the ERM process, the integrity of company financial statements, and management succession planning and compensation policies.

More information concerning the company's management and governance structure and practices, including Hershey's SEC filings, including annual reports on Form 10-K and the 2015 Proxy Statement, can be found on our website.

ENTERPRISE RISK MANAGEMENT (ERM)

Hershey's ERM process enables the company's senior leaders to identify, evaluate, manage and mitigate the company's exposure to risk. Through our ERM process, we quantify the risks our company faces from each identified factor by building a scale influenced by the likelihood of occurrence and potential impact on the company. This process is overseen by our Board through active review and discussion of this information with our senior leaders. The results of this process allow our Board, key senior leaders and other internal stakeholders to prioritize risk mitigation efforts.

GRIEVANCE MECHANISMS

Questions and concerns regarding conduct by company personnel and business partners may be received by the company through various sources, including:

- Reports to company managers, Human Resources and the Ethical Business Practices Committee (established under the Code) and by telephone or web submission to the concern line at a Hershey-specific website: www.HersheysConcern.com.
- Providing information to our Disclosure Committee, either as a group or through any individual member, during a formal meeting or otherwise.
- Information received by the General Counsel from an attorney under the Policy on Reporting by Attorneys and Part 205 of the United States Securities and Exchange Commission's regulations.
- Communications by any interested party, including shareholders and employees, to the Audit Committee or the Independent Directors of the Board by telephone, email or mail.

Please review our procedures for submission and handling of complaints regarding compliance matters.

Inquiries related to our products can be made through contact with our Consumer Relations team via a country-specific toll-free number or through the Global "Contact Us" page, www.askhersheys.com, which is listed on all packaging.

KEY ACHIEVEMENTS

A workforce that is composed of 36% millennial generation employees

Signed PA Competes Pledge—pledge to support the Pennsylvania Fairness Act to protect LGBT Pennsylvanians from discrimination

KEY CHALLENGES

Embedding Hershey's values in acquired businesses globally

Meeting our newly established goal of becoming a global industry leader in diversity and inclusion by 2020

FOSTERING WORKFORCE ENGAGEMENT AND EXCELLENCE

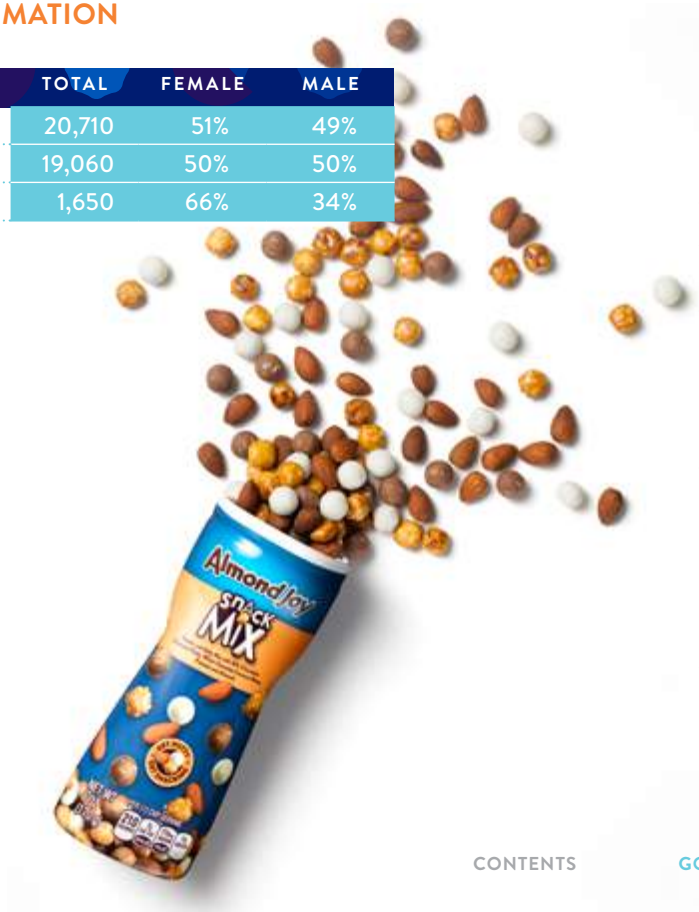
Hershey's 21,000 employees are, and always will be, our competitive advantage. Every product we bring to market is infused with their care, hard work and ingenuity.

In 2015, Hershey made strategic organizational and structural adjustments that will enable continued growth. We're moving toward a company culture defined by agile collaboration—focused on action and open to change, with people always working together. To get there, we're empowering and inspiring our employees to take a hard look at how we do things and find fresh opportunities to collaborate and take smart risks to drive our business forward.

We're also investing in wellness programs that enable greater employee productivity in the workplace. Healthy employees bring their best selves to work. Ultimately, we are at our best when every Hershey employee knows how to find new paths to personal, professional and company growth and success.

HERSHEY WORKFORCE INFORMATION

WORKFORCE	TOTAL	FEMALE	MALE
Hershey Employees	20,710	51%	49%
Full-time	19,060	50%	50%
Part-time	1,650	66%	34%



PROVIDING PERSONAL AND PROFESSIONAL DEVELOPMENT OPPORTUNITIES

We offer coaching and development opportunities and reward performance. We empower people to take calculated risks for the benefit of the company, and we value individuals for the quality of their innovative ideas.

To succeed in key markets and categories, we must continually compete for top-performing people, unlock their potential and support their inspiration, growth and performance as they develop their careers at Hershey. Therefore, we invest in both the personal and professional development of our people. This begins the first day of employment at Hershey, when new employees are offered educational resources and guidance through our multimedia onboarding portal.

To ensure we remain a leader in our industry, we're focusing resources and attention on creating an "innovation everywhere" mind-set across our organization. That means asking employees to challenge themselves and each other to move us forward.

We devote many of our human resources programs to fostering individual and team performance. Continuous training, coaching, feedback and professional development opportunities allow our employees to have meaningful and successful careers. We have ongoing programs focused to ensure the health, safety and welfare of those who work for us.

Rewarding Our Remarkable People

As part of our annual Milton Hershey employee and team awards, we presented our first award acknowledging an employee for smart risk-taking, which we recognize is an essential component of continued business success.

The award categories are:

- **Application of insights/technology**
- **Continuous improvement**
- **CSR**
- **Innovation and growth**
- **Winning with talent**

There is also an Employee Choice Award whose honoree is selected from winners and runners-up for each of the award categories. The 2015 recipients were a team of 40 Hershey employees recognized for having the most inspirational project of the year with Project Betterway. The team members had collaborated on new ideas and designs that resulted in the adoption of improved practices to reduce manufacturing waste.

To measure the success of our programs and people, we track employee development and achievement progress and outcomes in our talent management system. We also aim to provide our full-time, salaried employees at Hershey with ongoing performance reviews.

Hershey's Learning Management System provides global access via personal computer or mobile device to thousands of professional and technical courses. These courses range from robust leadership programs to role-specific training provided by functional learning academies within our marketing, sales and supply chain divisions. In 2015, more than 3,100 courses were available to our workforce.

We also support the educational goals of our employees through our tuition-reimbursement program. Additional investment is made in international assignments for our employees through our global mobility strategy and practice.

DIVERSITY AND INCLUSION (D&I)

We know that an inclusive workplace brings competitive advantages, and we want our workforce to be as diverse as the communities in which we live and do business. By building a workplace that welcomes and respects a multitude of perspectives, we will attract, develop and retain world-class talent and compete globally in new product categories. Toward those ends, we have established a goal to become an industry leader in diversity and inclusion by 2020.

Committed to Equal Opportunity

Our policy is to extend opportunities to qualified applicants and employees on an equal basis regardless of an individual's race, color, gender, age, national origin, religion, citizenship status, marital status, sexual orientation, gender identity, transgender status, physical or mental disability, protected veteran status, genetic information, pregnancy, or any other categories protected by applicable federal, state or local laws.

Our Partners in D&I

We partner with about 50 organizations to develop programs and reach our goals focused on developing, attracting, hiring and retaining a diverse and inclusive workforce. These include:

- Thurgood Marshall College Fund (TMCF)
- National Black MBA Association (NBMBAA)
- National Society of Hispanic MBAs (NSHMBA)
- Hispanic Heritage Foundation (HHF)
- National Organization on Disability (NOD)
- MBA Veterans (MBAV)
- Network of Executive Women (NEW)
- Enactus

Developing Our Talent Pipeline

Sixteen Hershey leaders attended the 2015 Thurgood Marshall College Fund Leadership Institute Career Fair to participate in panel discussions and recruit new graduates. The institute supports students at historically black colleges and universities.

William Papa, Senior Vice President, Chief Research & Development Officer, delivered a keynote address attended by 500 students. Hershey was a President Partner of the Leadership Institute and a Corporate Supporter of the Annual Gala.

We are also proud to attract and employ veterans who have honorably served our country. As a federal contractor, we are working to meet the U.S. Federal benchmark that seven percent of our new hires be veterans or individuals with disabilities.

Women around the world make 85 percent of packaged good decisions for households. Having women well represented across our employee base keeps us more closely connected to our consumers' needs and interests. In the United States, women make up 45 percent of our workforce, and 3 out of 11, or 27 percent, of our executive team are women. Internationally, 55% of our employees are women. In Malaysia, 50 percent of our new leadership team is female.

- We are proud to have a high percentage of millennials working for the company—**36 percent** by the end of 2015. This number will increase in the coming years.
- We aim to promote diversity at all levels of our organization, including at the management and executive levels. In 2015, leadership roles at the Director level and above held by minority employees increased by **0.5 percent** and is now **18.4 percent** of U.S.-based employees.

In 2015, nearly **54,000** recognition moments occurred through our SMILES global recognition program

DIVERSITY IN HERSHEY'S WORKFORCE[1]

	ALL EMPLOYEES	DIRECTOR-LEVEL AND ABOVE
Female representation		
Globally	51.3%	26.7%
United States	45.3%	28.9%
Non-U.S.	55.4%	19.8%
Minority representation[2]		
United States	18.4%	18.5%

[1] All workforce data as of December 31, 2015
[2] Aligns with the Equal Employment Opportunity Commission's definition of ethnic and racial minority groups

SMILES: RECOGNITION FOR EXEMPLARY WORK

SMILES is a global recognition program launched in 2014 through which employees are recognized by one another for exemplifying our Hershey Values and doing great work. This social program engages employees across the entire organization. In 2015, nearly 54,000 recognition moments occurred, indicating that the program has been embraced by employees and has become a key tool for recognition across the company.

LISTENING TO OUR EMPLOYEES

Each year, we conduct an annual survey of employees globally to hear their perspectives regarding their experiences as employees of The Hershey Company. In 2015, we learned that:

- 70 percent of our employees are highly engaged, which is well above our benchmark
- Hershey employees feel greater encouragement to share ideas than in years past and want to be better grounded in the purpose of their work
- Employees are inspired by and respect what the company stands for and would recommend Hershey products as the best a consumer can buy

Engaging Conversations for Business Resource Groups

Business Resource Groups (BRGs) enrich our leadership skills and cultural competencies by fostering important conversations on topics related to diversity and inclusion.

In 2015, some of our discussions included topics on disability in the workplace, leadership development, cultural and demographic trends and Lesbians, Gays, Bisexuals, and Transgenders (LGBT) in the workplace.

Hershey Employee Recognized with Manufacturing Abilities First Award

Mike Thompson, production operator for Hershey's second-largest manufacturing facility in Stuarts Draft, Va., received the Champion of Disability Award for his efforts to promote the hiring of individuals with disabilities.

Mike is a participant in the Manufacturing Abilities First program and was recently promoted to a higher-skilled position at our facility in his second year as a Hershey employee.

Our employees at the plant have embraced the Manufacturing Abilities First program, with some offering to become mentors to program candidates.

HERSHEY
BUSINESS RESOURCE GROUPS

HERSHEY'S BUSINESS RESOURCE GROUPS

Hershey's Business Resource Groups (BRGs) serve as a way for leadership to be in ongoing dialogue with employees from different backgrounds and perspectives about important matters.

As an essential element of our employee engagement strategy, each BRG leader is supported by a Global Leadership Team executive sponsor, who serves as an advisor, coach and advocate. BRG leaders and members are given the opportunity to offer their perspectives directly to management on a variety of subjects. Participation includes workshops, networking and special project support.

For example, Prism, our lesbian, gay, bisexual and transgender BRG, was instrumental in providing guidance and resources for the development of our Transgender Resource Guide.

In 2015, our eight BRGs, with a total of more than 2,000 members, contributed to our employees' and leaders' professional development through innovative programs and panel discussions, talent development workshops and webinars and professional networking events.

Many of our internal celebrations were featured by Diversity Best Practices, a leading D&I organization that shares best practices and develops innovative solutions for culture change in Fortune 500 corporations.

In total, in 2015 our BRGs helped energize and enrich our company by creating events that were attended or viewed by more than 5,000 employees and other stakeholders.

Hershey BRGs are a key resource and a driver of the kind of agile collaboration we seek to embed within our growing workforce.

MANUFACTURING ABILITIES FIRST PROGRAM

Our Manufacturing Abilities First program provides jobs and skills development opportunities at Hershey for individuals with intellectual and physical disabilities. Participants, while acquiring job skills, gain financial independence performing the same work for the same pay and are held to the same expectations as their fellow employees.

At our El Salto plant in Guadalajara, Mexico, we are proud to have 11 full-time, hearing-impaired employees performing a variety of manufacturing duties. Their contributions to the company are a testament to the value and success of the program.

BENEFITS AND OTHER PROGRAMS

Since its founding, Hershey has been known for its concern for the health and welfare of our employees. Our full-time employees and their eligible dependents are provided with a comprehensive health and benefits program, including medical, dental and vision coverage, life insurance, disability benefits and a company 401(k). Our part-time employees are eligible to participate in the 401(k) plan after working 1,000 hours in an established time period.

Additionally, Hershey offers a variety of complementary programs that address the many needs of our diverse workforce, such as Best Doctors, a second-medical-opinion program; Teladoc phone and online medical consultations; and patient advocacy services that help navigate the medical system. Access to benefits such as ID theft insurance, auto and home insurance, discounted legal services and expert financial planning services help ensure the financial well-being of our employees.

Hershey's myWell-Being program rewards employees for attending to their own personal health by participating in health and wellness activities. Employees receive heath risk assessments followed by counseling to help them realize health improvements. Employee participation in the myWell-Being program was 36% overall, with 47% of U.S. employees participating.

EMPLOYEE HEALTH AND SAFETY

We employ safety and occupational health professionals at our facilities around the world to help manage programs and practices that ensure the safety and health of all employees in the workplace. We also contract occupational health professionals to help improve our employees' overall wellness and productivity globally. Working in partnership with our safety professionals, these efforts benefit our employees measurably and contribute to our business performance.

LEARN MORE ABOUT: *OUR APPROACH TO ENVIRONMENT, HEALTH AND SAFETY*

ETHICAL CONDUCT

Trust among our employees, partners and our full value chain is at the heart of our work culture at Hershey. Our Code of Ethical Business Conduct is available in eight languages. There is required Code training for all employees, which helps build trust and establishes high ethical standards within our workforce.

MEETING GLOBAL CHALLENGES HEAD-ON

In 2015, we restructured a number of aspects of our operations. As part of this process, we revised the focus of approximately 500 positions and eliminated approximately 200 others, mostly at our corporate headquarters in the United States.

We understand the stresses and personal impacts a reorganization can have on employees. Therefore, we managed ours as sensitively as we were able to:

- Manufacturing jobs were not affected
- Position reductions and role changes were evenly distributed across all levels of the organization
- Employees were given an opportunity to voluntarily end their employment and receive benefits and severance pay equal to those given to people whose positions were eliminated

STREAMLINING OPERATIONS IN INDIA

Additionally, in India, we ceased operations at our Chittoor plant, as limited demand for the products we manufactured there made it no longer cost-effective to operate. As is our practice in such situations, all 300 employees impacted by this decision were offered severance packages whose value was well above that mandated by law. We continue to work through this process with local government agencies, labor unions and impacted employees.

DELIVERING FOOD QUALITY, SAFETY AND TRANSPARENCY 50

ENGAGING STAKEHOLDERS 56

INVESTING IN COMMUNITIES 58

DELIVERING FOOD QUALITY, SAFETY AND TRANSPARENCY

KEY ACHIEVEMENTS

Began to transition iconic products, including *Hershey's Kisses* Milk Chocolates and *Hershey's* Milk Chocolate Bars, to simpler, familiar ingredients

87% completion rate among employees globally of food safety training program in 2015

Became the first snacking and confectionery company to adopt and implement the Grocery Manufacturers Association's SmartLabel™ program

Revamped our entire database information system for all of our food ingredients to provide an extraordinary level of information about our ingredients and products

KEY CHALLENGES

Scaling efforts to provide ingredient information across the entire product portfolio

Bringing simpler ingredients to all of our products

The safety of our products is our top priority. Food safety begins when our snacks and confections are first created and remains important through every stage of our value chain. Our strong programs, policies and procedures are designed to ensure safety throughout our supply chain, manufacturing processes and distribution lines. And our commitment to meet the most rigorous standards of safety extends across our entire organization, as reinforced by our new food safety training program, which is mandatory for every employee.

As a consumer-focused company, we understand that people want to know what's in their food. And as consumers ourselves, we agree. To that end, we are simplifying our ingredients and have provided open and transparent information about our products. We are also actively leading industry efforts to achieve helpful, viable, consistent labeling solutions that meet consumer expectations.

ENSURING FOOD SAFETY

Through constant vigilance, Hershey has built an exceptional food safety culture that has achieved a high level of consumer trust. A recent survey of 80,000 shoppers ranked Hershey's as the most trusted chocolate brand.

To maintain and extend that trust, Hershey launched a food safety initiative in 2015 with the goal of advancing our global food safety culture from best-in-class to world-class. Our initiative is designed to create a culture in which every employee recognizes and takes responsibility for his or her role in food safety.

Engaging employees is key to our food safety program and helps us deliver on our brand promise of bringing goodness to the world.

All employees are required to complete our new Food Safety Overview eLearning module, which is available in six languages and covers the entire product life cycle, from product design to consumer shelf. As of the end of 2015, 87 percent of employees completed this new training module. In 2016, we are launching a new global eLearning module on allergens to raise awareness and educate our employees about this important issue.

COMPLYING WITH CHANGING FOOD-SAFETY AND LABELING REQUIREMENTS

The Hershey Company maintains two closely coordinated management systems designed to ensure regulatory compliance: one for quality and food-safety matters and another for environment, health and safety (EHS) issues. The quality and regulatory compliance and EHS teams work together to build program elements, such as policies, standards and procedures, to provide consistency across the functions.

Hershey's robust Product Excellence Program (PEP) comprehensively defines food safety, food quality and regulatory compliance requirements for enterprise-wide operations. The program incorporates standards of the Global Food Safety Initiative (GFSI) throughout the supply chain. We have obtained GFSI certification in 16 wholly owned facilities and one joint-venture facility. In many areas, we exceed the standards set by GFSI.

Our PEP is also designed to evaluate our extended supply chain—from ingredients and packaging through distribution—and to identify and mitigate product quality or food safety risks. This process is backed by audits from government agencies, third-party firms and our in-house quality-assurance staff. Approximately 81 percent of our current contract manufacturers and co-packers have attained certification, including 93 percent in the United States, with the remainder working toward certification as a condition of future business.

With PEP in mind, the Hershey team reviewed and, in conjunction with trade organizations, commented on the FDA Food Safety Modernization Act's (FSMA) legislation. These industry-led comments helped shape the final rules released in November 2015. The new rules are the most comprehensive revision of food safety requirements in more than 30 years and focus on preventive controls across the supply chain. The new

Employee and Industry Teamwork Leads to Ingredient Transparency

The innovative industry SmartLabel™ program, pioneered by our company, was developed by the Grocery Manufacturers Association (GMA). A cross-functional group of talented Hershey employees worked closely on the project for more than two years. Led by Deborah Arcoleo (above), Director of Product Transparency, the core team included employees from our Information Systems, Corporate Communications, Government Relations, Quality & Regulatory Compliance, and Operations and Packaging departments. This core group was supported by additional team members from our Legal, Global Shared Services, Supply Chain Operations, Global Design and Digital Marketing departments.

During 2015, the team focused on:

- Developing the web landing page for SmartLabel™, not only for our use but also as a template for the use of all GMA members
- Adding QR codes to our packaging and collaborating with other manufacturers

Our company further supported the initiative by providing our extensive ingredient glossary to SmartLabel™ and by contributing to the development of more than 250 product attributes that were built into the system.

rules will also require produce farmers and food importers to take steps to prevent food safety problems before they occur.

Our quality and regulatory compliance team continues to enhance our food safety program elements in 2016 to address the ever-changing food landscape and help maintain compliance with regulatory requirements.

Hershey also took steps during 2015 to ensure compliance with the Affordable Care Act's labeling requirements related to providing calorie and nutritional information on vending machines dispensing our products.

LISTENING TO OUR CONSUMERS

We are actively engaging both with consumers of our products and our customers, who are primarily retailers, through research and social media, among other channels. Our Consumer Relations toll-free phone number and website also help consumers share their perspectives with us. These engagement efforts enable us to stay in touch with consumers' needs and preferences. For example, in planning our simple ingredients strategy, we first listened to consumers to understand which ingredients were of most concern to them. In developing SmartLabel™, we began by listening to consumers to understand how they defined transparency, what tools they rely on to learn more about products (and their experiences with those tools), and what information they considered "must-haves" when choosing a product.

PROVIDING ACCESSIBLE INFORMATION

Hershey was one of the first U.S. confectionery and snacking companies to voluntarily provide nutrition information on food packages. We began to share openly the number of calories in our products in the early 1970s. We've learned that today our consumers want to know even more about the foods they eat. In response, we have embraced transparency as a core value and embedded it in our business practices, products and internal processes.

Our extensive online glossary lists information on all of our more than 400 ingredients. Further, the ingredient information section of our website offers in-depth articles about the uses, safety and sources of ingredients. We also offer videos about our processes and provide profiles of our key suppliers. We will continue to create and share clear information that is easy to access for our diverse audiences.

LEADING THE INDUSTRY WITH SMARTLABEL™

Hershey is proud to have spearheaded the development of and to have been the first company to adopt the Grocery Manufacturers Association's (GMA) SmartLabel™ program in 2015. SmartLabel™ utilizes a scannable Quick Response (QR) code on packages to provide fast and easy access to a wide range of product and ingredient information. For consumers without a smartphone, the same information can be found on our website.

SmartLabel™ represents a major milestone in the food transparency movement due to the depth, quality, accessibility and consistency of information it provides consumers. As more companies implement SmartLabel™, consumers will be able to use it to find a full suite of information on food, beverage, personal care, household and pet care products.

Creating a digital tool with the power and scope of SmartLabel™ requires an equally powerful food ingredient information management system. During the past year, Hershey developed a new database system that expands our internal capabilities to capture and provide a detailed level of product and ingredient information and documentation unprecedented in our 120-year history. We revamped our entire information system for all of our food ingredients and expect to launch the new system in 2016.

HERSHEY'S SMARTLABEL™ JOURNEY

2013
Benchmarked best practices and developed Hershey's website transparency strategy

2014
Built a label prototype and engaged the full consumer packaged goods industry to join us in developing a mobile solution for product transparency

SUMMER 2014
Helped form Grocery Manufacturers Association's (GMA) Information Transparency Initiative (ITI)

OCTOBER 2014
ITI launched with a team of more than 90 manufacturers, retailers and other partners

AUGUST 2015
First-generation SmartLabel™ design completed and approved by the board of the GMA

2015
SmartLabel™ QR code debuted on approximately 200 Hershey products

2016
600 additional Hershey products to include SmartLabel™ by year end

2017
Placement of SmartLabel™ on all products in our U.S. portfolio to be completed by year end

smartlabel™

LEARN MORE ABOUT
smartlabel at smartlabel.org

Consumers looking for delicious snacks with simple, wholesome ingredients will enjoy our new Brookside Fruit & Nut Bars, *which are made with real fruit, whole roasted almonds, rolled oats, pumpkin seeds and signature Brookside dark chocolate.*

OUR COMMITMENT TO SIMPLER INGREDIENTS

As we evolve our ingredient sourcing, we are working to maintain the same great flavors, aromas, textures and appearance consumers expect of our products. Making these fundamental changes is a complex endeavor and will occur over a number of years as we continue to evaluate alternate ingredients and adapt our recipes.

We strive for simplicity in all of our ingredients, and although we may not achieve it with every product, we will share updates as we make progress in this initiative.

Genetically Modified (GM) Ingredients

We regularly review research regarding GM foods and ingredients to ensure the safety of our products, which has been reinforced by the broad scientific consensus that GM foods are safe to eat. But we know that some consumers prefer products that do not contain GM ingredients. We are responding to these preferences by developing a range of products made with non-genetically modified ingredients.

We are working with industry peers and government representatives to develop a consistent, feasible GM labeling approach at the federal level. Meanwhile, we will comply with Vermont's legal requirement to label products containing GM ingredients. Our aim is to meet consumers' needs with a process that can be practically implemented by food and beverage manufacturers.

Sugar/Sweeteners

In 2016, the U.S. Food and Drug Administration (FDA) finalized a new Nutrition Facts label for packaged foods. Manufacturers will be required to declare both the amounts of Total Sugars and Added Sugars, in grams. FDA now also requires that the amount of Added Sugars be declared as a percent Daily Value (%DV), on the label. The %DV is based on the establishment of a Daily Reference Value (DRV) for added sugars that states that the daily intake of calories from added sugars should not exceed 10 percent of total calorie intake. Hershey will work diligently to make the necessary updates to our Nutrition Facts labels. In addition, we are working collaboratively with food industry associations, including the GMA, to develop a consistent and clear approach to communicate information about sugars and provide education about the newly added declaration of Added Sugars.

Protein

On-the-go consumers are increasingly focused on protein in their diets, and Hershey is responding by offering relevant, delicious snacking choices.

Hershey acquired *KRAVE* Jerky, a line of unique, chef-inspired meat products, in 2015. The *KRAVE* brand delivers portable protein nutrition while meeting consumers' desire for simple ingredients. *KRAVE* premium jerky features quality ingredients and unique flavors free of gluten, high fructose corn syrup, added nitrites and MSG.

Our *SoFit* brand is another snacking product line focused on portable nutrition that features complete protein. In late 2015, we began a limited introduction of *SoFit* fruit and protein squeezes, snack squares, and nut and seed packets.

MONITORING CUSTOMER SATISFACTION

Our Consumer Relations department provides a number of ways for consumers to contact us about our products or business operations. When consumers reach out to us, we collect and summarize their feedback. This information is used by departments throughout the company to evaluate improvements in our products and corporate initiatives.

We also send consumers a satisfaction survey approximately two weeks after their interaction with a Consumer Relations representative if they have provided us with an email address. On average, 21 percent of consumers we sent a survey to in 2015 responded. The responses received through these surveys are used to improve the overall consumer interaction experience. In 2014, we also added a customer satisfaction survey link to every *Hershey's Chocolate World* store receipt, specifically focusing on guests' experiences at the store.

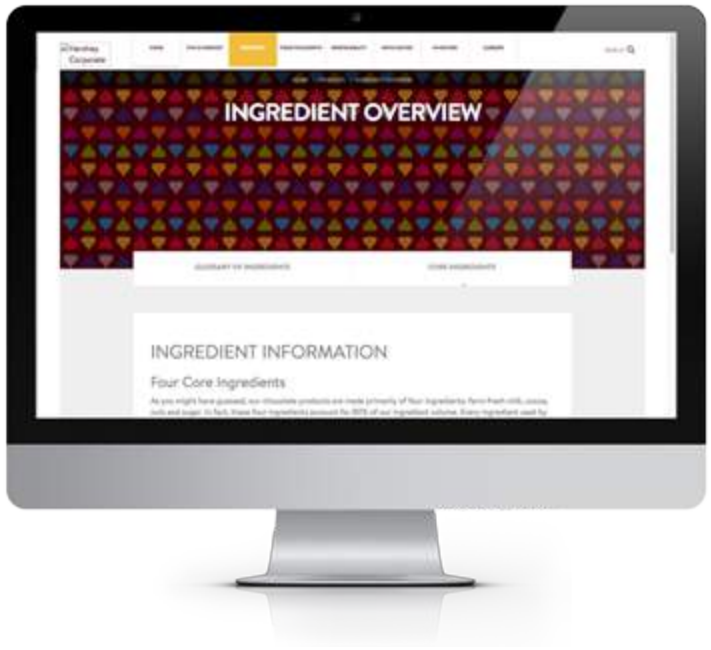
PROVIDING MORE PRODUCT CHOICES FOR CONSUMERS

Candy and snacks are treats to be enjoyed in moderation. To support consumers seeking more options with no sugar, less sugar or fewer calories, we broadened our product portfolio in 2015. Consumers can now choose from an expanded selection of portion-controlled packaging, as well as reduced-sugar and sugar-free choices. Our selection of eight sugar-free brands includes the largest portfolio of sugar-free mints in the industry.

Consumers have a right to know what's in their food. Hershey is providing transparent information about the nutrition and ingredient content of our products.

RESPONSIBLE MARKETING PRACTICES

All of our marketing efforts, including those that reach children, are guided by our Global Marketing Principles. These principles stress responsible practices, particularly in relation to children. We demonstrated this commitment as far back as 2006 when we became a founding member of The Children's Food and Beverage Advertising Initiative (CFBAI), started by the Council of Better Business Bureaus, and voluntarily pledged not to advertise on television, radio or internet in the United States primarily directed to children under the age of 12, except for messages promoting healthy lifestyles. We have also signed a pledge in Canada, with similar guiding principles, as part of our involvement with the Canadian Children's Food and Beverage Advertising Initiative.



ENGAGING STAKEHOLDERS

We interact regularly with stakeholders to understand their interests, perspectives and priorities. We continually monitor and communicate about the issues that are most important to our customers, consumers, investors, the media and other external stakeholders, as well as our own employees, suppliers and business partners. These dialogues address all aspects of our business activities, from sourcing and operations to CSR.

We engage stakeholders through a variety of advocacy and industry organizations and also receive feedback directly from the public through our toll-free number, postal correspondence, email and social media.

In 2015, we conducted extensive research about consumers' interests in food, ingredients, our products, food transparency and responsible sourcing. The insights we gained have greatly informed our emerging business and communications strategies.

Learn more about Hershey's approach to:

- Employee engagement
- Community engagement
- Supplier, farmer and farming community engagement

ENGAGING WITH OUR STAKEHOLDERS

Listening to the insights and priorities of our stakeholders provides us with important perspectives on current and emerging trends, challenges and opportunities.

Consumers

We conduct market research to understand our consumers' interests and preferences. Our Consumer Relations department also answers inquiries and feedback received through phone, email and social media channels.

Employees

We ask our employees to complete an annual survey and participate in focus groups in order for the company to better understand their concerns and have conversations about their ideas and interests. Our senior leadership also regularly shares business updates through meetings, video, email and newsletters.

Investors

We issue financial performance updates through our investor relations website and regulatory filings. Our Investor Relations department answers investor inquiries, and we present information in quarterly analyst calls and at conferences.

Business Partners

We are in close contact with our interdependent network of business partners and suppliers. We also take part in industry conferences and trade shows that are relevant to our business.

Retailers

We communicate regularly with our retail customers to address their needs, interests and concerns and deliver on our commitments. We also share our knowledge and insights about consumer trends, store layout strategies and other relevant topics.

Communities and Local Governments

Our employees are active members of their local communities, government entities and civic organizations. Company representatives also meet with community leaders to discuss business and community planning.

Non-Governmental Organizations (NGOs)

We contribute to and collaborate with NGOs that work to address issues relevant to our industry and stakeholders.

Policy-makers

We engage with policy-makers and government agencies to provide our perspectives on public policy and regulation associated with our business and activities. We contribute expertise regarding our industry to regulators via industry task forces, provide commentary on proposed regulations and submit compliance reports to regulators, interest groups and NGOs.

MEMBERSHIP ORGANIZATIONS

Hershey participates in many local, national and international organizations. Engaging with diverse experts in the public and private sector helps us maintain our leadership role and stay informed in the social, political, economic and environmental realms.

Leadership and Sustainability

Clinton Global Initiative

Concordia

Forum for the Future Leadership Council

Sustainable Brands

Sustainability Council

The Sustainability Consortium

Commerce

ConMexico

Council of the Better Business Bureaus

Harrisburg Regional Chamber

HR Policy Association

Pennsylvania Business Roundtable

Pennsylvania Economy League

Pennsylvania Chamber of Business and Industry

US-China Business Council

Food and Manufacturing Industry Groups

Food and Consumer Products of Canada

Grocery Manufacturers Association

International Food Information Council

National Association of Convenience Stores

National Association of Manufacturers

National Confectioners Association

Pennsylvania Manufacturers' Association

Sweetener Users Association

Associations Promoting Balanced Lifestyles

American Association for Health, Physical Education, Recreation and Dance

Athletics Canada

Healthy Weight Commitment Foundation

National Recreation and Park Association

Ethical Sourcing and Sustainable Agriculture

International Center for Tropical Agriculture

International Cocoa Initiative

National Minority Supplier Development Council

RSPO (Roundtable on Sustainable Palm Oil)

Sedex (Supplier Ethical Data Exchange)

Source Trust

World Cocoa Foundation

Community Engagement

Children's Miracle Network

Family Health International

United Way Worldwide

KEY ACHIEVEMENTS

Donated US$20.7 million in cash and products to 1,300 organizations

A total of 2,300 employees volunteered 98,250 hours in 2015

Held the largest Good to Give Back Week in our history, with 1,200 employees in eight countries (United States, Canada, Mexico, China, India, Singapore, Philippines and Malaysia) participating

Sponsored 268 *RunJumpThrow* events across the United States with more than 250,000 students participating through schools or in one-day events

KEY CHALLENGES

Expanding our giving to encompass the regions around the world where we work

INVESTING IN COMMUNITIES

Since our founding in 1894, we have invested in communities—especially in ways that serve children—by leveraging the power of partnerships and the ongoing involvement of our employees.

Our partnerships help us build social and economic development initiatives that benefit our consumers, suppliers, employees and other stakeholders. Public-private partnerships with community, government, industry and other groups have been especially effective in maximizing the impacts of our social efforts.

Our employees meaningfully augment our community investments through their direct giving and volunteerism, specifically in the areas of health and human services, civic and community programs, the arts and culture and the environment. We are exploring innovative ways to further tap the expertise of our talented employees and cultivate a more fulfilled, engaged workforce as we address critical social issues.

In 2015, we continued to support a broad range of causes that address the education, nutrition and well-being of children. Equipping children with the skills they need for productive lives yields immediate and long-lasting benefits for them and their communities. With our new shared social purpose initiative, Nourishing Minds, we have a sharpened focus on nutrition for children, which directly impacts their ability to learn and grow. We are exploring how both our giving and our employee engagement can support innovative solutions to these challenges.

In all of our giving, we are looking to bring the best of our resources—our dollars, our time and the expertise of employees and the many excellent nonprofit partners we work with—to make a lasting difference.

GIVING BACK

The Hershey Company donated more than US$20.7 million in cash and products to 1,300 organizations in 2015. And 2,300 Hershey employees donated more than US$1.7 million and volunteered more than 98,250 hours to worthy causes and nonprofit organizations.

Good to Give Back Week

During our annual global Good to Give Back Week, employees gather in teams to give back to our communities. In 2015, **1,200 employees in eight countries participated, performing a total of 8,400 volunteer hours**. We pack meals for the hungry and make toys for hospitalized children, among other activities. At our largest event in 2015, nearly 700 people partnered with the nonprofit Stop Hunger Now to pack more than **255,000 meals for families in need**. These meals were shipped to Cambodia for distribution by the nonprofit Salesian Missions, which provides vocational education for Cambodian youth. Our meals helped feed the young adults attending Salesian's schools for mechanic, welding, computer, printing and communication careers.

Children's Miracle Network

In the United States, The Hershey Company and its employees have raised awareness and funds for the nonprofit Children's Miracle Network (CMN) Hospitals for more than 27 years. In 2015, we raised more than **US$364,000** for CMN, which uses these donations to fund critical treatments and health care services, pediatric medical equipment and charitable care for children through its network of 170 member hospitals. As a part of our annual employee campaign, S'more for the Kids, employees and other supporters also donated time or money to help CMN families.

United Way

Since 1932, Hershey has contributed to United Way's efforts to build stronger communities through education, income and health—the building blocks for a good quality of life. Our employees once again demonstrated their generosity during our annual United Way Campaign, as their donations and our company's match totaled more than **US$2.7 million**.

SUPPORTING PROGRAMS THAT PROMOTE HEALTHY AND FIT LIFESTYLES

Hershey joins with like-minded organizations to support education and activities that promote personal wellness and balanced lifestyle choices.

We participate in the Healthy Weight Commitment Foundation (HWCF), a coalition of more than 300 organizations that have pledged to develop programs to reduce childhood obesity. The HWCF's award-winning curriculum, Together Counts, provides a free educational resource on healthy eating and being active that reaches 50 percent of U.S. pre-K through fifth-grade students.

The Hershey Company also helps young people cultivate active lifestyles. In 2015, we partnered with USA Track & Field and Athletics Canada to develop *RunJumpThrow*, a program that gets youth involved in athletic activities and builds sports skills through a six-week curriculum and local learning clinics. In the United States, the program portfolio has drawn participation from school districts and local and national organizations such as Subway, Let's Move in Schools, Sigma Gamma Rho Sorority and the District of Columbia Department of Parks and Recreation.

LEARN MORE AT
www.usatf.org/runjumpthrow

RunJumpThrow

More than 1,000 public school students took part in a *RunJumpThrow* event sponsored by Hershey and organized by USATF at the Circle in downtown Indianapolis last fall.

- 634 schools signed up for the six-week ***RunJumpThrow*** curriculum
- 74 one-day ***RunJumpThrow*** events were held, bringing together students, educators and their communities
- More than 250,000 students participated in Hershey-sponsored ***RunJumpThrow*** events

Supporting Team USA

The United States Olympic Committee and our company embarked on a five-year partnership in which Hershey will serve as an official sponsor and the confectionery partner of Team USA is a perfect fit for Hershey—a company with deep American roots and brands that have been American touchstones for generations. Hershey is honored to support America's elite Olympic and Paralympic athletes.

HERSHEY

OFFICIAL SPONSOR

Growing Food Locally

During 2015, we helped donate more than 7,000 pounds of fresh produce from the abundant harvest of the Hershey Community Garden to people in need throughout our community. Begun in 2013, the garden is tended by volunteers from The Hershey Company and the Hershey Entertainment & Resorts Company. The garden is sponsored by The Hershey Company, Milton Hershey School, Penn State Milton S. Hershey Medical Center, Hershey Entertainment & Resorts Company and the M. S. Hershey Foundation.

SERVING OUR COMMUNITIES AROUND THE WORLD

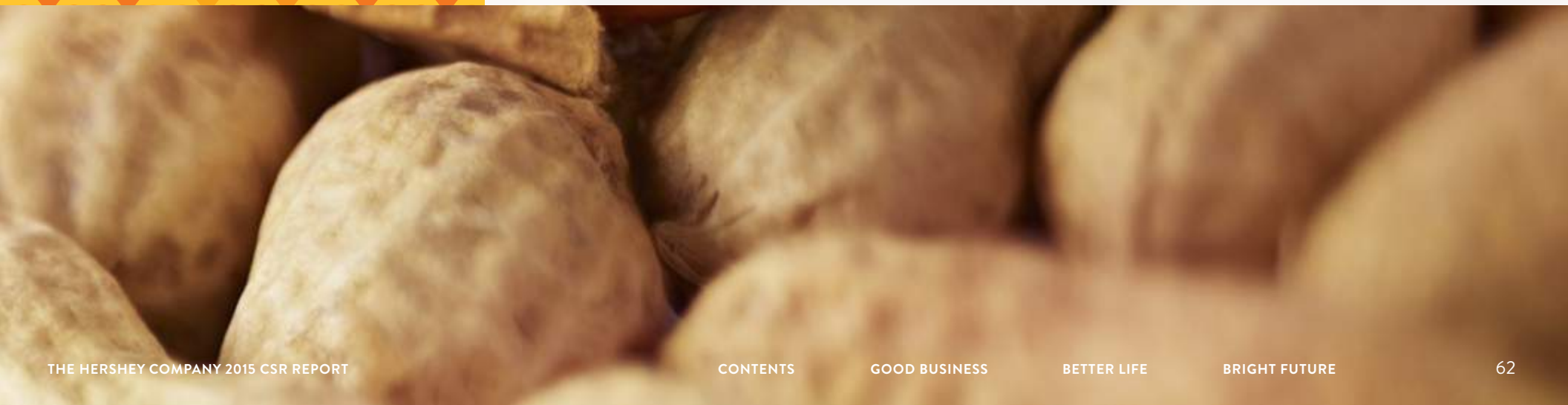
Hershey China employees spent more than **72 hours** volunteering with children in Lujiazui Community, Shanghai Pudong New District. Hershey volunteers engaged students in nutrition classes, painting and Chocolate 101.

Employees from Hershey Mexico volunteered at Emiliano Zapata elementary school for underprivileged children in El Salto. Employees also helped assemble and deliver **60 wheelchairs** for seniors and people with disabilities on behalf of the nonprofit organizations Fundación Dr. Simi and Operación Bendición México, A.C.

Bright Future

NOURISHING MINDS 63

GENERATIONS OF LEARNING AT THE MILTON HERSHEY SCHOOL 71



NOURISHING MINDS

KEY ACHIEVEMENTS

Aligned our social innovation efforts with our global business objectives through Nourishing Minds, our shared social purpose initiative

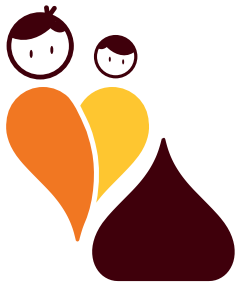
Launched our flagship program, Energize Learning, in Ghana, which is providing ViVi, our vitamin- and mineral-fortified supplement, to 50,000 children each day

Announced our new child hunger partnership with Feeding America®, including support for programs like Backpack and Kids Café

Joined Partners in Food Solutions and expanded the model to West Africa

KEY CHALLENGES

Scaling up our efforts to ensure that more children around the world have the nutrition they need to learn and grow



LEARN MORE AT

www.nourishingminds.com

Since our founder created the Milton Hershey School in 1909, we've been focused on giving children the skills, education and support they need to build bright futures and successful lives.

Those bright futures start with basic nutrition, because children have the best opportunity to thrive when they have the energy and nourishment needed to focus on their studies rather than their stomachs. But across the United States and around the world, millions of children attend classes hungry, reducing their ability to achieve their full potential.

That's why we've expanded our long-standing commitment to children to create the new shared social purpose initiative, Nourishing Minds. We believe that we can make a real difference by using our unique food production and distribution expertise to provide kids with basic nutrition so they can learn and grow. Through Nourishing Minds, we are helping communities, entrepreneurs and nonprofit organizations build their capacities to increase food security and deliver nutrition to children in need.

To create far-reaching impact in these areas, we have partnered with organizations, including Project Peanut Butter (PPB), the Ghanaian government, the U.S. Agency for International Development in Ghana (USAID/Ghana), Feeding America® and Partners in Food Solutions (PFS).

Nourishing Minds is more than philanthropy; it's a bold new step in embedding a social focus into how we apply our knowledge and resources. In time, our endeavors will benefit not only the communities we serve but also our business operations. We're excited about the ways in which this platform can illuminate new business models and enrich the experience of working at Hershey for our employees.

OUR PLANS

Nourishing Minds focuses on not only feeding children but also investing in the agriculture and food systems needed to ensure that nutritious food is available now and into the future. Our platform is built on three objectives:

We aim to nourish one million minds by 2020 in the communities where we live and work.

NOURISHING MINDS

TO PROVIDE **IMMEDIATE AND BASIC NUTRITION** THROUGH LOCAL AND GLOBAL PROGRAMS:

- **Distributing ViVi, Hershey's newly formulated vitamin- and mineral-fortified nutrition supplement, to children in need in Ghana through our Energize Learning program**
- **Helping children in the United States receive the nourishment they need through our child hunger partnership program with Feeding America®**

TO INVEST IN **LOCAL AND SUSTAINABLE NOURISHING FOOD SYSTEMS**:

- **Helping train 7,500 farmers in West Africa on improved agronomic practices—empowering them to grow and sell the peanuts used to produce ViVi—as part of the Clinton Global Initiative Commitment to Action**
- **Providing technical know-how and finance to small and growing food processors across the food supply chain in West Africa through our collaboration with Partners in Food Solutions and Root Capital**

TO BUILD **A MORE FOOD-SECURE FUTURE** THROUGH RESEARCH AND DEVELOPMENT:

- **Investing in research to expand access to nutrient-rich foods and cutting-edge food safety and quality approaches**
- **Joining the multi-industry and stakeholder coalition Forum for the Future Protein Challenge 2040 to help bring the best research, development and technologies to identify sources of affordable, healthy and environmentally friendly protein that can be made available to all populations**

PROVIDING IMMEDIATE AND BASIC NUTRITION

ENERGIZE LEARNING THROUGH NUTRITION

Energize Learning is our flagship program in West Africa. It involves key partnerships with the Ghana School Feeding Programme, USAID/Ghana and Project Peanut Butter (PPB). The program aims to:

- Improve nutrition for students
- Increase school enrollment, attendance and retention
- Boost domestic food production

Energize Learning revolves around the value of groundnuts (or peanuts), a common crop in Africa that can save lives. When processed, peanuts become a protein-rich supplement that is highly effective in providing needed nutrition to children's diets.

"Energize Learning is an example of how private, public and nonprofit partners can work together to have a positive impact on the lives of children, farmers and their families in Ghana."

Carly Edwards Country Director, Project Peanut Butter Ghana

During 2014, a team of Hershey employees traveled to Ghana and worked side by side with PPB's personnel to develop ViVi, Hershey's vitamin- and mineral-fortified supplement. ViVi is a unique formulation specifically developed to provide basic nutrition to schoolchildren to supplement their diets. These dedicated employees also helped to build PPB's newest manufacturing facility in Kumasi, Ashanti, in Ghana. Now in full operation, the plant produces 75,000 packets of ViVi per day. With this production capacity now in place, ViVi is feeding 50,000 schoolchildren each day, helping them focus on their studies.

In addition to producing ViVi, the Hershey and PPB facility also produces ready-to-use therapeutic food (RUTF) at the Kumasi facility. RUTF is a high-calorie, fortified paste that was formulated specifically to treat children under five who are suffering from severe acute malnutrition. Hershey has also supported other PPB programs. In 2015, PPB mobilized a traveling clinic in the central region of Ghana to distribute RUTFs to local children—a project funded by Hershey and through employee donations.

NOURISHING MINDS AROUND THE WORLD

Our Nourishing Minds commitment is global, and we are working around the world to ensure children have access to the food they need.

"Nourishing Minds, the Filipino Way" is a continuous 10-month feeding program benefiting **150 preschoolers enrolled in a day care center** in Baseco, Philippines.

Through our Stop Hunger Now partnership, Hershey employees volunteer to package meals for communities in need around the world.

In India, we support Mumbai Mobile Creches to help provide **nutritious meals and childcare** to vulnerable children living on construction sites with limited access to food, health services and education.

WATCH: *NOURISHING MINDS AROUND THE WORLD*

The Development of ViVi: Hershey's Nutritional Supplement for Children

The idea for ViVi came about as a result of dialogue between the president of Ghana and Hershey's CEO about how we might support the national school feeding program in Ghana. The ability of schoolchildren there to reach their potential depends on daily nourishment that is not always available to them. With our expertise producing food people love and our strong commitment to West Africa, we recognized a unique opportunity to use our food expertise to address a pressing social challenge.

Soon after, a team of 15 Hershey employees set out to apply their nutrition, development and packaging expertise to develop a vitamin- and mineral-fortified nutritional supplement that would appeal to children, be cost-effective to produce and draw on locally available ingredients as much as possible.

In the long months that followed, the team members found their problem-solving skills tested regularly. For example, they quickly realized that the package designed for this new supplement would need to be virtually indestructible to withstand rough distribution routes, yet easy for a young child to open. And it was essential that it have a long shelf life without refrigeration in a hot climate.

The product they created, ViVi, met all the requirements and is already being distributed to 50,000 Ghanaian schoolchildren daily through our first program under the Nourishing Minds initiative—Energize Learning. Its base ingredient is a variety of peanut that can be cultivated locally and made shelfstable by a specific roasting process the Hershey team developed. The team also set up the manufacturing facility in Kumasi, Ghana, where it is being produced, and the distribution systems needed to deliver it to schools.

The team worked more than 6,200 hours to develop the value chain of ViVi in Ghana. Meeting the challenges along the way—and making a contribution to the world—proved to be a powerful experience for every team member, accelerating their professional development, strengthening their resilience and heightening their awareness of global social challenges. Many described it as life-changing.

We believe that will also be the case for the children who will benefit from having the nutrition they need to focus on their studies. To verify whether the program is having the intended impact, we are collaborating with the University of Ghana on a rigorous evaluation study. The valuable product development and market experience we have gained already in this emerging market will also benefit our work in other markets and future Nourishing Minds opportunities.

"We are now able to provide children in school with a locally produced, nutritious snack that helps give them the energy they need to focus on their studies. Hershey is a valuable partner in helping us make sure that the children of Ghana reach their full potential."

Hon. Seidu Paakuna Adamu
National Coordinator, Ghana School Feeding Programme

WATCH: *ENERGIZE LEARNING, FOOD FOR THE CHILDREN*

HELPING CHILDREN PACK IN NUTRITION

In the United States, Hershey's efforts focus on child hunger and nutrition through our partnership with Feeding America®. Through our collaboration, we aim to ensure that children have access to food during the weekends or school breaks when resources are often less available.

To launch our partnership with Feeding America, Hershey employees developed the Project Backpack campaign in the fall of 2015. Joining forces with the Central Pennsylvania Food Bank, the Hershey CSR department reached out to Hershey employees to fill 100 backpacks with nutritious food for children to take home over the weekend. Not only was the goal met, but enough food was collected to fill an additional 566 backpacks, which could feed every child enrolled at one average-sized elementary school in Pennsylvania for a weekend.

Our partnership with Feeding America supports Project Backpack, School Pantry and Kids Café, and includes both financial and volunteer support for six food banks in key Hershey sales districts.

"An empty stomach should never get in the way of a child's ability to learn. Efforts like Hershey's Project Backpack, which brought in over 1,600 pounds of kid-friendly food in 2015, allow students to focus on their academic success."

David Lloyd,
Youth Programs Manager,
Central Pennsylvania Food Bank

WATCH: *HELPING CHILDREN PACK IN NUTRITION*

Less than one year into our partnership with Feeding America®, Hershey employees across the United States are embracing opportunities to connect with their local food banks and give back.

Hershey, Pennsylvania

Feeding America local partner Central Pennsylvania Food Bank deployed its Nourishing Minds grant to support the Thomas Holtzman Elementary School. The funds were used to upgrade the school's cold-food storage capacity, enabling the distribution of highly nutritious, perishable foods such as fresh produce, protein and eggs.

Cincinnati, Ohio

Working at the Freestore Food Bank in Norwood, Ohio, Hershey employees assembled "Power Packs," which provided schoolchildren with 15 food items to eat over the weekend, ranging from nourishing sunflower seeds and oatmeal bars to SunButter spread and complete pasta dishes.

Bentonville, Arkansas

Hershey's grant to the Northwest Arkansas Food Bank provided 9,315 pounds of food within just six months.

Dallas, Texas

Hershey's Nourishing Minds grant to the North Texas Food Bank has provided 12,684 pounds of nutritious food during the first six months of the program.

During 2015, we provided meals to more than 13,000 kids through our partnership with Feeding America.

INVESTING IN LOCAL AND SUSTAINABLE FOOD SYSTEMS

INVESTING IN AGRICULTURE AND FOOD SYSTEMS THROUGH PUBLIC-PRIVATE PARTNERSHIPS

Building on our successful, ongoing collaboration with Project Peanut Butter (PPB), we are strengthening our efforts to help peanut farmers produce, package and deliver food ingredients and products responsibly. We are undertaking this work via public-private partnerships, an important foundation of our social innovation strategy that will enable us to achieve immediate—and lasting—improvements in complex agriculture and food systems.

In September 2015, we announced a new Clinton Global Initiative Commitment to Action: We will promote sustainable nutrition, economic development and long-term food security in Ghana by improving peanut farming. In partnership with USAID/Ghana and other organizations, Hershey will train 7,500 Ghanaian farmers on agronomic best practices. This is an example of how public-private partnerships can increase the scale of positive social and environmental impact.

Due to quality and food safety issues, peanut farmers in Ghana often lack access to commercial buyers. By sharing our world-class expertise in peanut production, roasting and processing, we hope to increase the quality and safety of Ghana's peanut supply, which will enable farmers to sell their crops to PPB and in other local commercial markets. This will also pave the way for production of additional peanut-based foods and nutritional supplements for markets in Ghana. The end result: improved livelihoods for farmers and a sustainable supply chain for basic nutrition.

In addition to primary funding provided by USAID, Hershey will supply additional financial support as well as in-kind resources to rehabilitate a local peanut-roasting facility and implement training on the appropriate roasting techniques. Additionally, Hershey will establish a premium price for purchasing the peanuts as an ingredient for the ViVi nutritional supplement.

Our goal is to source 100 percent local peanuts for the production of our ViVi nutritional supplement by 2018.

PROVIDING KNOWLEDGE-BASED RESOURCES

In 2015, Hershey joined Partners in Food Solutions (PFS) and expanded the nonprofit organization's programming into West Africa for the first time. PFS is an innovative nonprofit that links the technical and business expertise of volunteer employees with entrepreneurial food processors in the developing world. To date, it has helped strengthen the capacity of 600 food companies in East Africa.

In the first phase of this collaboration, Hershey employees with extensive food production knowledge traveled to Ghana to meet with local food processors to better understand their needs. Hershey leaders are now assessing specific technical needs and project feasibility to identify appropriate opportunities for volunteer engagements. This will allow us to use our professional expertise to not only help feed children in need today but also help communities put in place the resources they require to have food security in the future.

As part of our PFS collaboration, Hershey is also working with Root Capital, a nonprofit social investment fund that provides lending capital, financial training and market connections for small and growing agricultural businesses. By combining the technical know-how of our employees with impact investments from Root Capital, Hershey is helping local food processors gain access to both the expertise and the funding they need.

Building Skills for a Growing Business

Food-processing entrepreneur Kate has high hopes for her small rice processing business, ANS Milling. Kate's business has grown steadily since she began purchasing rice and re-selling it at the market. When she had raised enough money, she purchased rice-processing equipment and began operations in a small hut. Recently, Kate earned enough profits to expand again, this time by building a brand-new facility to house the new equipment, but she's looking for assistance in designing the facility layout.

As one of several entrepreneurs in Hershey's pilot program with the nonprofit Partners in Food Solutions (PFS), Kate will now have access to the business and technical guidance of volunteers from Hershey and other corporations. With Hershey's help in designing the new facility, Kate estimates she will be able to process 2.5 times more rice than her current operations.

BUILDING A MORE FOOD-SECURE FUTURE

PROTEIN CHALLENGE 2040

Protein is an essential part of any human diet. But four key factors may affect the future of access to protein for certain populations:

- Increasing populations
- Resource scarcity
- Competition for land use
- The impacts of climate change

As part of our Nourishing Minds initiative, we have joined Forum for the Future's Protein Challenge 2040, a groundbreaking global coalition that brings together the animal, plant and novel protein industries and global environmental and health organizations with the goal of providing people with the right nutrition at the right price. Through collaborative action, Protein Challenge 2040 will lead these industries in helping to shift the production and consumption of protein onto a more sustainable path and scaling up high-impact solutions.

Hershey will contribute its research and development expertise and work with coalition partners to strengthen communities along the food chain by leveraging sustainable ingredients that are locally grown, produced and distributed.

LOOKING AHEAD

To ensure local relevance and impact as Nourishing Minds expands, our programs, volunteer opportunities and industry collaborations will look different in each country in which we establish the initiative. But the mission will remain the same: to provide children with the nutritional support they need to learn, grow and flourish.

GENERATIONS OF LEARNING AT THE MILTON HERSHEY SCHOOL

"The Hershey Honors Authentic Business Management course provides Milton Hershey School students with the distinct advantage and privilege of working with various Hershey subject matter experts. These students are given opportunities to observe and learn concepts that many people never experience in their lifetime."

Marianne Cutugno,
Teacher, Milton Hershey School

Each year, more than 2,000 students from pre-kindergarten through 12th grade receive a free, comprehensive, residential education at the Milton Hershey School (MHS). Located in Hershey, Pa., the private, co-educational home and school offers outstanding facilities, advanced technologies and extracurricular activities for children from families who are income eligible.

Believing that "good works are also good business," Hershey founder Milton Hershey and his wife, Catherine, established the school in 1909 to provide an exceptional education and positive home life to help underserved children gain the skills to be successful in all aspects of life. From its beginning, MHS has been funded through the Hershey Trust Company, which, as our largest shareholder, benefits from the profits of The Hershey Company. Students from across the United States attend MHS, where they have access to unique award-winning programs, skilled teachers and caring adult mentors within a diverse and supportive learning community. The school offers rigorous academics with opportunities for hands-on learning, after-school help with homework and tutoring assistance. We are proud of our close connection with the school, and many of our employees are active in programs that enrich the students' experience, including:

- Career days and internships hosted by our corporate and manufacturing departments
- Project Fellowship, a program allowing employees from U.S. and international locations to provide students with professional guidance and mentorship

The positive effects of the educational and residential experience continue after students graduate. MHS students can earn financial assistance for postsecondary education through the school's continuing education scholarship program. The results of this support:

- 90-plus percent of MHS students pursue further education after graduation
- 70 institutions of higher learning in the MHS Alliance Schools program provide personal faculty support to MHS graduates

BUILDING TOMORROW'S BUSINESS LEADERS

The Hershey Company encourages interest in business careers among promising students at the Milton Hershey School through our award-winning Hershey Honors Authentic Business Management (HHABM) program. The HHABM program gives students unparalleled access to executives of a Fortune 500 company, incorporating weekly presentations by Hershey employees and state-of-the-art education technologies, such as digital textbooks and interactive seminars. The impact of this support:

- 114 MHS students have gained exposure to the business world since we began this career exploration program in 2009
- Our 35-week program offers daily classes on topics from consumer research and advertising to pricing and packaging
- 40 program graduates have continued their business education at leading universities in the United States

CONNECTING STUDENTS GLOBALLY

In our innovative Ghana Distance Learning Program, schoolchildren at MHS in Hershey, Pa., collaborate with peers in Assin Fosu, Ghana, in a high-definition virtual classroom via real-time video connection. The program takes place throughout each academic year. In 2015, 26 sixth-grade students and their teacher were involved in the program. This unique program is supported by a public-private partnership among The Hershey Company, Cisco Systems, Milton Hershey School, The Hershey Story Museum Experience and Source Trust.

In 2015, we developed a new partnership with the Cocoa Board and MHS that will offer students from the school the opportunity to travel to Ghana for a cultural exchange and to participate in a service project planting shade trees beginning in 2016.

MHS Students Intern at Hershey Corporate Headquarters

Seven rising seniors from MHS interned for five weeks at Hershey this past summer as part of the MHS Emerging Leader Program. Participants shadowed Hershey employees and benefited from special programming to help build their business, leadership and life skills.

ABOUT THIS REPORT

This report describes our progress managing the issues of greatest importance to our company and stakeholders. It represents our conviction that strong company performance is intrinsically linked to responsible, sustainable operation. As a complement to this report, we have also published a Shared Goodness Highlights document, which provides a summary of the information in this report.

Unless otherwise noted, the data and information provided in this report reflect the performance and progress toward goals and targets of The Hershey Company, including Hershey's wholly owned operations, in the 2015 calendar year, which is also our fiscal year. While we have provided information regarding our joint ventures and co-manufacturers, we report progress on goals/targets and profile and performance indicators for only our wholly owned facilities.

This is our fifth full corporate social responsibility (CSR) report. Our most recent previous report was published on April 30, 2015, and covered fiscal year 2014.

We use the Global Reporting Initiative (GRI) framework and developed this report at the core "in accordance" level of the GRI G4 Guidelines. Where we decide to report items outside of the GRI Guidelines, we do so to increase transparency and to support our "story" of commitment to Shared Goodness.

We did not receive any external assurance for this report or any of the GRI indicators. Our past greenhouse gas emissions are verified by The Climate Registry, and we are seeking verification for 2015 as well.

We welcome feedback from our stakeholders on both our reporting and our performance, which can be sent to:

The Hershey Company
Consumer Relations Department
19 E. Chocolate Ave., Hershey, PA 17033

PROCESS FOR DEFINING PRIORITY ISSUES AND REPORT CONTENT

We did not perform any updates to our issue prioritization process in 2015. Our priority issues were first presented in our 2011 CSR report. We undertook an update of our priority issues in 2013 as part of our 2013 reporting process and as an element of our overall strategic planning process. The analysis helped us identify key areas of risk and opportunity and refine and confirm Hershey's strategic approach and priorities.

During our 2013 update of our priority issues, we applied the GRI Reporting Principles for Defining Report Content as follows:

- We reviewed the full universe of environmental, social, governance and economic topics that could be relevant to our business operations and our stakeholders and confirmed the list of issues to be considered in the analysis.
- We reached out to stakeholders directly to seek their input on both the relative prioritization of these topics as well as their perceptions with regard to the issues' impacts across our value chain. In addition to direct engagement, we also analyzed a broad variety of sources that were representative of (or proxies for) the priorities and concerns of a wide range of individuals and organizations. We combined insights from direct stakeholder engagement with the evaluation of stakeholder sources.
- We held internal interviews with managers and executives to understand internal company perspectives around the issues list and combined these insights with the results of a company survey conducted during the 2011 prioritization process.
- We mapped the resulting stakeholder and company prioritizations to a priority issues matrix, identifying the highest-scoring issues as priorities for our ongoing business success and ability to effectively manage CSR impacts.
- We identified where impacts associated with priority issues take place across our value chain. We also mapped our priority issues to related GRI G4 Aspects in order to maintain consistency with the GRI Guidelines.

HERSHEY'S PRIORITY ISSUES	DESCRIPTION	GRI G4 MATERIAL ASPECTS
ETHICAL SOURCING	Understanding and addressing human rights, workplace safety and environmental issues throughout our supply chain; farmer livelihoods; third-party certification of raw materials; and ongoing development of our Supplier Code of Conduct and other Supply Chain Policies	Procurement practices/sourcing Supplier assessment for labor practices Supplier assessment for impacts on society Impacts on society grievance mechanisms Labor practices, grievance mechanisms
GLOBAL COMPETITIVENESS	Issues related to our ability to grow and remain competitive internationally in developing markets as well as those in which we have a long-standing presence; long-term strategic planning; and overall management quality	Anti-competitive behavior Economic performance
SUSTAINABLE AGRICULTURE	Issues related to farming, such as soil health, pesticide use, deforestation and biodiversity; issues related to the sourcing of sustainable cocoa and palm oil and forestry-product management; and third-party certification of agricultural products	Biodiversity Supplier environmental assessment Environmental grievance mechanisms
ETHICS AND COMPLIANCE	Systems, processes and performance relating to ethical operation and compliance with applicable policies and regulation	Compliance (product responsibility) Compliance (environment) Marketing communications
TRANSPARENCY	Issues related to publicly sharing information about Hershey and our products	N/A
GOVERNANCE	Issues related to corporate governance, board composition, independence of committees and leadership, anti-takeover measures and executive compensation; alignment of public policies and lobbying efforts	N/A
ILLEGAL CHILD LABOR	Issues related to illegal child labor on farms that supply our ingredients (including forced labor, trafficked labor, dangerous activities and work instead of education)	Public policy Child labor Forced or compulsory labor Supplier assessment for human rights Human rights grievance mechanisms
FOOD SAFETY	Programs, policies and procedures that assure safety of incoming materials, manufacturing environment and processes and finished products	Customer health and safety
CONSUMER HEALTH	Issues related to health and wellness, obesity, healthy kids, nutrition, active living and ingredients	Product and service labeling Healthy and affordable food
TALENT MANAGEMENT	Issues related to attracting, developing and retaining employees, including professional development, succession planning, training and diversity and inclusion	Employment Training and education

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
STRATEGY AND ANALYSIS			
G4-1	CEO Statement	CEO Letter, pp. 1–2	
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization.	About Hershey, p. 4	
G4-4	Report the primary brands, products, and services.	About Hershey, p. 4 Growing Our Portfolio, pp. 21–22 2015 10-K, pp. 1–2	
G4-5	Report the location of the organization's headquarters.	About Hershey, p. 4	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	About Hershey, p. 4 2015 10-K, pp. 1–5	Hershey markets, sells and distributes its products in approximately 70 countries worldwide.
G4-7	Report the nature of ownership and legal form.	2015 10-K, p. 1	
G4-8	Report the markets served.	About Hershey, p. 4 Growing Our Portfolio, pp. 22–23 2015 10-K, pp. 1–4	
G4-9	Report the scale of the organization.	About Hershey, p. 4 2015 10-K, pp. 1–5, 50–54	Quantity of products sold is confidential information.
G4-10	Report workforce information.	Workforce Engagement, p. 42	We do not have significant seasonal variation in employment numbers. We do not have a substantial number of workers (defined as contingent) who are legally recognized as self-employed in any of our locations.

HERSHEY EMPLOYEES BY REGION	TOTAL	FEMALE	MALE
United States	8,435	45%	55%
Canada	1,105	57%	43%
International Markets*	11,170	55%	45%

* Brazil, China, India, Japan, Kuwait, Malaysia, Mexico, Philippines, Saudi Arabia, Singapore, South Korea, Thailand, United Kingdom, United Arab Emirates

GENERAL STANDARD DISCLOSURES (continued)

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
ORGANIZATIONAL PROFILE (continued)			
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Approximately 29% of employees are covered under collective bargaining agreements.	
G4-12	Describe the organization's supply chain.	Sourcing Responsibly, pp. 24–31	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	Growing Our Portfolio, p. 20 2015 10-K, pp. 1, 60–64	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	We take several approaches to enterprise risk management, for example, heat mapping, situational assessments, raCI charts, SWOT analyses and competitive intelligence. In addition, our Vice President of Corporate Communications and Corporate Social Responsibility serves on the enterprise risk management committee. We do not use the precautionary approach or principle.	
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	CocoaAction, World Cocoa Foundation, Roundtable on Sustainable Palm Oil, AIM-PROGRESS, West Africa Cocoa Livelihoods Program, International Cocoa Initiative	
G4-16	List memberships in associations and national or international advocacy organizations.	Engaging Stakeholders, p. 57	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's financial statements. b. Report if any entity included in the organization's financial statements is not covered by the report.	2015 10-K, p. 1	
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About This Report, p. 73	

GENERAL STANDARD DISCLOSURES (continued)

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES (continued)			
G4-19	List all the Material Aspects identified in the process for defining report content.	Our Value Chain, p. 10 Priority Issues, p. 11 GRI Content Index, pp. 80–83	
G4-20	For each Material Aspect, report the Aspect Boundary **within** the organization.	GRI Content Index, pp. 80–83	
G4-21	For each Material Aspect, report the Aspect Boundary **outside** the organization.	GRI Content Index, pp. 80–83	
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	None.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None.	
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	Engaging Stakeholders, p. 57	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Engaging Stakeholders, pp. 56-57	
G4-26	Report the organization's approach to stakeholder engagement.	About This Report, p. 73 Engaging Stakeholders, p. 56	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	Engaging Stakeholders, pp. 56–57	

GENERAL STANDARD DISCLOSURES (continued)

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About This Report, p. 73	
G4-29	Date of most recent previous report (if any).	About This Report, p. 73	
G4-30	Reporting cycle (such as annual, biennial).	We intend to report annually.	
G4-31	Provide the contact point for questions regarding the report or its contents.	About This Report, p. 73	We welcome feedback from our stakeholders on our reporting and our performance. Comments can be shared by completing our Contact Us Form located at www.askhershey.com or by writing to The Hershey Company, Consumer Relations Department, 19 E. Chocolate Ave., Hershey, PA, 17033.
G4-32	Provide a GRI Content Index.	GRI Content Index, pp. 75–78	
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	About This Report, p. 73	We did not seek external assurance for this report as a whole nor for any General or Specific Standard Disclosures.
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	Ensuring Good Management, p. 40 Governance Guidelines	
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior, such as Code of Ethical Business Conduct.	Shared Goodness, p. 3 Ensuring Good Management, pp. 38-40 Code of Ethical Business Conduct Supplier Code of Conduct	

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES

MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
ECONOMIC				
Economic Performance	About Hershey, p. 4 Growing Our Portfolio, pp. 20–23 Investing in Communities, pp. 58–61 2015 10-K	Both	United States Americas AEMEA (Asia, Europe, Middle East, Africa)	Communities Workforce Ingredient suppliers Industry associations Investors Regulatory agencies Retail customers Subsidiaries
Procurement Practices/Sourcing	Our Goals, pp. 15–16 Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Customers Industry associations Ingredient suppliers Investors
ENVIRONMENTAL				
Biodiversity	Sourcing Responsibly, pp. 24–29	Both	Major Manufacturing Countries (United States, Canada, Mexico, Brazil, China, India, Malaysia)	Communities Industry associations Ingredient suppliers Regulatory agencies
Compliance	Environment, Health and Safety, pp. 32-37 2015 10-K, p. 4	Both	Major Manufacturing Countries (United States, Canada, Mexico, Brazil, China, India, Malaysia)	Communities Industry associations Ingredient suppliers Regulatory agencies
Supplier Environmental Assessment	Our Goals, pp. 15–16 Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Environmental Grievance Mechanism	Ensuring Good Management, p. 40	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL — LABOR PRACTICES AND DECENT WORK				
Employment	Our Goals, pp. 15–16 Workforce Engagement, pp. 41–48	Both	United States Americas AEMEA	Workforce Subsidiaries
Training and Education	Workforce Engagement, pp. 41–48	Within organization	United States Americas AEMEA	Workforce Subsidiaries
Supplier Assessment for Labor Practices	Our Goals, pp. 15–16 Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies
Labor Practice Grievance Mechanisms	Ensuring Good Management, p. 40	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies
SOCIAL — HUMAN RIGHTS				
Child Labor	Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers
Forced or Compulsory Labor	Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL — HUMAN RIGHTS (continued)				
Supplier Human Rights Assessment	Our Goals, pp. 15–16 Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Human Rights Grievance Mechanisms	Ensuring Good Management, p. 40	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies
SOCIAL — SOCIETY				
Public Policy	Hershey 2015 Advocacy Expenditures Report	Both	United States Americas AEMEA	Industry associations Investors Regulatory agencies
Anti-Competitive Behavior	Ensuring Good Management, pp. 39–40 2015 10-K, pp. 89–91	Both	United States Americas AEMEA	Industry associations Investors Regulatory agencies
Supplier Assessment for Impacts on Society	Our Goals, pp. 15–16 Sourcing Responsibly, pp. 24–31 Supplier Code of Conduct	Both	Major Sourcing Countries (Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Malaysia, New Zealand, Nigeria, Peru, Philippines, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Grievance Mechanisms for Impacts on Society	Ensuring Good Management, p. 40	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies
Healthy and Affordable Food	Food Quality, Safety and Transparency, pp. 50–55	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Investors Retail customers

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL — PRODUCT RESPONSIBILITY				
Customer Health and Safety	Our Goals, p. 14 Food Quality, Safety and Transparency, pp. 50–55	Both	United States Americas AEMEA	Consumers Regulatory agencies Retail customers Workforce
Product and Service Labeling	Food Quality, Safety and Transparency, pp. 50–55 Engaging Stakeholders, p. 56	Both	United States Americas AEMEA	Consumers Ingredient suppliers Investors Regulatory agencies Retail customers
Marketing Communications	Sourcing Responsibly, pp. 25–26 Food Quality, Safety and Transparency, p. 55	Both	United States Americas AEMEA	Consumers Investors Retail customers Regulatory agencies
Compliance	Food Quality, Safety and Transparency, pp. 50–55 2015 10-K, pp. 4, 6–10	Both	United States Americas AEMEA	Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers

SPECIFIC STANDARD DISCLOSURES: INDICATORS

MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
ECONOMIC				
Economic Performance	G4-EC1	Direct economic value generated and distributed.	Performance Summary, p. 12 About Hershey, p. 4 Community Investment, p. 59 2015 10-K	Results are not reported at the country or regional level.
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environment, Health and Safety, p. 35 Sourcing Responsibly, p. 29	
Procurement Practices/Sourcing	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	See explanation	While we do not have a local-sourcing policy, we source from local suppliers wherever feasible. We consider cost, projected timeliness of fulfillment, past experience, material quality and safety, and in applicable cases, material certification. Sourcing spend figures are proprietary and will not be disclosed.
	G4-FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy.	See explanation	All suppliers are required to review and agree to follow the provisions of our sourcing policy.
ENVIRONMENTAL				
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	See explanation	The Hershey Company does not own, lease or manage any operational sites that are located in, or adjacent to, or that contain protected areas or areas of high biodiversity. The company has no plans to acquire property or operations in locations that contain protected areas or areas of high biodiversity. The Hershey Company also does not own, lease or manage any operational sites in areas where habitat remediation has been completed or where habitat remediation is planned, or in areas that are actively protected.
	G4-EN13	Habitats protected or restored.	See explanation	The Hershey Company does not own, lease or manage any operational sites in areas where habitat remediation has been completed or where habitat remediation is planned or in areas that are actively protected.
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	See explanation	We were assessed no significant fines in 2015. Significant fines are defined as those reported in our Annual Report or 10-K.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
ENVIRONMENTAL (continued)				
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	See explanation	All suppliers are expected to comply with the company's Supplier Code of Conduct, which sets forth compliance with environmental criteria. While new suppliers were not screened in 2015, the company does reserve the right to perform social audits of those suppliers with whom we engage.
Environmental Grievance Mechanism	G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.	See explanation	The number of grievances is confidential.
SOCIAL — LABOR PRACTICES AND DECENT WORK				
Employment	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Workforce Engagement, p. 47	Benefits are not provided to contract or temporary employees. Because contract workers are not Hershey employees, it is up to their employers, and not The Hershey Company, to provide any benefits to them. In general, part-time employees are eligible for the myWell-Being Global programs. Continuous part-time employees in the United States have vacation benefits and are eligible for the myWell-Being full program and the employee assistance program. A description of Hershey's benefits is available online.
Training and Education	G4-LA9	Average hours of training per year per employee by gender and by employee category.	See explanation	Salary – 6.26 hours/employee Hourly – 8.79 hours/employee
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Workforce Engagement, pp. 42–43, 46	The Hershey Company offers standard personal leaves of absence and medical leaves available through the U.S. Family and Medical Leave Act, as needed and as a standard part of the overall benefits offered to full-time employees. The company offers career transition services and financial counseling if an employee's employment is severed. If applicable, severance pay is determined by the employee's years of service and annual base salary prior to termination. The company periodically offers workshops to help employees plan for retirement.
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	See explanation	Hourly employees and non-salaried full-time employees do not receive regular performance reviews. Gender breakdown of those receiving performance reviews in 2015: 43% were female and 57% male.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
SOCIAL — LABOR PRACTICES AND DECENT WORK (continued)				
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	See explanation	All suppliers are expected to comply with the company's Supplier Code of Conduct, which sets forth compliance with human rights criteria. While new suppliers were not screened in 2015, the company does reserve the right to perform social audits of those suppliers with whom we engage.
Labor Practice Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms.	See explanation	The number of grievances is confidential.
SOCIAL — HUMAN RIGHTS				
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Sourcing Responsibly, pp. 30–31 Supplier Code of Conduct	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Sourcing Responsibly, pp. 30–31 Supplier Code of Conduct	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	See explanation	All suppliers are expected to comply with the company's Supplier Code of Conduct, which sets forth compliance with human rights criteria. While new suppliers were not screened in 2015, the company does reserve the right to perform social audits of those suppliers with whom we engage.
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	See explanation	The number of grievances is confidential.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
SOCIAL — SOCIETY				
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Hershey 2015 Advocacy Expenditures Report	Hershey does not make political contributions outside of the United States.
Anti-Competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	2015 10-K, pp. 89–91	
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	See explanation	All suppliers are expected to comply with the company's Supplier Code of Conduct, which sets forth compliance with human rights criteria. While new suppliers were not screened in 2015, the company does reserve the right to perform social audits of those suppliers with whom we engage.
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms.	See explanation	The number of grievances is confidential.
SOCIAL — PRODUCT RESPONSIBILITY				
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	See explanation	No incidents of non-compliance with regulations concerning health and safety occurred in 2015 that resulted in a fine, penalty or warning.
	G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Quality, Safety and Transparency, p. 51	Production volume is proprietary information and will not be disclosed.
	G4-FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives.	Nourishing Minds, pp. 65–66 Food Quality, Safety and Transparency, p. 55	Sales percentages are proprietary information and will not be disclosed.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
SOCIAL — PRODUCT RESPONSIBILITY (continued)				
Product and Service Labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	See explanation	No incidents of non-compliance with regulations concerning product information and labeling occurred in 2015 that resulted in a fine, penalty or warning.
	G4-PR5	Results of surveys measuring customer satisfaction.	Food Quality, Safety and Transparency, p. 52	We do not share any customer satisfaction survey results with external stakeholders.
Marketing Communications	G4-PR6	Sale of banned or disputed products.	Food Quality, Safety and Transparency, p. 54	Hershey does not sell any banned products.
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	See explanation	No incidents of non-compliance with regulations concerning marketing communications occurred in 2015 that resulted in a fine, penalty or warning.
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	See explanation	We were assessed no significant fines in 2015. Significant fines are defined as those reported in our Annual Report or 10-K.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to risks and uncertainties. Other than statements of historical fact, information regarding activities, events and developments that we expect or anticipate will or may occur in the future, including, but not limited to, information relating to our future growth and profitability targets and strategies designed to increase total shareholder value, are forward-looking statements based on management's estimates, assumptions and projections. Forward-looking statements also include, but are not limited to, statements regarding our future economic financial condition and results of operations, the plans and objectives of management, and our assumptions regarding our performance and such plans and objectives. Many of the forward-looking statements contained in this report may be identified by the use of words such as "intend," "believe," "expect," "anticipate," "should," "planned," "projected," "estimated" and "potential," among others. Forward-looking statements contained in this report are predictions only, and actual results could differ materially from management's expectations due to a variety of factors, including those described below. Because actual results may differ materially from those contained in the forward-looking statements, you should not place undue reliance on the forward-looking statements when deciding whether to buy, sell or hold the company's securities. Factors that could cause results to differ materially include, but are not limited to, issues or concerns related to the quality and safety of our products, ingredients or packaging; increases in raw material and other costs, along with the availability of adequate supplies of raw materials; selling price increases, including volume declines associated with pricing elasticity; market demand for our new and existing products; increased marketplace competition; disruption to our supply chain; failure to successfully execute and integrate acquisitions, divestitures and joint ventures; changes in governmental laws and regulations, including taxes; political, economic and/or financial market conditions; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure; our ability to hire, engage and retain a talented global workforce; and such other matters as discussed in our Annual Report on Form 10-K for 2015. All forward-looking statements contained in this report are expressly qualified in their entirety by such risk factors. All information in this report is as of June 07, 2016, and the company assumes no obligation to update developments of the risk factors or to announce publicly any revisions to any of the forward-looking statements we make or to make corrections to reflect future events or developments, except as required by federal securities laws.

Your feedback is important to us.

Please contact us with comments or questions.