



HERSHEY
THE HERSHEY COMPANY

2014 CORPORATE SOCIAL
RESPONSIBILITY REPORT

TO OUR STAKEHOLDERS



As Hershey continues to evolve and become a more global and diversified company, one question is always on our minds: How do we accelerate growth and preserve what has made this company special for the past 100 years?

The answer always begins with reinvesting in our people and purpose. Together, they form the exceptional culture that fuels our growth—a culture that is committed to performance and collaboration with one another and with the world at large, for greater success and the greater good.

Today, as we engage a world in which consumer expectations, economic trends and the competitive landscape demand more of us than ever before, our employees—united by their passion for results and their commitment to community—are again responding as a unified, determined team. I couldn't be prouder.

Macroeconomic trends are challenging our consumers and our top line. We are responding with product innovations and strategies to break into new distribution channels. Some of these we rolled out in 2014; many more will arrive in the coming years.

The global marketplace, the stage on which we must achieve our future growth, is increasingly competitive. In 2014, with the purchase of the Shanghai Golden Monkey candy company, we completed Hershey's most complex international acquisition to date, and in the process, our footprint in China grew exponentially. Simultaneously, we are retooling our strategies in other key international markets.

Consumers are asking for more transparency and nutritional choice than ever before. In response, we are working diligently, broadening our portfolio in order to compete in new categories, and sharing the information about our ingredients and sourcing that consumers expect. Building on our strong responsible sourcing track record, we recently announced that we have begun our move to simple ingredients, which will allow us to communicate what's inside our products in easy-to-understand language.



Because developing the capabilities of the people at the heart of this work will drive our future, we are more focused than ever on identifying, attracting and developing remarkable people. And our commitment to Shared Goodness is without a doubt helping us attract the right employees: talented contributors, who are also caring people, determined to build a better world.

Our commitment to developing and rewarding our people has also led to an industry-leading retention rate. Likewise, we are seeing best-in-class employee engagement metrics compared to peer companies. Our workplace vision is to see this quality reflected across our international footprint, with a workforce that reflects the very diverse makeup of our global consumers. We believe diversity, inclusiveness and engagement and our high-performance company culture are competitive advantages that will help us continue to win in the marketplace.

Beginning in April 2015, James E. Nevels, our Chairman of the Board of Directors since February 2009, will be taking a new role as Lead Independent Director. I will be succeeding Jim as Chairman, in addition to continuing on as CEO and President of The Hershey Company. On behalf of all of our employees, I'd like to thank Jim for the great contributions he made as Chairman as we transformed Hershey into a growth company and deepened the sustainability and responsibility of our operations. I am pleased to be able to continue to work with Jim as we transition into our new roles.

In 2014, our significant accomplishments say much about the company we are becoming while retaining the essence of who we are:

- The successful acquisition and ongoing integration of Shanghai Golden Monkey, the largest acquisition of its kind for Hershey to date. We have now doubled our presence in China, grown our employees by tenfold, and added an enormous new distribution base. We are also setting a high bar for ethical compliance.

- Our ongoing investment in West Africa's cocoa-growing regions. Hershey has played a key leadership role in the launch of CocoaAction, a groundbreaking pre-competitive collaboration with 10 other major cocoa-purchasing companies that will work to sustain the cocoa industry and improve the livelihoods of cocoa farmers. We are also ahead of schedule to achieve our goal of purchasing 100 percent of our cocoa from certified and sustainable sources by 2020.
- Our investment in and assistance with the startup of Project Peanut Butter's newest manufacturing plant. Our support for this special program is providing both economic opportunity and essential nutritional support to areas of Sub-Saharan Africa where there is great need for both. Our participation has also provided very meaningful experiences for the employees who have used their professional expertise to see the plant through to completion.

Efforts such as these, supported by a commitment to ethical compliance, are essential to our success, identity and our value to the world. We celebrate the collaborations that are helping us to bring Shared Goodness to the world. These include the many forms of partnerships we have with you, our diverse sets of stakeholders. We value your engagement in our journey, and we look forward to hearing your thoughts.



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

TO OUR STAKEHOLDERS

As Chairman of the Board over the last six years, I have taken great pride in the work that all of our employees continue to accomplish here at The Hershey Company. Under J. P. Bilbrey's strong leadership, we have increased our presence globally while remaining fully committed to the values on which Milton Hershey founded this company.

J. P. is one of the most effective leaders in corporate America. Under his watch, Hershey has delivered strong financial results, expanded its global reach, and positioned itself to capture new growth opportunities to build value for all shareholders and the company's stakeholders. He has an unwavering commitment to corporate social responsibility as a key focus, as exemplified by his having been named a 2014 Responsible CEO of the Year by *CR Magazine*. J. P. was also appointed in 2014 by the U.S. Secretary of Commerce to the newly established President's Advisory Council on Doing Business in Africa (PAC-DBIA), which will focus on strengthening the United States' commercial relationships with African nations.

Looking back on my tenure as Chairman of the Board, I am especially proud of the progress we have made addressing challenges in sustainable and ethical cocoa sourcing. I visited some of the cocoa-growing regions in western Africa as part of our Board's delegation and saw firsthand the difference that we are making by being involved in multi-stakeholder partnerships. Our programs, including Hershey Learn to Grow and CocoaLink, and our support for education and nutrition have helped improve the lives of children in many communities where we do business.



As Hershey continues to expand globally, we have never been more focused on sharing our vision of Shared Goodness and remaining true to Milton Hershey's great legacy. It has been a remarkable and humbling honor to serve as Chairman of a company with such strong core values and such a dedicated workforce.

A handwritten signature in black ink, appearing to read 'J. Nevels', followed by a horizontal line.

James E. Nevels
Former Chairman of the Board of Directors
(February 2009–March 2015)
Lead Independent Director of the Board
The Hershey Company



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 and 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; 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; the impact of future developments related to civil antitrust lawsuits and the possible investigation by government regulators of alleged pricing practices by members of the confectionery industry; and such other matters as discussed in our Annual Report on Form 10-K for 2014. 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 **April 30, 2015**, 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 the federal securities laws.



BRINGING GOODNESS TO THE WORLD



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.



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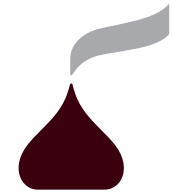
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OUR VALUE CHAIN

PRIMARY ACTIVITIES

INNOVATION, RESEARCH AND DEVELOPMENT activities focus on developing and/or acquiring new products, improving upon existing ones, and acquiring the talent to create and deliver Hershey-quality products.

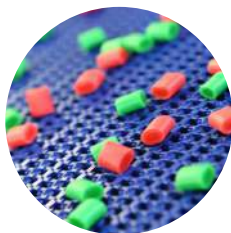
RAW INGREDIENT SOURCING activities focus on acquiring and ensuring a future sustainable supply of ingredients by cultivating supplier relationships, enforcing the Supplier Code of Conduct and conducting outreach activities to encourage practices of sustainable farming and fair treatment of labor.

PROCESSING AND PACKAGING include manufacturing and food safety activities that produce and ensure quality products.

BRANDING, ADVERTISING AND SALES are customer-oriented activities meant to build and maintain relationships with Hershey customers and consumers and ensure Hershey's brand reputation.

LOGISTICS AND DISTRIBUTION activities move products to customers and consumers.

CONSUMER EXPERIENCE AND FEEDBACK are collected and analyzed to improve Hershey's product quality, enhance brand image, and understand current concerns raised by consumers.



SUPPORTING ELEMENTS

KNOWLEDGE AND INSIGHTS

LEADERSHIP AND TALENT

KEY STAKEHOLDER RELATIONSHIPS

This value chain map illustrates the primary stages where Hershey adds value to its business and the supporting elements that contribute to those activities. The Hershey Company's value chain extends from research teams that develop our new snacking creations and the nearly 10,000 suppliers who provide raw materials and

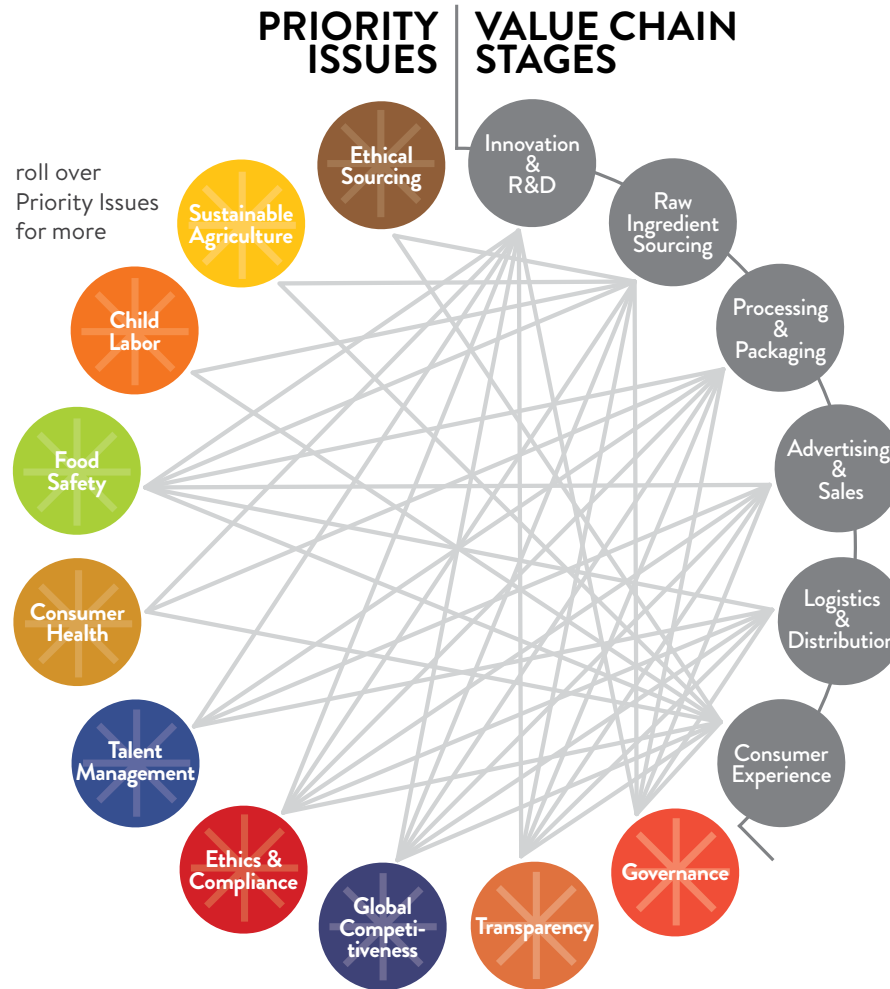
process key ingredients to the customers who sell our products and the consumers who enjoy them.

The value chain map establishes key activities and confirms where impacts associated with priority issues take place. Although impacts related to priority issues may occur within our own operations, in many cases impacts can also take place within the

context of our supply chain or as our products move to market and into end use. By examining our priority issues from a value chain perspective, we are better able to understand the risks and opportunities associated with our business operations and related impacts on stakeholders.



OUR VALUE CHAIN



PRIORITY ISSUES ACROSS THE VALUE CHAIN

As part of our strategic planning process, we conducted a priority issues analysis in 2013. Included in our data sets were the views of internal and external stakeholders and the results of our enterprise risk management process. The analysis led to the development of a list of priority issues that could affect The Hershey Company's strategy and operations.

Examining the economic, environmental and social impacts that occur across our value chain helps us understand the risks and opportunities associated with our business activities. Ultimately, this informs our sustainability strategy and shapes our efforts to create far-reaching and long-lasting positive impacts.



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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

2014

2013

2012

Financials

Number of countries in which our products are marketed	70	70	70
Number of countries in which our products are manufactured	17	17	17
Manufacturing facilities (wholly owned/joint venture)	19/2	15/2	15/2
Consolidated net sales (US\$ million)	7,420	7,150	6,640
Shareholder return	9.14%	37.37%	19.61%
Dividends paid (US\$ million)	440.41	393.80	341.21
Operating cash flow (US\$ million)	838.22	1,190	1,090
Operating costs (including interest expense)	6,050	5,860	5,510
Capital additions (US\$ million)	345.95	323.55	258.73
Income taxes paid (US\$ million)	384.32	373.90	327
Worldwide payroll (US\$ million)	779.52	735.89	709.62
Long-term growth outlook	4.5–5.5% annual net sales 8–10% annual EPS (diluted) (adjusted)	5–7% annual net sales 9–11% annual EPS (diluted)	5–7% annual net sales 1–10% annual EPS (diluted)

Community

Cash donations (US\$ million)	\$10.04	\$7.27	\$6.00
Product donations (US\$ million)	\$4.27	\$2.13	\$2.93

Workforce

Number of employees worldwide (FT/PT) ¹	22,450 (22,800/1,650)	14,800 (12,600/2,200)	14,200 (12,100/2,100)
Union representation (approx.)	25%	35%	39%
Number (percentage) of women on executive team ²	3 (33%)	2 (22%)	2 (22%)
Number (percentage) of women on board of directors	2 (20%)	2 (20%)	1 (10%)
Number (percentage) of ethnic minorities on board of directors	1 (10%)	1 (10%)	1 (10%)
Total Recordable Incident Rate (TRIR)	1.69	1.81	1.45
Days Away, Restricted, Transferred (DART)	1.00	1.09	0.75
Lost Workday Incident Rate (LWIR)	0.45	0.63	0.31
Total fatalities	0 work related fatalities	0 work related fatalities	0 work related fatalities
Total hours of employee training (whole company)	312,543	N/A	N/A

1 Active Hershey employees in our wholly owned operations as of December 31

2 Percentage of women on executive team has been adjusted to align the definition of the executive team with that used in our financial communications



PERFORMANCE SUMMARY

KEY PERFORMANCE INDICATORS (cont'd)

2014

2013

2012

Environment

Direct (Scope 1) GHG emissions (metric tons CO ₂ e)	92,752	101,007	115,333
Direct (Scope 1) GHG emissions (per thousand pounds of product produced, CO ₂ e)	0.05	0.12	0.15
Indirect (Scope 2) GHG emissions (metric tons CO ₂ e)	227,768	224,738	258,152
Indirect (Scope 2) GHG emissions (per thousand pounds of product produced, CO ₂ e)	0.12	0.27	0.33
NOx emissions (metric tons)	131.83	128.04	179.89
SOx emissions (metric tons)	7.15	12.73	5.13
VOC emissions (metric tons)	152.99	165.16	181.98
CO emissions (metric tons)	127.16	115.35	128.82
Particulate emissions ³ (metric tons)	62.98	63.19	48.93
Total water use (gallons)	1,255,611,000	1,220,754,000	1,711,722,000
Percentage water withdrawal from ground (gallons)	57.2%	60.0%	70.8%
Percentage purchased water (gallons)	42.8%	40.8%	29.2%
Total water discharge (gallons)	431,176,000	504,342,000	405,923,000
Water use (gallons per thousand pounds of product produced)	0.70	0.66	0.98
Waste generated (metric tons) (includes recycling)	42,189	40,078	35,714
Total hazardous waste ⁴ (metric tons)	13	N/A	N/A

³ Particulate matter: 10 microns or less

⁴ All hazardous waste was transported nationally off-site to permitted treatment, storage and disposal facilities



PROGRESS TOWARD OUR GOALS

- Integrity of Supply Chain *

- Consumer Well-Being *

- Efficient Business Operations *

- Sustainable Sourcing *

- Safety and Wellness at Work *

GOAL	2014 PROGRESS
Initiate internal and external social audits via Sedex and assess 25% of total supplier spend by beginning of 2014	Completed the 14% remaining audits on selected external manufacturing sites to meet our 2013 goal
Assess an additional 25% of external suppliers and internal manufacturing sites (measured by spend) by beginning of 2015	Audits completed on 70% of selected external suppliers and 100% of selected internal manufacturing sites. Received commitments from remaining 30% to be completed in 2015



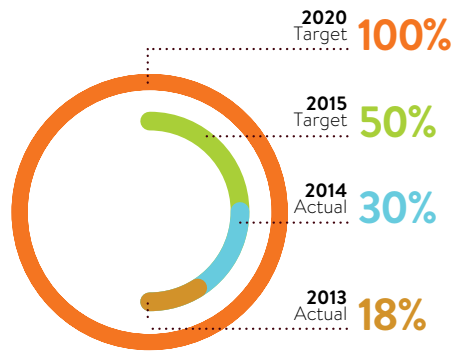
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HERSHEY AROUND THE WORLD



CERTIFIED COCOA



ENVIRONMENT



11 zero-waste-to-landfill facilities

WORKFORCE



1.69	1.0	0.45
total recordable incident rate	days away	lost workday incident rate

Good Business

GROWTH GUIDED BY VALUES

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GLOBAL COMPETITIVENESS

KEY ACHIEVEMENTS

Completed acquisition of Shanghai Golden Monkey

Surpassed US\$100 million in annual sales of *Hershey's Kisses* Chocolates in China

KEY CHALLENGES

Integrating new sales innovations into traditional channels

Launching new products in undeveloped categories



In China, where gifting is an important part of the culture, we launched *Hershey's Kisses Deluxe* Chocolates as premium gift items. Twice the size of *Hershey's Kisses* Chocolates and wrapped in gold foil, they feature a whole hazelnut coated in milk chocolate.



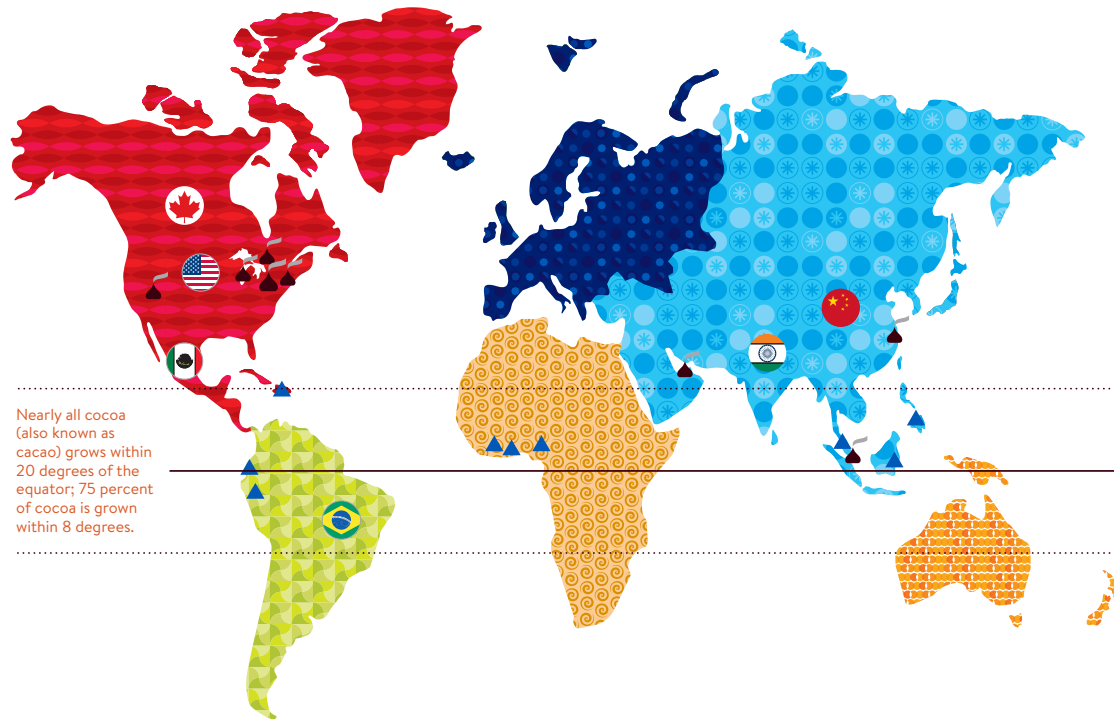
MANAGEMENT APPROACH

During the past five years, our core business has driven strong returns that have supported our strategy of investing in growth outside of our traditional geographic and confectionery markets. While remaining committed to growing our business in North America and enhancing our strong brands, we are meeting new global demand for chocolate, confections, snacks and drinks that build upon our past successes. Leveraging our strengths in consumer insight, product and sales innovation, and targeted acquisitions, we are answering the challenges of changing consumer trends, economic headwinds and experienced global competitors.

Our leadership position allows us to share the goodness of new and existing products with more people around the world every year. Our understanding of consumers allows us to adapt products to local markets and tastes, such as the nutrient-rich *Sofit* Soya Milk available in India. Our innovations inspire new products and marketing techniques that work together with proper incentives to drive sales and engage consumers. And our ability to identify and integrate suitable acquisitions lets us establish a foothold and learn best practices in new markets while bolstering our product portfolio.







HERSHEY AROUND THE WORLD



Nearly all cocoa (also known as cacao) grows within 20 degrees of the equator; 75 percent of cocoa is grown within 8 degrees.

Key Markets & Manufacturing Countries

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

▲ Primary Sourcing Countries

- CÔTE D'IVOIRE
- DOMINICAN REPUBLIC
- ECUADOR
- GHANA
- INDONESIA
- MALAYSIA
- NIGERIA
- PERU
- PHILLIPINES
- UNITED STATES

🏠 Hershey's Chocolate World Attractions and Stores

- HERSHEY, PA
- CHICAGO, IL
- DUBAI, UAE
- LAS VEGAS, NV
- NIAGARA FALLS, CANADA
- SHANGHAI, CHINA
- SINGAPORE
- TIMES SQUARE, NYC

Making progress on our strategic global growth plan, we completed the initial acquisition of Shanghai Golden Monkey Food Joint Stock Co., Ltd. (Golden Monkey) in China in 2014. Golden Monkey provides Hershey with an iconic national brand, a local product portfolio, and a proven distribution and sales network. Beyond its benefits to Hershey in China, Golden Monkey brings an opportunity for us to learn lessons that can be applied to further our growth around the world, such as adapting regionally and quickly adopting and implementing technology across a far-reaching sales force.

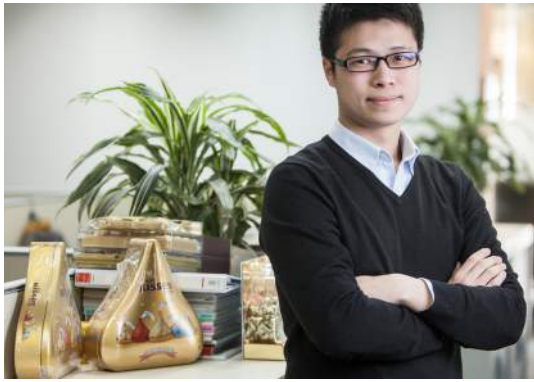
As our global reach grows, we will continue to openly communicate our values to all stakeholders. This includes communicating with consumers about simple ingredients and responsible sourcing in order to meet a stronger desire for information about nutritious and sustainably sourced products. We will begin reporting international sales separately, focusing on growing key markets such as China, India, Mexico and Brazil. And enterprise connectivity will help us communicate knowledge across departments and regions, relaying clear goals and incentives to help our employees deliver on our brand promise and execute our strategic vision.

Our continued success reflects the focused impact of this strategy, and we deliver direct and indirect economic benefits to the areas and communities in which we operate. They benefit from the passionate support of our employees, who underscore our vision of Shared Goodness across the scope of our business.

Hershey expects international sales to reach approximately US\$1.2 billion by the end of 2015.

To meet these goals, we will continue to develop processes, programs and strategic plans to sustainably manage growth. We will execute on our strengths in consumer insight, product development and sales innovation, and we will continue to identify and integrate strong acquisition opportunities.





SHANGHAI GOLDEN MONKEY PURCHASE

In 2014, we completed an acquisition of 80 percent of Shanghai Golden Monkey Food Joint Stock Co., Ltd., a privately held confectionery company based in Shanghai. With this transaction, Hershey adds its global scale and expertise to Golden Monkey's trusted brand, diverse product portfolio, and in-country manufacturing and distribution systems. These enhanced capabilities will accelerate Golden Monkey's growth in China, expand its ability to serve Chinese consumers and develop its sustainable long-term value.

Golden Monkey's product portfolio, which includes candy, chocolates, protein-based products and snack foods, is widely marketed across China. With the support of Golden Monkey's 130 sales offices and more than 5,000 employees, we expect China to become our second-largest market by the end of 2015, with net sales of around US\$450 to \$475 million.

We are moving toward the successful purchase of the remaining stake in Golden Monkey in 2015. Plans are underway to integrate Golden Monkey's employees and its expansive operations into our company. Through this integration process, Golden Monkey will continue to embed Hershey's values, expectations and compliance policies within its operations. We intend to further develop the management team and learn from its innovative practices and nimble sales force, which have made the company a leader in China. The experienced Golden Monkey sales force will provide valuable support to help us build brand recognition and grow Hershey's business in China. Golden Monkey's customer and supplier networks will remain independent until the integration process into Hershey is complete.

Independent of our purchase of Golden Monkey, our company continues to innovate in China. For example, in less than a year and at minimal cost, Hershey China developed and launched a smartphone platform to assist salespeople in the field. We can apply these business insights to other current markets and also utilize this experience adapting to local markets as we expand in the future.





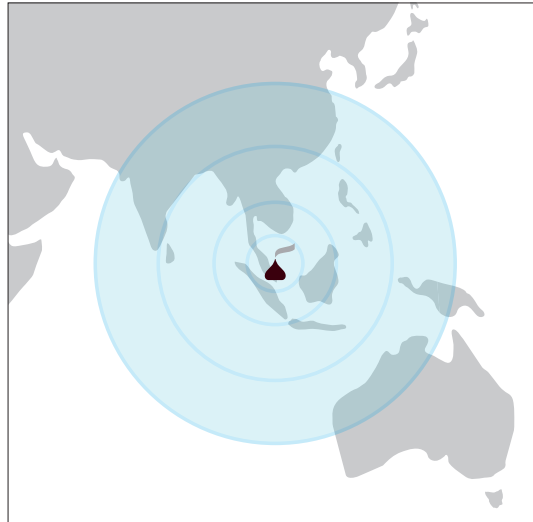
PURCHASE OF THE ALLAN CANDY COMPANY

In 2014, Hershey completed the acquisition of The Allan Candy Company, a North American confectionery manufacturer based in Ontario. It is well known across Canada for its quality confectionery brands, including *Allan*, *Big Foot*, *Hot Lips* and *Laces*. The brand is also a leader in the Canadian Easter novelty chocolate segment and the Canadian candy cane market. The acquisition of Allan Candy builds on our company's long-standing business in Canada and strengthens our commitment to the Canadian market.

MALAYSIA FACILITY

Expanding our capacity to meet growing consumer demand in Asia, we are building a new confectionery manufacturing plant in Johor, Malaysia. The combined production capacity of this new plant and our acquisition of Golden Monkey in China will put us in a strong position in the region for many years to come. The Johor plant represents a US\$250 million investment and will be completed and operational in 2015.

Hershey chose to build its factory in Malaysia because of its strategic access to markets across Asia, its well-educated workforce, its stable political environment and its strong infrastructure. The 700,000-square-foot plant will bring community investment and job opportunities to the region. As one of Hershey's largest factories, it will be able to produce the broadest array of products of any factory outside of the United States and Mexico. We are also incorporating cutting-edge environmental equipment into our processes, such as a system in which we no longer need to use water-treatment chemicals in the cooling towers. We are also hiring a management team varied in its makeup of experience, ethnic backgrounds and gender that will be able to effectively lead in this diverse region.



Hershey's new factory in Johor, Malaysia, will be the second-largest factory in Hershey's global manufacturing network. Its strategic location strengthens our distribution reach across Asia.



INTERNATIONAL BUSINESS HIGHLIGHTS

China

Our acquisition of Golden Monkey and collaboration with their in-country experts is allowing us not only to learn more about the Chinese consumer but the Chinese marketplace as a whole. These key learnings are allowing us to introduce signature Hershey products, such as *Brookside*, to the Chinese market faster and more effectively.

Adding to our Chinese product offerings, we launched *Hershey's Kisses Deluxe* Chocolates. This premium chocolate is twice the size of *Hershey's Kisses* Chocolates, contains a whole hazelnut and is wrapped in gold foil to make it perfect for gifting. Gifting makes up 30 percent of the Chinese confectionery market, making this another example of Hershey's ability to tailor products to local consumer needs.

Mexico

Despite macroeconomic challenges such as increased income taxes and a tax on high-caloric food, Hershey remains one of the fastest-growing chocolate companies in Mexico. We continue to focus on our strong-performing brands and also expanding brands such as *Reese's*, which was introduced to the Mexican market in 2014.

India

Hershey is acting on the tremendous insights learned from the past six years spent in India. Adapting to local demand, we are refocusing toward chocolate as well as developing product lines beyond candy, such as *Sofit* Soya Milk.

Brazil

Brazil Hershey launched *Reese's* Peanut Butter Cups in Brazil. Before this launch, we conducted an eight-month prelaunch campaign in which *Reese's* Peanut Butter Cups were among our best-selling items. This continues our expansion in Brazil since we entered the market in 2008. Despite a challenging consumer environment, we grew our share in this key market during 2014. In 2015, we will continue to build on solid fundamentals—adapting our renowned brands to local markets, engaging consumers around our brands and building operational capacity.



INNOVATION

Snacks and Adjacencies

We continue to develop and balance our product portfolio to offer items that consumers can enjoy at any time. We are leveraging our strengths in product development, manufacturing and distribution to explore opportunities to meet customer demands outside of our traditional confectionery product lines. Our past experience will give us insight into ensuring the success of product launches, which will generate sustainable growth.

We are expanding into new categories to deliver wholesome snacking and portable nutrition through products such as *Sofit Soya Milk*, available in five flavors and now developed for the markets in India. *Sofit Soya Milk* offers a rich source of proteins, contains vitamins and minerals and is enriched with calcium. Hershey is exploring taking this product to other markets as more consumers look for simpler and healthier snacks and beverages.

We also recently acquired *KRAVE Pure Foods* to expand our products and capabilities along the broader snacking continuum. The company is a leader in premium jerky, the fastest-growing sub-segment of the estimated US\$2.5 billion U.S. meat snacks category. *KRAVE* jerky products use quality ingredients, are free of gluten and high-fructose corn syrup and have no added nitrites or monosodium glutamate (MSG). *KRAVE* straddles the growing meat-snacks and “better for you” snacks segments, and we are excited for its potential.

The new line of *Hershey's Spreads* is another way Hershey is utilizing its traditional strengths to launch new snack products. Spreads, available in chocolate, hazelnut, almond and *Reese's* peanut butter chocolate, can enhance snacks such as fruit, vegetables, bread and desserts. This allows consumers to enjoy the perfect Hershey's taste on snacks throughout the day paired with all types of food.

Additional Innovations

Hershey continues to innovate in its core products and marketing to maintain and grow traditional sales. We identify opportunities to build on our strong brands, measure the potential in real-life settings, and refine our strategy before executing at scale.



We are extending brands such as *Ice Breakers*, *York*, *Twizzlers* and *Krackel* based on new consumer insights. *York Minis* reshape our *York* brand into bite-size form. *Twizzlers Pull 'n' Peel Fruit Punch Twists* combine grape, cherry and orange flavors in one twist. And *Krackel* returned to a full-size candy bar for the first time since 1997.

To strengthen the entire portfolio of brands, Hershey partners with retail stores to develop transformative candy-aisle merchandising, a part of its insights-driven performance (IDP) model. IDP stores typically outperform their peers and allow Hershey to learn and improve the candy shopping experience.



Rethinking the Traditional Candy Aisle

This year, Winn-Dixie's Baton Rouge, Louisiana store exhibits the latest concept in the rethinking of the traditional candy aisle. The new format places circular displays at the front of the store; draws shoppers in with large models of *Reese's* Peanut

Butter Cups and *Hershey's Kisses Milk Chocolates* that have enticing graphics and bright colors; and allows customers to shop based on purpose, whether candy bowl, premium, movie and snack, or grab-and-go. The concept also

features displays of our confection peer companies, as this innovation seeks to enhance the category as a whole. In the initial nine weeks of implementation, we have seen a double-digit lift for the category.



ETHICAL SOURCING AND SUSTAINABLE AGRICULTURE

KEY ACHIEVEMENTS

Founding member of CocoaAction, a groundbreaking industry precompetitive collaboration under the umbrella of the World Cocoa Foundation

Continued progress toward purchase of sustainable and certified cocoa

Achieved purchase of 100% Mass Balance RSPO-certified palm oil

Traced 94% of our palm and palm kernel oil supplies to the mill level



KEY CHALLENGES

Climate change and geopolitical risks in cocoa-producing regions

Achieving gender equity in value chain communities



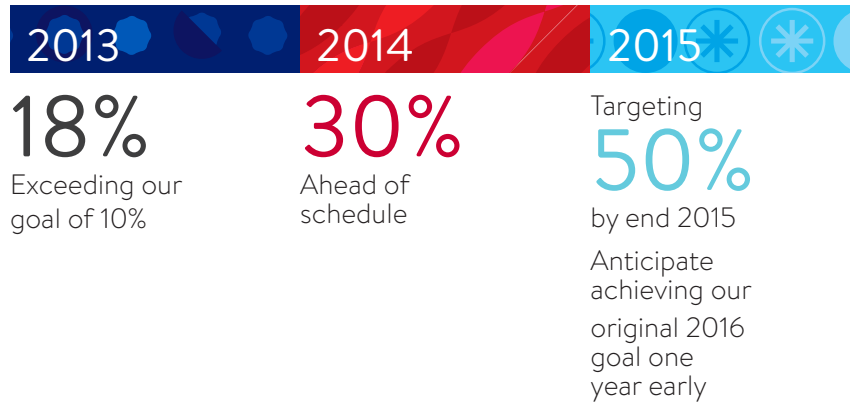
MANAGEMENT APPROACH

Our ability to innovate and keep pace with demand for our products is dependent upon the ethical, efficient and sustainable development of the agricultural communities where we source our ingredients. Together with our partners, we strive to:

- **Develop infrastructure and new services**
- **Provide training to develop sustainable and successful business practices**
- **Nurture healthy, thriving communities**

Our Shared Goodness framework guides our approach to sourcing and ensures attention to our many relevant social and environmental considerations. In the environmental realm, for example, we are researching our raw material and ingredient supply chains related to ecosystems and biodiversity. This will allow us to evolve strategies to mitigate impacts we may discover. In the social domain, we are deeply engaged in finding ways to ensure that basic human and labor rights are respected.

Increasing Our Use of Certified Cocoa



Working to Reduce Child Labor on Cocoa Farms

Hershey has zero tolerance for the worst forms of child labor in its supply chain (as defined by International Labor Organization Conventions 138 and 182). We believe that collaborating with partners and cocoa-certification bodies will help reduce this industry-wide challenge. We expect our suppliers to support and participate in industry efforts aimed

at eliminating such practices wherever they exist.

Our Supplier Code of Conduct, which we revised in 2014 in order to strengthen and clarify our requirements, states that:

- 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 farm work.
- Trafficking of children or forcing children to work are included among the Worst Forms of Child Labor.

Given the importance of chocolate in our product portfolio, our first priority has been to address the sourcing of cocoa. Due to the complex socioeconomic circumstances in West Africa, where 70 percent of the world's cocoa is cultivated and the bulk of our supply is derived, there is a potential for human and labor rights abuses occurring within our supply chain. That is why we are actively involved in large-scale efforts that are committed to rooting out forced labor, especially forced child labor, and have pledged to use 100 percent certified sustainable cocoa in all of our chocolate products by 2020. We use a multipronged approach to address the sustainability challenges that exist and are partnering with various sourcing and non-governmental organizations (NGOs) to advance our goals.

The ethical conduct of our business partners is also crucial to our continued success, which is why we regularly update our guidance on expectations. We issued our most recent Supplier Code of Conduct in 2014. This rigorous version, combined with our expansion of assessments and compliance verifications, helps ensure that our suppliers are in alignment with our high standards.

Our approach to sourcing can result in long-term supplier relationships that offer sustainably sourced ingredients to Hershey and greater income security and prosperity for our suppliers. We see this as a way that Good Business supports a Better Life, making a Bright Future possible for our stakeholders.

FULFILLING HERSHEY'S 21ST CENTURY COCOA STRATEGY

Over the years, we have diversified our products to include hundreds of non-chocolate confections. Yet much of our tradition is and will always be embedded in the creation of chocolate. With Hershey chocolatiers crafting new chocolate recipes and our customers buying more chocolate products, from *Hershey's Milk Chocolate* bars to *Dagoba Organic Chocolates*, we realized it was crucial to rigorously address the sustainability challenges for sourcing our primary ingredient, cocoa. This is why we made the commitment in 2012 to source 100 percent of our cocoa from certified sustainable sources by 2020. We are steadily making progress toward fulfilling this commitment.



CocoaAction: Industry-wide collaboration on cocoa sustainability

Providing access to:

- Improved planting material and fertilizer
- Training for farmers about their correct use

Community development, including:

- Addressing labor issues through labor monitoring and mitigation
- Making basic education available
- Encouraging children to go to school
- Improving gender parity
- Helping to ensure women have greater influence in community decision-making and development

CocoaLink: What's New in 2014

It's important to us that farmer-development programs are sustainable and have long-term impact. Due to CocoaLink's success, both in adoption by farmers and in proven impact on farmer income and production in Ghana, the government is now responsible for its administration. The Ghanaian government has been involved since the founding of the project through the Ghana Cocoa Board, the government agency charged with encouraging

and championing the production of ethically sourced, good-quality cocoa in Ghana. With the full weight of both the Cocoa Board and the government behind the program, CocoaLink has become a standard

part of the ongoing outreach to cocoa farmers across the country. This will help ensure the continued sustainability of CocoaLink and give more farmers access to the program's tools and information.



AN UNPRECEDENTED HERSHEY AND INDUSTRY COLLABORATION

CocoaAction creates a unique, collaborative commitment among industry stakeholders, including cocoa companies, chocolate companies and governments. The program's endeavors will complement Hershey's existing programs in the region.

CocoaAction's vision is to rejuvenate and establish an economically viable cocoa sector by 2020 and benefit up to 300,000 cocoa farmers and their local communities (200,000 in Côte d'Ivoire and 100,000 in Ghana). Participating companies have committed to providing sufficient resources to coordinate the vast number of independent sustainability programs throughout the region. The governments of Côte d'Ivoire and Ghana have formally endorsed CocoaAction, as it will support their national cocoa sustainability plans.

The World Cocoa Foundation serves as the group's convener and facilitates implementation of its strategic plan. Hershey's existing sustainability programs, including Learn to Grow and CocoaLink, are aligned with the broader objectives of CocoaAction and will help this group succeed. For example: CocoaLink has been selected to be part of CocoaAction's work stream that specifically focuses on innovations in the cocoa industry. CocoaAction is supporting the CocoaLink program in Ghana, and we are excited about the future possibilities.

HERSHEY'S PROGRAMS CREATE LONG-TERM SUSTAINABILITY IMPACT

Through our programs CocoaLink and Hershey Learn to Grow, Hershey's 21st Century Cocoa Strategy is helping to create positive impact for cocoa farming communities by providing help with technology, farmer training, cocoa-seed nurseries, credit terms for farm inputs, village resource centers, infrastructure projects, school construction and literacy, healthcare and malaria prevention.

CocoaLink is a public-private partnership established in 2011 by Hershey, the World Cocoa Foundation and the Ghana Cocoa Board that utilizes modern technology to improve in farmers' livelihoods.



“Côte d’Ivoire is very pleased that the private sector has decided to coordinate its cocoa sustainability efforts to support those of the Ivorian government.”

– Sangafowa Coulibaly, Côte d’Ivoire Minister of Agriculture

YIELDFINDER

Learning through Statistical Analysis

Hershey YIELDFINDER is a new program that aims to track and project cocoa yields in our sourcing regions.

1. Based on statistically significant protocols, the cocoa yields from 100 farms will be compared over multiple crop years.
2. The farmers of these selected plots will be individually interviewed about their farming practices.
3. Combined with the measurements of production levels, increasing our use of certified cocoa will allow us to gauge the most efficient and high-impact production techniques.
4. Key insights will be shared with farmers in order to help them increase their yields and incomes.

The results of YIELDFINDER research will help farmers integrate best agricultural practices.



Hershey’s CocoaLink program has provided more than 1.2 million free SMS messages to cocoa farmers, communicating practical, best-practice agricultural and social information to help increase farmers’ yields and incomes. A study showed that the CocoaLink program was able to increase cocoa farmers’ yields 45 percent on average when users were compared to nonusers.

HERSHEY’S LEARN TO GROW PROGRAM HELPS FARMERS GROW SUSTAINABLE COCOA

According to the World Cocoa Foundation, about 70 percent of the world’s cocoa is grown in West Africa, largely on small holder farms of about two to four hectares in size. We believe that farmer education in the region is a key component in reaching our goal of sourcing 100 percent certified and sustainable cocoa by 2020.

First launched in 2012 in Assin Fosu, Ghana’s central cocoa region, the Hershey Learn to Grow program provides a three-year training program, that can lead to UTZ certification for farmers as producers of sustainable cocoa. The program was expanded to Nigeria in 2013 and to Côte d’Ivoire in 2014. Today it plays a crucial role in Hershey’s overall sustainable cocoa plans in West Africa. Two village resource centers as well as four water projects for Ghana Learn to Grow communities have also received support. And because most cocoa trees are currently more than 25 years old, Learn to Grow plans to distribute one million higher yielding, drought- and disease-resistant trees to cocoa farmers in West Africa by 2017. Our founding partner for Learn to Grow is [Source Trust](#), a nonprofit organization based in the United Kingdom, focused on helping farmers improve their livelihoods through better crop yields and quality, achieved through sustainable farming practices.



Learn to Grow emphasizes good environmental, social and agricultural practices on farms. Farms are periodically evaluated in person by independent third-party auditors to assess whether acceptable standards set by the branded certification bodies are being met. Once certification is achieved and maintained, the owners receive premium payments for their cocoa. Not only does this increase farmers' incomes, but the additional profits can also benefit farm productivity improvements or community projects.

Another key focus of the Hershey Learn to Grow program is empowering women and young cocoa farmers by providing training and encouraging them to take leadership roles in farmer organizations.

THE IMPORTANCE OF SOURCING CERTIFIED COCOA

Hershey currently sources its certified cocoa from farms that have undergone the sustainable certification process with one of the globally recognized certifying organizations (UTZ Certified, Fairtrade USA and Rainforest Alliance). Certified cocoa is verified by independent auditors who follow recognized international standards that address labor issues, the environment and sustainable farming practices. The long-term benefit of certification to cocoa farmers is the applica-

tion of good agricultural practices that will improve yields, raise incomes and support a new generation of cocoa farmers.

By purchasing cocoa from farms that have achieved certification, we support responsible labor practices. We will continue to maintain our commitments and deploy our resources, partnerships and programs to help the elimination of these forced labor practices.

WORKING TOWARD PALM OIL TRACEABILITY AND SUSTAINABILITY

Hershey's annual purchase of palm oil constitutes less than one percent of its total commodities spend, which is currently only 0.0004 percent of the world's existing palm oil. We understand, however, the complex environmental issues surrounding its production. When managed unsustainably, the production of palm oil has negative impacts on biodiversity and on soil health, and it can infringe upon the rights of indigenous peoples and other land users. Additionally, the associated deforestation that occurs contributes to climate change. We have made excellent progress toward our goals to sustainably source palm oil. By the end of 2014, all of our palm oil purchases were 100 percent Mass Balance RSPO-certified palm oil.



“Hershey has demonstrated a strong commitment to addressing the environmental and social issues associated with the production of palm oil. They continue to drive improvements in the palm oil supply chains from which they source, and are beginning to see the results. Their long-term commitment to working on these tough issues is what will help change practices across the industry.”

– Robin Barr, Director, The Forest Trust (TFT)



In September 2014, Hershey became a member of The Forest Trust (TFT), a respected global NGO with sourcing expertise. TFT reviews, evaluates and helps us accurately trace palm oil throughout our supply chain and safeguard supplier adherence to our new palm oil sourcing policy. Our policy clearly states the requirements to which all suppliers in our company's palm oil supply chain must adhere. Provisions address environmental and social aspects, including no new developments on peat areas, regardless of depth; and identifying and reducing greenhouse gas emissions.

Phase one of our work in partnership with TFT has focused on tracing our palm and palm kernel oil supplies to the mill level. So far, we have traced 94 percent. This has helped us better understand if the palm oil we source is linked to areas where there are sustainability concerns, such as deforestation and social issues.

We have already begun the next phase—tracing our supplies back to the plantation level, which we anticipate we can complete in 2016.

Here is what we have learned through our palm oil tracing work so far:

- **More than 1,200 mills supply palm oil to Hershey manufacturing facilities worldwide**
- **Mills are located in two regions: Southeast Asia (1,235 mills) and Central America (11 mills)**
- **Palm oil is used in 13 Hershey plants located in three countries: United States (9 plants), Mexico (2 plants) and China (2 plants)**

In addition to our traceability commitments, as of the beginning of 2014, all of Hershey's global palm and palm kernel derivatives are purchased as RSPO Mass Balance sustainably sourced.

About Our Key Ingredients

Eighty percent of our chocolate products' ingredient volumes are made up of just four ingredients: cocoa, fluid milk, nuts and sugar. While we are on track to achieve our goals to sustainably source cocoa, we are compelled to do more.

Sustainable sourcing of our primary ingredients presents complex challenges and supply chain transformations, which take time. We are working toward developing partnerships and strategies that can help move our supply chain for key ingredients toward greater sustainability.



MILK

Hershey uses high-quality dairy ingredients to produce our products globally. For 120 years, Hershey has used fresh, local milk to produce Hershey's Milk Chocolate Bars at our main manufacturing plant in Hershey, PA. Hershey is one of the few large-scale chocolate makers in the world that still produce chocolates with fluid milk.



NUTS

We use U.S.-sourced almonds in every Hershey's Milk Chocolate with Almonds. For our Reese's Peanut Butter Cups and other candy, we source peanuts across the U.S. "peanut belt," which reaches from Virginia down to Georgia and all the way to Texas.



SUGAR

While we source cane sugar for many of our products from U.S. and foreign countries, we also source sugar from sugar beets produced in the U.S. Sugar is not only used to sweeten but also to enhance flavor, improve texture and color, and preserve or change the acidity in foods.



Supplier Code of Conduct Auditing

We have made significant progress and changes in this area:

2012	2013	2014	
Five-year strategy developed to complete social assessments on Tier 1 suppliers and internal manufacturing sites	Announced intention to have third-party auditors complete 25 percent of both our internal facilities and 25 percent of our external suppliers (in terms of spend), which has been completed	Established a goal to assess an additional 25 percent of our external suppliers and internal manufacturing sites (measured by spend) by the beginning of 2015	Audit results completed on 70 percent of selected external suppliers and 100 percent of selected internal manufacturing sites. Received commitments from the remaining 30 percent to complete the audits early in 2015

Our New Supplier Code of Conduct

Hershey's standards and expectations for how its suppliers operate are clearly stated in our Supplier Code of Conduct. Areas of compliance that must be met by our suppliers and vendors include:

- Suppliers must comply with all applicable laws and regulations in their country of operation.

- Prohibited activities include bribery, acting under conflict of interest, falsifying documents, collusive bidding, price fixing, price discrimination, and unfair trade practices in violation of antitrust laws per the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

- Suppliers should take appropriate steps to protect confidential and proprietary information belonging to The Hershey Company.

- At a minimum, suppliers must fully comply with all local environmental laws and regulations and should strive to conduct their operations in a way that conserves natural resources.

- Suppliers should have adequate monitoring and record-keeping systems to ensure compliance with the Supplier Code of Conduct.

ABOUT HERSHEY'S SUPPLIER SCREENING AND ADHERENCE

Due to the complexity of our global supply chain, we address many of our challenges through involvement with partners and multi-stakeholder organizations. Some of the organizations we work with include the Sweetener Users Association, the Foundation for Strategic Sourcing, the World Cocoa Foundation, the American Peanut Council and the Dairy Board of Excellence.

We have also developed our own programs to address sound environmental and labor practices in both the production and sourcing of raw materials and ingredients needed to create all of our Hershey products and packaging.

After a thorough review of our Supplier Code of Conduct in 2013, we developed a rigorous new code, which went into effect in spring of 2014. It addresses a wide range of supplier behavior issues, from worker safety and community well-being to fair labor standards and responsible environmental stewardship.

We back up our commitment of rigorous adherence to our policy by thoroughly investigating all good-faith claims of supplier misconduct or activity alleged to violate the Supplier Code of Conduct or Hershey's Code of Ethical Business Conduct.

We continue to explore various approaches to auditing and tracking performance and progress on key issues among our suppliers. For example, key suppliers are subject to our responsible audit program, requiring them to undergo the Sedex Members Ethical Trade Audit (SMETA), developed by the Associate Auditor Group (AAG) of the Sustainable Ethical Data Exchange (Sedex). SMETA is a prescriptive audit procedure that is a compilation of effective ethical audit techniques. It was designed to reduce duplication of efforts in ethical trade auditing and provide an audit report format easy to share among stakeholders. It is not a certification process or code of conduct.

Hershey is also a member of AIM-PROGRESS, a forum of leading consumer goods manufacturers that enables and promotes responsible sourcing practices and sustainable supply chains. Our membership allows us to align with our peers and learn best practices with other companies who are similarly committed.



QUALITY AND FOOD SAFETY

A cook at Hershey's Y&S plant uses a refractometer to ensure that a batch of Twizzlers candy is cooked to proper specifications.



KEY ACHIEVEMENTS

Recipient of Target's 2014 Partner in Excellence Award & highlighted on Target's Good Trade Ethical Shopping List

Development of ingredient transparency policies and initiatives



KEY CHALLENGES

Complying with varied labeling requirements and sourcing consistent ingredients across international markets

MANAGEMENT APPROACH

Adhering to the highest standards of food quality and safety ensures not only a delicious product for our consumers but also a continued reputation for reliability for our company. We strive to meet the most rigorous quality and food safety benchmarks at every step of our supply chain and manufacturing processes across the globe.

At each of our plants, we practice outstanding vigilance for food safety. We adhere without compromise to domestic and international requirements. Our raw materials are hormone-free and are tested for the presence of pesticides, heavy metals and other harmful materials. We monitor the supply chain within Hershey and across external partners and adjust either our performance or third-party standards accordingly. The requirements for our supply chain are codified in the Hershey Product Excellence Program.

As with our food safety measures, our wholly owned and joint-venture manufacturing plants around the world follow the industry's **most stringent quality-control procedures.** Third-party manufacturing partners and suppliers worldwide are subject to similar standards of excellence and must agree to our rigorous Supplier Code of Conduct. Regular internal and external auditing provides continuous feedback that is used to identify and implement needed improvements.



Hershey's Product Excellence Program

The Product Excellence Program (PEP) provides a comprehensive system to oversee product quality and safety and to assure compliance with food-surveillance legislation. The program incorporates standards of the Global Food Safety Initiative (GFSI) throughout the supply chain. We have obtained GFSI certification in 15 wholly owned facilities and one joint-venture facility. In many areas, we exceed the standards set out by GFSI.

Our PEP is also designed to evaluate our extended supply chain—from ingredients and packaging through distribution—and to identify product quality or safety risks. All of this front-end review 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 91 percent in the United States, with the remainder working toward certification as a condition of future business.

Peanuts in Hershey's products are assessed and closely monitored to assure they meet the highest standards of quality and safety.



In recognition of diverse nutritional needs and preferences among consumers, we have expanded many of our more popular product offerings to include gluten-free, kosher and sugar-free versions. We have also worked to establish organic confectionery and baking-chocolate options for customers who prefer foods that are not grown using modern plant biotechnology.

BUILDING TRANSPARENCY ACROSS OUR VALUE CHAIN

True to our historic value of bringing goodness to the world, we are evolving the way we source ingredients and label our packages in order to help people understand what is in our products. We believe in listening to consumers, understanding their needs, making great-tasting products, and sharing information about all our ingredients.

In early 2015, we announced the beginning of our transition to simple and easy-to-understand ingredients.

We are focusing on three key principles:

Simple Ingredients

We are committed to making our products using ingredients that are simple and easy to understand, like fresh milk from local farms, roasted California almonds, cocoa beans and sugar—ingredients consumers recognize, know and trust. We strive for this kind of simplicity with all of our ingredients.

Transparency

We take pride in our products and sharing information about all that goes into them, from the ingredients to sourcing, manufacturing and labeling. We will make this information easy to find for those who are interested—whether that's on our packaging, on our website or through new technologies.

Responsible Sourcing of Ingredients

We will continue to work with our suppliers to responsibly source sustainable ingredients, building on our progress against commitments to source 100 percent certified and sustainable cocoa and certified sustainable and traceable palm oil.





We will strive for simplicity with all our ingredients. For ingredients that may not be as simple, we will explain what they are and why we need them to provide the great flavors, aromas, textures and appearances that our consumers know and love.

In 2015, we plan to introduce new snacking products such as *Brookside Dark Chocolate Fruit & Nut Bars* in the United States and transition some of our most popular chocolate brands, including *Hershey's Kisses Milk Chocolate* and *Hershey's Milk Chocolate Bars*, to simpler ingredients.

We have also built extensive new content on our corporate website under the Our Ingredients section that will detail our company position on food transparency issues, including:

- **Guiding principles related to quality, transparency, community and well-being**
- **Core ingredient stories (cocoa, sugar, milk and almonds)**
- **Ingredient glossary for all ingredients used in North America**
- **Ingredient points of view for issues generating heightened media and consumer inquiries**
- **Special dietary needs (gluten, kosher and sugar-free)**
- **Allergens**
- **Company commitments (including Shared Goodness and industry initiatives such as Healthy Weight Commitment Foundation and Facts Up Front)**

We have compiled an online ingredient glossary that lists and explains every ingredient used across Hershey's brands in the United States and Canada. Because many common ingredients have long, scientific-sounding names, we wanted to demystify each ingredient and, in many cases, its use in confectionery production.

We have also used this space to address questions often asked by our consumers, from the presence of caffeine in our products to the food colors that we use. We encourage our consumers to learn as much about the ingredients we use, and we are committed to helping them find this information. We will continue to expand our website as a place to share what we believe about a range of important ingredient-related issues.

We've opened our doors not just online but also on the ground. Last summer, we invited influential food bloggers to visit Hershey to learn about how we source, develop and manufacture our products and then write about what they experienced—a series we called Behind the Scenes. More information about this project, including the names of the bloggers, is available on our [Shared Goodness](#) website.

Our internal efforts to increase food transparency are currently focused on equipping our employees with key messages and information about nutrition and ingredient issues so that they can communicate clearly with stakeholders.

BIOTECH AND GENETICALLY-MODIFIED (GM) INGREDIENTS

In the United States, 70 to 80 percent of food and beverage products consumed include ingredients produced from crops developed using modern plant biotechnology.

The Hershey Company's products may contain ingredients, broadly used throughout the food and beverage industry, that are produced from crops developed through modern plant biotechnology. These include ingredients from common crops such as corn, soy and sugar beets. Most important, all ingredients used in our products meet or exceed government standards established by the U.S. Department of Agriculture (USDA) and the U.S. Food and Drug Administration (USFDA).

For those who prefer foods that do not contain ingredients from crops grown through modern plant biotechnology practices, The Hershey Company offers *Scharffen Berger* chocolate, organic *Dagoba* chocolate and, for baking, *Hershey's Cocoa Powder* and *Hershey's Unsweetened Baking Bar*.

We understand that non-GM ingredients are important to some of our consumers; therefore, we are working with suppliers and manufacturing teams to explore non-GM alternatives across our portfolio. Starting in 2015, consumers can expect additional products in our confection and snacking portfolio to offer non-GM ingredients.



LISTENING TO CONSUMERS' VOICES

Our Consumer Relations department provides a number of ways for consumers to contact us about our products or business operations. We also send consumers who provide us with an email address a satisfaction survey approximately two weeks after their interaction with a consumer representative. As of October, we also added a customer satisfaction survey link to every Chocolate World store receipt, this one specifically focused on guests' experiences at the store.

The insights we gather from these surveys are used to inform a broad range of departments and guide improvements. For instance, the Customer Relations Department is able to provide consumer feedback to Marketing, Quality, Nutrition, Public Relations and Packaging on a monthly or as-needed basis. The survey information also captures information about the relative success of new and changed products, product quality issues and consumer response to corporate actions.



ENVIRONMENTAL PERFORMANCE



KEY ACHIEVEMENTS

Hershey's Miniatures has a new look, which features sustainable packaging design

Hershey has 11 zero-waste-to-landfill (ZWL) facilities—six manufacturing plants and five other Hershey facilities, including our newest to achieve this standard, our plant in El Salto, Mexico

KEY CHALLENGES

Integrating our new international operations into our systems and metrics

MANAGEMENT APPROACH

The Hershey Company has focused on environmental issues since 1937, when founder Milton Hershey established the company's first recycling center in Hershey, Pennsylvania, decades before recycling became a common practice.

Today, Hershey continually upgrades its environmental sustainability programs to reduce the environmental impact of its domestic and international facilities. We strive to comply with all environmental laws and regulations as part of our normal operating procedures, and we strongly believe in meeting or exceeding environmental expectations wherever we operate. Our plan for continued success includes operating ethically and safely around the world.



NEW GOALS FOR EFFICIENT BUSINESS OPERATIONS

AREA	2017 TARGETS (BASE YEAR 2013, EXCEPT WHERE NOTED)	PROGRESS 2014
 Greenhouse Gas Emissions in U.S. Distribution & Logistics	Reduce GHG emissions by 10%	GHG emissions reduced by 4.75% (15.62 million pounds)
 Zero-Waste-to-Landfill (ZWL) Operations	Attain ZWL status at an additional two plants	Achieved ZWL status at El Salto, Mexico plant
 Recycling	Attain a recycling rate of 90% from 2009 baseline	Achieved recycling rate of 88.9%
 Waste Reduction	Reduce waste per thousand pounds of product by 5%	Reduced waste per thousand pounds of product by 1.4%
 Greenhouse Gas Emissions	Reduce GHG emissions by 15%	Reduced total GHG emissions by 0.4%
 Water Use	Reduce absolute water use by an additional 17%	Absolute water use increased 2.8%
 Packaging	Complete a minimum of 25 additional initiatives, resulting in the added cumulative elimination of 16 million pounds of packaging material	26 initiatives reduced packaging waste by 1.75 million pounds



We also believe that cost savings related to our new environmental goals will help us enhance the company's financial strength.

While our current goals are determined primarily by our wholly owned North American plants, as Hershey grows globally, one objective we are moving forward on is to integrate the environmental metrics of our international plants into our systems.

ENVIRONMENTAL MANAGEMENT SYSTEM

A major milestone in our environmental performance was the launch of the Hershey Environmental Management System (EMS) in 2013, which has given us the framework to both monitor and comply with our increasingly rigorous environmental standards for energy use, waste generation, and water availability and quality.

Key EMS elements:

- Adherence to Hershey's environmental policy
- Identification of operational environmental impacts
- Assurance of resources to address environmental issues
- Development of measurable environmental objectives and goals

The EMS supports our commitment to protect the environment, conserve natural resources and reduce waste in a manner consistent with our business strategies and objectives as well as our principles of continuous improvement in environmental management. The EMS has been successfully implemented at eight manufacturing facilities, including five during 2014.





At 19 East Chocolate Avenue in Hershey, PA, we converted a former factory into office space. Our renovations were conducted in accordance with LEED Gold standards.

Enhancements at the facility include energy-efficient lights and heating and cooling systems, as well as maximized natural light. Installation of large windows and

skylights in parts of the building that formerly had no natural light not only saves on lighting costs but also makes for a more pleasant work environment.

ENERGY AND GHG EMISSIONS

We continue to look for ways to reduce our greenhouse gas emissions and our impact on climate change. We are investigating monitoring systems that allow us to see our utility use in real time so that we can figure out how best to improve our efficiency.

In the United States, we have invested in new lighting systems, which not only are more energy efficient but also produce a whiter light, bringing increased safety and security benefits.

Meanwhile, ongoing changes in our network, manufacturing facilities and inventory management have resulted in a slight decline in transportation productivity. As a result, we are doing the following to continue reducing greenhouse gas emissions:

- Ongoing exterior lighting projects at our distribution centers will replace high-pressure sodium lights with metal halide kits that can yield up to 60 percent in energy savings.
- We continue to focus on driving efficiencies in our distribution network, shipping more efficient and full truckloads and reducing our environmental impact while growing our business.
- Intermodal: Hershey has increased intermodal rail usage by 25 percent in 2014, reducing the number of trucks traveling in the United States.

MANAGING OUR CLIMATE-CHANGE RISKS

Hershey uses a multidisciplinary approach to understand, identify and monitor climate-change risks and regulatory policies that could potentially impact our operations and distribution systems as well as our financial health, our business strategy and our suppliers. As part of this effort, an in-house commodities expert is researching the impact of climate change on our commodities and is investigating alternative commodity options and growing regions.

Since climate change may affect the growth of cocoa, for example, we are researching mean temperature changes, shifting rainfall patterns and greater temperature extremes, among other climate impacts. Models and studies help the company, as well as our suppliers and farmers, prepare for these changes.





DURING THE PAST FIVE YEARS, WE HAVE SAVED 14 MILLION POUNDS OF PACKAGING THROUGH 175 PROJECTS.

OUR NEW GOAL IS TO REDUCE PACKAGING BY AN ADDITIONAL 16 MILLION POUNDS BY 2017, THROUGH 25 NEW INITIATIVES.

Because we are exposed to the same impacts as other chocolate, confectionery and certain food-industry peers, we also work with our supply-chain partners and trade associations to align our actions while still remaining competitive. These groups include the National Association of Manufacturers, the Grocery Manufacturers Association Sustainability Work Group, the National Confectioners Association, the World Cocoa Foundation and the International Center for Tropical Agriculture.

In addition:

- We manage supply-chain risk through the certification of key commodities, such as palm oil and cocoa. These certification programs—developed with such groups as Rainforest Alliance and the Roundtable on Sustainable Palm Oil—help farmers adapt to climate change from deforestation and use water and other scarce resources responsibly.
- Our enterprise risk management (ERM) process identifies risk and gives our business units the ability to mitigate and manage these risks and bring them to the attention of various stakeholders across the company.
- We work with the World Cocoa Foundation and the International Center for Tropical Agriculture to improve agricultural practices and evaluate new regions for cocoa growing to ensure the long-term availability of quality cocoa for chocolate manufacturing. We are also members of the Sustainability Consortium, which shares best practices and new technologies to address risk and emissions reductions.

MANAGING OUR WATER FOOTPRINT

Water is an important resource for our business; it is needed to conduct our manufacturing operations in a manner that complies with all applicable food safety requirements and standards. We rely on water to help grow key ingredients for our products, and water variability in our supply chain could impact the availability, price and quality of some of our ingredients. To manage the risk we face from water scarcity, we conduct water risk assessments for direct manufacturing operations, using both internal and external resources.

We work with individual facilities to understand their water demand, based on production and growth potential for the location against historical water use and availability. We query water suppliers and regulatory agencies to monitor conditions and regulations that might impact water quality and/or availability. We track a variety of water assessments with tools that can follow regional water scarcity trends. Within our supply chain, we work with trade associations such as the Grocery Manufacturers Association, World Cocoa Foundation and Ghana Cocoa Board to monitor water trends in our agribusiness supply chain. Our commodities department also communicates directly with select commodity suppliers to track conditions that would impact availability of key ingredients.

Building on the water-conservation pilot project we began in 2012, we have continued to invest in water-efficiency measures in our manufacturing operations. However, our absolute water use still increased 2.8 percent.

At the same time projects implemented in 2014 are expected to save hundreds of thousands of dollars and will save more than 20 million gallons of water. A key aspect of these projects focuses on water efficiency of our plants by installing state-of-the-art technology, a process that eliminates the need for, and hence the costs of, chemical water cleaning. This process also produces cleaner water than the traditional process and allows us to be more water efficient in our manufacturing process.

In our Mexico operations, a desalination system completed in 2014 has replaced an inefficient reverse-osmosis system that filters well water before it is used in the plant. The new desalination system not only cleans the well water more efficiently, but it also results in the recovery of 13 million gallons of additional well water per year.

We are also focusing on improving water efficiency in our rapidly expanding overseas manufacturing network. From chillers to water lines, we are working to reduce water waste and use this resource more efficiently. We continue to seek ways to reduce our water consumption and use this resource more efficiently as we grow our business and our manufacturing production. With many of the most efficient payback opportunities realized, we will continue to assess our processes and equipment in order to make progress on our goals.

REDUCING WASTE

With the conversion of our plant in El Salto, Mexico, to zero-waste-to-landfill (ZWL), Hershey now operates 11 facilities meeting this standard—six manufacturing plants and five other facilities. Sixty percent of our global production takes place in ZWL facilities.

The majority of our ZWL plants are consistently recycling at a rate greater than 90 percent, indicating that where we have an elevated focus on waste management, we have removed as much as possible from the waste stream. For those plants that cannot become ZWL because of their products or location, we are still able to use the best practices learned from our ZWL facilities.

MATERIALS USE AND PACKAGING

In 2014, packaging waste was reduced by 1.75 million pounds through 26 initiatives. With many significant initiatives planned, we are on target to achieve our goal of 16 million cumulative pounds reduced through 2017. We have also expanded our metrics to include our operations in Asia and Brazil. We continue to maintain recyclability in our product packaging, and more than 80 percent of our packaging by weight is recyclable.

Contemporary new packaging for *Hershey's* Miniatures Assortment officially hit retail shelves in 2014. Packaging for both the bags and the individual pieces will have a bolder presence on the shelf and in the candy bowl.

Just as significantly, we reduced the weight of each wrapper by 0.05 grams, which in one year equates to more than 271,800 pounds of wrappers saved—enough to fill 11 tractor-trailers. Cutting our paper use also saves 1,957 trees while cutting our aluminum use and the energy to produce it equates to turning off the electricity for one year in 56 homes.

Hershey's Miniatures—Packaging Sustainability

A NEW WRAPPER DESIGN REDUCES 0.05 GRAMS OF PAPER AND ALUMINUM FROM EACH *HERSHEY'S* MINIATURES WRAPPER

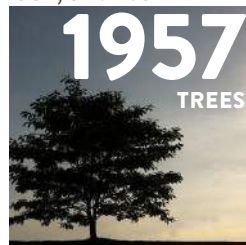


IN 2014 WE:

SAVED ENOUGH WRAPPERS TO FILL



REDUCED PAPER USE, SAVING



REDUCED ALUMINUM USAGE, SAVING ENOUGH ELECTRICITY TO POWER



“The Hershey's Miniatures project is an example of how making a small change to the label can make a big sustainability impact while maintaining the quality and value impression to the consumer.”

– Melinda Stamm, Senior Manager
Packaging Development, Chocolate

ACCOUNTABLE MANAGEMENT AND GOVERNANCE



KEY ACHIEVEMENTS

Recognized as a 2015 World's Most Ethical Company® by the Ethisphere Institute

New Hershey employees achieved a nearly perfect completion rate of Code of Ethical Business Conduct training

Established country-specific telephone hotlines for employees and third parties to ask questions and report concerns

Enhanced global due-diligence processes and procedures to evaluate our business with existing and new third parties

KEY CHALLENGES

Ensuring that business strategy incorporates processes that successfully mitigate ethics and compliance risks

Appropriately and effectively communicating Hershey's values and compliance requirements to newly acquired and partner entities

ETHICS, COMPLIANCE AND TRANSPARENCY

We recognize that our employees are the core to our success and that each employee helps meet the challenges of company expansion and modern business issues, such as information security and unpredictable commodity markets. We continue to build organizational systems to help employees perform their roles with the highest degree of efficiency and competence in order to complement our growth domestically and globally.

As the company's growth evolves in diverse countries and markets, we appreciate the local culture embraced by our workforce and strive to ensure that communications and training around the company's ethics and compliance landscape acknowledge this diversity. We are pleased that nearly 100 percent of new Hershey employees completed training on our Code of Ethical Business Conduct, which is made available in multiple languages to accommodate our workforce. Additionally, we established local, country-specific hotline telephone numbers for our Concern Line, our ethics and compliance reporting system, which employees and third parties can call to ask questions about company policies and report concerns.

Moreover, we enhanced our global due-diligence processes and procedures to assess compliance risks prior to engaging with third parties.

We will continue to support improvements of our systems and processes to support our employees' approach to conducting business with the utmost ethical standards.



MANAGEMENT APPROACH



At The Hershey Company, our company's Board of 11 Directors is responsible for governance of the company's strategies, major decisions and performance. Our former Chairman of the Board, James E. Nevels, provided leadership of our Board from 2009 through March 2015. Our Chairman, President and Chief Executive Officer (CEO), John P. Bilbrey, provides leadership and guidance for The Hershey Company and all of its employees and has now been elected by the Board to serve as Board Chairman as well. James Nevels continues to serve on the Board as Lead Independent Director. The Board's scope includes compliance with legal and regulatory requirements; enterprise risk management; the integrity of our financial statements; and management oversight, including succession planning and compensation policies.

All of the directors and members of the audit, compensation and executive organization; finance and risk management; and governance committees are independent and non-executive, except Mr. Bilbrey. (We define "independent" as one who is not an employee of the company, while "non-executive" means a board member other than our CEO.) To read a description of our corporate governance guidelines in more detail and for profiles of all current members of the Board, please visit the [Investors section](#) of our website.

We use priority issues analyses, benchmarking and our Code of Ethical Business Conduct to direct our strategy and execution with respect to environmental, social and governance decisions. Members of our Global Leadership Team, all of whom are senior company executives, make the significant decisions relating to our corporate social responsibility efforts.



CSR LEADERSHIP AND ORGANIZATION

We have a strong Corporate Social Responsibility (CSR) Department at Hershey, which is overseen by our Vice President of Corporate Communications and CSR who reports to our Senior Vice President, Chief Growth and Marketing Officer.

Because our activities are expanding, CSR is increasingly integrated into established functional areas across the organization, which leverages diverse skill sets to help further our CSR goals. This strategy brings cross-functional teams together to work on CSR projects. For example, our partnership with Project Peanut Butter is driven by employees from CSR, packaging, logistics, commodities, finance and other functions.

Our CSR management reports regularly to the Board, keeping our directors informed on progress toward achieving our CSR goals and receiving their guidance and direction.

We also have assembled a team comprised of senior leaders from across the organization to oversee our CSR work in West Africa. This leadership council helps align our long-standing cocoa sustainability work with our emerging nutrition work, such as Project Peanut Butter, as well as guide external partnerships to help scale our efforts. This model will also enable Hershey to increasingly engage our employee expertise to further our efforts.

ENTERPRISE RISK MANAGEMENT

Through our enterprise risk management (ERM) process, our senior leaders identify, evaluate, manage and mitigate the company's exposure to risk. Our Board oversees our ERM process to ensure management is taking appropriate action to manage and mitigate the key risks identified through this process. The Board administers its ERM oversight responsibilities through active review and discussion of key risks with our senior leaders. Our ERM process quantifies the risks our company faces from each identified factor by building a scale influenced by the likelihood and potential impact on the company. The results of this process allow our Board, key senior leaders and stakeholders to prioritize risk mitigation efforts.



SUPPLIER CODE OF CONDUCT

To better address and govern supplier behavior, ranging from worker safety and community well-being to fair labor standards and responsible environmental stewardship, we implemented an improved Hershey Supplier Code of Conduct in 2014.

GRIEVANCE MECHANISMS

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

1. Reports (i) to company managers and Human Resource Business Partners, (ii) by mail to the Ethical Business Practices Committee (established under the Code), and (iii) by telephone or web submission to the Concern Line at a Hershey-specific website: www.HersheysConcern.com. The Audit Committee of the Board has determined that the Concern Line, which is available in multiple languages, is an appropriate vehicle for confidential submissions of reports by employees and third parties for a variety of concerns.
2. Providing information to our Disclosure Committee, either as a group or through any individual member, during a formal meeting or otherwise.
3. 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.
4. Communications by any interested party, including stockholders and employees, to the Audit Committee or the Independent Directors of the Board by telephone, email or mail that is posted on our website.
5. Contacts made with Consumer Relations via a country-specific toll-free number or through the Global Contact Us page, www.askhersheys.com, which is listed on packaging.

CANADA AND U.S. ANTITRUST LITIGATION

In the United States, Hershey is involved in litigation instituted on behalf of direct purchasers of our products as well as indirect purchasers that purchase our products for use or resale. The suit relates to regrettable 2007 events in which certain employees at Hershey Canada engaged in communications that are unacceptable to Hershey Canada and The Hershey Company.

In 2007, as soon as Hershey Canada learned what had occurred, it promptly reported the conduct to the Competition Bureau, cooperated fully with its investigation, and did not implement the planned price increase that was the subject of the 2007 communications, ensuring there was no impact on consumers.

In 2013, Hershey Canada, Inc., reached a settlement agreement with the Canadian government to plead guilty to one count of price-fixing related to communications with competitors in Canada in 2007 and pay a fine of US\$3.8 million (CAD\$4 million). This concluded the Canada litigation.

In the related U.S. cases, lawsuits have been proceeding on different scheduling tracks for different groups of plaintiffs. On February 26, 2014, the Court granted summary judgment to Hershey in the cases brought by the direct purchaser plaintiffs that had not sought class certification as well as those that had been certified as a class. The direct purchaser plaintiffs appealed this decision in May 2014, and the appeal remains pending.

The remaining plaintiff groups dismissed their cases with prejudice, subject to reinstatement if the Court's summary judgment decision was to be reversed on appeal. The Court entered judgment, closing the case on April 17, 2014.

We have no material pending legal proceedings other than ordinary routine litigation incidental to our business.

For more detail, please see note 13 (Commitments and Contingencies) of [Hershey's Annual Report on Form 10-K](#) for the year ending December 31, 2014.



WORKFORCE ENGAGEMENT AND EXCELLENCE



KEY ACHIEVEMENTS

#279 on *Forbes* 2015 America's Best Employers list

Three U.S. Hershey facilities recognized with local awards

Dagoba Plant named best small business to work for in *Oregon Business Magazine*

Added more than 7,200 employees in China and Canada through our Shanghai Golden Monkey and Allan Candy acquisitions

KEY CHALLENGES

Overcoming barriers to entry in key new markets

Sustaining Hershey's values in an increasingly competitive environment

The quality of a company is inseparable from the engagement of its employees. At Hershey, we move business forward by offering our employees a supportive, enriching and inclusive environment for professional and personal growth.

MANAGEMENT APPROACH

In 2014, we continued to build our reach. We expanded distribution networks and training programs while growing our sales force by 40 percent. In emerging markets, such as China, business has increased exponentially, inspired by our highly trained and committed global workforce of more than 15,000.



HERSHEY WORKFORCE INFORMATION

WORKFORCE ¹	TOTAL	FEMALE ²	MALE ²
Hershey Employees	22,450	48%	52%
Full-time	20,800	45%	55%
Part-time	1,650	68%	32%
HERSHEY EMPLOYEES BY REGION			
United States	8,900	46%	54%
Canada	1,200	60%	40%
International Markets ³	12,350	49%	51%

1 All workforce data as of December 31, 2014

2 These breakdowns do not include the approximately 7,000 employees in our recent acquisitions and joint ventures, such as Golden Monkey and Allan Candy

3 Mexico, Puerto Rico, Bahrain, Brazil, China, India, Japan, Malaysia, Philippines, Saudi Arabia, Singapore, South Korea, Thailand, UAE and UK

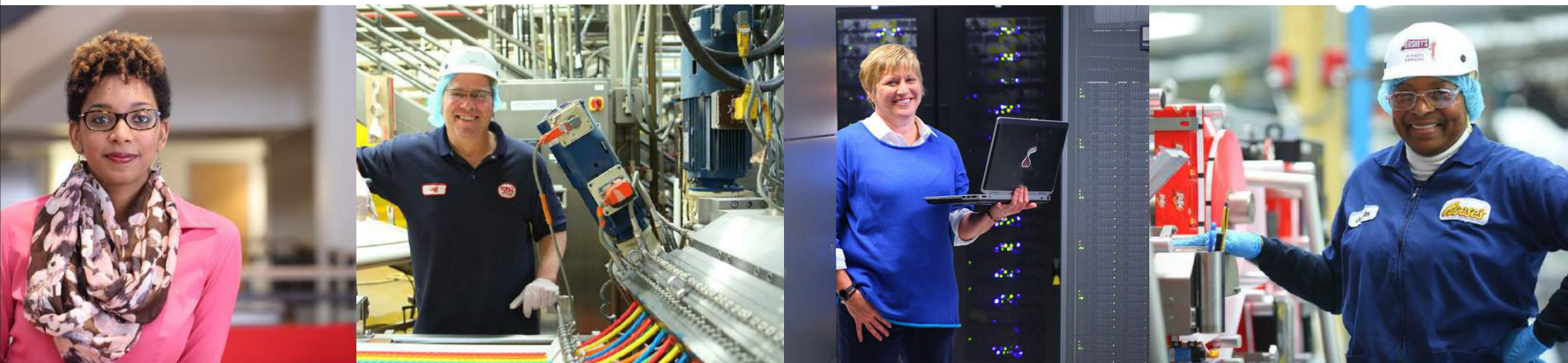
The strength of our workforce is built on our commitment to performance, development and well-being. Our performance-management system tracks employee outcomes and how they are achieved. With an eye toward professional growth, we give dedicated coaching and feedback to develop people for current and future roles in the company. And using tools such as our Many Voices One Hershey employee survey, we strive to focus on employee well-being across Hershey.

We are proud of our diverse and inclusive environment, which drives employee engagement. In total, about 35 percent of our global workforce is represented by labor unions.

Powerful technological tools have also played an important role in our growth. Our retail group in China, for instance, introduced a program named “Hershey Super Fighter” through team members’ smart-

phones that provided immediate access to a deep library of sales intelligence. Information included customer promotion, training, execution tracking, two-way feedback, standard operating procedures and business priorities. This program had a large positive impact on team communication by saving time on meetings and calls and helping avoid miscommunication in a fast-paced environment. The group was also able to implement this program in less than one year and at minimal cost. With this kind of technology, local sales teams can draw on the global capabilities of Hershey to stay nimble and adapt to local market needs.

A similar achievement has been the establishment of a real-time video system for relaying information to sales teams worldwide. This program has enabled Hershey to efficiently share best practices among sales teams that are oceans apart.





Our Growing Presence in China

The acquisition of Chinese confectioner Shanghai Golden Monkey has accelerated our operations in China

**OPERATIONS GREW
TENFOLD**

**ADDED 2,000
DISTRIBUTORS AND
1,700 SALES
REPRESENTATIVES**

**SALES MORE
THAN DOUBLED,
FROM US\$200
MILLION TO
US\$450
MILLION**

MAKING HERSHEY A GLOBAL EMPLOYER OF CHOICE

In order to compete more effectively in new regions and categories, often against more entrenched peers, we must continually attract top performers and unlock their potential. We aim to build a diverse and skilled global workforce, and we will continue to focus on making Hershey one of the industry's most rewarding places to work. These objectives are supported by our special company culture and commitment to Shared Goodness.

Internally, we have a Global Talent organization, which advises on leadership and talent development. We also help employees align their current position with future career goals.

Dagoba's Best Place to Work Award

"I'm extremely proud of the Dagoba team for receiving this honor and recognition. We pride ourselves on our inclusive workplace culture and believe this was a specific component in our success. We make a point to listen to our employees and try to implement as many ideas as possible. Lately we have been focusing on encouraging continuous learning through development of new skills, whether it's learning new languages to communicate more effectively with the rest of the team or helping employees advance their education. We also have a plant newsletter that covers topics from people and product safety to environmental sustainability."

– Doug Massey, Dagoba Plant Manager



Externally, Hershey continues to earn recognition for its workplace environment. This year, the Dagoba Plant in Ashland, Oregon, earned the top spot in *Oregon Business Magazine's* 100 Best Companies to Work For in Oregon 2014. Though awarded in the small business category, Dagoba's cumulative score was higher than all of the other 99 companies on this year's 100 Best list.

Concern for our employees' health and well-being is also essential to Hershey operations. Besides a proactive culture of safety, we offer programs such as free medical checkups in Mexico and India and our clear and open system for responding to employee grievances.



PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING

Investing in the personal and professional development of the Hershey workforce remains one of our top priorities. This starts from day one, when new employees are given access to an array of educational and guidance resources through our multimedia onboarding portal.

Hershey University provides class sessions on professional competencies and technical topics—from sales force training to leadership education—as well as eLearning courses in various languages.

Hershey was honored to win the Brandon Hall Gold Award for Best Use of Blended Learning and a CorpU Exemplary Practice: Branding award for our career development program, Growing Careers@Hershey. Career Development at Hershey is centered on Hershey's six Global Leadership Behaviors. Our HR team developed a lively series of "Knowledge Nuggets" videos, visual complements like banners, and a series of interactive virtual events called Growing Careers@Hershey.

Growing Careers@Hershey has two distinct parts: 1) an instructor-led class for all leaders across the company that educates them on how to have career conversations with their employees; and 2) a virtual space designed to educate employees on our leadership behaviors and career development philosophy through eight hours of prerecorded content, a career role-model auditorium and a networking lounge. It remains a valuable resource for employees today.



Launched in 2014, Hershey's SMILES global recognition program allows employees to recognize each other for good work and living the Hershey values. SMILES is a social program that drives employee engagement and allows all Hershey's employees to participate, whether they're in sales, manufacturing or corporate offices, from a mobile phone or a desktop computer. 14,000 recognition moments occurred in the first three months of the program, showing high levels of participation throughout the company.

Beyond specific programs, we are broadly committed to supporting educational goals. One hundred percent of full-time, salaried employees at Hershey benefit from performance reviews, and our Tuition Reimbursement program supports employee exploration of higher education. Well aware of the importance of international experience, Hershey also invests in honing our global mobility strategy, practice and approach.



BENEFITS AND OTHER PROGRAMS

The Hershey Company depends on—and so is committed to—employee health and welfare. Full-time employees and their eligible dependents can participate in our extensive health and benefits program, which includes:

- **Medical insurance**
- **Dental insurance**
- **Vision insurance**
- **Disability benefits**
- **A company 401(k)**
- **Life insurance**

Our Flexible Temporary employees are also eligible to participate in the 401(k) plan after working 1,000 hours in a given time period.

Beyond standard benefits, since 2012 the Hershey myWell-Being program has rewarded employees for attending to their personal

health and wellness by participating in activities such as completing a first-aid course. Hershey also offers tobacco-cessation and disease-management assistance along with Best Doctors, 2nd Medical Opinion, and Ask the Expert programs to help our employees navigate medical decisions. Participation in myWell-Being increased from 26 percent in 2012 to 36 percent in 2013. It is currently 38 percent.

Hershey recognizes that certain circumstances may require an absence from work. Our Time Away from Work Policy, with its Personal Leave of Absence provision, provides for up to 12 months' unpaid leave of absence in cases where the federal Family and Medical Leave Act may not apply. We are committed to balancing workplace demands and employee needs away from work.

DIVERSITY AND INCLUSION

We value diversity and inclusion at Hershey. We see diversity as all the ways we differ, such as race, gender, age, ethnicity, sexual orientation, marital status and more; we see inclusion as the openness, respect and acceptance of all our differences. We believe these differences and our attitude toward them enhance our strong culture and make the Hershey community a desirable high-performance workplace. Our innovative and inclusive practices allow us to attract a broad talent base reflective of an international company and consumer base. As referenced in our Equal Opportunity Statement, we believe in equal employment opportunity for all and the importance of each employee as an individual.



With 50 percent of our North American workforce female, we continue to emphasize diversity in our hiring process, and just this past year, leadership roles at director level and above held by people of color increased by two percent. Diversity, inclusion and engagement continue to be key strategic focuses of ours as we expand globally, helping us foster a high-performance culture and be a great place to work around the world.

Hershey's Business Resource Groups (BRGs) also reflect our dedication to diversity and inclusion by opening a dialogue with employees and serving as resources on a broad range of topics. For example, the Abilities First BRG educates and informs about people with disabilities as valued members of the workplace and community. Through open dialogues, Abilities First seeks to improve the appeal of Hershey to people with disabilities, enhance business results through their insights, and create an internal network for those with disabilities.

Our Women's BRG provides employees with opportunities to get connected, feel empowered, and grow professionally and personally while delivering positive results for Hershey, which enhances retention and the advancement of women in our company. In 2014, the Women's BRG held a multitude of events for its growing membership, including a question and answer session with CEO J. P. Bilbrey. In the discussion, Bilbrey touched on diversity within the C-Suite, leading by example, and surrounding oneself with the best possible talent, among other topics. Events like these enable our employees, men and women alike, to continue to grow and learn professionally in the workplace.



Abilities First BRG

The newly launched Abilities First BRG was extremely active in 2014, encouraging Hershey employees and the greater community to be more inclusive and raising awareness of disabilities. In an art contest called Disable the Label, Hershey employees' children, grandchildren and relatives were encouraged to submit artwork focused on removing the labels that surround individuals with disabilities. And the BRG-hosted "Wheelchair Challenge" was an awareness campaign aimed at increasing the understanding of the daily challenges and accessibility issues associated with dependence on a wheelchair. Three senior leaders who were able-bodied spent one workday in a wheelchair and shared their experiences with employees afterward.

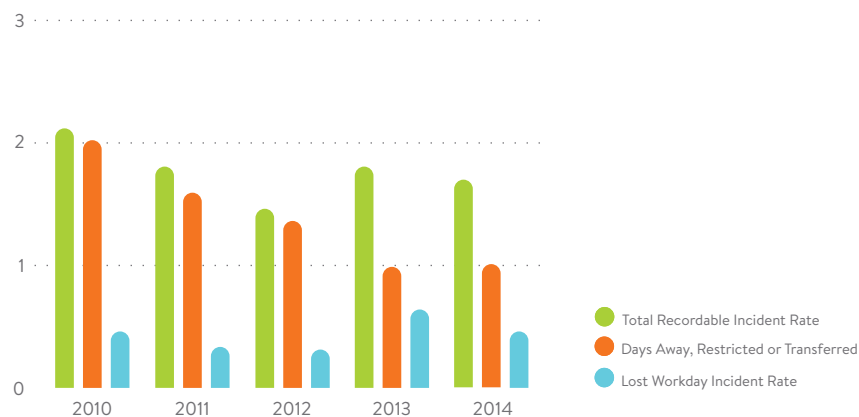


Our Manufacturing Abilities First Program

In 2012, we launched our Manufacturing Abilities First Program to provide opportunities for individuals with intellectual and physical disabilities. Participants perform the same work for the same pay—each individual is subject to the same expectations as fellow employees. This program gives individuals with disabilities the opportunity to learn job skills and gain financial independence. We have been pleased with our better-than-expected retention rate and are continuing to expand this program across our manufacturing network. Several of our facilities have been recognized for their commitment to this program:

- The Reese plant in Hershey, PA, was presented with a Business Award and a Certificate of Appreciation from the Pennsylvania Office of Vocational Rehabilitation.
- The Stuarts Draft plant in Stuarts Draft, VA, was recognized by Virginia’s Department for Aging and Rehabilitative Service.
- The Memphis plant in Memphis, TN, was recognized by The Arc Mid-South as Business of the Year.

KEY PERFORMANCE INDICATORS	2013	2014
Total Recordable Incident Rate (TRIR)	1.81	1.45
Days Away, Restricted or Transferred (DART)	1.09	.75
Lost Workday Incident Rate (LWIR)	0.63	.31



Because the BRGs are an essential element of our employee engagement strategy, they are each supported by an executive sponsor who is a member of our Global Leadership Team and reports to our CEO. Each executive sponsor serves as an advisor, coach and advocate for our BRG leaders.

The more than 1,500 members and leaders of our eight BRGs have the opportunity not only to engage directly with management about their unique perspectives but also to enhance their professional growth and exposure. These opportunities are made possible through their active participation in development workshops, networking, project support and connection with executive leaders.

PEOPLE SAFETY

Safety performance is an ongoing priority for Hershey. Our central safety goal is to consistently achieve best-in-class results. Our supply chain leadership works with facilities to review incidents, identify root causes and implement corrective actions. We actively work with industry peers to understand and share best practices. And all of our employees at our wholly owned manufacturing facilities, including at our offices, are represented by a safety committee. These facilities are also equipped with dedicated safety resources. Safety is a key priority throughout the construction of our new plant in Malaysia, where labor hours exceeded 1.15 million without a single lost-time case.

TAKING SAFETY SERIOUSLY WITH TAKE 5

The Take 5 for Safety program, pioneered at the West Hershey Plant, recently won honorable mention for Innovation in Occupational Safety Management at the annual American Society of Safety Engineers conference.

The program uses the imagery of the Take 5 candy bar to help remind plant employees of the “5 P’s”: Pause, Plan, Prepare, Protect and Prevent.

The program has contributed to an ongoing reduction in DART since its beginning. The West Hershey Plant also received a US\$550,000 Workers’ Compensation positive credit to its budget due to its lower-than-anticipated costs.

ENGAGEMENT ON THE FLOOR

At our Stuarts Draft plant in Virginia, the facility celebrated ongoing safety success with its employee engagement and information sharing efforts. This success was attributed to the work of Safety Functional Leaders and other business unit leader support. Floor-level safety training is conducted by the Safety Functional Leaders, including a knowledge-check process. This continued activity led to the plant’s achieving a stretch of more than 5.2 million hours without a lost-time accident in 2014.



PORTION CONTROL



26 brands offer portion control

COMMUNITY DEVELOPMENT



5,300 employee volunteer hours during Good to Give Back Week

DONATIONS IN 2014



US\$14 million donated

VOLUNTEERISM



21,000 meals packed with nonprofit Stop Hunger Now

Better Life

SUPPORTING PEOPLE'S WELL-BEING

IN THIS SECTION:

- 47 Moderation and Balanced Living
- 49 Engaging Stakeholders
- 52 Community Investment and Engagement



MODERATION AND BALANCED LIVING

KEY ACHIEVEMENTS

Announced seven-year partnership with USA Track & Field and Athletics Canada for our new *RunJumpThrow* initiative

Held nine *RunJumpThrow* experience events to generate interest and participation in the program

KEY CHALLENGES

Responding to consumers' changing relationship with food

Changing trends in retail and regulatory environments regarding confections



MANAGEMENT APPROACH

Since our founding, we have been devoted to community well-being, which includes the promotion of a balanced lifestyle. Today, we continue our commitment through a variety of initiatives.

We believe candy is a treat to be enjoyed in moderation—something that began more than one century ago with the introduction of *Hershey's Kisses Milk Chocolates*. Since then, we have developed a wide range of products, practices, information and commitments to help promote healthy lifestyles among our consumers.

At a product level, this effort includes portion-controlled packaging as well as reduced sugar and sugar-free offerings. Twenty-six of our brands provide individually wrapped pieces with less than 100 calories, and our selection of 10 sugar-free brands includes the largest portfolio of sugar-free mints in the industry.



**RUNJUMPTHROW
GOALS, PLANS
AND ACTIVITIES**

6 MILLION STUDENTS
WILL HAVE ACCESS TO
RUNJUMPTHROW THROUGH
A PARTNERSHIP WITH LET'S
MOVE! ACTIVE SCHOOLS

16,375
STUDENTS' SCHOOLS SIGNED
UP EARLY FOR THE
RUNJUMPTHROW SIX-WEEK
LESSON PLAN, AIMING TO
REACH 40,000 STUDENTS
IN 2015

9 **RUNJUMPTHROW**
EXPERIENCE EVENTS WERE
HELD IN 2014, FEATURING
USATF OLYMPIC ATHLETES
AND BRINGING TOGETHER
CHILDREN, EDUCATORS,
ATHLETES AND THEIR
COMMUNITIES

With specific ingredients and additives, we are also able to increase the nutritional value of some Hershey products. Ten percent of the daily reference intake of calcium, for instance, is available in one serving of our *Hershey's Syrup with Calcium*.

MARKETING PRACTICES

We are interested in the power of advertising not only as a tool of promotion but also as a tool for positive change. The Children's Food and Beverage Advertising Initiative, started by the Council of Better Business Bureaus, has challenged companies to use advertising in support of healthy lifestyles and balanced dietary choices among children. One of the core principles, which Hershey has voluntarily pledged to, is to forego advertising that targets children under 12 years old. 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.



Olympic legends Carl Lewis and Jackie-Joyner-Kersey lead a fitness session at the announcement of *RunJumpThrow* during the SHAPE America Conference in St. Louis.

A NEW PARTNER FOR HERSHEY'S TRACK & FIELD GAMES

In 2014, Hershey established *RunJumpThrow*, a seven-year partnership with USA Track & Field (USATF) and Athletics Canada, as part of a new national youth activities initiative. Designed to introduce kids ages 7–12 to the basic skills of running, jumping and throwing, this initiative embodies our long-standing commitment to getting kids excited about physical activity. The programs will officially launch in 2015.

Fundamental skills taught in the curriculum will include warming up, proper running techniques, and jumping and throwing skills, followed by practice meets. In addition, Hershey will be the title sponsor of the annual Youth Outdoor & Indoor Track & Field Championships in the United States and Canada. The U.S. Youth Outdoor National Championships will be hosted in Hershey, Pennsylvania, every four years, starting in 2016. In off years, the championships will rotate around the country in order to enable more youths and their families to take part.

SHAPE America and the U.S. Olympic Committee have officially endorsed *RunJumpThrow*, helping bring additional recognition to the program. In the fall of 2014, USATF worked with Subway to make the *RunJumpThrow* experience event a reward event for children in the Subway Fit for Life Challenge in North and South Carolina. And in December, the *RunJumpThrow* curriculum was green-lighted to be part of the United States national Let's Move! Active Schools program.



ENGAGING STAKEHOLDERS



MANAGEMENT APPROACH

As our markets and stakeholders' expectations evolve, we continue to develop and refine our approach to managing our key environmental, social and governance issues.

To guide and focus our efforts, we engage our stakeholders to make sure we understand their perspectives and priorities, and we regularly monitor the issues that are most important to our brand, our success and our responsibilities.

Embedding environmental and social considerations into everyday decision-making throughout the organization is a challenge—one we are determined to meet. This effort includes engaging with stakeholders on important issues and replying to as many people as possible who communicate with us using our toll-free number, mailing address, email and social-media accounts.

Additionally, we continued our engagement with the Sustainability Accounting Standards Board (SASB) Advisory Council, The Sustainability Consortium, Sustainable Brands, Forum for the Future Leadership Council, Boston College Center for Corporate Citizenship, and The Conference Board Sustainability Council—all leading organizations that support corporate sustainability commitments.



OUR STAKEHOLDERS

Consumers

Our success depends on the trust consumers place in us. We invest in market research to develop insights about their preferences, and our Consumer Relations department answers inquiries through our website or the toll-free number on our packaging.

Employees

Satisfied and engaged employees make better business decisions. We use employee surveys and focus groups to learn about their concerns and engagement, and senior leaders provide business updates through staff meetings, video, email and newsletters.

Investors

As a publicly traded company, we issue updates on our financial performance in our regulatory filings, our Investor Relations department answers investor inquiries, and we present information in quarterly analyst calls and at conferences.

Business Partners

We are part of a network of interdependent companies and work closely with our customers and suppliers. Coordinating with these partners on our CSR priorities is essential, as is participating in industry conferences and trade shows convened by such groups as the National Confectioners Association (NCA) and the Grocery Manufacturers Association (GMA).

Retailers

We are deeply engaged with our retail customers to meet their needs, deliver on our commitments, and support their success by sharing our deep knowledge of consumer trends and store layout strategies.

Communities and Local Governments

We gain support when our employees volunteer in our communities and participate on local government boards and committees, and when company representatives meet with community leaders to discuss business and community planning.

Policymakers

By engaging constructively with government agencies, we strive to positively impact public policy and regulation. We engage by contributing expertise to regulators for industry task forces, commenting on proposed regulations, and submitting compliance reports to regulators, interest groups and NGOs.

Non-Governmental Organizations

We belong to and help fund organizations, such as the World Cocoa Foundation, the International Cocoa Initiative and the Healthy Weight Commitment Foundation, that work to address issues of concern to our industry and stakeholders.



MEMBERSHIP ORGANIZATIONS

Here is a list of some of the many associations that Hershey participates in on the local, national and global levels. Engaging with these organizations allows our company to remain in conversation with leaders in multiple disciplines and industries, including our own, and keep abreast of current and emerging trends, challenges and opportunities in the social, political, economic and environmental realms.

Sustainability Leadership

SASB Advisory Council (Sustainability Accounting Standards Board)

Boston College Center for Corporate Citizenship

Forum for the Future Leadership Council

Sustainable Brands

The Conference Board Sustainability Council

The Sustainability Consortium

Global Commerce

Conference Board

ConMexico

Council of the Better Business Bureau

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 Manufacturing Association

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

CocoaAction

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

Family Health International

Key Club

United Way Worldwide



COMMUNITY INVESTMENT AND ENGAGEMENT

KEY ACHIEVEMENTS

Donated US\$14.3 million in cash and products to more than 2,600 organizations

Set a new record amount of support for Children's Miracle Network, doubling the previous year's donations

Employee volunteerism increased from 300 employees in one country to 1,700 across five countries

KEY CHALLENGES

Matching our business expansion with investments in new communities

Maintaining our high level of support for a diverse set of organizations



MANAGEMENT APPROACH

We follow the legacy of our company's founder, Milton S. Hershey, of investing in children and communities. We are committed to partnerships that support social and economic development and benefit our employees, our families and our society. Our employees often augment these investments through direct giving and volunteerism, which further benefits our communities.

We focus our resources on our global communities, which are critical to our Shared Goodness model, in order to create better lives for our stakeholders. Our community development work grows along with our global operations in China, India and Malaysia and supports those beyond our direct scope of business.





Military Donations

Hershey continues to support troops serving overseas, a practice that started with Hershey's production and donations of the Ration D bar during World War II. Our product donations help boost morale for U.S. servicewomen and men. Since 2008, we have sent more than 2,300 cases of Hershey products to troops around the world, one small way that we help remind them of home and thank them for their service.

Our community efforts are centered on the education, nutrition and well-being of children, especially those at risk. We also support a variety of other causes and non-profits, specifically in the areas of health and human services, civic and community programs, the arts and culture, and the environment. Hershey employees and retirees volunteer their time and give generously as active partners in these efforts.

Our growth means we will impact more communities, and it presents a challenge to deliver on our Shared Goodness model on a larger scale. We are ready to provide support to programs and activities that will be mutually beneficial to these new communities and to our company. We will continue to fulfill our legacy of improving communities where we live and work.



CORPORATE GIVING

In 2014, The Hershey Company donated a total of US\$14.3 million in cash and products to more than 2,600 organizations.

Since 1932, Hershey has supported the United Way and its goals of promoting healthy lives, improving education, and helping individuals and families achieve financial stability around the world. In 2014, our employees beat the record we set the previous year, donating more than US\$3.1 million through our corporate United Way Campaign.

Many of our employees provide monetary and work donations toward important causes and nonprofit organizations. Here are just a few examples of how our workforce contributes to help others.

EMPLOYEE GIVING

CMN Telethon

For 25 years, we have proudly partnered with Children's Miracle Network (CMN), a nonprofit alliance of children's hospitals across North America whose mission is to save and improve the lives of as many children as possible through groundbreaking research, critical training and state-of-the-art care. Hershey employees raise awareness and funds for CMN through a variety of events during the year, including a 5K race, a motorcycle ride, a bicycle race and a golf tournament. This year, CMN became one of our anchor nonprofit partners, and Hershey and our workforce set a record by doubling our donations for CMN from the

Hershey Community Garden Flourishes

The Hershey Community Garden (HCG), 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, opened in fall 2013. Our garden is shared with the Hershey Entertainment & Resorts Company, and volunteers from both companies care for the

garden. In our first year of operation, HCG had an abundant harvest. Together with other gardeners throughout the city, we donated 800 pounds of produce to people in our community.



“Our shared community garden provides a place to cultivate both food and friendships. Our more-than-20 volunteers are thrilled to be able to take part in a project that enriches the community as well as their own lives.”

– Vicki Kulina, Director of Corporate Social Responsibility
Hershey Entertainment & Resorts

previous year. This culminated in our presenting them a check for US\$535,695 during their 30th annual live telethon. In the future, we intend to build on this new level of support for CMN and its vital work.

Healthcare Support for Elsie Gaches Village

Hershey continues support for Elsie Gaches Village, the only government center in the Philippines that caters to sick, abandoned and orphaned patients with cerebral palsy or mental disorders. In 2011, we partnered with United Way Worldwide International and Philippine Business for Social Progress to address the local increase of pulmonary tuberculosis (PTB) by making capability-building training, therapy equipment, and critically needed drugs available at its center. Nine patients were able to receive treatment for PTB in February 2014 as a result of the center’s improved ability and capacity. The center is now equipped to manage other common diseases as well.

Bringing Goodness to the Boston Marathon

To show support for the 2014 Boston Marathon, which took place a year after the tragic bombing of the race shocked the city and the nation, Hershey handed out approximately 95,000 *Hershey’s Kisses* chocolates to runners and spectators. Our connection to the event was especially personal as Mike Wege, Senior Vice President, Chief Growth & Marketing Officer, had run in the 2013 race.

Reflecting on Hershey’s involvement in 2014, Mike said, “After last year’s tragic events at the Boston Marathon, we can be proud that Hershey is supporting the event this year. For runners, the Boston Marathon may be the most prestigious road racing event in the world, but more importantly, it is an opportunity for individuals, companies and other organizations to show their support for Boston’s Patriot Day celebration and the world’s oldest annual marathon in the face of last year’s adversity.”

VOLUNTEERISM

Good to Give Back Week

In 2014, Hershey held its second annual Good to Give Back Week, celebrating the importance of giving back by encouraging employees to volunteer in their communities around the world. After a successful pilot in 2013, Good to Give Back Week was spread throughout Hershey operations across the globe. Hershey employees turned out in force and gave back to their communities by volunteering with a variety of causes, including local food banks, children’s nonprofits and Habitat for Humanity. More than 1,700 employees from five countries volunteered—a more than fivefold increase from the year prior—spending more than 5,300 hours giving back.

The week culminated in a volunteer event with nonprofit Stop Hunger Now, an organization dedicated to ending hunger around the world. More than 600 employees gathered in Hershey, Pennsylvania, to work assembly-line-style, packing meals enriched with essential vitamins and minerals. Through this partnership, 210,000 meals were packed in a single afternoon. Thirty thousand of these meals were sent to feed hungry families in El Salvador, while the remaining 180,000 were shipped to Liberia to help in relief efforts for the Ebola crisis.



SALES TEAM SHARES GOODNESS AT COWBOYS STADIUM

More than 700 employees at the 2014 North America Sales Meeting held at AT&T Stadium, home of the Dallas Cowboys, spent a day building 150 bikes, creating 6,000 life-saving hygiene kits, and assembling 1,900 school-supply packages for kids in the Dallas area.

The bikes were then donated to the Dallas Children's Charities, where they will be given to children in the Dallas area who need them. The hygiene kits will be provided to the Dallas community via the Salvation Army and Promise House. The school-supply kits were also given to local Dallas children in preparation for their 2014–2015 school year.



CHINA

Hershey China employees were actively volunteering for a variety of causes in 2014. One example was donating school supplies to migrant school children in Nanjing, Beijing, Chengdu and Chongqing. Hershey employees also got to know the children by teaching them interactive nutrition classes focused on the importance of developing healthy eating habits.



COCOALINK



45.6%

crop yield increase over 3 years

PROJECT PEANUT BUTTER



6,200

Hershey employee hours

LEARN TO GROW EXPANSION GOAL



62,000

farmers to be enrolled across West Africa by 2019

GENDER EQUITY



33%

women farmers enrolled in Learn to Grow

UNLOCKING THE POTENTIAL OF CHILDREN AND COMMUNITIES

Bright Future

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SUPPORTING THE MILTON HERSHEY SCHOOL



MANAGEMENT APPROACH

Located in Hershey, Pennsylvania, the Milton Hershey School provides free education, housing, food and health care to nearly 2,000 prekindergarten through 12th grade students from a range of backgrounds. More than three-quarters of the students come from families that are at or below the federal poverty level.

In 1909, Milton and Catherine Hershey opened the Milton Hershey School. Nine years later, Mr. Hershey donated his fortune to the Milton Hershey School Trust. From that point on, the vibrancy of the school and the financial success of our company became intimately linked. We are proud of this connection.

Both corporate and manufacturing departments in The Hershey Company host career days for, and offer internships to, Milton Hershey School students. Through our Project Fellowship program, we also bring employee mentoring to students; this work can cover everything from providing general guidance and friendship to preparing meals at students' homes. In an effort to provide a global perspective, employees from U.S. and international locations and across a full spectrum of professional positions take part in the program.





CONTINUING TO BUILD THE HERSHEY HONORS AUTHENTIC BUSINESS MANAGEMENT PROGRAM

The Hershey Company has a privileged opportunity to help cultivate the next generation of business leaders. Since 2009, in collaboration with the Milton Hershey School, we have addressed this opportunity through the Hershey Honors Authentic Business Management (HHABM) program.

HHABM provides honors business students in the Milton Hershey School with classes on a comprehensive range of topics, from consumer research and advertising to pricing and packaging. Employees from across The Hershey Company take part in the project, which runs for 35 weeks and incorporates state-of-the-art education technologies, such as digital textbooks and

interactive seminars. Graduates of the program—more than 50 so far—have gone on to continue their business education at some of the country’s leading universities.

The program received a PR News CSR Award for Workplace Innovation in 2012 and was recognized as an Outstanding Business/Education Partnership in Pennsylvania by the Association for Career and Technical Education in 2013.

EXPANDING OPPORTUNITIES TO LEARN

Started in the fall of 2012, the Hershey Learn to Grow: Ghana Distance Learning Program was the first distance-learning program for primary students of its kind. The program connects schoolchildren in downtown Hershey, Pennsylvania, with their peers in Assin Fosu, a rural town in Ghana’s

central region. The high-definition virtual classroom joins these two groups over a real-time connection.

When it was first launched, the program was expected to cover two months of learning at the end of 2012. But, pleased with the program’s success, the partners involved decided to extend the experience through the full academic year. Today, we are exploring avenues for further expansion. For example, we are considering providing health education in collaboration with Penn State College of Medicine. All programs were made possible through a unique public-private partnership among The Hershey Company, Cisco Systems, Milton Hershey School, The Hershey Story Museum Experience and Source Trust.





KEY ACHIEVEMENTS

Launched Phase Two of Hershey's Learn to Grow in Ghana, extending the program's reach

45,000 farmers enrolled in CocoaLink's farmer education program, which helped increase yields 45.6% in three years

KEY CHALLENGES

Expanding our programs while learning about in-country challenges

Logistical challenges operating in countries with limited infrastructure

HELPING TRAIN AND EMPOWER FARMING COMMUNITIES

HELPING TO MODERNIZE COCOA FARMING

Our ability to grow our business and provide quality products begins with healthy seeds being planted in fertile soil. When crops are bountiful and sustainably produced, farmers and their communities can thrive. That is why Hershey invests in training farmers in best practices, which can improve their sustainability and crop yields. In this way, we help till the field for long-term economic and business growth throughout our value chain.

Our approach begins with evaluating the current reality in regions where we do business with agricultural communities. Then we seek and engage partner organizations that have the knowledge, networks and skills to enhance our initiatives. We are especially keen on



developing programs that focus on the empowerment and training of youth and women and modernizing cocoa farming. We are working to ensure that more women are in leadership roles in farmer organizations. We see attracting a younger generation of farmers as ensuring the long-term sustainability of cocoa farming. The positive results from our programs so far show that our approach is fruitful and ties into our interest in a legacy of helping future generations through education and Shared Goodness.

HERSHEY COCOA INITIATIVES THROUGHOUT WEST AFRICA

Over the past few years, we have initiated many activities to address sustainability challenges and opportunities. Our cocoa programs in West Africa are now contributing to the overall goals of a new, precompetitive, collaborative industry approach named CocoaAction, which aims to develop cocoa sustainability throughout the region. This ambitious partnership, of which Hershey is a founding member and which operates under the umbrella of the World Cocoa Foundation, brings the leading cocoa and chocolate companies together to work with governments. The group seeks to coordinate the many

autonomous existing programs in order to maximize their beneficial impacts for all cocoa industry stakeholders. We believe that our Hershey's 21st Century Cocoa Sustainability Strategy will greatly support CocoaAction and its goals.

HERSHEY'S LEARN TO GROW PROGRAM

Hershey's Learn to Grow program began in 2012 as good agricultural practice training in Assin Fosu, the central cocoa region of Ghana. Developed in partnership with the nonprofit organization [Source Trust](#), the training helps Ghanaian farmers improve productivity, family incomes and labor practices while also improving the sustainability, yields and quality of their cocoa crops. Additionally, in Ghana we are providing training for farmers to grow cassava and plantain, two important food crops in West Africa. This helps cocoa growers to have an additional source of income as well as more food for their households.

Hershey's Learn to Grow is rapidly expanding throughout other regions of Ghana, Nigeria and Côte d'Ivoire.

“Hershey's Learn to Grow program has changed my ways of growing cocoa. I've learned a lot from this program. I didn't know how to plant this modern type of cocoa. I was using the old ways. Now I have learned how to increase my production. I've learned the exact acreage of my farms and know how much fertilizer I have to buy. This has saved me a lot of money.”

– Yaw Amponsah, 51-year-old farmer in Ghana's Assin Jakai region



Hershey and the Ghana Cocoa Board Recognize Country's Top Cocoa Farmers

In August, Hershey recognized three of Ghana's best cocoa farmers: Ghana's National Best Cocoa Farmer of the Year, Young Cocoa Farmer of the Year, and Woman Cocoa Farmer of the

Year. The farmers were selected by the Ghana Cocoa Board for demonstrating excellence in cocoa growing. Hershey sponsored the National Best Cocoa Farmer of the Year, Abraham Adusei,

for a trip to Hershey, PA, to see where some of the world's leading chocolate brands—including Hershey's Milk Chocolate—are produced using the key ingredient that he and others produce.

Lead Cocoa Farmer: Yaa Nsiah

Yaa Nsiah is 35 years old, owns a four-acre cocoa farm, and lives in Domeabra in the Asankragwa district. At the age of 20, her parents died and left her a piece of land that she has been farming for the past 15 years. She has no formal education but has recently been able to receive training on cocoa farming through Hershey's Learn to Grow program. Yaa was elected a lead farmer by

the group and passes on many of the techniques and insights, such as good pruning and pest control, to the members of the cooperative. Yaa's farm is a model farm, where she shows other farmers the good effects of implementing the best practices she teaches, from increased yields that boost her income to receiving agricultural inputs on credit.



SUBSTANTIAL RESULTS DELIVERED IN PHASE ONE OF LEARN TO GROW GHANA

Eighteen months after launching Phase One of our innovative program, we are proud to report meaningful results for cocoa farmers, their families and the region's cocoa sector.

Outcomes of Phase One included:

- 1,465 trained farmers have achieved UTZ cocoa farm certification
- 33 percent of program participants to date have been women farmers
- GPS farm mapping, training and access to our CocoaLink program helped farmers improve their crop yields

LEARN TO GROW GHANA PHASE TWO EXPECTED TO ENROLL 21,000 FARMERS

In 2014, we launched Phase Two of Hershey's Learn to Grow Ghana, which expands the training offered and extends the program's opportunities to include Ghana's major western cocoa-growing region. In the past year, about 3,500 farmers were registered in Learn to Grow, about one-third of them women. The number of participating farmers is expected to increase to more than 23,000 by 2019. There are now three centers open to help farmers. The core project is a training program to help farmers certify their farms through good agricultural practices. They also receive new planting materials.

A primary goal of Phase Two is to train farmers in how to develop business and management plans to implement sustainable, efficient and modern farming practices. For example, techniques introduced include how to integrate a food crop among cocoa trees, which can result in greater biodiversity and an additional income source for a farm. The hope is that training like this will inspire the development of a next generation of farmers from the local villages. Participant farmers now also have accessibility to CocoaLink mobile-phone services.

A big challenge for farms across West Africa is the need to replace cocoa trees as they reach the end of their productivity. Farmers are taught the rationale behind planting new trees while removing aging trees, which reduces short-term yields while increasing them long



Learn to Grow Promotes Gender Equity

We aim to ensure that the 33 percent ratio of women farmers in our program in Phase One will be consistent with percentages in Phase Two and beyond, so that, through Hershey's Learn to Grow program, we can help provide support for greater gender equality throughout West Africa.

term. Learn to Grow offers cost-effective service-delivery methods and is working to establish up to four nurseries in each cocoa-farming district, totaling 92 nurseries. Currently, one nursery is in operation. Each nursery will serve 250 farmers, with approximately 10,000 to 20,000 seedlings, and will be approved by the Ghana Cocoa Board's Seed Production Unit. The program's ambitious goals include:

- **Doubling participating farmers' yields**
- **Increasing farmer household income by as much as 30 percent over five growing seasons**
- **Encouraging women, young adults and unemployed youth to enter the industry**

The Assin Fosu Learn to Grow Center is already providing Hershey with certified cocoa that can be traced back to the individual farm level through the Geotraceability program. The program tags and tracks individual bags of cocoa throughout the entire supply chain.

NEW HERSHEY LEARN TO GROW PROGRAM EXPANDS INTO CÔTE D'IVOIRE

With our launch of Learn to Grow in Côte d'Ivoire, the world's largest cocoa-producing country, our goal is to positively impact more than 19,000 cocoa farmers by 2019.

Hershey is building upon its established cocoa sustainability initiatives in the country. In 2013, Hershey funded the construction of a primary school in the Abroko cocoa region and has plans to build more.

Through a couple of partnerships, one with Cargill, Inc. and another with Blommer Chocolate Company, Olam International Ltd. and The Sustainable Trade Initiative (IDH), we hope to:

- **Increase productivity through improved planting methods on each participating farm**
- **Provide fertilizer incentives when good agricultural practices are practiced**
- **Help rejuvenate cocoa farms by replacing older trees with new cocoa trees that grow faster and provide higher yields**

"The ambition is to give farmers with well-maintained farms access to much-needed fertilizer, which has the potential to significantly increase their cocoa production on existing land," said Joost Oortuizen, Executive Director of IDH.

Hershey is working with branded certifiers, including UTZ Certified and Fair Trade USA, to certify many of the farms participating in Côte d'Ivoire's program, which will help accelerate our ability to purchase sustainably grown cocoa.

HERSHEY LEARN TO GROW NIGERIA

Hershey's Learn to Grow expansion into Nigeria has been possible with the assistance on the ground of our partners IDH and Source Trust.

By the end of 2014, we enrolled nearly 14,000 farmers. The program's goals in Nigeria include:

- **Enabling 20,000 farmers by 2019**
- **Increasing farmer incomes by 30 percent**
- **Giving business and finance training, which can facilitate access to credit for farm improvements**
- **Providing education in growing sustainable cocoa that will result in farm certification and Hershey's purchase of the certified cocoa**
- **Furnishing computerized information about farms to inform strategic planning and allow for traceability of cocoa throughout the supply chain**
- **Improving infrastructure in cocoa communities through the provision of water, power and educational resources, including malaria prevention information**

THE MEXICO COCOA PROJECT

The Mexico Cocoa Project is dedicated to revitalizing more than 1,000 hectares of cocoa farmland in the Chiapas region of southern Mexico, which was devastated more than a decade ago by tree disease. The 10-year initiative, launched in 2012, provides training in farm renovation and shares good agricultural practices and case studies. The program focuses on enabling farmers to achieve sustainable cocoa certification. To date, 600 cocoa farms in the region have already been UTZ Certified. An additional goal is to attract more young adults in the region to join the cocoa industry.



Hershey Wins P3 Impact Award for CocoaLink in Ghana



Hershey is proud to have been recognized at the 2014 Concordia Summit with the prestigious P3 Award for its CocoaLink program in Ghana.

The P3 Impact Award is presented by the Institute for Business in Society (Darden School of Business, University of Virginia) and the U.S. Department of State Secretary's Office of Global Partnerships. It highlights and honors exemplary public-private partnerships (P3) that have had the greatest impact on addressing societal problems and improving communities across the globe. The jury is made up of an independent panel of public-private partnership experts.



Mike Wege, Senior Vice President, Chief Growth & Marketing Officer accepts the P3 Impact Award.

“It is truly an honor to see our CocoaLink program recognized. It has been an honor to work together with the World Cocoa Foundation and The Hershey Company to improve the lives of 50,000 Ghana cocoa farmers and their families.”

– Dr. Stephen Kwabena Opuni
Chief Executive of the Ghana Cocoa Board

COCOA LINK

Through CocoaLink, a mobile technology platform was developed that makes available free, two-way information exchange between cocoa experts and cocoa farmers who have access to mobile-phone technologies. Hershey founded this public-private partnership in 2011. Our partners include the World Cocoa Foundation, Cargill/Ghana, World Education, DreamOval, International Cocoa Initiative (ICI) and the Ghana Cocoa Board. Since the program's launch, more than 45,000 farmers have been enrolled.

COCOA LINK SIGNIFICANTLY IMPROVES LIVELIHOODS OF COCOA FARMERS IN GHANA

CocoaLink is a farmer education program that sends out helpful information from cocoa experts to farmers who have registered to receive weekly text and voice messages on their cell phones. Messages, coordinated with the cocoa-growing calendar, include information on planting, pruning, fertilizer use, labor issues, and improving farmer and family safety. In addition, the program has some influence on improving gender equality by providing information directly to women cocoa farmers in isolated communities. Currently, one-third of our CocoaLink technology users are women.

An independent study, published in 2014 by World Education, concluded that CocoaLink “significantly improved the behavior and livelihoods” of cocoa farmers in 15 villages who had registered to receive the CocoaLink messages compared with farmers who had not enrolled in our program. Yields in the CocoaLink-connected farming communities increased by 45.6 percent in three years, 10 percent greater than among control communities.

The success of CocoaLink in Ghana is partly attributable to the fact that 90 percent of Ghanaian cocoa farmers have mobile-phone access. This not only makes it possible for vital and timely agricultural and social information to be disseminated to rural communities but also allows cocoa farmers to request and receive information specific to their own needs.



SUPPORTING OPPORTUNITY FOR NEW GENERATIONS



KEY ACHIEVEMENTS

Launch of Project Peanut Butter manufacturing plant

KEY CHALLENGES

Expanding our programs globally while managing logistical challenges in countries with limited infrastructure

MANAGEMENT APPROACH

As our company's future consumers, partners, employees, leaders and suppliers, young people are key stakeholders in our activities, as well as being society's greatest resource.

Since our founding and the creation of 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.

As we look to extend our commitment, we've seen that children have the best opportunity to thrive when they have the energy and





nourishment that allows them to focus on their studies, rather than their stomachs. In other words, we believe bright futures start with basic nutrition.

That's why, through programs we're deploying across the United States and in towns and villages in West Africa, we're using our food expertise to provide children in need with access to basic nutrition so they can focus, learn and grow. We're helping to run nutrition programs in cities like Philadelphia, where the Backpack Program is helping ensure kids go home each Friday with a backpack full of nutritious food to keep them nourished over the weekend. And in places like Ghana, we're using our expertise in food production to work with local peanut farmers to produce nutritious, high-protein supplements for kids who need them.

PROJECT PEANUT BUTTER (PPB)

Severe acute malnutrition afflicts 20 million children. It is the largest contributor to child mortality in Africa, killing more than twice as many children as HIV/AIDS and malaria combined. To address this devastation, Dr. Mark Manary started Project Peanut Butter, a revolutionary program that provides ready-to-use therapeutic foods (RUTF): high-calorie, fortified peanut butter-like pastes containing

monounsaturated fats, which are easy to digest and rich in immune system-enhancing zinc and protein. Project Peanut Butter has proven to be a highly effective method to treat severely malnourished children.

In partnership with Project Peanut Butter, Hershey helped to build the project's newest RUTF manufacturing facility located in Kumasi, Ghana. During the past year, 15 Hershey employees worked more than 6,200 hours supporting the plant. Now in full operation, the plant will eventually be able to produce approximately 20,000 peanut-based RUTFs each day, enough to treat approximately 48,000 children each year.

As of January 2015, Project Peanut Butter has mobilized a traveling clinic in the central region of Ghana to distribute RUTFs to local children—a project funded with an additional US\$50,000 contribution from Hershey and our employees through our matching gifts program.

Our support for Project Peanut Butter also helps contribute to the local economy, develop diversified agricultural practices in the region, and leverage our peanut-processing expertise to educate peanut farmers on ways to improve yields and quality. We also are further investigating how we can increase our positive impact on



children's nutrition in Ghana. We plan to work with Project Peanut Butter and use the newly built manufacturing facility, and we are working to further our relationships with ingredient suppliers in the region as we investigate next steps.

SUPPORTING CHILDREN'S MUSEUM IN BENTONVILLE, ARKANSAS

Groundbreaking festivities were held recently for a new 44,500-square-foot "Amazeum" family discovery center and museum, the first of its kind in northwest Arkansas, which will focus on children's education and feature "The Hershey Lab." The huge crowd at the event loved the specially wrapped *Hershey* bars designed by our own Emily Martin.

Scheduled to open in the second half of 2015, the Amazeum will feature an interactive space where children and adults will be able to explore and learn through hands-on activities and exhibits, including the tinkering studio, a climbable tree canopy and indoor caves.

Major donors to the museum include our company as well as the Walton Family Foundation, Walmart Stores, General Mills, the Walmart Foundation and Nickelodeon.

With Hershey's US\$1 million donation, The Hershey Lab will teach visitors about the science of chocolate and the harvesting and processing of cocoa. Visitors to the lab will also be able to create their own chocolate and participate in special events such as chocolate tastings. Other *Hershey* confections will be used as part of the science curriculum.



SHARED GOODNESS FOR ELEMENTARY STUDENTS IN THE PHILIPPINES

Hershey Philippines officially turned over a newly rehabilitated five-classroom structure of Puray Elementary School in Rodriguez, Rizal. The project was funded in part by employee contributions from our 2013 United Way Campaign.

To commemorate the event, the school's officials prepared a simple program attended by students, local officials and a district representative from the Department of Education, Culture & Sports. Students participated with a dance number and a native song in honor of the sun, the wind, the moon and water. They were accompanied by a leader of the native Kolokakoloy community.

The Barangay Captain of Puray, on behalf of his constituents and councilmen, expressed gratitude and appreciation to Hershey. He said the classroom will serve as the company's legacy to the community and, most especially, to the students. The company has also planted trees in Barangay Puray for the past two years.

To get to the event, the Hershey Philippines CSR team, along with the cross-functional leadership and Philippines Business for Social Progress (PBSP) team, rode on *habal-habal* (modified motorcycles), despite the rain and slippery terrain leading to the school.

ABOUT THE HERSHEY COMPANY

OVERVIEW

The Hershey Company is a global confectionery and snack market leader known for bringing goodness to the world through delicious chocolate, sweets, mints and other great-tasting snacks. From our headquarters in Hershey, Pennsylvania, and our expanding global facilities, we market, sell and distribute our products, which include such iconic brand names as *Reese's*, *Hershey's Kisses*, *Jolly Rancher*, *Ice Breakers* and *Brookside*, in approximately 70 countries. We are focused on growing our presence in key international markets while continuing to build our competitive advantage in North America. Additionally, we are expanding our portfolio into categories beyond confectionery, finding new ways to bring goodness to people everywhere. Our three strategic business units are Chocolate, Snacks and Adjacencies, and Sweets and Refreshments.

As of year-end 2014, Hershey employed more than 15,000 employees at our wholly owned facilities worldwide and had consolidated net sales of more than US\$7.4 billion. Hershey is publicly traded under the symbol HSY on the New York Stock Exchange.

At Hershey, goodness extends beyond the delicious products we produce. Shared Goodness is our way of doing business, which benefits our stakeholders at an individual, a community and a global level. A deeply held belief in this principle guides our people and growth.

Hershey's history of commitment to consumers, communities and children began with our founder, Milton S. Hershey, who in 1894 established the essential operating principles of our business, which we work to maintain today:

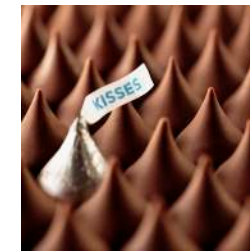
- **Make a delicious, high-quality product and sell it at a fair price**
- **Provide meaningful work and a positive workplace for employees**
- **Give back to the communities where the company operates**
- **Be a good steward of the land and its resources**

Our strong principles and deep-rooted culture of giving back motivate us to grow our business sustainably and expand the positive impact of our work, which includes supporting activities that maximize human potential all along our value chain.



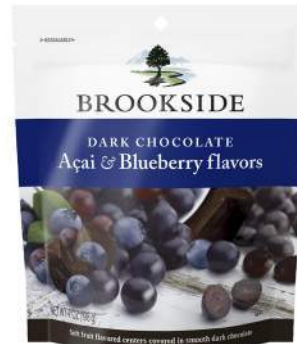
PRIMARY PRODUCT GROUPS

- Chocolate and sugary confectionery products sold in the form of bars and bags
- Gum and mint refreshment products
- Pantry items, including baking ingredients (such as cocoa powder and baking chips), dessert toppings and beverages
- Snack products, including spreads
- Specialized products and services for business customers



ABOUT THE HERSHEY COMPANY

KEY BRANDS



Almond Joy

Brookside

Cadbury*

Heath

Hershey's

Hershey's Kisses

Ice Breakers

Jolly Rancher

KitKat*

Lancaster

Mounds

PayDay

Pelon Pelo Rico

Reese's

Rolo*

Special Dark

Twizzlers

York

*Manufactured in the United States under license.



ABOUT THE HERSHEY COMPANY



A New Brand Identity for Global Growth

“Today, we are much more than the ‘Great American Chocolate Bar.’ We have a beloved portfolio of iconic brands in confectionery and snacking, a great workplace filled with remarkable people, and a long-standing commitment to giving back to our communities. Our updated company brand and refreshed visual identity is an expression of our progression to a modern, innovative company that positively impacts our local communities as we continue to grow globally.”

– Mike Wege
Senior Vice President and Chief Growth and Marketing Officer

HERSHEY
THE HERSHEY COMPANY

OUR COMPANY BRAND AND REFRESHED VISUAL IDENTITY

To highlight our evolution into a global confection and snack company, in 2014 we reimagined our corporate brand, with a clean, modern identity that builds authentically on the company’s powerful legacy. At the core of this updated identity is our refreshed company logo.

The new logo applies the globally recognized HERSHEY logotype and features a new interpretation of the iconic shape of a *Hershey’s Kisses* Chocolate. Along with the updated logo, Hershey is implementing a new, disciplined visual identity system based on the famous colors of our most recognized brands, including *Hershey’s*, *Reese’s* and *Ice Breakers*, to bring a more colorful and consistent look to all of the company’s visual materials.

The visual identity is rooted in Hershey’s rich heritage as a company that brings goodness to the world, and the activation of the new visual and verbal identity supports the company’s purpose and values. These have been at the core of our culture since our company’s founding in 1894, and they continue to be vital to our success as we grow globally and expand into new categories.



AWARDS AND RECOGNITION

- #46 out of more than 400 in 2014 *Newsweek* Green Rankings
- 2015 World's Most Ethical Companies
- "Best Places to Work for LGBT Equality" in the 2015 Human Rights Campaign Corporate Equality Index
- *CR Magazine* Responsible CEO of the Year Award winner
- Dow Jones Sustainability World and North America Index, 2014
- Bronze Class Sustainability Award—RobecoSAM's The Sustainability Yearbook
- P3 Impact Award for CocoaLink
- Named to Civic 50 list as one of America's most community-minded companies
- #2 on Deloitte's Exceptional 100 Companies List
- #18 on the PayScale and *Business Insider* Best Employers in America List
- #279 on *Forbes* 2015 America's Best Employers List
- Target's Good Trade Ethical Shopping List
- Harris Poll 2014 results named *Hershey's*—Chocolate Candy Brand of the Year and *Reese's Pieces*—Non-Chocolate Candy Brand of the Year

Recent Accolades



Responsible CEO of the Year

CR Magazine named Hershey CEO J. P. Bilbrey one of the 2014 Responsible CEO of the Year Award winners for notably exceeding standards in the areas of employee relations, environmental impact, human rights, philanthropy and corporate responsibility practices. Under Mr. Bilbrey's leadership, the company made substantial progress in environmental sustainability and maintained its high performance in workplace safety, employee well-being practices and ethical sourcing programs such as CocoaLink.

"I'm honored to receive this award, but it really reflects the great work and deep commitment of our remarkable employees around the world. Doing the right thing for society and our communities has been embedded in the culture of our company since its founding more than 120 years ago. It has been humbling to see our employees living the century-old truth of 'doing well by doing good.' That passion is reflected in the results of our many efforts to bring goodness to the world in how we operate our business and how we give back to those in need."

— J. P. Bilbrey

Chairman, President and CEO
The Hershey Company

ABOUT THIS REPORT

This report describes how we are working with our stakeholders on the issues of greatest importance to them and our company. A common thread running through this report—linking our efforts, programs and performance—is engagement with key stakeholders both internally and externally.

Unless otherwise noted, this report covers our performance on our priority issues and our progress toward our goals and targets in the 2014 calendar year, which is also our fiscal year. We report on the operations of The Hershey Company, including Hershey's wholly owned operations and joint-venture operations over which our company exercises operating control. While we have provided information regarding our joint ventures and co-manufacturers, we report progress on goals/targets and profile and performance indicators only for our wholly owned facilities.

This is our fourth full CSR report. Our most recent report was published on May 1, 2014, and covered fiscal year 2013. While we previously published full reports and summary scorecards in alternating years, we intend to release a full report annually moving forward.

We adhere to the Global Reporting Initiative (GRI) Protocol where applicable and feasible. We have developed this report at the core “in accordance” level of the GRI G4 Sustainability Reporting Guidelines, a framework used around the world, developed by the international not-for-profit

organization, GRI. Where we decide to report items outside of the GRI Protocol, we do so to increase transparency, to support our “story” of commitment to CSR, or because the data we have does not conform to a particular protocol but is the best means we have to communicate our performance.

We choose data-collection methodologies based on specific criteria needed to measure progress against goals and targets. These include, but are not limited to, computer software applications (e.g., SAP), surveys (e.g., for volunteer hours, employee engagement), GAAP (Generally Accepted Accounting Principles) and manual data collection. In most cases these are actual calculations. If we make assumptions, we will note that when referencing the metric.

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 2014.

We welcome feedback on our reporting and performance, which can be sent to: The Hershey Company, Consumer Relations Department, 19 East Chocolate Avenue, Hershey, PA 17033.

PROCESS FOR DEFINING PRIORITY ISSUES AND REPORT CONTENT

We did not perform any updates to our issue prioritization process in 2014. 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 we 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.



ABOUT THIS REPORT

- We held internal interviews with managers and executives to understand internal company perspectives around the issues list. In order to arrive at the updated company prioritization, we combined insights from 2013 executive interviews 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 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	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	Anticompetitive 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 palm oil and forestry-product management; and third-party certification of agricultural products	Biodiversity Supplier environmental assessment Environmental grievance mechanisms
Transparency	Issues related to publicly sharing information about Hershey and its CSR efforts (policies, progress, level of disclosure)	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
Child Labor	Issues related to child labor on supplier farms (including forced labor, trafficked labor 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 and retaining employees, including professional development, succession planning, training and diversity and inclusion	Employment Training and education



APPENDIX: PROGRESS TOWARD OUR GOALS

GOAL	2014 PROGRESS
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Integrity of Supply Chain

Initiate internal and external social audits via Sedex and assess 25% of total supplier spend by beginning of 2014	Completed the 14% remaining audits on all selected external manufacturing sites to complete our 2013 goal
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Ⓢ ETHICAL SOURCING

Assess an additional 25% of external suppliers and internal manufacturing sites (measured by spend) by beginning of 2015	Audits completed on 70% of selected external suppliers and 100% of selected internal manufacturing sites. Received commitments from remaining 30% to be completed in 2015
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Ⓢ ETHICAL SOURCING

Consumer Well-Being

Attain food-safety certification recognized by the Global Food Safety Initiative at all of our wholly owned manufacturing and joint-venture operations and contract manufacturing/co-packing by 2012	Obtained certification at 15 wholly owned facilities and one joint venture
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Ⓢ QUALITY AND FOOD SAFETY

GOAL	2014 PROGRESS
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Efficient Business Operations

Reduce greenhouse gas (GHG) emissions in our U.S. distribution and transportation operations by 10% from 2013 baseline by 2017	GHG emissions reduced by 4.75% (15.62 million pounds)
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Ⓢ ENVIRONMENTAL PERFORMANCE

Attain zero-waste-to-landfill (ZWL) status at two additional plants from 2013 baseline by 2017	Our El Salto, Mexico plant achieved ZWL status
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Ⓢ ENVIRONMENTAL PERFORMANCE

Achieve a recycling rate of 90% from 2013 baseline by 2017	Achieved recycling rate of 88.9%
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Ⓢ ENVIRONMENTAL PERFORMANCE

Reduce waste per thousand pounds of product by 5% from 2013 baseline by 2017	Reduced waste per thousand pounds of product by 1.4%
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Ⓢ ENVIRONMENTAL PERFORMANCE

Reduce GHG emissions by 15% from 2013 baseline by 2017	Reduced our total GHG emissions by 0.4%
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Ⓢ ENVIRONMENTAL PERFORMANCE

Reduce absolute water use by 17% from 2013 baseline by 2017	Our absolute water use increased 2.8%
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Ⓢ ENVIRONMENTAL PERFORMANCE

Complete a minimum of 25 initiatives resulting in the cumulative elimination of 16 million pounds of packaging material	26 initiatives reduced packaging waste by 1.75 million pounds
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Ⓢ ENVIRONMENTAL PERFORMANCE

APPENDIX: PROGRESS TOWARD OUR GOALS

GOAL	2014 PROGRESS
Sustainable Sourcing	
Achieve 100% certified and sustainable cocoa in all our chocolate products by 2020 Ⓢ ETHICAL SOURCING	We are on track to achieve our goal, as 30 percent of our globally sourced cocoa was independently certified and verified. Hershey also announced a new target to source at least 50 percent certified cocoa by the end of 2015, aiming to reach our 2016 goal one year ahead of schedule
Ensure all palm oil procured will be Roundtable on Sustainable Palm Oil (RSPO)-certified Ⓢ ETHICAL SOURCING	Achieved 100% procurement of Mass Balance RSPO-certified palm oil
Trace all palm and palm kernel oil supplies to mill level Ⓢ ETHICAL SOURCING	Traced 94% of procured palm and palm kernel oil supplies to mill level
Trace all palm and palm kernel oil supplies to plantation level in 2016 Ⓢ ETHICAL SOURCING	Started process of tracing palm and palm kernel oil supplies to plantation level

GOAL	2014 PROGRESS
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 Ⓢ WORKFORCE ENGAGEMENT	Safety improved across our operations: TRIR: 1.69 DART: 1.00 LWDC: 0.45
Through the myWell-Being program, achieve 35% Well-Being Assessment participation among employees, partners and dependents Ⓢ WORKFORCE ENGAGEMENT	Achieved 38% overall Well-Being Assessment participation; 49% of employees participated

PRIORITY ISSUES ACROSS THE VALUE CHAIN

As part of our strategic planning process, we conducted a priority issues analysis in 2013. Included in our data sets were the views of internal and external stakeholders and the results of our enterprise risk management process. The analysis led to the development of a list of priority issues that could affect The Hershey Company's strategy and operations.

Examining the economic, environmental and social impacts that occur across our value chain helps us understand the risks and opportunities associated with our business activities. Ultimately, this informs our sustainability strategy and shapes our efforts to create far-reaching and long-lasting positive impacts.

ETHICAL SOURCING

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

PROGRESS IN 2014:

Revised our Supplier Code of Conduct

Founding member of CocoaAction

Expanded Learn to Grow in West Africa

SUSTAINABLE AGRICULTURE

Sustainable agriculture means that ingredients are grown and harvested on farms where environmental best practices are incorporated. Components include maintaining healthy soil, using pesticides properly, managing deforestation and paying attention to biodiversity.

PROGRESS IN 2014:

Activated membership in The Forest Trust

Expanded CocoaLink's reach

Launched YieldFinder to help farmers

CHILD LABOR

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

PROGRESS IN 2014:

Strengthened our Supplier Code of Conduct

Increased Learn to Grow educational activities

Collaborative alignment through CocoaAction

FOOD SAFETY

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

PROGRESS IN 2014:

Vigilance in our Product Excellence Program

Global Food Safety Initiative certification at 16 facilities

Development of simple ingredient commitment

FOOD SAFETY

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

PROGRESS IN 2014:

Vigilance in our Product Excellence Program

Global Food Safety Initiative certification at 16 facilities

Development of simple ingredient commitment

CONSUMER HEALTH

Consumer health is a growing concern in societies around the world. We are interested in contributing positively by using simple, easy-to-understand ingredients and providing nutrition and calorie information for our confections.

PROGRESS IN 2014:

Development of simple ingredient commitment

Expanded online full ingredient glossary

TALENT MANAGEMENT

The Hershey Company is interested in attracting and retaining talented, dedicated employees. We strive to create a positive environment by attending to professional development and training opportunities, succession planning, and diversity and inclusion. Being an ethical company also makes us an employer of choice.

PROGRESS IN 2014:

Best Places to Work for LGBT Equality

Improved safety performance

ETHICS AND COMPLIANCE

All of our employees go through training regarding our Code of Ethical Business Conduct, which is made available in multiple languages to accommodate our global workforce. We have put systems and processes in place to ensure ethical business is conducted and operations across the world are compliant with relevant policies and regulations.

PROGRESS IN 2014:

Revised Supplier Code of Conduct

Country-specific hotlines to report unethical activity

GLOBAL COMPETITIVENESS, TRANSPARENCY AND GOVERNANCE

As we continue to expand internationally, transparent and good governance, based on our principles and guided by our corporate responsibility framework, will ensure our ability to be competitive in new markets and retain our successful position in established markets.

PROGRESS IN 2014:

Shanghai Golden Monkey and Allan Candy acquisitions

Responsible CEO Award

Development of simple ingredient commitment

GENERAL STANDARD DISCLOSURES


GENERAL STANDARD DISCLOSURES	DESCRIPTION	 CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
STRATEGY AND ANALYSIS			
G4-1	CEO Statement	CEO Letter, pp. 2-3	
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization.	The Hershey Company	
G4-4	Report the primary brands, products and services.	About Hershey, p. 67 Key Brands, p. 68 Global Competitiveness, p. 19 Hershey 2014 10-K, pp. 1-4	
G4-5	Report the location of the organization's headquarters.	About Hershey, p. 67	
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. 67 Global Competitiveness, p. 15 Hershey 2014 10-K, pp. 1-4	
G4-7	Report the nature of ownership and legal form.	Hershey 2014 10-K, p. 1	
G4-8	Report the markets served.	Global Competitiveness, pp. 15, 18 Hershey 2014 10-K, pp. 1-4	
G4-9	Report the scale of the organization.	About Hershey, p. 67 Performance Summary, p. 10 Global Competitiveness, p. 15 Hershey 2014 10-K, pp. 1, 17	Quantity of products sold is confidential information.



GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
ORGANIZATIONAL PROFILE <small>(continued)</small>			
G4-10	Report workforce information.	Workforce, p. 40	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.
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	35%	
G4-12	Describe the organization's supply chain.	Ethical Sourcing, pp. 21, 25-26 Our Value Chain, p. 8	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	Global Competitiveness, pp. 15-17, 19 Hershey 2014 10-K, pp. 1, 54-57	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Management and Governance, p. 37	We take several approaches to enterprise risk management, such as 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 that it endorses.	Ethical Sourcing, pp. 22, 24-25	Certified cocoa: Utz, Fair Trade USA and Rainforest Alliance ILO's IPEC Program to combat child labor West Africa Cocoa Livelihoods Program Roundtable on Sustainable Palm Oil
G4-16	List memberships in associations (such as industry associations) and national or international advocacy organizations in which the organization:	Engaging Stakeholders, p. 51	
	<ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 		

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	Hershey 2014 10-K, p. 1	We are not reporting environmental data from our operations in India, Shanghai Golden Monkey in China, or our joint ventures in Brazil and China.
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.	Our Value Chain, pp. 8-9, 75-76 About This Report, pp. 71-72	
G4-19	List all the Material Aspects identified in the process for defining report content.	About This Report, p. 72	
G4-20	For each Material Aspect, report the Aspect Boundary within the organization.	Our Value Chain, pp. 9, 75-76 GRI Content Index, pp. 81-86	
G4-21	For each Material Aspect, report the Aspect Boundary outside the organization.	Our Value Chain, pp. 9, 75-76 GRI Content Index, pp. 81-86	
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	Percentage of women on executive team has been adjusted to align with the definition of the executive team we use in our financial communications.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	

GENERAL STANDARD DISCLOSURES (continued)

GENERAL STANDARD DISCLOSURES	DESCRIPTION	 CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	Engaging Stakeholders, p. 50	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Engaging Stakeholders, p. 49	
G4-26	Report the organization's approach to stakeholder engagement.	About This Report, pp. 71-72 Engaging Stakeholders, pp. 49-51	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	Engaging Stakeholders, pp. 49-50	
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About This Report, p. 71	
G4-29	Date of most recent previous report (if any).	About This Report, p. 71	
G4-30	Reporting cycle (such as annual, biennial).	About This Report, p. 71	
G4-31	Provide the contact point for questions regarding the report or its contents.	About This Report, p. 71	
G4-32	Provide a GRI Content Index.	About This Report, p. 71 GRI Content Index, pp. 77-92	
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	About This Report, p. 71	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.	Management and Governance, p. 37 Governance Guidelines	
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics.	Bringing Goodness to the World, pp. 36-38 Management and Governance, p. 6 Code of Ethical Business Conduct Hershey Values Supplier Code of Conduct	



SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
ECONOMIC				
Economic Performance	About Hershey, p. 67 Global Competitiveness, pp. 14-19 Community Investment, pp. 52-55 2014 Form 10-K, pp. 9-13	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	Goals, pp. 12, 74 Ethical Sourcing, pp. 20-26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Customers Industry associations Ingredient suppliers Investors



SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
ENVIRONMENTAL				
Biodiversity	Ethical Sourcing , pp. 20, 22, 25	Both	Major manufacturing countries (Brazil, Canada, China, India, Mexico, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Compliance	Environmental Performance , p. 30	Both	Major manufacturing countries (Brazil, Canada, China, India, Mexico, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Supplier Environmental Assessment	Goals , pp. 12, 73-74 Ethical Sourcing , pp. 20-26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Environmental Grievance Mechanism	Management and Governance , p. 38	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies



SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL – LABOR PRACTICES AND DECENT WORK				
Employment	Goals, pp. 12, 74 Workforce Engagement, pp. 39-45	Both	United States Americas AEMEA	Workforce Subsidiaries
Training and Education	Workforce Engagement, pp. 39-45	Within organization	United States Americas AEMEA	Workforce Subsidiaries
Supplier Assessment for Labor Practices	Goals, pp. 12, 73-74 Ethical Sourcing, pp. 20-26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies
Labor Practice Grievance Mechanisms	Management and Governance, p. 38	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies



SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL – HUMAN RIGHTS				
Child Labor	Ethical Sourcing , pp. 21, 24, 26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers
Forced or Compulsory Labor	Ethical Sourcing , pp. 21, 24, 26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers
Supplier Human Rights Assessment	Goals , pp. 12, 73-74 Ethical Sourcing , pp. 20-26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Human Rights Grievance Mechanisms	Management and Governance , p. 38	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL – SOCIETY				
Public Policy	Hershey 2014 Advocacy Expenditures Report	Both	United States Americas AEMEA	Industry associations Investors Regulatory agencies
Anti-Competitive Behavior	Management and Governance, pp. 36, 38 2014 Form 10-K, pp. 13–14, 66–67	Both	United States Americas AEMEA	Industry associations Investors Regulatory agencies
Supplier Assessment for Impacts on Society	Goals, pp. 12, 73-74 Ethical Sourcing, pp. 20-26 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Côte d'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Industry associations Ingredient suppliers Regulatory agencies
Grievance Mechanisms for Impacts on Society	Management and Governance, p. 38	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Regulatory agencies
Healthy and Affordable Food	Responsible Enjoyment, pp. 47-48	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Investors Retail customers



SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (continued)

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
SOCIAL – PRODUCT RESPONSIBILITY				
Customer Health and Safety	Goals, pp. 12, 73 Quality and Food Safety, pp. 27-30 Responsible Enjoyment, pp. 47-48	Both	United States Americas AEMEA	Consumers Regulatory agencies Retail customers Workforce
Product and Service Labeling	Quality and Food Safety, pp. 27-30 Stakeholder Engagement, pp. 49-50	Both	United States Americas AEMEA	Consumers Ingredient suppliers Investors Regulatory agencies Retail customers
Marketing Communications	Ethical Sourcing, pp. 24-25 Quality and Food Safety, pp. 28-30 Responsible Enjoyment, pp. 47-48 2014 Form 10-K, pp. 11-12	Both	United States Americas AEMEA	Consumers Investors Retail customers Regulatory agencies
Compliance	Quality and Food Safety, pp. 27-30 2014 Form 10-K, pp. 6-7, 11-12	Both	United States Americas AEMEA	Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers



SPECIFIC STANDARD DISCLOSURES: INDICATORS

GRI G4 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. 10 Community Investment, pp. 52-55 2014 Form 10-K, p. 17 Presentation to the Consumer Analyst Group of New York conference	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environmental Performance, pp. 33-34	
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.	Ethical Sourcing, p. 25	All suppliers are required to review and agree to follow the provisions of our sourcing policy.



SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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, 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 nonmonetary sanctions for noncompliance with environmental laws and regulations.	See explanation.	We were assessed no significant fines in 2014. Significant fines are defined as those reported in our annual report or 10-K.
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	See explanation.	New suppliers are not screened; however, we do reserve the right to perform social audits of those we enter into contracts with and have aggressive plans to audit 80% of our spend by the end of 2016.
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.



SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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. 43	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 and are eligible for the myWell-Being full program and the employee assistance program. Hershey's benefits are available online
Training and Education	G4-LA9	Average hours of training per year per employee, by gender and by employee category.	See explanation.	Salary – 12.14 hours/employee Hourly – 29.11 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. 41-42, 45	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 2014: 43% were female and 57% male.
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	See explanation.	New suppliers are not screened; however, we do reserve the right to perform social audits of those we enter into contracts with and have aggressive plans to audit 80% of our spend by the end of 2016.
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.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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.	Ethical Sourcing, p. 21 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.	Ethical Sourcing, p. 21 Supplier Code of Conduct	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	See explanation.	New suppliers are not screened; however, we do reserve the right to perform social audits of those we enter into contracts with and have aggressive plans to audit 80% of our spend by the end of 2016.
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)

GRI G4 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 2014 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.	Management and Governance, p. 38 Hershey 2014 10-K, p. 12	
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	See explanation.	New suppliers are not screened; however, we do reserve the right to perform social audits of those we enter into contracts with and have aggressive plans to audit 80% of our spend by the end of 2016.
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.

PRIORITY ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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 2014 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.	Quality and Food Safety, p. 28	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 such as fiber, vitamins, minerals, phytochemicals or functional food additives.	Responsible Enjoyment, pp. 47-48	Sales percentages are proprietary information and will not be disclosed.



SPECIFIC STANDARD DISCLOSURES: INDICATORS (continued)

PRIORITY ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
SOCIAL – PRODUCT RESPONSIBILITY <small>(continued)</small>				
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 2014 that resulted in a fine, penalty or warning.
	G4-PR5	Results of surveys measuring customer satisfaction.	Quality and Food Safety, p. 30	
Marketing Communications	G4-PR6	Sale of banned or disputed products.	Ethical Sourcing, pp. 24-25 Quality and Food Safety, p. 30	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 2014 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 2014. Significant fines are defined as those reported in our annual report or 10-K.



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comments or questions.

