



SHARED GOODNESS

2016 CORPORATE SOCIAL RESPONSIBILITY REPORT

HERSHEY'S 

CONTENTS

This summary document tells the story of seven different ways The Hershey Company advanced our Shared Goodness commitments in 2016. For more information and data about our corporate social responsibility priorities and progress, please see our full 2016 Corporate Social Responsibility Report.

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TO OUR STAKEHOLDERS:

It's an exciting time at The Hershey Company. We are growing our core confection business and expanding our reach into new snacking opportunities. Meeting our consumers' needs through innovation is at the heart of that work, and so is our commitment to operate in ways

that are ethical, responsible, sustainable and community-focused. These are our priorities that we call Shared Goodness.

The initiatives we've undertaken over the past year make Hershey a better place to work, and have also benefited consumers, farmers and children across the world. I am so proud of the thousands of Hershey employees who give their time and talents, both inside and outside of the workplace, for the greater good. The stories you'll read within this report of their passion and purpose reflect the legacy of service and ethical operation instilled by our former leaders, from Milton Hershey to J.P. Bilbrey. As the newest CEO of The Hershey Company, I thank my predecessors for their vision in guiding our extraordinary company, and I look forward to continuing the success of this special company for the next century.

We've made strong progress and some of the sustainability achievements I am proudest of include:

- Achieving 60 percent certified and sustainable cocoa and remaining on track to reach our goal of 100 percent by 2020;
- Expanding our Learn to Grow programs, which help build healthy, productive communities through education, women's empowerment and preventing illegal and forced child labor within our supply chain;
- Reducing our environmental footprint and committing to reduce greenhouse gases, water and waste by an additional 25 percent by 2025;
- Continuing to build Nourishing Minds, our shared social purpose, which provides basic nutrition to help children learn and grow. By expanding our partnerships and programs in Ghana, the United States, Canada and China, we moved closer to our goal of nourishing one million children by 2020.

Our vision is to be an innovative snacking powerhouse. Toward that end, we continue to deliver quality snacking options for our consumers through new acquisitions and innovations. In 2016, we acquired *barkTHINS* premium snacking chocolate, expanded our offerings of all-natural *KRAVE* jerky products and launched snacking extensions of core brands, such as *Reese's* Snack Mix.

In a complex marketplace of shifting consumer preferences, some ventures are not as successful initially as we would like. For example, since launching *SoFit*, a new line of complete-protein products, we have gained insights that have focused the product line and led us to improve the formulation for relaunch in the future. We understand these are the types of developments that come with an innovation-driven mindset, and they provide learning opportunities that, in the long run, drive our continued success.

In 2016, we also remained focused on creating an engaging, flexible and diverse workplace that attracts and retains the best talent through a mix of outreach, new initiatives and policy improvements. As Hershey's first female CEO, I can personally attest to the company's commitment to equal opportunity and valuing everyone's contribution, hard work and bold ideas.

Delighting our consumers while bringing goodness to one another and the world is our North Star. We're excited to continue our journey to make our company's success—and the world's communities—more sustainable than ever before. I invite your thoughts on how we can continue to make this vision a reality.

Michele Buck
PRESIDENT AND CEO
THE HERSHEY COMPANY



FROM OUR CHAIRMAN:

As I transition into my new role as chairman of the Board of Directors, I'd like to take a moment to say thank you for the honor of serving as CEO for six years and for my nearly 15 years as an employee of The Hershey Company. I look forward to our

continued progress under Michele Buck, our new CEO and a proven leader in whom I have great confidence.

Looking back at what I am most proud of during these past years—and ahead to the places where we can do more good in the world—three legacies stand above the rest: our increasingly diversified product portfolio, our commitment to greater ingredient simplicity and transparency, and the launch of Nourishing Minds. Each has greatly benefited the company and our stakeholders, and all have more room to grow:

- The Hershey Company's marketplace leadership is reflected by our powerful brands, such as *Hershey's*, *Reese's*, *Kit Kat*®, *Kisses* and *Ice Breakers*, which allow us to deliver against a broad range of consumer preferences and remain a leader in our category. At the same time, we are pursuing exciting new opportunities to continually diversify our portfolio and establish a strong presence across snacking through both innovation, such as *Hershey's* Cookie Layer Crunch, and acquisitions, such as *barkTHINS*.
- Our commitment to simple ingredients is part of our heritage, from the time we started making chocolate in 1894 using cocoa, milk and sugar. Today we are continuing that tradition to ensure that current and future generations can enjoy that same pure and simple experience. In 2016, we further expanded our commitment to ingredient transparency and simplicity. More of our iconic brands now contain no artificial ingredients, and we rolled out our user-friendly SmartLabel™ to more products across our portfolio.

- I am especially pleased to see the growth and reach of Nourishing Minds. Over the past two years, it has made a notable difference in the lives of tens of thousands of children all around the world who might otherwise not have a way to get the nutrition they need to help them reach their potential. Ultimately, Nourishing Minds is more than just philanthropy. It is embedding the Hershey purpose of "Bringing Goodness to the World" further into how we do business to make an indelible impact.

All of this is possible because of our greatest asset, the remarkable people that make Hershey so special. Their dedication, commitment and hard work each and every day have made all the difference. I am grateful to them and our communities for their partnership and collaboration that will help us attain our corporate social responsibility goals and our other critical business priorities.

I look forward to continuing my service to The Hershey Company and our stakeholders by working closely with the distinguished members of our Board of Directors. I leave the CEO role knowing the leadership of our company and our deep commitment to corporate responsibility are in the hands of a highly capable and successful leader and a team of remarkable employees.

J.P. Bilbrey

CHAIRMAN, BOARD OF DIRECTORS
THE HERSHEY COMPANY

About **HERSHEY SHARED GOODNESS**

ESTABLISHED IN 1894, The Hershey Company is a global confectionery leader known for bringing goodness to the world through chocolate, sweets, mints and other great-tasting snacks. We are the largest producer of quality chocolate in North America and a leading snack maker in the United States. We market, sell and distribute our products under more than 80 brand names in approximately 70 countries worldwide.

OUR APPROACH

We are a purpose-driven company. Our Shared Goodness approach reflects our conviction that strong company performance is intrinsically linked to responsible and sustainable operations. Our deep commitment to operating our business with the highest ethical standards is embedded in our culture and codified through our company's [Code of Conduct](#), which is shared with all employees, available to our business partners and stakeholders, and underscores the standards by which we operate. We use this model as a filter through which to evaluate and prioritize our existing commitments and new opportunities. We also use it to help guide our support of the United Nations Sustainable Development Goals.

The goal of Shared Goodness is to create Good Business, a Better Life and a Bright Future for our stakeholders. 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. The shared goals of a 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.

THE POWER OF PARTNERSHIPS

We can drive meaningful action toward Good Business, a Better Life and a Bright Future by working closely with key stakeholders and partners across our entire value chain. Through meaningful communication, shared learning and active support, we strive to take steps at each stage that will increase resource efficiencies, improve performance and reduce our environmental footprint. In this way, we will be better positioned to manage risk, engage our customers and consumers, and build ongoing credibility and trust.

OUR VALUE CHAIN

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



2016 AWARDS & RECOGNITION

We were proud to be honored in 2016 with the following independent awards and recognitions for our efforts to promote Shared Goodness for all:

- **“The World’s Most Reputable Companies 2016”** by *Forbes*
- **No. 2 on the Top 100 Powerful Brands** in the United States by Tenet Partners CoreBrand® Index three years in a row
- **Dow Jones Sustainability Indexes**—for North America (for the 5th year) and the World (for the 4th year)
- **100 Best Corporate Citizens** by *Corporate Responsibility* magazine
- **No. 3 on 2016 Newsweek U.S. Green Rankings**
- **100 percent rating as one of the “Best Places to Work for LGBT Equality”** in the Human Rights Campaign 2016 Corporate Equality Index
- **2016 Leading Disability Employer Seal™** awarded by the National Organization on Disability
- **No. 3 in DiversityInc’s 2016 Top 10 Companies for Veterans**
- **No. 22 in DiversityInc’s 2016 25 Noteworthy Companies**
- **No. 33 on Reputation Institute’s 2016 US RepTrak® 100 Most Reputable Companies** in the United States
- **No. 66 on Reputation Institute’s 2016 Global RepTrak® 100 Most Reputable Companies** in the World
- **2016 Civic 50 Honoree** by Points of Light, the world’s largest organization dedicated to volunteer service
- **2016 Collaboration Force for Good Award from the Committee Encouraging Corporate Philanthropy**, presented to former President and CEO, J.P. Bilbrey
- **Benjamin Botwinick Prize in Business Ethics from Columbia University**, presented to former President and CEO, J.P. Bilbrey



INNOVATING *beyond* CONFECTION

AS CONSUMER TASTES AND NEEDS CHANGE, it's essential that we extend our legacy of innovation and learning. That includes expanding the strength and boundaries of our core confection brands to capture new snacking opportunities, as well as entering new snack categories.

Today, our drive to innovate means, among other things, a focus on "snackfection"—new products at the intersection of snacking and confection. For example, we are making chocolate snackable by including ingredients that add surprising tastes and textures and by packaging our products in convenient new forms.

We are also listening to consumers who are asking for better-for-you snacks made with simple, certified and non-GMO ingredients. We are building our portfolio of "craft" brands and expanding their availability into natural, organic and specialty retail channels.



IF AT FIRST YOU DON'T SUCCEED...

With a keen eye for opportunity, our founder, Milton Hershey, expanded into the chewing gum market in 1915. Despite the initial success of *Hershey's* Chewing Gum, demand eventually waned, and import restrictions in 1921 made it harder to get ingredients. The gum was discontinued in 1924.

Although unsuccessful at first, this is a good example of Mr. Hershey's fierce pursuit of unconventional ideas and of pushing new boundaries. We carry forward that spirit of bold innovation in our company today. In fact, it has led to some of our greatest successes, including the reintroduction of gum through our *Ice Breakers* and other gum brands.

Building a Snacks Portfolio

Scaling ideas that work is integral to successful innovation.

BARKTHINS

In response to consumer trends toward snacking and wholesome ingredients, in 2016 we acquired the company that makes *barkTHINS*, a snacking chocolate in resealable pouches. This emerging craft brand contains high-quality simple ingredients. It has also allowed us to expand our portfolio and sales capability into new premium retail channels.

KRAVE

KRAVE is our line of artisanal-style meat snacks. Following our acquisition of *KRAVE* Pure Foods, Inc., in 2015, one of the key lessons we applied to grow the brand was prioritizing speed to market. Seeing an opportunity for more innovation in the meat snacks category, we fully commercialized *KRAVE* Sticks in less than 10 months.

SNACK MIX

Aware that our consumers were looking for on-the-go-snacking with both sweet and salty elements, in 2016 we launched *Snack Mix* lines with two of our most iconic brands, *Hershey's* and *Reese's*. We then built on that idea by expanding our *Snack Mix* brand to new flavors, including *Take5* and *Almond Joy* *Snack Mixes*.





7

SIMPLE INGREDIENTS

If you check the label of a 1.55-ounce *Hershey's* Milk Chocolate Bar, you'll see just seven simple ingredients: sugar, milk, chocolate, cocoa butter, milk fat, soy lecithin and natural flavor.

SIMPLY UNWRAPPED

UNWRAPPING A *HERSHEY'S* MILK CHOCOLATE BAR can inspire happiness at any age. For parents and caregivers, that happiness now includes the knowledge that more of the Hershey products they purchase are made with simple and responsibly-sourced ingredients.

Our transparency and sourcing efforts seek to ensure that the trust and goodness that comes with eating Hershey treats and snacks only grows over time.



We use 100 percent farm-fresh milk to make delicious *Hershey's* Milk Chocolate. [See how!](#)



In 2016, we introduced *Hershey's Simply 5* Syrup with five simple ingredients on the label: cocoa, water, natural vanilla flavor, pure cane sugar and organic invert cane syrup.



UNWRAPPING SIMPLICITY

Today's consumers want to know what they're eating, and they want to be able to pronounce the ingredients in their food. So we have begun using fewer and simpler ingredients in our most iconic products, all without compromising Hershey's classic flavors and textures.

We started with *Hershey's* Milk Chocolate Bars, *Hershey's Kisses* Milk Chocolates and *Hershey's Nuggets* Milk Chocolates. We went from artificial vanillin to natural vanilla flavor and replaced a common ingredient that aids in the flow of chocolate, called polyglycerol polyricinoleate, with cocoa butter and milk fat.

HERSHEY'S DEFINITION OF SIMPLE INGREDIENTS:

*no artificial flavors,
no artificial preservatives,
no artificial sweeteners,
and using only colors
from natural sources.*



“What an excellent idea! Technology can give us so much more information about ingredients than a label.”

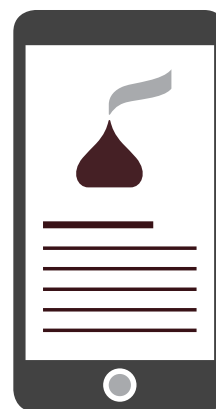
Lynne Santalucia

VIA EMAIL, ABOUT THE INTRODUCTION OF SMARTLABEL™



UNWRAPPING KNOWLEDGE

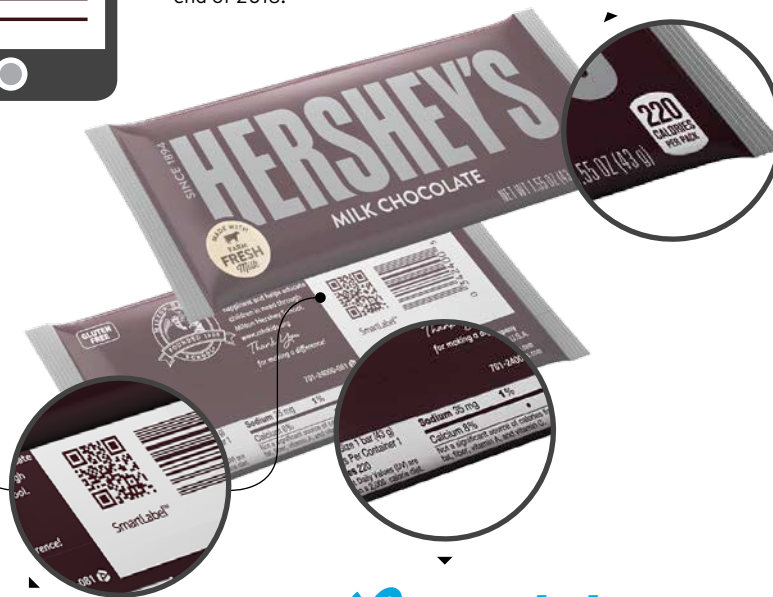
In the 1970s, The Hershey Company was one of the first U.S. companies to voluntarily provide nutrition information on food packages. Today, we're still ahead of the curve. In response to consumers' higher expectations for transparency when it comes to the foods they eat, we're proactively redesigning our labels and developing mobile and web technology to provide detailed information in real time.



Clear

EASY-TO-SEE ICONS

Consumers want to be able to easily find nutritional information on food packages, so we are now including a clearly visible icon system on the front of our labels. About 70 percent of our products have them now; we are committed to voluntarily including them on approximately 90 percent of all our U.S. products before the end of 2018.



Smart

MOBILE ACCESS

Our SmartLabel™ [QR](#) uses a Quick Response (QR) code to go beyond the product label, offering detailed ingredient descriptions and information about third-party certifications. It's technology we helped pioneer and are placing on all U.S. products by the end of 2018.

Complete

ALL THE FACTS

We're updating our Nutrition Facts label in response to new FDA requirements. Our revised labels will include total sugars and added sugars in grams and the amount of added sugars expressed as a percentage of the Daily Value (%DV).



Growing **COCOA** *for Good*

60%
OF HERSHEY COCOA IS
NOW CERTIFIED AND
SUSTAINABLE

OUR GOAL IS 100%
CERTIFIED COCOA BY
2020

COCOA IS ONE OF THE MOST IMPORTANT INGREDIENTS we use at The Hershey Company, so its long-term availability—and the well-being of the communities that cultivate it—is a top priority.

In late 2012, we committed to purchasing 100 percent certified and sustainable cocoa by 2020. At the end of 2016, we were more than halfway to our goal, certifying 60 percent of our cocoa as sustainable. But to truly make cocoa “sustainable,” certification alone is not enough. We have also been creating programs and initiating partnerships that allow us to bring agricultural best practices, health and community infrastructure, and entrepreneurship education to cocoa communities.

Taken together, these approaches are helping advance sustainable farming practices while improving living standards for cocoa farmers, and their communities, across our cocoa supply chain.



"I WAS VERY HAPPY TO ATTEND THE LEARN TO GROW TRAININGS AND LEARN NEW WAYS TO EARN MORE INCOME WHILE ALSO PROVIDING MORE FOOD FOR MY FAMILY."

Ruth Mensah

FARMER IN THE DUNKWA COCOA DISTRICT OF GHANA AND LEARN TO GROW PARTICIPANT

INCREASING YIELDS AND ENTREPRENEURSHIP

Ruth Mensah is a farmer in the cocoa-growing Central Region of Ghana and a participant in Hershey's Learn to Grow agricultural training and empowerment program. Beyond helping increase Ruth's cocoa productivity, the Learn to Grow program has also helped her reimagine the possibilities of her farm and earning potential through the development of other crops, such as cassava and plantains.

For example, at the site of the community's cocoa seedling nursery, Ruth has learned how to regenerate the lateral shoots of parent plantain plants in a temporary greenhouse, which has increased her yields and allowed her to sell new plantain plants to other farmers. The program has also given Ruth new business skills and trained her in entrepreneurial approaches. Following her training, she organized other women in her community to begin a new venture in the rearing and selling of snails, which has not only added an important source of protein to the community's diet, but has been a great source of additional income for the group as well.

LEARN TO GROW REACHES MORE THAN 48,300 FARMERS ACROSS COTE D'IVOIRE, GHANA AND NIGERIA.



CLIMATE CHANGE AND COCOA

In addition to helping cocoa farmers like Ruth identify new opportunities, Hershey is also helping them address emerging agricultural risks. In 2016, we joined The World Cocoa Foundation's (WCF) Climate Smart Cocoa Program to strengthen public and private sector collaboration in addressing the threat that climate change poses to cocoa communities.

WCF will launch a series of pilot programs in the cocoa sector to develop best practices in climate change adaptation, such as using drought-resistant planting material. Hershey plans to incorporate this type of climate-smart agriculture curriculum into our Learn to Grow farmer training programs and outreach, including through CocoaLink, a Hershey-developed program that uses low-cost mobile technology to deliver practical agricultural and social information to rural cocoa farmers in West Africa.



TRANSPARENCY IN SOURCING

At Hershey, transparency about our responsible sourcing practices is extremely important to us. In March 2017, we launched [Sourcemap](#), a web-based tool that provides visibility into our supply chain by letting users trace the source location where our ingredients are grown or made for two of our most iconic products: *Hershey's Milk Chocolate with Almonds* and *Reese's Peanut Butter Cups*. Users can click to learn more about our sourcing approach and how ingredients are grown and harvested.

Fold Here!

Unpacking SUSTAINABILITY

HERSHEY'S REACH TOWARD simplicity applies not just to our ingredients, but also to our packaging and display-ready case model at the retail level. Thanks to some outside-the-box thinking, in 2016 we reimagined our packaging approach to reduce corrugate waste, lessen our carbon footprint and improve sustainability efficiencies across our supply chain. This innovative approach has also helped us achieve savings, reduce our retail customers' display setup time and improve safety—all while creating a better shopping experience for our consumers.

Simplifying our display cases is just one part of the bold “25 by 25” sustainability goals we launched in 2016. These aim to reduce our greenhouse gas (GHG) emissions, water use and waste by 25 percent, and reduce packaging material by 25 million pounds, by 2025, all measured against 2015 levels.



25 by 25
SUSTAINABILITY GOAL

**OUR GOAL: REDUCE
25 MILLION POUNDS
OF PACKAGING MATERIAL
BY 2025**

Since 2014, Hershey has saved more than 9 million pounds of packaging material.



Made from 100% recycled cardboard



From choosing materials to printing graphics, our packaging engineers design with efficiency in mind.

NEW DESIGN FEATURES

- One-piece design with no cover packaging
- Integrated stacking “shelf” for more stable end-cap execution
- Patent-pending easy-open window without perforation
- Elimination of the center divider for better presentation
- “Late stage box differentiation” through labels versus pre-printing
- Enhanced print and digital design

RETAIL-READY PACKAGING

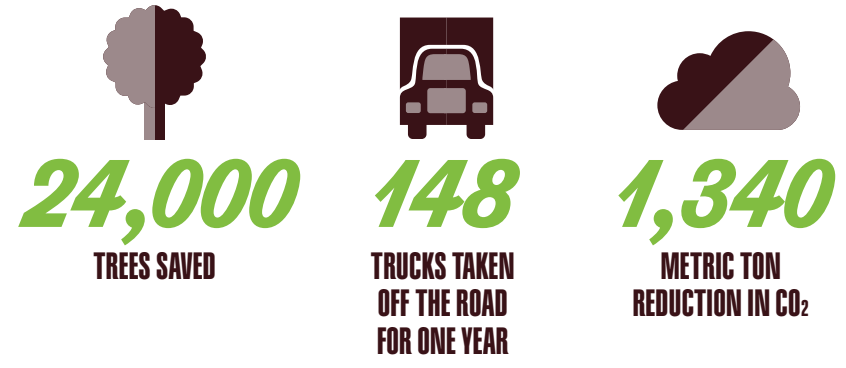
We needed a way to make our packages simpler, less cumbersome to ship and easier for retail associates and sales representatives to unload and position in the store. Once finalized, we moved quickly to bring our solution to market, executing it ahead of schedule with our first retail partner, Walmart, and launching in time for the 2016 Halloween and Holiday seasons.

EFFICIENCY WINS

Walmart found that its associates needed approximately 62 percent less time to open and set up Hershey’s new cases. And, because associates no longer need to use knives to open the cases, Walmart’s worker safety has also improved.



OUR NEW PACKAGING USES 3.12 MILLION FEWER POUNDS OF CORRUGATE. THAT’S EQUIVALENT TO:



“HERSHEY IS SETTING THE STANDARD FOR OTHER WALMART SUPPLIERS AND IS GOING TO HELP THE CATEGORY GET TO WHERE IT NEEDS TO BE.”

Melody Rich
 SENIOR BUYER OF SEASONAL CANDY AT WALMART

BUILDING A BETTER WORKPLACE *together*



HERSHEY'S CULTURE, including our deep commitment to inclusion and flexibility, is a competitive advantage. We are continually in the process of co-creating a compelling workplace with—and for—our employees.

In 2016, we introduced SmartFlex, a suite of policies and practices to create a mindset for balancing work and personal time that encourages and empowers our people to make smart choices for themselves and for Hershey's business.

Including employee voices is essential when we develop new workplace policies, such as SmartFlex. Hershey's Business Resource Groups (BRGs)—which create professional development and inclusion opportunities for diverse groups of employees—are an important asset to our planning.

Our eight BRGs provide a platform for employees to learn from one another, to value and appreciate all skills and experiences, and to recognize the commonalities and differences that truly enrich our workforce.

Hershey employees Erika Vidal-Faulkenberry, Joe Wolfe and Jeffrey Janney.

"Hershey understood that 'flexibility' means different things for different people."



INCLUSIVE AND FLEXIBLE

"When I started my job at Hershey eight years ago, I had a three-month-old daughter. On my very first day, I was shown to a private, comfortable room designated exclusively for nursing mothers, which is such a wonderful benefit. I always felt supported by my manager and team whenever I needed more flexibility in my schedule to care for my daughter.

I am now a co-leader of the Latino BRG and a member of the Women's BRG. I am happy to see that the flexibility I experienced years ago as a new employee has now been formalized officially through SmartFlex. I am also pleased that Hershey understood that 'flexibility' means different things for different people, whether it be working from home, enjoying a more relaxed dress code or expanding parental leave for new parents."

Erika Vidal-Faulkenberry

DIRECTOR, GLOBAL CUSTOMS & TRADE COMPLIANCE

SMARTFLEX BENEFITS:

Parental Leave

A total of six weeks of consecutive paid time off OR a total of 15 days of flexible paid time off for all full-time salaried U.S. employees.

Flex Tech

Utilizing new technologies and personally owned devices to provide employees secure access to company systems from work or home.

Flex Time

Salaried employees choose how best to manage their work time based on work priorities and personal commitments.

Flex Dress

Employees may use their own judgment to dress appropriately for the events of their workday.

“One of the principal reasons I wanted to come back to Hershey was their welcoming culture and support for military reservists.”



LISTENING TO OUR EMPLOYEES

“I started with Hershey as an intern and have now been full-time for almost two years. As a 10-year Air National Guardsman who plans to serve at least another 10, one of the principal reasons I wanted to come back to Hershey was their welcoming culture and support for military reservists. In the military, we are so appreciative of families and friends who support our mission. Often overlooked, though, are the positive impacts that supportive workplaces and great civilian leaders can have on our careers and well-being.

Hershey genuinely listens to their employees, and SmartFlex is a great example of that. When an unplanned mission comes up that requires travel, it’s reassuring to know that I have the flexibility to work remotely on a schedule that suits my needs. I’m also an active member of Hershey’s Veterans Business Resource Group (VBRG). In 2016, our Human Resources team collaborated with and sought consultation from the VBRG on the review and eventual restructuring of our military leave policy. Employee well-being is a large part of Hershey’s strategy, and in the VBRG, we continue to tie our annual planning back to company strategy and workplace experience.”

Jeffrey Janney

HUMAN RESOURCES LEADERSHIP
DEVELOPMENT PROGRAM

DIVERSITY RECOGNITION FOR HERSHEY:

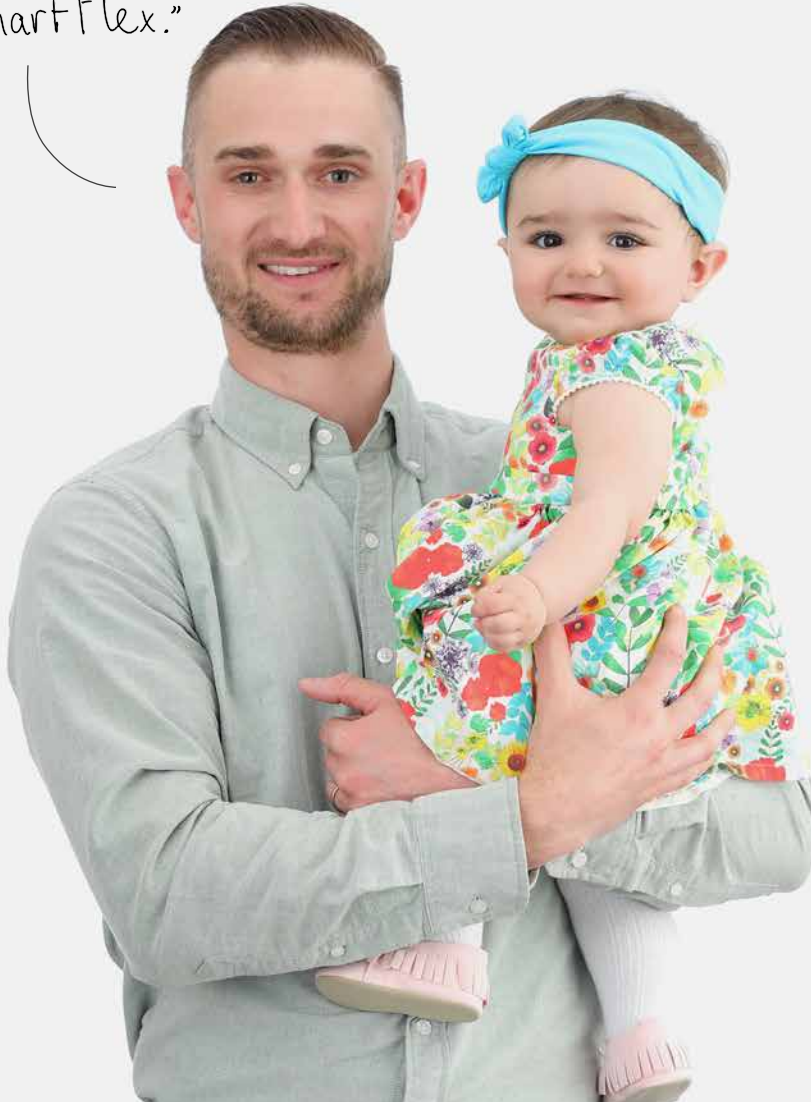
100% rating from the Human Rights Campaign (HRC) for the third consecutive year.

One of HRC 2016 Corporate Equality Index’s **“Best Places to Work for LGBT Equality.”**

National Organization on Disability Seal for increasing employment opportunities for individuals with disabilities.

In 2016, Hershey was one of DiversityInc’s **“25 Noteworthy Companies,”** and was ranked No. 3 in DiversityInc’s **2016 Top 10 Companies for Veterans.**

"I was one of the first fathers at Hershey to take advantage of the new parental leave component of SmartFlex."



BALANCING WORK AND LIFE

"As a parent of a newborn child, it's hard to take a step back and enjoy the fleeting moments—especially when you're working full time. When my wife, Nikki, and I welcomed our daughter, Lily, last summer, I didn't want to miss out on anything in those first days.

I was one of the first fathers at Hershey to take advantage of the new parental leave component of SmartFlex. My manager was very supportive in discussing my concerns and designing a plan that worked for my situation and schedule. Being able to take 15 days off intermittently really helped me better balance work and life.

This opportunity helped immensely with my bonding period as a new dad, not just with Lily, but with my wife as well. It also allowed me to do the right thing for my family and is a reminder of why I want to continue to build my career at Hershey."

Joe Wolfe
FACILITIES PLANNER

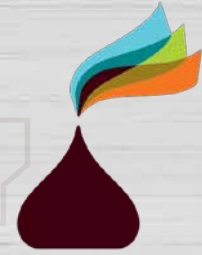


Bringing **GOODNESS** *to the World*

OUR EMPLOYEES' PASSION MAKES FOR BETTER COMMUNITIES—AND A MORE INSPIRED WORKPLACE

WE SEE OUR TEAM AS CATALYSTS WHO can accomplish remarkable things together, whether it's packing meals for underprivileged children or creating our next great snack brand. While this takes hundreds of forms each year, one of the most special ways in which our role as catalysts comes to life is through Good to Give Back Week, our coordinated global week of service, which marked its fourth consecutive year in 2016.

Events ranged from supporting community gardens to helping at summer camps for children with special needs. For three of our most notable activities—which benefited people in Haiti, India and the Philippines—we partnered with [Rise Against Hunger](#), an international hunger relief nonprofit that coordinates the packaging and distribution of food for those who need it most in the developing world.



I'M GIVING BACK

GOOD TO GIVE BACK WEEK

1

Week

22

Events

1,114

Employees

3,917

Volunteer Hours

Three locations
ONE MISSION



FROM HERSHEY TO HAITI

On a late summer's day in Hershey, Pennsylvania, 702 employee volunteers packed 285,120 meal kits consisting of rice, vegetables, soy, and vitamins and minerals, and loaded them into shipping containers.

A short time later in Haiti, workers from the nonprofit development organization, Cross International, unloaded the pallets and began delivering the meal kits to local schools. As part of each school's daily lunch, the balanced meals are designed to provide students with critical nutrients that support focused learning.



Above: The schoolchildren in Haiti who received the meals packed by Hershey employees.

285,120
MEAL KITS DELIVERED

“THE MEALS DONATED BY HERSHEY FOR SCHOOL FEEDING PROGRAMS HELP CHILDREN LEARN. THEY ALSO PROVIDE AN INCENTIVE TO ATTEND SCHOOL AND GAIN THE EDUCATION NEEDED TO TRANSFORM THEIR LIVES. THESE IMMEDIATE AND LONG-TERM BENEFITS ARE PATHWAYS TO SUSTAINABLY ENDING HUNGER.”

Rod Brooks
CEO, RISE AGAINST HUNGER

HERSHEY INDIA GIVES BACK

On the same day that Hershey employees in Pennsylvania were packing meals for Haiti, two more Hershey teams gathered on the other side of the globe to help pack meals for hungry children and families in their own countries.

More than 40 employees came together in Mumbai to pack 10,000 meals for local street children in under two hours.



10,000
MEAL KITS DELIVERED

46,000
MEAL KITS DELIVERED

“THE MEALS WE PACKED WENT TO TWO ORPHANAGES AND A SCHOOL IN MUMBAI THAT SERVE MORE THAN 300 STREET CHILDREN. IT WAS THE MOST REWARDING FEELING IN THE WORLD KNOWING THAT WE CAN MAKE A DIFFERENCE IN ENDING THEIR HUNGER. NOW I AM CARRYING THAT ENERGY AND MOTIVATION BACK WITH ME TO WORK EVERY DAY.”

Wahid Shaikh
HERSHEY INDIA

“EVEN ONE MEAL A DAY FROM MEAL PACKAGES OVER A MERE 20 DAYS CAN LEAD TO A WEIGHT GAIN OF AT LEAST ONE AND A HALF KILOS AND IMPROVED OVERALL HEALTH STATUS. PARENTS ARE SURPRISED TO SEE THAT THEIR KIDS ARE NOT SICK AS OFTEN.”

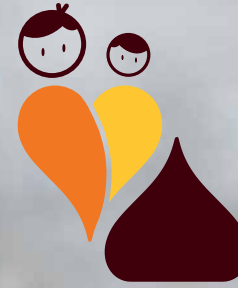
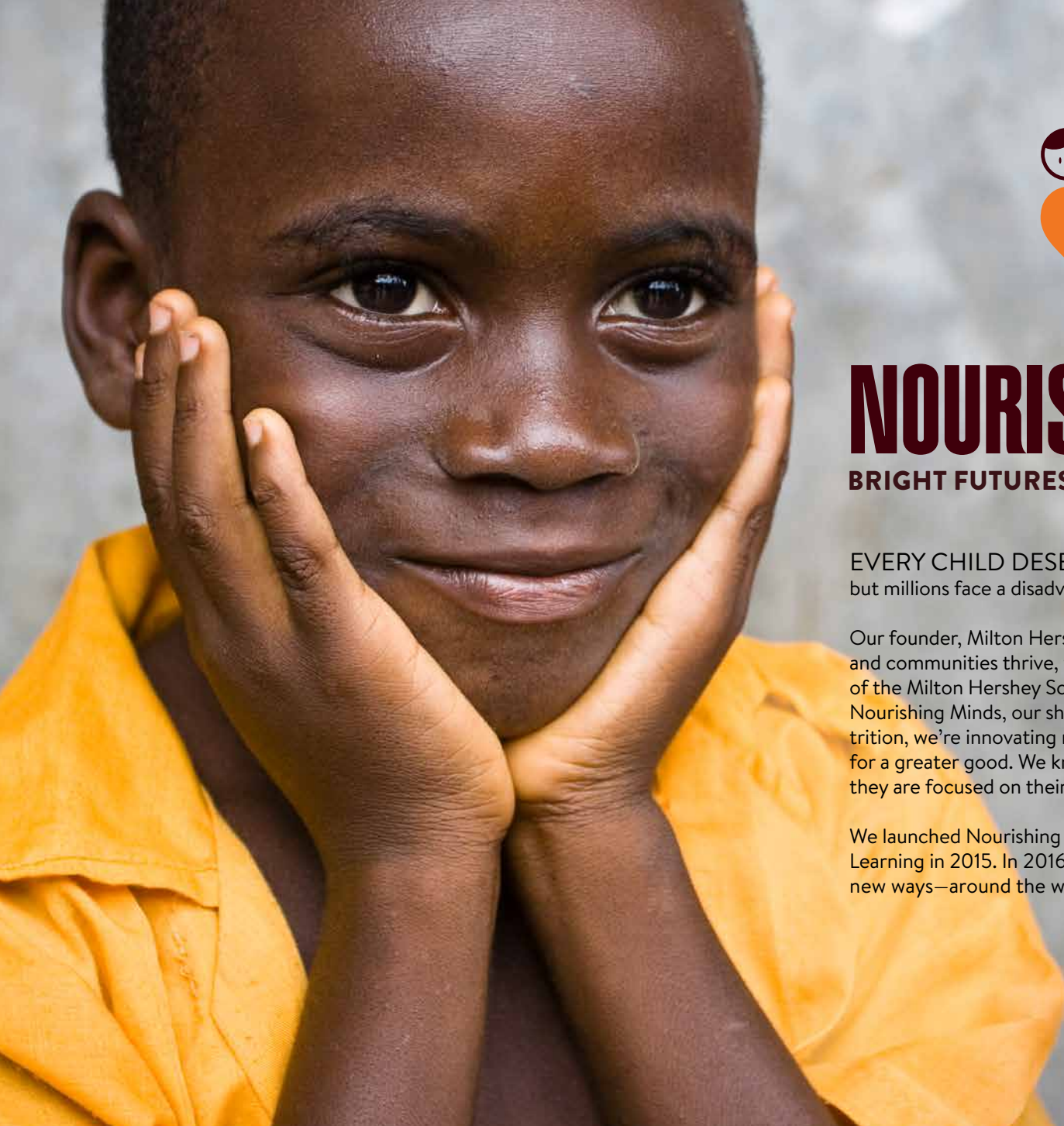
Anna Leah Sarabia
GOTA DE LECHE



MEALS FOR THE PHILIPPINES

Meanwhile, in the Philippines, 60 employees came together to pack meals destined for Gota de Leche, a local nonprofit in Manila that provides medical care and other support for impoverished mothers and children.

While the more than 340,000 meals packed by Hershey employees during one week in July 2016 are small compared to global needs, they represent a tangible way in which our positive impacts are growing steadily.



NOURISHING MINDS

BRIGHT FUTURES START WITH BASIC NUTRITION

EVERY CHILD DESERVES A CHANCE AT A BRIGHT FUTURE, but millions face a disadvantage in school because they lack proper nutrition.

Our founder, Milton Hershey, had a deep commitment to helping children and communities thrive, which our company has embodied since the creation of the Milton Hershey School. Today, we are building on that focus through Nourishing Minds, our shared social purpose. Beyond providing access to nutrition, we're innovating new products and sustainable food systems for a greater good. We know it's hard for kids to focus on their studies when they are focused on their stomachs.

We launched Nourishing Minds in West Africa with a program called Energize Learning in 2015. In 2016, we brought it to life in new communities—and in new ways—around the world.



Learn more [↗](#) about Energize Learning.

Ghana

In Ghana, malnutrition and anemia among children are persistent challenges that reduce their ability to learn.

Realizing that we could apply our food knowledge to make a difference, in 2015 we launched our Energize Learning program in partnership with the Ghana School Feeding Program and Project Peanut Butter. Together, we developed ViVi, a peanut-based, vitamin- and mineral-fortified supplement that delivers up to 25 percent of the daily caloric value in a child's diet.

ViVi has helped improve the basic nutrition of 50,000 Ghanaian children each day. As a result, we are already seeing improvements in the lives of these students.

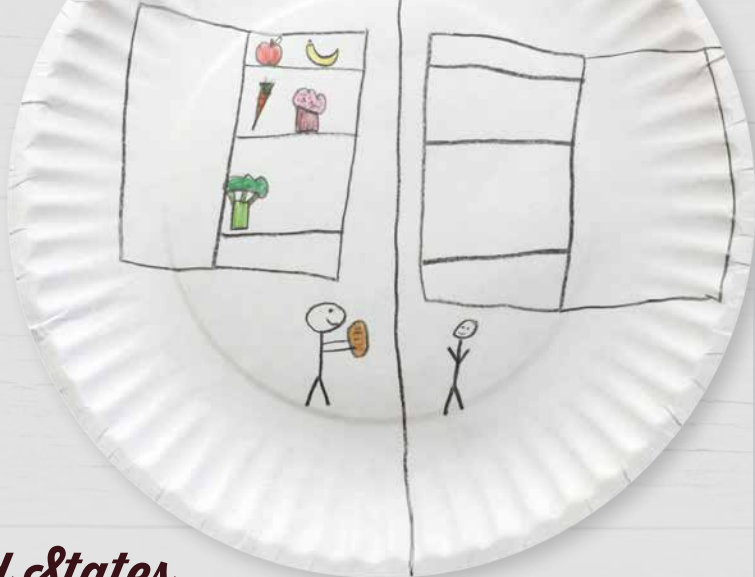
Preliminary research conducted in 2016 by the University of Ghana showed reductions in levels of anemia in children receiving ViVi compared with a control group of students at other schools. In addition, teachers and principals indicate that students are coming to class earlier and staying at school to receive the ViVi supplement.



50,000
KIDS RECEIVE ViVi
EVERY DAY



"ViVi GIVES ME ENERGY AND WISDOM TO LEARN,"
says Amazing Grace Akosah, a student in Dunkwai, Ghana, who shared this drawing that depicts how ViVi has made a positive impact in her learning.



United States

Our headquarters in Hershey, Pennsylvania, are in the Derry Township School District, where it is estimated that more than 600 children, or one in six, face food shortages and hunger.

We work with our anchor partner Feeding America and local food banks to help ensure community organizations like COCOA Packs—founded by a mom in 2015 to benefit local children that she knew were going to bed hungry—can best serve their communities.

Hershey is a founding sponsor of COCOA Packs. During this past year, the program has helped ensure that more than 200 students have food on weekends during the school year, and that more than 100 students receive extra nutrition over the summer.

“FOOD AND NUTRITION PLAY SUCH AN IMPORTANT ROLE IN DEVELOPING THE BODIES AND MINDS OF CHILDREN. COCOA PACKS PROVIDES A LITTLE EXTRA FOR FAMILIES, AND MOST IMPORTANTLY, FOR CHILDREN WHO MIGHT NEED A LITTLE MORE, ESPECIALLY ON THE WEEKENDS.”

Jessica Zentner
KINDERGARTEN TEACHER,
HERSHEY EARLY CHILDHOOD CENTER,
PENNSYLVANIA, USA

The drawings on this page were created by children in the United States, Canada and China, respectively, depicting how Nourishing Minds programs make a difference for them.



Canada

In 2016, we launched Nourishing Minds in Canada in partnership with Food Banks Canada. Together, we created Food Explorers, a new program that helps schoolchildren build knowledge and confidence around food and nutrition. As kids learn basic kitchen skills and enjoy preparing and eating delicious meals, they develop abilities that will serve them for the rest of their lives.

“FOOD EXPLORERS IS EMPOWERING YOUTH TO BUILD FOOD SKILLS AND HELP FAMILIES STRETCH THEIR FOOD DOLLARS. FOSTERING KNOWLEDGE OF NUTRITION WILL CREATE A GENERATION OF CITIZENS INVESTED IN THE FUTURE OF FOOD, FARMING AND THEIR OWN COMMUNITIES.”

Meghan West
COMMUNITY KITCHEN COORDINATOR,
AIRDRIE FOOD BANK IN ALBERTA, CANADA



China

In the Henan Province of China, one in four children suffer from anemia, and there are often very limited school kitchen facilities. Partnering with the China Foundation for Poverty Alleviation, in 2016 our team provided 11 school canteens with modern cooking and food storage equipment, making it possible for the schools to provide fresh, healthier meals with more variety.

“BEFORE, CHILDREN HAD TO GO HOME FOR LUNCH, WHICH REDUCED STUDY TIME AND DID NOT GUARANTEE A NUTRITIOUS MEAL. NOW, WE PREPARE A BALANCED MEAL THAT HAS IMPROVED THEIR HEALTH AND SUCCESS.”

Yongcai Dong
KITCHEN ADMINISTRATOR,
FUJING PRIMARY SCHOOL,
SHENQIU COUNTY OF ZHOUKOU CITY, CHINA

PERFORMANCE SUMMARY

	2016	2015	2014
Financials¹			
Number of countries in which our products are marketed	70	70	70
Number of countries in which our products are manufactured	7	10	17
Manufacturing facilities (wholly owned/joint venture)	18/1	19/1	19/2
Consolidated net sales (US\$ million)	7440	7387	7422
Shareholder return	18.7%	12.0%	9.1%
Dividends paid (US\$ million)	501.6	476.1	440.4
Diluted earnings per share	\$4.41	\$4.12	\$3.98
Income taxes paid (US\$ million)	425.5	368.9	384.3
Worldwide payroll (US\$ million)	752.3	786.2	779.5
One-year net sales growth	0.7%	-0.5%	3.9%
Workforce¹			
Number of employees worldwide (Full-time/Part-time) ²	17,980 (16,300/1,680)	20,710 (19,060/1,650)	22,450 (20,800/1,650)
Union representation (approximately)	31%	29%	25%
Number (percentage) of women on Executive Committee	3 (27%)	3 (27%)	2 (20%)
Number (percentage) of women on Board of Directors	2 (18%)	2 (17%)	2 (18%)
Number (percentage) of racial minorities on Board of Directors	1 (9%)	1 (8%)	1 (9%)
Number (percentage) of Board of Directors members over 50 years old	11 (100%)	12 (100%)	11 (100%)
Total Recordable Incident Rate (TRIR)	1.47	1.56	1.69
Days Away, Restricted, Transferred (DART)	0.93	0.75	1.00
Lost Workday Incident Rate (LWIR)	0.33	0.41	0.45
Total fatalities (work-related)	0*	0	0
Total hours of employee training (whole company)	247,145	228,921	312,220

¹ Data is as of December 31 of the reporting year

² Active employees in our wholly owned operations

* Hershey uses U.S. OSHA standards for classifying work-related injuries and illnesses. An employee death that occurred in China from natural causes is not considered a work-related incident under OSHA standards, but was classified as work-related in China.



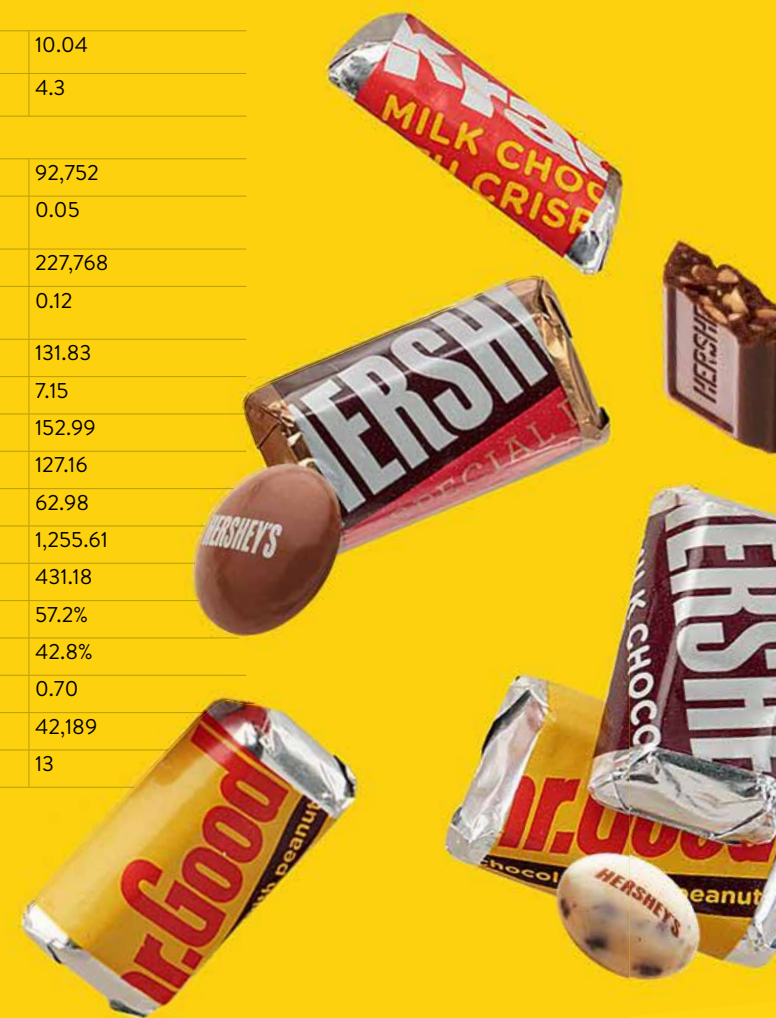
PERFORMANCE SUMMARY

	2016	2015	2014
Community¹			
Cash donations (US\$ million)	10.07	10.64	10.04
Product donations (US\$ million)	6.2	10.1	4.3
Environment¹			
Direct (Scope 1) GHG emissions (metric tons CO ₂ e)	110,889	103,668	92,752
Direct (Scope 1) GHG emissions (metric tons CO ₂ e per thousand pounds of product produced)	0.06	0.05	0.05
Indirect (Scope 2) GHG emissions (metric tons CO ₂ e)	190,412	204,066	227,768
Indirect (Scope 2) GHG emission (metric tons CO ₂ e per thousand pounds of product produced)	0.10	0.10	0.12
NOx emissions (metric tons)	66.61	63.08	131.83
SOx emissions (metric tons)	2.40	2.38	7.15
VOC emissions (metric tons)	178.36	185.08	152.99
CO ₂ emissions (metric tons)	57.10	58.03	127.16
Particulate emissions (metric tons) ³	43.29	40.91	62.98
Total water use (million gallons)	1,287.24	1,316.43	1,255.61
Total water discharge (million gallons)	592.69	469.18	431.18
Percentage water withdrawal from ground	51.1%	54.1%	57.2%
Percentage purchased water	48.9%	45.9%	42.8%
Water use (gallons per thousand pounds of product produced)	0.74	0.70	0.70
Waste generated (metric tons) (includes recycling)	43,524	39,920	42,189
Total hazardous waste (metric tons) ⁴	14.16	14.04	13

¹ Data is as of December 31 of the reporting year

³ Particulate matter: 10 microns or less

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



SUSTAINABILITY GOALS

Food Safety [↗](#)



Goal: Attain food-safety certification recognized by the Global Food Safety Initiative (GFSI) at all of our wholly owned manufacturing and joint-venture operations and contract manufacturing/co-packing facilities by 2022.

Status: IN PROGRESS

Sourcing [↗](#)



Goal: Achieve 100 percent certified and sustainable cocoa in all our chocolate products worldwide by 2020.

Status: ON SCHEDULE



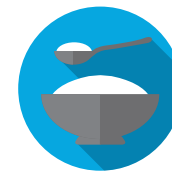
Goal: Enroll 70,000 farmers by 2019 in Hershey's Learn to Grow programs.

Status: ON SCHEDULE



Goal: Source 100 percent certified and sustainable coconut by 2020.

Status: ON SCHEDULE



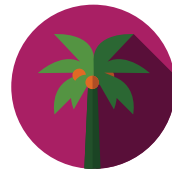
Goal: By 2020, procure 100 percent of sugar purchases from responsible and sustainable sources.

Status: ON SCHEDULE



Goal: Source 100 percent virgin fiber in any pulp and paper from certified sources by 2017.

Status: COMPLETED ✓



Goal: Trace 100 percent of our palm oil purchases to the plantation level by 2020.

Status: ON SCHEDULE



Goal: Source 100 percent cage-free eggs for products in North America by 2020.

Status: ON SCHEDULE



Goal: Assess 25 percent of external suppliers and internal manufacturing sites (measured by spend) by end of 2016.

Status: IN PROGRESS

SUSTAINABILITY GOALS

Environment and Safety [↗](#)



Goal: Reduce total GHG emissions 25 percent by 2025.

Status: IN PROGRESS



Goal: Reduce total water consumption 25 percent by 2025.

Status: IN PROGRESS



Goal: Reduce total waste generated 25 percent by 2025.

Status: IN PROGRESS



Goal: Reduce total packaging material 25 million pounds by 2025.

Status: AHEAD OF SCHEDULE



Goal: 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.

Status: ON SCHEDULE

Employees [↗](#)



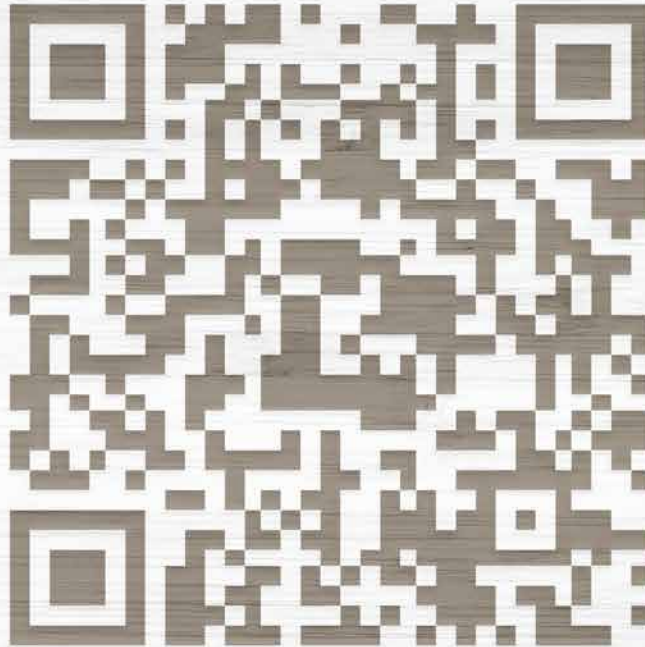
Goal: Become a global industry leader in diversity and inclusion by 2020.

Status: IN PROGRESS



Goal: Through the myWellBeing program, achieve 35 percent Well-Being Assessment participation among U.S. employees, partners and dependents.

Status: COMPLETED ✓



YOUR FEEDBACK IS IMPORTANT TO US.

Please **contact us**  with comments or questions
or connect with us on our social channels.

