

2013 CORPORATE
SOCIAL
RESPONSIBILITY
REPORT

TO OUR STAKEHOLDERS



The Hershey Company has a simple vision. We bring goodness to the world through great-tasting snacks...one smile, one moment and one person at a time. This simple yet powerful promise grounds us in our history and values and positions us for success for the next 100 years.

We operate in a far more challenging world today than the one in which Milton Hershey first created his confections. The rate of change in our business and in the marketplace is accelerating, but our priorities are unwavering. Build and support iconic brands that delight our customers and consumers. Create a workplace that is fair and rewarding for our employees. Give back; thriving communities are critical.

Milton Hershey personified “doing well by doing good” and we, at Hershey, work each day to do the same. This philosophy has afforded us the opportunity to excel and create positive impacts including advances in how we source and deliver products, manage our environmental footprint and support the communities where we live and work. With our brand promise in mind, we have also recast how we best structure our corporate social responsibility commitments for today and beyond.

Our new framework, rooted in Shared Goodness, guides this report, and defines both how and why we are challenging ourselves to live our principles. It represents our conviction that strong performance begins by operating effectively and ethically—that’s simply *Good Business*. The knowledge, capabilities, and financial resources this approach provides us can then be applied to help our stakeholders achieve a *Better Life* and ultimately a *Bright Future*. This focused construct will help us successfully deliver both financially and socially as a responsible business.



Good business. Better life. Bright future.

The next stage of our success relies on building a truly global company that is equally relevant, equally talented and equally ethical in each of the focus markets essential to our continued growth.

Today we are the largest chocolate manufacturer in the United States, and the fastest growing one in Mexico, China and Brazil. And we are building on our position as the leader in mints and refreshments in the U.S. and Canada by growing this portfolio in our key markets worldwide.

We have also made steady progress through sustainable and responsible operations, including exceeding our 2013 goals in sourcing sustainable cocoa and reducing the environmental impacts of our operations. In addition, we achieved our 100 percent certified palm oil commitment and then went further, extending our sourcing approach to protect wildlife habitats and reduce the environmental impact of palm production.

Our support for economic development opportunities for cocoa-farming families around the world—through, for example, our Hershey Learn to Grow and CocoaLink programs—is also nurturing new sources of the sustainably farmed cocoa that our company will increasingly need as we grow. And maintaining our progress toward our environmental and social priorities will play a role in reaching our aspirational vision of \$10 billion in revenue by 2017.

One external reflection of our strong performance is our inclusion on the Dow Jones Sustainability Index World Index for the first time. In 2013, The Hershey Company was among the top 10 percent of companies globally to be named to the DJSI World Index and one of only 13 food, beverage and tobacco companies selected for the list from across the world.

Virtually every area of our business has benefited from our focused CSR efforts, which have reduced our risks, yielded cost savings and driven sales opportunities. We know, however, that we have more work to do. We are particularly focused on deepening our talent pool and supporting the development of our employees. We strive to become one of the world's best places to work.

We value your ongoing feedback on our progress. Continuing to engage with you, our stakeholders, helps us address issues of importance, and we are better for it. Together we can achieve long-term success and the promise of goodness on which our great company is built.



John P. Bilbrey
Chief Executive Officer
The Hershey Company

CHAIRMAN'S MESSAGE



As The Hershey Company continues to grow into an increasingly successful international business, the distance between Pennsylvania and the rest of the world seems to shrink. I take great pride in how this remarkable American company is embracing its new global role. Every day I see us doing good business while bettering the lives of our workforce, suppliers, customers, consumers and the communities we touch around the world.

During the past two years, we have rededicated ourselves to setting the highest possible ethical standards for conducting business. We have made significant strides in addressing the concerns of our customers and stakeholders through initiatives such as Hershey's 21st

Century Cocoa Strategy, a long-term program aimed at improving working conditions and raising incomes for cocoa farmers in Africa and Latin America while addressing environmental and sustainability issues.

While it will be years before the issues we are working to address are solved, we are diligent in our efforts to tackle them. These include certified sourcing of some of our key raw materials, monitoring the business practices of our suppliers and working to address our climate impacts. Having visited our programs in West Africa and elsewhere, I have full confidence that the direction in which we are heading together is the right one.

When it comes to sourcing ingredients such as cocoa and palm oil from certified suppliers, or minimizing waste generation at our domestic plants, our management team and committed workforce are making good progress, often ahead of schedule. We will continue to expand into emerging markets while developing effective practices for ensuring energy-efficient operations, supplier responsibility and good corporate governance. Our continued financial growth is a testament to the ideals and carefully considered practices exemplified by our new CSR framework: **Hershey Shared Goodness: Good Business. Better Life. Bright Future.**

One prime example of this work is our connection to Milton Hershey School, established by our founder to provide a home and an education for children in need. Due to Mr. Hershey's donation of his entire fortune, including Hershey Company stock, to a trust for the school, we have a unique connection to its students, who are ongoing beneficiaries of our financial success, and to the well-being of children in general. Our company and employees also support these students through mentoring, sharing expertise and much more.

There has never been a better or more exciting time to be part of the Hershey family. We are doing the right things for the right reasons, and I am proud and pleased to say that Hershey's future—and that of the children and other stakeholders who benefit from our continued success—looks brighter than ever.

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

James E. Nevels
Chairman of the Board of Directors
The Hershey Company

SETTING A HIGHER STANDARD

INTRODUCING SHARED GOODNESS

In late 2013, we evolved the structure we use to organize and communicate our CSR efforts in order to better define and advance the company's vision for this important work.

Our prior CSR model consisted of four pillars, each representing a core aspect of our operations and commitments: Marketplace, Environment, Workplace and Community. While these remain areas in which we will continue to improve our performance, our new framework more accurately represents how we view the value and interrelationship of our efforts. We have conducted an analysis of the concerns and expectations of internal and external stakeholders, and we believe this next evolution of the framework prioritizes those issues in greatest need of focus.

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, provide our company and employees with engagement opportunities that deepen our sense of purpose and camaraderie, thus supporting greater effectiveness in our Good Business performance.

Going forward, we will use this model as a filter through which to evaluate and prioritize our existing commitments and new opportunities, particularly those related to investing in the well-being of our stakeholders and value chain. Over the coming years, we intend to define and announce new commitments that build on this integrated vision of performance and mutual success.



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Good Business

Better Life

Bright Future

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COMMITTED TO BRINGING GOODNESS TO THE WORLD



COMMITTED TO CERTIFIED COCOA

Hershey is ahead of schedule on our commitment to source 100 percent of our cocoa from certified growers by 2020. Purchasing cocoa in this way supports sustainable farming practices on nearly 2 million acres, helps farmers achieve greater productivity and incomes, and reduces the conditions that can lead to the use of child labor.



IMPROVING FARMER LIVELIHOODS

Supported by a partnership with the World Cocoa Foundation and the Ghana Cocoa Board, our Cocoa-Link program has delivered more than 1.2 million text messages with timely farming and business information to some 45,000 Ghanaian farmers in 15 communities. Participating farmers have increased their yields by 45 percent in three years.



REDUCING WASTE TO ZERO

Hershey is part of an international movement to divert material from landfills and incinerators. By reducing waste streams, increasing recycling to about 90 percent and sending what remains to waste-to-energy incinerators, 97 percent of our U.S. production takes place at zero-waste-to-land-fill (ZWL) sites.



BUILDING A GREAT WORKPLACE

Hershey is committed to being one of the world's best places to work. Hershey delivers exceptional careers through continuous learning, competitive Total Rewards, and talented, diverse employees across the globe.



LEARNING ALLIANCES

Education has been a top priority for Hershey since our founder established Milton Hershey School in 1909. In West Africa, we have partnered to build a primary school and create Village Resource Centers to provide access to information technology for rural students and farmers.



SUPPORTING WELL-BEING

We hosted 939 Hershey's Track and Field Games meets in 2013 and announced a new partnership with USA Track & Field and Athletics Canada to expand the reach of the program.



ABOUT THE HERSHEY COMPANY

Headquartered in Hershey, Pennsylvania, The Hershey Company is a global confectionery leader known for bringing goodness to the world through its delicious chocolate, sweets, mints, beverages and snacks.

We market, sell and distribute our products in more than 70 countries, including iconic global favorites such as *Reese's*, *Hershey's Kisses*, *Jolly Rancher* and *Ice Breakers*. Our two strategic business units are the chocolate business unit and the sweets and refreshment business unit.

As of year-end 2013, Hershey employed approximately 13,000 people and had consolidated net sales of \$7.14 billion. Hershey is publicly traded under the symbol HSY on the New York Stock Exchange.

For Hershey, goodness is about more than the delicious flavors of our products; it's also a way of doing business that benefits our stakeholders. Sharing that goodness with the

individuals and communities we touch is—and always has been—at the core of our company and the people who work here. Hershey's heritage of commitment to consumers, communities and children began with our founding in 1894 by Milton S. Hershey, who established the essential principles by which our business operates today:

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

Our values-based culture, with deep roots in giving back, motivates us to grow our business sustainably and to maximize the positive impacts of our activities, which include supporting activities that make the most of human potential all along our value chain.

PRIMARY PRODUCT GROUPS

Chocolate and confectionery products in the form of bars and bags

Licorice and sugar candy

Boxed chocolates

Mints and gum

Grocery products, including baking ingredients (such as cocoa powder and baking chips), chocolate syrup, peanut butter, dessert toppings and beverages

Specialized products and services for business customers

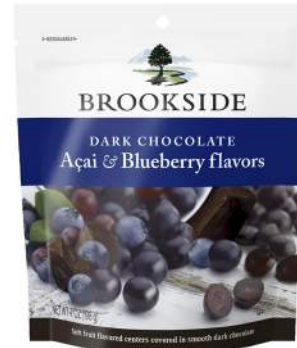
2013 AWARDS AND RECOGNITION

Selected to both the Dow Jones Sustainability World and North America Indices and awarded a DJSI Bronze Medal for overall sustainability performance. One of 13 companies worldwide from the Food, Beverage and Tobacco sector chosen to the World Index

Identified by the Civic 50 survey as one of America's most community-minded companies; only confectionery company included

Named to Corporate Responsibility Magazine's 100 Best Corporate Citizens list

KEY BRANDS



Almond Joy

Heath

Ice Breakers

Lancaster

Pelon Pelo Rico

Special Dark

Brookside

Hershey's

Jolly Rancher

Mounds

Reese's

Twizzlers

Cadbury*

Hershey's Kisses

KitKat*

Payday

Rolo*

York

*Manufactured in the United States under license.

OUR PRIORITY ISSUES

In keeping with our commitment undertaken in 2011 to assess our priority issues every other year as part of our strategic planning process, in 2013 we conducted our second priority issues analysis to identify areas of key risk and opportunity and to refine and confirm our strategic approach and priorities.

The analysis, which informs our enterprise risk management (ERM) process, considered views of both external and internal stakeholders and helped us to identify and prioritize those issues that are most important to stakeholders from an economic, financial, environmental or social perspective and that could significantly affect the company's ability to execute its business strategy.

Through this process we have identified the following priority issues:

ETHICAL SOURCING

GLOBAL COMPETITIVENESS

ETHICS AND COMPLIANCE

SUSTAINABLE AGRICULTURE

TRANSPARENCY

GOVERNANCE

CHILD LABOR

FOOD SAFETY

CONSUMER HEALTH

TALENT MANAGEMENT

For more information about our priority issues analysis process and the issues identified, please see [About This Report](#).

OUR VALUE CHAIN

PRIMARY ACTIVITIES

INNOVATION, RESEARCH AND DEVELOPMENT develops and/or acquires new products, improves upon existing ones and acquires the talent to create and deliver Hershey quality products.



RAW INGREDIENT SOURCING activities focus on acquiring ingredients and ensuring a future, sustainable supply 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 includes 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 is collected and analyzed to improve Hershey's product quality, enhance brand image and understand current concerns raised by consumers.



SUPPORTING ELEMENTS

KNOWLEDGE AND INSIGHTS

MANAGEMENT POLICIES AND EMPLOYEES

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 confectionery creations, to 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.

VALUE CHAIN AND IMPACTS

PRIORITY ISSUES

GRI G4 MATERIAL ASPECTS

VALUE CHAIN STAGES



EXTERNAL



INTERNAL

Priority Issues	GRI G4 Material Aspects	Value Chain Stages					
		Product R&D	Raw materials sourcing	Processing and packaging	Advertising and sales	Logistics and distribution	Consumer experience and feedback
Ethical Sourcing	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	Anticompetitive behavior				*		*
	Economic performance	○	* ○	○	○	* ○	* ○
Ethics and Compliance	Compliance (product responsibility)		* ○	* ○	* ○		
	Compliance (environment)		* ○	* ○			
	Marketing communications				* ○		
Sustainable Agriculture	Biodiversity		* ○				
	Supplier environmental assessment		* ○				
	Environmental grievance mechanisms		* ○				
Transparency	N/A	* ○	* ○	* ○	* ○	* ○	* ○
Governance	N/A	* ○	* ○	* ○	* ○	* ○	* ○
Child Labor	Public policy		*		* ○		*
	Child labor		* ○		*		*
	Forced or compulsory labor		*		*		*
	Supplier assessment for human rights		* ○				
	Human rights grievance mechanisms		* ○			* ○	* ○
Food Safety	Customer health and safety		* ○	* ○			
Consumer Health	Product and service labeling	* ○			* ○		
	Healthy and affordable food	* ○			* ○		*
Talent Management	Employment			* ○	○		* ○
	Training and education	○		○	○		

In compliance with the GRI G4 Guidance for Defining Report Content, we have mapped our priority issues to GRI G4 Material Aspects, as represented here. We have also identified where significant impacts associated with GRI G4 Material Aspects occur along Hershey's value chain. For full descriptions and definitions of GRI G4 Aspects, please see the GRI's [Reporting Principles and Standard Disclosure Manual](#).



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	2012	2013
Number of employees worldwide (FT/PT)	11,233/622*	12,275/703*
Number of countries in which our products are marketed	70	70
Number of countries in which our products are manufactured	17	17
Manufacturing facilities (wholly owned/joint venture)	15/2	15/2
Consolidated net sales	\$6.64 billion	\$7.15 billion
Net earnings	\$740.4 million	\$844.32 million
Shareholder return	19.61%	37.37%
Dividends paid	\$341.21 million	\$393.80 million
Diluted earnings per share	\$3.24	\$3.72
Operating cash flow	\$1.09 billion	\$1.19 billion
Operating costs (including interest expense)	\$5.51 billion	\$5.86 billion
Capital additions	\$258.73 million	\$323.55 million
Income taxes paid	\$327 million	\$373.90 million
Worldwide payroll	\$709.62 million	\$735.89 million
Cash donations	\$6.00 million	\$7.27 million
Product donations	\$2.93 million	\$2.13 million
Long-term growth outlook	5–7% annual net sales 8–10% annual EPS (diluted)	5–7% annual net sales 9–11% annual EPS (diluted)
Union representation (approximate)	39%	35%
Number (percentage) of women on executive team	2 (20%)	2 (20%)
Percentage of women on board of directors	1 (10%)	2 (20%)
Percentage of ethnic minorities on board of directors	1 (10%)	1 (10%)
Direct (Scope 1) GHG emissions (metric tons CO ₂ e)	115,333	101,007
Direct (Scope 1) GHG emissions (per pound of product produced CO ₂ e)	0.15	0.12
Indirect (Scope 2) GHG emissions (metric tons CO ₂ e)	258,152	224,738
Indirect (Scope 2) GHG emissions (per pound of product produced CO ₂ e)	0.33	0.27
Water use (gallons per pound of product produced)	0.98	0.66
Waste generated (tons) (includes recycling)	35,714	40,078
Total Recordable Incident Rate (TRIR)	1.45	1.81
Days away, Restricted, Transferred (DART)	0.75	1.09
Lost Workday Incident Rate (LWIR)	0.31	0.63

*Active Employees in our wholly owned operations as of December 31, 2013



PROGRESS TOWARD OUR GOALS

Integrity of Supply Chain



GOAL

Better communicate performance on engagement priorities to customers and consumers

Ⓜ SETTING A HIGHER STANDARD

Initiate internal and external social audits via Sedex and assess 25% of total supplier spend by the beginning of 2014

Ⓜ ETHICAL SOURCING

Enroll more than 25,000 Ghanaian cocoa farmers in CocoaLink

Ⓜ TRAINING AND EMPOWERING FARMERS

Launch CocoaLink in Cote d'Ivoire

Ⓜ TRAINING AND EMPOWERING FARMERS

2013 PROGRESS

Transitioned to GRI G4 reporting guidelines; developed new Shared Goodness CSR framework to deepen internal and external engagement

Goal nearly met; audits have been conducted on all selected internal manufacturing sites and on 86% of the external suppliers selected for review. We have received commitments from the remaining 14% to complete the audits by the end of 2014

Approximately 45,000 farmers in Ghana were enrolled by year-end 2013

Launched in 2013 in partnership with 10 other organizations

Consumer Well-Being



Attain food-safety certification recognized by the Global Food Safety Initiative at all of our wholly owned manufacturing and joint-venture (JV) operations and contract manufacturing/co-packing by 2012

Ⓜ QUALITY AND FOOD SAFETY

Increase the number of local Hershey's Track and Field Games events hosted by 40% by 2015, from the 2009 baseline

Ⓜ BALANCED LIFESTYLE

Obtained certification in 14 wholly owned facilities and one JV facility

Hosted 939 track meets in 2013, up 16% over 2009 baseline. We also announced a new partnership with USA Track & Field and Athletics Canada to expand the reach of the program

PROGRESS TOWARD OUR GOALS

Efficient Business Operations



GOAL

2013 PROGRESS

Reduce waste by 25% by 2015

ENVIRONMENTAL PERFORMANCE

By the end of 2013, had reduced our waste 38% against 2009 baseline, using a normalized production metric

Achieve a recycling rate of 85% by 2015

ENVIRONMENTAL PERFORMANCE

Achieved recycling rate in 2013 of 86.6%

Reduce GHG emissions by 13% by 2015

ENVIRONMENTAL PERFORMANCE

Reduced total GHG emissions by 22% from 2009 baseline; emissions per pound of product produced fell 5% from 2009 baseline

Reduce water consumption/use by 10% by 2015

ENVIRONMENTAL PERFORMANCE

Reduced total water consumption by 73% from 2009 baseline; water consumption per pound of product produced fell 72 percentage points

Reduce GHG emissions in our distribution and transportation operations by 10% by 2015

ENVIRONMENTAL PERFORMANCE

Emissions ticked up 3.15% from 2012 to 2013 due to increased global demand for our products

Attain zero-waste-to-landfill (ZWL) status at five plants by 2015

ENVIRONMENTAL PERFORMANCE

Three additional plants achieved ZWL status in 2013, bringing total ZWL plants to six. Reached goal two years early. Five nonmanufacturing facilities also achieved ZWL status

PROGRESS TOWARD OUR GOALS

Sustainable Sourcing



GOAL

Ensure that all palm oil procured will be Roundtable on Sustainable Palm Oil (RSPO)-certified, provided availability of supply, by 2015

Ⓜ ETHICAL SOURCING

2013 PROGRESS

Achieved 100% Mass Balance RSPO-certified palm oil at the end of 2013. Hershey has also committed to work with suppliers to achieve 100% traceable and sustainably sourced palm oil with independent verification by the end of 2014.

Product Design



Define and develop product-design guidelines and tools, including impact measurement, by 2015

Remained engaged with the Sustainability Consortium and continue to execute life-cycle analysis of our products

Packaging



Complete a minimum of 200 waste-reduction initiatives, resulting in cumulative elimination of 20 million pounds of packaging material between 2009 and 2016

Ⓜ ENVIRONMENTAL PERFORMANCE

180 projects have been completed, reducing packaging waste by 14 million pounds since 2009—approximately 70% of our 2016 goal

Maintain our commitment to use at least 80% recyclable materials (by weight)

Ⓜ ENVIRONMENTAL PERFORMANCE

Current usage of recyclable materials by weight exceeds 80%

PROGRESS TOWARD OUR GOALS

Safety and Wellness at Work



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

Ⓜ WORKFORCE ENGAGEMENT

Launch myWell-Being program to increase employee and family wellness:

- Achieve 30% participation in the Well-Being Assessment for employees, partners and dependents
- Achieve 27% compliance with preventive exams for employees, partners and dependents
- Achieve 85% employee satisfaction score with myWell-Being programs

Ⓜ WORKFORCE ENGAGEMENT

2013 PROGRESS

Total recordable incident rate increased to 1.81 due to integration of international operations

- Achieved 36% overall; 47% of employees participated in the Well-Being Assessment
- Achieved 26% compliance with preventive exams for employees, partners and dependents
- Achieved 94% employee satisfaction score with myWell-Being programs

Diversity and Inclusion



Implement diversity and inclusion strategies as part of our global expansion, great workplace and high performance culture

Ⓜ WORKFORCE ENGAGEMENT

Demonstrated our commitment to a diverse and inclusive workplace through strategic talent acquisition, dedicated Business Resource Groups and conducted Many Voice One Hershey employee engagement survey

PROGRESS TOWARD OUR GOALS

A Superior Employee Value Proposition



GOAL

Create meaningful employee-engagement opportunities throughout our global enterprise

Ⓜ WORKFORCE ENGAGEMENT

2013 PROGRESS

Our employees volunteered more than 200,000 hours in their communities, including more than 1,300 during Good to Give Back Week, our first ever week of service

Measure and improve employee engagement through Many Voices One Hershey survey

Ⓜ WORKFORCE ENGAGEMENT

84% of all Hershey employees completed the survey

Employee Giving and Volunteerism



Increase employee participation in United Way Campaign to 53% by 2015, from the 2009 baseline of 36%

Ⓜ COMMUNITY INVESTMENT

Employee participation reached 49% for the 2013 United Way Campaign while setting a new company goal of \$2.9 million raised in our global campaign

Create meaningful employee engagement opportunities globally

Ⓜ COMMUNITY INVESTMENT

Our employees volunteered more than 200,000 hours in their communities

Increase participation in Dollars for Doers by 20% by 2012, from the 2009 baseline

Ⓜ COMMUNITY INVESTMENT

We saw a 56% increase from the 2009 baseline

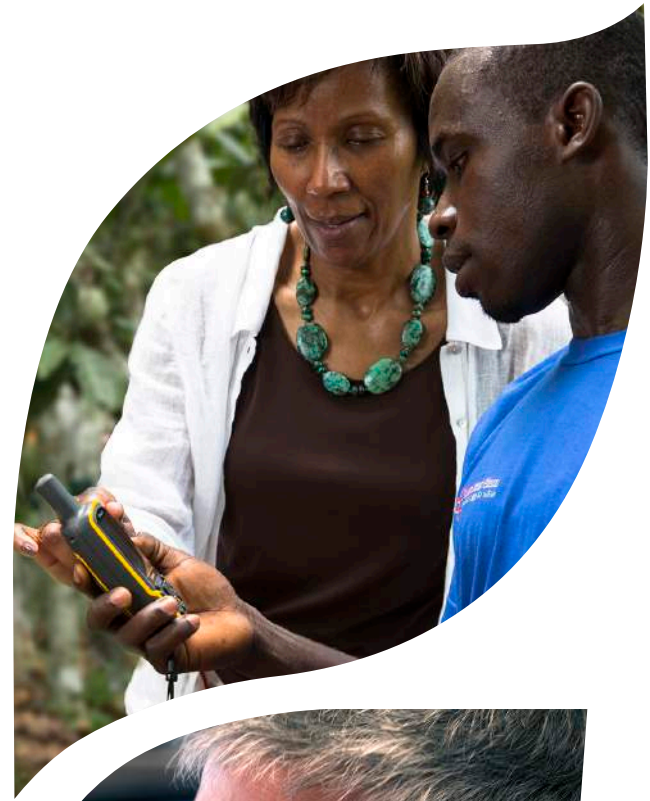
Create a Children's Miracle Network North American Council to increase support among employees

Ⓜ COMMUNITY INVESTMENT

The council was created in 2012; we also designated an executive sponsor, our SVP of Human Resources

Good Business

GROWTH
GUIDED
BY VALUES



SUPPORTING OUR PURPOSE THROUGH GLOBAL COMPETITIVENESS

KEY ACHIEVEMENTS

Launched new *Lancaster* candy brand in China prior to introduction domestically, the first completely new brand the company has launched initially outside the United States

Opened the Asia Innovation Center in Shanghai

Announced the siting of a new plant in Malaysia, slated to be completed in 2015

Increased stake in the Lotte Shanghai Food Company in Shanghai, which increased production nearly 50% in 2013

Achieved market share gains in Canada, China, Mexico and Brazil

KEY CHALLENGES

Reaching scale in markets where our competition is already entrenched

Recruiting and developing management and sustainable operations talent in new markets

Keeping up with demand for our products in new markets such as India and China



A rendering of our planned USD250 million manufacturing plant in Malaysia, which will give us capacity to continue our growth in Asia.

Our commitment to building a strong company that in turn supports the advancement of all of its stakeholders remains as firm as ever.

Our capabilities in the United States remain essential to our operations, with nine plants and thousands of employees across the country. We also see a great opportunity to fulfill our vision of continued growth that benefits all of our stakeholders by meeting the rising global demand for chocolate and confections driven by the rise of the middle class in developing nations. Leveraging our strong financial results, deep consumer insights and operational excellence, we are positioning ourselves for growth in the world's most promising markets.

Our aggressive global growth vision informs every major business decision we make. We have made significant investments in our global capabilities during the past year to harmonize and streamline our global management, talent development and go-to-market capabilities.

The effects of this strategic approach are reflected in our financial results and in the direct and indirect economic benefits we deliver in our areas of operation. Our global workforce also makes a positive difference through its passionate support of the communities in which we operate.







For example, our Mexico region employs thousands of highly engaged employees at competitive wages and is creating new local market opportunities. By investing significantly in revitalizing the country's cocoa farming through the Mexico Cocoa Project initiative, Hershey and its partners will help improve livelihoods for more than 1,000 farmers and their families while generating additional raw-material sources for our products in the country. We apply this type of commitment to generating growth and positive impacts in locally appropriate ways across the markets in which we have a presence.

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

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

▲ Major sourcing countries

- UNITED STATES
- NICARAGUA
- JAMAICA
- DOMINICAN REPUBLIC
- LIBERIA
- COTE D'IVOIRE
- GHANA
- NIGERIA
- CAMEROON

Hershey's Chocolate World attractions and stores

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

GLOBAL GROWTH

Hershey expects international sales to reach approximately USD1 billion by the end of 2014, and has a long-range growth vision that includes reaching USD10 billion in worldwide net sales by 2017.

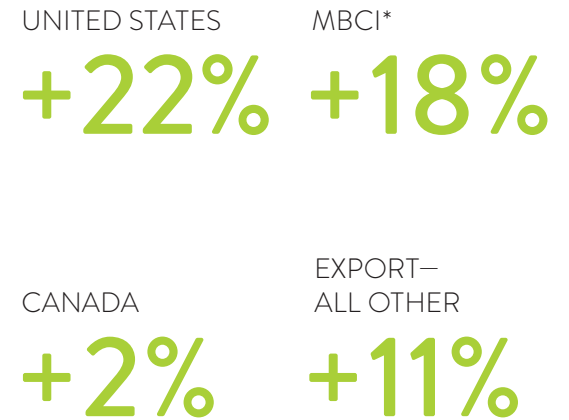
To accomplish this, we will continue to develop programs, plans and strategic initiatives for managing growth sustainably. We will evolve our compensation and incentive structures, enhance the environmental targets and controls governing our operations, and leverage insights gained through our rigorous consumer research and development work.

Hershey made substantial growth progress in international markets in 2013, with key gains in international market share in Canada, China, Brazil and Mexico. In Canada, Hershey

led the combined candy and mint category with a 16.5 percent share of market, with net sales of *Hershey's*, *Brookside* and *Ice Breakers* up double percentage digits versus a year ago. Hershey has seen growth in net sales and market share in China, reaching more than 10 percent of China's chocolate market share.

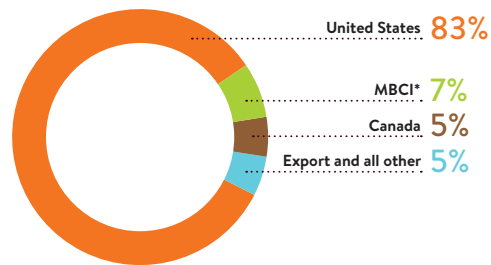
In Brazil, Hershey's chocolate-business growth was about double the category growth rate. *Hershey's Mais* has exceeded expectations, achieving an 8 percent share of the wafer segment within 15 months of its launch. Hershey holds approximately 21 percent of the Mexican market share of chocolate in modern trade, meaning supermarkets and other conventional retailers. Hershey is also on track to pilot *Reese's* products in convenience stores.

Hershey made substantial growth progress in international markets in 2013, with key gains in international market share in Canada, China, Brazil and Mexico.



TOTAL HERSHEY
+7.6%

GLOBAL SALES DISTRIBUTION



*Mexico, Brazil, China, India



ASIA INNOVATION CENTER

The opening of Hershey's Asia Innovation Center, located at the Jinqiao Golden Bridge Research Park in Shanghai's Pudong District, marks a fundamental step toward accelerating the company's global growth. This new research and development (R&D) hub will enable Hershey to quickly develop, test and launch new products customized to the tastes of consumers in China and across the Asia region. The new Shanghai facility provides a strategic gateway to the larger Asia market while enabling close collaboration with local and regional China sales, marketing and operations personnel. China is currently Hershey's fastest growth market, moving from number seven to number three in chocolate share in just five years, with overall chocolate share more than quadrupling by 2012.

The 22,000-square-foot facility is a significant investment in the China market and will house R&D laboratories, a pilot plant for the chocolate and sweets and refreshment categories and a development center for emerging products. It also contains a sensory area, creativity center, packaging-development section and research laboratory.

Announcing the opening of our new Asia Innovation Center in Shanghai in May 2013.



Hershey has hired local talent, which will allow us to gain deeper insights into local consumers and establish strong partnerships with local universities and vendors.

NEW MALAYSIA FACILITY

In order to meet growing consumer demand for our products in China, we are building a new confectionery manufacturing plant in Johor, Malaysia. The combined production capacity of this new plant and our existing joint-venture plant in China will put us in a strong position for many years to come. The Johor plant is a USD250 million investment, with construction expected to be completed in early 2015. In addition to creating new job opportunities, Hershey's presence in the area will provide the company with opportunities to partner with local nonprofits and community organizations to implement new community initiatives in the region.

The Johor location is a strategic geographical choice that provides Hershey with easy distribution access to more than 25 markets across Asia. Malaysia also offers a well-educated workforce, a stable political environment, a strong supply-chain infrastructure and globally recognized halal food manufac-



turing certification, which can be leveraged to offer the company an advantage for products sold in the region.

One of the largest facilities in the company's global manufacturing network, the 700,000-square-foot Malaysia plant will be able to produce the broadest array of finished products of any Hershey factory outside of the United States and Mexico.

SHANGHAI GOLDEN MONKEY FOOD COMPANY ACQUISITION

In 2013, our wholly owned subsidiary Hershey Netherlands B.V. signed an agreement to acquire the iconic Shanghai Golden Monkey Food Joint Stock Co., Ltd. (SGM), a privately held confectionery company based in Shanghai. Completion of the agreement is expected to occur in 2014 and is subject to China regulatory and SGM shareholder approval. With this transaction, Hershey intends to build on the success of SGM's iconic brands, diverse product portfolio, in-country manufacturing and growing sales force to accelerate its growth in China, enhance its ability to serve Chinese consumers and provide increased opportunities for employees in the country. Hershey's added

Touring the operations of our new Asia Innovation Center.

scale and expertise will enable the sustainable long-term development of SGM's trusted brands.

The SGM portfolio is widely marketed across China. Approximately 75 percent of SGM's net sales are within the non-chocolate and chocolate candy segments. The remainder is concentrated in protein-based bean products, among other fast-growing snack categories. SGM manufactures in five cities and has more than 130 sales offices, approximately 1,700 sales representatives and about 2,000 distributors, covering all regions and trade channels in China.

INTERNATIONAL BRAND LAUNCHES

In June 2013, Hershey launched the innovative new *Lancaster* candy brand in China, the first time the company has launched a completely new brand outside the United States in its nearly 120-year history. It is also the company's first new brand in 30 years that is not a brand extension or acquisition. *Lancaster* was launched in the United States in early 2014.

Lancaster products will compete with traditional candies in China's "milk candy" confection category, which accounts for a quarter of China's total candy market—about CNY7.5 billion, or USD1.2 billion. *Lancaster* will contribute to the evolution of the premium milk candy segment, which shows the strongest growth in the category.

In 2013, Hershey also brought the iconic sweets brand *Jolly Rancher* to India, underscoring the strength of the country's growing confectionery market. India is the first international market for *Jolly Rancher* in the brand's 65-year history.

Milton Hershey Olympics in Monterrey, Mexico

Health and fun reinforce one another in Mexico during our Monterrey plant's annual week-long Milton Hershey Olympics. From medical checkups and first-aid classes to dental exams and recycling workshops, employees are encouraged to access the many free company resources that can improve both health and productivity.

Relay races, tug-of-war competitions and other activities encourage exercise while also

serving as great team-building activities. Ultimately, it's a win-win event for both the company and our employees.



Hershey in Asia

Asia, with its growing middle class and rising demand for chocolate and confectionery products, is a region of increasing importance. Although Hershey has operated in Asia for more than 18 years, we have significantly scaled our efforts to grow in the region. In 2013 we opened our Asia Innovation Center in Shanghai and announced our new Malaysia plant.

We also increased the capacity of our joint venture plant in China and have launched some brands in China and India.

China is a priority market and an engine for Hershey's global growth. We have substantially strengthened our brands' in-store presence in China during the past five years, and our products are becoming closely associated with key gift-giving occasions.





ADDRESSING THE CHALLENGES OF ETHICAL SOURCING AND SUSTAINABLE AGRICULTURE

Freshly harvested cocoa beans.

The effort we invest in sourcing our ingredients is at the heart of our ongoing intention to further the ethical values upon which The Hershey Company was founded. Due to a complex web of social, economic and political circumstances, particularly in West Africa, cocoa cultivation carries a risk of child and forced labor. During the past several years, we have accelerated our progress and significantly exceeded our milestones for sourcing this crop sustainably. We have taken similar steps in addressing palm oil sourcing.

Consistent with stakeholder expectations that we not only uphold high standards of responsible and ethical behavior in our own operations but also encourage a similar commitment by our business partners, we have increased the rigor of our Supplier Code of Conduct and our efforts to verify supplier compliance.

In addition, we have implemented a multifaceted approach to supporting the development of agricultural communities where modern, sustainable techniques can improve local livelihoods and increase the future supply of the raw materials on which our growth relies. This effort is an important aspect of the Hershey Shared Goodness framework.

We have undertaken these initiatives with careful attention to the specific needs and opportunities in each locality, sound business principles and high ethical standards. Our programs often benefit communities as a whole, too:

- **Sourcing and nongovernmental organization (NGO) partners join Hershey to support infrastructure development and deliver new services**
- **Training and rising incomes support local economic growth**

We see this as one of the most meaningful ways in which Good Business at Hershey can lead to a Better Life and a Bright Future for our stakeholders.

Cocoa beans drying in the sun. Proper drying is required to develop ideal flavors.



HERSHEY'S 21ST CENTURY COCOA STRATEGY

Chocolate is the main ingredient in many of Hershey's most popular products. Ensuring the sustainability of our cocoa products—cocoa liquor, cocoa butter and cocoa powder processed from cocoa beans—is a company priority.

In October 2012, we announced our commitment to source 100 percent of our cocoa from certified sustainable sources by 2020, along with an initial goal to have 10 percent of our supply certified by the end of 2013. We exceeded the initial goal, achieving 18 percent certification by the end of the year.

Initiatives such as the CocoaLink program and Hershey Learn to Grow support the livelihoods and better the lives of farmers and communities in West Africa, where about two-thirds of the world's cocoa is grown. Hershey has also invested in innovative farmer and community programs in Mexico and Peru. Ensuring the crop's long-term global viability along with the well-being of communities involved in cocoa cultivation and processing are paramount concerns for us. In particular, addressing the multifaceted challenge of the worst forms of child labor has long been a central focus of our responsibility commitment.

Our 21st Century Cocoa Strategy serves as a road map for how the company will work to help cocoa communities around the world grow sustainable cocoa for the next century. Hershey will combine its responsible sourcing practices to expand the supply of sustainable cocoa while investing in community programs that improve education and the livelihoods of cocoa-growing families around the world.

Hershey Ahead of Schedule on Certified Sustainable Cocoa Goals

A cornerstone of Hershey's 21st Century Cocoa Strategy is its commitment to source 100 percent third-party-certified cocoa for all of its chocolate products worldwide by 2020.

The company has committed to three milestones as it scales its certified cocoa purchases:

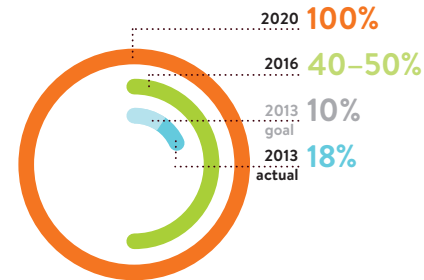
As of the end of 2013, we had achieved 18 percent certified cocoa, nearly double our first-year goal.

steps help mitigate the conditions that contribute to the presence of child and forced labor in cocoa-growing regions in West Africa and other parts of the world.

With 10 percent to 12 percent of the world's cocoa supply certified as of the end of 2013, and the need for more certified cocoa growing, Hershey is seeing indications that its 2020 commitment—announced in October—is already influencing suppliers to expand the global supply of certified cocoa.

To date, Hershey has committed to source cocoa through three of the world's most recognized cocoa-certifying organizations: UTZ Certified, Fair Trade USA and Rainforest Alliance. As Hershey's buying volume increases, the company will work with other well-established certification organizations to expand their capacity to certify more cocoa farmers globally.

The company will continue to report annually on its certified-cocoa purchasing progress.



Qualifying cocoa is verified by independent auditors who assess suppliers on established standards of labor and environmental and sustainable farming practices. These



Examples of farmer training in partnership with Source Trust in Assin Fosu, Ghana.



Our 21st Century Cocoa Strategy will positively impact thousands of cocoa farmers and their families through technology, farmer training, cocoa-seed nurseries, credit terms for farm inputs, village resource centers, malaria prevention, infrastructure projects, school construction and literacy and health programs.

Key components of the strategy include:



- **CocoaLink**, a public-private partnership established in 2011 by The Hershey Company, the World Cocoa Foundation and the Ghana Cocoa Board. CocoaLink uses accessible modern technology to better farmers' livelihoods through access to information that can help them increase both yields and incomes.



- **The Hershey Learn to Grow** farmer- and family-development center, launched in 2012 in Assin Fosu in Ghana's central cocoa region, plays an important role in Hershey's overall sustainable-cocoa plans. Launched in partnership with Source Trust, a nonprofit organization created to help farmers improve their livelihoods through better crop yields and quality, the center will provide Hershey with certified cocoa that can be traced back to the individual farm level.

Our Commitment to Children in Cocoa-Growing Communities

Hershey is committed to eliminating the worst forms of child labor, as defined by International Labor Organization Conventions 138 and 182, from its supply chain. We expect our suppliers to support and participate in industry efforts aimed at eliminating such practices wherever they exist in the supply chain.

Specifically, our Supplier Code of Conduct provides 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 while farm chemicals are applied
- Young children should not use sharp implements
- Trafficking of children or forcing children to work are included among the Worst Forms of Child Labor

How Can Corporations Lead the Push Toward Sustainable Palm Oil?



By Eric Boyle,
Senior Manager,
Sourcing

The widespread use of palm oil within the U.S. food sector began around 2005, when the FDA implemented trans-fat labeling regulations and many food companies reformulated products to remove these ingredients. Palm Oil, as a replacement well-suited to achieving the required texture and quality for our products, is the natural choice for Hershey and others. Since then, the sector's growth has been staggering—with palm oil overtaking soybean oil as the world's most produced edible oil—and the expansion of palm oil plantations across Southeast Asia has come at the expense of native species and resulted in the loss of virgin forest.

“Going beyond RSPO, we have committed to work with our suppliers to purchase palm oil that is 100 percent traceable and sustainably sourced by the end of 2014.”

Currently, 85 percent of the world's palm oil exports are from Indonesia and Malaysia. India, China and Indonesia are major consumers of palm oil, with the United States importing only 2 percent to 4 percent of the world's production.

Hershey's annual purchase constitutes less than 1 percent of its total commodities spend; we buy only 0.0004 percent of the world's palm oil. We are well aware, however, of the complex environmental issues surrounding palm oil production. When managed unsustainably, the production of palm oil has negative impacts on biodiversity, soil health and the rights of indigenous peoples and other land users, and its associated deforestation contributes to climate change.

The Hershey Company joined the Roundtable on Sustainable Palm Oil (RSPO) in 2011 and sourced 100 percent of its palm oil as Mass Balance RSPO-certified by the end of 2013, more than a year ahead of our original 2015 pledge. We have not settled for that standard, however. In December 2013, we further committed to work with our suppliers to purchase palm oil that is 100 percent traceable and sustainably sourced by the end of 2014.

The additional step we have taken requiring 100-percent traceability will assure that the palm oil in our supply chain, sourced from second- or third-tier suppliers with whom we may not directly conduct business, is produced using the most rigorous sustainability practices. Suppliers will be required to secure independent verification that palm oil sources:

- **Do not contribute to deforestation or the destruction of wildlife habitat**
- **Do not clear high-carbon stock forests**
- **Do not contribute to peat-land expansion**
- **Operate in compliance with local laws and regulations**

The goal of these requirements is to identify palm oil producers engaging in unsustainable practices, work with suppliers to remedy these actions and, if necessary, remove these producers from Hershey's supply chain.

We believe our new commitment is an excellent start to a continuing effort that puts Hershey at the forefront of food companies around the world on this important issue. In November 2013, Hershey's palm oil sourcing efforts were recognized in the



World Wildlife Fund's 2013 Palm Oil Buyers' Scorecard, where Hershey scored 10 out of a possible 12 points.

No single company can solve the problem, however. While the RSPO is widely regarded as the most recognizable palm oil sustainability standard in the world, only 15 percent of the world's palm oil is certified sustainable. Increased demand and collaboration among the world's food companies will be needed in order to improve the availability of sustainable palm oil.

Hershey encourages palm oil users to undertake rigorous reviews of and revisions to their sourcing partners and practices. We also remain engaged with many NGOs and other stakeholders to understand and monitor sustainability issues within the region, address specific concerns with our suppliers and our consumers and look for new opportunities to evolve our practices and policies.

Hershey uses substantial quantities of sugar, dairy, peanuts and almonds in its production processes. Most of these inputs for our domestic and Canadian operations are purchased from suppliers in the United States.



The Winning Together Program opens up Hershey's R&D organization to suppliers to work jointly on packaging, recipes, processes and technology improvements. Winning Together offers enhanced reward and recognition models to encourage suppliers to bring new ideas and solutions to Hershey first. The program supports achievement of our growth, efficiency and sustainability goals.

We are exploring different approaches to auditing and/or tracking performance and progress on key issues among our suppliers. In 2012, we developed a five-year strategy to complete social assessments on Tier 1 suppliers and internal manufacturing sites. In 2013, we announced our intention to have third-party auditors complete social assessments on 25 percent of our internal facilities as well as 25 percent of our external suppliers in terms of spend. By the end of 2013, we had independently audited 86 percent of the external suppliers selected for review and 100 percent of our internal manufacturing sites selected for review. The remaining 14 percent of external suppliers selected for auditing have committed to complete their reviews during 2014.

SUPPLIER-SCREENING POLICIES AND ADHERENCE

Hershey's extensive and complex supply chain consists of goods and services from many suppliers. We use agricultural products that, depending on where and how they are produced, can present challenges for both our suppliers and us. Together with our Supplier Code of Conduct, Hershey has a number of programs that directly address sound environmental and labor practices in the production and sourcing of the raw materials and ingredients for Hershey products and packaging.

We monitor and address issues related to the sustainability of these ingredients in part through membership in multistakeholder organizations, including the Sweetener Users Association, Foundation for Strategic Sourcing, Cocoa Merchants Association, World Cocoa Foundation, American Peanut Council and Dairy Board of Excellence.

The Hershey Supplier Code of Conduct addresses supplier behavior on a range of issues, from worker safety and community well-being to fair labor standards and responsible environmental stewardship. We are committed to 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. In 2013, we revised the Supplier Code of Conduct; the new edition was rolled out in spring 2014.

Revised Supplier Code of Conduct Highlights

Our [Supplier Code of Conduct](#) sets forth Hershey's standards and expectations for how its suppliers operate. We work with suppliers and vendors to assure compliance with its provisions, which include the following:

- 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.





A RELENTLESS FOCUS ON QUALITY AND FOOD SAFETY

Hershey's success depends on its reputation for safe, wholesome products. We work diligently to maintain that reputation by ensuring that our delicious treats are manufactured to the most rigorous standards in the world.

We employ the highest quality-control procedures available to the confection industry in our wholly owned and joint-venture manufacturing plants. We require similar adherence to Hershey's exacting standards of excellence from our third-party manufacturing partners and suppliers around the world. Hershey supply-chain requirements are codified in our comprehensive Product Excellence Program (PEP), which includes compliance with the Global Food Safety Initiative (GFSI). A combination of government agencies and internal audits continually evaluate our procedures and identify any improvements that can be made.

We are equally concerned with food safety in our plants and adhere to all domestic and international requirements. As with our quality-assurance program, we monitor both the internal and external links of the supply chain and modify our performance and third-party specifications accordingly. We have a zero-tolerance policy for the presence of hormones in our agricultural raw materials, and we test cocoa and other raw materials for the presence of heavy metals, pesticides and other unacceptable materials.

In 2013, Hershey Canada voluntarily recalled certain 275-gram *Glosette Raisins* candy packages after it was discovered that a small number of packages had a crimp on the edge of the packaging that could obscure part of the English version of the ingredient statement. This made it difficult to see the reference to milk ingredients. We worked with our suppliers to correct this packaging issue and removed affected packages from consumer market and warehouse stocks. The Canadian Food Inspection Agency (CFIA) was consulted as part of the recall. The recall was classified as a Class 3 voluntary recall, which CFIA describes as "low and no risk."

Hershey recognizes that consumers have diverse nutritional needs and preferences. Therefore, our team constantly seeks appealing new options to offer consumers. Company innovations in the area of nutritional alternatives include gluten-free, kosher and sugar-free versions of some of our more popular brands. We also offer organic confectionery and baking-chocolate products to customers who avoid foods grown through modern plant biotechnology practices.

PRODUCT EXCELLENCE PROGRAM (PEP)

The Hershey Company's superior quality-assurance systems and processes are carefully monitored and rigorously enforced in our wholly owned and joint-venture manufacturing plants, as well as among our more than 60 third-party manufacturing partners and hundreds of suppliers worldwide. Hershey is dedicated to providing safe, high-quality products, and our suppliers must deliver products and services that meet food safety and quality standards required by applicable law and our own high standards. The Product Excellence Program provides us with an efficient and comprehensive system to ensure product quality and safety, and to assure compliance with the requirements of food-surveillance legislation.



Our quality-assurance program incorporates the requirements set forth by the Global Food Safety Initiative (GFSI) to manage food safety across the supply chain. We have committed substantial resources to meet or exceed this globally recognized initiative and have obtained GFSI certification in 14 wholly owned facilities and one joint-venture facility. Approximately 90 percent of our current contract manufacturers and co-packers have attained certification, with the remainder working toward certification as a condition of future business. All third-party partners—including co-manufacturers, co-packers, ingredient suppliers and packaging suppliers—are held to Hershey's high standards for product quality and safety, and must agree to our Supplier Code of Conduct.

Through our Product Excellence Program, we evaluate the supply chain—including ingredients, packaging, processes, products, distribution and the environment—to determine where product-quality and safety controls are necessary. We identify risks and establish controls intended to ensure product quality and safety. Various government agencies, third-party firms and our quality-assurance staff conduct audits of all facilities that manufacture our products to assure effectiveness and compliance with our program and all applicable laws and regulations.



PRODUCTS FOR SPECIALIZED DIETARY NEEDS

Gluten-Free

Hershey is committed to providing products that meet our customers' dietary needs, and many people today are interested in gluten-free foods. Fourteen Hershey brands offer gluten-free options.

A food bearing a gluten-free claim does not contain the protein from wheat, rye, barley, spelt, kamut, triticale, farina, vital gluten semolina, malt vinegar or protein derivatives of these foods.

The best way to determine whether our products contain a gluten ingredient is to visit our website, where we list our gluten-free products, or to read our product label. This label includes an accurate, current listing of the ingredients in our products. Because ingredients can change, we strongly encourage customers to check the ingredient label on the package each time before making a purchase.

Kosher

Food products designated as kosher must meet the rules and standards of Jewish dietary laws. Hershey has chosen the Union of Orthodox Jewish Congregation (OU) to certify its products as kosher. Nearly all Hershey chocolate products and some of our non-chocolate products have been certified kosher by the OU and bear the OU symbol on the package.

Sugar-Free

Hershey's sugar-free products are sweetened with sugar alcohols. Sugar alcohols (or polyols) such as xylitol, mannitol, sorbitol, erythritol and lactitol contain some calories and increase blood-sugar levels to varying degrees. Typically our sugar-free products have about 20 percent fewer calories per serving than the original version and similar amounts of fat. They are called sugar alcohols because part of the chemical structure resembles sugar and part resembles alcohol. Sugar alcohols occur naturally in foods and are found in plant products such as fruits and berries.



<http://www.thehersheycompany.com/brands/special-nutrition.aspx#/Select>

Biotech and GM Ingredients

Seventy percent to 80 percent of food and beverage products consumed in the United States 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, produced from crops developed through modern plant biotechnology. These include ingredients from common crops such as corn, soy and sugar beets. Most importantly, 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*.

ADVANCING ENVIRONMENTAL PERFORMANCE



KEY ACHIEVEMENTS:

Launched the Hershey Environmental Management System (EMS), which provides a framework for the monitoring of and compliance with our rigorous environmental standards, at three plants

Have achieved zero-waste-to-landfill (ZWL) status at six plants to date, exceeding our 2015 goal more than two years early

Installed new water-efficiency equipment at four plants

Reduced water per ton of product 72 percent vs. 2009 baseline

KEY CHALLENGES:

Establishing benchmarks for international environmental data

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 was a common practice.

In modern times, Hershey continually upgrades its environmental sustainability programs to reduce waste and the environmental impact of its domestic and international facilities. We comply with all environmental laws and regulations as part of our normal operating procedure, 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, and meeting environmental expectations is an important piece of this.

One major achievement in the environmental-performance area is the launch of the Hershey Environmental Management System (EMS). This initiative provides the framework for both monitoring of and compliance with our increasingly rigorous environmental standards. We continually evaluate our energy use, waste generation, and water availability and quality, setting ever-higher goals for ourselves.

Another accomplishment is that 97 percent of our U.S. production now takes place at zero-waste-to-landfill (ZWL) sites. We have increased the number of such sites far ahead of schedule, with plants in Pennsylvania and Illinois most recently attaining ZWL status. We also topped our 2015 North America recycling goal, with a rate of 86.6 percent.

97%

OF U.S. PRODUCTION TAKES PLACE AT ZERO-WASTE-TO-LANDFILL FACILITIES

NEW ENVIRONMENTAL GOALS








We have established new environmental goals, setting 2013 as the base year and the end of 2017 as our target date to achieve them. We believe that reducing our environmental impact will play a role in the ability to achieve

our goal of reaching USD10 billion in annual revenue by 2017.

These goals are for wholly-owned North American plants where applicable and are additional to the commitments made in our previously stated goals.

NEW GOALS FOR EFFICIENT BUSINESS OPERATIONS

(Base year 2013; target date 2017; in addition to previously stated goals where indicated)

AREA	PROGRESS 2009–2013*	LOOKING AHEAD: 2014–2017
 Greenhouse Gas Emissions in U.S. Distribution & Logistics	Emissions ticked up 3.15% due to increased demand for our products	Reduce GHG emissions by an additional 10%
 Zero-Waste-to-Landfill (ZWL) Operations	Six manufacturing plants and five nonmanufacturing facilities achieved ZWL status	Attain ZWL status at an additional two plants
 Recycling	Raised recycling rate from 72% to 86%	Attain a recycling rate of 90%
 Waste Reduction	By end of 2013, had reduced waste 38% against 2009 baseline	Reduce Waste by an additional 5%
 Greenhouse Gas Emissions	Reduced total emissions by 22% from 2009 baseline, emissions per pound of product produced fell 5%	Reduce emissions by an additional 15%
 Water Use	Reduced total water consumption by 73% from 2009 baseline; water consumption per pound of product produced fell 72 percentage points	Reduce absolute water use an additional 17%
 Packaging	180 projects were completed, reducing packaging waste by 14 million pounds	Complete a minimum of 25 additional initiatives, resulting in the additional cumulative elimination of 16 million pounds of packaging material

*Using 2009 baseline



Internationally, our Hershey Canada office is a Leadership in Energy and Environmental Design (LEED)-certified Silver building. Closer to home, when we found it necessary to close our 19 East Chocolate Avenue factory in Hershey, Pa., in 2012 in order to move manufacturing to a more efficient plant in Hershey, we saw an opportunity to convert part of the facility to LEED-certified Silver office space. This will allow the property to live on as a testament to both our local legacy and our commitment to an environmentally sustainable future.

Typically, Hershey capital projects must demonstrate a relatively short payback period for funding approval. Given the company's commitment to reducing its environmental impact throughout its operations, capital projects that reduce water and energy usage are considered for longer payback periods. This flexibility allows our engineers to pursue major projects with a broader range of payback periods.

One important challenge as Hershey grows globally is to integrate the environmental operations of our plants into our systems and metrics. Our current goals are determined primarily by our wholly owned North America plants, and we are establishing new baselines for our environmental performance. We continue to work hard to integrate our global operations, and we look forward to reducing our environmental impact around the world.

ENVIRONMENTAL MANAGEMENT SYSTEM

In 2013, The Hershey Company began implementing the Hershey Environmental Management System (EMS), designed to ensure that our business operates in an environmentally compliant and responsible manner.

Key EMS elements include compliance with Hershey's environmental policy, identification of operational environmental aspects and impacts, assurance of resources to address environmental issues, and development of measurable environmental objectives and goals. The EMS supports Hershey's commitment to protecting the environment, conserving natural resources and reducing waste in a manner consistent with our business strategies and objectives, while incorporating principles of continuous improvement into environmental management. The EMS has been successfully implemented at three manufacturing facilities and will be implemented at five more by the end of 2014.

WE HAVE
REDUCED
WASTE

38%

SINCE 2009

OUR
RECYCLING
RATE WAS

86%

IN 2013



Hershey hosted an electronic waste recycling day for employees, assisting them in responsibly recycling their household electronics.

MANAGING OUR CLIMATE CHANGE RISKS

The Hershey Company uses a multidisciplinary, company-wide approach to identify climate change risks that could potentially impact our business. To understand the impacts on our processes, suppliers, and ingredients and distribution systems, we routinely monitor climate change regulatory, legislative and policy initiatives in locations where we have operations, facilities and key sourcing partners. The financial implications of climate change and the impacts of emissions from our operations, transportation and sourcing have influenced our business strategy. We focus mostly on weather-related climate-change impacts due to the agriculture-dependent nature of our business.

To better understand the physical impacts of climate change on our business activities, we continue to monitor the situation and work with numerous external stakeholders and members of our supply chain to ensure that all parties are aware of and able to proactively plan for

Reducing Processing Waste by Recycling

A waste audit of our Stuarts Draft, Va., plant revealed that 95 percent of the processing waste sent to landfill could instead be recycled by diverting chocolate paste, nuts and other food-ingredient waste to a stock-feed processor. Challenged to change waste-collection procedures, employees responded positively to suggestions, and the plant's recycling rate rose from 86.9 percent to 90.6 percent. By modifying our procedure, we avoided an annual USD18,000 in disposal charges.

A similar process was implemented at our Lancaster, Pa., Y&S Candies plant, from which approximately 1,600 tons of bulk licorice waste was being sent to landfill every year. After identifying and qualifying a processor that met Hershey supplier standards, we began sending the waste to its stock-feed facility. Along with our longtime policy of sending nonfood trash to a local waste-to-energy incinerator, this raised our plant recycling rate from 45 percent to 82 percent, saving us USD120,000 in disposal costs in 2012.

such risks. In addition, we have identified an in-house expert in the area of cocoa commodities who has initiated research into climate-change impacts on our commodities and alternative commodity options or growing regions.

For example, we have looked at ways climate change may affect the growing of cocoa, a key commodity for our operations. Mean-temperature changes, shifting rainfall patterns and greater temperature extremes are just a few of the impacts of climate change we research. Models and studies help not only our company in preparing for changes, but also suppliers, farmers and other collaborative stakeholders throughout our supply chain.

Because we would bear the same impact as other chocolate, confectionery and certain food industry peers, we continue to work and dialogue with our supply-chain partners and trade associations to align our actions and remain competitive in the process. We continue to monitor cocoa-growing success and look for opportunities for expanded equatorial geographical regions, such as in Latin America, for cocoa growing. As members of the National Association of Manufacturers, Grocery Manufacturers Association Sustainability Work Group, the National Confectioners Association, the World Cocoa Foundation and the International Center for Tropical Agriculture, we will engage with other members and industry peers to identify and address risks from an industry perspective.

We also engage directly with our customers as they dialogue with upstream and downstream business partners on risk awareness. We also work to manage this risk in our supply chain through certification of key commodities such as palm oil and cocoa. These certification programs, such as Rainforest Alliance and the Roundtable on Sustainable Palm Oil, help farmers adapt to the effects of climate change through deforestation and to responsibly use water and other scarce resources. We believe certification, in conjunction with our cocoa programs such as CocoaLink and Hershey's Learn to Grow farmer training program, will help educate and prepare farmers for the risk of changing climate conditions in our supply chain.

We have evaluated our operations against regulatory requirements and have determined that current and proposed regulations do not directly affect our operations. Although we have not been able to assess potential indirect financial impacts associated with regulatory risk, and it is difficult to speculate about how compliance with those regulations might impact our suppliers, we have a stable supplier network with which we have been able to leverage our volume purchasing to obtain competitive pricing and minimize financial impacts on our business. Our logistics department also looks for ways to reduce truck miles traveled and maximize truck loading. We will continue to deepen our understanding of the impacts of climate change along our value chain so that we may identify emerging risks and work with our stakeholders to find ways to mitigate them.



Offsetting Carbon in the Philippines

In 2012 and 2013, 50 Hershey Philippines employees planted 3,000 coconut trees to offset Manila office carbon emissions. The project is part of the effort to become carbon-neutral by 2015.

WE HAVE
DECREASED
ABSOLUTE GHG
EMISSIONS

22%

SINCE 2009

ENERGY AND GHG EMISSIONS

Hershey is investing in capital projects to improve our energy efficiency and reduce our greenhouse gas emissions.

In our Mexico operations, we are installing a combined heat and power-cogeneration system. The electrical generation system produces 4 megawatts of power at a reduced rate, which the local utility can purchase. As a byproduct, it also captures waste heat used to create steam and hot water, which is then returned to plant utility systems, thereby saving the energy input needed to produce hot water and steam. This project will be complete by early in the fourth quarter of 2014. At several U.S. plants, variable-frequency drives were installed on rooftop air-handling equipment to provide modulated fan speeds to meet building environmental space temperatures. Previously, these fans were either on or off. Variable-frequency drives allow these units to operate more economically by requiring less power.

Other projects that were completed in 2013, or will be completed in 2014, replace old inefficient equipment with more efficient models. These projects were made possible due to flexible payback periods for capital expenditure on energy efficiency and water projects.

In 2013, we continued our successful efforts to reduce our greenhouse gas emissions. We have reduced our absolute emissions 22 percent and our emissions per short ton of product by 5 percent.

Transportation is a moving target. Ongoing changes in our network, manufacturing facilities and customer focus on inventory management have resulted in a slight decline in transportation productivity. Last year, compared with our 2009 baseline, 1,253 more trucks were on the highway and greenhouse gas emissions increased by 5,095 metric tonnes. However, we were able to decrease corrugate usage by 2.22 metric tonnes decrease waste to landfill by 4.97 metric tonnes, and decrease logistics costs by USD5.52 million. Logistics efforts that will continue to reduce greenhouse gas emissions include:

- **Project Betterway:** Multiuse super-sacks replaced 1.3 million single-use corrugated cases within our co-pack distribution network, combining with transportation improvements that reduced our carbon and packaging footprint
- **Distribution Network ZWL:** In 2013, we reduced waste from our distribution centers in Pennsylvania, Illinois and Utah by 600 tons through collaborative partnerships, enhanced recycling efforts, employee engagement programs and other zero-waste-to-landfill efforts. Two of our three distribution centers are ZWL
- **Intermodal:** Hershey will increase intermodal rail usage by 25 percent in 2014, reducing the number of trucks traveling in the United States.
- **Hershey-Ferrero Alliance:** Through consolidation, our partnership has removed 584 trucks from the road while reducing 6.5 million pounds of carbon dioxide over the past two years



WE HAVE
DECREASED
ABSOLUTE
WATER USE

73%

SINCE 2009

MANAGING OUR WATER FOOTPRINT

In 2013, we continued to successfully decrease our water footprint while still growing our business. We have reduced our absolute water use 73 percent since 2009 and have reduced our water use per ton of product 72 percent. This decrease can be attributed to moving production from our older 19 East plant to our highly efficient, state-of-the-art West Hershey plant, as well as continued water reduction through efficiency projects.

Building on the water-conservation pilot project Hershey began in 2012, we have continued investing in water-efficiency measures in our manufacturing operations. Projects installed in 2013 and planned for implementation in early 2014 will save more than USD900,000 per year. In 2013 and 2014, Hershey is improving the water efficiency of four of its plants by installing zeta-rod technology, a process that eliminates the need for chemical water cleaning. The zeta-rod process produces cleaner water than the current chemical process, eliminating the cost of purchasing these chemicals and significantly reducing water usage, with an expected combined annual savings of more than 40 million gallons of water.

In our Mexico operations, a desalination system expected to be completed in 2014 will replace an inefficient reverse-osmosis system that filters well water before it is used in plant operations. The new desalination system will clean the well water more efficiently and reduce reject water, resulting in the recovery of 13 million gallons per year of additional well water.

Many of our water conservation projects were identified after extensive water audits of our operations. These revealed opportunities to decrease our water footprint using new technology and more efficient equipment. While the low cost of water can make achieving a strong return on investment in water-related capital expenditures difficult, we remain committed to innovating and investing in reducing our water footprint, especially at operation sites in water-scarce areas of the world.

Conserving Water in India

In India we added a reverse-osmosis (RO) process for wastewater treatment to one of our plants to reuse treated wastewater and reduce the amount of incoming water needed to operate the facility. The installation of the RO system, filters, degasification and treated water-storage units resulted in more than 10,000 recycled gallons per day in boilers and chillers. Additional treated water is used on-site. The plant has reduced total water

usage by 14,531 gallons per day since the project was completed. Solids generated in the wastewater treatment process are dried and used as a soil additive for trees planted on the processing plant's grounds.

One of our India plants has also adopted a section of the local highway to develop a greenbelt region. Wastewater generated by the manufacturing plant is treated and used to water plants along the highway.



Op-Ed: ZWL Efforts



By Bob Arnold
*Senior Environmental
and Safety Specialist*

Zero-waste-to-landfill (ZWL) status has become a standard that all of our plants now aspire to achieve. The road to surpassing our ZWL goal two years ahead of schedule has been paved by outside-the-box thinking, great teamwork across our company and continued learning about waste and recycling.

I've had a great experience in my role helping six of our plants achieve ZWL status. As a senior environmental specialist, I've had the opportunity to assist the plants by sharing demonstrated best practices for reducing and managing their waste streams. We educated employees by holding "Dumpster Dives"—literally emptying waste containers and separating the trash. Initial employee reactions when asked to volunteer varied, but besides being a great team-building activity, it taught an invaluable lesson about how much people throw away without thinking about it. When we sort through the trash and show people how much of the material could have been recycled, our employees become motivated to make sure it doesn't happen again. The newly engaged participants returned to their jobs and soon shared their recycling knowledge with co-workers. We soon had an entire workforce participating in the same waste-reduction movement.

Besides Dumpster Dives and subsequent recycling, we've also been able to make large strides in our ZWL efforts through strategic partnerships with stock-feed processors. These vendors grind our product waste into very small pieces for use in livestock feed. This includes a large quantity of licorice waste, which is challenging to process and was previously landfilled. We've also become much better at managing our remaining trash as cost-effectively as possible.

With all these waste changes implemented, the minimal amount of trash left is sent to waste-to-energy incinerators to produce steam and/or electricity. Despite our future ZWL goal, we must continue to sustain the ZWL status of these six facilities, mindful of the ever-changing commodities markets that drive the recycling engine. Employees at all levels are fully engaged with this program, and we look forward to having two more plants achieve ZWL status by 2017.

REDUCING OUR WASTE STREAM

As part of Hershey's unwavering commitment to reducing our environmental impact, the company has exceeded its goal of converting five plants to zero-waste-to-landfill (ZWL) status by 2015, two years ahead of schedule. With three plants added in 2013, we now have 97 percent of our U.S. production taking place at ZWL sites:

Manufacturing Plants

HAZLETON PLANT

Hazleton, Pa.

REESE PLANT

Hershey, Pa.

WEST HERSHEY PLANT

Hershey, Pa.

Y&S PLANT*

Lancaster, Pa.

ROBINSON PLANT*

Robinson, Ill.

STUARTS DRAFT PLANT*

Stuarts Draft, Va.

Nonmanufacturing Sites

HERSHEY'S CHOCOLATE WORLD ATTRACTION

Hershey, Pa.

EASTERN DISTRIBUTION CENTER III*

Palmyra, Pa.

HERSHEY COMPANY TECHNICAL CENTER*

Hershey, Pa.

HERSHEY FLIGHT OPERATIONS*

Harrisburg, Pa.

WESTERN DISTRIBUTION CENTER*

Ogden, Utah

Hershey has dramatically exceeded waste-reduction and recycling goals established in 2011. In 2013, we exceeded our goal of 25 percent waste reduction by 2015 with a 38 percent cut. We also topped our 2015 goal of an 85 percent recycling rate in 2013 with a recycling rate of 86.6 percent. The remaining waste is sent to nearby waste-to-energy incinerators, eliminating the need for landfill disposal. These incinerators produce energy, which also reduces nearby areas' reliance on fossil fuels.

PACKAGING

As part of our effort to reduce our environmental impact, we have established an Applied Research Group to lead evaluation of alternative packaging materials and leverage technology to realize sustainability benefits in product packaging. This group has been able to reduce 14 million pounds of packaging material since 2009 through more than 180 projects in the United States, Canada and Mexico. We have reduced our impact on the environment while still maintaining the safety and integrity of our products.

*Achieved ZWL status in 2013



DELIVERING GROWTH THROUGH WORKFORCE ENGAGEMENT AND EXCELLENCE



KEY ACHIEVEMENTS

Established world-class program to create international development opportunities for emerging leaders globally

KEY CHALLENGES

Reversing increase in Total Recordable Incident Rate (TRIR), Days Away, Restricted or Transferred (DART) and Lost Workday Incident Rate (LWIR)

At Hershey, we realize that motivated and engaged employees also make better business decisions and help drive the business forward. We are committed to helping our employees grow and learn while working in a positive, diverse and inclusive environment.

EMPLOYMENT, TRAINING AND EDUCATION

The Hershey Company's approximately 13,000 dedicated employees worldwide are the engine of our success. As we grow, we must continue to attract and retain strong talent. Hershey is therefore committed to becoming a global employer of choice, and we have established the goal of being one of the world's best places to work. Our Global Talent and Organization Capability department is the key to achieving this vision. Working toward goals related to talent planning and leadership development, the department reports to the senior vice president/chief human resources officer and works directly with our Board of Directors, which reviews the department's recommendations.

In addition to offering a competitive total rewards package, our employees are able to align their career aspirations with our commitment to career development and continuous learning. Hershey is committed to improving individual and organizational capabilities in ways that are both directly applicable to their current responsibilities and to future roles.

From our management team outward, Hershey is committed to diversity and inclusion at every level of our organization, which we see as a contributor to the company's depth of skill and experience. Concern for our employees' health and safety is also vital to Hershey operations. We not only provide a safe workplace, but we also offer many programs to improve employees' health and well-being, such as free medical checkups to employees in Mexico and India who might not otherwise have access to such services.

Hershey prides itself on being responsive to employee concerns. We seek to always adhere to local labor regulations, and we have well-established and responsive grievance procedures in place for any and all employee issues.



HERSHEY WORKFORCE INFORMATION

EMPLOYMENT TYPE	TOTAL	FEMALE	MALE
Full-time	11,563	5,151	6,412
Part-time	703	531	172
Flex-time	712	459	253
WORKFORCE BREAKDOWN			
Employees	12,978	6,141	6,837
Supervised Workers	899	365	534
WORKFORCE BY REGION			
United States	7,783	3,577	4,206
Canada	826	479	347
International Markets*	4,369	2,085	2,284

*Mexico, Brazil, China, India, Japan, Kuwait, Malaysia, Philippines, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, UAE and UK

MAKING HERSHEY A GLOBAL EMPLOYER OF CHOICE

In 2013, we committed ourselves with newfound urgency to attract and nurture a workforce second to none. We began by assessing the strengths of our leadership team with an eye to our business's future demands. We established Talent Councils, assessed the competitiveness of our total compensation in key markets in which we compete, and created other opportunities for employees to develop the additional skills we anticipate needing.

In order to compete more effectively in new regions and categories, often against more entrenched peers, we will need to first attract top performers and then fully unlock their potential. In order to build the diverse and skilled global workforce we anticipate, we will continue to offer one of the industry's most rewarding places to work.

PROGRAMS FOR CONTINUOUS LEARNING AND LIFELONG DEVELOPMENT

At Hershey, we provide a variety of learning and development opportunities that encourage our employees' personal and professional development. We believe that advancing our employees' continued education and learning is one of the best investments we can make and helps us continue to win in the marketplace. From the day of offer acceptance, Hershey employees begin their learning journey through multi-media available on Hershey's Onboarding portal. After joining the company, all employees have a variety of performance support resources at hand.

Our Hershey University program offers many eLearning courses in different languages as well as in-person classroom sessions covering 20 different professional competencies and a variety of other professional and technical topics. Examples include skill-training for our sales force and leadership education. Also, our Tuition Reimbursement program allows



employees to receive tuition assistance for returning to school for higher education degrees in areas related to their work.

We believe strongly in developing our employees and the opportunity for continued learning. One hundred percent of Hershey's full-time, salaried employees received regular performance reviews in 2013.

We are investing in the development of our talent with global experiences in key markets. Given the importance of international experience in our talent, and in building capability in key markets, we are investing in the development of our global mobility strategy, practice and approach.

We recognize that learning and development are critical to attracting and retaining key talent, and we are committed to improving our education programs overall.



EMPLOYEE BENEFITS

The Hershey Company is committed to the health and welfare of our employees. Since 2012, our myWell-Being program has rewarded employees who take an active role in their health and wellness by completing activities such as volunteering, donating blood or completing a first-aid course. We also offer tobacco-cessation and disease-management programs as well as Best Doctors, 2nd Medical Opinion and Ask the Expert programs to help our employees make medical decisions. Participation in myWell-Being has increased from 26 percent in 2012 to 36 percent in 2013 for employees, spouses, domestic partners and dependents.

Full-time employees and their eligible dependents can participate in the Hershey health and benefits program, which includes: medical, dental, vision, disability benefits and life insurance. Full-time employees are also eligible for the company 401(k) plan. Hershey Flexible Temporary employees are eligible to participate in the 401(k) plan after working 1,000 hours in their first 12 months of employment or any subsequent calendar year.



In addition to the Family and Medical Leave Act (FMLA) leave, Hershey has a Time Away from Work Policy with a Personal Leave of Absence provision that provides for up to 12 months' unpaid leave of absence when FMLA may not apply. Hershey recognizes that certain circumstances may occur that require an employee's absence from work, and we are committed to assisting employees in balancing these needs with workplace demands.

DIVERSITY AND INCLUSION

At Hershey, we see an inclusive and diverse workplace and talent base as enablers to performance and business results. We place a high value on diversity and continually strive to activate our diversity through innovative and inclusive practices. We are committed to drive our success by attracting, engaging and growing a workforce that resonates with consumers around the globe.

We continue to leverage the strengths of our Business Resource Groups (BRGs), including our newest BRG, Abilities First. Abilities First is working to drive education about the value people with disabilities bring to the workplace



and community, identify meaningful opportunities to improve our employer appeal to people with disabilities and create a network within Hershey for those who have disabilities.

Each BRG has been assigned a member of the Global Leadership Team (GLT), Hershey's most senior leadership team, to coach and advise each group and create ongoing dialogue with employees. These groups are committed to enhancing business results and talent development through their insights. Additionally, they serve as resources for all employees on a broad range of topics.

Hershey's BRGs include:

- **Abilities First BRG**
- **African American BRG**
- **Asian BRG**
- **Latino BRG**
- **Network of Young Professionals BRG**
- **Network of Young Sales Professionals BRG**
- **Prism (LGBT) BRG**
- **Veterans BRG**
- **Women's BRG**

One example of Hershey's leadership and commitment to an inclusive workplace is our efforts around veterans' hiring. Hershey has expanded its commitment to hire returning U.S. military veterans in recognition of the expertise and work ethic they can bring to the company, as well as of their need to find opportunities to transition successfully to civilian life. Hershey has employed a number of veterans over the years, many of whom have gone on to become leaders in the company. A team from supply chain and human resources is managing the veteran outreach initiative, which is also consistent with the company's CSR and community values.

Recent estimates indicate that approximately 1 million veterans will be entering civilian life and seeking work over the next four years. Through public-private partnerships and a focus on veteran recruiting, Hershey hired 100 additional veteran employees in 2013. Hershey now has more than 500 veteran employees, and more than 300 members of its Veterans Business Resource Group.



Hershey has joined other leading U.S. companies in the 100,000 Jobs Mission. Together, these companies have committed to hiring 100,000 transitioning service members and military veterans by 2020.

HERSHEY'S MANUFACTURING APPRENTICESHIP PROGRAM

As part of our commitment to actively embrace a diverse and inclusive workforce, our innovative Manufacturing Apprenticeship Program was launched to provide opportunities for individuals with intellectual and physical disabilities. Participants perform the same work for the same pay—each subject to the same expectations as fellow employees.

Started in 2012 at our Y&S Candies plant in Lancaster Pa., the program has been tremendously successful. Our five apprenticeship employees have been fully embraced and integrated into the workforce, and the experience has inspired some of them to take additional steps toward independence. In 2013, after studying the best practices that made the program so successful, we expanded the program to our Stuarts Draft, Va., Memphis and Robinson, Ill., plants in the United States, and to the El Salto program in Mexico. We continue to advocate for the employment of people with disabilities and are planning to hire additional employees through this program in 2014.

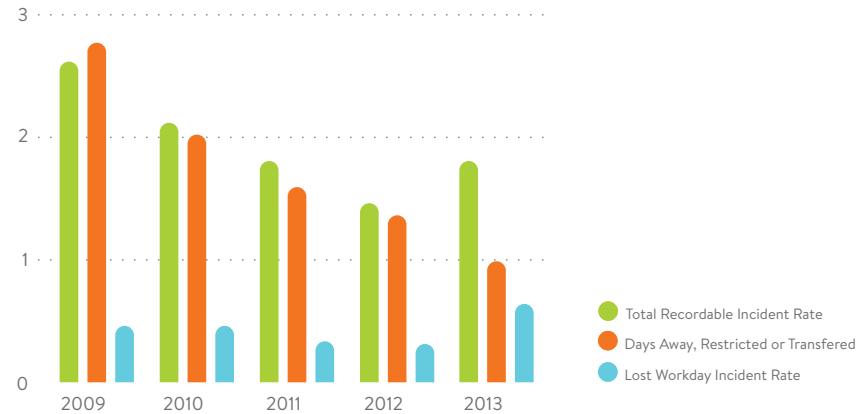
EMPLOYEE SAFETY

Safety performance is an ongoing company priority, and Hershey's overarching safety goal is to consistently achieve best-in-class results. All of our wholly owned manufacturing facilities and our office employees are represented by a safety committee consisting of employees and management, and all manufacturing facilities have dedicated safety resources. We actively engage with industry peers to understand and share best safety practices.

Our Monterrey plant in Nuevo León, Mexico, exceeded 10 million work hours without lost time, and Stuarts Draft implemented a comprehensive employee-based safety effort resulting in significant safety improvements. At El Salto in Jalisco, Mexico, a system-based safety approach resulted in more than 1 million hours without a DART case. Throughout our plants, Hershey initiated targeted implementation of our new THC Safety Management System. Implementation on the system will continue in 2014 and 2015.

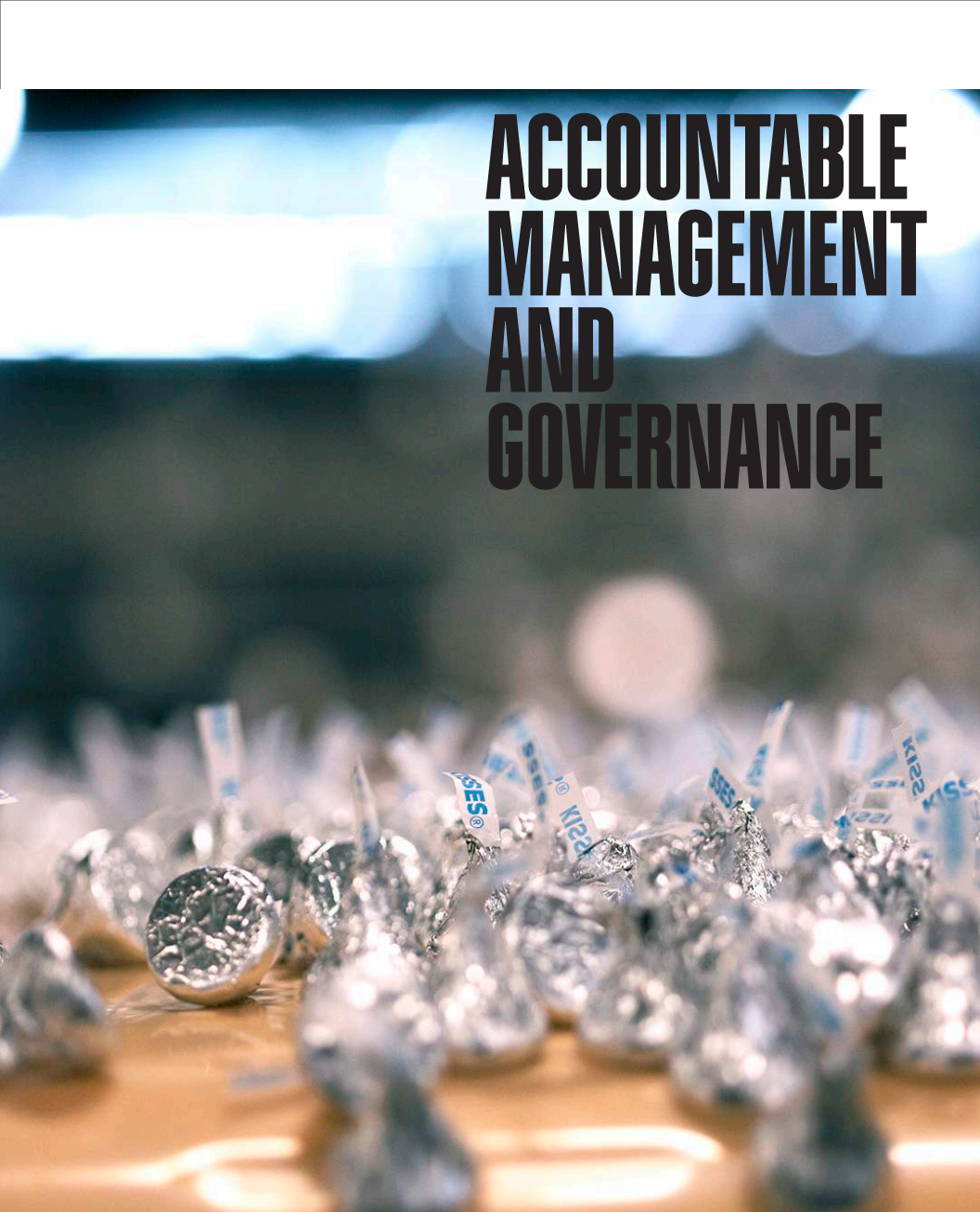
Despite our relentless focus on safe operations, we faced several challenges during the year. In 2013, we included the safety metrics from our international operations into our system. The increased incident rates, which reflect some of the operational challenges we face, can be attributed to the inclusion of these international metrics as well as those from newly acquired plants. These rates began to show improvement in late 2013.

KEY PERFORMANCE INDICATORS	2012	2013
Total Recordable Incident Rate (TRIR)	1.45	1.81
Days Away, Restricted or Transferred (DART)	0.75	1.09
Lost Workday Incident Rate (LWIR)	0.31	0.63



Five Years of Service Ceremony at Monterrey Plant

In April 2012, Hershey's Monterrey, Mexico, plant held a ceremony to recognize five years of service for 125 employees who have been with the plant since its start-up. These employees were rewarded for their dedication to Hershey Values and commitment to the company. Honorees each received a figure with our flagship Hershey's Kiss.



ACCOUNTABLE MANAGEMENT AND GOVERNANCE

ETHICS, COMPLIANCE AND TRANSPARENCY

The day-to-day business of The Hershey Company is carried out by our employees under the direction and supervision of President and Chief Executive Officer John P. Bilbrey. The company's board of 11 directors, which includes Mr. Bilbrey and is chaired by non-executive Chairman James E. Nevels, is responsible for governance of the company's performance, strategies and major decisions. The board's purview 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.

With the exception of Mr. Bilbrey, all of the directors, including the non-executive chairman of the board, are independent, as are all members of the audit, compensation and executive organization, and finance and risk management and governance committees. We define "independent" as one who is not an employee of the company; "non-executive" means a board member other than our CEO. For profiles of all current members of the board, and to read a detailed description of our corporate governance guidelines, please visit the [Investors section](#) of our website.

The Hershey Values, which underpin our company's vision and global business strategies, apply to employees at all wholly owned facilities and organizations and the board of directors.

Our mission and values do not incorporate international protocols or standards. However, in 2011 we became members of the International Labour Organization (ILO). Our Supplier Code of Conduct is a contract term on all global purchase orders. While we don't necessarily make environmental, social and governance decisions based on any international protocols or standards, we use priority issues analysis, benchmarking and our Code of Ethical Business Conduct to guide our strategy and execution. Significant decisions relating to our responsibility efforts are made by members of our Global Leadership Team, all senior company executives.

SUPPLIER CODE OF CONDUCT

The Hershey Supplier Code of Conduct addresses supplier behavior on a range of issues, from worker safety and community well-being to fair labor standards and responsible environmental stewardship. We revised the Supplier Code of Conduct in 2013 and rolled it out in spring of 2014.

GRIEVANCE MECHANISMS

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

1. Under our Code of Ethical Business Conduct (“Code”), employees may make reports (i) to their managers, (ii) by mail to the Ethical Business Practices Committee established under the Code or (iii) by telephone (via a toll-free number for the United States as well as countries around the world), Web submission or mail to the Concern Line. The Audit Committee of the Board of Directors has determined that the Concern Line is an appropriate vehicle for confidential anonymous submission of reports by employees, or other third parties of accounting allegations and other types of concerns.
2. Our Disclosure Committee (“Disclosure Committee”), either as a group or through any individual member, may receive information, either in a Disclosure Committee meeting or otherwise.
3. The General Counsel may receive information from an attorney under the Policy on Reporting by Attorneys and Part 205 of the United States Securities and Exchange Commission’s regulations.
4. Any interested party, including stockholders and employees, may communicate with the Audit Committee or the independent members of the Board of Directors (“Independent Directors”) by telephone, email or mail, by use of the telephone number, email address or mailing address posted on our website.

5. Concerns about Hershey’s business practices or those of our business partners can also be reported online at <https://www.hersheysconcern.com/>. Reports can be submitted in multiple languages and can also be used to follow up on an existing report.
6. Consumer Relations can be contacted via a toll-free number in the United States or by email globally.

CANADA ANTITRUST LITIGATION

In 2007, the Competition Bureau of Canada began an inquiry into alleged violations of the Canadian Competition Act in the sale and supply of chocolate products sold in Canada between 2002 and 2008 by members of the confectionery industry, including Hershey Canada, Inc. The investigation centered on certain employees at Hershey Canada engaging in communications that are unacceptable to Hershey Canada and The Hershey Company.

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 USD3.8 million (CAD4 million). We do not believe the terms of the settlement agreement should have a material impact on the company’s results of operations, financial position or liquidity.

We regret what occurred in Canada in 2007. The conduct was not in keeping with The Hershey Company’s long-standing commitment to the highest ethical standards in all of our business operations. 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 communication, ensuring there was no impact on consumers.

Hershey Canada had strong ethical standards and compliance programs in place in 2007, and we have enhanced them since these events, in particular its Code of Business Conduct compliance training.

Hershey is also involved in antitrust litigation in the United States. Approximately 91 civil lawsuits had 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 have not sought class certification and those that had been certified as a class. In granting summary judgment to Hershey, the Court found that “plaintiffs have adduced *no evidence* tending to exclude the possibility that defendants acted independently.” The remaining plaintiff groups dismissed their cases with prejudice, subject to reinstatement if the Court’s summary judgment decision would be reversed on appeal. The Court entered judgment closing the case on April 17, 2014, and any appeal must be filed within 30 days. For more detail, please note Item 3 (Legal Proceedings) of Hershey’s Form 10-K and Section 14 (Contingencies) of Form 10-Q.

For more detail, please note Item 3 (Legal Proceedings) of Hershey’s Form 10-K.

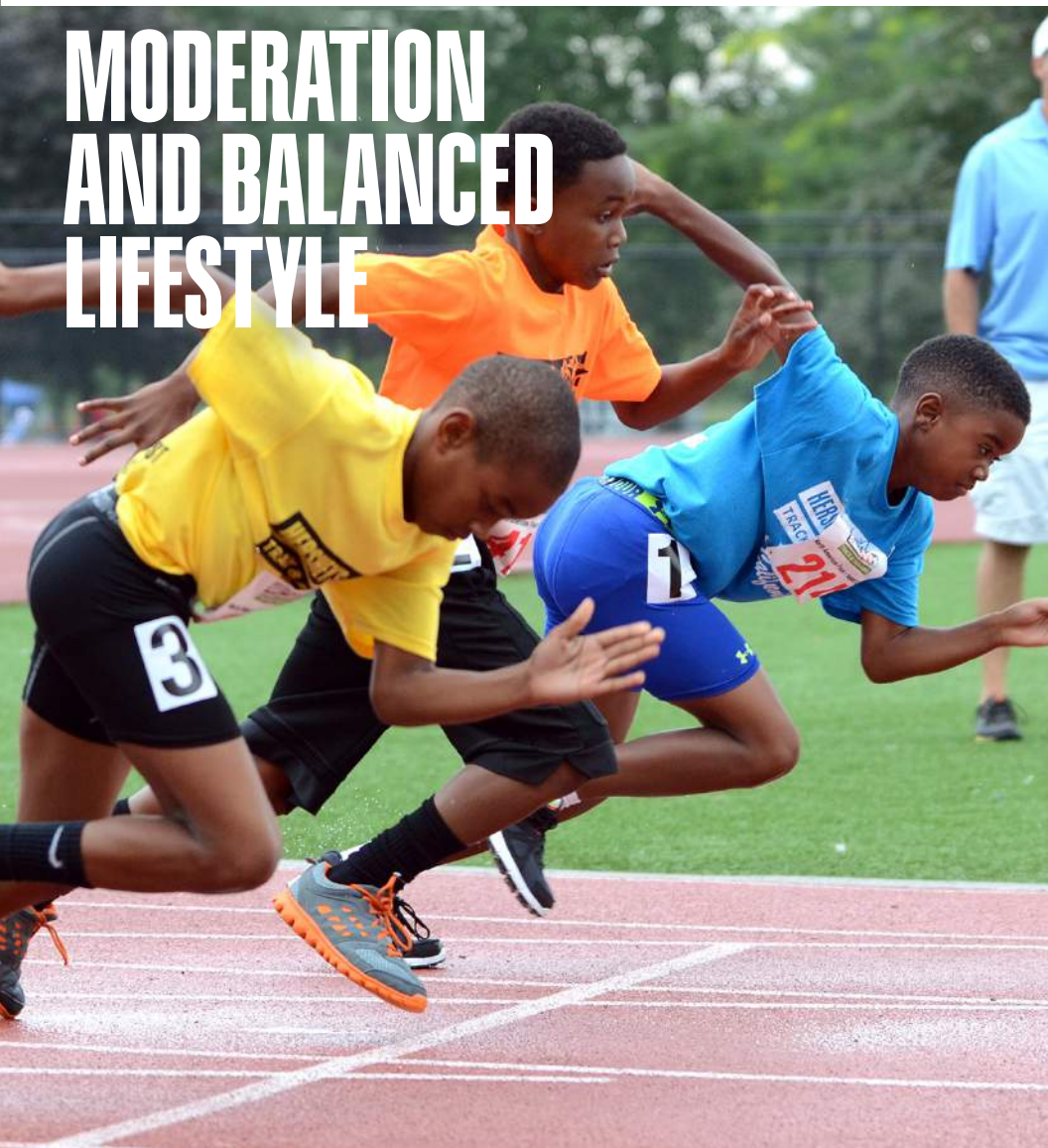


Better Life



SUPPORTING
PEOPLE'S
WELL-BEING

MODERATION AND BALANCED LIFESTYLE



KEY ACHIEVEMENTS

Created partnerships with USA Track & Field and Athletics Canada to expand the reach and impact of long-standing youth activity program

Implemented voluntary front-of-pack nutrition labeling

Milton Hershey built our company and the surrounding town of Hershey to support the happiness and well-being of the employees and the community. A balance of work and family, activity and play, and access to a variety of food choices are values that hold true today in our programs, company practices and promotions.

The Hershey Company believes candy is a treat to enjoy in moderation as part of a balanced lifestyle. We offer a wide variety of portioned products and empower consumers to make well-informed decisions about the role of confection in their lifestyles through a number of programs, practices and commitments.

The Hershey Company offers a variety of products for consumers to enjoy in moderation that include portion-controlled packaging, reduced sugar and sugar-free offerings of core brands, and a variety of sugar-free gums and mints. In fact, Hershey's has offered portion-controlled products since the introduction of *Hershey's Kisses Milk Chocolates* in 1907.

- Ten of our brands provide sugar-free versions, including the industry's largest portfolio of sugar-free mints
- Twenty-six Hershey brands offer portion control, with individually wrapped pieces containing 100 calories or less per piece
- Fourteen Hershey brands offer gluten-free alternatives

Hershey also addresses the nutritional value of some of our products by the choices we make in selecting nutritional ingredients or additives. For example, *Hershey's Syrup with Calcium* provides a good source of calcium (10 percent of the Daily Reference Intake). Additionally, all of Hershey's sugar-free gum and mints, such as *Ice Breakers*, are made with sugar alcohols such as xylitol and sorbitol, which do not contribute to tooth decay.

HEALTHY WEIGHT COMMITMENT FOUNDATION

Hershey products are best enjoyed as part of a balanced, active life that includes a sensible diet and regular physical activity. Hershey is proud to be a founding member of the Healthy Weight Commitment Foundation (HWCF), a coordinated effort designed to help reduce obesity—especially childhood obesity—by 2015.

HWCF has so far engaged 12.5 million U.S. students in more than 53 percent of the nation's elementary schools. The foundation's Together Counts social media platform encourages families to make a pledge to engage in more family meals and physical activity.

We are committed to making it as easy as possible for customers to make choices by providing clear and accessible product and nutrition information. Our website provides comprehensive information about ingredients and nutrients—including gluten-free, sugar-free and kosher options.

SHARED MOMENTS AND TRADITIONS

As part of our well-being initiatives, Hershey brands promoted portioned treats and well-being with a year-long communications campaign through media events and employee-engagement promotions. Featured brands were highlighted to showcase Hershey's dark-chocolate portfolio along with portioned treats and sugar-free options that fit a variety of lifestyle occasions.



Front-of-Pack Labeling

Along with members of the Grocery Manufacturers Association (GMA), Food Marketing Institute (FMI) and National Confectioners Association (NCA), Hershey has begun voluntarily implementing front-of-pack labeling to share nutrition information and will continue to roll out the feature across our product portfolio.



We are committed to providing product and nutrition information to make it simple and easy for consumers to make choices about treats and snacks.

HERSHEY'S TRACK & FIELD GAMES

The Hershey Company's commitment to youth activity and play is an important part of our heritage and mission to improve the well-being of children.

Hershey's Track & Field Games, the longest-running youth activity program of its kind in North America, is a cornerstone of this commitment.

As we approach our fourth decade sponsoring Hershey's Track & Field Games, there is a great opportunity to expand the program's reach and impact. To accomplish these goals, Hershey is partnering with USA Track & Field (USATF) and Athletics Canada (AC) to offer Run Jump Throw, a local program to learn basic physical activity skills and have fun exploring track and field.

Because of these partners, kids from seven to 12 will have access to a network of more than 3,000 youth coaches and teachers poised to increase youth participation in their local communities through programs to help them learn basic running, jumping and throwing skills and goal setting.



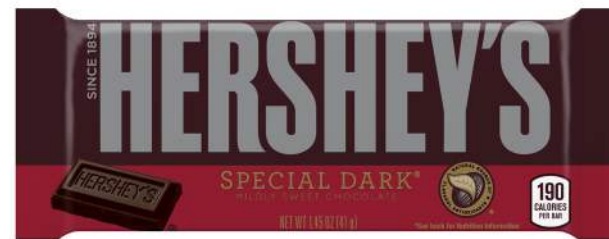
Enjoying Dark Chocolate

Hershey has five of the 10 largest dark-chocolate brands in the United States: York Peppermint Pattie, Brookside Dark Chocolate, Hershey's Special Dark Mildly Sweet Chocolate Bar, Mounds Candy Bar and Hershey's Kisses Special Dark Mildly Sweet Chocolate.

RESPONSIBLE MARKETING

The Hershey Company has voluntarily pledged not to advertise to children under the age of 12 in accordance with the core principles set forth by a Council of Better Business Bureaus initiative, the Children's Food and Beverage Advertising Initiative (CFBAI). Its goal is to use advertising to help promote smart dietary choices and balanced lifestyles among American children. We have also committed to an equivalent pledge in Canada, the Canadian Children's Food and Beverage Advertising Initiative.

In 2013, a few elements of our *Brookside* packaging and a TV advertisement were reviewed by the Advertising Self-Regulatory Council's (ASRC) National Advertising Division (NAD). NAD is a voluntary forum for industry self-regulation. At the time the proceeding was initiated, the *Brookside* packaging had already been updated (in mid-2013), and the TV ad ran its scheduled course by early January 2014. Hershey maintains that the *Brookside* packaging and TV advertisement were compliant in all respects. Nevertheless, in the spirit of industry self-regulation, we agreed to make additional modifications to our packaging layout and TV ad to even better communicate that *Brookside* chocolates are fruit-flavored. Hershey supports industry self-regulation and made these changes voluntarily.



EVOLVING BY ENGAGING STAKEHOLDERS



As our markets and our 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 continually engage the full range of our stakeholders to ensure that we understand their current perspectives and priorities. We regularly monitor the issues that are most important to our brand, our success and our responsibilities.

Open to possibilities: We embrace diversity, always seek new ways of working and strive constantly to improve ourselves and our company.

Growing together: We are dedicated to sharing knowledge and giving the greatest scope to our potential as human beings in an environment of mutual respect.

Making a difference: We are determined to make a positive impact with everything we do and to lead with integrity.

One Hershey: It's who and what we are, succeeding together while accepting individual responsibility for the results of our conduct.

Our approach to managing our engagement priorities is strategic and directed by the highest levels of management. Embedding environmental and social considerations into our everyday decision-making at all levels of the organization is, however, an ongoing challenge—one we are determined to meet.

We engage with stakeholders based on their involvement with and expertise on issues of importance to the company. We also reply to as many as possible of those who contact us to communicate their thoughts or expectations using our toll-free number, mailing address, email and social-media accounts.

In addition to participating in ongoing dialogues with key stakeholders, we joined the Advisory Council of the newly formed Sustainability Accounting Standards Board (SASB). At the beginning of 2013, we also joined the Sustainability Consortium, Forum for the Future Leadership Council and the Conference Board Sustainability Council, all of which are key organizations supporting 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 consumers' preferences and habits. Our Consumer Relations department answers inquiries from consumers that we receive through our website or the toll-free number found on all of our packaging.

Employees

Satisfied and engaged employees make better business decisions. We use employee surveys and focus groups in order to learn about employee issues and employee engagement. Senior leaders provide business updates to employees through communications such as staff meetings, video, email and newsletters.

Investors

Providing an appropriate return to investors allows us the freedom to satisfy our other stakeholders. As a publicly traded company, we issue updates on our financial performance in our regulatory filings. Our Investor Relations department answers investor inquiries. We present information to investors and analysts in quarterly analyst calls and at conferences.

Business partners

We are part of a complex network of interdependent companies. We also work closely with our customers and suppliers of raw materials and technology. Our progress on CSR priorities requires coordination with our business partners. We participate in industry groups such as the National Confectioners Association (NCA) and the Grocery Manufacturers Association (GMA). Industry conferences and trade shows provide a forum to collaborate on solutions for our industry.

Communities and local governments

By making communities where we live and work better, we gain their support to enable our success. Many of our employees volunteer in their communities. Hershey employees participate on community and local government boards and committees. Company representatives meet with community leaders to discuss business and community planning.

Policy makers

We strive to positively impact public policy and regulation through constructive engagement with government agencies. We contribute expertise to regulators for industry task forces. We comment on proposed regulations through our Government Relations group. We submit compliance reports to a number of regulators, interest groups and NGOs. We bring focus, credibility and resources to organizations that help further our interests as a responsible company.

Nongovernmental organizations

We belong to organizations that work to address issues of concern to our industry and our stakeholders, such as the World Cocoa Foundation, the International Cocoa Initiative and the Healthy Weight Commitment Foundation. We fund many organizations that align with the causes we support, as outlined in our Community section.

We will continue to engage directly with stakeholders going forward to better understand their views and our performance. In addition, we are developing mechanisms for measuring and monitoring our progress in addressing our engagement priorities.



STRATEGIC COMMUNITY INVESTMENT AND ENGAGEMENT



During Good to Give Back Week, employees were able to choose a variety of ways to make a difference, including reading to children in local elementary schools.

Our commitment to communities begins with partnerships that support social and economic development and directly benefit our employees, their families and their immediate communities. Our employees often magnify those investments by themselves, seeking to benefit communities through direct giving and volunteerism.

We seek to create better lives through the focusing of our resources on these stakeholders, who are critical to our Shared Goodness model around the world. We are extending our community development work to stakeholders beyond those directly involved in our business and especially in areas where we have major operations, such as China, Mexico and Canada.

At the heart of our community efforts is the education, nutrition and well-being of children, especially those at risk. We also contribute funds and products to a variety of other causes and nonprofit organizations, particularly in the areas of health and human services, civic and community programs, the arts and culture, and the environment. Hershey employees and retirees are active partners in these efforts, volunteering their time and giving generously.

We are increasingly seeking to align our community development efforts with our corporate strategy while maintaining long-standing relationships that benefit both the communities in which we live and work and our company.

In 2013, Hershey donated a total of nearly \$9.4 million in cash and products to more than 2,200 organizations.

The Hershey sales team at Hershey's China National Sales Meeting, where the sales team has grown from 157 in 2010 to 545 in 2013.



CORPORATE AND EMPLOYEE GIVING

In 2013, The Hershey Company donated a total of nearly USD9.4 million in cash and products to more than 2,200 organizations.

For nearly 25 years, we have partnered proudly with **Children's Miracle Network**, a nonprofit alliance of children's hospitals across North America dedicated to state-of-the-art care, lifesaving research and preventive education. Employees raise awareness and funds for CMN through a variety of

events during the year, including a golf tournament, 5K race, motorcycle ride and bicycle race.

Since 1932, Hershey has supported **United Way** and its mission of improving access to health care, promoting self-sufficiency and strengthening families in the United States and abroad. In 2013, Hershey and our employees set a new corporate record by raising \$2.9 million in a campaign that featured record engagement from across the globe.

Employee giving, matched dollar for dollar locally by the company, enables Hershey employees to make a difference in their communities around the world. We also help fund global disaster relief through **United Way Worldwide**.



During Good to Give Back week, Hershey employees worked together to pack meals at the Central Pennsylvania Food Bank.

Canuck Place Children's Hospice received a \$100,000 grant from The Hershey Company for its capital campaign to build a 10-bed, five-family-suite, 30,000-square-foot hospice in Abbotsford, Canada, near Hershey's Brookside plant.

The Hershey Company made a \$100,000 Capital Campaign contribution to the **Lebanon Valley Family YMCA** to install a professional-grade kitchen in the new Freer Family Community Youth Center at the YMCA. This kitchen will allow the community's middle- and high-school teens to take cooking classes and participate in food-preparation demonstrations to encourage balanced eating habits. They will learn skills involving their home lives and families, and explore career possibilities in the culinary field. Additionally, it will offer a wide range of opportunities for the YMCA to provide healthy meals and snacks for other child-care and youth programs at the Lebanon, Pa., YMCA.

A \$100,000 grant was made to the **Partnership at Drugfree.org** in support of the bilingual Parents Helpline, a toll-free telephone helpline dedicated to assisting parents and families who may not have access to the comprehensive resources at drugfree.org, or who want to reach out and speak to a qualified social worker about their children's drug use or drinking.

Mexico: The Guadalajara plant doubled the number of contributors and donations to United Way's relaunched Children With Burn Injuries campaign in association with the Hospital San Ignacio in San Luis Potosi. Since 2003, Hershey has contributed more than \$400,000 to the city's Children's Burn Center, which has helped reduce the local mortality index from 11 percent to 1 percent. More than 150 children with burns received Hershey products and participated in activities during the Christmas parties we hosted in Guadalajara's and Monterrey's civil hospitals.

The Monterrey plant also supported the Children's Anti-Cancer Alliance and Boys & Girls Club with a donation of \$72,998.

Canada: Hershey employees volunteered more than 200 hours of their time at United Way's Food Bank and Peace Ranch in Caledon, Ontario, during Good to Give Back Week.

Hershey employees raised more than \$12,000 for United Way by climbing Toronto's iconic Canadian National Tower. The 42-member Hershey team walked 1,776 steps to raise money for United Way.

June 2013 marked one of the worst floods in Alberta history, with recovery costs estimated at more than \$2 billion. More than 25 Hershey employees donated their time to aid in the recovery effort, and The Hershey Company donated \$15,000 to the Canadian Red Cross to assist those affected by the flood.

During Good to Give Back Week, employees were able to choose a variety of ways to make a difference, including working at local food banks.



Hershey's Philippines' office provided medical equipment to the National Children's Hospital through its United Way Campaign.

Philippines: Two disaster-relief grants totaling \$35,000 were made to Philippine Business for Social Progress through United Way Worldwide. Twenty-two Hershey Philippines employees participated in the National Geographic Channel’s “NatGeo Run” on Earth Day. Three trees for planting were given to each employee who participated and bags of Hershey goodies were given to kindergarten and first-grade students of Puray Elementary School.

The Elsie Gaches Village residential-care facility houses more than 600 mentally challenged individuals. The Hershey Company supports it through employee volunteerism and gift-giving activities. Our long-term goal is to equip EGV clients with skills enabling them to effectively deal with the demands of a standard routine.

In response to typhoons Haiyan and Yolanda, The Hershey Company and its employees contributed a total of \$75,000 in disaster relief during 2013.



Brazil: Employees contributed more than 100 units of blood through a campaign with the Hemocenter São Lucas, which helped save approximately 430 lives. Hershey employees donated nearly \$7,000 to a water-awareness campaign. Employees also donated time and money to the GRAAC cancer-research foundation and hospital.

China: Diapers and formula worth CNY33,880.50, or about \$5,575, were collected and donated to Charity Dream Shanghai during Good to Give Back Week. An equal amount of money was also donated via United Way’s Shanghai Charity Foundation.

India: Runners representing Hershey raised \$5,000 in the 2013 Standard Chartered Mumbai Marathon, one of India’s larger charity races. Our India office donated approximately \$70,000 to United Way projects. Hershey’s India employees also contributed a day’s salary to aid victims of the 2013 Uttarakhand floods and landslides, a \$10,615 total donation.



MILITARY DONATIONS

Hershey has been supporting troops serving overseas as far back as Hershey’s involvement in the Ration D bar during World War II. These product donations are morale boosters and reminders of home for the troops, and our way of thanking them for their service. Since 2001, we have sent 3,991 cases of food to servicemen and servicewomen around the world.



Employees posing with the meals they packed during the Stop Hunger Now event in Hershey, Pa.

VOLUNTEERISM

Good to Give Back Week

In 2013, Hershey held its inaugural Good to Give Back Week, celebrating the importance of giving back by encouraging employees to volunteer in their communities. All expectations were exceeded when more than 300 employees volunteered more than 1,300 hours. Activities included making crafts for children in the hospital, reading to children at elementary schools and assembling thousands of boxes of food for local elderly patrons. Hershey also partnered with nonprofits supported by our United Way Campaign fund-raiser, which showed employees where their time and money were making a difference.

Other Volunteering

Hershey employees at corporate offices in Hershey, Pa., connected with the cause of global hunger relief through an afternoon

activity with the nonprofit Stop Hunger Now. Employees worked assembly-line style to pack more than 10,000 meals, each with 21 essential vitamins and minerals, that could be distributed rapidly throughout the world.

On Earth Day 2013, Hershey Monterrey employees participated in a 3K Race for Planet Earth. Some 450 plants and trees were distributed to participants for planting at home.

In 2013, Hershey Monterrey plant employees marked World Water Day (a United Nations initiative held annually on March 22) by responding to a survey about daily use of the precious liquid. Participants who identified opportunities to save water in their daily lives received seeds to plant at home.

Our CSR Advocates Program

Throughout Canada and the United States, our CSR Sales Advocates (one sales employee from each sales district) establish close contact with the CSR department. We work with these advocates to organize volunteering opportunities, disaster relief and other charitable events around the U.S. and Canada. In 2013 the advocates held more than 50 events and donated more than \$32,000 to local nonprofits. Their involvement extends the company's capability to build local relationships and have a positive impact on communities, and creates opportunities for employee engagement and team-building.

Los Angeles District

Employees from the Los Angeles and San Diego Districts joined together to hold an event with the Boys and Girls Club of Long Beach. The employees made s'mores and sundaes for more than 120 kids while organizing fun activities and games. The Hershey employees stressed the importance of school, doing the right thing and staying out of trouble. The teams also made a \$500 donation to the Long Beach Boys and Girls Club.

Atlanta District

Employees from Hershey's Atlanta District volunteered with Youth Entrepreneurs Atlanta, an organization that helps students develop the passion and skills needed for success in the global marketplace and life. The employees helped them understand business concepts, shared information about their job functions and presented an interactive program. The Atlanta team later joined Youth Entrepreneurs at their Dare to Dream event, where they shared the Hershey story, answered questions concerning career paths and offered career advice to interested business students.



"The reason I fell in love with the CSR role is I've always been altruistic and involved in philanthropic work. I believe all of us have the innate responsibility and moral welfare to help one another out."

— Greg Eubanks, CSR Advocate, Los Angeles District



"I've been a RSR with the company for two years, and part of what really attracted me to Hershey was the community involvement. When I took over the CSR role in Atlanta, I could not have felt more honored. I feel like our CSR work with Youth Entrepreneurs was highly impactful for the students, but also for my fabulous teammates. The CSR program has been an incredible way to make a positive difference around the nation, and I have loved being a part of it!"

— Katie French, CSR Advocate, Atlanta District



Bright
Future

UNLOCKING THE
POTENTIAL OF
CHILDREN AND
COMMUNITIES



SUPPORTING MILTON HERSHEY SCHOOL

Milton Hershey School was founded in 1909 by Milton and Catherine Hershey and is located in Hershey, Pennsylvania. Mr. Hershey donated his entire fortune to the school in 1918 by deeding his Hershey Chocolate Company stock and other assets to the Milton Hershey School Trust, making the school and its students the ongoing beneficiaries of our financial success and forever linking our two organizations. The Milton Hershey School Trust, administered by the Hershey Trust Company, remains our largest shareholder.

The school provides free education, housing, food and health care to more than 1,800 underserved children of all backgrounds from prekindergarten through 12th grade. Over the last several years, 75 percent of the students have come from homes at or below the poverty level. More than 40 percent of the students have a brother or sister at the school, and the student body has an even distribution of male and female students.

The Hershey Company is proud to help the school continue to grow, not only through our financial success but also through direct partnerships with students and houseparents. Various departments and plants host career days and tours, and many Milton Hershey School students work in internships at The Hershey Company. Through our Project Fellowship program, employees offer mentoring to students at home. Employees plan field trips and visit the student's home's to make meals and provide support and friendship. Project Fellowship engages employees from our U.S. and international locations at many levels, bringing a global experience and strong role models to Milton Hershey School students.

ACHIEVEMENTS

Hershey business education program named Outstanding Business/Education Partnership, Pennsylvania, by Association for Career and Technical Education

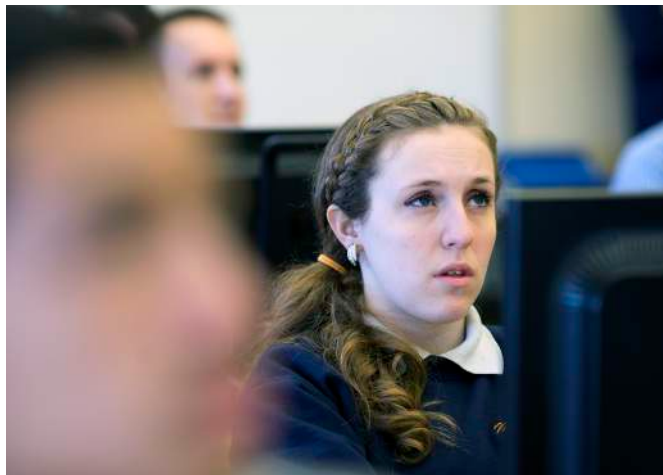


HERSHEY HONORS AUTHENTIC BUSINESS MANAGEMENT PROGRAM

As an iconic American business, The Hershey Company considers itself obliged and privileged to nurture and educate the next generation of business leaders. Launched in 2009, the Hershey Honors Authentic Business Management (HHABM) program is an award-winning collaboration with Milton Hershey School. After receiving a PR News CSR award (Workplace Innovation Category) in 2012, HHABM was named Outstanding Business/Education Partnership, Pennsylvania, by the Association for Career and Technical Education in 2013.

HHABM is a 35-week course during which honors business students in Milton Hershey School's senior division learn about consumer research, packaging, advertising, pricing, marketing and other key business topics from more than 40 employees of The Hershey Company. The paperless classroom employs state-of-the-art technology such as "live binders" that incorporate digital textbooks, videos and interactive seminars.

Real-world career advice is another important aspect of the experience, and the program's 50 graduates have continued their business education at Bucknell, Villanova, Penn State, the United States Naval Academy and other institutions.



A Historic Partnership



Milton Hershey had a vision of his candy company, the Hershey community and his school for children in need all working together for the common good. Nearly 70 years after his death in 1945, this vision is alive and strong.

By Mike Kinney

Manager, Community & Media Relations Milton Hershey School

The relationship between The Hershey Company and Milton Hershey School is something truly special. Growing up in the Hershey, Pa., community, working for The Hershey Company and now Milton Hershey School, I've had the unique opportunity to live and experience Mr. Hershey's vision and can confidently say the relationship between The Hershey Company and Milton Hershey School is as strong as ever. Many passionate employees with both organizations work tirelessly to continue to build the relationships between the two groups. While Milton Hershey School is the direct beneficiary of The Hershey Company's financial success (through the the Milton Hershey School Trust), the relationship is much more than financial. Our students have access to a committed group of people who are passionate about making a difference in the lives of our students as well as children and families in need around the globe.

Our Project Fellowship program is especially impactful for both sides. Whether through trips to the zoo, game nights on Milton Hershey School campus, laser tag nights or simply exchanging letters, our students continue to be enriched by their interactions with such caring people. The excitement

when the students and employees unite at an event is palpable and electric and brings additional role models, mentors and friends into students' lives.

Both Milton Hershey School and The Hershey Company are stronger organizations as a result of the many connections that have been forged between them. We truly believe that these collaborative programs embody *Shared Goodness* and the vision that Milton Hershey left behind.



POWERFUL DISTANCE LEARNING

In 2013, The Hershey Company continued its successful Hershey Learn to Grow Ghana Distance Learning Program, a unique initiative-launched last fall. The program links schoolchildren in Hershey and Ghana through real-time, high-definition technology that creates a common virtual-classroom experience.

Milton Hershey School students connect to students in Assin Foso, Ghana, a rural town located in the Central Region, from The Hershey Story Museum Experience on Chocolate Avenue in downtown Hershey.

The Hershey Learn to Grow Ghana Distance Learning Program is a first-of-its-kind live distance-learning program for primary students. It was developed in collaboration with Milton Hershey School, the M.S. Hershey Foundation's Hershey Story Museum Experience,

Cisco and African partners, including the Assin Foso School, the Ghana Education Service, the Ghana Cocoa Board and Source Trust. Hershey is the largest U.S. chocolate maker and Ghana is a world leader in cocoa production.

Originally slated for eight modules held over two months in 2012, the partners decided to extend the successful program through the full academic year and are exploring opportunities for further expansion. The program was 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.



Approximately 80 middle-school students in classrooms on both sides of the Atlantic Ocean share a special educational and cultural experience through Hershey Learn to Grow Ghana Distance Learning Program.





TRAINING AND EMPOWERING FARMERS

We believe that enhancing the capacity of agricultural communities to increase the productivity of their lands supports sustainable economic development within our value chain. This investment in improving yields can also increase the availability of sustainably produced crops, particularly cocoa, necessary for our own future growth.

COCOA INITIATIVES AROUND THE WORLD

Through a variety of initiatives around the world, we are planting seeds to meet the long-term needs of both international communities and our own business. Equally, we are making positive strides against the conditions that can lead impoverished communities to turn to unsustainable environmental and labor practices for short-term gain.

We undertake these commitments based on thorough evaluations of a region's circumstances, challenges and opportunities, and generally bring on partner organizations to maximize the resources and skills supporting our initiatives. We also look for opportunities to educate and empower youth and women in these communities, given the lasting social benefits their enfranchisement can create. This is particularly valuable in regions where new generations of farmers will be needed to maintain and expand the agricultural trade.

COCOLINK

CocoaLink is a public-private partnership established in 2011 by The Hershey Company, the World Cocoa Foundation and the Ghana Cocoa Board that uses accessible mobile technology to better farmers' livelihoods through access to information that can help increase their yields and their incomes.

The Hershey Company has been joined by other industry partners—including World Education, Inc., and the International Cocoa Initiative (ICI)—in expanding Ghana CocoaLink. Because mobile-phone coverage has reached virtually every cocoa community over the past five years, CocoaLink uses mobile technology to communicate practical agricultural and social information to rural cocoa farmers. Cocoa farmers with access to a mobile phone can request and obtain free and timely information on farming, social needs, occupational safety and health, and child labor issues.



Results as of year-end 2013:

- **CocoaLink has enrolled 45,000 Ghanaian cocoa farmers, far exceeding our initial enrollment goal of 1,450 farmers**
- **The program has provided 1.2 million free SMS messages to participants in 1,800 villages across Ghana's five cocoa-growing regions**
- **Sixty-eight percent of surveyed farmers in the pilot reported using the mobile phone to communicate with an Extension Agent at least once a month**
- **The program has initiated an extended voice message package for illiterate and semiliterate farmers**
- **Launched in Ghana, the program is expanding to Cote d'Ivoire as well**
- **The cost to the program sponsors per text is approximately 50 cents, which compares favorably with other farmer-outreach models**

Over a three-year period, CocoaLink farmers increased their yields by 45.6 percent.

At the end of 2013, World Education, which is responsible for monitoring the evaluation of CocoaLink, began collecting data in order to evaluate outcomes and identify lessons for the program's sustainability and future expansion. Their findings on the impacts of the program included:

- **CocoaLink farmers improved cocoa yield and associated income in 2013, with cocoa output 10 percent greater than control communities studied. Overall, CocoaLink farmers increased their yields by 45.6 percent over a three-year period, from 2.5 cocoa bags per acre in 2011 to 3.64 in 2013**
- **Household expenditures, a proxy for incomes, increased 78 percent in test communities**
- **Eighty-eight percent of CocoaLink farmers received conservation training, compared with 68 percent of non-CocoaLink farmers**
- **Sixty-five percent of CocoaLink farmers received basic literacy training—35 percent higher than non-CocoaLink farmers**
- **Sixty-five percent of CocoaLink farmers received bookkeeping training—25 percent higher than non-CocoaLink farmers**
- **One-third of farmers using CocoaLink are women.**

For more information, see the [CocoaLink Results Brochure](#).



HERSHEY LEARN TO GROW GHANA

The Hershey Learn to Grow farmer and family development center in Assin Fosu, in Ghana's central cocoa region, plays an important role in Hershey's broader sustainable cocoa strategy. The program was created in 2012 in partnership with Source Trust, a nonprofit organization, to substantially improve productivity, family incomes and labor practices in the region while increasing cocoa quality.

Thus far, Hershey Learn to Grow and 25 participating community-based farmer organizations have helped to improve the living standards of 1,467 cocoa farm families through training in agricultural, environmental, social and business practices; access to improved planting material; and finance for farm inputs. In addition, the center is already providing Hershey with certified cocoa that can be traced back to the individual farm level.

Phase I: Work and Results

During the program's first year, farmers were educated on appropriate farming and labor practices and adequate record-keeping. Some farmers also undertook actions to enable



them to meet UTZ certification standards, one of the program's objectives.

The program mapped participating farmers' land using GPS technology. This mapping enabled the farmers to understand, for the first time, the precise size of their farms and to use the optimal amounts of fertilizers and other inputs. The mapping also helped farmers understand the age of their trees and plan for the gradual replacement of older trees with younger ones that can produce higher yields within three years.

In addition, in 2013 the program:

- **Built a Village Resource Center for students in Assin Jakai**
- **Dug boreholes for water extraction in Jakai, Kwafo, Beveden and Nsene**
- **Distributed 10,000 shade trees to Learn to Grow farmers**
- **Provided 25 farm organizations with chemical storage facilities and first-aid supply boxes**

As a result of the first-phase work undertaken by the program and participants, in 2013 all of the participating farmers passed their first UTZ audit and are now growing UTZ-certified cocoa.

Phase II: Scaling Reach and Impact

In April 2014, we announced the launch of Phase II, which will dramatically expand Hershey Learn to Grow. The program enhancements are intended to:

- **Increase service availability to women to promote equal access and equal benefits, while augmenting their leadership skills and roles. Currently one-third of all farmers engaged are women, and the program expects the participation rate of women at least at that level going forward**
- **Provide higher and more secure incomes for farmers and their families through farm-ing-practices training based on the farmer business school curriculum**

The enhancements include access to CocoaLink mobile-phone services and a complete training package for cocoa farming, along with overall farm-business management targeting other food crops. Cost-effective service-delivery methods will also be used to establish 92 nurseries (up to four in each district) for efficient supply of planting materials to farmers, while providing a business interest to women, young adults and unemployed youth. 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.

HERSHEY LEARN TO GROW EXPANSION PLAN

	2013	FEB 2014 THROUGH JAN 2016	FEB 2016 THROUGH DEC 2018
Number of farmers to be reached	1,467	6,000	17,000
Yield	350kg	650kg	1,000kg/ha

Phase II represents an aggressive scaling of the Hershey Learn to Grow program's tested and proven community-service delivery model to all five of Ghana's major cocoa-growing regions. The program's goals are to reach 6,000 farmers across Ghana by early 2016 and 17,000 by 2018, to double participants' yields and increase their household income by as much as 30 percent over five growing seasons.

Equipping Farmers for the Future

Using GeoTraceability technology, a Farm Business Plant (FBP) module is currently under development that will teach farmers to manage their farms as a business rather than just a cash crop. This will draw on:

- Information from GPS-based farm mapping
- Farm characterization information on year of planting, variety, farm practices and crop-pest and disease status
- Farm production data collected via GeoTraceability's Traceability and Mapping System
- Farmer information, including biographical data, training received and credit rating
- A system of intervention recommendations based on best-management practices determined by national research agencies and agronomists, soil scientists, plant breeders and other experts



Documenting Hershey's Impacts in Ghana



By Tawiah Agyarko-Kwar teng (far right)
Manager, Cocoa Sustainability (West Africa)

It was a hot, humid Saturday morning when we set out from Accra for the three-and-a-half-hour drive to Assin Jakai, a cocoa-growing community in the heart of Ghana's Central Region. It is here that we have partnered with Source Trust to provide farmer training and development through Hershey Learn to Grow, a program that is focused on modernizing a trade that farmers in this part of the world have been engaged in for decades.

The Learn to Grow farmer training session that morning took place on a farm, ensuring that farmers benefit from practical, on-the-ground training in a setting that they are familiar with. In a very informative, interactive session led by Kingsley, an experienced and lively trainer, the group of 35 or so farmers learned the use of fertilizers and related safety practices. About a third of the farmers were women, each of them fully engaged and eager to learn more in order to improve their livelihoods and support their families.

Once farmers in our Learn to Grow program have harvested their cocoa, they sell their beans to Armajaro, our partner licensed buying company. Located 20 minutes from Assin Jakai, Armajaro's warehouse was the next stop on our trip. Here, Armajaro stores the cocoa beans in jute sacks that are tagged to enable traceability to the specific farmer group that grew the cocoa—a farmer group like the one we had just visited. This enables us, and our partners, to ensure better transparency within our cocoa value chain, providing more opportunities to improve the conditions in the communities where cocoa is grown.



Supporting quality education is a key part of improving the conditions in cocoa-growing communities. Hershey is contributing toward efforts in the Assin-area cocoa communities by providing technology centers for schools, and has set up a distance learning center at the Foso Demonstration School in Assin Foso, 10 minutes away from Armajaro's warehouse. Focusing on women and girls, and the next generation of cocoa farmers, is a key part of Hershey's 21st Century Cocoa Sustainability Strategy.

The farmers we visited are among the 45,000 who have signed up to be part of CocoaLink, a mobile technology-based extension support program that is one of Hershey's flagship initiatives in cocoa sustainability. Two days after our visit to the farmers, the Ghana Cocoa Board hosted an event to share the results of an evaluation study looking at the impact of CocoaLink three years after its initiation. Based on results from farmers in test and control communities in Ghana's Western Region, CocoaLink has been found to have a significant impact on farmer yields (increase of 43 percent versus 7 percent in test vs. control communities) and household expenditures (as a proxy for incomes; 78 percent increase in test communities) with favorable changes in farmers' knowledge and good agricultural practices. The research provides validation for the pilot of CocoaLink and sets the stage for the continued public-private partnership that has begun in Ghana.



Over the five-day trip, the Hershey team had the opportunity to interact with and learn from all our partners, including the farmers, enabling us to continue on our journey of modernizing cocoa farming, using innovations that change lives and improve cocoa communities.



HERSHEY LEARN TO GROW NIGERIA

In 2013, Hershey expanded its Learn to Grow program to Nigeria through a public and private partnership with IDH (The Sustainable Trade Initiative) and Source Trust. Eight thousand farmers are currently in the final phase of UTZ certification. Ultimately, we expect this program to enable 22,000 farmers to double productivity and increase their incomes by 30 percent after they receive advanced training in growing certified cocoa that Hershey will use in its products around the world.

Hershey Learn to Grow Nigeria will include:

- **Business and finance training for farmers that will facilitate access to credit they can use to improve their farms**
- **Computerized tracking of cocoa through the entire supply chain. Farmers will be able to use precise information about the size of their farms, ages of cocoa trees and the use of fertilizers to increase production**
- **Infrastructure improvements to cocoa communities through the provision of water and power, malaria prevention measures and education resources**



MEXICO

Hershey is proud to lead the Mexico Cocoa Project, an ambitious initiative dedicated to saving Mexico's cocoa industry by replanting and restoring the crop in the same area where the ancient Olmecs, Mayans and Aztecs first cultivated cocoa as a food nearly 4,000 years ago.

Launched in 2012, the project focuses on revitalizing more than 1,000 hectares of cocoa farmland in the Chiapas region of southern Mexico devastated by tree disease a decade ago. We hope that the initiative, in which we are investing USD2.8 million over 10 years, will encourage more young adults to join the cocoa industry.



Following through on this commitment, The Hershey Company and cocoa supplier Agroindustrias Unidas de Cacao SA de CV convened a Cocoa Summit in July 2013 in Tapachula, Chiapas, to share cocoa-growing best practices and case studies. The summit also marked the beginning of the next phase of the Mexico Cocoa Project, which includes the distribution of 110,000 disease-resistant trees during the 2013–14 growing season.

Ultimately, the effort has the potential to produce 250,000 trees per year, quadruple yields, substantially increase family incomes and contribute to the worldwide supply of sustainable cocoa. Among other tools, the program provides training in farm renovation and good agricultural practices that will enable farmers to be certified by third-party cocoa-certification NGOs. Thus far, 700 cocoa farms in the region have been UTZ-certified as part of the project.



PERU

In 2008, The Hershey Company was introduced to San Juan de Cheni, a village of indigenous people tucked deep in the mountains of the Junín region of Peru. The villagers, who grow a unique variety of cocoa with a distinct flavor, were using cocoa farming to rebuild the community following years of devastation by guerilla warfare.

Hershey committed to help fund the infrastructure needed for the village to be successful in cocoa farming, and to buy the certified cocoa grown in this area for use in its high-end artisanal chocolate products.

With the technical and financial support of Hershey and its sourcing partners Romex and Mitsubishi, the San Juan de Cheni community has since built an annual capacity to produce



40,000 cocoa trees by grafting from trees specially selected to be highly productive and disease-tolerant. More than 50 of the community's cocoa farms have seen their productivity per hectare double, rising from an average of 500 trees per hectare to more than 1,100 per hectare.

Hershey has also aided San Juan de Cheni in building:

- **A fermentation center to enable the village to produce higher-quality cocoa**
- **A septic system to control waste**
- **A cocoa warehouse**
- **A community computer center, which now serves as the village's first public meeting facility**

Advancing Gender Equality Through Hershey Learn to Grow

Among the Hershey Learn to Grow components under development is the Women's Leadership module, which will encourage women participating in the program to serve in leadership roles such as:

- Lead Farmers, who act as peer-group trainers
- Internal Inspectors, who carry out farm inspections as part of the audit process in certification programs
- Nursery Supervisors, who manage cocoa seedling and shade tree seedling nurseries, a role internal studies have shown women farmers to be particularly effective in executing

The module will include case studies about successful women in farming. Women participants will also be registered with Co-coaLink. They will have access to all messages but will be offered greater flexibility in message scheduling in order to accommodate availability differences.



CREATING OPPORTUNITY BY NURTURING NEW GENERATIONS



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

Drawing on Milton Hershey's legacy, and our special role in supporting the remarkable education delivered by his namesake school, we have long supported education and other care for young people in the communities where we live and do business around the world.

Building on our new Shared Goodness CSR framework, we will become increasingly strategic about the ways in which we focus this support in the coming years.

UNITED STATES

For nearly 25 years, Hershey has supported Enactus (formerly SIFE, Students in Free Enterprise), a community of student, academic and business leaders committed to using the power of entrepreneurial action to enable human progress. Enactus has established student programs on campuses not only across the nation but also around the world, and continues to grow. Students apply business concepts to develop community-outreach projects, transform lives and shape a better, more sustainable world. These projects are then showcased at national competitions. Hershey is proud to support Enactus and has partnered with Enactus chapters on various projects.

CHINA

The rapid growth of China's economy in recent years has led to a huge influx of temporary migrant workers into urban areas. In Shanghai, where official estimates put the city's migrant worker population at 9 million, as many as 40 percent of the city's children have parents who have come there to find work. As a result, 50,000 Shanghai children spend their days in substandard day care facilities while their parents work. Unfortunately, the vast majority of migrant children who attend school have no one to care for them afterward. Happy Time, an after-school program established by The Hershey Company, United Way Worldwide and Shanghai Charity Foundation, offers these children a secure and safe after-school haven. Happy Time participants learn about Chinese culture, basic life skills, occupational options and chocolate making.



MEXICO

In April 2013, Hershey Mexico presented the Jose Maria Morelos León United Way with \$16,892 to help educate local youth about environmental aspects of our Mexico Cocoa Project, which has helped 634 families to date.

In April 2013, the Monterrey plant staff delivered a \$10,000 donation for need-based scholarships to the Boys and Girls Club of Nuevo León. The facility offers a healthy environment where children participate in sports, art and music and learn about recycling and other environmentally friendly activities.

Employee volunteers from Hershey visited Monterrey's José Maria Morelos primary school, where they involved 700 students in educational projects focusing on recycling, water use and the environment.



CÔTE D'IVOIRE

Addressing a critical community need in the western cocoa-growing region of Côte d'Ivoire, Hershey and Barry Callebaut (the world's largest chocolate manufacturer) together built a primary school and community/farmer-training center. Located in the Abokro, Gabiadji, Bas-Sassandra region of Côte d'Ivoire, the school and community center will serve 150 primary-school-age children from 24 nearby hamlets and villages.

The Hershey Learn to Grow Abokro school consists of three furnished classrooms equipped with solar-powered lighting fixtures; a solar-powered water well; an infirmary; a school canteen, where subsidized meals will be offered; and housing for professional teachers and medical staff.

The school will be managed by the Côte d'Ivoire Ministry of Education. The infirmary will be staffed and operated by a professional health worker assigned by the Ministry of Health. Barry Callebaut's local subsidiary SACO will liaise, on behalf of Barry Callebaut and Hershey, with a committee—consisting of teachers and community members—regarding future development activities.



GHANA

As part of Hershey's Learn to Grow, our on-ground partner in Ghana helped establish Village Resource Centers in rural schools lacking access to information-technology (IT) facilities. They will facilitate IT education and offer increased, convenient access to agricultural training for farmers. These fully furnished community learning centers can be distributed easily and are used by students during the day and by farmers after-hours for Good Agricultural Practice training.



BRAZIL

United Way and Hershey Brazil together have supported a youth mentoring program. The program focuses on encouraging social entrepreneurship in low-income youth, instilling the idea that they can make a difference. Sixteen Hershey's volunteers recently mentored 19 students in a wide variety of subjects. After learning how to use programs such as Microsoft PowerPoint and Word, students presented ideas they hoped to implement into the community. These included ways to display artwork on public walls, demonstrating proper garbage-disposal procedures and creating a school newspaper addressing the dangers of drug use.

PROJECT PEANUT BUTTER (PPB)

Severe acute malnutrition afflicts 20 million children and is the largest contributor to child mortality in Africa, killing more than twice as many children as HIV/AIDS and malaria combined. To address severe acute malnutrition, Dr. Mark Manary started Project Peanut Butter, a revolutionary therapeutic program that provides starving children with 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 proved to be a highly effective method to treat severely malnourished children.



Hershey is partnering to expand the program and is currently funding construction of a manufacturing plant in Ghana that will supply RUTF to Project Peanut Butter. The plant is expected to be operating in the second half of 2014. In addition to the primary objective of contributing to the treatment of malnourished children, some of our other objectives in supporting Project Peanut Butter are to contribute to the local economy and to support the development of diversified agricultural practices in the region by leveraging our expertise in processing peanuts and educating peanut farmers on agricultural improvements to drive yield increases and quality improvements.

ABOUT THIS REPORT

This report describes how we are listening to our stakeholders, learning from them and acting 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 progress toward our goals and targets in the 2013 calendar year, which is also our fiscal year, and the operations of The Hershey Company, including Hershey's wholly owned operations and joint-venture operations over which The Hershey 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 for only our wholly owned facilities.

This is our third full CSR report. Our most recent full report was published on April 30, 2012, and covered fiscal year 2011. We also published a 2012 Scorecard Update, communicating our progress against our goals and targets only, on April 22, 2013. We plan to continue to issue a full report every even-numbered year and to provide an annual update on the development of our strategy and our performance with regard to our goals via a scorecard during odd-numbered years.

We adhere to the GRI Protocol where applicable and feasible. We have developed this report at the core "in accordance" level

of the GRI G4 Guidelines. 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 comport to a particular protocol but is the best means we have to communicate our performance.

We choose data-collection methodologies based on the specific criteria needed to measure the 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 2013 as well.

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

PROCESS FOR DEFINING PRIORITY ISSUES AND REPORT CONTENT

We undertook a reevaluation of the priority issues first presented in our 2011 CSR report to prepare for the development of this report and as an element of our overall strategic-planning process. The analysis helps us

identify key areas of risk and opportunity and refine and confirm Hershey's strategic approach and priorities.

We applied the GRI Reporting Principles for Defining Report Content as follows:

- We reviewed the full universe of environmental, social, governance and economic topics that could be relevant to our business operations and our stakeholders and confirmed the list of issues to be considered in the analysis.
- We reached out to stakeholders directly to seek their input on both the relative prioritization of these topics as well as their perceptions with regard to the issues' impacts across our value chain. In addition to direct engagement, we also analyzed a broad variety of sources that were representative of (or proxies for) the priorities and concerns of a wide range of individuals and organizations. These sources included investor and customer inquiries, questionnaires from respected ratings and rankings organizations, industry/trade association white papers, peer reports and analyses, policies and regulatory guidance, and employee comments and surveys. We combined insights from direct stakeholder engagement with the evaluation of stakeholder sources.
- We held internal interviews with managers and executives to understand internal company perspectives around the issues list. 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 as priorities for our ongoing business success and ability to effectively manage CSR impacts.

HERSHEY'S PRIORITY ISSUES

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

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

Ethics and compliance: systems, processes and performance relating to ethical operation and compliance with applicable policies and regulation.

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 and forestry products

Transparency: issues related to publicly sharing information about Hershey and its CSR efforts (policies, progress, level of disclosure)

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

Child labor: issues related to child labor on supplier farms (including forced labor, trafficked labor and work instead of education)

Food safety: programs, policies and procedures that assure safety of incoming materials, manufacturing environment and processes and finished products

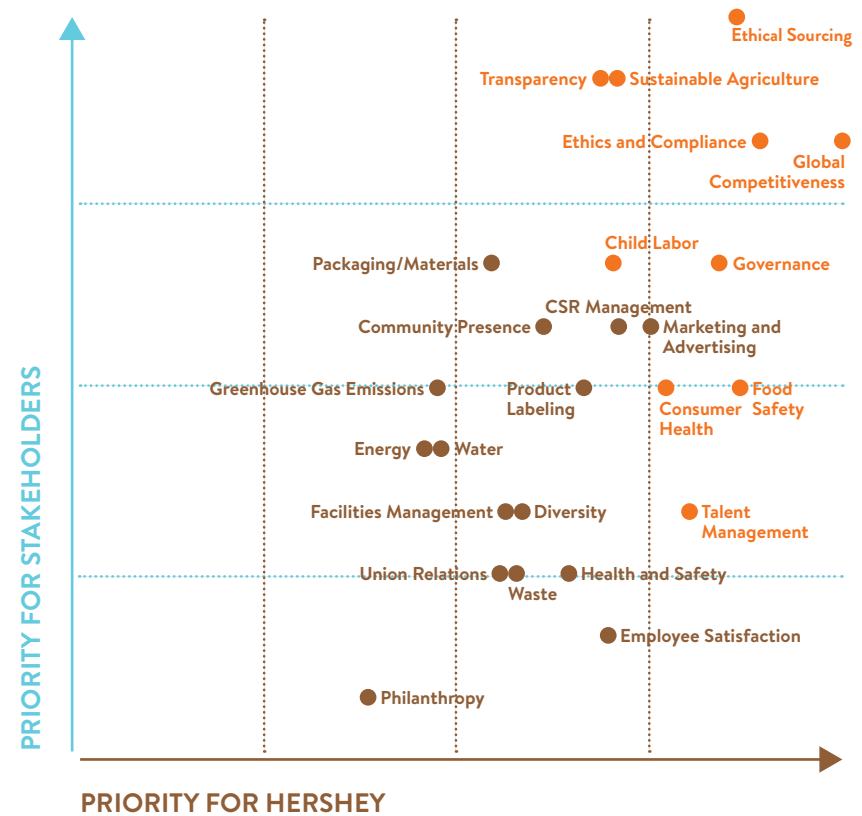
Consumer health: issues related to health and wellness, obesity, healthy kids, nutrition, active living, ingredients

Talent management: issues related to attracting and retaining employees, including professional development, succession planning, training and diversity and inclusion

We have mapped our priority issues to related GRI G4 Aspects in order to maintain consistency with the GRI Guidelines. Please visit the [Our Value Chain](#) and [Value Chain and Impacts](#) sections of this report.

PRIORITY ISSUES MATRIX

Orange= Priority Issue



GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS


GENERAL STANDARD DISCLOSURES	DESCRIPTION	 CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
G4-1	CEO Statement	CEO Letter, pp. 2–3	

ORGANIZATIONAL PROFILE

G4-3	Report the name of the organization.	About Hershey, p. 8	
G4-4	Report the primary brands, products, and services.	About Hershey, p. 8 Key Brands, p. 9 Global Competitiveness, p. 22 2013 Form 10-K, pp. 1–4	
G4-5	Report the location of the organization's headquarters.	About Hershey, p. 8	
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. 8 Global Competitiveness, p. 21 2013 Form 10-K, pp. 1, 3–4	
G4-7	Report the nature of ownership and legal form.	2013 Form 10-K, p. 1	
G4-8	Report the markets served.	Global Competitiveness, p. 21 2013 Form 10-K, pp. 1, 3–4	
G4-9	Report the scale of the organization.	About Hershey, p. 8 2013 Form 10-K, pp. 1, 17	Quantity of products sold is confidential information.

GENERAL STANDARD DISCLOSURES (CONTINUED)

ORGANIZATIONAL PROFILE (CONTINUED)

GENERAL STANDARD DISCLOSURES	DESCRIPTION	 CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
G4-10	Report workforce information.	Workforce, p. 41	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% of Hershey employees are covered by collective bargaining agreements.	
G4-12	Describe the organization's supply chain.	Ethical Sourcing, pp. 25–29	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Global Competitiveness, pp. 23–24 2013 Form 10-K, pp. 1, 62–63, 105	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	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 which it endorses.	Ethical Sourcing, pp. 26, 28	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

GENERAL STANDARD DISCLOSURES (CONTINUED)

ORGANIZATIONAL PROFILE (CONTINUED)

GENERAL STANDARD DISCLOSURES DESCRIPTION

CROSS-REFERENCE OR ANSWER

ADDITIONAL INFORMATION

GENERAL STANDARD DISCLOSURES DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
<p>G4-16</p> <p>List memberships in associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <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 	<p>Memberships in associations and advocacy organizations:</p> <ul style="list-style-type: none"> • Grocery Manufacturing Association • National Confectioners Association • Food and Consumer Products of Canada • Council of the Better Business Bureau • Healthy Weight Commitment Foundation • National Recreation and Park Association • Athletics Canada • American Association for Health, Physical Education, Recreation and Dance • AIM-Progress Initiative • National Minority Supplier Development Council • SEDEX (Supplier Ethical Data Exchange) • Source Trust • RSPO (Roundtable on Sustainable Palm Oil) • Key Club • International Cocoa Initiative • World Cocoa Foundation • Family Health International • United Way Worldwide • Boston College Center for Corporate Citizenship • Conference Board • Pennsylvania State Chamber • Harrisburg Regional Chamber • Pennsylvania Manufacturers' Association • Pennsylvania Business Roundtable • Pennsylvania Economy League • Virginia Manufacturers Association • US/China Business Council 	

GENERAL STANDARD DISCLOSURES (CONTINUED)

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	2013 Form 10-K, p. 1	We are not reporting environmental data from India, Golden Monkey operations in China, or our joint ventures in Brazil and China.
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	Our Value Chain, p. 10 Priority Issues, p. 11 About this Report, pp. 71–72	
G4-19	List all the material Aspects identified in the process for defining report content.	Value Chain and Impacts, p. 12	
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Value Chain and Impacts, p. 12 GRI Content Index, Specific Standard Disclosures: Aspects and Aspect Boundaries, pp. 79–84	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Value Chain and Impacts, p. 12 GRI Content Index, Specific Standard Disclosures: Aspects and Aspect Boundaries, pp. 79–84	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	

GENERAL STANDARD DISCLOSURES (CONTINUED)

STAKEHOLDER ENGAGEMENT

GENERAL STANDARD DISCLOSURES	DESCRIPTION	 CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
G4-24	Provide a list of stakeholder groups engaged by the organization.	Engaging Stakeholders, p. 52	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Engaging Stakeholders, p. 51	
G4-26	Report the organization's approach to stakeholder engagement.	About this Report, p. 71 Engaging Stakeholders, pp. 51–52	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	Engaging Stakeholders, p. 52	

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.	GRI Content Index, pp. 73–91	
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.

GENERAL STANDARD DISCLOSURES (CONTINUED)

GOVERNANCE

GENERAL STANDARD DISCLOSURES	DESCRIPTION	④ CROSS-REFERENCE OR ANSWER	ADDITIONAL INFORMATION
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	Accountable management and governance, p. 45 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.	Accountable management and governance, pp. 45–46 Code of Ethical Business Conduct Hershey Values Supplier Code of Conduct	
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SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES

ECONOMIC

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Economic Performance	About Hershey, p. 8 Global Competitiveness, pp. 20–22 Community Investment, pp. 53–56 2013 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, p. 16 Ethical Sourcing, pp. 25–29 Supplier Code of Conduct	Both	Major sourcing countries (Cameroon, Cote 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)

ENVIRONMENTAL

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Biodiversity	Ethical Sourcing, p. 28	Both	Major manufacturing countries (Brazil, Canada, China, India, Mexico, United States)	Communities Ingredient suppliers Industry associations Regulatory agencies
Compliance	Environmental Performance, p. 33	Both	Major manufacturing countries (Brazil, Canada, China, India, Mexico, United States)	Communities Ingredient suppliers Industry associations Regulatory agencies
Supplier Environmental Assessment	Goals, p. 14 Ethical Sourcing, p. 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote D'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru, United States)	Communities Ingredient suppliers Industry associations Regulatory agencies
Environmental Grievance Mechanism	Accountable Management and Governance, p. 46	Both	United States Americas AEMEA	Communities Ingredient suppliers Industry associations Regulatory agencies

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (CONTINUED)

SOCIAL – LABOR PRACTICES AND DECENT WORK

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Employment	Goals, pp. 17–18 Workforce Engagement, pp. 40–44	Both	United States Americas AEMEA	Workforce Subsidiaries
Training and Education	Workforce Engagement, pp. 40–44	Within organization	United States Americas AEMEA	Workforce Subsidiaries
Supplier Assessment for Labor Practices	Goals, p. 14 Ethical Sourcing, p. 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote D'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies
Labor Practice Grievance Mechanisms	Management and Governance, p. 46	Both	United States Americas AEMEA	Communities Ingredient suppliers Industry associations Regulatory agencies

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (CONTINUED)

SOCIAL – HUMAN RIGHTS

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Child Labor	Ethical Sourcing, pp. 26–27, 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote D'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail Customers
Forced or Compulsory Labor	Ethical Sourcing, pp. 26, 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote D'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru)	Communities Industry associations Ingredient suppliers Investors Regulatory agencies Retail Customers
Supplier Human Rights Assessment	Goals, p. 14 Ethical Sourcing, p. 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote D'Ivoire, Dominican Republic, Ghana, Jamaica, Liberia, Nicaragua, Nigeria, Peru)	Communities Industry associations Ingredient suppliers Regulatory agencies
Human Rights Grievance Mechanisms	Management and Governance, p. 46	Both	United States Americas AEMEA	Communities Ingredient suppliers Industry associations Regulatory agencies

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (CONTINUED)

SOCIAL – SOCIETY

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Public Policy	Hershey 2013 Advocacy Expenditures Report	Both	United States Americas AEMEA	Industry associations Investors Regulatory agencies
Anti-Competitive Behavior	Management and Governance, pp. 45–46 2013 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, p. 14 Ethical Sourcing, p. 29 Supplier Code of Conduct	Both	Major Sourcing Countries (Cameroon, Cote 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. 46	Both	United States Americas AEMEA	Communities Ingredient suppliers Industry associations Regulatory agencies
Healthy and Affordable Food	Balanced Lifestyle, pp. 48-50	Both	United States Americas AEMEA	Communities Industry associations Ingredient suppliers Investors Retail Customers

SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES (CONTINUED)

SOCIAL – PRODUCT RESPONSIBILITY

GRI G4 MATERIAL ASPECTS	DMA CROSS-REFERENCE	IMPACT WITHIN THE ORGANIZATION OR EXTERNAL?	GEOGRAPHICAL ASPECT BOUNDARIES	RELEVANT EXTERNAL ENTITIES
Customer Health and Safety	Goals, p. 14 Quality and Food Safety, pp. 30–32 Balanced Lifestyle, p. 48	Both	United States Americas AEMEA	Consumers Regulatory agencies Retail customers Workforce
Product and Service Labeling	Quality and Food Safety, p. 30 Stakeholder Engagement, pp. 51–52	Both	United States Americas AEMEA	Consumers Ingredient suppliers Investors Regulatory agencies Retail customers
Marketing Communications	Ethical Sourcing, p. 28 Quality and Food Safety, pp. 30–32 Balanced Lifestyle, pp. 48–50 2013 Form 10-K, pp. 11–12	Both	United States Americas AEMEA	Consumers Investors Retail customers Regulatory agencies
Compliance	Quality and Food Safety, pp. 30–32 Responsible Enjoyment, p. 50 2013 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

ECONOMIC

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	④ INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Economic Performance	G4-EC1	Direct economic value generated and distributed.	Performance Summary, p. 13 Community Investment, pp. 53–56 Global Competitiveness, p. 22 2013 Form 10-K, p. 17 Presentation to the 2014 Consumer Analyst Group of New York	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environmental Performance, pp. 35–36	
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. 29	All suppliers are required to review and agree to follow the provisions of our sourcing policy.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (CONTINUED)

ENVIRONMENTAL

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	④ INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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 2013.
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.
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)

SOCIAL – LABOR PRACTICES AND DECENT WORK

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Employment	G4-LA2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees, by significant locations of operation.	Workforce Engagement, p. 42	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 our voluntary medical plan, the myWell-Being Global programs and the Marsh voluntary plans. Continuous part-time employees in the United States have vacation and are eligible for the voluntary medical plan and the myWell-Being full program, and the employee assistance program. Hershey's benefits are available online (https://www.thehersheycompany.com/careers/benefits.aspx).
Training and Education	G4-LA9	Average hours of training per year per employee by gender and by employee category.	See explanation.	Average job training hours per person in 2013: Hourly employees—32; salaried employees—7. Breakdown by gender is unavailable.
	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	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 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 breakdowns of those receiving performance reviews in 2013: 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.
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)

SOCIAL – HUMAN RIGHTS

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	Ⓞ INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
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, pp. 26–27, 29 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, pp. 26, 29 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.
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)

SOCIAL – SOCIETY

GRI G4 MATERIAL ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Hershey 2013 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, and anti-trust and monopoly practices and their outcomes.	Management and Governance, p. 46 2013 Form 10-K, pp. 14, 66-67	
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 reserve the right to perform social audits of those we enter into contracts with, and have aggressive plans to audit 80% of our spend.
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms.	See explanation.	The number of grievances is confidential.

SOCIAL – PRODUCT RESPONSIBILITY

PRIORITY ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Customer Health and Safety	G4-PR2	Total number of incidents of noncompliance 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 noncompliance with regulations concerning health and safety occurred in 2013 that resulted in a fine, penalty or warning.
	G3-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. 31	Production volume is proprietary information and will not be disclosed.
	G3-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.	Balanced Lifestyle, p. 48	Sales percentages are proprietary information and will not be disclosed.

SPECIFIC STANDARD DISCLOSURES: INDICATORS (CONTINUED)

SOCIAL – PRODUCT RESPONSIBILITY (CONTINUED)

PRIORITY ASPECTS	INDICATORS	INDICATOR DESCRIPTION	INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Product and Service Labeling	G4-PR4	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Quality and Food Safety, p. 30	No incidents of noncompliance with regulations concerning product information and labeling occurred in 2013 that resulted in a fine, penalty or warning.
	G4-PR5	Results of surveys measuring customer satisfaction.	See explanation.	<p>Through our Insights Driven Performance process, we actively survey consumers and hold focus groups concerning our products.</p> <p>Through our Consumer Relations department, consumers have various ways of getting in touch with us to share their comments about our products or business dealings. There is a toll-free number printed on all of our packaging, as well as an electronic “Contact Us” form on our website. Outside of our Insights Driven Performance process, we do not actively survey consumers, broadly, on product satisfaction. We do monitor their contacts for trends and outliers.</p> <p>The Consumer Relations Department sends consumers who contact us a satisfaction survey approximately two weeks after their interaction with a consumer representative. This survey is sent to every individual who provides the representative with an email address.</p> <p>Our consumer satisfaction survey asks the following questions:</p> <ul style="list-style-type: none"> • Was your question or issue resolved? • How would you rate the knowledge of our Consumer Relations representative? • Overall, how satisfied were you with the way The Hershey Company handled your inquiry? • How likely are you to recommend our products to your family or friends? • Please feel free to tell us more about your experience <p>We draw insights and make recommendations based on the interactions we have with our consumers including calls, emails, letters and social media posts and messages. We provide these insights and recommendations to Marketing, Quality, Nutrition, Public Relations, Packaging and Legal on a monthly or as-needed basis. Our constituents then use this information to gauge the success of new and changed products, support business decisions, monitor product quality and assess consumer response to corporate issues. The specific content and key conclusions of these communications is proprietary information.</p>

SPECIFIC STANDARD DISCLOSURES: INDICATORS (CONTINUED)

SOCIAL – PRODUCT RESPONSIBILITY (CONTINUED)

PRIORITY ASPECTS	INDICATORS	INDICATOR DESCRIPTION	④ INDICATOR CROSS-REFERENCE	EXPLANATION/REASON FOR OMISSIONS
Marketing Communications	G4-PR6	Sale of banned or disputed products.	Ethical Sourcing, p. 28 Quality and Food Safety, p. 32	Hershey does not sell any banned products.
	G4-PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	Balanced Lifestyle, p. 50	No incidents of noncompliance with regulations concerning marketing communication occurred in 2013 that resulted in a fine, penalty or warning.
Compliance	G4-PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	See explanation.	We were assessed no significant fines in 2013.

Your feedback is important to us.
We invite you to contact us with
specific comments or questions.

