



Notice of 2024 Annual Meeting and Proxy Statement

2023 Annual Report

May 6, 2024 | 1:00 p.m., Eastern Daylight Time

Virtual Meeting Site: www.virtualshareholdermeeting.com/HSY2024





Michele Buck
Chairman, President and Chief Executive Officer

March 26, 2024

Dear Fellow Stockholder:

It is my pleasure to invite you to attend The Hershey Company's 2024 Annual Meeting of Stockholders, which will be held virtually at 1:00 p.m. Eastern Daylight Time on Monday, May 6, 2024. Following this letter are detailed instructions regarding how to access the virtual meeting and how to vote your Hershey shares. Your vote is extremely important, so I encourage you to review the materials and submit your vote as soon as possible.

We have a stronger and more diversified business than we had five years ago, driven by the strength of our confection brands, new growth vectors including our scaled salty snacks business, and profitable international expansion. We now have one of the strongest snacks portfolios in the industry with beloved brands that have demonstrated year-over-year growth and great margins.

We operate in resilient categories and have a long history of successfully adapting to periods of rapid change and uncertainty. This period of historically high cocoa and sugar prices, along with dynamic shifts in the marketplace, while challenging, is no different. We believe our business strategies will enable us to grow our categories and profitably expand our market share over the long term.

Our largest innovation of the year, *Reese's Caramel Big Cup*, is off to a great start as the #1 candy innovation, significantly outpacing new offerings from key competitors. And our Super Bowl commercial received best-in-class rankings among consumers and the industry.

We have a robust innovation calendar planned for the remainder of the year with increased investments in media and promotions to offer affordable snacks across more occasions for our consumers to enjoy.

We believe we have the right portfolio, strategies, tools and teammates to continue executing with excellence in 2024 and developing capabilities to secure the future.

We recently welcomed our first Chief Technology Officer, Deepak Bhatia, joining us from Amazon, to lead our digital transformation. His leadership and our recent technology investments are generating new insights and efficiencies that will enable us to build end-to-end connectivity across our portfolio and business functions.

Our employees share a deep sense of purpose *to make more moments of goodness* with our consumers each day. The passion and expertise they bring to work is a special ingredient that can't be matched. In 2023, we were certified as a *Great Place to Work*® in the U.S., Canada, Mexico, Brazil, India and Malaysia. This is a distinguished honor determined by feedback from our employees. We were also recognized as a 2023 *Fortune* Best Workplaces in Manufacturing and Production. We are proud of this recognition as it reflects our continued investments in our supply chain and our people. Finally, in 2023 and again in 2024, we were honored to be named as one of the World's Most Ethical Companies® by Ethisphere, reflecting our commitment to conducting business with integrity as a key to our growth.

I am tremendously proud of what our teams have accomplished over the last year to advance our innovative portfolio and build a stronger, more resilient business for the long term. Our goal as we move through 2024 and beyond is to ensure that we continue to advance and evolve our strategies, maximize the opportunity to grow our categories, expand our margins, and enhance our long-term returns.

Our Moment is Now-



Michele Buck

Safe Harbor Statement

Please refer to the 2023 Annual Report to Stockholders that accompanies this letter for a discussion of Risk Factors that could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied in this letter to stockholders or elsewhere. This letter to stockholders is not part of our proxy soliciting material.

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Website references throughout this Proxy Statement are provided for convenience only, and the information on our website and any other website referenced herein is not incorporated by reference into, and does not constitute a part of, this Proxy Statement

This Proxy Statement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements can be identified by the use of words such as “believe,” “continue,” “estimate,” “expect,” “future,” “intend,” “plan,” “potential,” “strategy” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would,” among others. These statements are made based upon current expectations that are subject to risk and uncertainty. Because actual results may differ materially from those contained in the forward-looking statements, you should not place undue reliance on the forward-looking statements when deciding whether to buy, sell or hold the Company’s securities. Factors that could cause results to differ materially include, but are not limited to: disruptions or inefficiencies in our supply chain due to the loss or disruption of essential manufacturing or supply elements or other factors; issues or concerns related to the quality and safety of our products, ingredients or packaging, human

and workplace rights, and other environmental, social or governance matters; changes in raw material and other costs, along with the availability of adequate supplies of raw materials; the Company's ability to successfully execute business continuity plans to address changes in consumer preferences and the broader economic and operating environment; selling price increases, including volume declines associated with pricing elasticity; market demand for our new and existing products; increased marketplace competition; failure to successfully execute and integrate acquisitions, divestitures and joint ventures; changes in governmental laws and regulations, including taxes; political, economic, and/or financial market conditions, including with respect to inflation, rising interest rates, slower growth or recession, and other events beyond our control such as the impacts on our business arising from the ongoing conflict between Russia and Ukraine; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure and that of our customers and partners (including our suppliers); our ability to hire, engage and retain a talented global workforce, our ability to realize expected cost savings and operating efficiencies associated with strategic initiatives or restructuring programs; complications with the design or implementation of our new enterprise resource planning system; and such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 and from time to time in our other filings with the U.S. Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.



Notice of 2024 Annual Meeting of Stockholders

**Monday, May 6, 2024
1:00 p.m., Eastern Daylight Time**

The 2024 Annual Meeting of Stockholders (the “Annual Meeting”) of The Hershey Company (“Hershey” or the “Company”) will be held on Monday, May 6, 2024, beginning at 1:00 p.m., Eastern Daylight Time. This year’s Annual Meeting will be a virtual meeting conducted solely via live webcast. You will be able to attend the Annual Meeting, vote your shares electronically and submit questions during the meeting by visiting www.virtualshareholdermeeting.com/HSY2024. Additional information regarding attending the Annual Meeting, voting your shares and submitting questions can be found in the Proxy Statement accompanying this Notice of 2024 Annual Meeting of Stockholders.

The purposes of the Annual Meetings are as follows:

1. To elect the 11 nominees named in the Proxy Statement to serve as directors of the Company until the 2025 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as the Company’s independent auditors for the fiscal year ending December 31, 2024;
3. To conduct an advisory vote on the compensation of the Company’s named executive officers;
4. To consider the stockholder proposals set forth in the Proxy Statement, if properly presented at the Annual Meeting; and
5. To discuss and take action on any other business that is properly brought before the Annual Meeting.

The Proxy Statement accompanying this Notice of 2024 Annual Meeting of Stockholders describes each of these items in detail. The Proxy Statement also contains other important information that you should read and consider before you vote.

The Board of Directors of the Company has established the close of business on March 8, 2024 as the record date for determining the stockholders who are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

The Company is furnishing proxy materials to its stockholders through the internet as permitted under the rules of the Securities and Exchange Commission. Under these rules, unless otherwise requested, each of the Company’s stockholders will receive a Notice of Internet Availability of Proxy Materials instead of paper copies of this Notice of 2024 Annual Meeting of Stockholders and Proxy Statement, our proxy card, and our Annual Report on Form 10-K. We believe this process gives us the opportunity to serve you more efficiently by making the proxy materials available quickly online and reducing costs associated with printing and postage. Stockholders who have requested to receive paper copies of the proxy materials will not receive a Notice of Internet Availability of Proxy Materials and will instead receive a paper copy of the proxy materials by mail.

By order of the Board of Directors,

A handwritten signature in black ink that reads "James Turoff". The signature is written in a cursive style with a large initial "J" and a stylized "T".

James Turoff
Senior Vice President, General Counsel and Secretary

March 26, 2024

Your vote is important.

Instructions on how to vote your shares are contained in our Proxy Statement and in the Notice of Internet Availability of Proxy Materials. Whether or not you plan to attend the Annual Meeting, we strongly encourage you to vote your shares by proxy prior to the meeting by telephone or over the internet as described in those materials. Alternatively, if you have requested paper copies of the proxy materials, then please mark, sign, date and return the proxy/voting instruction card in the envelope provided in advance of the Annual Meeting.

If you are able to attend the Annual Meeting, then you may revoke your proxy and vote your shares at the meeting using the 16-digit control number shown on your Notice of Internet Availability of Proxy Materials or on your proxy card. If you would like to attend and vote your shares at the Annual Meeting, but your shares are not registered in your name, then please ask the broker, trust, bank or other nominee in whose name the shares are held to provide you with your 16-digit control number.



Proxy Statement Summary

2024 ANNUAL MEETING OF STOCKHOLDERS

Date and Time: Monday, May 6, 2024
1:00 p.m., Eastern Daylight Time

Meeting Access: Webcast: www.virtualshareholdermeeting.com/HSY2024

Record Date: March 8, 2024

VOTING MATTERS AND BOARD RECOMMENDATIONS

Voting Matter	Board Vote Recommendation	Page Number with More Information
Proposal 1: Election of Directors	FOR each nominee	29
Proposal 2: Ratification of Appointment of Independent Auditors	FOR	46
Proposal 3: Advisory Vote on Named Executive Officer Compensation	FOR	87
Proposal 4: Stockholder Proposal Regarding Public Report on Living Wage & Income	AGAINST	88
Proposal 5: Stockholder Proposal Regarding Public Report on Packaging Reuse & Recycling	AGAINST	91

This Proxy Statement Summary contains highlights of certain information discussed elsewhere in this Proxy Statement. As such, this Proxy Statement Summary does not contain all the information that you should consider prior to voting. Please review the complete Proxy Statement and the Company's 2023 Annual Report on Form 10-K that accompanies the Proxy Statement for additional information.

OUR DIRECTOR NOMINEES

You have the opportunity to vote on the election of the following 11 nominees for director. Additional information regarding each director nominee’s experience, skills and qualifications to serve as a member of the Company’s Board of Directors (the “Board”) can be found in the Proxy Statement under Proposal No. 1 – Election of Directors.

Name	Age	Years on Board	Position	Independent	Committee Memberships*
Michele G. Buck	62	7	Chairman of the Board, President and Chief Executive Officer, The Hershey Company	No	Executive ^(C)
Victor L. Crawford	62	4	Former Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.	Yes	Audit ^(C) Compensation Executive
Robert M. Dutkowsky	69	4	Former Executive Chairman and Chief Executive Officer, Tech Data Corporation	Yes	Executive Finance & Risk ^(C) Governance
Mary Kay Haben	67	11	Former President, North America, Wm. Wrigley Jr. Company	Yes	Compensation Finance & Risk
M. Diane Koken	71	7	Vice Chair of the Board, Hershey Trust Company and Milton Hershey School	Yes	Audit Governance
Huong Maria T. Kraus	52	1	Chairman of the Board, Hershey Trust Company and Milton Hershey School; Chief Financial Officer, Wedgewood Pharmacy	Yes	Audit Compensation
Robert M. Malcolm	71	13	Former President, Global Marketing, Sales & Innovation, Diageo PLC	Yes	Audit Governance
Kevin M. Ozan	60	0	Former Senior Executive Vice President, Strategic Initiatives, McDonald’s Corporation	Yes	New Nominee
Anthony J. Palmer ^(L)	64	13	Operating Partner, One Rock Capital Partners, LLC	Yes	Audit Compensation Executive Finance & Risk ^(L) Governance ^(L)
Juan R. Perez	57	5	Executive Vice President and Chief Information Officer, Salesforce.com, Inc.	Yes	Executive Finance & Risk Governance ^(C)
Cordel Robbin-Coker	37	0	Director, Hershey Trust Company; Member, Board of Managers, Milton Hershey School; Co-founder and Chief Executive Officer, Carry1st	Yes	New Nominee

* Compensation = Compensation and Human Capital Committee
Finance & Risk = Finance and Risk Management Committee

(C) Committee Chair

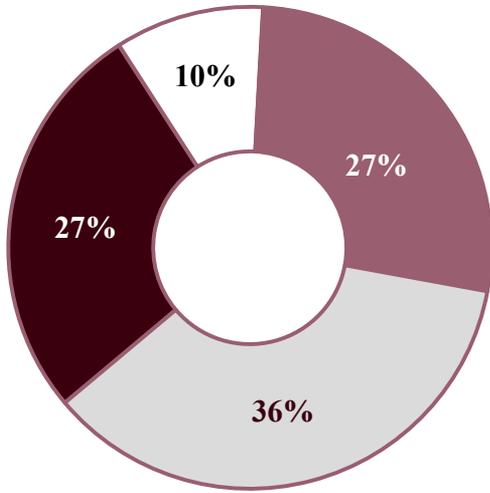
(L) Lead Independent Director - As our Lead Independent Director, Mr. Palmer is an ex-officio member of the Finance and Risk Management Committee and the Governance Committee

GOVERNANCE HIGHLIGHTS

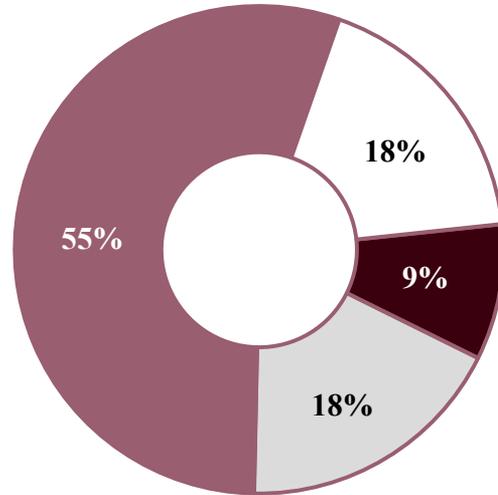
Composition of Director Nominees

Over 60% of director nominees are diverse

**Gender and Racial/
Ethnic Diversity**

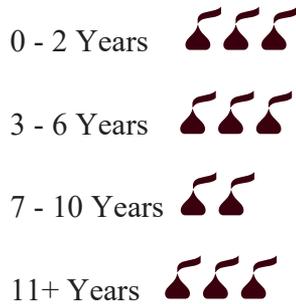


**Age Diversity
Average Age: 61**



Strong focus on board refreshment and independence

**Director Tenure
Average Tenure: 6 Years**



**10
Independent Director
Nominees**

Board Highlights

Director nominees have appropriate mix of experiences, skills, qualifications and backgrounds to drive strategy and risk oversight

Mergers & Acquisitions



Innovation Experience



International Experience



ESG & Human Capital



Consumer Packaged Goods



Government Relations/Regulatory



Risk Management



Financial/Investment Leadership



Operational Leadership



Supply Chain



Technology Experience



IT/Cybersecurity



Corporate Governance

Board Structure Ensures Strong Oversight

- Four standing independent Board committees
- Strong Lead Independent Director position
- Independent directors meet separately at each regularly-scheduled Board meeting
- Frequent Board and committee meetings to ensure awareness and alignment
- Annual Board and committee self-evaluation

Policies and Practices Promote High Corporate Governance Standards

- All directors elected annually
- Commitment to Board refreshment, as evidenced by retirement age guideline of 72 and new 13-year term limit for non-employee directors
- Highly qualified directors reflect broad mix of skills, experiences and attributes
- Active role in enterprise risk management, including separate risk management committee
- Clearly delineated environmental, social and governance (“ESG”) responsibilities within each Board committee

Strong Alignment with Stockholders’ Interests

- Strong clawback and anti-hedging policies
- Significant stock ownership requirements
- Annual advisory vote on executive compensation
 - Greater than 90% stockholder approval every year
- Significant amount of each NEO’s annual compensation opportunity is in the form of equity
- No supermajority voting
- Meaningful threshold for shareholders to call special meetings
- Shareholder right to act by written consent

COMPANY STRATEGY AND 2023 BUSINESS HIGHLIGHTS

20,505 **\$11.2B** **90+**

EMPLOYEES
GLOBALLY

IN ANNUAL
REVENUES

BRANDS

Our vision is to be a Leading Snacking Powerhouse

We are focused on four strategic imperatives to ensure the Company's success now and in the future:

Drive core confection business and build and scale our salty snacks business

Deliver profitable international growth

Expand competitive advantage through differentiated capabilities

Responsibly manage our operations to ensure the long-term sustainability of our business, our planet and our people

2023 Performance Highlights

7.2%

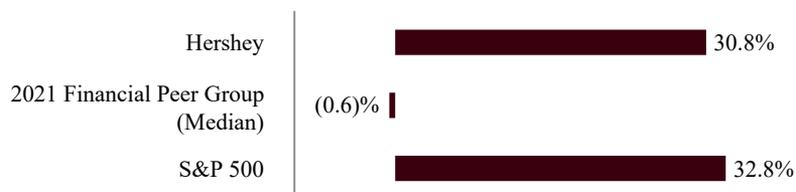
NET SALES GROWTH

12.6%

ADJUSTED EARNINGS PER SHARE-DILUTED GROWTH⁽¹⁾

Over the last three years, we have delivered peer-leading Total Shareholder Return

Total Shareholder Return December Average 2020 through December Average 2023⁽²⁾



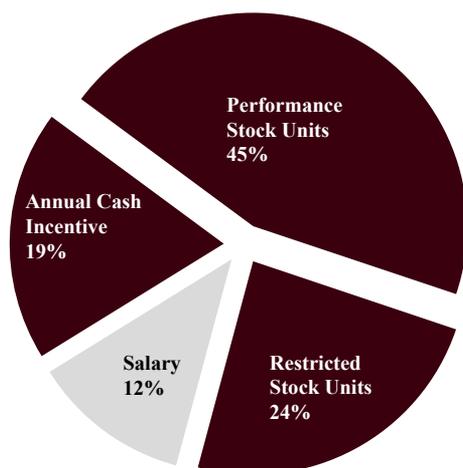
- (1) While we report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”), we also use non-GAAP financial measures in order to provide additional information to investors to facilitate the comparison of past and present performance. Some of the financial targets under our short- and long-term incentive programs are also derived from non-GAAP financial measures, such as adjusted earnings per share-diluted. For more information regarding how we define adjusted earnings per share-diluted and a reconciliation to earnings per share-diluted, the most directly comparable GAAP measure, please see Appendix A.
- (2) For our 2021-2023 Performance Stock Unit (“PSU”) awards, Total Shareholder Return was measured based on the average closing price of the Company’s Common Stock (as defined herein) in the month of December 2020 as compared to the average closing price of the Company’s Common Stock in the month of December 2023.

EXECUTIVE COMPENSATION HIGHLIGHTS

Our strategic plan and the financial metrics we establish to help achieve and measure success against that plan serve as the foundation of our executive compensation program. Our executive compensation program is intended to provide competitive compensation based on performance and contributions to the Company, to incentivize, attract and retain key executives, to align the interests of our executive officers and our key stakeholders and to drive long-term stockholder value. To achieve these objectives, our executive compensation program includes the following key features:

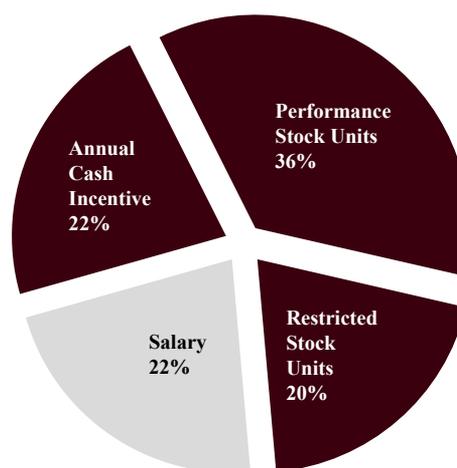
- **We Pay for Performance** by aligning our short- and long-term incentive compensation plans with business strategies to reward executives who achieve or exceed applicable Company and business division goals.
 - The target total direct compensation mix in 2023 for our Chief Executive Officer (“CEO”) and our other named executive officers (“NEOs”) reflects this philosophy.

Target Total Direct Compensation - CEO



At-Risk Compensation = 88%

Average Target Total Direct Compensation - Other NEOs



At-Risk Compensation = 78%

- Payouts to our NEOs under our annual cash incentive program for 2023 were 100% performance based.
- 65% of the equity awards granted to our NEOs in 2023 took the form of performance stock units, which will be earned based on achievement of pre-determined performance goals.
- **We Pay Competitively** by targeting total direct compensation for our executive officers, in aggregate, at competitive pay levels using the median of our Compensation Peer Group. Information about the Compensation Peer Group is included in the section titled “Setting Compensation” in the Compensation Discussion & Analysis.
 - We regularly review and, as appropriate, make changes to our Compensation Peer Group to ensure it is representative of our market for talent, business portfolio, overall size and global footprint.
 - We do not provide excessive benefits and perquisites to our executives.
- **We Align Our Compensation Program with Stockholder Interests** by providing a significant amount of each NEO’s compensation opportunity in the form of equity and requiring executive stock ownership.
 - Equity grants represented 69% of our CEO’s 2023 target total direct compensation and, on average, 56% of the 2023 target total direct compensation for our other NEOs.
 - Stock ownership requirements for our NEOs range from 6x salary (for our CEO) to 3x salary (for NEOs other than our CEO).

Proxy Statement

The Board of Directors (the “Board”) of The Hershey Company (the “Company,” “Hershey,” “we,” or “us”) is furnishing this Proxy Statement and the accompanying form of proxy in connection with the solicitation of proxies for the 2024 Annual Meeting of Stockholders of the Company (the “Annual Meeting”). The Annual Meeting will be held on May 6, 2024, beginning at 1:00 p.m., Eastern Daylight Time (“EDT”). The Annual Meeting will be a virtual-only meeting conducted solely via live webcast. You will be able to attend the Annual Meeting, vote your shares electronically and submit questions during the meeting by visiting www.virtualshareholdermeeting.com/HSY2024.

Important Notice Regarding the Availability of Proxy Materials for the 2024 Annual Meeting of Stockholders to be held on May 6, 2024

The Notice of 2024 Annual Meeting of Stockholders and Proxy Statement, our proxy card, our Annual Report on Form 10-K and other annual meeting materials are available free of charge on the internet at www.proxyvote.com. We intend to begin mailing our Notice of Internet Availability of Proxy Materials to stockholders on or about March 26, 2024. At that time, we also will begin mailing paper copies of our proxy materials to stockholders who requested them.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: Why is this year’s Annual Meeting being held as a virtual-only meeting?

The Annual Meeting will be a virtual-only meeting conducted solely via live webcast. We believe the virtual meeting format provides all stockholders a consistent experience while also preserving the same rights and opportunities as you would have at a physical meeting. In addition, the virtual platform provides greater accessibility for stockholders, encourages stockholder attendance and participation regardless of location, improves meeting efficiency, provides for more effective communication with our stockholders during the meeting and reduces costs.

Q: Who is entitled to attend and vote at the Annual Meeting?

You can attend and vote at the Annual Meeting if, as of the close of business on March 8, 2024 (the “Record Date”), you were a stockholder of record of the Company’s common stock (“Common Stock”) or Class B common stock (“Class B Common Stock”). As of the Record Date, there were 149,598,029 shares of our Common Stock and 54,613,514 shares of our Class B Common Stock outstanding.

If you were not a stockholder of record as of the Record Date, you may still attend the Annual Meeting by logging into the webcast as a guest, but you will not be able to vote before or during the meeting.

Q: How do I attend the Annual Meeting?

To participate in the Annual Meeting, visit www.virtualshareholdermeeting.com/HSY2024 and enter the 16-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card. The live webcast will begin at 1:00 p.m., EDT on Monday, May 6, 2024. We encourage you to access the virtual meeting platform at least 15 minutes prior to the start time. If you do not have a 16-digit control number, you will still be able to access the webcast as a guest, but will not be able to vote your shares or ask a question during the meeting.

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. Technical support will be available on the virtual meeting platform beginning at 12:30 p.m. EDT on the day of the meeting and will remain available until 30 minutes after the meeting has finished.

Q: Can I submit questions before or during the Annual Meeting?

Stockholders have multiple opportunities to submit questions for the Annual Meeting. If you wish to submit a question prior to the Annual Meeting, you may log into www.proxyvote.com and enter your 16-digit control number. Once past the login screen, click on “Submit Questions,” type in your question, and click “Submit.” Alternatively, if you wish to submit a question during the Annual Meeting, visit www.virtualshareholdermeeting.com/HSY2024, type your question into the “Ask a Question” field, and click “Submit.”

Questions pertinent to meeting matters will be answered during the Annual Meeting, subject to time constraints. Questions regarding personal matters, including those relating to employment, product or service issues or suggestions for product innovations may not be considered pertinent to meeting matters and therefore may not be answered. Any substantially similar questions will be grouped together to provide a single response. Any questions pertinent to meeting matters that cannot be answered during the meeting due to time constraints will be posted online and answered on the Investors section of our website at www.thehersheycompany.com. The questions and answers will be available as soon as practical after the Annual Meeting and will remain available for one week after posting. Any questions that are inappropriate or otherwise fail to meet the rules of conduct for the meeting will be excluded.

Q: What is the difference between a registered stockholder and a stockholder who owns stock in street name?

If you hold shares of Common Stock or Class B Common Stock directly in your name on the books of the Company’s transfer agent, then you are a registered stockholder of such shares. If you own all or any portion of your Company shares indirectly through a broker, bank or other holder of record, then you are a beneficial owner of such shares, and such shares are said to be “held in street name.”

Q: What are the voting rights of each class of stock?

Stockholders are entitled to cast one vote for each share of Common Stock held as of the Record Date and 10 votes for each share of Class B Common Stock held as of the Record Date. There are no cumulative voting rights.

Q: Can I vote my shares before the Annual Meeting?

Yes. If you are a registered stockholder, there are three ways to vote your shares before the Annual Meeting:



By internet (www.proxyvote.com) – You may submit your vote via the internet until 11:59 p.m. EDT on May 5, 2024. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions on the website to vote your shares.



By telephone (800-690-6903) – You may submit your vote by telephone until 11:59 p.m. EDT on May 5, 2024. Have your Notice of Internet Availability of Proxy Materials or proxy card available and follow the instructions provided by the recorded message to vote your shares.



By mail – If you received a paper copy of the proxy materials, then you may submit your vote by mail by completing, signing and dating the proxy card enclosed with your materials and returning it pursuant to the instructions set forth on the card. To be valid, a proxy card must be received by the Secretary of the Company prior to the start of the Annual Meeting.

If your shares are held in street name, then your broker, bank or other holder of record may provide you with a Notice of Internet Availability of Proxy Materials that contains instructions on how to access our proxy materials and vote online or how to request a paper or email copy of our proxy materials. If you received these materials in paper form, then your proxy materials included a voting instruction card that you can use to instruct your broker, bank or other holder of record how to vote your shares.

Please see the Notice of Internet Availability of Proxy Materials or the information your bank, broker or other holder of record provided you for more information on these voting options.

Q. Can I vote during the Annual Meeting instead of by proxy?

If you are a registered stockholder, then during the Annual Meeting you can vote any shares that were registered in your name as the stockholder of record as of the Record Date.

If your shares are held in street name, then you can vote those shares during the Annual Meeting only if you have a legal proxy from the holder of record. If you plan to attend and vote your street-name shares during the Annual Meeting, then you should request a legal proxy from your broker, bank or other holder of record.

To vote your shares during the Annual Meeting, log into www.virtualshareholdermeeting.com/HSY2024 and follow the voting instructions. You will need the 16-digit control number that is shown on your Notice of Internet Availability of Proxy Materials or on your proxy card. Shares may not be voted after the polls close.

Whether or not you plan to attend the Annual Meeting, we strongly encourage you to vote your shares by proxy prior to the Annual Meeting.

Q: Can I revoke my proxy or change my voting instructions once submitted?

If you are a registered stockholder, then you can revoke your proxy and change your vote prior to the Annual Meeting by:

- Sending a written notice of revocation to our Secretary at 19 East Chocolate Avenue, Hershey, Pennsylvania 17033 (the notification must be received by the close of business on May 1, 2024);
- Voting again by internet or telephone prior to 11:59 p.m. EDT on May 5, 2024 (only the latest vote you submit will be counted); or
- Submitting a new properly signed and dated paper proxy card with a later date (your new proxy card must be received by the Secretary of the Company prior to the start of the Annual Meeting).

If your shares are held in street name, you should contact your broker, bank or other holder of record about revoking your voting instructions and changing your vote prior to the Annual Meeting.

If you are eligible to vote during the Annual Meeting, then you also can revoke your proxy or voting instructions and change your vote during the Annual Meeting by logging into www.virtualshareholdermeeting.com/HSY2024 and following the voting instructions.

Q: What will happen if I submit my proxy but do not vote on a proposal?

If you submit a valid proxy but fail to provide instructions on how you want your shares to be voted on one or more proposals, then your proxy will be voted in the manner recommended by the Board on such proposals, as follows:

- “FOR” the election of all director nominees;
- “FOR” the ratification of the appointment of Ernst & Young LLP as our independent auditors;
- “FOR” the approval of the advisory vote on the compensation of the Company’s named executive officers;
- “AGAINST” the stockholder proposal set forth as Proposal No. 4 in this Proxy Statement (if such stockholder proposal is properly presented at the Annual Meeting); and
- “AGAINST” the stockholder proposal set forth as Proposal No. 5 in this Proxy Statement (if such stockholder proposal is properly presented at the Annual Meeting).

If any other item is properly presented for a vote at the Annual Meeting, the shares represented by your properly submitted proxy will be voted at the discretion of the proxies.

Q: What will happen if I neither submit my proxy nor vote my shares during the Annual Meeting?

If you are a registered stockholder, then your shares will not be voted.

If your shares are held in street name, then your broker, bank or other holder of record may vote your shares on certain “routine” matters. The ratification of independent auditors is currently considered to be a routine matter. On this matter, your broker, bank or other holder of record can either:

- Vote your street-name shares even though you have not provided voting instructions; or
- Choose not to vote your shares.

The other matters you are being asked to vote on are not routine matters and cannot be voted by your broker, bank or other holder of record without your instructions. When a broker, bank or other holder of record is unable to vote shares for this reason, it is called a “broker non-vote.”

Q: How do I vote my shares in the Company’s Automatic Dividend Reinvestment Service Plan?

Computershare, our transfer agent, has arranged for any shares that you hold in the Company’s Automatic Dividend Reinvestment Service Plan to be included in the total registered shares of Common Stock shown on the Notice of Internet Availability of Proxy Materials or proxy card we have provided you. By voting these shares, you also will be voting your shares in the Automatic Dividend Reinvestment Service Plan.

Q: What does it mean if I received more than one Notice of Internet Availability of Proxy Materials or proxy card?

You probably have multiple accounts with us and/or brokers, banks or other holders of record. You should vote all of the shares represented by these Notices/proxy cards. Certain brokers, banks and other holders of record have procedures in place to discontinue duplicate mailings upon a stockholder’s request. You should contact your broker, bank or other holder of record for more information. Additionally, Computershare can assist you if you want to consolidate multiple registered accounts existing in your name. To contact Computershare, visit their website at www.computershare.com/investor; or write to P.O. Box 43078, Providence, RI 02940-3078; or for overnight delivery, to Computershare, 150 Royall Street, Suite 101, Canton, MA 02021; or call:

- (800) 851-4216 for domestic stockholders;
- (201) 680-6578 for foreign stockholders;
- (800) 952-9245 domestic TDD line for hearing impaired; or
- (312) 588-4110 foreign TDD line for hearing impaired.

Q: How many shares must be present to conduct business during the Annual Meeting?

To carry on the business of the Annual Meeting, a minimum number of shares, constituting a quorum, must be present, either electronically or by proxy.

On most matters to be voted on at the Annual Meeting, the votes of the holders of the Common Stock and Class B Common Stock are counted together as a single class. However, there are some matters that must be voted on only by the holders of one class of stock (as described below). We will have a quorum for all matters to be voted on during the Annual Meeting if the following number of votes is present, electronically or by proxy:

- *For any matter requiring the vote of the Common Stock voting as a separate class* — A majority of the votes of the Common Stock outstanding on the Record Date.
- *For any matter requiring the vote of the Class B Common Stock voting as a separate class* — A majority of the votes of the Class B Common Stock outstanding on the Record Date.
- *For any matter requiring the vote of the Common Stock and Class B Common Stock voting together as a single class* — a majority of the votes of the Common Stock and Class B Common Stock outstanding on the Record Date.

It is possible that we could have a quorum for certain items of business to be voted on during the Annual Meeting and not have a quorum for other matters. If that occurs, we will proceed with a vote only on the matters for which a quorum is present.

Q: What vote is required to approve each proposal?

Assuming that a quorum is present:

- *Proposal No. 1: Election of Directors* — The two nominees to be elected by holders of our Common Stock (voting as a separate class) who receive the greatest number of votes cast “FOR,” and the 9 nominees to be elected by holders of our Common Stock and Class B Common Stock (voting together as a single class) who receive the greatest number of votes cast “FOR,” will be elected as directors.
- *Proposal No. 2: Ratification of the Appointment of Ernst & Young LLP as Independent Auditors* — The affirmative vote of at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting.

- *Proposal No. 3: Advisory Vote on Named Executive Officer Compensation* — The affirmative vote of at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting.
- *Proposal No. 4: Stockholder Proposal* — The affirmative vote of at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting.
- *Proposal No. 5: Stockholder Proposal* — The affirmative vote of at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting.

Q: Are abstentions and broker non-votes counted in the vote totals?

Abstentions are counted as being present and entitled to vote in determining whether a quorum is present. Shares as to which broker non-votes exist will be counted as present and entitled to vote in determining whether a quorum is present for any matter requiring the vote of the Common Stock and Class B Common Stock voting together as a class, but they will not be counted as present and entitled to vote in determining whether a quorum is present for any matter requiring the vote of the Common Stock or Class B Common Stock voting separately as a class.

If you mark or vote “abstain” on Proposal Nos. 2, 3, 4 or 5, then the abstention will have the effect of being counted as a vote “AGAINST” the proposal. Broker non-votes with respect to Proposal Nos. 1-5 are not included in vote totals and will not affect the outcome of the vote on those proposals.

Q. Who will pay the cost of soliciting votes for the Annual Meeting?

We will pay the cost of preparing, assembling and furnishing proxy solicitation and other required Annual Meeting materials. We have retained Morrow Sodali LLC to assist in the solicitation of proxies at a cost of approximately \$15,000, plus reasonable out-of-pocket expenses. It is possible that our directors, officers and employees might solicit proxies by mail, telephone, telefax, electronically over the internet or by personal contact, without receiving additional compensation. In accordance with the rules of the SEC and NYSE, we will reimburse brokers, banks and other nominees, fiduciaries and custodians who nominally hold shares of our stock as of the Record Date for the reasonable costs they incur furnishing proxy solicitation and other required Annual Meeting materials to street-name holders who beneficially own those shares on the Record Date.

THE HERSHEY COMPANY PURPOSE AND VALUES

Milton Hershey founded The Hershey Company nearly 130 years ago with the intention of making quality chocolate affordable to everyone. While times have changed and Hershey’s beloved snacking brands continue to thrive and grow, our purpose remains the same: to Make More Moments of Goodness for our consumers today and for generations to come.

Our decisions regarding business strategy, operations and resource allocation are guided by our purpose and are rooted in our values of Togetherness, Integrity, Making a Difference and Excellence, consistent with our focus on creating value for all of our stakeholders over the long term.

From protecting and respecting human rights in a complex supply chain to upholding high food safety standards and championing consumer choice and transparency, Milton Hershey’s legacy to operate responsibly is as deeply embedded in our culture now as it was when our Company was founded.

Hershey has published ESG reports since 2010 and aligns reporting with several ESG standards and frameworks, including the Sustainability Accounting Standards Board (“SASB”) industry standards and Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations, that transparently share our priorities, progress and opportunities. These reports, along with our various ESG policies, may be found within the Sustainability section of our website at www.thehersheycompany.com. For specific details on our 2023 ESG progress, please reference our upcoming 2023 ESG Report, which we expect to publish in May 2024.

Code of Conduct

The Board has adopted a Code of Conduct that applies to our directors, officers, and employees worldwide. Adherence to this Code of Conduct assures that our directors, officers, and employees are held to the highest standards of integrity. The Code of Conduct covers areas such as conflicts of interest, insider trading and compliance with laws and regulations. The Audit Committee oversees the Company’s communication of, and compliance with, the Code of Conduct. The Code of Conduct, including amendments thereto or waivers granted to a director or officer, if any, can be viewed on the Investors section of our website at www.thehersheycompany.com.

Our Shared Goodness Promise

Our Shared Goodness Promise, Hershey’s global sustainability strategy, guides how we empower the remarkable people who make and sell our brands and work along our value chain. This strategy serves as the foundation for how we:

- Invest in the farming communities and regions that grow our ingredients;
- Reduce our impact on the environment to ensure long-term sustainability;
- Invest in communities, including supporting children and youth; and
- Deliver on our commitment to operate a sustainable and resilient business for our consumers, customers and external stakeholders.

We operate our business with all stakeholders in mind and with a view toward long-term sustainability and value creation, even as our business and society face a variety of existing and emerging challenges. We leverage our expertise, along with external partners, to help address these challenges and opportunities so that we can continue to delight consumers and help make a positive impact in the world today and into the future.

Oversight of ESG

Operating sustainably and with integrity are key drivers for how we build trust with our consumers, grow our business and make a positive impact in our society. ESG and sustainability governance oversight resides with our Board, and management regularly reviews our ESG strategies, priorities, progress, risks and opportunities with the Board. Each of our Board committees oversees certain ESG responsibilities and reporting requirements, as further detailed in our committee charters. Accountability for ESG and sustainability resides with our Chief Executive Officer, with shared responsibility across the management team and program strategy and operations led by our Chief Sustainability Officer.

Board of Directors

The full Board oversees our ESG strategies and priorities, along with the most important emerging ESG trends, risks and opportunities. ESG-related oversight responsibilities are divided among the Board’s committees, with oversight for ESG governance residing with the Governance Committee. Management and ESG leaders provide deep dives on ESG issues for the full Board at least once a year, with relevant committee updates occurring frequently throughout the year.



Executive Team

Our CEO and her direct reports conduct reviews of Our Shared Goodness Promise strategies, data and progress against our commitments and targets, as well as emerging ESG and sustainability challenges and opportunities. The team ensures our sustainability initiatives are aligned with business strategy and finalizes ESG-related investments.



Disclosure Committee

Our Disclosure Committee, led by our Chief Accounting Officer is comprised of senior management in key functions, including our Chief Sustainability Officer, ensures the Disclosure Committee ensures that our public disclosures, including those related to ESG, are consistent, accurate, complete and timely.



Sustainability Steering Committee

Composed of key business leaders and ESG subject matter experts, this cross-functional group meets at least quarterly to evaluate ESG strategy effectiveness and interdependencies, provides input on investments to support ESG program deliverables and reviews progress towards goals and key performance indicators relevant to our global ESG and sustainability programs.



Global Sustainability Team

Led by our Chief Sustainability Officer, this team is composed of ESG experts who manage the strategy, implementation and reporting of our global ESG and sustainability initiatives. The Global Sustainability team communicates regularly with external stakeholders who provide valuable perspectives on our strategies, program decisions and focus.

Our ESG Priorities

Anchored by clear purpose and accountability, our ESG priorities are focused on delivering ambitious goals designed to help us drive long-term business resilience and success and create positive change across global environmental and social areas.

We have four ESG operating priorities and two foundational priorities, which are summarized below. For details regarding Our Shared Goodness Promise, and achievements against our objectives, please view our upcoming 2023 ESG Report, which will be available on the Sustainability section of our website at www.thehersheycompany.com, following its anticipated publication in May 2024.

OPERATING PRIORITIES

 <p>Cocoa</p> <p>Creating thriving communities and environments behind our most essential ingredient</p>	 <p>Responsible Sourcing and Human Rights</p> <p>Using robust due diligence and leading standards to protect people across our value chain</p>	 <p>Environment</p> <p>Enhancing our operations to meet high-impact climate, waste, water and packaging goals</p>	 <p>Our People</p> <p>Creating more ways for more people to be themselves and thrive</p>
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FOUNDATIONAL PRIORITIES

 <p>Youth</p> <p>Giving youth the tools to create compassionate, successful and connected futures</p>	 <p>Community</p> <p>Actively making a difference where we live and work</p>
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Our 2023 ESG Highlights

- We made progress towards all our enterprise sustainability goals and remain focused on the most important ESG priorities for business success, long-term resilience and global impact (each as described in the table above).
- We launched the Hershey Income Accelerator program, which is expected to distribute up to \$500 in cash transfers per household per year to approximately 1,000 cocoa farming families in Côte d’Ivoire, and invested in expanding village savings and loan associations and primary schools to improve farmer resilience and help keep children in school.
- We strengthened our greenhouse gas (“GHG”) reduction program through investment in a new Power Purchase Agreement, improved energy efficiency through formal integration of energy reduction targets at our manufacturing sites, established water goals in three high-risk areas, and achieved approximately 80% renewables and zero emissions coverage.
- We accelerated our efforts to reduce agricultural emissions and improve business resilience by updating the target date for eliminating commodity-driven deforestation from our supply chain from 2030 to 2025 while continuing our agroforestry projects in cocoa and Sustainable Dairy PA partnership.
- We maintained 1:1 pay equity and improved representation for women globally and for people of color (salaried) in the United States.
- We advanced the overall controls and assurance for our non-financial performance metrics including limited assurance over our Scope 1 and 2 GHG emissions and development of a Carbon Accounting Policy & Inventory Management Plan.
- We continue to publish our consolidated EEO-1 Report, which can be found within the Sustainability section of our website at www.thehersheycompany.com.

Cocoa

Cocoa remains Hershey’s highest ESG priority. Through Cocoa For Good, our 12-year, \$500 million-dollar sustainable cocoa strategy, we have partnered with communities, governments, non-governmental organizations, and peers within the cocoa industry to create a more resilient and sustainable cocoa supply chain and help address the systemic challenges posing risks to the cocoa sector.

Improving Farmer Income and Livelihoods

In 2023, we launched the Hershey Income Accelerator program in Côte d’Ivoire, an incremental multi-faceted program to provide farming households with supplemental income, incentivize adoption of sustainable farm management practices, and invest in cocoa community-based resources. The program is designed to improve farmer income, build farm resiliency, and help address systemic issues that negatively impact cocoa communities, like child labor. The Income Accelerator program was developed following extensive research and consultations with farmers, government authorities and cross-sector cocoa farming and poverty alleviation experts, and focuses investment in two proven interventions – cash transfers (“CTs”) and village savings and loan associations (“VSLAs”).

- CTs are a poverty reduction strategy that provide cocoa households with an additional source of income. Cash is paid directly to farming households participating in our Cocoa for Good programs and conditioned upon adoption of farm management practices that increase the chance of a higher standard of living.

- VSLAs are championed by international humanitarian organizations for raising incomes in rural developing areas. VSLA's are community-based groups that build social cohesion and increase economic stability through member-based savings and loans as members typically do not have access to formal banking services.

Hershey partnered with Rainforest Alliance and CARE, two leading international organizations, to deliver up to \$500 in CTs to approximately 1,000 cocoa farming households in Côte d'Ivoire. These CTs and investments in VSLAs are expected to increase income for farmers by as much as 20%. Hershey maintained investment in more than 350 VSLAs in 2023.

Hershey created the Hershey Income Accelerator Learning Advisory Committee that will meet at least annually to review learnings and best practices to further improve farmer income and economic resiliency. The Committee includes Hershey, cocoa government officials from Côte d'Ivoire and experts from leading non-governmental organizations. In 2024, we plan to expand the Income Accelerator program to an additional 1,500 cocoa farming households as we implement improvements identified in 2023.

In addition to the Hershey Income Accelerator program, Hershey engages with government officials, suppliers, non-governmental organizations and farmers to improve farmer income:

- Hershey is a signatory to the Côte d'Ivoire-Ghana Cocoa Initiative's economic pact for sustainable cocoa, which is backed by the heads of state of Côte d'Ivoire and Ghana to ensure reasonable compensation for cocoa farmers, as well as better environmental and social practices.
- Hershey continues to pay a \$400 Living Income Differential premium to its suppliers for cocoa purchased in Côte d'Ivoire and Ghana. This premium was set by the Ivorian and Ghanaian governments beginning with the 2019-2020 cocoa crop, and Hershey contractually requires its suppliers to include this premium in all cocoa purchases.
- Hershey will continue to provide premium payments to farmers for their cocoa as part of our contracts with suppliers for purchases of cocoa. In 2023, those payments in Cote d'Ivoire and Ghana equaled more than \$15 million.

Progress Towards Eliminating Child Labor

Poverty can lead to a host of challenges including instances of child labor. Hershey is committed to helping build economically resilient cocoa farming families and communities, because when families and communities are strengthened children can thrive. We collaborate with communities, government and non-governmental organizations and third-party experts to improve living conditions, improve the quality of education and provide community resources such as water, health, and child protection services, with the aim of improving outcomes for children.

- In 2023, we continued to expand our use of Child Labor Monitoring and Remediation Systems ("CLMRS"), a leading method of prevention, detection, and remediation of child labor amongst children aged 5-17 developed through the International Cocoa Initiative. CLMRS expansion details can be found in our ESG Report.
- We invest in education infrastructure development throughout cocoa communities through sponsored construction and renovation of schools and classrooms, enabling children to obtain birth certificates, and providing school kits in line with origin governments' national action plans.
- In 2022, Hershey initiated discussions with the International Cocoa Initiative. These discussions led to the establishment of a multistakeholder expert working group on protecting children from pesticides in 2023. The group, funded exclusively by Hershey, is expected to issue its findings and recommendations in mid-2024.

Protecting the Environment

We advance environmentally responsible agricultural practices and promote agroforestry and shade-grown cocoa through our premiums and the Hershey Income Accelerator program. We continue to expand polygon mapping to improve traceability, understand how and where cocoa is being grown and monitor deforestation risk using satellite technology.

In 2023, Hershey formed a partnership with the Foundation for Parks and Reserves of Côte d'Ivoire to support conservation efforts in the Mabi-Yaya Nature Reserve, an intact forest area in southeastern Côte d'Ivoire. Hershey's support is funding a mapping exercise for the reserve's flora and fauna, equipment and skills building for the reserve's park rangers as they conduct anti-poaching and anti-encroachment activities, and restoring forest in 1,000 hectares of degraded land within the reserve's boundaries. The project is also working to establish environment clubs in five schools located near the reserve.

Environment

Our products are made with raw ingredients and materials grown all over the world. We work within our individual commodity supply chains to drive sustainable practices, including collaborating with peers, civil societies and governments and investing in critical elements such as certification, farm mapping, satellite monitoring, and landscape and jurisdictional programs to provide additional layers of due diligence.

As part of our commitment to fostering a strong and healthy planet:

- We formally updated our science-based target for GHG emissions to reflect the changes in our business and to remain in-line with best practices to establish a Scope 3 Forest, Land, and Agriculture (“FLAG”) (agricultural) and non-FLAG (non-agricultural) emissions target.
- In updating our GHG emissions targets, we validated our commitment to reduce our absolute Scope 1 and Scope 2 emissions by 50%. Our new Scope 3 targets are under review by the Science Based Targets initiative for approval in line with FLAG requirements.¹
- We also accelerated the target date for eliminating commodity-driven deforestation from our supply chain from 2030 to 2025.

In 2023, we continued to make progress on our climate and environmental goals:

- We made progress on our Scope 1 and 2 GHG emissions goals including formalizing energy reduction targets in all of our U.S. confectionary and international manufacturing sites and expanding to approximately 80% renewable and zero emissions energy coverage.
- We established water reduction targets in three priority sites for water scarcity including El Salto, Mexico; Monterrey, Mexico; and Mandideep, India.
- We scaled our Sustainable Dairy PA initiative with Land O’Lakes and the Alliance for the Chesapeake Bay with a \$1 million investment that was matched by the Environmental Protection Agency (EPA). This additional \$1 million investment by the EPA will help to further our work to reduce GHG emissions and improve water quality across dairy farms in our Pennsylvania supply chain.

Our People

The remarkable and diverse people employed by Hershey, and the individuals who work along our value chain, are our most important assets. Over the past year, we have continued to make progress on our diversity, equity and inclusion (“DEI”) priorities. At the core of our DEI priorities is the Pathways Project, a holistic DEI strategy which helps to make our workplace and communities even more inclusive.

We continue to hold ourselves accountable to the highest standards in DEI under our first female Chairman of the Board, President and CEO, Michele Buck:

- Assuming the election of all director nominees at the Annual Meeting, our Board will be comprised of 36% women and 36% people of color;
- In 2020, we achieved 1:1 aggregate gender pay equity for salaried employees in the United States (excluding recent acquisitions);
- In 2021, we achieved 1:1 aggregate people of color pay equity for salaried employees in the United States (excluding recent acquisitions); and
- In 2022, we established our first bilingual manufacturing facility in Hazleton, PA, where Spanish and English-speaking employees are seamlessly integrated, which has enabled the hiring of a more experienced workforce, improved retention, and advanced enterprise-wide DEI priorities and career development programs.

We continue to be recognized for our DEI efforts. In 2023, The Hershey Company was ranked by Fortune as one of the Best Workplaces in Manufacturing & Production (#14 out of 20) and by Fair360 (formerly DiversityInc.) as #3 on its list of Top 50 Companies for Diversity. Our U.S. operations and six of our international regions were certified as a Great Place To Work. We still have more work to do to improve and grow, and our employees are co-creating the way forward.

As part of our DEI evolution, we are committed to transparency related to our goals, strategies and outcomes. Our consolidated EEO-1 Report remains available within the Sustainability section of our website at www.thehersheycompany.com.

⁽¹⁾ In accordance with the Greenhouse Gas Protocol and the Science Based Targets initiative (“SBTi”) for setting science-based targets for Forest, Land, and Agriculture (“FLAG”) related GHG emissions and removals. This meets the highest ambition level currently recognized by the SBTi and aligns with the goals of the Paris Climate Agreement to limit global warming to 1.5°C below pre-industrial levels.

CORPORATE GOVERNANCE

Our Board believes that the purpose of corporate governance is to facilitate effective oversight and management of the Company to create long-term stockholder value in a manner consistent with our purpose, values, Code of Conduct, stakeholder considerations and all applicable legal requirements. We have a long-standing commitment to good corporate governance practices. Our corporate governance policies and other documents establish the high standards of professional and personal conduct we expect of our Board, members of senior management and all employees, and promote compliance with various financial, ethical, legal and other obligations and responsibilities.

Our Board provides accountability, objectivity, perspective, judgment, and, in many cases, specific industry knowledge or experience. The Board is deeply involved in the Company's strategic planning process and plays an important oversight role in the Company's leadership development, succession planning and risk management processes. Although the Board does not have responsibility for day-to-day management of the Company, Board members stay informed about the Company's business through regular meetings, site visits and other periodic interactions with management.

The business activities of the Company are carried out by our employees under the direction and supervision of our CEO. In overseeing these activities, each director is required to use his or her business judgment in the best interests of the Company. The Board's responsibilities include:

- Reviewing the Company's performance, strategies and major decisions;
- Overseeing the Company's compliance with legal and regulatory requirements and the integrity of its financial statements;
- Overseeing the Company's policies and practices for identifying, managing and mitigating key enterprise risks;
- Overseeing ESG matters, including the Company's ESG strategies, policies, progress, risks and opportunities;
- Overseeing management, including reviewing the CEO's performance and succession planning for key management roles; and
- Overseeing executive and director compensation and our compensation programs and policies.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with the charters of the Board committees, provide the basic framework for the Board's operation and role in the governance of the Company. The guidelines include the Board's policies regarding director independence, director tenure and succession planning, qualifications and responsibilities, access to management and outside advisors, compensation, continuing education, oversight of management succession and stockholding requirements. They also provide a process for directors to annually evaluate the performance of the Board.

The Governance Committee is responsible for overseeing and reviewing the Board's Corporate Governance Guidelines at least annually and recommending any proposed changes to the Board for approval. The Corporate Governance Guidelines are available on the Investors section of our website at www.thehersheycompany.com.

Board Composition, Criteria for Board Membership and Board Evaluations

Board Composition

The Board currently comprises 11 members, each serving a one-year term that expires at the Annual Meeting. Ten of the 11 director nominees are considered independent under the New York Stock Exchange ("NYSE") Rules ("NYSE Rules") and the Board's Corporate Governance Guidelines.

Criteria for Board Membership – Experiences, Skills and Qualifications

The Governance Committee works with the Board to determine the appropriate skills, experiences and attributes that should be possessed by the Board as a whole as well as its individual members. While the Governance Committee has not established minimum criteria for director candidates, in general, the Board seeks individuals with skills and backgrounds that will complement those of other directors and maximize the effectiveness of the Board as a whole. The Board also seeks individuals who bring unique and varied perspectives and life experiences to the Board. To that end, in 2023 the Board adopted a policy that requires the pool from which new director nominees are chosen to include candidates who reflect diverse backgrounds, including diversity of gender, ethnicity and other underrepresented groups

The Governance Committee assists the Board by recommending prospective director candidates who will enhance the overall effectiveness and diversity of the Board. The Board views diversity broadly, taking into consideration the age, professional experience, race, education, gender and other attributes of its members.

In addition, the Board’s Corporate Governance Guidelines describe the general experiences, qualifications, attributes and skills sought by the Board of any director nominee, including:

Qualifications, Attributes and Skills	Knowledge and Experience
<ul style="list-style-type: none"> ✓ Integrity ✓ Judgment ✓ Diversity ✓ Ability to express informed, useful and constructive views ✓ Experience with businesses and other organizations of comparable size ✓ Ability to commit the time necessary to learn our business and to prepare for and participate actively in committee meetings and in Board meetings ✓ Interplay of skills, experiences and attributes with those of the other Board members 	<ul style="list-style-type: none"> ✓ Consumer Products ✓ Innovation ✓ Mergers and Acquisitions ✓ Government Relations ✓ Supply Chain ✓ Emerging Markets ✓ Finance ✓ Marketing ✓ Risk Management ✓ Technology

In addition to evaluating new director candidates, the Governance Committee regularly assesses the composition of the Board in order to ensure it reflects an appropriate balance of knowledge, skills, expertise, diversity and independence. As part of this assessment, each director is asked to identify and assess the particular experiences, skills and other attributes that qualify him or her to serve as a member of the Board. Based on the most recent assessment of the Board’s composition completed in February 2024, the Governance Committee and the Board have determined that, in light of the Company’s current business structure and strategies, the Board has an appropriate mix of director experiences, skills, qualifications and backgrounds.

The following chart provides a summary of the collective qualifications of our director nominees:

Experience	Qualifications	Board Composition
Mergers & Acquisitions (“M&A”)	Experience sourcing, negotiating and integrating complex M&A transactions, either as a senior operating executive or an investment banking or private equity professional	91%
Risk Management	Experience with enterprise risk management programs (through operations or via board/committee oversight), including strategic, financial, operational and commercial risks	91%
Innovation Experience	Experience in research & development/new product and packaging innovation, proven track record of implementing innovative ways of working	82%
Financial/Investment Leadership	Experience as a public company Chief Financial Officer or audit partner or as the chair of a public company audit committee or significant experience in capital markets, investment banking, corporate finance, financial reporting or the financial management of a major organization	73%
International Experience	Significant experience working and managing operations in markets outside the U.S., combined with an intimate understanding of issues, trends and other relevant business activities in those markets	73%
Operational Leadership	Functional experience in a senior operating position (President, Chief Operating Officer, head of large division) within a public/private company, including current or recent experience as the Chief Executive Officer of a public company	64%
ESG & Human Capital	Experience at a senior level, including as Chief Sustainability Officer and/or Chief Human Resources Officer, overseeing and managing ESG risks and opportunities, including human capital management experience leading HR processes and risks	55%
Supply Chain	Experience at a senior level managing or overseeing global supply chain strategy and execution for a major corporation, including responsibility for demand planning, procurement/sourcing, shipping, warehousing and logistics management	55%
Consumer Packaged Goods (“CPG”)	Experience in a senior level position of a durable or non-durable consumer-oriented company, preferably within the fast-moving consumer goods sector; senior-level experience with consumer marketing, sales and/or CPG retailers	45%
Technology Experience	Recent leadership experience implementing new technologies to drive efficiencies and deliver commercial advantage	45%
Government Relations/Regulatory	Experience in a government capacity at the state or federal level and/or senior executive experience within legal, regulatory or other policy-making functions	36%
IT/Cybersecurity	Experience at a senior level, preferably as a Chief Information Security Officer, overseeing cybersecurity and information security matters, including policies and processes; significant experience with data analytics or enterprise digital transformation and ability to drive unique insights that lead to better strategic decisions and actions; senior leadership in a digital marketing organization or business unit	27%

A description of the most relevant experiences, skills and attributes that qualify each director nominee to serve as a member of the Board is included in his or her biography.

Board Evaluations

The Board recognizes that a robust and constructive evaluation process is an essential component of good corporate governance and board effectiveness. The Board's evaluation process is designed to facilitate regular, systematic review of the Board's effectiveness and accountability and to identify opportunities for improving Board operations and procedures. The Governance Committee, led by the Governance Committee Chair and in consultation with the Lead Independent Director, oversees the process, content and format of the annual evaluations of our Board, committees and individual directors, and solicits feedback on Board performance and effectiveness, including Board composition, adequacy of information received, appropriate oversight, accountability and peer director feedback. The results of the evaluations are discussed with the full Board and each committee, respectively, and based on the results, the Board and committees implement enhancements and other modifications, as appropriate. Individual director feedback is provided by the Governance Committee chair.

In 2021, the Board engaged a third-party corporate governance facilitator to conduct the annual evaluation and individual director interviews. The results of this third-party process were reported to the Board in 2022 and resulted in several enhancements to our Board operations and procedures. Our Board anticipates engaging a third-party facilitator every three years to conduct Board evaluations to gain additional external perspective, performance benchmarking and insight.

Beginning in 2023, the Governance Committee added a quantitative survey component to the annual evaluation process to further enhance Board effectiveness and accountability, drive continuous improvement and track progress with respect to any enhancements or modifications arising from prior years' evaluations.

Commitment to Board Refreshment

The Board believes that regular board refreshment is another essential component of good corporate governance, as evidenced by the fact that more than 50% of this year's director nominees are new to the Board in the last five years, including two new director nominees this year. To that end, the Governance Committee frequently reviews Board composition and tenure to ensure the Board is comprised of directors who possess the right mix of skills, experiences and attributes to maximize the effectiveness of the Board as whole. As part of this review, the Governance Committee strives to balance the importance of introducing new ideas and perspectives with the value derived from the Company-specific experience and historical perspective associated with longer Board tenure.

To help facilitate regular Board refreshment, the Board has implemented both a retirement age guideline and a term limit. With respect to retirement, the Board's Corporate Governance Guidelines provide that directors will generally not be nominated for re-election after their 72nd birthday. In 2023, the Board amended the Corporate Governance Guidelines to supplement the retirement age guideline with a new 13-year term limit for non-employee directors.

Finally, the Board is committed to ensuring that all directors are exposed to key marketplace developments, fresh ideas and new skills through regular Board education sessions, which occur at least quarterly, and by providing directors with access to external director education opportunities.

These collective measures ensure that individual directors and the Board as a whole continue to comprise the right mix of skills, experiences, qualifications, fresh thinking and modern practices needed to effectively oversee Company strategy and enhance long-term stockholder value.

Leadership Structure

The Company's governance documents provide the Board with flexibility to select the leadership structure that is most appropriate for the Company and its stockholders. The Board regularly evaluates its governance structure and has concluded that the Company and its stockholders are best served by not having a formal policy regarding whether the same individual should serve as both Chairman of the Board and CEO. This approach allows the Board to exercise its business judgment in determining the most appropriate leadership structure in light of the current facts and circumstances facing the Company, including the composition and tenure of the Board, the tenure of the CEO, the strength of the Company's management team, the Company's recent financial performance, the Company's current strategic plan and the current economic environment, among other factors.

Ms. Buck currently serves as our Chairman of the Board, President and CEO. The Board believes that combining the roles of Chairman of the Board and CEO under Ms. Buck's leadership, paired with a strong Lead Independent Director, is in the best interests of the Company and its stockholders at this time for several reasons:

- Ms. Buck has served as the Company's CEO and a member of the Board for more than seven years. During that time, she has fostered a strong working relationship between the Board and management and has cultivated a high level of trust with the Board. She also has a deep understanding of Board governance and operations through her service as former Lead Director of New York Life Insurance Company.
- Having served as an executive in numerous positions with the Company for more than 19 years, Ms. Buck has an unparalleled knowledge of the Company and its products, which the Board believes puts her in the best position to lead the Board through the strategic business issues facing the Company.
- During her tenure as CEO, Ms. Buck has proven her ability to drive business strategy and operational excellence. The Board believes that having Ms. Buck leverage these skills as Chairman of the Board provides the Company with a significant competitive advantage in the current marketplace.

The Board also recognizes the importance of strong independent Board leadership. For that reason, each year since 2020, the Board has elected Anthony J. Palmer to serve as Lead Independent Director. The Board has determined that Mr. Palmer is an independent member of the Board under the NYSE Rules and the Company's Corporate Governance Guidelines.

Under the terms of the Board's Corporate Governance Guidelines, the Lead Independent Director's responsibilities include the following:

- In the absence of the Chairman of the Board, presiding at all Board and stockholder meetings;
- Calling meetings of the independent directors of the Board, in addition to the executive sessions of independent directors held after each Board meeting;
- Presiding at all executive sessions and other meetings of the independent directors of the Board;
- Communicating with the independent directors of the Board between meetings as necessary or appropriate;
- Serving as a liaison between the Chairman of the Board and the independent directors, ensuring independent director consensus is communicated to the Chairman of the Board, and communicating the results of meetings of the independent directors to the Chairman of the Board and other members of management, as appropriate;
- In coordination with the CEO, approving Board meeting agendas and schedules to assure there is sufficient time for discussion of all agenda items;
- Reviewing committee agenda topics and time allotted for discussion at committee meetings in light of recommendations from each committee chair;
- Serving as an ex-officio member of all committees on which the Lead Independent Director does not serve as a voting member;
- Approving Board meeting materials and other information sent to the Board;
- Evaluating the quality and timeliness of information sent to the Board by the CEO and other members of management;
- Assisting the Chairman of the Board and the Governance Committee in implementing and overseeing the Board succession planning process;
- Assisting the Chairman of the Board with crisis management matters;
- Overseeing the evaluation of the CEO;
- Assisting the Chair of the Governance Committee with Board and individual director evaluations; and
- Being available for consultation and direct communication at the request of major stockholders.

Committees of the Board

The Board has established five standing committees to assist with its oversight responsibilities: (1) Audit Committee; (2) Compensation and Human Capital Committee ("Compensation Committee"); (3) Finance and Risk Management Committee; (4) Governance Committee and (5) Executive Committee. Each of the Audit Committee, the Compensation Committee, the Finance and Risk Management Committee and the Governance Committee is comprised entirely of independent directors as required by our Corporate Governance Guidelines. In addition, Mmes. Koken and Kraus and Mr. Katzman are direct representatives of the Company's largest stockholder. This composition of our Board helps to ensure that boardroom discussions reflect the views of management, our independent directors and our stockholders.

The Board may also from time to time establish committees of limited duration for a special purpose. A special committee was established by the Board in 2023 to assist the Board with furthering its commitment to board refreshment, which ultimately resulted in adoption of the Board's 13-year term limit for non-employee directors. The special committee, which was comprised entirely of non-employee directors, held six meetings in 2023. The directors serving on the special committee did not receive any additional compensation for their service.

Membership on each of our Board committees, as of March 8, 2024, is reflected below:

Name	Audit	Compensation and Human Capital	Finance and Risk Management	Governance	Executive
Pamela M. Arway ⁺		Chair	▲		▲
Michele G. Buck					Chair
Victor L. Crawford	Chair	▲			▲
Robert M. Dutkowsky			Chair	▲	▲
Mary Kay Haben		▲	▲		
James C. Katzman ⁺			▲	▲	
M. Diane Koken	▲			▲	
Maria T. Kraus	▲	▲			
Robert M. Malcolm	▲			▲	
Anthony J. Palmer	▲	▲	▲*	▲*	▲
Juan R. Perez			▲	Chair	▲

▲ Committee Member

▲* Ex-Officio

⁺ Ms. Arway and Mr. Katzman are not standing for re-election at the Annual Meeting.

The table below identifies the number of meetings held by each Board committee in 2023 and provides a brief description of the duties and responsibilities of each committee. The charter of each Board committee can be viewed on the Investors section of our website at www.thehersheycompany.com.

Audit Committee		Meetings in 2023: 8
Duties and Responsibilities	<ul style="list-style-type: none"> • Oversee financial reporting processes and integrity of the financial statements • Oversee compliance with legal and regulatory requirements • Oversee the Company’s Code of Conduct • Oversee independent auditors’ qualifications, independence and performance • Oversee the internal audit function • Approve audit and non-audit services and fees • Oversee (in consultation with the Finance and Risk Management Committee) risk management processes and policies • Review adequacy of internal controls • Review Quarterly and Annual Reports • Review earnings releases • Discuss the Company’s tax strategies, practices and related disclosures • Review the Company’s public reporting with respect to ESG matters within the Audit Committee’s purview 	
Membership	<ul style="list-style-type: none"> • All Audit Committee members must be independent • All Audit Committee members are financially literate, Ms. Kraus and Messrs. Crawford and Ozan⁽¹⁾ qualify as “audit committee financial experts” • Charter prohibits any member of the Audit Committee from serving on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of the director to effectively serve on the Committee 	

Compensation and Human Capital Committee		Meetings in 2023: 5
Duties and Responsibilities	<ul style="list-style-type: none"> • Establish executive officer compensation (other than CEO compensation) and oversee compensation programs and policies • Oversee consideration of ESG matters in executive compensation program • Oversee human capital management practices, including talent management, diversity, equity and inclusion (“DEI”) and pay equity • Evaluate CEO performance and make recommendations regarding CEO compensation • Oversee the CEO’s evaluation of executive officers and, in consultation with the CEO, review and approve the compensation of executive officers other than the CEO • Review director compensation • Make equity grants under and administer the Equity and Incentive Compensation Plan (the “EICP”) • Establish target award levels and make awards under the annual cash incentive component of the EICP • Review the Company’s executive organization • Oversee executive officer succession planning 	
Membership	<ul style="list-style-type: none"> • All Compensation Committee members must be independent 	

⁽¹⁾ Subject to Mr. Ozan's election and appointment.

Finance and Risk Management Committee		Meetings in 2023: 6
Duties and Responsibilities	<ul style="list-style-type: none"> • Oversee management of the Company’s assets, liabilities and risks • Review capital projects, acquisitions and dispositions of assets and changes in capital structure • Review principal banking relationships, credit facilities and commercial paper programs • Oversee (in consultation with the Audit Committee) risk management processes and policies • Review and oversee policies and procedures with respect to human rights, environmental stewardship and responsible sourcing/commodities practices within the Company’s supply chain 	
Membership	<ul style="list-style-type: none"> • All Finance and Risk Management Committee members must be independent 	

Governance Committee		Meetings in 2023: 5
Duties and Responsibilities	<ul style="list-style-type: none"> • Review the composition of the Board and its committees • Identify, evaluate and recommend candidates for election to the Board • Review corporate governance matters and policies, including the Board’s Corporate Governance Guidelines • Oversee governance of the Company’s ESG policies and programs, including the establishment and review of targets, standards and other metrics used to measure and track ESG performance and progress • Administer the Company’s Related Person Transaction Policy • Evaluate the performance of the Board, its independent committees and each director 	
Membership	<ul style="list-style-type: none"> • All Governance Committee members must be independent 	

Executive Committee		Meetings in 2023: 1
Duties and Responsibilities	<ul style="list-style-type: none"> • Manage the business and affairs of the Company, to the extent permitted by the Delaware General Corporation Law, when the Board is not in session • Review and approve related-party transactions between the Company and Hershey Trust Company, Hershey Entertainment & Resorts Company and/or Milton Hershey School, or any of their affiliates • For more information regarding the review, approval or ratification of related-party transactions, please refer to the section titled “Certain Transactions and Relationships” 	
Membership	<ul style="list-style-type: none"> • Comprises the Chairman of the Board, Lead Independent Director, the Chairs of the Audit Committee, Compensation Committee, Finance and Risk Management Committee and Governance Committee, and, if deemed appropriate by the Board in its discretion, one other director as appointed by the Board. 	

Enterprise Risk Management

Our Board is responsible for overseeing the Company’s strategies, processes and practices for identifying, managing and mitigating key enterprise risks. Board oversight of our enterprise risk management (“ERM”) program is an integral component of our business continuity and resiliency and imperative for the protection of our stockholders, business and employees. Our Board administers its risk oversight responsibilities both through direct review and discussion of our ERM program and key risks facing the Company and by delegating certain risk oversight responsibilities to Board committees and senior management for further consideration and evaluation, as detailed in the table below.

Board of Directors
<ul style="list-style-type: none"> • Ultimate responsibility for risk oversight and our ERM program • Reviews (full Board or via committees) risks related to our business and operations throughout the year • Strategic planning and associated risks • CEO and senior management succession planning • ESG programs and policies, including sustainability and climate change

Audit Committee	Compensation and Human Capital Committee	Executive Committee	Finance and Risk Management Committee	Governance Committee
<ul style="list-style-type: none"> • Legal and regulatory compliance and the Code of Conduct • Key accounting policies and integrity of financial statements • Internal controls and procedures and internal and independent audit matters • Public reporting with respect to ESG matters within the committee’s purview 	<ul style="list-style-type: none"> • Compensation programs and policies • ESG matters in the executive compensation program • Engage independent compensation consultants to assist in reviewing compensation programs, including potential risks • Succession planning and talent processes and programs • Human capital management practices, including talent management, DEI and pay equity 	<ul style="list-style-type: none"> • Approve related party transactions between the Company and entities affiliated with the Company and certain of its directors 	<ul style="list-style-type: none"> • Primary responsibility for overseeing the ERM process and reviewing key enterprise risks and risk mitigation plans, including risks relating to information and cyber security • Key financial risks, including insurance, capital structure and credit matters • M&A activities and related risks • Policies and procedures with respect to human rights, environmental stewardship and responsible sourcing/ commodities practices within the Company’s supply chain 	<ul style="list-style-type: none"> • Governance-related risks, including Board composition and succession, director independence and related-party transactions • Governance of ESG policies and programs, including the establishment and review of targets, standards and metrics for measuring and tracking ESG performance and progress • Compliance with key corporate governance documents

Management
<ul style="list-style-type: none"> • Resiliency Team (described below) is responsible for the day-to-day management and mitigation of risk • Conducts a bi-annual ERM assessment to identify the Company’s key enterprise risks • Reports to the Board, the Finance and Risk Management Committee and other appropriate committee regarding key risks and the actions management has taken to monitor, control and mitigate risk

While the Board and its committees oversee key risk areas, Company management, through our Resiliency Team, is charged with the day-to-day management of risks. Our Resiliency Team, comprising a cross-functional team of management with expertise in varying aspects of our business, including operations, internal audit, finance, legal, compliance, security and information technology, reports to our General Counsel, who we believe is the executive leader with the appropriate expertise and visibility within our Company to best develop and execute our ERM program. Our Resiliency Team also partners closely with leaders throughout the Company to identify the Company's most significant risks and develop and implement processes to manage, monitor, mitigate or otherwise address such risks. Many of our key business leaders, functional heads and other managers from across the globe provide perspective and input to the Resiliency Team to develop the Company's holistic views on enterprise risks.

Once identified by our Resiliency Team and General Counsel, our key enterprise risks are reviewed with the Finance and Risk Management Committee. The results of the risk assessment by the Finance and Risk Management Committee are integrated into the Board's, relevant committees' and/or management's processes for ongoing monitoring and reporting.

The Board believes that its structure – including a strong Lead Independent Director, 10 of 11 independent director nominees and key committees composed entirely of independent directors – supports an appropriate risk oversight function and helps ensure that key strategic decisions made by senior management, up to and including the CEO, are reviewed and overseen by independent directors of the Board.

Information Security

As indicated above, the Finance and Risk Management Committee is responsible for reviewing key enterprise risks identified through the ERM process, which includes information security strategies and risks, data privacy and protection risks, mitigation strategies and oversight of cybersecurity matters (“Information Security”). At each regularly scheduled Finance and Risk Management Committee meeting, management, through the Company's Chief Information Security Officer, reports on Information Security controls, audits, guidelines and developments and notifies the Finance and Risk Management Committee of updates regarding significant new cybersecurity threats or incidents. The Chief Information Security Officer oversees the dedicated Information Security team, which works in partnership with internal audit to review information technology-related internal controls with our external auditors as part of the overall internal controls process. Annual third-party audits are also conducted on penetration testing and overall program maturity.

Our Company-wide Information Security training program includes:

- Security awareness training, including regular phishing simulations;
- Mandatory training on acceptable use of technology and cyber-related assets and overall cyber wellness; and
- Other targeted trainings throughout the year.

We currently maintain a cyber insurance policy that provides coverage for security breaches. The Company has neither experienced a material Information Security breach nor incurred any material breach-related expenses over the last three years.

Board Meetings and Attendance

The Board held 15 meetings in 2023. Each incumbent director attended at least 89% of the meetings of the Board and committees of the Board on which he or she served in 2023. Average director attendance for all meetings equaled 97%.

In addition, the independent directors meet regularly in executive session at every Board meeting and at other times as the independent directors deem necessary. These meetings allow the independent directors to discuss important issues, including the business and affairs of the Company as well as matters concerning management, without any member of management present. Each executive session is chaired by the Lead Independent Director. In the absence of the Lead Independent Director, executive sessions are chaired by an independent director assigned on a rotating basis. Members of the Audit Committee, Compensation Committee, Finance and Risk Management Committee and Governance Committee also meet regularly in executive session.

Directors are expected to attend our annual meetings of stockholders. In 2023, all director nominees attended our annual meeting.

Director Independence

The Board, in consultation with the Governance Committee, determines which of our directors are independent. The Board has adopted categorical standards for independence that it uses in determining which directors are independent. The Board bases its determination of independence for each director on the more stringent independence standards applicable to Audit Committee members regardless of whether such director serves on the Audit Committee. These standards are contained in the Board's Corporate Governance Guidelines, which are available on the Investors section of our website at www.thehersheycompany.com.

Applying these categorical standards for independence, as well as the independence requirements set forth in the listing standards of the NYSE Rules and the rules and regulations of the Securities and Exchange Commission (“SEC”), the Board determined that all directors recommended for election at the Annual Meeting are independent, except for Ms. Buck, who the Board determined is not independent because she is an executive officer of the Company. The Board also determined that Ms. Arway and Mr. Katzman, who are not standing for re-election at the Annual Meeting, were independent during their tenure on the Board.

In making its independence determinations, the Board, in consultation with the Governance Committee, reviewed the direct and indirect relationships between each director and the Company and its subsidiaries, as well as the compensation and other payments each director received from or made to the Company and its subsidiaries.

In making its independence determinations with respect to Mmes. Koken and Kraus and Messrs. Katzman and Robbin-Coker, the Board considered their roles as current members of the board of directors of Hershey Trust Company and the board of managers (governing body) of Milton Hershey School, as well as certain transactions the Company had or may have with these entities.

Hershey Trust Company, as trustee for the trust established by Milton S. and Catherine S. Hershey that has as its sole beneficiary Milton Hershey School (such trust, the “Milton Hershey School Trust”), is our controlling stockholder. Hershey Trust Company is in turn owned by the Milton Hershey School Trust. As such, Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by the Milton Hershey School Trust are considered affiliates of the Company under SEC rules. During 2023, we entered into a number of transactions with Hershey Trust Company, Milton Hershey School and companies owned by the Milton Hershey School Trust involving the purchase and sale of goods and services in the ordinary course of business. We also entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the Milton Hershey School Trust. We have outlined these transactions in greater detail in the section titled “Certain Transactions and Relationships.” We have provided information about Company stock owned by Hershey Trust Company, as trustee for the Milton Hershey School Trust, and by Hershey Trust Company for its own investment purposes in the section titled “Information Regarding Our Controlling Stockholder.”

Mmes. Koken and Kraus do not, and Mr. Robbin-Coker will not, receive any compensation from The Hershey Company, or from Hershey Trust Company or Milton Hershey School, other than compensation they receive or will receive in the ordinary course as members of the Board. In addition, Mmes. Koken and Kraus do not, and Mr. Robbin-Coker will not, vote on Board decisions in connection with the Company’s transactions with Hershey Trust Company, Milton Hershey School and companies owned by the Milton Hershey School Trust. The Board therefore concluded that the positions Mmes. Koken and Kraus and Mr. Robbin-Coker have as members of the board of directors of Hershey Trust Company and the board of managers of Milton Hershey School do not impact their independence.

Director Nominations

The Governance Committee is responsible for identifying and recommending to the Board candidates for Board membership. As our controlling stockholder, Hershey Trust Company, as trustee for the Milton Hershey School Trust, also may from time to time recommend to the Governance Committee, or elect outright, individuals to serve on our Board.

In administering its responsibilities, the Governance Committee has not adopted formal selection procedures, but instead utilizes general guidelines that allow it to adjust the selection process to best satisfy the objectives established for any director search. In 2023, the Board adopted a policy that requires the pool from which new director nominees are chosen to include candidates who reflect diverse backgrounds, including diversity of gender, ethnicity and other underrepresented groups. The Governance Committee considers director candidates recommended by any reasonable source, including current directors, management, stockholders and other sources. The Governance Committee evaluates all director candidates in the same manner, regardless of the source of the recommendation.

From time to time, the Governance Committee engages a paid third-party consultant to assist in identifying and evaluating director candidates. The Governance Committee has sole authority under its charter to retain, compensate and terminate these consultants. In August 2023, the Governance Committee retained Egon Zehnder to assist in identifying potential future director candidates.

Stockholders desiring to recommend or nominate a director candidate must comply with certain procedures. If you are a stockholder and desire to nominate a director candidate at the 2025 Annual Meeting of Stockholders of the Company, you must comply with the procedures for nomination set forth in the section titled “Information Regarding the 2025 Annual Meeting of Stockholders.” Stockholders who do not intend to nominate a director at an annual meeting may recommend a director candidate to the Governance Committee for consideration at any time. Stockholders desiring to do so must submit their recommendation in writing to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033, and include in the submission all of the information that would be required if the stockholder nominated the candidate at an annual meeting. The Governance Committee may require the nominating stockholder to submit additional information before considering the candidate.

There were no changes to the procedures relating to stockholder nominations during 2023, and there have been no changes to such procedures to date in 2024. These procedural requirements are intended to ensure the Governance Committee has sufficient time and a basis on which to assess potential director candidates and are not intended to discourage or interfere with appropriate stockholder nominations. The Governance Committee does not believe that these procedural requirements subject any stockholder or proposed nominee to unreasonable burdens. The Governance Committee and the Board reserve the right to change the procedural requirements from time to time and/or to waive some or all of the requirements with respect to certain nominees, but any such waiver shall not preclude the Governance Committee from insisting upon compliance with any and all of the above requirements by any other recommending stockholder or proposed nominees.

Communications with Directors

Stockholders and other interested parties may communicate with our directors in several ways. Communications regarding accounting, internal accounting controls or auditing matters may be emailed to the Audit Committee at auditcommittee@hersheys.com or sent to the Audit Committee at the following address:

Audit Committee
c/o Secretary
The Hershey Company
19 East Chocolate Avenue
P.O. Box 819
Hershey, PA 17033-0819

Stockholders and other interested parties also can submit comments, confidentially and anonymously if desired, to the Audit Committee by calling the Hershey Concern Line at (800) 871-3659, by accessing the Hershey Concern Line website at www.HersheysConcern.com or emailing ethics@hersheys.com.

Stockholders and other interested parties may contact any of the independent directors, including the Lead Independent Director, as well as the independent directors as a group, by writing to the specified party at the address set forth above or by emailing the independent directors (or a specific independent director, including the Lead Independent Director) at independentdirectors@hersheys.com. Stockholders and other interested parties may also contact any of the independent directors using the Hershey Concern Line website noted above.

Communications to the Audit Committee, any of the independent directors and the Hershey Concern Line are processed by the Office of General Counsel. The Office of General Counsel reviews and summarizes these communications and provides reports to the applicable party on a periodic basis. Communications regarding any accounting, internal control or auditing matter are reported immediately to the Audit Committee, as are allegations about our officers. The Audit Committee will address communications from any interested party in accordance with our Board-approved Procedures for Submission and Handling of Complaints Regarding Compliance Matters, which are available for viewing on the Investors section of our website at www.thehersheycompany.com. Solicitations, junk mail and obviously frivolous or inappropriate communications are not forwarded to the Audit Committee or the independent directors, but copies are retained and made available to any director who wishes to review them.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS



The Board of Directors unanimously recommends that stockholders vote **FOR** each of the nominees for director at the 2024 Annual Meeting

The first proposal to be voted on at the Annual Meeting is the election of 11 directors. If elected, each director will hold office until the 2025 Annual Meeting of Stockholders of the Company or until his or her successor is elected and qualified.

Election Procedures

We have two classes of common stock outstanding: Common Stock and Class B Common Stock. Under our certificate of incorporation and by-laws:

- One-sixth of our directors (which currently equates to two directors) will be elected by the holders of our Common Stock voting as a separate class.
 - For the Annual Meeting, the Board has nominated Robert M. Dutkowsky and Kevin M. Ozan for election by the holders of our Common Stock voting as a separate class.
- The remaining 9 directors will be elected by the holders of our Common Stock and Class B Common Stock voting together as a single class.

With respect to the nominees to be elected by the holders of the Common Stock voting as a separate class, the two nominees receiving the greatest number of votes of the Common Stock will be elected as directors. With respect to the nominees to be elected by the holders of the Common Stock and the Class B Common Stock voting together as a single class, the 9 nominees receiving the greatest number of votes of the Common Stock and Class B Common Stock will be elected as directors.

The Board's Corporate Governance Guidelines set forth a 13-year term limit for all non-employee directors and provide that directors will generally not be nominated for re-election after their 72nd birthday. With the exception of Messrs. Malcolm and Palmer, all of the directors standing for election at the Annual Meeting satisfy both the age guideline and term limit requirement. In light of the fact that the term limit was adopted by the Board in 2023, Messrs. Malcolm and Palmer, both of whom have served on the Board for 13 years, were granted a one-year exemption from the term limit to minimize potential disruption to the Board and enable sufficient time to find highly-qualified replacement candidates.

All director nominees have indicated their willingness to serve if elected. If a nominee becomes unavailable for election for any reason, the proxies will have discretionary authority to vote for a substitute.

Nominees for Director

The director nominees listed below were recommended to the Board by the Governance Committee, and the Board unanimously recommends the director nominees for election at the Annual Meeting. In making its recommendation, the Governance Committee considered the experience, qualifications, attributes and skills of each nominee, as well as each director's past performance on our Board, as reflected in the Governance Committee's annual evaluation of Board and committee performance. This evaluation considers, among other things, each director's individual contributions to the Board, the director's ability to work collaboratively with other directors and the effectiveness of the Board as a whole.

On the following pages, we provide certain biographical information about each nominee for director, as well as information regarding the nominee's specific experience, qualifications, attributes and skills that qualify him or her to serve as a director and as a member of the committee(s) of the Board on which the nominee serves.



Michele G. Buck

Director since 2017

Term 7 years

Age 62

Board Committees

- Executive (Chair)

QUALIFICATIONS, ATTRIBUTES AND SKILLS

As Chairman of the Board, President and Chief Executive Officer of the Company, a position she has held since October 2019, Ms. Buck is responsible for all day-to-day global operations and commercial activities of the Company. She previously served the Company in a variety of executive roles, including as President and Chief Executive Officer from March 2017 to October 2019 and as Executive Vice President and Chief Operating Officer from June 2016 to March 2017. Having served at the Company for more than 19 years and as an executive in the consumer-packaged goods industry for more than 30 years, Ms. Buck contributes to the Board in the areas of marketing, consumer products, strategy, supply chain management and mergers and acquisitions. Her presence in the boardroom also ensures efficient communication between the Board and Company management.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- New York Life Insurance Company (November 2013 to present)

EDUCATION

- Bachelor's degree from Shippensburg University of Pennsylvania
- Masters of Business Administration degree from the University of North Carolina



Victor L. Crawford

Director since 2020

Term 4 years

Age 62

Committees

- Audit (Chair)
- Compensation
- Executive

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Crawford is the former Chief Executive Officer, Pharmaceutical Segment, of Cardinal Health, Inc., a global healthcare services and products company, a position he held from November 2018 until November 2022. Mr. Crawford has held senior management positions at several companies across the food and beverage, hospitality and healthcare services industries. He held the position of President and Chief Operating Officer, Healthcare, Education and Business Dining, at Aramark Corporation, a global provider of food, facilities and uniform services, from September 2012 to October 2018. Mr. Crawford also held senior management positions at PepsiCo, Inc., a multinational food, snack and beverage company. Mr. Crawford contributes to the Board through his broad range of experience in digital transformation, fast moving consumer goods, logistics and supply chain management, as well as his valuable insights in emerging markets, consumer retail and finance.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Saputo Inc. (November 2023 to present)
- Pelotonia (September 2020 to present)
- Board of Trustees, National Urban League (October 2010 to present)
- Dave & Buster's Entertainment, Inc. (August 2016 to June 2020)

EDUCATION

- Bachelor of Science degree in Accounting from Boston College



Robert M. Dutkowsky

Director since 2020

Term 4 years

Age 69

Board Committees

- Finance and Risk Management (Chair)
- Executive
- Governance

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Dutkowsky is the former Executive Chairman and Chief Executive Officer of Tech Data Corporation, a wholesale distributor of technology products, a position he held from June 2018 until his retirement in June 2020. He previously served as Chief Executive Officer of Tech Data from October 2006 to June 2018, including as Chairman of the Board from June 2017 until his appointment as Executive Chairman in June 2018. Prior to joining Tech Data, Mr. Dutkowsky served as President, Chief Executive Officer and Chairman of two software companies, Egenera, Inc. and J.D. Edwards & Co., Inc. Having spent most of his career in the technology industry, Mr. Dutkowsky brings to the Board broad operational experience and a deep understanding of the technology industry and how technology and digital capabilities drive growth and resiliency. The experiences and skills he developed as a senior executive at multiple technology and software businesses also allow Mr. Dutkowsky to provide the Board with insights related to finance, management, operations, risk management and governance.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Raymond James Financial, Inc. (October 2018 to present)
- US Foods, Inc. (January 2017 to present)
- Pitney Bowes, Inc. (July 2018 to May 2023)
- Tech Data Corporation (October 2006 to June 2020)

EDUCATION

- Bachelor of Science degree in Industrial Labor Relations from Cornell University

One of two directors nominated for election by the holders of the Common Stock voting separately as a class



Mary Kay Haben

Director since 2013

Term 11 years

Age 67

Board Committees

- Compensation
- Finance and Risk Management

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Ms. Haben is the former President, North America, of Wm. Wrigley Jr. Company, a leading confectionery company, a position she held from October 2008 until her retirement in February 2011. She served in several other senior management positions during her time at Wm. Wrigley Jr. Company, including as Group Vice President and Managing Director, North America. She also held a succession of leadership positions in her 27-year career at Kraft Foods, Inc., a grocery manufacturing and processing conglomerate. Throughout her career, Ms. Haben gained extensive experience managing businesses in the consumer-packaged goods industry and developed a track record of growing brands and developing new products. Her knowledge of and ability to analyze the overall consumer-packaged goods industry, evolving market dynamics and consumers' relationships with brands make her a valuable contributor to the Board and the Company.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Grocery Outlet Holding Corp. (November 2019 to present)
- Trustee of Equity Residential (July 2011 to present)

EDUCATION

- Bachelor's degree, *magna cum laude*, in Business Administration from the University of Illinois
- Masters of Business Administration degree in Marketing from the University of Michigan, Ross School of Business



M. Diane Koken

Director since 2017

Term 7 years

Age 71

Board Committees

- Audit
- Governance

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Ms. Koken is Vice Chair of the Board of Hershey Trust Company and Milton Hershey School, positions she has held since December 2023, having previously served as Chairman since December 2020. She has also served as a director of Hershey Trust Company and a member of the Board of Managers of Milton Hershey School since December 2016. For more than 15 years, Ms. Koken has also served as a legal/regulatory consultant. She previously served as Insurance Commissioner of Pennsylvania for three governors and in other leadership roles during her 22-year career at Provident Mutual Life Insurance Company, a national life insurer, that culminated in her serving as its Vice President, General Counsel and Corporate Secretary. Ms. Koken served as a previous president of the National Association of Insurance Commissioners. She contributes to the Board through her significant expertise in insurance, risk management and regulatory affairs, as well as her experience in legal operations and corporate governance. As one of three representatives of Hershey Trust Company and Milton Hershey School currently serving on the Board, Ms. Koken also brings to the Board valuable insights from our largest stockholder and the school that is its sole beneficiary.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Nationwide Mutual Funds and Nationwide Variable Insurance Trust (April 2019 to present)
- Nationwide Mutual Insurance Company; Nationwide Mutual Fire Insurance Company; Nationwide Corporation (April 2007 to present)
- Capital BlueCross (December 2011 to April 2022)
- NORCAL Mutual (January 2009 to May 2021)

EDUCATION

- Bachelor's degree, *magna cum laude*, from Millersville University
- Juris Doctor degree from Villanova University School of Law



Huong Maria T. Kraus

Director Since 2023

Term 1 year

Age 52

Board Committees

- Audit
- Compensation

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Ms. Kraus is Chairman of the Board of Hershey Trust Company and Milton Hershey School, positions she has held since December 2023, having previously served as Vice Chair since December 2020. She has also served as a director of Hershey Trust Company and a member of the Board of Managers of Milton Hershey School since January 2018. Ms. Kraus is currently the Chief Financial Officer of Wedgewood Pharmacy, the largest compounding pharmacy devoted to animal health in the United States, a position she has held since June 2021. Prior to joining Wedgewood Pharmacy, from September 2019 to June 2021, Ms. Kraus served as Chief Financial Officer at Accelerated Enrollment Solutions, a division of PPD, a global contract research organization that provided comprehensive drug development, laboratory and lifecycle management services prior to being acquired by Thermo Fisher Scientific in 2021. Prior to this, Ms. Kraus served in various financial roles at Bioclinica (now Clario), a company providing pharmaceutical outsourced services, including most recently as Executive Vice President, Corporate Development and Strategy from March 2015 to August 2019. Ms. Kraus brings valuable insights to the Board from her 25 years' experience and leadership in finance, strategy and corporate development. Her experience in financial executive roles also contribute to the Board a deep understanding of financial matters. Additionally, her strong background in mergers and acquisitions and corporate development contribute to the Company's evolution into a leading snacking powerhouse. As Chairman of the Boards and one of three representatives of Hershey Trust Company and Milton Hershey School currently serving on the Board, Ms. Kraus also brings valuable insights from our largest stockholder and the school that is its sole beneficiary.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Girl Scouts of Eastern Pennsylvania (May 2008 to May 2023)

EDUCATION

- Bachelor's degree in Accounting from Pennsylvania State University



Robert M. Malcolm

Director since 2011

Term 13 years

Age 71

Board Committees

- Audit
- Governance

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Malcolm is the former President, Global Marketing, Sales & Innovation, of Diageo PLC, a leading premium drinks company, a position he held from June 2002 until his retirement in December 2008. Prior to that position, Mr. Malcolm spent 24 years at The Procter & Gamble Company in various leadership positions, including as Vice President – General Manager Beverages, Europe, Middle East and Africa, and Vice President – General Manager, Arabian Peninsula. He is a globally recognized expert in strategic marketing and is currently Executive in Residence, Center for Customer Insight and Marketing Solutions, McCombs School of Business, University of Texas. Mr. Malcolm brings to the Board significant experience in emerging markets and in the marketing and sales of consumer products, including consumer-packaged goods and fast-moving consumer goods.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- Boston Consulting Group (senior advisor) (December 2012 to May 2022)

EDUCATION

- Bachelor's degree in Marketing from the University of Southern California
- Masters of Business Administration degree in Marketing from the University of Southern California



Kevin M. Ozan

Director Nominee

Term 0 years

Age 60

Board Committees

- New Nominee

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Ozan is the former Senior Executive Vice President, Strategic Initiatives, of McDonald's Corporation, a leading global food service retailer, a position he held from September 2022 until his retirement in June 2023. Mr. Ozan was identified as a potential director nominee by Egon Zehnder as part of the Governance Committee's director succession planning process. Mr. Ozan held various roles of increasing responsibility during his 25-year career with McDonald's, including serving as Executive Vice President and Chief Financial Officer from March 2015 to August 2022. Prior to joining McDonald's, he worked for over a decade in Ernst & Young's audit and mergers and acquisitions practices. Having served as Chief Financial Officer and overseen strategy for one of the world's largest quick service restaurant companies, Mr. Ozan will bring considerable expertise in the areas of finance, mergers and acquisitions, innovation, risk management and international operations to the Board.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- McKesson Corporation (January 2024 to present)
- Cineworld Group PLC (July 2023 to present)

EDUCATION

- Bachelor of Business Administration degree in Accounting from the University of Michigan
- Masters of Business Administration degree from the Kellogg Graduate School at Northwestern University

One of two directors nominated for election by the holders of the Common Stock voting separately as a class



Anthony J. Palmer

Lead Independent Director since May 2020

Director since 2011

Term 13 years

Age 64

Board Committees

- Audit
- Compensation
- Executive
- Finance and Risk Management (ex-officio)
- Governance (ex-officio)

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Palmer joined One Rock Capital Partners, LLC, a private equity firm, in April 2022 as an Operating Partner focused on investments in the food and beverage industry. Prior to that position, Mr. Palmer was Founder and Chief Executive Officer of TropicSport, a natural and environmentally friendly e-commerce sun care and skincare products company, a position he held from April 2019 to December 2022. Prior to founding TropicSport, Mr. Palmer held key leadership positions at Kimberly-Clark Corporation, a multinational personal care company, including serving as President, Global Brands and Innovation, from April 2012 to April 2019. Prior to Kimberly-Clark Corporation, Mr. Palmer served in various leadership positions at The Kellogg Company, a multinational food manufacturing company, and the Coca-Cola Company, a multinational beverage company. Having spent most of his career in the consumer-packaged goods industry, Mr. Palmer contributes to the Board through his insight in several key strategic areas for the Company, including fast-moving consumer-packaged goods, emerging markets, marketing and human resources.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- None

EDUCATION

- Bachelor's degree in Business from Monash University in Melbourne, Australia
- Masters of Business Administration degree, with distinction, from the International Management Institute, Geneva, Switzerland



Juan R. Perez

Director since 2019

Term 5 years

Age 57

Board Committees

- Governance (Chair)
- Executive
- Finance and Risk Management

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Perez is the Executive Vice President and Chief Information Officer of Salesforce.com, Inc., a global leader in customer relationship management technology, a position he has held since April 2022. Prior to joining Salesforce, he spent 32 years at United Parcel Service, Inc. ("UPS"), a multinational package delivery and supply chain management company, where he held a succession of leadership positions, including serving as Chief Information and Engineering Officer from April 2017 to March 2022 and Chief Information Officer from March 2016 to April 2017. Prior to those roles, Mr. Perez served as UPS' Vice President of Technology and as Vice President, Engineering. Through his varied roles, he has developed a broad range of commercial, human resources, operational planning, logistics and technological expertise, including transformation and artificial intelligence. In addition to his overall leadership experience, Mr. Perez brings significant strength in the areas of supply chain management and logistics, digital technology, information security, innovation and data analytics to the Board.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- None

EDUCATION

- Bachelor of Science degree in Industrial and Systems Engineering from the University of Southern California
- Masters of Science degree in Computer and Manufacturing Engineering from the University of Southern California



Cordel Robbin-Coker

Director Nominee

Term 0 years

Age 37

Board Committees

- New Nominee

QUALIFICATIONS, ATTRIBUTES AND SKILLS

Mr. Robbin-Coker is a director of Hershey Trust Company and a member of the Board of Managers of Milton Hershey School, a position he has held since January 2019. He is also Co-Founder and Chief Executive Officer of Carry1st, the leading venture-backed video game publisher and consumer fintech platform in Africa, a position he has held since July 2018. He was recommended to the Governance Committee as a potential director nominee by Hershey Trust Company. For the decade prior to founding Carry1st, Mr. Robbin-Coker served as an investment banker with Morgan Stanley and private equity investor with The Carlyle Group, culminating in his role as Vice President in the Carlyle Sub-Saharan Africa Fund. Mr. Robbin-Coker will bring to the Board his expertise in consumer technology, mergers and acquisitions, international business, and corporate governance. As one of three representatives of Hershey Trust Company and Milton Hershey School nominated to serve on the Board, Mr. Robbin-Coker will also bring valuable insights from our largest stockholder and the school that is its sole beneficiary.

PUBLIC COMPANY AND OTHER KEY DIRECTORSHIPS

- None

EDUCATION

- Bachelor of Arts degree in Political Science from Stanford University

NON-EMPLOYEE DIRECTOR COMPENSATION

The Hershey Company Directors' Compensation Plan

We maintain a Directors' Compensation Plan that is designed to:

- Attract and retain highly qualified, non-employee directors; and
- Align the interests of non-employee directors with those of our stockholders by paying a portion of non-employee compensation in units representing shares of our Common Stock.

Directors who are employees of the Company receive no additional compensation for their service on our Board. Ms. Buck is the only employee of the Company who also served as a director during 2023 and thus received no additional compensation for her Board service.

The Board targets non-employee director compensation at the 50th percentile of compensation paid to directors at a group of our peer companies ("the Compensation Peer Group"). The Compensation Committee regularly reviews and as appropriate, make changes to the Compensation Peer Group to ensure it is representative of the Company's market for talent, business portfolio, overall size and global footprint. Information about the Compensation Peer Group is included in the section titled "Setting Compensation" in the Compensation Discussion & Analysis. Each year, with the assistance of the Compensation Committee and the Compensation Committee's independent compensation consultant, the Board reviews the compensation paid to directors at companies in the current peer group to determine whether any changes to non-employee director compensation are warranted.

As a result of its annual review of non-employee director compensation in December 2022, the Board determined that certain changes were warranted for 2023 to ensure such compensation remained aligned to the 50th percentile of compensation paid to directors from our Compensation Peer Group. Therefore, for 2023, the Board increased certain elements of non-employee director compensation, as follows:

Form of Compensation	2022 Payment (\$)	2023 Payment (\$)
Annual retainer for Chairman of the Board ⁽¹⁾⁽²⁾	150,000	150,000
Annual retainer for other non-employee directors	105,000	105,000
Annual Restricted Stock Unit award	160,000	170,000
Annual retainer for Lead Independent Director ⁽²⁾⁽³⁾	30,000	50,000
Annual retainers for chairs of Audit, Compensation and Finance and Risk Management Committees ⁽²⁾	20,000	25,000
Annual retainer for chair of Governance Committee ⁽²⁾	15,000	25,000

(1) Applies only when Chairman of the Board is a non-employee director.

(2) Paid in addition to \$105,000 annual retainer for non-employee directors.

(3) A Lead Independent Director is appointed if the Chairman of the Board is not independent.

As a result of its review in December 2023, the Board determined that no changes to any of the compensation elements were warranted in 2024. As such, all elements of non-employee director compensation described above for 2023 remain unchanged for 2024.

Payment of Annual Retainer, Lead Independent Director Fee and Committee Chair Fees

The annual retainer (including the annual retainer for the Chairman of the Board, when applicable) and any applicable Lead Independent Director or committee chair retainers for all non-employee directors are paid in quarterly installments on the 15th day of March, June, September and December, or the prior business day if the 15th is not a business day. Non-employee directors may elect to receive all or a portion of the annual retainer (including the annual retainer for the Chairman of the Board, when applicable) in cash or in Common Stock. Non-employee directors may also elect to defer receipt of all or a portion of the retainer (including the annual retainer for the Chairman of the Board, when applicable), any applicable Lead Independent Director retainer or committee chair retainers until the date their membership on the Board ends. Lead Independent Director and committee chair retainers that are not deferred are paid only in cash.

Non-employee directors choosing to defer all or a portion of their retainer, any applicable Lead Independent Director retainer or committee chair retainers may invest the deferred amounts in two ways:

- In a cash account that values the performance of the investment based upon the performance of one or more third-party investment funds selected by the director from among the mutual funds or other investment options available to all employees participating in our 401(k) plan. Amounts invested in the cash account are paid only in cash.
- In a deferred common stock unit account that we value according to the performance of our Common Stock, including reinvested dividends. Amounts invested in the deferred common stock unit account are paid in shares of Common Stock.

Restricted Stock Units

Restricted Stock Units (“RSUs”) are granted quarterly to non-employee directors on the first day of January, April, July and October. In 2023, the number of RSUs granted in each quarter was determined by dividing \$42,500 by the average closing price of a share of our Common Stock on the NYSE on the last three trading days preceding the grant date. RSUs awarded to non-employee directors vest one year after the date of grant, or earlier upon termination of the director’s membership on the Board by reason of retirement (termination of service from the Board after the director’s 60th birthday), death or disability, for any reason after a Change in Control as defined in our Executive Benefits Protection Plan (Group 3A) (“EBPP 3A”), or under such other circumstances as the Board may determine. Vested RSUs are payable to directors in shares of Common Stock or, at the option of the director, can be deferred as Common Stock units under the Directors’ Compensation Plan until the director’s membership on the Board ends. Dividend equivalent units are credited at regular rates on the RSUs during the restriction period and, upon vesting of the RSUs, are payable in shares of Common Stock or deferred as Common Stock units together with any RSUs the director has deferred.

As of March 8, 2024, Messrs. Crawford, Dutkowsky, Malcolm and Palmer and Mmes. Arway, Haben and Koken had attained retirement age for purposes of the vesting of RSUs.

Other Compensation, Reimbursements and Programs

The Board occasionally establishes committees of limited duration for special purposes. When a special committee is established, the Board will determine whether to provide non-employee directors with additional compensation for service on such committee based on the expected duties of the committee, the anticipated number and length of any committee meetings and other factors the Board, in its discretion, may deem relevant. A special committee was established by the Board in 2023 and held six meetings, however, the selected directors did not receive any compensation for service on the special committee.

We reimburse our directors for travel and other out-of-pocket expenses they incur when attending Board and committee meetings and for minor incidental expenses they incur when performing directors’ services. We also provide reimbursement for at least one director continuing education program each year. Directors receive travel accident insurance while traveling on the Company’s business and receive discounts on the purchase of our products to the same extent and on the same terms as our employees. Directors also are eligible to participate in the Company’s Gift Matching Program. Under the Gift Matching Program, the Company will match, upon a director’s request, contributions made by the director to one or more charitable organizations, on a dollar-for-dollar basis up to a maximum aggregate contribution of \$5,000 annually.

Stock Ownership Guidelines

Pursuant to the Board’s Corporate Governance Guidelines, non-employee directors are expected to own shares of Common Stock having a value equal to at least five times the annual retainer. Each non-employee director has until January 1 of the year following his or her fifth anniversary of becoming a director to satisfy the ownership guidelines. The Compensation Committee reviews the stock ownership guidelines annually to ensure they are aligned with external market comparisons. As of December 31, 2023, all non-employee directors were in compliance with the stock ownership guidelines, other than Ms. Kraus who has until January 1, 2029 to satisfy the ownership guidelines.

2023 Director Compensation

The following table and explanatory footnotes provide information with respect to the compensation paid or provided to non-employee directors during 2023:

Name	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Pamela M. Arway	130,000	170,000	5,000	305,000
James W. Brown+	39,519	63,984	5,000	108,503
Victor L. Crawford	126,458	170,000	5,000	301,458
Robert M. Dutkowsky	130,000	170,000	5,000	305,000
Mary Kay Haben	105,000	170,000	5,000	280,000
James C. Katzman	105,000	170,000	5,000	280,000
Maria T. Kraus*	65,769	106,484	1,500	173,753
M. Diane Koken	105,000	170,000	—	275,000
Robert M. Malcolm	105,000	170,000	5,000	280,000
Anthony J. Palmer	155,000	170,000	4,750	329,750
Juan R. Perez	130,000	170,000	—	300,000
Wendy L. Schoppert+	43,061	63,984	3,400	110,445

+ Mr. Brown and Ms. Schoppert did not stand for re-election at the 2023 Annual Meeting of Stockholders. As such, their terms of services as directors ended on May 16, 2023.

* Ms. Kraus was elected at the 2023 Annual Meeting of Stockholders. As such, her term of service as a director began on May 16, 2023.

- (1) Includes amounts earned or paid in cash or shares of Common Stock at the election of the director or deferred by the director under the Directors' Compensation Plan. Amounts credited as earnings on amounts deferred under the Directors' Compensation Plan are based on investment options available to all participants in our 401(k) plan or our Common Stock and, accordingly, the earnings credited during 2023 were not considered "above market" or "preferential" earnings.

The following table sets forth the portion of fees earned or paid in cash or Common Stock, and the portion deferred with respect to retainers and fees earned during 2023:

Name	Immediate Payment			Deferred and Investment Election		
	Cash Paid (\$)	Value Paid in Shares of Common Stock (\$)	Number of Shares of Common Stock (#)	Value Deferred to a Cash Account (\$)	Value Deferred to a Common Stock Unit Account (\$)	Number of Deferred Common Stock Units (#)
Pamela M. Arway	130,000	—	—	—	—	—
James W. Brown	39,519	—	—	—	—	—
Victor L. Crawford	21,458	—	—	105,000	—	—
Robert M. Dutkowsky	130,000	—	—	—	—	—
Mary Kay Haben	105,000	—	—	—	—	—
James C. Katzman	—	—	—	—	105,000	458
Maria T. Kraus	65,769	—	—	—	—	—
M. Diane Koken	105,000	—	—	—	—	—
Robert M. Malcolm	105,000	—	—	—	—	—
Anthony J. Palmer	—	—	—	—	155,000	677
Juan R. Perez	114,250	15,750	68	—	—	—
Wendy L. Schoppert	43,061	—	—	—	—	—

- (2) Represents the dollar amount recognized as expense during 2023 for financial statement reporting purposes with respect to RSUs awarded to the directors during 2023. RSUs awarded to directors are charged to expense in the Company's financial statements at the grant date fair value on each quarterly grant date. The target annual grant date fair value of the RSUs for each director during 2023 was \$170,000.

The following table provides information with respect to the number and market value of deferred Common Stock units and RSUs held as of December 31, 2023, based on the \$186.44 closing price of our Common Stock as reported by NYSE on December 29, 2023, the last trading day of 2023. The information presented includes the accumulated value of each director's deferred Common Stock units and RSUs. Balances shown below include dividend equivalent units credited in the form of additional Common Stock units on deferred amounts and dividend equivalent units credited in the form of additional Common Stock units on RSUs.

Name	Number of Deferred Common Stock Units (#)	Market Value of Deferred Common Stock Units as of December 31, 2023 (\$)	Number of RSUs (#)	Market Value of RSUs as of December 31, 2023 (\$)
Pamela M. Arway	—	—	742	138,338
James W. Brown	—	—	—	—
Victor L. Crawford	2,625	489,405	742	138,338
Robert M. Dutkowsky	—	—	742	138,338
Mary Kay Haben	13,518	2,520,296	742	138,338
James C. Katzman	9,627	1,794,858	742	138,338
Maria T. Kraus	—	—	471	87,813
M. Diane Koken	7,209	1,344,046	742	138,338
Robert M. Malcolm	—	—	742	138,338
Anthony J. Palmer	3,999	745,574	742	138,338
Juan R. Perez	—	—	742	138,338
Wendy L. Schoppert	4,948	922,505	—	—

- (3) Represents the Company match for contributions made by the director to one or more charitable organizations during 2023 under the Gift Matching Program.

SHARE OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth information with respect to the beneficial ownership of our outstanding voting securities and exercisable stock options by:

- Each person or entity known by us to have beneficially owned more than 5% of our outstanding Common Stock or Class B Common Stock, as of March 8, 2024; and
- Our directors, director nominees, NEOs and all directors and executive officers as a group, as of March 8, 2024.

Holder	Common Stock ⁽¹⁾	Exercisable Stock Options	Deferred Common Stock Units ⁽²⁾	Percent of Common Stock ⁽³⁾	Class B Common Stock	Percent of Class B Common Stock ⁽⁴⁾
Hershey Trust Company ⁽⁵⁾	39,630	—	—	**	—	**
Hershey Trust Company, as trustee for the Milton Hershey School Trust ⁽⁶⁾ 100 Mansion Road, Hershey, PA 17033 Milton Hershey School ⁽⁶⁾ Founders Hall, Hershey, PA 17033	2,066,119	—	—	1.4	54,612,012	99.9
BlackRock, Inc. ⁽⁷⁾ 55 East 52nd Street, New York, NY 10055	14,996,117	—	—	10.0	—	**
Vanguard Group, Inc. ⁽⁸⁾ 100 Vanguard Blvd, Malvern, PA 19355	14,514,076	—	—	9.7	—	**
Pamela M. Arway*	15,011	—	—	**	—	**
Deepak Bhatia	6	—	—	**	—	**
Michele G. Buck*	56,785	234,775	77,437	**	—	**
Victor L. Crawford*	—	—	2,811	**	—	**
Robert M. Dutkowsky*	2,353	—	—	**	—	**
Mary Kay Haben*	—	—	13,704	**	—	**
James C. Katzman*	—	—	9,814	**	—	**
M. Diane Koken*	600	—	7,395	**	—	**
Huong Maria T. Kraus*	—	—	—	**	—	**
Robert M. Malcolm*	12,971	—	—	**	—	**
Kevin M. Ozan*	—	—	—	**	—	**
Anthony J. Palmer*	10,670	—	4,185	**	—	**
Juan R. Perez*	4,259	—	—	**	—	**
Charles R. Raup	19,125	—	—	**	—	**
Kristen J. Riggs	17,164	—	—	**	—	**
Cordel Robbin-Coker*	—	—	—	**	—	**
Steven E. Voskuil	—	—	—	**	—	**
All directors and executive officers as a group (22 persons)	230,728	242,975	123,569	**	—	**

* Director/Director nominee

** Less than 1%

- (1) Amounts listed also include the following RSUs that will vest and be paid to the following holders within 60 days of March 8, 2024:

Name	RSUs (#)
Pamela M. Arway	170
Michele G. Buck	3,952
Robert M. Dutkowsky	170
Robert M. Malcolm	170
Juan R. Perez	170
Charles R. Raup	975
Kristen J. Riggs	975
Steven E. Voskuil	995

For all directors and executive officers as a group, the amount listed also includes 2,565 RSUs that will vest and be paid within 60 days of March 8, 2024 to executive officers who are not a NEO.

Amounts listed also include shares for which certain of the directors share voting and/or investment power with one or more other persons as follows: Ms. Arway, 15,011 shares owned jointly with her spouse; Ms. Koken, 600 shares held at Glenmede Trust Company; Mr. Malcolm, 12,971 shares owned jointly with his spouse; and Mr. Palmer, 10,670 shares owned jointly with his spouse.

- (2) Amounts listed include vested RSUs that are deferred shares and RSUs that will vest and defer within 60 days of March 8, 2024.
- (3) Based upon 149,598,029 shares of Common Stock outstanding on March 8, 2024.
- (4) Based upon 54,613,514 shares of Class B Common Stock outstanding on March 8, 2024.
- (5) Please see the section titled “Information Regarding Our Controlling Stockholder” for more information about shares of Common Stock held by Hershey Trust Company as investments.
- (6) Hershey Trust Company, as trustee for the Milton Hershey School Trust, has the right at any time to convert its Class B Common Stock into Common Stock on a share-for-share basis. If on March 8, 2024, Hershey Trust Company, as trustee for the Milton Hershey School Trust, converted all of its Class B Common Stock into Common Stock, Hershey Trust Company, as trustee for the Milton Hershey School Trust, would own beneficially 56,678,131 shares of our Common Stock (2,066,119 Common Stock shares plus 54,612,012 converted Class B Common Stock shares), or 27.8% of the 204,210,041 shares of Common Stock outstanding following the conversion (calculated as 149,598,029 Common Stock shares outstanding prior to the conversion plus 54,612,012 converted Class B Common Stock shares). For more information about the Milton Hershey School Trust, Hershey Trust Company, Milton Hershey School and the ownership and voting of these securities, please see the section titled “Information Regarding Our Controlling Stockholder.”
- (7) Information regarding BlackRock, Inc. and its beneficial holdings was obtained from a Schedule 13G/A filed with the SEC on January 24, 2024. The filing indicated that, as of December 31, 2023, BlackRock, Inc. had sole voting power over 13,350,300 shares, shared voting power over no shares, sole investment power over 14,996,117 shares and shared investment power over no shares. The filing indicated that BlackRock, Inc. is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).
- (8) Information regarding Vanguard Group, Inc. and its beneficial holdings was obtained from a Schedule 13G/A filed with the SEC on February 13, 2024. The filing indicated that, as of December 29, 2023, Vanguard Group, Inc. had sole voting power over no shares, shared voting power over 199,337 shares, sole investment power over 14,514,076 shares and shared investment power over 668,713 shares. The filing indicated that Vanguard Group, Inc. is an investment advisor in accordance with Rule 13d-1(b)(1)(ii)(E).

Information Regarding Our Controlling Stockholder

In 1909, Milton S. and Catherine S. Hershey established a trust having as its sole beneficiary Milton Hershey School, a school for the full-time care and education of disadvantaged children, located in Hershey, Pennsylvania. Hershey Trust Company, a state-chartered trust company, is trustee of the Milton Hershey School Trust.

As trustee for the Milton Hershey School Trust, Hershey Trust Company is our controlling stockholder, holding 2,066,119 shares of Common Stock and 54,612,012 shares of Class B Common Stock. The board of directors of Hershey Trust Company, with the approval of the board of managers (governing body) of Milton Hershey School (which authorizes the investment policy for the Milton Hershey School Trust), decides how funds held by Hershey Trust Company, as trustee for the Milton Hershey School Trust, will be invested and how its shares of The Hershey Company will be voted.

As of the Record Date, Hershey Trust Company also held 39,630 shares of our Common Stock as investments. The board of directors or management of Hershey Trust Company decides how these shares will be voted.

Hershey Trust Company, as trustee for the Milton Hershey School Trust and as direct owner of investment shares, will be entitled to vote 54,612,012 shares of our Class B Common Stock and 2,105,749 shares of our Common Stock, respectively, at the Annual Meeting. Stated in terms of voting power, Hershey Trust Company will have the right to cast 1.41% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock voting as a separate class and 78.8% of all of the votes entitled to be cast on matters requiring the vote of the Common Stock and Class B Common Stock voting together as a single class at the Annual Meeting.

Our certificate of incorporation contains the following important provisions regarding our Class B Common Stock:

- All holders of Class B Common Stock, including Hershey Trust Company, as trustee for the Milton Hershey School Trust, may convert any of their Class B Common Stock shares into shares of our Common Stock at any time on a share-for-share basis.
- All shares of Class B Common Stock will automatically be converted to shares of Common Stock on a share-for-share basis if Hershey Trust Company, as trustee for Milton Hershey School Trust, or any successor trustee, or Milton Hershey School, as appropriate, ceases to hold more than 50% of the total Class B Common Stock shares outstanding and at least 15% of the total Common Stock and Class B Common Stock shares outstanding.
- We must obtain the approval of Hershey Trust Company, as trustee for the Milton Hershey School Trust, or any successor trustee, or Milton Hershey School, as appropriate, before we issue any Common Stock or take any other action that would deprive Hershey Trust Company, as trustee for the Milton Hershey School Trust, or any successor trustee, or Milton Hershey School, as appropriate, of the ability to cast a majority of the votes on any matter where the Class B Common Stock is entitled to vote, either separately as a class or together with any other class.

AUDIT COMMITTEE REPORT

To Our Stockholders:

The Audit Committee currently comprises five directors, each of whom is considered independent under the NYSE Rules and the rules and regulations of the SEC. The Board has determined that each member of the Audit Committee is financially literate and that each of Ms. Kraus and Mr. Crawford qualifies as an “audit committee financial expert,” as that term is defined under the rules promulgated by the SEC.

Our role as the Audit Committee is to assist the Board in its oversight of:

- The integrity of the Company’s financial statements;
- The Company’s compliance with legal and regulatory requirements;
- The independent auditors’ qualifications and independence; and
- The performance of the independent auditors and the Company’s internal audit function.

The Audit Committee operates under a written charter that is reviewed annually.

Our duties as an Audit Committee include overseeing the Company’s management, internal auditors and independent auditors in their performance of the following functions, for which they are responsible:

Management

- Preparing the Company’s financial statements;
- Establishing effective financial reporting systems and internal controls and procedures; and
- Reporting on the effectiveness of the Company’s internal control over financial reporting.

Internal Audit Department

- Independently assessing management’s system of internal controls and procedures; and
- Reporting on the effectiveness of that system.

Independent Auditors

- Auditing the Company’s financial statements;
- Expressing an opinion about the financial statements’ conformity with U.S. generally accepted accounting principles; and
- Annually auditing the effectiveness of the Company’s internal control over financial reporting.

We meet periodically with management, the internal auditors and independent auditors, independently and collectively, to discuss the quality of the Company’s financial reporting process and the adequacy and effectiveness of the Company’s internal controls. Prior to the Company filing its Annual Report on Form 10-K for the year ended December 31, 2023 with the SEC, we also:

- Reviewed and discussed the audited financial statements with management and the independent auditors;
- Discussed with the independent auditors the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board and the SEC;
- Received the written disclosures and the letter from the independent auditors in accordance with applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors’ communications with the Audit Committee concerning independence; and
- Discussed with the independent auditors their independence from the Company.

We are not employees of the Company and are not performing the functions of auditors or accountants. We are not responsible as an Audit Committee or individually to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards. In performing our duties as Audit Committee members, we have relied on the information provided to us by management and the independent auditors. Consequently, we do not assure that the audit of the Company’s financial statements has been conducted in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with U.S. generally accepted accounting principles or that the Company’s auditors are in fact “independent.”

Based on the reports and discussions described in this report, and subject to the limitations on our role and responsibilities as an Audit Committee referred to above and in our charter, we recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 20, 2024.

Submitted by the Audit Committee:

Victor L. Crawford, Chair

M. Diane Koken

Maria T. Kraus

Robert M. Malcolm

Anthony J. Palmer

INFORMATION ABOUT OUR INDEPENDENT AUDITORS

The following table sets forth the amount of audit fees, audit-related fees, tax fees and all other fees billed or expected to be billed by Ernst & Young LLP, our independent auditors for the fiscal years ended December 31, 2023 and December 31, 2022:

Nature of Fees	2023 (\$)	2022 (\$)
Audit Fees	7,227,760	5,690,560
Audit-Related Fees ⁽¹⁾	307,086	5,118
Tax Fees ⁽²⁾	513,799	209,491
All Other Fees ⁽³⁾	—	—
Total Fees	8,048,645	5,905,169

(1) Fees associated primarily with services related to due diligence for potential business acquisitions and various other audit and special reports.

(2) Fees pertaining primarily to tax consultation and tax compliance services.

(3) Fees for other permissible services that do not meet the above category descriptions, including subscription programs.

The Audit Committee pre-approves all audit, audit-related and non-audit services performed by the independent auditors. The Audit Committee is authorized by its charter to delegate to one or more of its members the authority to pre-approve any audit, audit-related or non-audit services, provided that the approval is presented to the Audit Committee at its next scheduled meeting.

The Audit Committee pre-approved all services provided by Ernst & Young LLP in 2023.

PROPOSAL NO. 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS



The Board of Directors unanimously recommends that stockholders vote **FOR** ratification of the Audit Committee’s appointment of Ernst & Young LLP as the Company’s independent auditors for 2024

The Audit Committee has appointed Ernst & Young LLP as the Company’s independent auditors for 2024. Although not required to do so, the Board, upon the Audit Committee’s recommendation, has determined to submit the Audit Committee’s appointment of Ernst & Young LLP as our independent auditors to stockholders for ratification as a matter of good corporate governance.

The Audit Committee’s appointment of Ernst & Young LLP as the Company’s independent auditors for 2024 will be considered ratified if at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting are voted for the proposal. If stockholders do not ratify the appointment of Ernst & Young LLP as the Company’s independent auditors for 2024, the Audit Committee will reconsider its appointment.

Representatives of Ernst & Young LLP will attend the Annual Meeting, will have the opportunity to make a statement, if they so desire, and will be available to respond to questions.

COMPENSATION DISCUSSION & ANALYSIS

This section discusses and analyzes the decisions we made concerning the compensation of our named executive officers (“NEOs”) for 2023. It also describes the process for determining executive compensation and the factors considered in determining the amount of compensation awarded to our NEOs. Our NEOs for 2023 are:

Name	Title
Michele G. Buck	Chairman of the Board, President and Chief Executive Officer (“CEO”)
Steven E. Voskuil	Senior Vice President, Chief Financial Officer (“CFO”)
Deepak Bhatia ⁽¹⁾	Senior Vice President, Chief Technology Officer
Charles R. Raup	President, U.S. Confection
Kristen J. Riggs	President, Salty Snacks and Chief Growth Officer from September 19, 2023 President, Salty Snacks from January 1 through September 18, 2023

⁽¹⁾ Mr. Bhatia joined The Hershey Company as Senior Vice President, Chief Technology Officer on October 23, 2023.

Executive Summary

Strategic Plan

The Hershey Company (the “Company”), headquartered in Hershey, PA, is a global snacking manufacturer, known for making more moments of goodness through its chocolate, sweets, mints and gum confections, popcorn, pretzel and puffs salty snacks and other great-tasting snacks. We have approximately 20,505 employees around the world who work every day to deliver delicious, quality products. We have more than 90 brands that drive approximately \$11.2 billion in annual revenues.

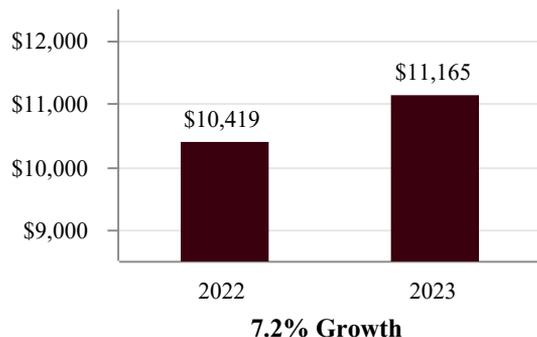
Our vision is to be a leading snacking powerhouse. We are currently the number two snacking manufacturer in the United States. We aspire to be a leader in meeting consumers’ evolving snacking needs while strengthening the capabilities that drive our growth. We are focused on four strategic imperatives to ensure the Company’s success now and in the future:

- Drive core confection business and build and scale our salty snacks business;
- Deliver profitable international growth;
- Expand competitive advantage through differentiated capabilities; and
- Responsibly manage our operations to ensure the long-term sustainability of our business, our planet and our people.

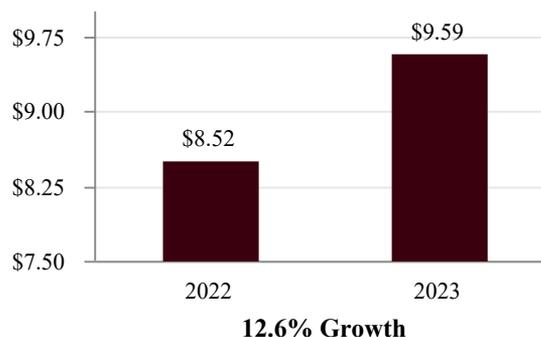
Our strategic plan, and the financial metrics we establish to help achieve and measure success, serve as the foundation of our executive compensation program. In February 2023, we announced that Company financial expectations for 2023 would be above our long-term guidance, with net sales projected to grow 6-8% and adjusted earnings per share projected growth of 9-11%. For 2023, the Company performed in line with net sales expectations and exceeded adjusted earnings per share expectations.

See the section titled “Annual Incentives” for more information regarding our 2023 annual incentive targets and related results.

2023 Growth
Net Sales in millions of dollars



2023 Growth
Adjusted Earnings per Share-Diluted⁽¹⁾



- (1) While we report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”), we also use non-GAAP financial measures in order to provide additional information to investors to facilitate the comparison of past and present performance. Some of the financial targets under our short- and long-term incentive programs are also derived from non-GAAP financial measures, such as adjusted earnings per share-diluted. For more information regarding how we define adjusted earnings per share-diluted and a reconciliation to earnings per share-diluted, the most directly comparable GAAP measure, please see Appendix A.

Executive Compensation Philosophy

Our executive compensation philosophy is to provide compelling, dynamic, market-based total compensation tied to performance and aligned with our stockholders’ interests. Our goal is to ensure the Company has the talent it needs to maintain sustained long-term performance for our stockholders, employees and communities. The guiding principles that help us achieve this goal are compensation programs that do the following:



Hershey Has Strong Pay-for-Performance Alignment

The Compensation and Human Capital Committee (the “Compensation Committee”) of our Board of Directors (the “Board”) has oversight responsibility for our executive compensation framework and for aligning our executives’ pay with the Company’s performance. We believe we have strong pay-for-performance alignment because a significant portion of each NEO’s target total direct compensation is tied to the financial performance of the Company, as well as stockholder returns. In addition, consistent with our pay-for-performance philosophy, our Compensation Committee also assesses the quality of our financial results in conjunction with our non-financial performance, such as Company culture, human capital management objectives, including planning and talent development, employee engagement, safety, and progress on our ESG initiatives, to enhance the link between compensation and performance. Performance goals are set with the intention to deliver peer-leading performance.

In 2023, approximately 88% of our CEO’s and 78% of our other NEOs’ target total direct compensation was at-risk, including a substantial portion tied to stockholder value. Specifically, 34% of our performance stock units (“PSUs”) were tied to Total Shareholder Return (“TSR”). Combined with the other financial and strategic metrics that determine our NEOs’ compensation, we have aligned our executive compensation program with the long-term interests of our stockholders.

Our Stockholders Strongly Approve of Our Pay Practices

Last year, our stockholders overwhelmingly approved our “say-on-pay” resolution, with more than 92% of the votes cast by the holders of Common Stock and more than 98% of the combined votes cast by the holders of the Common Stock and Class B Common Stock voting in favor. Our Compensation Committee believes the results of last year’s “say-on-pay” vote affirmed our stockholders’ support of our Company’s executive compensation program. Our approach to executive compensation in 2023 was substantially the same as the approach stockholders approved at our 2023 Annual Meeting of Stockholders.

At the 2023 Annual Meeting of Stockholders, our stockholders voted to continue having an annual “say-on-pay” vote as described in “Proposal No. 3 – Advisory Vote on Named Executive Officer Compensation.” As required by Section 14A of the Securities Exchange Act of 1934, as amended (“the Exchange Act”), we will next ask stockholders to express a preference for the frequency of the “say-on-pay” vote at our 2029 Annual Meeting of Stockholders.

We believe our compensation and governance policies and practices are significant drivers of our stockholder support. These policies and practices include:

WHAT WE DO	<p>Pay for performance: A substantial percentage of each NEO’s target total direct compensation is at-risk.</p> <p>Performance measures support strategic objectives: The performance measures we use in our compensation programs reflect strategic and operating objectives, creating long-term value for our stockholders.</p> <p>Appropriate risk-taking: We set performance goals that consider our publicly-announced financial expectations, which we believe will encourage appropriate risk taking. Our incentive programs are appropriately capped so as not to encourage excessive risk taking.</p> <p>“Double-trigger” benefits in the event of a change in control: In the event of a change in control, the payment of severance benefits and the acceleration of vesting of long-term incentive awards that are replaced with qualifying awards will not occur unless there is also a qualifying termination of employment upon or within two years following the change in control.</p> <p>“Clawback” Policy: Our Compensation Recovery Policy applies to all current and former executive officers within a 3-year “lookback” period and requires recovery of previously awarded incentive-based compensation when payment was made as a result of achieving financial metrics that were subsequently amended due to an accounting restatement, regardless of whether the restatement was material or due to any misconduct. The amount subject to clawback under the Policy is the difference between the amount that would have been received based on the restated financial reporting measure and the amount actually paid to the officer. The policy further strengthens and is supplemental to existing clawback provisions. For more information, see the section titled “Other Compensation Policies and Practices—Clawbacks” set forth in this Proxy Statement.</p> <p>Significant stock ownership guidelines: Our NEOs and other executives are required to accumulate and hold stock equal to a multiple of base salary. If an executive has not met his or her ownership requirement in a timely manner, the executive is required to retain a portion of shares received under long-term incentive awards until the requirement is met.</p>
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WHAT WE DON'T DO	<p>Excessive perquisites: Executive perquisites are kept to a minimal level relative to a NEO’s total compensation and do not play a significant role in our executive compensation program.</p> <p>Tax gross-ups: We generally do not provide tax gross-ups, except for relocation expenses and standard expatriate tax equalization benefits available to all similarly situated employees.</p> <p>Prepayment of dividends on unearned PSUs: Dividends are not paid on PSU awards during the three-year performance cycle.</p> <p>Hedging Company stock: Our NEOs, directors, employees and other insiders are prohibited from entering into hedging transactions related to our stock, including forward sale purchase contracts, equity swaps, collars or exchange funds.</p> <p>Pledging Company stock: Our NEOs, directors, employees and other insiders are prohibited from entering into pledging transactions related to our stock.</p> <p>Re-pricings or exchanges of underwater stock options: Our stockholder-approved EICP prohibits re-pricing or exchange of underwater stock options without stockholder approval.</p>
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2023 Performance Results and Payouts

2023 OHIP - Performance Metrics and Results

Payouts under the 2023 One Hershey Incentive Program (“OHIP”) reflect our below target performance in net sales, above target performance in adjusted earnings per share-diluted, and maximum performance in earnings before interest and tax (“EBIT”) margin %. As a result, the 2023 OHIP award was entirely based on the Company performance score of 130.99% of target.

Metric	2023 Results	2023 Awards
Net Sales ⁽¹⁾	7.0% growth	Company performance score of 130.99%
Adjusted Earnings per Share-Diluted ⁽²⁾	12.6% growth	
EBIT Margin % ⁽³⁾	24.17%	

- (1) For purposes of determining the Company performance score, net sales is measured on a constant currency basis, which is a non-GAAP performance measure, and, is then further adjusted to reflect the impact of divestitures and acquisitions as compared to target. To calculate net sales on a constant currency basis, net sales for the current fiscal year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average rates during the comparable period of the prior fiscal year. For more information on our use of non-GAAP performance measures, please see Appendix A.
- (2) For purposes of determining the Company performance score, adjusted earnings per share-diluted as determined for financial reporting purposes, which is a non-GAAP performance measure, is further adjusted to reflect the impact of divestitures and acquisitions as compared to target. For more information regarding how we define adjusted earnings per share-diluted, please see Appendix A.
- (3) EBIT Margin % is a non-GAAP performance measure, which is defined as adjusted operating profit divided by net sales. Adjusted operating profit is defined as reported operating profit, excluding certain items impacting comparability, which may include business realignment activities, acquisition-related costs and benefits, long-lived and intangible asset impairment charges, and gains and losses associated with mark-to-market commodity derivatives.

2021-2023 PSU Cycle - Performance Metrics and Results

Payouts for the 2021-2023 PSU cycle, shown in the table below, reflect maximum performance in all three metrics, successfully delivering financial commitments to stockholders during unprecedented times. These payouts are described in more detail in the section titled “Performance Stock Unit Targets and Results.”

Metric	2021-2023 Results	2021-2023 Awards
Total Shareholder Return ⁽¹⁾	91st percentile	250% payout
Three-year Compound Annual Growth Rate (“CAGR”) in Adjusted Earnings per Share-Diluted ⁽²⁾⁽³⁾	13.8% CAGR	
Three-year Cumulative Free Cash Flow ⁽²⁾⁽⁴⁾	\$4,916M	

- (1) For our 2021-2023 PSU awards, TSR was measured based on the average closing price of the Common Stock in the month of December 2020 as compared to the average closing price of the Common Stock in the month of December 2023.
- (2) Results for our Lily’s Sweets, LLC (“Lily’s”), Dot’s Pretzels, LLC (“Dot’s”) and Pretzels Inc. (“Pretzels”) businesses were excluded from the following metrics, as applicable, as these acquisitions were made subsequent to the approval of the 2021-2023 PSU cycle metrics:
 - Three-year CAGR in in adjusted earnings per share-diluted; and
 - Three-year cumulative free cash flow.
- (3) Adjusted earnings per share-diluted is a non-GAAP performance measure. For more information regarding how we define adjusted earnings per share-diluted, please see Appendix A.
- (4) Cumulative free cash flow is measured using net cash provided by operations less capital expenditures and write-downs of investment tax credits.

The Role of the Compensation Committee

The Compensation Committee has primary responsibility for making compensation decisions for our executive officers other than our CEO. Our CEO's compensation is approved by the independent members of the Board based on the recommendations of the Compensation Committee.

The Compensation Committee operates under a charter approved by the Board. The Compensation Committee uses information from its independent compensation consultant, input from our CEO (except for matters regarding her own pay) and assistance from our Human Resources Department to make decisions and to conduct its annual review of the Company's executive compensation program.

The Compensation Committee works with a rolling agenda, with its heaviest workload occurring during the first quarter of the year. During this quarter, decisions are made with respect to annual and long-term incentives earned based on the prior year's performance, and target compensation levels are finalized for the current year. The Compensation Committee also reviews and approves this "Compensation Discussion & Analysis." During the second and third quarters, the Compensation Committee reviews materials relating to peer group composition, tally sheets, competitive pay analysis and other information that forms the foundation for future decisions. The Compensation Committee uses the third and fourth quarters to finalize decisions relating to the peer group and compensation plan design for the upcoming year.

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Compensation Committee and, pursuant to the provisions of the EICP, may appoint the CEO as a committee of the Board as necessary for the purpose of making equity grants under the EICP; provided, however, that the Compensation Committee may not delegate the approval of certain transactions to a subcommittee or to the CEO if such transactions involve the approval or grant of equity-based compensation to an "officer" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 ("Exchange Act") or certification as to the attainment of performance goals for a "covered employee" for purposes of Section 162(m) of the Internal Revenue Code ("IRC") unless such subcommittee consists solely of members of the Compensation Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Exchange Act, and (ii) "outside directors" for the purposes of Section 162(m) of the IRC.

Role of the Independent Compensation Consultant

Pursuant to its charter, the Compensation Committee is directly responsible for the appointment, compensation and oversight of the work of an independent compensation consultant, and for fiscal 2023, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("F.W. Cook") as its independent compensation consultant. F.W. Cook advised the Compensation Committee on director and executive compensation and performed no other work for the Company. F.W. Cook's services included advice, counsel and recommendations with respect to the composition of our Compensation Peer Group and competitive data used for benchmarking our director and executive compensation program. F.W. Cook also provided updates on relevant trends and emerging market practices in compensation design and philosophy, as well as policy developments related to the Compensation Committee's mandate.

The Committee has assessed the independence of F.W. Cook pursuant to SEC and NYSE Rules and concluded that no conflict of interest exists that would prevent the consulting firm from independently advising the Committee.

In establishing compensation levels and awards for executive officers other than our CEO, the Compensation Committee takes into consideration the recommendations of F.W. Cook and the Human Resources Department, combined with our CEO's evaluations of each officer's individual performance and Company performance. The Compensation Committee evaluates non-employee director compensation primarily on the basis of peer group data used for benchmarking director compensation provided by F.W. Cook.

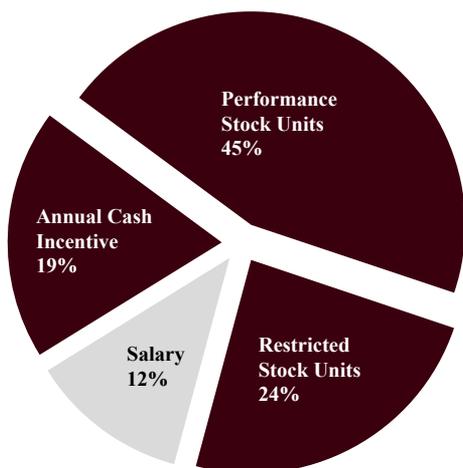
Compensation Components

Our executive compensation program includes the following key elements:

Element	Design	Purpose
Base Salary	Fixed compensation component. Reviewed annually and adjusted as appropriate.	Intended to attract and retain executives with proven skills and leadership abilities that will enable us to be successful.
Annual Incentive Award	Variable, performance-based compensation component. Payable based on business results and subject to adjustment based on the quality of our financial results in conjunction with our non-financial performance, such as Company culture, human capital management objectives, including planning and talent development, employee engagement, safety, and progress on our ESG initiatives.	Intended to motivate and reward executives for successful execution of strategic priorities.
Long-Term Incentive Awards	Variable compensation component. Granted annually as a combination of RSUs and PSUs. PSUs are considered to be performance-based; the value of amounts actually earned depends on Company and stock price performance.	Intended to motivate and reward executives for long-term Company financial performance and enhanced long-term stockholder value by balancing compensation opportunity and risk, while encouraging sustained performance and retention.

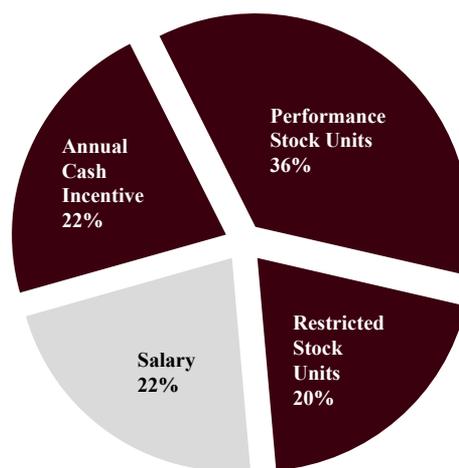
The following charts illustrate the weighting of base salary, annual incentive awards and long-term incentive awards at target for our CEO and our other NEOs during 2023:

Target Total Direct Compensation - CEO



At-Risk Compensation = 88%

Average Target Total Direct Compensation - Other NEOs



At-Risk Compensation = 78%

Setting Compensation

The Compensation Committee’s annual compensation review for 2023 included an analysis of data comparing the Company’s executive compensation levels against a peer group of publicly-held consumer products companies. The Compensation Committee uses this and other information provided by F.W. Cook to reach an independent recommendation regarding compensation to be paid to our CEO, directors and other officers. The Compensation Committee’s final recommendation with respect to CEO compensation is then given to the independent directors of our Board for review and final approval.

Companies in the peer group used to benchmark executive pay levels for 2023 (the “Compensation Peer Group”) are:

Brown-Forman Corporation	General Mills, Inc.	Molson Coors Beverage Company
Campbell Soup Company	Hormel Foods Corporation	Mondelez International, Inc.
Colgate-Palmolive Company	Kellanova	The Clorox Company
ConAgra Brands, Inc.	Keurig Dr. Pepper, Inc.	The J. M. Smucker Company
Constellation Brands, Inc.	McCormick & Company, Inc.	

The Compensation Committee selected these companies after reviewing publicly held companies offering products/services similar to ours, with annual revenues within a range of approximately one-third to three times our annual revenue (with the exception of Mondelez International, Inc. who is outside of this range and whom we also consider a peer company for executive talent) and market capitalization within a reasonable range of our market capitalization. As compared to the Compensation Peer Group, Hershey’s revenue and market capitalization were at the 42nd and 78th percentiles, respectively. The Compensation Peer Group has not changed from last year.

Data from the Compensation Peer Group was supplemented by composite data from consumer products and general industry companies of comparable size. The survey composite data provided us with broader, industry-specific information regarding pay levels at consumer products and general industry companies for positions similar to those held by our NEOs.

The Compensation Committee reviewed a report summarizing target total direct compensation (base salary plus target annual incentive plus target long-term incentive) levels at the 25th, 50th and 75th percentiles of the Compensation Peer Group and the survey composite data for positions comparable to those held by each of our NEOs. Hershey targets total direct compensation for its executive officers, in aggregate, at competitive pay levels using the median of our peer group for reference. Positioning varies by job, and the Compensation Committee considers a number of factors including market competitiveness, specific duties and responsibilities of the executive versus those of peers, experience and succession planning. The Compensation Committee believes it is appropriate to reward the executive management team with compensation above or below the competitive median if the financial targets associated with its variable pay programs are above or below target, respectively.

During 2023, the Compensation Committee received detailed tally sheets prepared by management. Each tally sheet captures comprehensive compensation, benefits and stock ownership data. The tally sheets provide the Compensation Committee with a complete picture of each executive’s current and projected compensation and the amount of each element of compensation or other benefit the executive would receive in the event of voluntary or involuntary termination, retirement, disability, death or upon a change in control. The Compensation Committee considers this information, as well as the benchmark information, when making compensation decisions.

Base Salary

Base salary for each NEO is determined by considering the relative importance of the position, the competitive marketplace and the individual’s performance, responsibilities and experience. Salary reviews are generally conducted annually at the beginning of the year. Each NEO’s base salary is compared to internal and external references. Base salary adjustments, if any, are made after considering market references, Company performance against financial goals and individual performance. CEO performance is evaluated by the Compensation Committee and independent members of the Board. The CEO evaluates the performance of her direct reports, including all NEOs, and reviews her recommendations for salary adjustments with the Compensation Committee prior to its approval of the base salary for each NEO. If a NEO has responsibility for a particular business unit, the business unit’s financial results also will be strongly considered.

On the basis of the foregoing considerations, the Compensation Committee, and all independent directors in the case of our CEO, approved base salaries for 2023 as follows:

Name	2023 Base Salary (\$)	Increase from 2022 (%)
Ms. Buck	1,400,000	7.7
Mr. Voskuil	790,000	5.3
Mr. Bhatia ⁽¹⁾	725,000	—
Mr. Raup	790,000	5.3
Ms. Riggs	790,000	5.3

(1) Represents Mr. Bhatia's 2023 annual base salary. Mr. Bhatia was hired on October 23, 2023 and his compensation paid during 2023 was prorated from his date of hire.

See Column (c) of the "2023 Summary Compensation Table" for information regarding the base salary earned by each of our NEOs during 2023.

Annual Incentives

Our NEOs are eligible to receive an annual cash incentive award under the OHIP. The OHIP links the NEO's annual payout opportunity to measures he or she can affect most directly. For 2023, our CEO and all employees reporting directly to her, including the NEOs, had common financial objectives tied to total Company performance consistent with their responsibility to manage the entire Company. Total Company performance targets are established in the context of our announced expectations for financial performance, prior year results and market conditions.

For 2023, our NEOs were eligible to earn individual OHIP awards as follows:

Name	2023 Target OHIP (% of Base Salary)
Ms. Buck	160
Mr. Voskuil	100
Mr. Bhatia	100
Mr. Raup	100
Ms. Riggs	100

In determining the target OHIP percentage for each of the NEOs, the Compensation Committee, and the independent directors in the case of our CEO, considered the value of target total cash compensation against market references. Target total cash compensation levels for each of the NEOs fall within an appropriate range relative to the median for comparable positions in the market given each incumbent's performance, responsibilities and tenure in the role.

In general, the final OHIP award is determined by multiplying the NEO's base salary, by (i) the NEO's 2023 target OHIP percentage (as reflected in the table above) and (ii) the financial performance scores ranging from 0% to 200% based on Company performance, subject to adjustment at the discretion of the Compensation Committee based on the quality of our financial performance and non-financial performance results. The Company financial performance goals are established at the beginning of each year by the Compensation Committee. If the financial performance scores exceed the target objectives, a NEO may receive an OHIP payout greater than his or her target award value; however, payouts will not exceed 200% of each NEO's target opportunity. If the financial performance scores are below the target objectives, the NEO's OHIP payout will be below his or her target award value, subject to no award if performance is below threshold levels. Once the financial performance review is complete, the Compensation Committee retains discretion to adjust final OHIP award payouts based on the Company's overall performance against financial and non-financial objectives.

2023 OHIP Financial Performance Targets and Results (100% of Total OHIP)

Our 2023 OHIP financial performance targets, our financial performance results for 2023 and the resulting financial performance scores for OHIP were as follows:

Metric	2023 Target		2023 Actual		Target Award (%)	Performance Score (%)
	(\$)	(% growth)	(\$)	(% growth)		
Net Sales ⁽¹⁾	11.211 billion	7.6	11.153 billion	7.0	50.00	39.64
Adjusted Earnings per Share-Diluted ⁽²⁾	9.42	10.6	9.59	12.6	25.00	41.35
EBIT Margin % ⁽³⁾	23.60%	51 basis points	24.17%	108 basis points	25.00	50.00
Total OHIP Company Score					100.00	130.99

- (1) For purposes of determining the Company performance score, net sales is measured on a constant currency basis, which is a non-GAAP performance measure, and is then further adjusted to reflect the impact of divestitures and acquisitions as compared to target. To calculate net sales on a constant currency basis, net sales for the current fiscal year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average rates during the comparable period of the prior fiscal year. For more information on our use of non-GAAP performance measures, please see “Appendix A.”
- (2) For purposes of determining the Company performance score, adjusted earnings per share-diluted as determined for financial reporting purposes, which is a non-GAAP performance measure, and is further adjusted to reflect the impact of divestitures and acquisitions as compared to target. For more information regarding how we define adjusted earnings per share-diluted, please see “Appendix A.”
- (3) EBIT Margin % is a non-GAAP performance measure, which is defined as adjusted operating profit divided by net sales. Adjusted operating profit is defined as reported operating profit, excluding certain items impacting comparability, which may include business realignment activities, acquisition and integration-related costs, other miscellaneous losses and benefits, and gains and losses associated with mark-to-market commodity derivatives.

Once the Compensation Committee reviewed the Company financial performance score, they considered the quality of the financial results in conjunction with our non-financial performance, such as Company culture, human capital management objectives, including planning and talent development, employee engagement, safety, and progress on our ESG initiatives. The Compensation Committee did not make any performance adjustments to the OHIP payouts for 2023. Based upon the Company financial score of 130.99%, the NEOs earned the following OHIP payout:

Name	Award Target (%)	Award Target ⁽¹⁾ (\$)	2023 OHIP Payout (\$)
Ms. Buck	160	2,240,000	2,934,176
Mr. Voskuil	100	790,000	1,034,821
Mr. Bhatia	100	139,423	182,630
Mr. Raup	100	790,000	1,034,821
Ms. Riggs	100	790,000	1,034,821

- (1) Target award is based upon actual salary received in 2023.

Long-Term Incentives

We provide long-term incentive opportunities to motivate, retain and reward our NEOs for their contributions to multi-year performance in achieving strategies and improving long-term share value. In February of each year, the Compensation Committee awards long-term incentive grants to our NEOs.

The Compensation Committee and the independent directors determine the value of Ms. Buck's annual long-term incentive award by considering her target total direct compensation against external references. The target award approved in 2023, expressed in dollars, was:

Name	Target Long-Term Incentive Award (\$)
Ms. Buck	8,160,000

For all other NEOs, the Compensation Committee determines the value of long-term incentive awards made to each NEO by considering the NEO's target total direct compensation against internal and external references. The target awards approved in 2023, expressed as a percentage of base salary, were:

Name	Target Long-Term Incentive Award (% of Salary)
Mr. Voskuil	260
Mr. Bhatia	250
Mr. Raup	255
Ms. Riggs	255

The Compensation Committee values RSUs and PSUs using the closing stock price of the Company's Common Stock on the NYSE on the date of grant. Target total direct compensation levels for each of the NEOs fall within an appropriate range relative to the median for comparable positions in the market given each incumbent's performance, responsibilities and tenure in the role.

At the sole discretion of the Compensation Committee, all NEOs (other than Ms. Buck) have the opportunity to receive long-term incentive grants above or below their targeted amounts based on individual performance. See the "2023 Grants of Plan-Based Awards Table" for additional information.

Performance Stock Unit Targets and Results (65% of Long-Term Incentive Mix)

PSUs are granted to NEOs and other executives in a position to affect the Company's long-term results as part of a total compensation package based on the peer group and survey composite benchmarks. At the start of each three-year cycle, a contingent target number of PSUs is established for each executive. These PSU awards represent approximately 65% of the NEO's long-term incentive compensation target award. See the "2023 Grants of Plan-Based Awards Table" for additional information.

The performance objectives for the 2021-2023 performance cycle awarded in 2021 were based upon the following metrics:

- Three-year relative TSR versus the 2021 Financial Peer Group described below;
- Three-year CAGR in adjusted earnings per share-diluted measured against an internal target; and
- Three-year cumulative free cash flow measured against an internal target.

These metrics are weighted 34%, 33% and 33%, respectively.

In October 2020, the Committee approved the following 15 companies as a separate peer group for measuring relative TSR within our 2021-2023 PSU cycle (the “2021 Financial Peer Group”):

Campbell Soup Company	Kellanova	Post Holdings, Inc.
Colgate-Palmolive Company	Kimberly-Clark Corporation	The Clorox Company
ConAgra Brands, Inc.	The Kraft Heinz Company	The Hain Celestial Group, Inc.
Flowers Foods	McCormick & Company, Inc	The J.M. Smucker Company
General Mills	Mondelez International, Inc.	TreeHouse Foods, Inc.

Payment of any amounts earned is made in shares of Common Stock at the conclusion of the three-year performance cycle. The maximum award for any participant in a performance cycle is 250% of the contingent target award.

Targets and results for the 2021-2023 performance cycle were as follows:

Metric	Target	Actual Performance	Target Award Weighting (%)	Final Performance Score (%)
Total Shareholder Return ⁽¹⁾	50th Percentile	91st Percentile	34.00	85.00
Three-year CAGR in Adjusted Earnings per Share-Diluted ⁽²⁾⁽³⁾	6.5% CAGR	13.8% CAGR	33.00	82.50
Three-year Cumulative Free Cash Flow ⁽²⁾⁽⁴⁾	\$4,253M	\$4,916M	33.00	82.50
Total			100.00	250.00

- (1) For our 2021-2023 PSU awards, TSR was measured based on the average closing price of the Common Stock in the month of December 2020 as compared to the average closing price of the Common Stock in the month of December 2023.
- (2) Results for our Lily’s, Dot’s and Pretzels businesses were excluded from the following metrics, as applicable, as these acquisitions were made subsequent to the approval of the 2021-2023 PSU cycle metrics:
 - Three-year CAGR in adjusted earnings per share-diluted; and
 - Three-year cumulative free cash flow.
- (3) Adjusted earnings per share-diluted is a non-GAAP performance measure. For more information regarding how we define adjusted earnings per share-diluted, please see Appendix A.
- (4) Cumulative free cash flow is measured using net cash provided by operations less capital expenditures and write-downs of investment tax credits.

At the conclusion of each three-year cycle, the Compensation Committee reviews the level of performance achieved and the percentage, if any, of the applicable portion of the target number of PSUs earned. In determining the final performance cycle score, adjustments may be made by the Compensation Committee to the Company’s performance score to take into account extraordinary or unusual items occurring during the period. No adjustments were made in determining the 250% performance score or the number of PSUs earned by our NEOs for the 2021-2023 performance cycle.

2022-2024 and 2023-2025 PSU Awards

The performance metrics and weightings for the 2022-2024 and 2023-2025 performance cycles are the same as the 2021-2023 performance cycle.

Restricted Stock Units (35% of Long-Term Incentive Mix)

The Compensation Committee sets guidelines for the value of the annual RSUs to be awarded based on competitive compensation data. These RSU awards represent approximately 35% of the NEO’s long-term incentive compensation target award. Annual RSUs vest in equal increments over three years. See the “2023 Grants of Plan-Based Awards Table” for additional information.

The Compensation Committee also awards RSUs to NEOs and other executives from time to time as special incentives or to replace compensation forfeited by newly-hired executive officers. Mr. Bhatia was granted RSUs upon his hire to replace forfeited compensation from his prior employer. This replacement RSU award vests in equal increments over two years.

Perquisites

Executive perquisites are kept to a minimal level relative to a NEO's total compensation and do not play a significant role in our executive compensation program. Effective January 1, 2023, NEOs became eligible to participate in a Primary Care Physician ("PCP") Concierge Program. The other perquisites that we provide include executive physicals, financial counseling and tax preparation reimbursement, as well as personal use of Company aircraft for our CEO (and other NEOs in extraordinary circumstances).

Our NEOs are eligible to participate in our Gift Matching Program on the same basis as other employees, retirees or their spouses. Through the Gift Matching Program, we match contributions made to one or more non-profit organizations on a dollar-for-dollar basis up to a maximum aggregate contribution of \$5,000 per employee annually. These matching contributions are not considered compensation and are not included in Column (i) of the "2023 Summary Compensation Table."

Retirement Plans

NEOs are eligible to participate in our tax-qualified defined benefit pension plan ("pension plan") and tax-qualified defined contribution 401(k) plan ("401(k) plan") on the same basis as other salaried employees of the Company. IRC regulations do not permit the Company to use base salary and other compensation paid above certain limits to determine the benefits earned by the NEOs under tax-qualified plans. The Company maintains a defined benefit Supplemental Executive Retirement Plan ("DB SERP"), a defined contribution Supplemental Executive Retirement Plan ("DC SERP"), a defined benefit Compensation Limit Replacement Plan, as amended ("CLRP") and a Deferred Compensation Plan to provide these and additional benefits that are comparable to those offered by our peers. Under the provisions of the Deferred Compensation Plan, our NEOs may elect to defer payments from OHIP, PSU and RSU awards, but not stock options or base salary.

The DB SERP was closed to new participants in 2006. No new participants have been or will be added to the DB SERP. NEOs and other senior executives reporting to the CEO not eligible for the DB SERP are considered by the Compensation Committee for participation in the DC SERP. In comparison, the DC SERP typically yields a lower benefit than the DB SERP upon retirement. Executive officers eligible for the Company's pension plan who are not eligible for the DB SERP participate in the CLRP. The Company believes that the DB SERP, DC SERP, CLRP and Deferred Compensation Plan help, in the aggregate, to attract and retain executive talent, as similar plans are often components of the executive compensation program within our peer group. The DC SERP was established as part of our Deferred Compensation Plan and is not a separate plan.

See the "2023 Pension Benefits Table" and accompanying narrative and the "2023 Non-Qualified Deferred Compensation Table" and accompanying narrative for more information regarding the DB SERP, DC SERP, CLRP and other retirement benefits.

Employment Agreements

The Company entered into an employment agreement with Ms. Buck in February 2017, which provides for Ms. Buck's continued employment as President and CEO and continued nomination as a member of the Board of Directors. The employment agreement does not have a specified term. Under the terms of the employment agreement, in the event Ms. Buck's employment is terminated by the Company without Cause or she resigns for Good Reason (in each case as defined in the employment agreement), Ms. Buck will be entitled to certain severance benefits. In the event of her termination after a change in control, Ms. Buck will be eligible to receive benefits under the Executive Benefits Protection Plan (Group 3A) ("EBPP 3A"). She is not entitled to an excise tax gross-up. The employment agreement subjects Ms. Buck to certain non-competition and non-solicitation covenants under the Employee Confidentiality and Restrictive Covenant Agreement ("ECRCA") and to compensation recovery (clawback) to the extent required by the provisions of the OHIP, long-term incentive award agreements, applicable law and regulations.

See the section titled "Potential Payments upon Termination or Change in Control" for information regarding the payments Ms. Buck would receive in the event of an applicable termination or change in control occurring on December 31, 2023.

Other than as set forth above, we have not entered into employment agreements with any other NEO.

Severance and Change in Control Plans

All of the NEOs are covered by our EBPP 3A. The EBPP 3A is intended to help us attract and retain executive talent and maintain a stable work environment in the event of activity that could potentially result in a Change in Control. The severance protection provided under the EBPP 3A upon a Change in Control is based upon a “double trigger.” The terms of the plan generally provide that a covered NEO whose employment with the Company terminates in qualifying circumstances within two years after a Change in Control of the Company is entitled to certain severance payments and benefits. The EBPP 3A also provides severance benefits in the event of involuntary termination without Cause unrelated to a Change in Control or voluntary termination for Good Reason within two years after the appointment of a new CEO. Change in Control, Cause and Good Reason are defined in the EBPP 3A.

See the discussion in the section titled “Potential Payments upon Termination or Change in Control” for information regarding the payments that would be due to our NEOs under the EBPP 3A in the event of an applicable termination of employment or a Change in Control.

Stock Ownership Guidelines

The Compensation Committee believes that requiring NEOs and other executive officers to hold significant amounts of our Common Stock strengthens their alignment with the interest of our stockholders and promotes achievement of long-term business objectives. Our executive stock ownership policy has been in place for more than 20 years. The Compensation Committee reviews ownership requirements annually to ensure they are aligned with external market comparisons.

Executives with stock ownership requirements have five years from their initial appointment to their position to accumulate and hold the minimum number of shares required. For purposes of this requirement, “shares” include shares of our Common Stock that are owned by the executive, unvested time-based RSUs and vested RSUs and PSUs that have been deferred by the executive as Common Stock units under our Deferred Compensation Plan. It is anticipated that executives will hold a significant number of the shares earned from RSU and PSU awards and the exercise of stock options to satisfy their obligations. Minimum stockholding requirements for the CEO and the other executives are as follows:

Position	Stock Ownership Level
CEO	6 times base salary
CFO and Senior Vice Presidents	3 times base salary
Other executives subject to stockholding requirements	1 times base salary

The dollar value of shares that must be acquired and held equals a multiple of the individual executive’s base salary. Stockholding requirements are updated whenever a change in base salary occurs. Failure to reach the minimum holding requirement within the five-year period results in a notification letter to the executive, with a copy to the CEO, and a requirement that future stock option exercises, RSU distributions and PSU payments be settled by retaining at least 50% of the shares of Common Stock received until the minimum ownership level is attained. The Compensation Committee receives an annual summary of each individual executive’s ownership status to monitor compliance.

Other Compensation Policies and Practices

Clawbacks

Under the EICP, when an individual’s actions result in the filing of financial documents not in compliance with financial reporting requirements, the Company has the right to recoup or require repayment of an award earned or accrued during the 12-month period following the first public issuance or filing with the SEC of the non-compliant financial document. Repayment or clawback occurs where the material non-compliance results from misconduct, the participant’s knowledge or gross negligence in engaging in the misconduct or failing to prevent the misconduct, or if the participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002.

In 2008, the Company initiated the execution of the ECRCA by executive officers as a condition for the receipt of long-term incentive awards and, for new executive officers, also as a condition of employment. The purpose of the ECRCA is to protect the Company and further align the interests of the executive officer with those of the Company. The terms of the ECRCA prohibit the executive from misusing or disclosing the Company’s confidential information, competing with the Company in specific categories for a period of 12 months following separation from employment, recruiting or soliciting the Company’s employees or disparaging the Company’s reputation in any way. For those officers or employees based outside the United States, the restrictive covenants and terms may be modified to comply with local laws.

Failure to comply with the provisions of the ECRCA may result in cancellation of the unvested portion of PSU and RSU awards, cancellation of any unexercised stock options and a requirement for repayment of amounts received from equity awards during the last year of employment, as well as any amounts received from the DB SERP or DC SERP.

In 2021, the Company updated the clawback language within our ECRCA, OHIP and long-term incentive award agreements to authorize the Compensation Committee to seek clawback in the event of intentional misconduct by a grantee that causes the Company material financial or reputational harm.

In 2023 and in accordance with SEC Rule 10D-1 and the applicable NYSE Listing Standards, the Company approved The Hershey Company Compensation Recovery Policy, effective October 2, 2023 (“Clawback Policy”). The Clawback Policy further enhances and expands the scope of existing clawback provisions for current and former executive officers. It requires previously awarded incentive-based compensation to be returned where payment was made as a result of achieving financial metrics that were subsequently amended, within a three-year period, due to an accounting restatement, regardless of whether the restatement was material or due to any misconduct. The amount subject to clawback under the Clawback Policy is the difference between the amount that would have been received based on the restated financial reporting measure and the amount actually paid to the officer based on the previously misstated measure.

Tax Considerations

Section 162(m) of the IRC limits the deductibility of compensation in excess of \$1 million paid to NEOs in any calendar year. Under the U.S. tax rules in effect before 2018, compensation that qualified as “performance-based” under Section 162(m) was deductible without regard to this \$1 million limit. However, the U.S. Tax Cuts and Jobs Act of 2017 eliminated this performance-based compensation exception effective January 1, 2018, such that any compensation awarded on or after January 1, 2018 in excess of \$1 million to our NEOs generally is not deductible. As a result, performance-based compensation, including equity awards, is no longer exempt from the Section 162(m) deduction limitation, subject to a transition rule. The employees (referred to as “covered employees”) to whom the deduction limitation applies include the CEO and CFO (in each case, whether or not serving as executive officers as of the end of the fiscal year) and the three other most highly compensated executive officers. In addition, once considered a “covered employee” for a given year, the individual will be treated as a “covered employee” for all subsequent years.

The Compensation Committee has considered the effect of Section 162(m) of the IRC on the Company’s executive compensation program. The Compensation Committee exercises discretion in setting base salaries, structuring incentive compensation awards and in determining payments in relation to levels of achievement of performance goals. The Compensation Committee believes that the total compensation program for NEOs should be managed in accordance with the objectives outlined in the Company’s compensation philosophy and in the best overall interests of the Company’s stockholders. Accordingly, compensation paid by the Company may not be deductible because such compensation exceeds the limitations for deductibility under Section 162(m) of the IRC.

Section 409A of the IRC specifies certain rules and limitations regarding the operation of our Deferred Compensation Plan and other retirement programs. Failure to comply with these rules could subject participants in those plans and programs to additional income tax and interest penalties. We believe our plans and programs comply with Section 409A of the IRC.

COMPENSATION COMMITTEE REPORT

To Our Stockholders:

We have reviewed and discussed with management the “Compensation Discussion & Analysis.” Based on that review and discussion, we have recommended to the Board of Directors that the “Compensation Discussion & Analysis” be included in this Proxy Statement.

Submitted by the Compensation and Human Capital Committee of the Board of Directors:

Pamela M. Arway, Chair
Victor L. Crawford
Mary Kay Haben
Maria T. Kraus
Anthony J. Palmer

The independent members of the Board of Directors who are not members of the Compensation and Human Capital Committee join in the Compensation Committee Report with respect to the approval of Ms. Buck’s compensation.

Robert M. Dutkowsky
James C. Katzman
M. Diane Koken
Robert M. Malcolm
Juan R. Perez

2023 Summary Compensation Table

The following table and explanatory footnotes provide information regarding compensation earned by, held by, or paid to, all individuals holding the positions of Chief (Principal) Executive Officer and Chief (Principal) Financial Officer during 2023 and the next three most highly compensated executive officers serving at the end of the fiscal year. These individuals collectively comprise our NEOs. The table provides information with respect to 2023, as well as 2022 and 2021 compensation where required. Information for 2021 and 2022 is not provided for Mr. Bhatia because he was hired on October 23, 2023.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Stock Awards ⁽³⁾ (\$)	Option Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁵⁾ (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ⁽⁶⁾ (\$)	All Other Compensation ⁽⁷⁾ (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ms. Buck Chairman of the Board, President and CEO	2023	1,400,000	—	8,256,692	—	2,934,176	2,569,968	493,373	15,654,209
	2022	1,300,000	—	7,699,321	—	4,160,000	—	390,728	13,550,049
	2021	1,240,000	—	7,307,707	—	4,051,730	3,281,860	263,273	16,144,570
Mr. Voskuil Senior Vice President, Chief Financial Officer	2023	790,000	—	2,078,741	—	1,034,821	—	480,917	4,384,479
	2022	750,000	—	2,027,770	—	1,500,000	—	427,733	4,705,503
	2021	695,000	—	1,711,914	—	1,277,486	—	326,239	4,010,639
Mr. Bhatia Senior Vice President, Chief Technology Officer	2023	139,423	875,000	7,947,930	—	182,630	—	27,885	9,172,868
Mr. Raup President, U.S. Confection	2023	790,000	—	2,038,425	—	1,034,821	—	464,112	4,327,358
	2022	750,000	—	1,987,148	—	1,350,000	—	382,580	4,469,728
	2021	600,000	—	1,598,634	—	975,313	—	246,130	3,420,077
Ms. Riggs President, Salty Snacks and Chief Growth Officer	2023	790,000	—	2,038,425	—	1,034,821	88,839	387,586	4,339,671
	2022	750,000	—	1,987,148	—	1,350,000	—	338,487	4,425,635
	2021	600,000	—	1,285,178	—	975,313	33,117	205,533	3,099,141

- Column (c) reflects base salary earned, on an accrual basis, for the years indicated and includes IRC Section 125 deductions pursuant to The Hershey Company Flexible Benefits Plan and amounts deferred by the NEOs in accordance with the provisions of the 401(k) plan.
- With the exception of Mr. Bhatia, Column (d) indicates that no discretionary bonuses were paid to the NEOs in 2023, 2022 or 2021. Mr. Bhatia, who joined the Company in October 2023, received a cash sign-on payment of \$750,000 in 2023 to replace awards forfeited at his prior employer and a transition allowance of \$125,000. These cash payments are subject to repayment if Mr. Bhatia voluntarily terminates employment with the Company without Good Reason within 24 months or 12 months of his hire date, respectively.
- Column (e) shows the aggregate grant date fair value of RSUs and contingent target PSU awards granted to the NEOs in the years indicated. The assumptions used to determine the grant date fair value of awards listed in Column (e) are set forth in Note 12 to the Company's Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K that accompanies this Proxy Statement. The amounts in Column (e) do not reflect the value of shares actually received or which may be received in the future with respect to such awards.

The number of contingent target PSUs awarded in 2023 to each NEO is shown on the “2023 Grants of Plan-Based Awards Table” in Column (g). Assuming the highest level of performance is achieved for each of the PSU awards included in Column (e), the value of the awards at grant date for each of the NEOs would be as follows:

Name	Year	Maximum Value at Grant Date (\$)
Ms. Buck	2023	13,260,341
	2022	11,570,258
	2021	11,089,325
Mr. Voskuil	2023	3,338,392
	2022	3,047,218
	2021	2,597,789
Mr. Bhatia	2023	2,945,499
Mr. Raup	2023	3,273,831
	2022	2,986,003
	2021	2,242,637
Ms. Riggs	2023	3,273,831
	2022	2,986,003
	2021	1,950,080

The unvested portion of RSU awards is included in the amounts presented in Columns (g) and (h) of the “Outstanding Equity Awards at 2023 Fiscal-Year End Table.” The number of shares acquired and value received by the NEOs with respect to PSU and RSU awards that vested in 2023 is included in Columns (d) and (e) of the “2023 Option Exercises and Stock Vested Table.”

- (4) Column (f) presents the grant date fair value of stock options awarded to the NEOs for the years indicated and does not reflect the value of shares actually received or which may be received in the future with respect to such stock options. The assumptions we made to determine the value of these awards are set forth in Note 12 to the Company’s Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K that accompanies this Proxy Statement.
- (5) Column (g) reflects the OHIP payments made to each NEO based upon actual salary received in 2023.
- (6) Column (h) reflects the aggregate change in the actuarial present value of the NEO’s retirement benefit under the Company’s pension plan, the CLRP and the DB SERP. The change in value calculation uses the same discount rate and mortality rate assumptions as the 2023 and 2022 audited financial statements, as applicable, and measures the change in value between the pension plan measurement date in the 2023 and 2022 audited financial statements. The change in value during a year is primarily driven by three factors: 1) changes in valuation assumptions; 2) changes in the NEO’s pensionable earnings; and 3) an additional year of service and age. During 2023, changes in earnings caused an increase to the pension value, while an additional year of age caused a relatively small decrease to the pension value. During 2022, changes in earnings caused an increase to the pension value, while an additional year of age caused a relatively small decrease to the pension value, and changes in assumption, namely discount rates, caused a decrease to the pension value. The amounts in Column (h) do not reflect amounts paid or that might be paid to the NEO.

Messrs. Bhatia, Raup, and Voskuil and Ms. Riggs participate in the DC SERP rather than the DB SERP. The DC SERP is established under the Company’s Deferred Compensation Plan. DC SERP contributions for Messrs. Bhatia, Raup, and Voskuil and Ms. Riggs are included in footnote (7).

The NEOs also participate in our non-qualified, non-funded Deferred Compensation Plan under which deferred amounts are credited with notional earnings based on the performance of one or more third-party investment options available to all participants in our 401(k) plan. No portion of the notional earnings credited during 2023 was “above market” or “preferential.” Consequently, no Deferred Compensation Plan earnings are included in amounts reported in Column (h) above. See the “2023 Pension Benefits Table” and the “2023 Non-Qualified Deferred Compensation Table” for more information on the benefits payable to the NEOs under the pension plan, DB SERP, CLRP and Deferred Compensation Plan.

(7) All other compensation includes amounts as described below:

Name	Year	Retirement Income						Perquisites and Other Benefits					
		401(k) Match (\$)	Supplemental 401(k) Match ^(a) (\$)	Supplemental Retirement Contribution (\$)	DC SERP Contribution (\$)	Core Retirement Contribution ^(b) (\$)	Supplemental Core Retirement Contribution ^(b) (\$)	Personal Use of Company Aircraft ^(c) (\$)	Company-Paid Financial Counseling (\$)	Reimbursement of Personal Tax Return Preparation Fee (\$)	Company-Paid Executive Physical (\$)	Attorney Fees ^(d) (\$)	Tax Reimbursement(\$)
Ms. Buck	2023	14,850	235,350	1,291	—	—	—	186,832	11,845	—	7,204	36,001	—
	2022	13,725	227,103	1,237	—	—	—	131,708	11,500	—	5,455	—	—
	2021	13,050	163,619	1,183	—	—	—	73,281	11,170	970	—	—	—
Mr. Voskuil	2023	14,850	88,200	—	286,250	9,900	58,800	—	15,000	1,500	6,417	—	—
	2022	13,725	77,512	—	253,436	9,150	51,675	—	15,000	1,500	5,735	—	—
	2021	13,050	56,641	—	193,587	8,700	37,761	—	15,000	1,500	—	—	—
Mr. Bhatia	2023	6,274	—	—	17,428	4,183	—	—	—	—	—	—	—
Mr. Raup	2023	14,850	81,450	—	267,500	9,900	54,300	17,505	12,189	—	6,417	—	—
	2022	13,725	63,914	—	215,664	9,150	42,609	21,632	10,150	—	5,735	—	—
	2021	13,050	39,299	—	145,414	8,700	26,199	1,763	9,860	1,725	—	—	120
Ms. Riggs	2023	14,850	81,450	547	267,500	—	—	—	15,000	1,500	6,739	—	—
	2022	13,725	63,914	520	215,664	—	—	22,708	15,000	1,500	5,455	—	—
	2021	13,050	37,255	493	139,735	—	—	—	15,000	—	—	—	—

- (a) Employees who earn over the Internal Revenue Service (“IRS”) compensation limit and/or defer any portion of their OHIP award are eligible for the Supplemental 401(k) Match, contingent on the employee contributing an amount to the 401(k) plan equal to the annual pre-tax limit established by the IRS. All of the NEOs were eligible to receive a Supplemental 401(k) Match Contribution equal to 4.5% of the amount by which their eligible earnings (salary and OHIP) exceeded the IRS compensation limit.
- (b) As new hires of the Company after January 1, 2007, Messrs. Bhatia, Raup and Voskuil were eligible to receive a contribution to their 401(k) plan account equal to 3% of base salary and OHIP up to the maximum amount permitted by the IRS. We call this contribution the Core Retirement Contribution (“CRC”). They also were eligible to receive a Supplemental Core Retirement Contribution (“Supplemental CRC”) equal to 3% of the amount by which their eligible earnings (salary and OHIP) exceeded the IRS compensation limit.
- (c) The value of any personal use of Company aircraft by the NEOs is based on the Company’s aggregate incremental per-flight hour cost for the aircraft used and flight time of the applicable flight. The incremental per-flight hour cost is calculated by reference to fuel, maintenance (labor and parts), crew, landing and parking expenses.
- (d) Reflects attorney fees paid or incurred in connection to Ms. Buck’s employment agreement and benefits.

2023 Grants of Plan-Based Awards Table

The following table and explanatory footnotes provide information with regard to the potential cash award that each NEO had the opportunity to earn during 2023 under the OHIP and with regard to PSUs and RSUs awarded to each NEO during 2023, as applicable. The Company did not grant stock options in 2023 as stock options were removed from our annual long-term incentive program in 2019. The amounts that were actually earned under the OHIP during 2023 by the NEOs are set forth in Column (g) of the “2023 Summary Compensation Table.” Information on the treatment of PSUs and RSUs upon retirement, death, disability, termination or Change in Control can be found in the section titled “Potential Payments upon Termination or Change in Control.”

Name	Grant Date ⁽¹⁾	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽²⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽⁴⁾	Grant Date Fair Value of Stock and Option Awards ⁽⁵⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ms. Buck	2/21/2023	4,032	2,240,000	4,480,000	11	22,018	55,045	11,856	8,256,692
Mr. Voskuil	2/21/2023	1,422	790,000	1,580,000	3	5,543	13,858	2,985	2,078,741
Mr. Bhatia	11/8/2023	251	139,423	278,846	3	6,233	15,583	35,100	7,947,930
Mr. Raup	2/21/2023	1,422	790,000	1,580,000	3	5,436	13,590	2,927	2,038,425
Ms. Riggs	2/21/2023	1,422	790,000	1,580,000	3	5,436	13,590	2,927	2,038,425

(1) Column (b) represents the grant date for the PSUs reflected in Columns (f), (g) and (h) and the RSUs reflected in Column (i). All awards were made under the EICP.

(2) Columns (c), (d) and (e) represent the threshold, target and maximum potential amounts each NEO had the opportunity to earn based on the OHIP targets and performance measures approved for the NEOs in February 2023, or, in the case of Mr. Bhatia’s OHIP target, at the time of hire. All amounts shown in Columns (c), (d) and (e) are based upon actual salary received in 2023.

The threshold amount is the amount that would have been payable had the minimum Company performance score been achieved. The target amount is the amount that would have been payable had the Company score been 100% on all metrics. The maximum amount is the amount that would have been payable had the maximum score been achieved on all metrics. The actual amounts awarded for 2023 are reported in column (g) of the “Summary Compensation Table.”

(3) Columns (f), (g) and (h) represent the number of threshold, target and maximum potential PSUs that can be earned for the 2023-2025 performance cycle. These PSU awards represent approximately 65% of the NEO’s long-term incentive compensation target award. The target PSU award value shown in Column (j) was determined by dividing the PSU target award value by the closing price of the Company’s Common Stock on the NYSE on the award date.

Each PSU represents the value of one share of our Common Stock. The number of PSUs earned for the 2023-2025 performance cycle will depend upon achievement against the metrics explained in the “Compensation Discussion & Analysis” in the section titled “Performance Stock Unit Targets and Results.”

Payment, if any, will be made in shares of the Company’s Common Stock at the conclusion of the three-year performance cycle. The minimum award as shown in Column (f) is the number of shares payable for achievement of the threshold level of performance on one of the metrics and the maximum award as shown in Column (h) is the number of shares payable for achievement of the maximum level of performance on all metrics.

More information regarding PSUs and the 2023 awards can be found in the “Compensation Discussion & Analysis” and the “Outstanding Equity Awards at 2023 Fiscal-Year End Table.”

(4) With the exception of Mr. Bhatia, Column (i) represents the number of annual RSUs granted on February 21, 2023. These annual RSU awards represent approximately 35% of the NEO’s long-term incentive compensation target award. For Mr. Bhatia, column (i) includes the number of RSUs granted upon his hire date as a new hire award and to replace compensation forfeited at his prior employer. For all NEOs, the RSU award value shown in Column (j) was determined by dividing the RSU award value by the closing price of the Company’s Common Stock on the NYSE on the award date.

(5) Column (j) represents the aggregate grant date fair value of (1) the target number of PSUs reported in Column (g) and (2) the number of RSUs reported in Column (i), in each case as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The assumptions used in determining these amounts are set forth in Note 12 to the Company’s Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K that accompanies this Proxy Statement.

Outstanding Equity Awards at 2023 Fiscal-Year End Table

The following table and explanatory footnotes provide information regarding unexercised stock options and unvested stock awards held by our NEOs as of December 31, 2023:

Name	Option Awards ⁽¹⁾					Stock Awards			
	Number of Securities Underlying Unexercised Options- Exercisable ⁽²⁾ (#)	Number of Securities Underlying Unexercised Options- Unexercisable ⁽³⁾ (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽⁴⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁴⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁵⁾ (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁵⁾ (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ms. Buck	90,905	—	—	99.90	2/19/2028	25,461	4,907,439	55,045	10,262,590
	77,160	—	—	109.40	2/28/2027	—	—	57,270	10,677,419
	31,210	—	—	90.39	2/15/2026	—	—	—	—
	35,500	—	—	105.91	2/16/2025	—	—	—	—
Total	234,775	—	—	—	—	25,461	4,907,439	112,315	20,940,009
Mr. Voskuil	—	—	—	—	—	6,412	1,235,543	13,858	2,583,686
	—	—	—	—	—	—	—	15,083	2,812,075
Total	—	—	—	—	—	6,412	1,235,543	28,941	5,395,761
Mr. Bhatia	—	—	—	—	—	35,100	6,585,884	15,583	2,905,295
	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	35,100	6,585,884	15,583	2,905,295
Mr. Raup	—	—	—	—	—	6,410	1,235,735	13,590	2,533,720
	—	—	—	—	—	—	—	14,780	2,755,583
Total	—	—	—	—	—	6,410	1,235,735	28,370	5,289,303
Ms. Riggs	—	—	—	—	—	5,997	1,154,219	13,590	2,533,720
	—	—	—	—	—	—	—	14,780	2,755,583
Total	—	—	—	—	—	5,997	1,154,219	28,370	5,289,303

(1) Columns (b) through (f) represent information about stock options awarded to each NEO under the EICP. Stock option awards vest in 25% increments over four years and have a ten-year term. Information on the treatment of stock options upon retirement, death, disability, termination, or Change in Control can be found in the section titled “Potential Payments upon Termination or Change in Control.”

(2) Options listed in Column (b) are vested and may be exercised by the NEO at any time subject to the terms of the stock option.

(3) As shown in Column (c), all Options were vested as of December 31, 2023.

(4) For Mmes. Buck and Riggs and Messrs. Raup and Voskuil, Column (g) includes unvested annual RSUs awarded in February 2021, February 2022 and February 2023, which vest ratably over 3 years. For Mr. Bhatia, Column (g) includes unvested special RSUs granted in November 2023 which vest ratably over 2 or 3 years. Column (h) sets forth the value of the RSUs reported in Column (g) using the \$186.44 closing price per share of our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023. Column (h) also includes the value of dividend equivalents accrued through December 31, 2023 on the RSUs included in Column (g).

(5) Based on progress to date against the performance metrics established for open PSU performance cycles, the first number in Column (i) for each NEO is the maximum number of PSUs potentially payable for the 2023-2025 performance cycle ending on December 31, 2025. The second number in Column (i) for each NEO is the maximum number of PSUs potentially payable for the 2022-2024 performance cycle ending on December 31, 2024. The actual number of PSUs earned, if any, will be determined at the end of each performance cycle and may be fewer than the number reflected in Column (i). Column (j) sets forth the value of PSUs reported in Column (i) using the \$186.44 closing price per share of our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023.

2023 Option Exercises and Stock Vested Table

The following table and explanatory footnotes provide information with regard to amounts paid to or received by our NEOs during 2023 as a result of the exercise of stock options or the vesting of stock awards:

Name	Option Awards ⁽¹⁾		Stock Awards ^{(2) (3)}	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
(a)	(b)	(c)	(d)	(e)
Ms. Buck	29,755	4,220,792	74,938	14,424,816
			13,948	3,462,448
Mr. Voskuil	—	—	17,556	3,379,354
			4,070	1,011,305
Mr. Bhatia	—	—	—	—
			—	—
Mr. Raup	—	—	15,155	2,917,186
			2,978	738,268
Ms. Riggs	—	—	13,179	2,536,826
			2,849	707,901

- (1) Column (b) represents the number of stock options exercised by the NEO during 2023, and Column (c) represents the market value at the time of exercise of the shares purchased less the exercise price paid.
- (2) The first number in Column (d) includes the number of PSUs earned from the 2021-2023 performance cycle that ended on December 31, 2023, as determined by the Compensation Committee, or, in the case of Ms. Buck, by the independent directors of our Board. The number of PSUs included in Column (d) reflects payment of the 2021-2023 PSU cycle at 250% of target. All of the applicable NEOs received payment of the award in Common Stock in February 2024. In accordance with the terms of the PSU award agreement, each PSU represents one share of our Common Stock valued in Column (e) at \$192.49, the closing price of our Common Stock on the NYSE on February 21, 2024, the date the Compensation Committee approved the PSU payment.
- (3) The second number in Column (d) reflects RSUs that were distributed in 2023 and the corresponding number in Column (e) sets forth the value of such RSUs at vesting and cash credits equivalent to dividends accrued during the vesting period.

2023 Pension Benefits Table

Mmes. Buck and Riggs are participants in our pension plan and are fully vested in benefits under that plan. Ms. Buck is also eligible to participate in our non-qualified DB SERP. No benefit is payable under the DB SERP if the executive officer terminates employment prior to age 55 or if he or she does not have five years of service with the Company. As of December 31, 2023, Ms. Buck had attained age 55 with five years of service and therefore was fully vested in her DB SERP benefit.

The combination of the pension and DB SERP plans was designed to provide a benefit upon retirement at or after reaching age 60 based on a joint and survivor annuity equal to 55% of final average compensation for an executive with 15 or more years of service (reduced pro rata for each year of service under 15). Effective January 1, 2007, the benefit payable under the DB SERP to an executive who was age 50 or over as of January 1, 2007, was reduced by 10%, and the benefit payable to an executive who had not attained age 50 as of January 1, 2007, was reduced by 20%. As a result, the benefit payable to Ms. Buck was reduced by 20% since she had not attained age 50 as of January 1, 2007.

Under the terms of the DB SERP, final average compensation is calculated as the sum of (i) the average of the highest three calendar years of base salary paid over the last five years of employment with the Company and (ii) the average of the highest three OHIP awards, paid or deferred, for the last five years of employment with the Company. The benefit accrued under the DB SERP is payable upon retirement (subject to the provisions of Section 409A of the IRC) as a lump sum or a life annuity with 50% benefit continuation to the participant's surviving spouse, or payment may be deferred in accordance with the provisions of the Company's Deferred Compensation Plan. The lump sum is equal to the actuarial present value of the joint and survivor pension earned, reduced by the lump sum value of the benefits to be paid under the pension plan and the value of the executive's Social Security benefits. If the executive terminates employment after age 55 but before age 60, the benefit is reduced for early retirement at a rate of 5% per year for the period until the executive would have turned 60.

The CLRP provides eligible participants the defined benefit he or she would have earned under our pension plan were it not for the legal limitation on compensation used to determine benefits. An executive who is a participant in the DB SERP is not eligible to participate in the CLRP unless he or she (i) ceases to be designated by the Compensation Committee as eligible to participate in the DB SERP prior to his or her termination of employment with the Company or (ii) has his or her employment involuntarily terminated by the Company other than for Cause prior to vesting in the DB SERP. NEOs meeting these criteria become eligible to participate in the CLRP and receive a benefit for all years in which they would have been a participant of the CLRP had they not been designated by the Compensation Committee to be eligible for the DB SERP.

For executives who are eligible for both the DC SERP, as described in the section titled “2023 Non-Qualified Deferred Compensation Table,” and the pension plan, the additional credit under the CLRP is limited to 3% of eligible earnings less the IRS annual limitation on compensation. Ms. Riggs is the only NEO eligible for the CLRP. Upon separation, benefits under the CLRP are payable in a single lump sum or may be deferred into the Deferred Compensation Plan. A participant is eligible for his or her CLRP benefit upon separation from service (subject to the provisions of Section 409A of the IRC) after five years of service or attaining age 55 (unless the participant is terminated for Cause). Payment is also made to the estate of a participant who dies prior to separation from service. Participants who become disabled are 100% vested in their benefit and continue to accrue additional benefits for up to two additional years.

The following table and explanatory footnote provide information regarding the present value of benefits accrued under the pension plan and the DB SERP or CLRP, as applicable, for each NEO as of December 31, 2023. The amounts shown for the DB SERP reflect the reduction for the present value of the benefits under the pension plan and Social Security benefits.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ⁽¹⁾ (\$)	Payments During Last Fiscal Year (\$)
(a)	(b)	(c)	(d)	(e)
Ms. Buck	Pension Plan	19	294,136	—
	DB SERP	19	29,817,797	—
Mr. Voskuil	—	—	—	—
Mr. Bhatia	—	—	—	—
Mr. Raup	—	—	—	—
Ms. Riggs	Pension Plan	19	151,339	—
	CLRP	19	131,558	—

(1) These amounts have been calculated using discount rate, mortality and other assumptions consistent with those used for financial reporting purposes as set forth in Note 11 to the Company’s Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K which accompanies this Proxy Statement. The actual payments would differ due to plan assumptions. The estimated vested DB SERP benefit, as of December 31, 2023, for Ms. Buck was \$29,817,797. The amount is based on Ms. Buck’s final average compensation under the terms of the DB SERP, as of December 31, 2023, as shown below:

Name	Final Average Compensation (\$)
Ms. Buck	4,952,258
Mr. Voskuil	—
Mr. Bhatia	—
Mr. Raup	—
Ms. Riggs	—

2023 Non-Qualified Deferred Compensation Table

Our NEOs are eligible to participate in the Company’s Deferred Compensation Plan. The Deferred Compensation Plan is a non-qualified, non-funded plan that permits participants to defer compensation that would otherwise be paid to them currently. The Deferred Compensation Plan is intended to secure the goodwill and loyalty of participants by enabling them to defer compensation when the participants deem it beneficial to do so and by providing a vehicle for the Company to make, on a non-qualified basis, contributions that could not be made on the participants’ behalf to the 401(k) plan. The Company credits the Deferred Compensation Plan with a specified percentage of compensation for NEOs participating in the non-qualified DC SERP.

Our NEOs may elect to defer payments to be received from the OHIP, PSU and RSU awards, but not stock options or base salary. Amounts deferred under the DB SERP, DC SERP, CLRP, OHIP, PSU and RSU awards are fully vested and are credited to the individual's account under the Deferred Compensation Plan. Participants elect to receive payment at termination of employment or some other future date. DB SERP and CLRP payments designated for deferral into the Deferred Compensation Plan are not credited as earned but are credited in full upon the participant's retirement.

Payments are distributed in a lump sum or in annual installments for up to 15 years. All amounts are payable in a lump sum following a Change in Control (as such terms is defined in the EICP). All elections and payments under the Deferred Compensation Plan are subject to compliance with Section 409A of the IRC, which may limit elections and require a delay in payment of benefits in certain circumstances.

While deferred, amounts are credited with notional earnings as if they were invested by the participant in one or more investment options offered by the Deferred Compensation Plan. The investment options under the Deferred Compensation Plan consist of investment in a deferred common stock unit account that we value according to the performance of our Common Stock (for awards paid in stock) or in mutual funds or other investments available to participants in our 401(k) plan (for awards paid in cash). The participants' accounts under the Deferred Compensation Plan fluctuate daily, depending upon performance of the investment options elected.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees, including the NEOs, with the amount of employer matching contributions that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the "2023 Summary Compensation Table," these amounts are designated as "Supplemental 401(k) Match" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the "2023 Non-Qualified Deferred Compensation Table" in the year earned. All of our NEOs are eligible for a Supplemental 401(k) Match credit for 2023. With the exception of Mr. Bhatia, all of the NEOs are fully vested in the Supplemental 401(k) Match credits presented and will be paid at a future date or at termination of employment, as elected by the executive subject to the provisions of Section 409A of the IRC. Mr. Bhatia will vest in this benefit upon completion of two years of employment. If vested, he will receive payment for this benefit at termination of employment subject to the provisions of Section 409A of the IRC.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees hired on or after January 1, 2007, including eligible NEOs, with the amount of Core Retirement Contributions ("CRC") that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the "2023 Summary Compensation Table," these amounts are designated as "Supplemental Core Retirement Contribution" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the "2023 Non-Qualified Deferred Compensation Table" in the year earned. Messrs. Raup and Voskuil are eligible for a Supplemental CRC credit for 2023, and they are fully vested in this benefit and will receive payment at termination of employment subject to the provisions of Section 409A of the IRC. Mr. Bhatia will vest in this benefit upon completion of two years of employment. If vested, he will receive payment for this benefit at termination of employment subject to the provisions of Section 409A of the IRC.

Messrs. Bhatia, Raup, and Voskuil and Ms. Riggs are also eligible to participate in our DC SERP, a part of the Deferred Compensation Plan. The DC SERP provides annual allocations to the Deferred Compensation Plan equal to a percentage of compensation determined by the Compensation Committee in its sole discretion. In order to receive the annual DC SERP allocation, an executive must (i) defer into the 401(k) plan the maximum amount allowed by the Company or the IRS and (ii) be employed on the last day of the plan year, unless the executive terminates employment after age 55 and completion of five years of continuous employment preceding termination, dies or becomes disabled. After completing five years of service with the Company, an executive is vested in 10% increments based on his or her age, beginning at age 46. An executive age 46 with five years of service is 10% vested and an executive age 55 with five years of service is 100% vested. The annual DC SERP allocation for Messrs. Bhatia, Raup, and Voskuil and Ms. Riggs is equal to 12.5% of base salary and OHIP award for the calendar year, whether paid or deferred. Mr. Raup is 100% vested in his DC SERP benefits. Messrs. Bhatia and Voskuil are 0% vested because they have not yet completed five years of continuous employment with the Company, and Ms. Riggs is 0% vested as she is under age 46.

The following table and explanatory footnotes provide information relating to the activity in the Deferred Compensation Plan accounts of the NEOs during 2023 and the aggregate balance of the accounts as of December 31, 2023:

Name	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year ⁽¹⁾ (\$)	Aggregate Earnings in Last Fiscal Year ⁽²⁾ (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year-End ⁽³⁾ (\$)
(a)	(b)	(c)	(d)	(e)	(f)
Ms. Buck	—	235,350	(3,056,281)	—	18,854,477
Mr. Voskuil	—	433,250	51,031	—	1,383,099
Mr. Bhatia	—	17,428	—	—	17,428
Mr. Raup	—	403,250	100,631	—	1,201,119
Ms. Riggs	—	348,950	91,779	—	976,920

- (1) For Ms. Buck, Column (c) reflects the Supplemental 401(k) Match contributions earned for 2023. For Messrs. Raup and Voskuil, Column (c) reflects the DC SERP, the Supplemental 401(k) Match contributions and the Supplemental CRC earned for 2023. For Ms. Riggs, Column (c) reflects the DC SERP and the Supplemental 401(k) Match contributions earned for 2023. For Mr. Bhatia, Column (c) reflects the DC SERP earned in 2023. These contributions are included in Column (i) of the “2023 Summary Compensation Table.”
- (2) Column (d) reflects the adjustment made to each NEO’s account during 2023 to reflect the performance of the investment options chosen by the executive. Amounts reported in Column (d) were not required to be reported as compensation in the “2023 Summary Compensation Table.”
- (3) Column (f) reflects the aggregate balance credited to each NEO as of December 31, 2023, including the 2023 amounts reflected in Columns (b), (c) and (d). The following table indicates the portion of the Column (f) balance that reflects amounts disclosed in a Summary Compensation Table included in proxy statements for years prior to 2023:

Name	Amounts Reported in Previous Years ^(a) (\$)
Ms. Buck	1,397,920
Mr. Voskuil	939,130
Mr. Bhatia	—
Mr. Raup	634,573
Ms. Riggs	456,568

- (a) These amounts reflect values as reported in the Summary Compensation Table in prior fiscal years. These amounts do not include accumulated earnings or losses.

Potential Payments upon Termination or Change in Control

We maintain plans covering our NEOs that will require us to provide incremental compensation in the event of termination of employment or a Change in Control (as such term is defined in the applicable governing document), provided certain conditions are met. The following narrative takes each hypothetical termination of employment situation – voluntary resignation, termination for Cause, death, disability, retirement, termination without Cause, and resignation for Good Reason – and a Change in Control of the Company, and describes the additional amounts, if any, that the Company would pay or provide to the NEOs, or their beneficiaries, as a result.

The narrative below and the amounts shown reflect certain assumptions we have made in accordance with SEC rules. We have assumed that the termination of employment or Change in Control occurred on December 31, 2023, and that the value of a share of our Common Stock on that day was \$186.44, the closing price on the NYSE on December 29, 2023, the last trading day of 2023.

In addition, in keeping with SEC rules, the following narrative and amounts do not include payments and benefits which are not enhanced by a qualifying termination of employment or Change in Control. These payments and benefits are referred to as “vested benefits” and include:

- Vested benefits accrued under the 401(k) and pension plans;
- Accrued vacation pay, health plan continuation and other similar amounts payable when employment terminates under programs generally applicable to the Company’s salaried employees;
- Vested Supplemental 401(k) Match and Supplemental CRC provided to the NEOs on the same basis as all other employees eligible for Supplemental 401(k) Match and Supplemental CRC;

- Vested benefits accrued under the DB SERP, CLRP and account balances held under the Deferred Compensation Plan as previously described in the sections titled “2023 Pension Benefits Table” and “2023 Non-Qualified Deferred Compensation Table”; and
- Stock options that have vested and become exercisable prior to termination of employment or Change in Control.

Voluntary Resignation (other than a Resignation for Good Reason)

We are not obligated to pay amounts over and above vested benefits to a NEO who voluntarily resigns. Vested stock options may not be exercised after the NEO’s resignation date unless the executive meets retirement eligibility requirements (separation after attainment of age 55 with at least five years of continuous service).

Termination for Cause

If we terminate a NEO’s employment for Cause, we are not obligated to pay the executive any amounts over and above vested benefits. The NEO’s right to exercise vested stock options expires upon termination for Cause, and amounts otherwise payable under the DB SERP are subject to forfeiture at the Company’s discretion. In general, a termination will be for Cause if the executive has been convicted of a felony or has engaged in gross negligence or willful misconduct in the performance of duties, material dishonesty or a material violation of Company policies, including our Code of Conduct, or bad faith actions in the performance of duties not in the best interests of the Company.

Death or Disability

If a NEO dies prior to meeting the vesting requirements under the DB SERP, no benefits are paid. As of December 31, 2023, Ms. Buck was fully vested in her DB SERP benefit and her estate would therefore be entitled to a payout of such benefits in the event of her death. If a NEO dies while participating in the CLRP, the value of the account balance at death is paid to the designated beneficiary. Ms. Riggs participates in the CLRP, so her designated beneficiary would be entitled to such payout in the event of her death.

If a NEO dies or becomes disabled prior to meeting the vesting requirements under the 401(k) plan or for the Supplemental 401(k) Match, Supplemental CRC or DC SERP benefits, the accrued amounts under those plans become vested. Mr. Bhatia is not fully vested in these benefits. Mr. Voskuil and Ms. Riggs are not fully vested in their respective DC SERP benefits. In the event of death or disability, Messrs. Bhatia and Voskuil and Ms. Riggs would have received \$31,652, \$939,377 and \$743,551, respectively, as a result of vesting.

In the event of termination due to disability, long-term disability (“LTD”) benefits are generally payable until age 65, but may extend longer if disability benefits begin after age 60, and are offset by other benefits such as Social Security. The maximum amount of the monthly LTD payments from all sources, assuming LTD began on December 31, 2023, is set forth in the table below:

Name	Long-Term Disability Benefit			
	Maximum Monthly Amount (\$)	Years and Months Until End of LTD Benefits (#)	Total of Payments (\$)	Lump Sum Benefit ⁽¹⁾ (\$)
Ms. Buck	35,000	3 years 6 months	1,470,000	75,869
Mr. Voskuil	25,000	9 years 9 months	2,925,000	1,649,277
Mr. Bhatia	25,000	14 years 6 months	4,350,000	256,402
Mr. Raup	25,000	8 years 7 months	2,575,000	663,400
Ms. Riggs	25,000	19 years 4 months	5,800,000	1,468,866

(1) For Mmes. Buck and Riggs, the amounts reflect pension plan benefits payable at age 65 that are attributable to benefit service credited during the disability period, along with additional SRC contributions through the year prior to which they reach age 65. For the DB SERP, Ms. Buck has reached the service limit and would receive no incremental benefits in the event of her disability. For Ms. Riggs, amounts also reflect an additional two years of CLRP and DC SERP credits and vesting in her DC SERP upon disability. For Mr. Bhatia, amounts reflect an additional two years of CRC, Supplemental CRC and DC SERP credits and vesting in his 401(k) Match, CRC, Supplemental 401(k) Match, Supplemental CRC and DC SERP upon disability. For Mr. Raup, amounts reflect an additional two years of CRC, Supplemental CRC and DC SERP credits upon disability. For Mr. Voskuil, amounts reflect an additional two years of CRC, Supplemental CRC and DC SERP credits and vesting in his DC SERP upon disability.

Treatment of Stock Options upon Retirement, Death or Disability

In the event of retirement, death or disability, vested stock options remain exercisable for a period of three or five years, not to exceed the option expiration date. The exercise period is based upon the terms and conditions of the individual grant.

Retirement is defined as separation after attainment of age 55 with at least five years of continuous service.

Options that are not vested at the time of retirement, death or disability will generally vest in full (subject to the exception described in the following sentence) and the options will remain exercisable for three or five years following termination, depending on the terms and conditions of the grant. Options granted in the year of retirement are prorated based upon the number of full calendar months worked in that year.

As of December 31, 2023, there were no unvested stock options for the NEOs.

Treatment of RSUs upon Retirement, Death or Disability

In the event of retirement, death or disability, RSUs that are not vested will generally vest in full (subject to the exception described in the following sentence). RSUs granted in the year of retirement are prorated based upon the number of full calendar months worked in that year.

The following table provides the number of unvested RSUs that would have vested on December 31, 2023, if the executive's employment terminated that day due to death or disability. Messrs. Bhatia and Voskuil and Ms. Riggs were not considered retirement eligible as of December 31, 2023 and they would have forfeited 35,100 RSUs, 6,412 RSUs and 5,997 RSUs, respectively, upon voluntary separation.

Name	Restricted Stock Units	
	Number ⁽¹⁾ (#)	Value ⁽²⁾ (\$)
Ms. Buck	25,461	4,907,439
Mr. Voskuil	6,412	1,235,543
Mr. Bhatia	35,100	6,585,884
Mr. Raup	6,410	1,235,735
Ms. Riggs	5,997	1,154,219

(1) Represents the total number of unvested RSUs as of December 31, 2023.

(2) Based on the closing price of \$186.44 for our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023, plus accrued dividend equivalents.

Treatment of PSUs upon Retirement, Death or Disability

In general, in the event of retirement, death or disability, any unvested contingent PSUs are prorated based on the number of full or partial months worked in each of the open PSU cycles. Any remaining unvested contingent PSUs not prorated are forfeited.

The following table provides the total number of contingent PSUs each NEO would be entitled to if the executive's employment ended on December 31, 2023 due to death or disability, or retirement if applicable. As of December 31, 2023, Ms. Buck and Mr. Raup were considered retirement eligible based on the provisions of all open PSU cycles. Messrs. Bhatia and Voskuil and Ms. Riggs were not considered retirement eligible as of December 31, 2023 and they would have forfeited all of their contingent PSUs upon voluntary separation.

Name	Performance Stock Units	
	Number ⁽¹⁾ (#)	Value ⁽²⁾ (\$)
Ms. Buck	97,549	18,187,036
Mr. Voskuil	23,426	4,367,543
Mr. Bhatia	2,078	387,422
Mr. Raup	20,908	3,898,088
Ms. Riggs	18,932	3,529,682

(1) For the 2021-2023 PSU cycle, amount reflects the total number of contingent PSUs calculated by multiplying the number of contingent target PSUs by 250%, the final performance score for that cycle. For the 2022-2024 and 2023-2025 PSU cycles, amount reflects the total number of contingent PSUs at target.

(2) Based on the closing price of \$186.44 for our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023.

Termination without Cause; Resignation for Good Reason

Under Ms. Buck's employment agreement and the EBPP 3A, as applicable, we have agreed to pay severance benefits if we terminate a NEO's active employment without Cause or if the NEO resigns from active employment for Good Reason, in each case as defined in the applicable document. Severance benefits consist of a lump sum payment calculated as a multiple of base salary as well as continued OHIP eligibility, calculated as the lower of target or actual Company performance, for a set period of time, as shown in the table below. Additionally, all NEOs would be entitled to receive a pro rata payment of the OHIP award, if any, earned for the year in which termination occurs, continuation of health and welfare benefits and financial planning and tax preparation benefits for a set period of time, as shown in the table below as well as outplacement services up to \$35,000.

Plan	Benefit Entitlement			
	Severance Multiple	OHIP Continuation	Health and Welfare Benefits	Financial Planning and Tax Preparation Benefits
Ms. Buck's employment agreement and participants in EBPP 3A on or before February 22, 2011	2 times	24 months	24 months	24 months
Participants in EBPP 3A after February 22, 2011	1.5 times	18 months	18 months	18 months

If a NEO has not met retirement eligibility requirements and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, he or she will be eligible to exercise all vested stock options and a prorated portion of his or her unvested stock options held on the date of separation from service for a period of 120 days following separation. If the NEO is age 55 or older with five or more years of continuous service and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will be entitled to exercise any vested stock options until the earlier of three or five years (based on the provisions of the individual grant) from the date of termination or the expiration of the options.

In addition, if a NEO has not met retirement eligibility requirements and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will vest in a prorated portion of any unvested RSUs held on the date of separation from service.

The following table provides the incremental amounts that would have vested and become payable to each NEO had his or her employment terminated on December 31, 2023, under circumstances entitling the NEO to severance benefits as described above:

Name	Salary (\$)	OHIP at Target (\$)	PSU Related Payments ⁽¹⁾ (\$)	Vesting of Stock Options ⁽¹⁾ (\$)	Vesting of Restricted Stock Units ⁽¹⁾ (\$)	Value of Benefits Continuation ⁽²⁾ (\$)	Value of Financial Planning and Outplacement ⁽³⁾ (\$)	Total (\$)
Ms. Buck	2,800,000	4,480,000	—	—	—	51,839	68,000	7,399,839
Mr. Voskuil	1,185,000	1,185,000	—	—	845,395	25,424	59,750	3,300,569
Mr. Bhatia	1,087,500	1,087,500	—	—	667,594	34,899	59,750	2,937,243
Mr. Raup	1,185,000	1,185,000	—	—	—	35,073	59,750	2,464,823
Ms. Riggs	1,185,000	1,185,000	—	—	774,099	13,427	59,750	3,217,276

- (1) Reflects the value of equity awards that would have vested and become payable to each NEO over and above amounts they would have received upon a voluntary termination.
- (2) Reflects projected medical, dental, vision and life insurance continuation premiums paid by the Company during the applicable time period following termination.
- (3) Value of maximum payment for financial planning and tax preparation continuation during the applicable time period following termination plus outplacement services of \$35,000.

For information with respect to stock options, RSUs and PSUs held by each NEO as of December 31, 2023, refer to the “Outstanding Equity Awards at 2023 Fiscal-Year End Table.”

Change in Control

The EBPP 3A and the terms of the applicable award agreements provide for the vesting and payment of the following benefits to each of the NEOs upon a Change in Control:

- An OHIP payment for the year in which the Change in Control occurs, calculated as the greater of target or the estimated payment based on actual performance through the date of the Change in Control;
- To the extent not vested, full vesting of benefits accrued under the DB SERP, CLRP and the Deferred Compensation Plan;
- To the extent not vested, full vesting of benefits under the 401(k) and pension plans;
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), full vesting of all outstanding RSUs and stock options;
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), a vested and non-forfeitable right to receive a lump sum cash payment equal to the target PSU grant for the performance cycle ending in the year of the Change in Control, determined based upon the greater of target or actual performance through the date of the Change in Control, with each PSU valued at the higher of (a) the highest closing price for our Common Stock during the 60 days prior to (and including the date of) the Change in Control and (b) the price at which an offer is made to purchase shares of our Common Stock from the Company’s stockholders, if applicable (the higher of (a) and (b), the “Transaction Value”); and
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), a vested and non-forfeitable right to receive a lump sum cash payment equal to the target PSU grant for the second year of the performance cycle and a prorated portion of the target PSU grant for the first year of the performance cycle at the time of the Change in Control, with each PSU valued at the higher of the Transaction Value and the highest closing price of our Common Stock from the date of the Change of Control until the earlier of the end of the applicable grant cycle or the NEO’s separation from service.

Under our EICP and the terms of the applicable award agreements, awards that are continued as Replacement Awards after a Change in Control are not subject to accelerated vesting or payment upon the Change in Control. In the event of termination of employment within two years following the Change in Control for any reason other than termination for Cause or resignation without Good Reason, the Replacement Awards will vest and become payable as described on the pages that follow.

The following table and explanatory footnotes provide information with respect to the incremental amounts that would have vested and become payable on December 31, 2023, if a Change in Control occurred on that date.

Name	OHIP Related Payment ⁽¹⁾ (\$)	PSU Related Payments ⁽²⁾ (\$)	Vesting of Stock Options ⁽³⁾ (\$)	Vesting of Restricted Stock Units ⁽³⁾ (\$)	Retirement and Deferred Compensation Benefits ⁽⁴⁾ (\$)	Total ⁽⁵⁾ (\$)
Ms. Buck	—	2,622,765	—	—	—	2,622,765
Mr. Voskuil	—	1,759,315	—	1,235,543	939,377	3,934,235
Mr. Bhatia	—	411,112	—	6,585,884	31,652	7,028,648
Mr. Raup	—	628,294	—	—	—	628,294
Ms. Riggs	—	1,678,356	—	1,154,219	743,551	3,576,126

- (1) For all NEOs, the amount of the OHIP award earned for 2023 was greater than target. Therefore, no incremental amount attributable to that program would have been payable upon a Change in Control.
- (2) Amounts reflect vesting of PSUs awarded, as follows:
- For the performance cycle that ended on December 31, 2023, the difference between a value per PSU of \$197.84, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2023, and a value per PSU of \$186.44, the closing price for our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023;
 - For the performance cycle ending December 31, 2024, at target performance, with a value per PSU of \$197.84, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2023; and
 - For the performance cycle ending December 31, 2025, one-third of the contingent target units awarded, at target performance, with a value per PSU of \$197.84, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2023.

Because Ms. Buck and Mr. Raup were retirement eligible as of December 31, 2023, as of that date they had already vested in a portion of the PSU awards for the performance cycles ending December 31, 2024 and December 31, 2025. Accordingly, with respect to Ms. Buck and Mr. Raup, the amount reflects only (i) an incremental payment of the portion of the PSU award that would vest upon a Change in Control if the awards were not continued as Replacement Awards (i.e., 1/3 of the total award) and (ii) an incremental benefit equal to the difference between a value per PSU of \$197.84, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2023, and a value per PSU of \$186.44, the closing price for our Common Stock on the NYSE on December 29, 2023, the last trading day of 2023, while the amount for the performance cycle ending December 31, 2023 reflects only an incremental benefit equal to the difference between a value per PSU of \$197.84 and a value per PSU of \$186.44.

- (3) Reflects the value of equity awards that would have vested and become payable to each NEO over and above amounts that would have already vested.
- (4) Reflects the full vesting value of DB SERP benefits and more favorable early retirement discount factors as provided under the EBPP 3A. Ms. Buck is fully vested in her DB SERP benefit and the more favorable early retirement factors do not apply to the CEO, so no additional benefit is applicable. For Mr. Bhatia, the amount includes the vesting of DC SERP benefits, 401(k), Supplemental 401(k) Match, CRC and Supplemental CRC. For Mr. Voskuil and Ms. Riggs, the amount includes the vesting of their respective DC SERP benefits. Mr. Raup is fully vested in his DC SERP benefit so no additional benefit is applicable. Ms. Riggs is fully vested in her CLRP benefits so no additional benefit is applicable.
- (5) For any given executive, the total payments made in the event of a Change in Control would be reduced to the “safe harbor” limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

Termination without Cause or Resignation for Good Reason after Change in Control

If a NEO’s employment is terminated by the Company without Cause or by the NEO for Good Reason within two years after a Change in Control, we pay severance benefits under the EBPP 3A to assist the NEO in transitioning to new employment. These severance benefits as of December 31, 2023, consist of:

- A lump sum cash payment equal to two (or, if less, the number of full and fractional years from the date of termination to the executive’s 65th birthday, but not less than one) times:
 - The executive’s base salary; and
 - The highest OHIP award payment paid or payable during the three years preceding the year of the Change in Control (but not less than the OHIP target award for the year of the termination) (“Highest OHIP”);
- For replacement PSU awards, a lump sum cash payment equal to the target PSU grant for the performance cycle ending in the year of the Change in Control, determined based upon the greater of target or actual performance through the date of the Change in Control, with each PSU valued at the Transaction Value;

- For replacement PSU awards, a lump sum cash payment equal to the target PSU grant for the second year of the performance cycle and a prorated portion of the target PSU grant for the first year of the performance cycle at the time of the Change in Control, with each PSU valued at the higher of the Transaction Value and the highest closing price of our Common Stock from the date of the Change of Control until the NEO's separation from service;
- For replacement stock options and RSU awards (including accrued cash credits equivalent to dividends that would have been earned had the executive held Common Stock instead of RSUs), full vesting of all unvested stock options and RSUs;
- Continuation of medical, dental, vision and life benefits for 24 months (or, if less, the number of months until the executive attains age 65, but not less than 12 months), or payment of the value of such benefits if continuation is not permitted under the terms of the applicable plan;
- For executives who participate in the pension plan and do not participate in the DB SERP, a lump sum equal to their pay credit percentage under that plan times the sum of their base salary and Highest OHIP times the number of years in their severance period (two, or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one). For executives who do not participate in the pension plan, a lump sum equal to the CRC rate times the sum of their base salary and Highest OHIP times the number of years in their severance period (two, or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one). IRS limitations imposed on the 401(k) and pension plans will not apply for this purpose;
- Outplacement services up to \$35,000 and reimbursement for financial counseling and tax preparation services for two years;
- An enhanced matching contribution cash payment equal to the 401(k) matching contribution rate of 4.5% multiplied by the executive's base salary and Highest OHIP calculated as if such amounts were paid during the years in the executive's severance period. For this purpose, the IRS limitations imposed on the 401(k) plan do not apply;
- For executives who participate in the DB SERP, an enhanced benefit reflecting an additional two years of credit; and
- For executives who participate in the DC SERP, an enhanced benefit reflecting a cash payment equal to the applicable percentage rate multiplied by his or her base salary and Highest OHIP calculated as if such amounts were paid during the years in the executive's severance period.

The following table provides amounts that would have vested and become payable to each NEO over and above amounts they would have received upon a termination by the Company without Cause or by the NEO for Good Reason, assuming a Change in Control occurred, and the executive's employment terminated on December 31, 2023:

Name	Lump Sum Cash Severance Payment (\$)	PSU Related Payments ⁽¹⁾ (\$)	Vesting of Stock Options (\$)	Vesting of RSUs (\$)	Value of Medical and Other Benefits Continuation (\$)	Value of Financial Planning and Outplacement (\$)	Value of Enhanced DB SERP/ DC SERP and 401(k) Benefit ⁽²⁾ (\$)	Total ⁽³⁾ (\$)
Ms. Buck	3,840,000	2,622,765	—	—	—	—	4,267,892	10,730,657
Mr. Voskuil	2,210,000	1,759,315	—	390,148	8,781	8,250	916,000	5,292,494
Mr. Bhatia	725,000	411,112	—	5,918,290	12,064	8,250	580,000	7,654,716
Mr. Raup	1,910,000	628,294	—	—	12,122	8,250	856,000	3,414,666
Ms. Riggs	1,910,000	1,678,356	—	380,120	4,625	8,250	829,000	4,810,351

(1) Amounts reflect vesting of PSUs awarded as described in footnote (2) to the Change in Control table.

(2) For Ms. Buck, this value reflects the amounts of enhanced DB SERP, 401(k) match and Supplemental 401(k) Match over a 24-month period. For Messrs. Bhatia, Raup and Voskuil, the value reflects the amounts of enhanced DC SERP, CRC, Supplemental CRC, 401(k) match and Supplemental 401(k) Match that would have been paid had they remained employees for 24 months after their termination. For Ms. Riggs, the value reflects the amounts of enhanced DC SERP, pension plan credits, 401(k) match and Supplemental 401(k) Match that would have been paid had she remained employed for 24 months after her termination.

(3) For any given executive the total payments made in the event of termination after a Change in Control would be reduced to the "safe harbor" limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

CEO Pay Ratio Disclosure

The annual total compensation of our CEO for fiscal year 2023 was \$15,654,209. The median of the annual total compensation for all employees, excluding the CEO, for fiscal year 2023 was \$43,527. As a result, we estimate that the ratio of the annual total compensation of our CEO to the annual total compensation of the median employee for fiscal year 2023 was 360 to 1.

Absent significant changes in our employee population or compensation arrangements (including the compensation arrangements of the median employee used in fiscal 2022), SEC rules generally permit utilization of the same median employee for three years for purposes of the pay ratio analysis. Any increases in compensation were widespread across the company and did not significantly shift the median. Accordingly, we used the same median employee for the pay ratio analysis for fiscal year 2023. We identified the median employee using base salary, including overtime, earned in the first nine months of 2022 for all employees, excluding our CEO, as of October 11, 2022, the second Tuesday in October in 2022, which is our annual measurement date for determining our median employee. We calculated annual total compensation for the median employee using the same methodology used for calculating the total compensation of our NEOs as set forth in the “2023 Summary Compensation Table.”

Equity Compensation Plan Information

The following table provides information about all of the Company's equity compensation plans as of December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#)
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾			
Stock Options	726,701	105.67	5,292,637
Performance Stock Units and Restricted Stock Units	1,039,691	N/A	2,476,173
Subtotal	1,766,392	105.67	7,768,810
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,766,392	105.67⁽²⁾	7,768,810

(1) Includes amounts earned or paid in cash or shares of Common Stock at the election of the director or deferred by the director under the Directors' Compensation Plan. Column (a) includes stock options, PSUs and RSUs granted under the EICP. Securities available for future issuance of full-value awards may also be used for stock option awards.

(2) Weighted-average exercise price of outstanding stock options only.

Pay Versus Performance Disclosure

Provided below is the Company’s “pay versus performance” disclosure as required pursuant to Item 402(v) of Regulation S-K promulgated under the Exchange Act (referred to herein as Item 402(v)). As required by Item 402(v), we have included:

- A list of the most important measures that our Compensation Committee used in 2023 to link a measure of pay calculated in accordance with Item 402(v) (referred to as “compensation actually paid,” or “CAP”) to Company performance;
- A pay versus performance table that compares the total compensation of our NEOs as presented in the “Summary Compensation Table” (“SCT Total Compensation”) to CAP and that compares CAP to specified performance measures, including TSR, Peer Group TSR (as defined below), Net Income calculated in accordance with GAAP (“GAAP Net Income”) and our Company selected financial performance measure, Net Sales (as defined in the section titled “Compensation Discussion & Analysis”); and
- Graphs that describe:
 - The relationship between our TSR and the TSR of the S&P 500 Packaged Foods Index (the “Peer Group TSR”); and
 - The relationships between CAP and our cumulative TSR, GAAP Net Income, and our Company selected financial performance measure, Net Sales.

This disclosure has been prepared in accordance with Item 402(v) and does not necessarily reflect value actually realized by our executives or how our Committee evaluates compensation decisions in light of Company or individual performance. In particular, our Committee does not use CAP as a basis for making compensation decisions, nor does it use GAAP Net Income or Peer Group TSR for purposes of determining incentive compensation. Please see the section titled “Compensation Discussion & Analysis” for a discussion of our executive compensation program objectives and the ways in which we align our executives’ compensation with the Company’s performance.

For purposes of the following disclosures, each of Salary, Bonus, Non-Equity Incentive Plan Compensation, Non-qualified Deferred Compensation Earnings and All Other Compensation is calculated in the same manner for purposes of CAP as it is calculated for purposes of SCT Total Compensation. There are, however, two primary differences between the calculation of CAP and SCT Total Compensation:

	SCT Total Compensation	CAP
Pension	Year-over-year change in the actuarial present value of pension benefits	Current year service cost and any prior year service cost (if a plan amendment occurred during the year)
Stock and Option Awards	Grant date fair value of stock and option awards granted during the year	Year-over-year change in the fair value of stock and option awards that are unvested as of the end of the year or that vested or were forfeited during the year ⁽¹⁾

(1) Includes any dividends paid on equity awards in the fiscal year prior to the vesting date that are not otherwise reflected in the fair value of such award.

Metrics Used for Linking Pay and Performance

The following is a list of performance metrics, which in our assessment represent the most important performance measures used by the Company to link Company performance to the compensation actually paid to the NEOs for 2023. Each metric below is used for purposes of determining payouts under either our 2023 OHIP or our current open PSU cycles. Please see the section titled “Compensation Discussion & Analysis” for a description of these metrics and how they are used in the Company’s executive compensation program.

- Net Sales
- Adjusted EPS
- Free Cash Flow

Net Sales was the most heavily weighted financial performance metric under our 2023 OHIP and is an important top-line measure that, when combined with the other measures in the OHIP and PSU awards, supports long-term shareholder value creation. Net Sales is the Company-selected financial performance measure included in the table and graphs that follow. Net Sales is a non-GAAP financial performance measure. For more information on how we define and use Net Sales in our executive compensation program, please see the section titled “Compensation Disclosure & Analysis” above.

Pay Versus Performance Table

Below is the tabular disclosure for the Company's CEO and the average of our NEOs other than the CEO for 2023, 2022, 2021 and 2020.

Year	SCT Total Compensation for CEO ⁽¹⁾	Compensation Actually Paid to CEO ⁽²⁾	Average SCT Total Compensation for Other NEOs ⁽¹⁾	Average Compensation Actually Paid to Other NEOs ⁽²⁾	Value of Initial Fixed \$100 Investment Based on:		GAAP Net Income (\$mil.)	Company Selected Measure: Net Sales (\$mil.) ⁽⁴⁾
					TSR	Peer Group TSR ⁽³⁾		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2023	15,654,209	12,730,946	5,556,094	5,298,510	137	120	1,862	11,165
2022	13,550,049	26,043,523	4,182,463	6,492,643	167	129	1,645	10,419
2021	16,144,570	32,159,575	3,253,471	5,677,965	137	118	1,478	8,971
2020	19,115,059	19,711,109	3,160,508	3,730,097	106	105	1,279	8,150

- (1) 2023 CEO is Michele Buck; other NEOs are Deepak Bhatia, Charles Raup, Kristen Riggs, and Steven Voskuil; 2022 CEO is Michele Buck; other NEOs are Charles Raup, Jason Reiman, Kristen Riggs, and Steven Voskuil; 2021 CEO is Michele Buck; other NEOs are Charles Raup, Jason Reiman, Kristen Riggs, and Steven Voskuil; 2020 CEO is Michele Buck; other NEOs are Damien Atkins (former), Charles Raup, Jason Reiman, Steven Voskuil, Kevin Walling (former), and Mary Beth West (former).
- (2) The dollar amounts reported represent CAP, as computed in accordance with Item 402(v). The fair value of option awards was determined using a Black-Scholes option-pricing model. The dollar amounts do not reflect the actual amount of compensation earned by or paid during the applicable year. In accordance with Item 402(v), the following adjustments were made to SCT Total Compensation to determine the CAP values:

Reconciliation of SCT Total Compensation to Compensation Actually Paid to CEO

Fiscal Year	SCT Total Compensation for CEO	Minus SCT Change in Pension Value for CEO	Plus Pension Value Service Cost	Minus SCT Equity for CEO	Plus EOY Fair Value of Equity Awards Granted During Fiscal Year that are Outstanding and Invested at EOY ^(a)	Plus Change from BOY to EOY in Fair Value of Awards Granted in Any Prior Fiscal Year that are Outstanding and Invested at EOY ^(a)	Plus Change in Fair Value from BOY to Vesting Date of Awards Granted in Any Prior Fiscal Year that Vested During the Fiscal Year ^(a)	Plus value of Dividends or other Earnings Paid on Stock Option Awards not Otherwise Reflected in Fair Value of Total Compensation	CEO CAP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)=(b)-(c)+(d)-(e)+(f)+(g)+(h)+(i)
2023	15,654,209	2,569,968	861,566	8,256,692	7,264,952	(1,197,875)	859,133	115,621	12,730,946

(a) "EOY" = End of Year, "BOY" = Beginning of Year.

Reconciliation of Average SCT Total Compensation to Average Compensation Actually Paid to Other NEOs

Fiscal Year	Average SCT Total Compensation for Other NEOs	Minus Average SCT Change in Pension Value for Other NEOs	Plus Average Pension Value Service Cost	Minus Average SCT Equity for Other NEOs	Plus Average EOY Fair Value of Equity Awards Granted During Fiscal Year that are Outstanding and Unvested at EOY ^(a)	Plus Average Change from BOY to EOY in Fair Value of Awards Granted in Any Prior Fiscal Year that are Outstanding and Unvested at EOY ^(a)	Plus Average Change in Fair Value from BOY to Vesting Date of Awards Granted in Any Prior Fiscal Year that Vested During the Fiscal Year ^(a)	Plus value of Dividends or other Earnings Paid on Stock Option Awards not Otherwise Reflected in Fair Value of Total Compensation	Average Other NEOs CAP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)=(b)-(c)+(d)-(e)+(f)+(g)+(h)+(i)
2023	5,556,094	22,210	2,349	3,525,880	3,347,797	(226,386)	135,048	31,698	5,298,510

(3) Reflects total shareholder return indexed to \$100 for the S&P 500 Packaged Foods Index, which is an industry line peer group reported in the performance graph included in the Company's 2023 Annual Report on Form 10-K.

(4) Values shown reflect Net Sales as calculated for purposes of our executive compensation program for the applicable reporting year.

For purposes of the above adjustments, the fair value of equity awards on the applicable date were determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, using valuation methodologies that are generally consistent with those used to determine the grant-date fair value for accounting purposes.

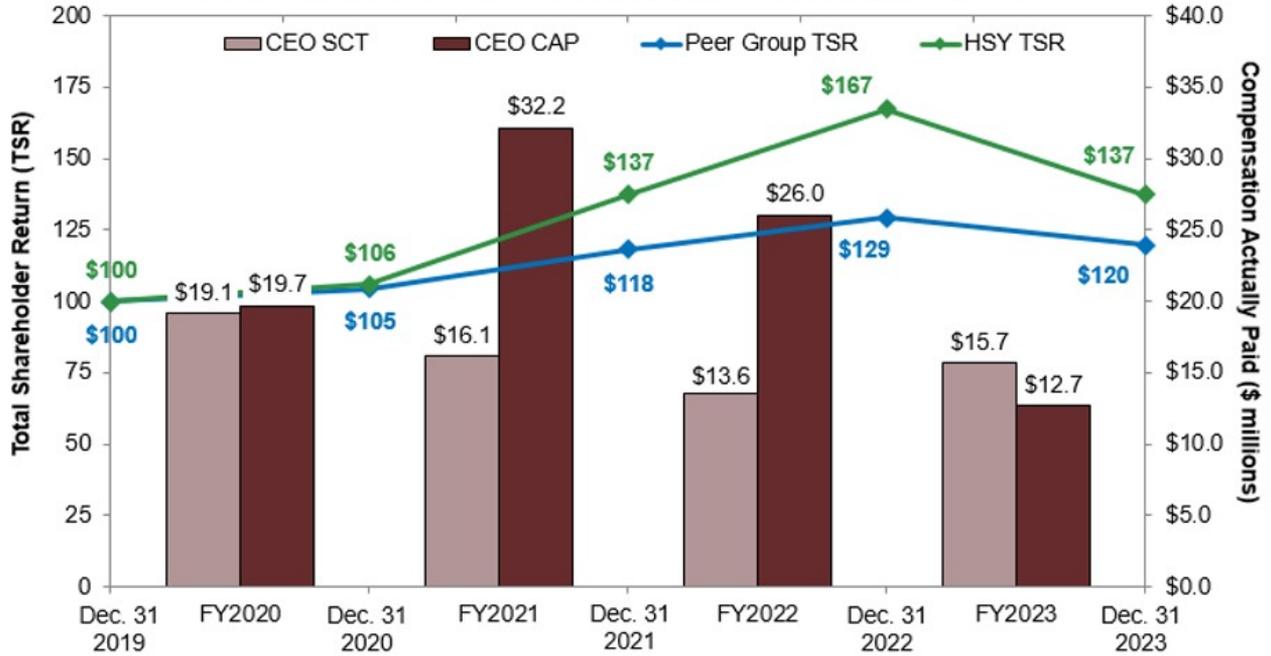
The table below contains ranges of assumptions used in the valuation of outstanding equity awards for the relevant fiscal year(s). For more information, please see the notes to our financial statements in our Annual Report on Form 10-K and the footnotes to the "2023 Summary Compensation Table" in this Proxy Statement

	Fiscal Year 2023
Restricted Stock Units	
Stock Price	\$186.44 - \$242.74
Performance Share Units	
EPS and FCF Metric Multipliers	100% - 250%
TSR Realized Performance (Percentile)	25P - 75P
Volatility	10% - 30%
Risk-Free Interest Rate	3.0% - 5.0%

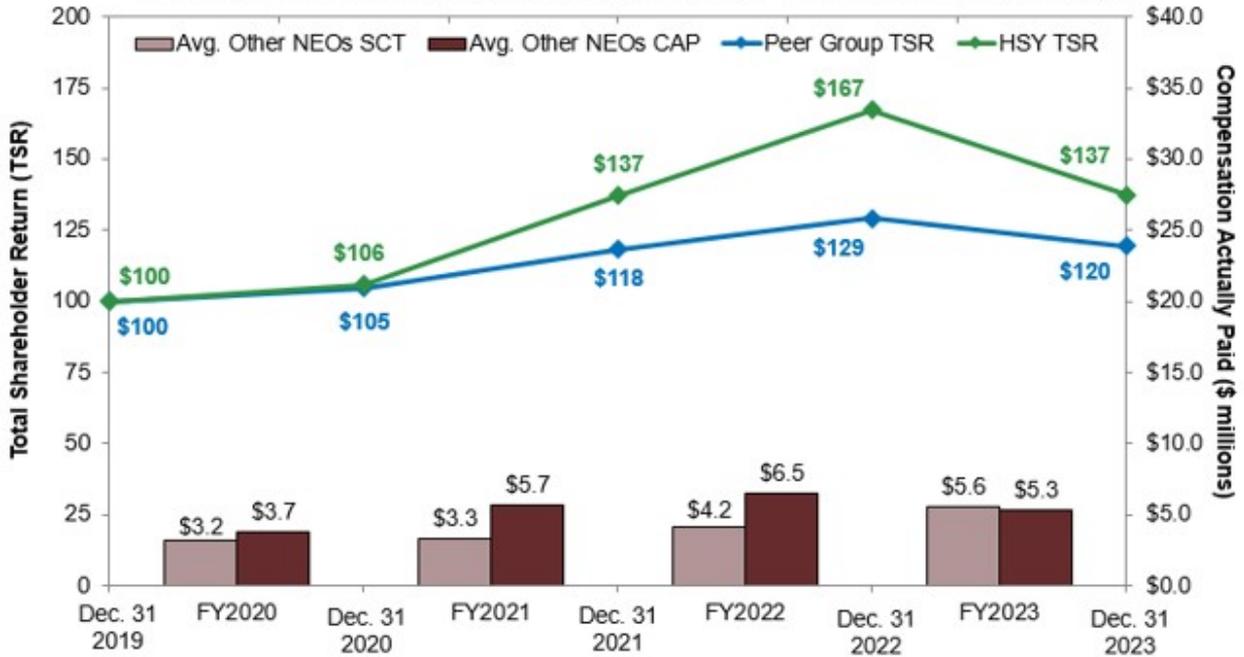
Relationships Between Company TSR and Peer Group TSR and CAP and Company TSR

The graphs below illustrate the relationship between our TSR and the Peer Group TSR, as well as the relationship between CAP and our TSR for the CEO and other NEOs, for each of the years presented. For reference, SCT Total Compensation values for each year are also shown. As the graphs below illustrate, CAP amounts for our CEO and other NEOs are strongly aligned with Hershey's TSR, as intended.

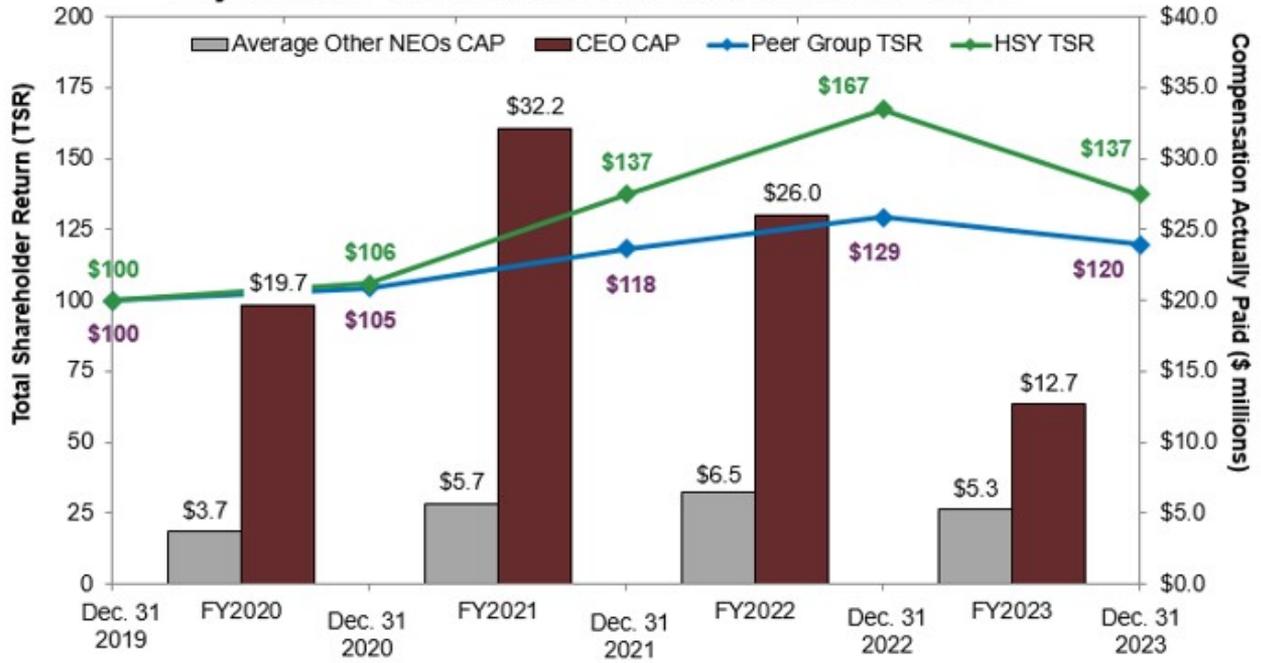
CEO Pay versus Performance: Total Shareholder Return



Avg. Other NEOs Pay versus Performance: Total Shareholder Return

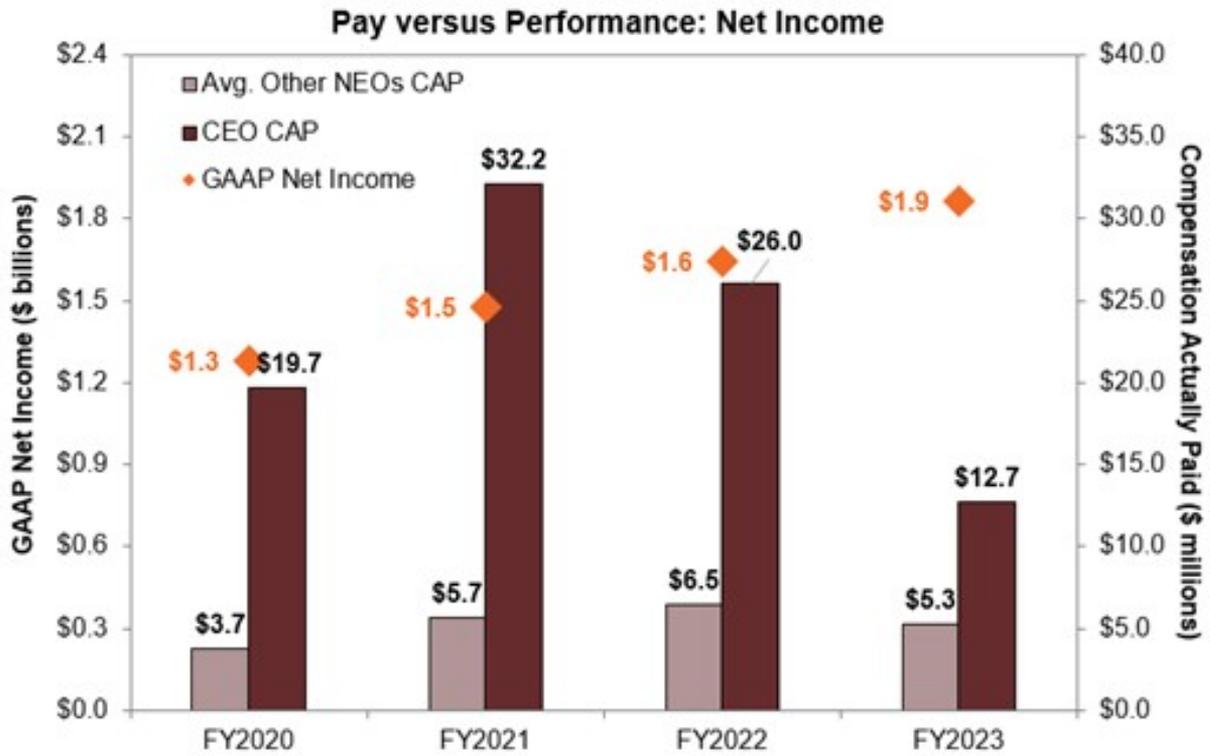


Pay versus Performance: Total Shareholder Return



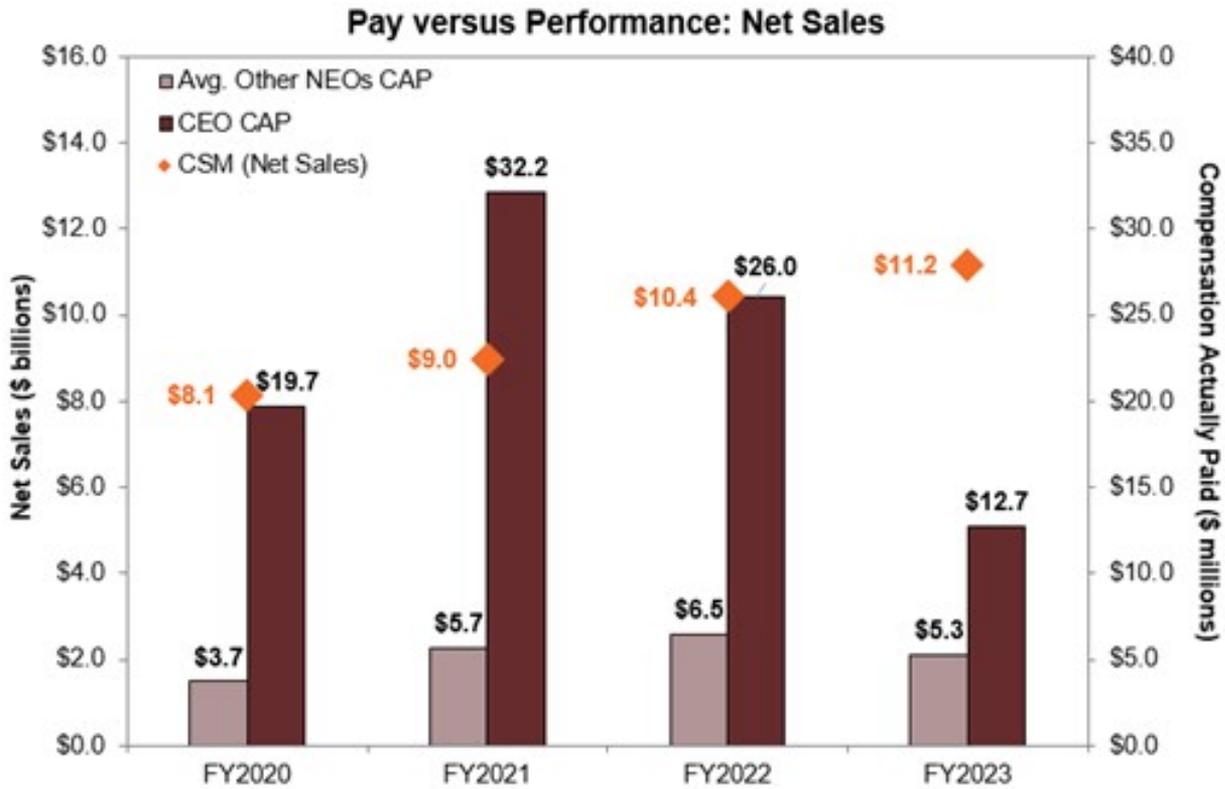
Relationship Between CAP and GAAP Net Income

The graph below reflects the relationship between the CEO and average other NEOs CAPs and GAAP Net Income for each of the years presented. GAAP Net Income is not used as a metric in our annual or long-term incentive plans.



Relationship Between CAP and Net Sales (our Company-Selected Measure)

The graph below reflects the relationship between the CEO and average other NEOs CAPs and Net Sales for each of the years presented. Net Sales determined 50% of financial performance funding under our 2023 OHIP and is an important top-line measure that, when combined with the other measures in the OHIP and PSU awards, supports long-term shareholder value creation.



PROPOSAL NO. 3 – ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION



The Board of Directors unanimously recommends that stockholders vote **FOR** approval, on a non-binding advisory basis, of the compensation of the Company’s named executive officers

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and related SEC rules, and as required under Section 14A of the Exchange Act, we are providing stockholders an opportunity to conduct an advisory vote on the compensation of our NEOs as disclosed in this Proxy Statement.

Prior to submitting your vote, we encourage you to read our “Compensation Discussion & Analysis” and the accompanying executive compensation tables for details about our executive compensation program, including information about the 2023 compensation of our NEOs.

As discussed in more detail in the “Compensation Discussion & Analysis,” we believe our executive compensation program is competitive and governed by pay-for-performance principles. We emphasize compensation opportunities that reward results. Our stock ownership requirements and use of stock-based incentives reinforce the alignment of the interests of our executives with those of our long-term stockholders. In doing so, our executive compensation program supports our strategic objectives and mission.

Accordingly, we ask you to approve the following resolution at the Annual Meeting:

“RESOLVED, that the stockholders of The Hershey Company approve, on an advisory basis, the compensation paid to the Company’s named executive officers, as disclosed in the Proxy Statement for the 2024 Annual Meeting of Stockholders pursuant to the SEC’s compensation disclosure rules, including the Compensation Discussion & Analysis, the executive compensation tables and the related narrative discussion.”

Because your vote is advisory, it will not be binding upon the Board. However, as noted in the “Compensation Discussion & Analysis,” the Compensation Committee and the Board will, as deemed appropriate, take into account the outcome of the vote when considering future decisions affecting executive compensation.

The affirmative vote of at least a majority of the votes of the Common Stock and Class B Common Stock (voting together as a single class) represented electronically or by proxy at the Annual Meeting is required to approve this proposal.

PROPOSAL NO. 4 – STOCKHOLDER PROPOSAL PUBLIC REPORT ON LIVING WAGE & INCOME

The following stockholder proposal has been submitted by American Baptist Home Mission Society, which, as lead filer and together with its five co-filers, has continuously held at least \$2,000 worth of Company Common Stock for at least the last three years. The proposal will be voted on at the Annual Meeting only if properly presented by or on behalf of the proponent. In accordance with applicable proxy regulations, the proposed resolution and supporting statement, for which the Board and the Company accept no responsibility, are set forth below. The Company will provide the name, address and number of shares held by the lead filer and each co-filer upon oral or written request made to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033, (717) 534-4200.



The Board of Directors unanimously recommends
that stockholders vote **AGAINST** Proposal No. 4

Stockholder Proposal

RESOLVED: Shareholders urge the board of directors to commission a third-party assessment that produces recommendations for achieving a living income for cocoa farmers in Hershey’s West African supply chain, beyond legal and regulatory matters. Input from stakeholders, including civil society organizations, cocoa farmers, and suppliers, should be considered in the assessment. A report on the audit, prepared at reasonable cost and omitting confidential/proprietary information, should be published on the company’s website within a reasonable time.

SUPPORTING STATEMENT: The assessment may include:

- An assessment of the gap between current income and living income for cocoa farmers in Hershey’s supply chain;
- The effectiveness of current company strategies to reduce this gap;
- Recommendations for achieving living income goals, that include a gender equity approach.

WHEREAS: Systemic poverty in Ghana and Côte d’Ivoire, where 60% of cocoa is produced, is a driving force of child labor, deforestation, and other human rights abuses in the cocoa sector.¹ Approximately 1.56 million children engage in hazardous work on cocoa farms in Ghana and Côte d’Ivoire.² Low farmer income has also been linked to increased deforestation,³ with Ghana and Côte d’Ivoire losing 65% and 90% respectively of forest cover over the past thirty years.⁴

Exploitative purchasing practices by Hershey and its peers keep local communities in poverty and are criticized as rooted in racial injustice.⁵ Cocoa farmers are often paid far below the World Bank’s poverty threshold of \$2.15 per day.⁶ In response to low income, cocoa farmers have increasingly replaced cocoa with rubber trees or have sold their cocoa farms to gold mining operations.⁷ Without effectively addressing living income, the continued existence of the West African cocoa sector is at stake.

¹ <https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking/child-labor-cocoa;>
<https://cocoabarometer.org/wp-content/uploads/2022/12/Cocoa-Barometer-2022.pdf>

² <https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking/child-labor-cocoa>

³ <https://www.nature.com/articles/s43016-023-00751-8;>

<https://www.theguardian.com/environment/2023/may/22/cocoa-planting-is-destroying-protected-forests-in-west-africa-study-finds>

⁴ <https://www.mightyearth.org/2023/01/13/sweet-nothings-deforestation-remains-high-across-ghana-cote-divoire/>

⁵ <https://cocoabarometer.org/wp-content/uploads/2022/12/Cocoa-Barometer-2022.pdf;>

<https://www.mightyearth.org/2021/06/21/open-letter-on-racial-injustice-in-the-cocoa-sector/>

⁶ <https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/6515a2e3206855235dcb3c5a/1695916782152/There+Will+Be+No+More+Cocoa+Here+-+Final+English.pdf>

⁷ <https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/6515a2e3206855235dcb3c5a/1695916782152/There+Will+Be+No+More+Cocoa+Here+-+Final+English.pdf>

Living income⁸ is a human right that combats inequality and poverty.⁹ Raising the farmgate price, through premiums, for example, can significantly help cocoa farmers reach a living income.¹⁰ Additionally, coupling higher farmgate prices with long-term purchasing contracts can provide greater security and resiliency to cocoa farmers.¹¹

Although Hershey has a Living Wage & Income Position Statement, it makes no commitment to ensuring cocoa farmers earn a living income. The position statement has been criticized for lacking a “concrete, timebound commitment and accompanying action plan...”¹² Hershey’s vague commitment to promote a living income for cocoa farmers has resulted in a set of initiatives, such as the Income Accelerator, that are largely ineffective at ensuring cocoa farmers receive a living income, and in some cases, are undermining it. For example, Hershey was accused of undermining Ghana and Côte d’Ivoire’s recently implemented Living Income Differentials through purchasing practices aimed at circumventing it.¹³

Notably absent from Hershey’s strategy is increasing farmgate prices; price interventions play a “key role in shifting value to farmers and enabling higher incomes.”¹⁴ Additionally, Hershey’s strategy fails to apply a gender equity approach to address particular challenges women cocoa farmers face in cocoa-income-generating activities.¹⁵

Board Statement in Opposition to Stockholder Proposal

We ask stockholders to consider the following:

The Hershey Company is committed to the development of a thriving, sustainable cocoa ecosystem. It is Hershey’s highest ESG priority, and we continue to work to address poverty, child labor and deforestation in cocoa-growing communities in West Africa. As our disclosures have demonstrated, we remain transparent in our progress toward addressing these systemic challenges. To help alleviate poverty and increase farmer income, Hershey is actively involved in important collaborations with the public and private sectors, including governments, non-governmental organizations, suppliers, farmers, and manufacturers. While progress has been made, many cocoa farmers and their families continue to live below the World Bank extreme poverty line, which can lead to difficult living conditions, deforestation to make way for more cocoa farming and children working on the family farm instead of going to school.

We share the proponents’ commitment to alleviating poverty in the cocoa-growing regions of West Africa, however, the Board recommends a vote against this proposal for the following reasons:

The proposal’s request for a third-party assessment is unnecessary because The Hershey Company’s efforts to raise income for cocoa farmers in our West African supply chain is already informed by third parties who assisted in developing the Company’s strategies.

- The Company has performed the actions recommended by the proponents. Specifically in 2021, the Company commissioned IPSOS to provide an assessment of living income in West Africa. The results were disclosed and are available on our website. The results of these assessments informed our strategies and were augmented by additional work with KPMG and other leading experts in 2023. The Company will complete another assessment in 2024 to measure efficacy and progress, which will also be shared with investors and other key stakeholders.
- To inform our cocoa sourcing and sustainability strategies, we regularly consult leading experts and research in poverty reduction, rural agriculture, human rights and child well-being and innovation. Most recently, in 2023, Hershey partnered with KPMG and other leading experts and engaged with origin governments and non-governmental organizations regarding leading practices across agricultural sectors to update and guide our on-the-ground efforts to make meaningful impact within our supply chain.
- As a result, in 2024, Hershey will begin to implement specific shifts in our cocoa sourcing and sustainability efforts that focus on creating longer-term relationships with farming communities to improve incomes and farming practices and invest in primary education infrastructure to help children stay in school.

⁸ <https://www.living-income.com/>

⁹ https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*1ei0guo*_ga*MTI5NTI4MjAzNi4xNjM4MzgzOTk3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw

¹⁰ <https://cocoabarometer.org/wp-content/uploads/2022/12/Cocoa-Barometer-2022.pdf>

¹¹ https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*1ei0guo*_ga*MTI5NTI4MjAzNi4xNjM4MzgzOTk3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw

¹² https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*1ei0guo*_ga*MTI5NTI4MjAzNi4xNjM4MzgzOTk3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw

¹³ <https://www.latimes.com/business/story/2020-12-01/chocolate-war-cocoa-growers-hershey-mars-ghana-ivory-coast>; <https://voicenetwork.cc/wp-content/uploads/2022/09/220920-Cocoa-Barometer-Living-Income-Compendium.pdf>

¹⁴ https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*1ei0guo*_ga*MTI5NTI4MjAzNi4xNjM4MzgzOTk3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw

¹⁵ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621485/rr-ghana-cocoa-farmers-living-income-140223-en.pdf?sequence=1>

The proposal's request of an assessment of the gap between current income and living income for cocoa farmers in Hershey's supply chain is unnecessary because Hershey has already assessed and provided an update regarding the living income gap.

- In 2021, in an effort to better understand cocoa farmer and household incomes in Ghana and Côte d'Ivoire, Hershey commissioned IPSOS to provide an impact assessment. Those findings were published in Hershey's 2022 ESG Report (reference page 30) and indicated that currently a small percentage of cocoa farming households reach the Living Income Benchmark. These findings are informing our work in farmer premiums, income diversification and village savings and loan associations (VSLAs)¹ that serve as a foundation of economic resilience.
- Hershey will conduct an assessment to update key information from the 2021 baseline assessment to measure the efficacy of our programs.

Hershey's existing strategy, as informed by the third-party assessments commissioned by the Company, seeks to address the living income gap and includes regular assessment and disclosure regarding the efficacy of our efforts. As a result, the proposal's request that the assessment include the effectiveness of current Company strategies to reduce this gap and recommendations for achieving living income goals that include a gender equity approach is unnecessary.

- We have continuously evaluated and refined our strategy to improve farmer livelihoods. In 2023, the Company launched an Income Accelerator program in Côte d'Ivoire and is expanding this initiative in 2024. This program provides cash transfers and funds VSLAs, a proven method for increasing savings and building economic resiliency. They are also critical tools to engage women in household decision-making.
- To measure and evaluate progress, Hershey will leverage tools and expertise provided by a Learning Advisory Committee that includes Sustainable Food Lab and is chaired by Côte d'Ivoire's Conseil du Café-Cacao. Updates on the program's progress will be provided on the Hershey website and in our annual ESG Report. Hershey is committed to continued collaboration with industry and governmental partners in Côte d'Ivoire to ensure the program has a long-term beneficial impact for cocoa farming households.
- Hershey will continue to provide farmers with premium payments for their cocoa as part of our contracts with suppliers for purchases of cocoa. The company also requires the payment of the \$400 Living Income Differential premium for all cocoa purchases made by Hershey suppliers.

Hershey is committed to continuing our work and providing leadership to address the challenges found in cocoa communities and bring systemic and lasting change. We will continue to provide updates on our actions and progress in our existing annual ESG Report and other sustainability reporting. Providing stakeholders with another assessment and incremental reports on our efforts is redundant and does not advance our substantive efforts to improve farmer incomes and economic resiliency.

Accordingly, our Board unanimously recommends a vote AGAINST this proposal.

¹ VSLA By the Numbers: A Comprehensive Analysis of the Impact and ROI of VSLAs – CARE | Evaluations (carevaluations.org)

PROPOSAL NO. 5 – STOCKHOLDER PROPOSAL PUBLIC REPORT ON PACKAGING REUSE & RECYCLING

The following stockholder proposal has been submitted by As You Sow on behalf of the Elizabeth C Funk Trust, which held the requisite number of shares of Company Common Stock on the submission date, together with one co-filer. The proposal will be voted on at the Annual Meeting only if properly presented by or on behalf of the proponent. In accordance with applicable proxy regulations, the proposed resolution and supporting statement, for which the Board and the Company accept no responsibility, are set forth below. The Company will provide the name, address and number of shares held by the filer and the co-filer upon oral or written request made to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033, (717) 534-4200.



The Board of Directors unanimously recommends
that stockholders vote **AGAINST** Proposal No. 5

Stockholder Proposal

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

A circular economy for packaging, whereby packaging stays in the economy and out of the environment, plays an important role in a net-zero emissions world. Hershey's acknowledges that its product packaging plays a significant role in reducing its Scope 3 emissions,⁵ yet has taken insufficient action in ensuring its end-of-life packaging is recycled at scale.⁶

More than 100 leading companies have committed to promoting a circular economy for packaging by acknowledging responsibility for the collection, sorting, and recycling of packaging at end-of-life, a policy known as Extended Producer Responsibility (EPR).⁷ Hershey's cites insufficient recycling infrastructure as a barrier to setting new packaging sustainability targets, yet fails to acknowledge and act on its responsibility to improve recycling systems as other companies have done.

In the absence of legislated EPR, companies must voluntarily contribute to improve the collection and recycling of their packaging. Leading estimates find that \$17 billion is needed to modernize and expand recycling infrastructure.⁸ To meet this figure for plastics alone, companies must contribute at least \$88 for every metric ton of plastic used.⁹

Competitor Nestlé and at least 28 other major consumer goods companies make voluntary contributions to expand recycling infrastructure.¹⁰ Hershey's is not known to voluntarily contribute to help ensure its packaging never becomes waste.

Hershey's also received an "F" grade on As You Sow's recent report evaluating corporate packaging sustainability in part for its failure to financially support recycling infrastructure and endorse EPR.¹¹

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

RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding proprietary information, describing opportunities for Hershey's to support a circular economy for packaging at its end-of-life.

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

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

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

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

⁵ <https://www.thehersheycompany.com/content/dam/hershey-corporate/documents/pdf/hershey-2022-esg-report.pdf>, p. 71

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

⁷ https://ellenmacarthurfoundation.org/extended-producerresponsibility/overview?_ga=2.194255722.613184023.1673367048-710010554.1662564816&_gl=1*18c5mjb*_ga*NzEwMDEwNTU0LjE2NjI1NjQ4MTY.*_ga_V32N675KJX*MTY3MzZm2NzA0OC4xNC4wLjE2NzZmNjcwNDguNjAuMC4w

⁸ <https://recyclingpartnership.org/paying-it-forward/>

⁹ <https://plasticiq.org/>

¹⁰ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 17

¹¹ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 5

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

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

Board Statement in Opposition to Stockholder Proposal

We ask stockholders to consider the following:

As part of our goal to become a Leading Snacking Powerhouse, we are committed to product sustainability, including in our efforts to reduce packaging waste and improve the circularity of our product packaging. As disclosures in our ESG Report demonstrate, we have been transparent in our efforts to reduce our environmental impact and continue to collaborate with industry peers to improve the circularity of our products.

Our Board recommends a vote against this proposal for the following reasons:

The Hershey Company is transparent in our efforts to reduce packaging waste and improve the circularity of our packaging, including through our commitment to certain packaging-related goals.

- We annually report on our efforts to reduce packaging waste in our ESG Report. We set our first packaging targets in 2015 to remove 25 million pounds of materials globally and source 100% of pulp and paper for products from recycled material or certified mills in the U.S. and Canada. We achieved these goals in 2020.
- In 2021, we committed to removing an additional 25 million pounds of materials. By the end of 2023, we removed a total of 40.4 million pounds of material through changes in our packaging.
- We have eliminated PVC from our packaging and are committed to converting 100% of our packaging to be recyclable, reusable or compostable by 2030. We continue to make steady progress on achieving this goal. To date, 84% of our packaging portfolio is recyclable with 32%¹ of that being plastic materials.

Hershey invests and collaborates with peers and partners to develop solutions to improve the sustainability of packaging within our industry and is taking steps to align and enable recycling infrastructure where our products are sold.

- We recognize our voice can play a significant role in driving industry change and can be more impactful than only focusing our efforts on solving packaging issues within our own value chain.
- We invest in and work with industry peers to advance the development and use of sustainable packaging. Through our membership at the National Confectioners Association (NCA), where we participate on the Board, we helped develop, adopt, and approve the NCA's Extended Producer Responsibility (EPR) Principles and are committed to investing in recycling infrastructure, including new circular waste solutions. We endorse the NCA's EPR Principles.
- We are supportive of and advocate for a collaborative effort to invest in needed upgrades to recycling infrastructure. For example, we invest and engage in associations representing the full value chain like Ameripen, whose members include organizations that represent the entire packaging value chain, from packaging producers to consumer-facing companies like Hershey to the waste management industry.

We continue to review and enhance our agenda and are committed to continuous improvement and acceleration of our packaging efforts.

- Even with our progress to date, our Board remains committed to improving our strategy and further reducing packaging waste. The Board, through its Governance Committee, regularly reviews the Company's packaging strategy with management and discusses ways in which the Company could further improve its progress.
- As a result of ongoing conversations, we recently conducted an internal assessment to identify where we can strengthen our sustainable packaging strategy. Findings from this assessment are informing our strategy refreshment work currently underway.
- Our updated strategy is focused on reducing materials, improving circularity and reducing the impact of GHG associated packaging emissions in line with our climate strategy.

¹ This value includes candy, mint, and gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials and only represents North American confectionary packaging, not global packaging.

As demonstrated by our transparency, investment and partnerships, and continuous efforts to accelerate progress, we remain committed to addressing packaging waste and improving the circularity of packaging. We regularly engage with our suppliers, industry peers, and members of the packaging value chain in search of viable solutions to improve the sustainability of packaging and will continue to share our efforts and progress accordingly.

Accordingly, our Board unanimously recommends a vote AGAINST this proposal.

CERTAIN TRANSACTIONS AND RELATIONSHIPS

Item 404 of Regulation S-K requires that we disclose any transaction or series of similar transactions, or any currently proposed transaction(s), in which (i) the Company was or is to be a participant, (ii) the amount involved exceeds \$120,000 and (iii) any of the following persons had or will have a direct or indirect material interest:

- Our directors or nominees for director;
- Our executive officers;
- Persons owning more than 5% of any class of our outstanding voting securities; or
- The immediate family members of any of the persons identified in the preceding three bullets.

Policies and Procedures Regarding Transactions with Related Persons

The Board has adopted a written Related Person Transaction Policy that governs the review, approval or ratification of related person transactions. The Related Person Transaction Policy may be viewed on the Investors section of our website at www.thehersheycompany.com.

Under the Related Person Transaction Policy, each related person transaction, and any significant amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of our Board composed solely of independent directors who have no interest in the transaction. We refer to each such committee as a Reviewing Committee. The Related Person Transaction Policy also permits the disinterested members of the full Board to act as a Reviewing Committee. As required by applicable NYSE Listing Standards, the Reviewing Committee or disinterested directors, as applicable, will prohibit any related person transaction that they determine to be inconsistent with the interests of the Company and its stockholders. In addition, any related person transaction previously reviewed that is ongoing in nature will be reviewed by the Reviewing Committee or disinterested directors, as applicable, annually to evaluate whether or not it should be permitted to continue.

The Board has designated the Governance Committee as the Reviewing Committee primarily responsible for the administration of the Related Person Transaction Policy. In addition, the Board has designated a special Reviewing Committee comprised of the disinterested, independent directors of the Board's Executive Committee to oversee certain transactions involving the Company and Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. Finally, the Related Person Transaction Policy provides that the Compensation Committee will review and approve, or review and recommend to the Board for approval, any employment relationship or transaction involving an executive officer of the Company and any related compensation.

When reviewing, approving or ratifying a related person transaction, the Reviewing Committee will examine all material facts about the related person's interest in, or relationship to, the transaction, including the approximate dollar value of the transaction. If the related person transaction involves an outside director or nominee for director, the Reviewing Committee also may consider whether the transaction would compromise the director's status as an "independent director," "outside director" or "non-employee director" under the Board's Corporate Governance Guidelines, the NYSE Rules, the IRC or the Exchange Act.

Transactions with Hershey Trust Company, Milton Hershey School and the Milton Hershey School Trust

During 2023, there were no transactions with the Company in which any executive officer, director or nominee for director, or any of their immediate family members, had a direct or indirect material interest that would be required to be disclosed pursuant to Item 404 of Regulation S-K, nor are any such transactions currently planned.

In any given year, we may engage in certain transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. These transactions are typically immaterial, ordinary-course transactions that do not constitute related person transactions. However, from time to time we may also engage in related person transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and/or their subsidiaries and affiliates that are not inconsistent with the interests of the Company and its stockholders. Under the Board's Corporate Governance Guidelines, a special Reviewing Committee composed of the independent, disinterested members of the Executive Committee must approve these transactions.

On February 13, 2023, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the Milton Hershey School Trust, pursuant to which the Company agreed to purchase 1,000,000 shares of the Company's Common Stock from the Milton Hershey School Trust at a price equal to \$239.91 per share, for a total purchase price of \$239,910,000. Consistent with the requirements of the Board's Corporate Governance Guidelines, the transaction was approved by the independent directors of the Executive Committee having no affiliation with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust or their affiliates. The transaction closed on February 15, 2023.

During 2023, we also engaged in transactions in the ordinary course of our business with Hershey Trust Company, Milton Hershey School and companies affiliated with Hershey Trust Company, Milton Hershey School and the Milton Hershey School Trust. These transactions involved the sale and purchase of goods and services at market rates. The transactions were primarily with Hershey Entertainment & Resorts Company, a company that is owned by the Milton Hershey School Trust. All sales and purchases were made on terms and at prices we believe were generally available in the marketplace and were in amounts that were not material to us or to Hershey Entertainment & Resorts Company or the Milton Hershey School Trust. Therefore, these were not related person transactions and did not require approval under our Related Person Transaction Policy.

Although these ordinary course transactions with Hershey Trust Company, Milton Hershey School and the companies affiliated with each of the foregoing and with the Milton Hershey School Trust (including Hershey Entertainment & Resorts Company), as described immediately above, are immaterial and not required to be disclosed under Item 404 of Regulation S-K, we have elected to disclose the aggregate amounts of such purchase and sale transactions with these entities for your information because of our relationship with these entities and for added transparency. In this regard:

- Our total sales to these entities in 2023 were approximately \$1.4 million; and
- Our total purchases from these entities in 2023 were approximately \$663,000.

We do not expect the types of transactions or the amount of payments for these ordinary course transactions to change materially in 2024.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mmes. Arway, Haben, Koken and Kraus and Messrs. Crawford and Palmer served as members of our Compensation Committee at various times during 2023. None of the members of our Compensation Committee served as one of our officers or employees during 2023 or at any time in the past, and neither they nor any other director served as an executive officer of any entity for which any of our executive officers served as a director or member of its compensation committee.

None of the members of our Compensation Committee has a relationship with us that is required to be disclosed under Item 404 of Regulation S-K.

OTHER MATTERS

Householding of Proxy Materials

The SEC has adopted rules that allow us to send in a single envelope our Notice of Internet Availability of Proxy Materials or a single copy of our proxy solicitation and other required annual meeting materials to two or more stockholders sharing the same address. We may do this only if the stockholders at that address share the same last name or if we reasonably believe that the stockholders are members of the same family. If we are sending a Notice of Internet Availability of Proxy Materials, the envelope must contain a separate notice for each stockholder at the shared address. Each Notice of Internet Availability of Proxy Materials must contain a unique control number that each stockholder will use to gain access to our proxy materials and vote online. If we are mailing a paper copy of our proxy materials, the rules require us to send each stockholder at the shared address a separate proxy card.

We believe this procedure provides greater convenience to our stockholders and reinforces the Company's Shared Goodness Promise of sustainability and protecting the environment by reducing wasteful duplicate mailings, as well as printing and mailing costs and fees. However, stockholders at a shared address may revoke their consent to the householding program and receive their Notice of Internet Availability of Proxy Materials in a separate envelope, or, if they have elected to receive a full copy of our proxy materials in the mail, receive a separate copy of these materials. If you have elected to receive paper copies of our proxy materials and want to receive a separate copy of these materials for our 2024 Annual Meeting, please call our Investor Relations Department, toll free, at (800) 539-0261, and we will deliver them promptly upon request. If you consented to the householding program and wish to revoke your consent for future years, simply call, toll free, (866) 540-7095, or write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

Information Regarding the 2025 Annual Meeting of Stockholders

To be eligible for inclusion in the proxy materials for the 2025 Annual Meeting of Stockholders, a stockholder proposal must be received by our Secretary by no later than November 26, 2024, and must comply in all respects with applicable rules of the SEC. Stockholder proposals should be addressed to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033.

A stockholder may present a proposal not included in our proxy materials from the floor of the 2025 Annual Meeting of Stockholders only if the Secretary of the Company receives notice of the proposal, along with additional information required by our by-laws, between January 6, 2025 and February 5, 2025. Notice should be addressed to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033.

The notice must contain the following additional information:

- The stockholder's name and address;
- The stockholder's shareholdings;
- A brief description of the proposal;
- A brief description of any financial or other interest the stockholder has in the proposal; and
- Any additional information that the SEC would require if the proposal were presented in a proxy statement.

A stockholder may nominate a director from the floor of the 2025 Annual Meeting of Stockholders only if the Secretary of the Company receives notice of the nomination, along with additional information required by our by-laws, between January 6, 2025 and February 5, 2025, at the address set forth above. The notice must contain the following additional information:

- The stockholder's name and address;
- A representation that the stockholder is a holder of record of any class of our equity securities;
- A representation that the stockholder intends to make the nomination in person or by proxy at the meeting;
- A description of any arrangement the stockholder has with the individual the stockholder plans to nominate and the reason for making the nomination;
- The nominee's name, address and biographical information;
- The written consent of the nominee to serve as a director if elected; and
- Any additional information regarding the nominee that the SEC would require if the nomination were included in a proxy statement regardless of whether the nomination may be included in such proxy statement.

Any stockholder holding 25% or more of the votes entitled to be cast at the 2025 Annual Meeting of Stockholders is not required to comply with these pre-notification requirements.

A stockholder may solicit proxies in support of director nominees, other than the Company's nominees, and include their director nominations on the Company's proxy card for the 2025 Annual Meeting of Stockholders only if the stockholder complies with SEC Rule 14a-19 and the Secretary of the Company receives notice of the stockholder's intent to solicit proxies, along with any additional information required by our by-laws, on or before March 7, 2025, at the address set forth above. The notice must contain the information required by SEC Rule 14a-19.

APPENDIX A – GAAP TO NON-GAAP RECONCILIATION

Non-GAAP Financial Measures

While we report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”), we also use financial measures not in accordance with GAAP in order to provide additional information to investors to facilitate the comparison of past and present performance. The Company refers to these items as “adjusted” or “non-GAAP” financial measures. Some of the financial targets under our short- and long-term incentive programs are based on non-GAAP financial measures, such as adjusted earnings per share-diluted. Non-GAAP financial measures are used by management in evaluating results of operations internally and in assessing the impact of known trends and uncertainties on our business, but they are not intended to replace the presentation of financial results in accordance with GAAP. Rather, the Company believes exclusion of certain items provides additional information to investors to facilitate the comparison of past and present operations.

Adjusted earnings per share-diluted is defined as diluted earnings per share of the Company’s Common Stock, excluding certain items impacting comparability, including gains and losses associated with mark-to-market commodity derivatives, business realignment activities, acquisition and integration-related activities and other miscellaneous losses and benefits. A reconciliation of adjusted earnings per share-diluted to the nearest comparable GAAP financial measure, earnings per share-diluted, as presented in the Company’s Consolidated Statements of Income for the years ended December 31, 2023 and 2022, is provided below.

Reconciliation of Certain Non-GAAP Financial Measures			
Consolidated results	Twelve Months Ended		Change (%)
	December 31, 2023 (\$)	December 31, 2022 (\$)	
Reported EPS - Diluted	9.06	7.96	13.8
Derivative mark-to-market loss	0.29	0.38	
Business realignment activities	0.01	0.02	
Acquisition and integration-related activities	0.37	0.24	
Other miscellaneous losses	—	0.07	
Tax effect of all adjustments reflected above	(0.14)	(0.15)	
Adjusted EPS - Diluted	9.59	8.52	12.6

Details of the charges included in GAAP results, as summarized in the reconciliation above, are as follows:

Derivative Mark-to-Market Losses (Gains): The mark-to-market losses (gains) on commodity derivatives are recorded as unallocated and excluded from adjusted results until such time as the related inventory is sold, at which time the corresponding losses (gains) are reclassified from unallocated to segment income. Since we often purchase commodity contracts to price inventory requirements in future years, we make this adjustment to facilitate the year-over-year comparison of cost of sales on a basis that matches the derivative gains and losses with the underlying economic exposure being hedged for the period.

Business Realignment Activities: We periodically undertake restructuring and cost reduction activities as part of ongoing efforts to enhance long-term profitability. During the fourth quarter of 2020, we commenced the International Optimization Program to streamline resources and investments in select international markets, including the optimization of our China operating model to improve efficiencies and provide a more sustainable and simplified base going forward. During the 12-month period of 2023, business realignment charges related primarily to other third-party costs related to this program, as well as severance and employee benefit costs. During the 12-month period of 2022, business realignment charges related primarily to other third-party costs, as well as severance and employee benefit costs. This program was completed in 2023.

Acquisition and Integration-Related Activities: During the 12-month period of 2023, we incurred costs related to the acquisition of two manufacturing plants from Weaver Popcorn Manufacturing, Inc., the integration of the 2021 acquisitions of Dot’s Pretzels, LLC (“Dot’s”) and Pretzels Inc. (“Pretzels”) into our North America Salty Snacks segment and the building and upgrading our new ERP system for implementation across our North America Salty Snacks segment in the fourth quarter of 2023. During the 12-month period of 2022, we incurred costs related to the integration of the 2021 acquisitions of Lily’s Sweets, LLC, Dot’s and Pretzels.

Other Miscellaneous Losses (Benefits): During the 12-month period of 2023, we did not incur any miscellaneous benefits or losses relevant to the reconciliation of earnings per share-diluted to adjusted earnings per share-diluted. During the 12-month period of 2022, we recorded a loss on the sale of non-operating assets located in Pennsylvania..

Tax Effect of All Adjustments: This line item reflects the aggregate tax effect of all pre-tax adjustments reflected in the preceding line items of the applicable table. The tax effect for each adjustment is determined by calculating the tax impact of the adjustment on the Company's quarterly effective tax rate, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-183



THE HERSHEY COMPANY

(Exact name of registrant as specified in its charter)

Delaware

23-0691590

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

19 East Chocolate Avenue, Hershey, PA 17033

(Address of principal executive offices and Zip Code)

(717) 534-4200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, one dollar par value	HSY	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Class B Common Stock, one dollar par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common equity held by non-affiliates was \$36,849,433,110. Class B Common Stock is not listed for public trading on any exchange or market system. However, Class B shares are convertible into shares of Common Stock at any time on a share-for-share basis. Determination of aggregate market value assumes all outstanding shares of Class B Common Stock held by non-affiliates were converted to Common Stock as of June 30, 2023. The market value indicated is calculated based on the closing price of the Common Stock on the New York Stock Exchange on June 30, 2023 (\$249.70 per share).

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, one dollar par value—149,336,442 shares, as of February 16, 2024.

Class B Common Stock, one dollar par value—54,613,514 shares, as of February 16, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

THE HERSHEY COMPANY
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2023

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, including the exhibits hereto and the information incorporated by reference herein, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements can be identified by the use of words such as “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would,” among others. Forward-looking statements are predictions only and actual results could differ materially from management’s expectations due to a variety of factors, including those described below in Item 1A. “Risk Factors” and in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by such risk factors. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. The forward-looking statements that we make in this Annual Report on Form 10-K are based on management’s current views and assumptions regarding future events and speak only as of their dates. We assume no obligation to update developments of these risk factors or to announce publicly any revisions to any of the forward-looking statements that we make, or to make corrections to reflect future events or developments, except as required by the federal securities laws.



PART I

Item 1. BUSINESS

The Hershey Company was incorporated under the laws of the State of Delaware on October 24, 1927 as a successor to a business founded in 1894 by Milton S. Hershey. In this report, the terms “Hershey,” “Company,” “we,” “us” or “our” mean The Hershey Company and its wholly-owned subsidiaries and entities in which it has a controlling financial interest, unless the context indicates otherwise.

Hershey is a global confectionery leader known for making more moments of goodness through chocolate, sweets, mints and other great tasting snacks. We are the largest producer of quality chocolate in North America, a leading snack maker in the United States and a global leader in chocolate and non-chocolate confectionery. We market, sell and distribute our products under more than 90 brand names in approximately 80 countries worldwide.

Reportable Segments

The Company reports its operations through three segments: (i) North America Confectionery, (ii) North America Salty Snacks and (iii) International. This organizational structure aligns with how our Chief Operating Decision Maker (“CODM”) manages our business, including resource allocation and performance assessment, and further aligns with our product categories and the key markets we serve.

- **North America Confectionery** – This segment is responsible for our traditional chocolate and non-chocolate confectionery market position in the United States and Canada. This includes our business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines. This segment also includes our retail operations, including Hershey’s Chocolate World stores in Hershey, Pennsylvania; New York, New York; Las Vegas, Nevada; Niagara Falls (Ontario) and Singapore, as well as operations associated with licensing the use of certain of the Company’s trademarks and products to third parties around the world.
- **North America Salty Snacks** – This segment is responsible for our salty snacking products in the United States. This includes ready-to-eat popcorn, baked and trans fat free snacks, pretzels and other snacks.
- **International** – International is a combination of all other operating segments that are not individually material, including those geographic regions where we operate outside of North America. We currently have operations and manufacture product in Mexico, Brazil, India and Malaysia, primarily for consumers in these regions, and also distribute and sell confectionery products in export markets of Asia, Latin America, Middle East, Europe, Africa and other regions.

Financial and other information regarding our segments is provided in our Management’s Discussion and Analysis and Note 13 to the Consolidated Financial Statements.

Business Acquisitions and Divestitures

On May 31, 2023, we completed the acquisition of certain assets that provide additional manufacturing capacity from Weaver Popcorn Manufacturing, Inc. (“Weaver”), a leader in the production and co-packing of microwave popcorn and ready-to-eat popcorn, and former co-manufacturer of the Company’s *SkinnyPop* brand.

In December 2021, we completed the acquisition of Pretzels Inc. (“Pretzels”), previously a privately held company that manufactures and sells pretzels and other salty snacks for other branded products and private labels in the United States. Pretzels is an industry leader in the pretzel category with a product portfolio that includes filled, gluten free and seasoned pretzels, as well as extruded snacks that complements Hershey’s snacks portfolio. Based in Bluffton, Indiana, Pretzels operates three manufacturing locations in Indiana and Kansas. Pretzels provides Hershey deep pretzel category and product expertise and the manufacturing capabilities to support brand growth and future pretzel innovation. Additionally in December 2021, we completed the acquisition of Dot’s Pretzels, LLC (“Dot’s”), previously a privately held company that produces and sells pretzels and other snack food products to retailers and distributors in the United States, with *Dot’s Homestyle Pretzels* snacks as its primary product, which complements Hershey’s snacks portfolio.

In June 2021, we completed the acquisition of Lily’s Sweets, LLC (“Lily’s”), previously a privately held company that sells a line of sugar-free and low-sugar confectionery foods to retailers and distributors in the United States and



Canada. Lily's products include dark and milk chocolate style bars, baking chips, peanut butter cups and other confection products that complement Hershey's confectionery and confectionery-based portfolio.

In January 2021, we completed the divestiture of Lotte Shanghai Foods Co., Ltd. ("LSFC"), which was previously included within the International segment results in our consolidated financial statements. Total proceeds from the divestiture and the impact on our consolidated financial statements were immaterial.

Products and Brands

Our principal product offerings include chocolate and non-chocolate confectionery products; gum and mint refreshment products and protein bars; snack items such as popcorn, pretzels, spreads, snack bites and mixes; and pantry items, such as baking ingredients, toppings and beverages.

- Within our North America Confectionery segment, our product portfolio includes a wide variety of chocolate offerings marketed and sold under the renowned brands of *Hershey's*, *Reese's* and *Kisses*, along with other popular chocolate and non-chocolate confectionery brands such as *Jolly Rancher*, *Almond Joy*, *Brookside*, *barkTHINS*, *Cadbury*, *Good & Plenty*, *Heath*, *Kit Kat*®, *Payday*, *Rolo*®, *Twizzlers*, *Whoppers* and *York*. Our protein bar products include *ONE* bar and our gum and mint products include *Ice Breakers* mints and chewing gum, *Breath Savers* mints and *Bubble Yum* bubble gum. We also have pantry items, including baking products, toppings and sundae syrups sold under the *Hershey's*, *Reese's*, *Heath* and *Lily's* brands, as well as *Hershey's* and *Reese's* chocolate spreads and snack bites and mixes.
- Within our North America Salty Snacks segment, we have our salty snack items. This includes ready-to-eat *SkinnyPop* popcorn, baked and trans fat free *Pirates Booty* snacks and *Dot's Homestyle Pretzels* snacks.
- Within our International segment, we manufacture, market and sell many of these same brands, as well as other brands that are marketed regionally, such as *Pelon Pelo Rico* confectionery products in Mexico, *IO-IO* snack products in Brazil and *Sofit* beverage products in India.

Principal Customers and Marketing Strategy

Our customers are mainly wholesale distributors, chain grocery stores, mass merchandisers, chain drug stores, vending companies, wholesale clubs, convenience stores, dollar stores, concessionaires and department stores. The majority of our customers, with the exception of wholesale distributors, resell our products to end-consumers in retail outlets in North America and other locations worldwide.

In 2023, approximately 28% of our consolidated net sales were made to McLane Company, Inc., one of the largest wholesale distributors in the United States ("U.S.") to convenience stores, drug stores, wholesale clubs and mass merchandisers and the primary distributor of our products to Wal-Mart Stores, Inc.

The foundation of our marketing strategy is our strong brand equities, product innovation and the consistently superior quality of our products. We devote considerable resources to the identification, development, testing, manufacturing and marketing of new products. We utilize a variety of promotional programs directed towards our customers, as well as advertising and promotional programs for consumers of our products, to stimulate sales of certain products at various times throughout the year.

In conjunction with our sales and marketing efforts, our efficient product distribution network helps us maintain sales growth and provide superior customer service by facilitating the shipment of our products from our manufacturing plants to strategically located distribution centers. We primarily use common carriers to deliver our products from these distribution points to our customers.



Raw Materials and Pricing

Cocoa products, including cocoa liquor, cocoa butter and cocoa powder processed from cocoa beans, are the most significant raw materials we use to produce our chocolate products. These cocoa products are purchased directly from third-party suppliers, who source cocoa beans that are grown principally in Far Eastern, West African, Central and South American regions. West Africa accounts for approximately 70% of the world's supply of cocoa beans.

Adverse changes in climate or extreme weather, crop disease, political unrest and other problems in cocoa-producing countries have caused price fluctuations in the past, but have never resulted in the total loss of a particular producing country's cocoa crop and/or exports. In the event that a significant disruption occurs in any given country, we believe cocoa from other producing countries and from current physical cocoa stocks in consuming countries would provide a significant supply buffer.

Our trading company in Switzerland performs all aspects of cocoa procurement, including price risk management, physical supply procurement and sustainable sourcing oversight. The trading company optimizes the supply chain for our cocoa requirements, with a strategic focus on gaining real time access to cocoa market intelligence. It also provides us with the ability to recruit and retain world class commodities traders and procurement professionals and enables enhanced collaboration with commodities trade groups, the global cocoa community and sustainable sourcing resources.

We also use substantial quantities of sugar, corn products, Class II and IV dairy products, wheat products, peanuts, almonds and energy in our production process. Most of these inputs for our domestic and Canadian operations are purchased from suppliers in the United States. For our international operations, inputs not locally available may be imported from other countries.

We change prices and weights of our products when necessary to accommodate changes in input costs, the competitive environment and profit objectives, while at the same time maintaining consumer value. Price increases and weight changes help to offset increases in our input costs, including raw and packaging materials, fuel, utilities, transportation costs and employee benefits. When we implement price increases, there is usually a time lag between the effective date of the list price increases and the impact of the price increases on net sales, in part because we typically honor previous commitments to planned consumer and customer promotions and merchandising events subsequent to the effective date of the price increases. In addition, promotional allowances may be increased subsequent to the effective date, delaying or partially offsetting the impact of price increases on net sales.

Competition

Many of our confectionery and salty snack brands enjoy wide consumer acceptance and are among the leading brands sold in the marketplace in North America and certain international markets. We sell our brands in highly competitive markets with many other global multinational, national, regional and local firms. Some of our competitors are large private companies, as well as large retailers, that have significant resources and substantial international operations. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service. We have also experienced increased competition from other snack items, and through innovation and acquisitions, we are continuing to expand the boundaries of our brands to capture new snacking occasions.

Working Capital, Seasonality and Backlog

Our sales are typically higher during the third and fourth quarters of the year, representing seasonal and holiday-related sales patterns. We manufacture primarily for stock and typically fill customer orders within a few days of receipt. Therefore, the backlog of any unfilled orders is not material to our total annual sales. Additional information relating to our cash flows from operations and working capital practices is provided in our Management's Discussion and Analysis.



Trademarks, Service Marks and License Agreements

We own various registered and unregistered trademarks and service marks. The trademarks covering our key product brands are of material importance to our business. Depending on the country, trademarks remain valid for as long as they are in use or their registration status is maintained. Trademark registrations generally are renewable for fixed terms. We follow a practice of seeking trademark protection in the United States and other key international markets where our products are sold. We also grant trademark licenses to third parties to produce and sell pantry items, flavored milks and various other products primarily under the *Hershey's* and *Reese's* brand names.

Furthermore, we have rights under license agreements with several companies to manufacture and/or sell and distribute certain products. Our rights under these agreements are extendible on a long-term basis at our option. Our most significant licensing agreements are as follows:

Company	Brand	Location	Requirements
Kraft Foods Ireland Intellectual Property Limited/Cadbury UK Limited	<i>York</i> <i>Peter Paul Almond Joy</i> <i>Peter Paul Mounds</i>	Worldwide	None
Cadbury UK Limited	<i>Cadbury</i> <i>Caramello</i>	United States	Minimum sales requirement exceeded in 2023
Société des Produits Nestlé SA	<i>Kit Kat®</i> <i>Rolo®</i>	United States	Minimum unit volume sales exceeded in 2023
Iconic IP Interests, LLC	<i>Good & Plenty</i> <i>Heath</i> <i>Jolly Rancher</i> <i>Milk Duds</i> <i>Payday</i> <i>Whoppers</i>	Worldwide	None

Research and Development

We engage in a variety of research and development activities in a number of countries, including the U.S., Mexico, Brazil, India and Malaysia. We develop new products, improve the quality of existing products, improve and modernize production processes and develop and implement new technologies to enhance the quality and value of both current and proposed product lines. Information concerning our research and development expense is contained in Note 1 to the Consolidated Financial Statements.

Food Quality and Safety Regulation

The manufacture and sale of consumer food products is highly regulated. In the U.S., our activities are subject to regulation by various government agencies, including the Food and Drug Administration, the Department of Agriculture, the Federal Trade Commission, the Department of Commerce and the Environmental Protection Agency, as well as various state and local agencies. Similar agencies also regulate our businesses outside of the U.S.

We believe our Product Excellence Program provides us with an effective product quality and safety program. This program is integral to our global supply chain platform and is intended to ensure that all products we purchase, manufacture and distribute are safe, are of high quality and comply with applicable laws and regulations.

Through our Product Excellence Program, we evaluate our 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 and third-party firms, as well as our quality assurance staff, conduct audits of all facilities that manufacture our products to assure effectiveness and compliance with our program and applicable laws and regulations.



Environmental Considerations

Beyond ordinary operating and capital expenditures that we make to comply with government regulations, including environmental laws and regulations, we have made a number of voluntary commitments to drive long-term growth and business resilience and reduce our environmental impacts, including efforts to eliminate commodity-driven deforestation and reduce greenhouse gas (“GHG”) emissions across our own operations and supply chain. Our climate change related investments and expenditures primarily focus on achieving a 50% absolute reduction in our Scope 1 and 2 GHG emissions and a 25% absolute reduction in our Scope 3 GHG emissions by 2030 (compared to a 2018 baseline), as well as having 100% of plastic packaging be recyclable, reusable or compostable and eliminating 25 million pounds of packaging by 2030. All of our climate-related investments are in progress or on track as outlined in our Environmental, Social and Governance (“ESG”) Report. The annual operating and capital expenditures associated with these ordinary course payments and additional climate change commitments are not material with respect to our results of operations, capital expenditures or competitive position.

Sustainability

The Company’s commitment to sustainability started with our founder’s belief in responsible citizenship. He was a purpose-driven leader who believed we could use chocolate to Make More Moments of Goodness in the world for our consumers today and for many generations to come. This belief resulted in a strong investment in local communities and the establishment of Milton Hershey School for disadvantaged kids. We continue that legacy today through our global sustainability strategy: Our Shared Goodness Promise, which guides how we empower the remarkable people who make and sell our brands, interact with farming communities that grow our ingredients, deliver on our commitments to consumers, customers, and external stakeholders, protect the environment and support children and youth.

To learn more about our ESG-related goals, progress and initiatives, as well as review our annual ESG Report and accompanying suite of ESG reporting frameworks, policies, and disclosures, access the Sustainability section of our website at: https://www.thehersheycompany.com/en_us/sustainability.html. Information found on the Company’s website is not part of this Annual Report on Form 10-K or any other report filed with the United States Securities and Exchange Commission (“SEC”).

Financial Information by Geographic Area

Our principal operations and markets are located in the United States. The percentage of total consolidated net sales for our businesses outside of the United States was 12.7% for 2023, 12.5% for 2022 and 13.0% for 2021. The percentage of total long-lived assets outside of the United States was 17.4% as of December 31, 2023 and 17.9% as of December 31, 2022.

Human Capital

As of December 31, 2023, the Company employed approximately 18,650 full-time and 1,855 part-time employees worldwide. Collective bargaining agreements covered approximately 6,295 employees, or approximately 31% of the Company’s employees worldwide. During 2024, agreements are expected to be negotiated for certain employees at five facilities, four of which are outside of the United States, comprising approximately 72% of total employees under collective bargaining agreements. We believe our efforts in managing our workforce have been effective, as evidenced by a strong culture and a good relationship between the Company and our employees.

We are a purpose-driven company and for more than a century, our iconic brands have been built on a foundation of community investment and connections between people around the world. We could not have achieved this without our remarkable employees who make our purpose a reality. As a result, our human capital strategies are material to our operations and core to the long-term success of the Company.

- *Our People, Safety and Employee Engagement.* Our employees are among our most important resources and are critical to our continued success. We provide a workplace that develops, supports and motivates our people. The overall well-being and safety of our employees remains one of our top priorities. We continue to invest in training, workplace resources and leading systems and processes to ensure the responsible management of all facilities. Additionally, continuous listening surveys are distributed throughout the year to all employees globally to hear their thoughts on the Company’s direction and their place in it. These continuous touchpoints allow for real-time feedback and action from the Company. These surveys are further



supplemented with quarterly and informative enterprise and team town halls, which, in conjunction with the continuous listening surveys, generate stronger employee engagement with the Company's strategy, initiatives and leadership.

- *Talent Acquisition, Development and Training.* Hiring and developing our employees is critically important to our operations and we are focused on creating experiences and programs that foster growth and performance. We provide all employees the chance to learn, grow and own their work. We have partnered with leading online content experts and increased internal learning development to expand our catalog of online and classroom courses. Additionally, we co-created a culture of development with the enthusiastic support of our employees. Through individual development plans, learning opportunities, feedback and coaching, employees can build careers at The Hershey Company, as evidenced by the fact that the majority of our ten executive officers were promoted from within the organization (see Information about Our Executive Officers).
- *Compensation, Benefits and Wellness.* In addition to offering competitive, fair and transparent compensation, we also offer a suite of benefits, including comprehensive health and meaningful retirement benefits to eligible employees, tying incentive compensation to both business and individual performance, offering parental leave and adoption benefits and maintaining an employee stock purchase plan. We also provide a number of innovative programs designed to promote physical and emotional well-being, including ergonomic workspaces, a state-of-the-art fitness center at our Hershey, Pennsylvania campus and private rooms designed for quiet reflection, prayer or wellness breaks. The Company also offers SmartFlex benefits which is our suite of policies that allows individuals to create their own balance between work and personal life, including flexing work time based on work priorities or personal commitments, such as caring for children or family members. We believe that this flexibility improves productivity, boosts job satisfaction and increases employee engagement. Additionally, the Company offers a "Best of Both" flexible work model for corporate and commercial employees to balance work and personal well-being. This model allows employees the option to work either remotely, in-office, or both, depending on individual needs, personal schedules and work demands. This offers the benefits of flexibility and in-person collaboration, while maintaining productivity and overall job satisfaction.
- *Diversity, Equity and Inclusion.* Our diverse and inclusive culture makes the difference across all areas of the business around the world. Our gender representation includes women occupying many of the top positions in the Company, including Chief Executive Officer and Chairman of the Board, Chief Accounting Officer and President, Salty Snacks, and approximately 50% representation across the Company. Additionally, five of our 11 Board members are women (45% representation). In 2023, we maintained fair and equitable pay achievements, including 1:1 aggregate people of color pay equity (2021) and 1:1 aggregate gender pay (2020) for salaried employees in the United States. Further, our eight employee-led Business Resource Groups, which include Abilities First, Black Heritage, Asian and Pacific Islander, GenH (Generations), Latino, Prism (LGBTQ), Veteran's and Women's, play a critical role in attracting diverse talent, providing mentoring and career development opportunities, delivering commercial business insights and connecting people to the Company and the communities where we do business. In 2023, the Company was ranked #3 on DiversityInc's Top 50 Companies for Diversity and was ranked as a top 50 company on Forbes Top Companies for Women. Additionally, the Company also ranked as a top 30 company on Wall Street Journal's Top 250 Best-Managed Companies of 2023, and was recognized as a Best Place to Work for Disability Inclusion based on our Disability Equality Index score.
- *Community and Social Impact.* Our philanthropy and volunteerism efforts reflect how we live out the Company's value of Making More Moments of Goodness, from supporting causes our employees care about to investing in the long-term success of the communities where we live and work. We work closely with counterparts in each of our plant and office locations across the United States and globally to identify local community needs and craft tailored approaches to provide support. This work includes forging partnerships with local non-governmental organizations, providing grants and contributions and organizing volunteer service activities and employee fundraisers.



Business Realignment Activities and Strategic Initiatives

From time to time, we implement business realignment activities to support key strategic initiatives designed to maintain long-term growth. Further to such goal, we completed our International Optimization Program in 2023, an initiative which began in the fourth quarter of 2020 and was designed to increase our operating effectiveness and efficiency, to reduce our costs and/or to generate savings that can be reinvested in other areas of our business.

In February 2024, the Board of Directors approved the Advancing Agility & Automation Initiative, which is a multi-year productivity program to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings.

Costs associated with business realignment activities are classified in our Consolidated Statements of Income as described in Note 9 to the Consolidated Financial Statements.

Available Information

The Company's website address is www.thehersheycompany.com. We file or furnish annual, quarterly and current reports, proxy statements and other information, including amendments to these reports, with the SEC. You may obtain a copy of any of these reports, free of charge, from the Investors section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site that also contains these reports at www.sec.gov. In addition, copies of the Company's annual report will be made available, free of charge, on written request to the Company.

We have a Code of Conduct that applies to our Board of Directors ("Board") and all Company officers and employees, including, without limitation, our Chief Executive Officer and "senior financial officers" (including the Chief Financial Officer, Chief Accounting Officer and persons performing similar functions). You can obtain a copy of our Code of Conduct, as well as our Corporate Governance Guidelines and charters for each of the Board's standing committees, from the Investors section of our website at: https://www.thehersheycompany.com/en_us/investors.html. If we change or waive any portion of the Code of Conduct that applies to any of our directors, executive officers or senior financial officers, we will post that information on our website. Information found on the Company's website is not part of this Annual Report on Form 10-K or any other report filed with the SEC.



Item 1A. RISK FACTORS

You should carefully read the following discussion of significant factors, events and uncertainties when evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. The events and consequences discussed in these risk factors could materially and adversely affect our business, operating results, liquidity and financial condition. While we believe we have identified and discussed below the key risk factors affecting our business, these risk factors do not identify all the risks we face, and there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be significant that may have a material adverse effect on our business, performance or financial condition in the future.

Risks Related to Our Business and Operations

Our Company's reputation or brand image might be impacted as a result of issues or concerns relating to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters, which in turn could result in litigation or otherwise negatively impact our operating results.

In order to sell our iconic, branded products, we need to maintain a good reputation with our customers, consumers, suppliers, vendors and employees, among others. Issues related to the quality and safety of our products, ingredients or packaging could jeopardize our Company's image and reputation. We have in the past recalled or removed certain products from store shelves, and may in the future need to do so again in the future. Negative publicity related to these types of concerns, or related to product contamination or product tampering, whether valid or not, could decrease demand for our products or cause production and delivery disruptions. In addition, negative publicity related to our environmental, social or governance practices could also impact our reputation with customers, consumers, suppliers and vendors.

We have been in the past and in the future could potentially be subject to litigation or government actions as a result of issues or concerns relating to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters, which could result in payments of fines or damages. Costs associated with these potential actions, as well as the potential impact on our reputation or ability to sell our products, could negatively affect our operating results.

Disruption to our manufacturing operations or supply chain could impair our ability to produce or deliver finished products, resulting in a negative impact on our operating results.

Approximately 72% of our manufacturing capacity is located in the United States. Disruption to our global manufacturing operations or our supply chain could result from, among other factors, the following:

- Natural disasters;
- Pandemics, epidemics or other outbreak of disease (such as the coronavirus disease 2019 ("COVID-19") global pandemic);
- Climate change and severity of extreme weather;
- Fires or explosions;
- Terrorism or other acts of violence;
- Labor strikes or other labor activities;
- Unavailability of raw or packaging materials;
- Third party service provider disruptions, such as cyber breaches or system failures;
- Operational and/or financial instability of key suppliers, and other vendors or service providers; and
- Suboptimal production planning which could impact our ability to cost-effectively meet product demand.

We believe that we take adequate precautions to mitigate the impact of possible disruptions. We have strategies and plans in place to manage disruptive events if they were to occur, including our global supply chain strategies and our principle-based global labor relations strategy. If we are unable, or find that it is not financially feasible, to effectively plan for, mitigate or manage operational stability and business resiliency risks, particularly within our international markets and snacks portfolio, due to the potential impacts of such disruptive events on our manufacturing operations or supply chain, our financial condition and results of operations could be negatively impacted if such events were to occur.



We might not be able to hire, engage and retain the talented global human capital we need to drive our growth strategies.

Our future success depends upon our ability to identify, hire, develop, engage and retain talented personnel across the globe. Competition for global talent is intense, and we might not be able to identify and hire the personnel we need to continue to evolve and grow our business. In particular, if we are unable to hire the right individuals to fill new or existing senior management positions as vacancies arise, our business performance may be adversely impacted.

Activities related to identifying, recruiting, hiring and integrating qualified individuals require significant time and attention. We may also need to invest significant amounts of cash and equity to attract talented new employees, and we may never realize returns on these investments.

In addition to hiring new employees, we must continue to focus on retaining and engaging the talented individuals we need to sustain our core business and lead our developing businesses into new markets, channels and categories. This may require significant investments in training, coaching and other career development and retention activities. If we are not able to effectively retain and grow our talent, our ability to achieve our strategic objectives will be adversely affected, which may negatively impact our financial condition and results of operations.

Risks associated with climate change and other environmental impacts, and increased focus and evolving views of our customers, stockholders and other stakeholders on climate change issues, could negatively affect our business and operations.

Climate-related changes can increase variability in, or otherwise impact, natural disasters, including weather patterns, with the potential for increased frequency and severity of significant weather events, natural hazards, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Climate change or weather-related disruptions to our supply chain can impact the availability and cost of materials needed for manufacturing, which may increase insurance and other operating costs.

Increased focus on climate change has led to legislative and regulatory efforts to combat both potential causes and adverse impacts of climate change, including regulation of GHG emissions. New or increasing laws and regulations related to GHG emissions and other climate change related concerns may adversely affect us, our suppliers and our customers, and may require the Company to invest in additional capital investments to maintain compliance. Our value chain faces similar challenges as our products rely on agricultural ingredients and a global supply chain. Climate change poses a significant and increasing risk to global food production systems and to the safety and resilience of the communities where we live, work and source our ingredients. The GHG impacts of land-use change are most pronounced in our cocoa supply chain, where we have already been working for several years to prevent deforestation and build climate resilience. Additionally, any non-compliance with legislative and regulatory requirements could negatively impact our reputation and ability to do business.

Investors, customers, advisory services, government regulators and other market participants have increasingly focused on the environmental or sustainability practices of companies, including Hershey. Shareholders and financial institutions have increasingly evaluated a company's ESG practices, disclosures and performance before making investments or other financial decisions. We believe our sustainability practices, disclosures and performance are focused on the most material risks and opportunities to our business and support our environmental goals and continue to evolve to meet the growing needs of our stakeholders. However, if our environmental goals do not meet investor or other external stakeholder expectations and standards, our access to capital may be negatively impacted. An enforcement action for non-compliance with regulations or reporting requirements could harm our reputation, financial position and ability to grow. A failure to meet investor or other external stakeholder expectations or standards may adversely affect our results of operations, ability to manage our liquidity, or ability to implement our strategies.

The Company publishes its environmental goals, with a particular focus on achieving a 50% absolute reduction in our Scope 1 and 2 GHG emissions and a 25% absolute reduction in our Scope 3 GHG emissions by 2030 (compared to a 2018 baseline), as well as having 100% of plastic packaging be recyclable, reusable or compostable and eliminating 25 million pounds of packaging by 2030. The costs of these voluntary commitments may be greater than expected, and there can be no assurance the Company will achieve its goals, or meet the evolving sustainability expectations and standards of our investors or other external stakeholders. Any failure to achieve our goals, a perception of our failure to act responsibly with respect to the environment, or failure to respond to new or evolving legal and regulatory



requirements or other sustainability concerns could adversely affect our business, reputation and increase risk of litigation.

The effects and costs of climate change, or any failure to meet related requirements and expectations, could have a negative impact on our reputation, financial condition and results of operations.

Risks Related to the Industry in Which We Operate

Increases in raw material and energy costs along with the availability of adequate supplies of raw materials could affect future financial results.

We use many different commodities for our business, including cocoa products, sugar, corn products, dairy products, wheat products, peanuts, almonds, natural gas and diesel fuel.

Commodities are subject to price volatility and changes in supply caused by numerous factors, including:

- Commodity market fluctuations;
- Currency exchange rates;
- Imbalances between supply and demand;
- Rising levels of inflation and interest rates related to domestic and global economic conditions or supply chain issues;
- The effects of climate change and extreme weather on crop yield and quality;
- Speculative influences;
- Trade agreements among producing and consuming nations;
- Supplier compliance with commitments;
- Import/export requirements for raw materials and finished goods;
- Political unrest in producing countries;
- Introduction of living income premiums or similar requirements;
- Changes in governmental agricultural programs and energy policies; and
- Other events beyond our control such as the impacts on the business or supply chain arising from the ongoing conflict between Russia and Ukraine.

Although we use forward contracts and commodity futures and options contracts to hedge commodity prices where possible, commodity price increases ultimately result in corresponding increases in our raw material and energy costs. If we are unable to offset cost increases for major raw materials and energy, there could be a negative impact on our financial condition and results of operations.

Price increases may not be sufficient to offset cost increases and maintain profitability or may result in sales volume declines associated with pricing elasticity.

We may be able to pass some or all raw material, energy and other input cost increases to customers by increasing the selling prices of our products or decreasing the size of our products; however, higher product prices or decreased product sizes may also result in a reduction in sales volume and/or consumption. If we are not able to increase our selling prices or reduce product sizes (including if inflation outpaces our pricing elasticity) sufficiently, or in a timely manner, to offset increased raw material, energy or other input costs, including packaging, freight, direct labor, overhead and employee benefits, or if our sales volume decreases significantly, there could be a negative impact on our financial condition and results of operations.



Market demand for new and existing products could decline.

We operate in highly competitive markets and rely on continued demand for our products. To generate revenues and profits, we must sell products that appeal to our customers and to consumers. Our continued success is impacted by many factors, including the following:

- Effective retail execution;
- Appropriate advertising campaigns and marketing programs;
- Our ability to secure adequate shelf space at retail locations;
- Our ability to drive sustainable innovation and maintain a strong pipeline of new products in the confectionery and broader snacking categories;
- Our ability to react to changes in product category consumption;
- Our response to consumer demographics and trends, including but not limited to, trends relating to store trips and the impact of the growing digital commerce channel; and
- Consumer health and wellness concerns, including weight management (i.e., use of medications, dieting) and the consumption of certain ingredients.

There continues to be competitive product and pricing pressures in the markets where we operate, as well as challenges in maintaining profit margins. We must maintain mutually beneficial relationships with our key customers, including retailers and distributors, to compete effectively. Our largest customer, McLane Company, Inc., accounted for approximately 28% of our total net sales in 2023. McLane Company, Inc. is one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers, including Wal-Mart Stores, Inc.

Increased marketplace competition could hurt our business.

The global confectionery and snacks packaged goods industry is intensely competitive and consolidation in this industry continues. Some of our competitors are large private companies, as well as large retailers, that have significant resources and substantial international operations. We continue to experience increased levels of in-store activity for other snack items, which has pressured confectionery category growth. In order to protect our existing market share or capture increased market share in this highly competitive retail environment, we may be required to increase expenditures for promotions and advertising, and must continue to introduce and establish new products. Due to inherent risks in the marketplace associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditures may not prove successful in maintaining or enhancing our market share and could result in lower sales and profits. In addition, we may incur increased credit and other business risks because we operate in a highly competitive retail environment.

Risks Related to Strategic Initiatives

Our financial results may be adversely impacted by the failure to successfully execute or integrate acquisitions, divestitures and joint ventures.

From time to time, we may evaluate potential acquisitions, divestitures or joint ventures that align with our strategic objectives. The success of such activity depends, in part, upon our ability to identify suitable buyers, sellers or business partners; perform effective assessments prior to contract execution; negotiate contract terms; and, if applicable, obtain government approval. These activities may present certain financial, managerial, staffing and talent, and operational risks, including diversion of management's attention from existing core businesses; difficulties integrating or separating businesses from existing operations; and challenges presented by acquisitions or joint ventures which may not achieve sales levels and profitability that justify the investments made. If the acquisitions, divestitures or joint ventures are not successfully implemented or completed, there could be a negative impact on our financial condition, results of operations and cash flows.

In 2023, we completed the acquisition of certain assets that provide additional manufacturing capacity from Weaver Popcorn, a manufacturer of *SkinnyPop* popcorn, which helped us strengthen our supply chain capabilities. In 2021, we successfully completed the divestiture of LSFC as we better prioritize resources against assets and brands that fit our business model and scale capabilities. Additionally, we completed the acquisitions of Lily's in June 2021 and Dot's and Pretzels in December 2021. While we believe significant operating synergies can be obtained in connection with these acquisitions, achievement of these synergies will be driven by our ability to successfully leverage Hershey's



resources, expertise, capability-building, distribution locations and customer base. In addition, the acquisitions of Dot's and Pretzels are important steps in our journey to expand our breadth in snacking, as they should enable us to bring scale and category management capabilities to a key sub-segment of the warehouse snack aisle. If we are unable to successfully couple Hershey's scale and expertise in brand building with Lily's, Dot's and Pretzels' existing operations, it may impact our ability to expand our snacking footprint at our desired pace.

Our international operations may not achieve projected growth objectives, which could adversely impact our overall business and results of operations.

In 2023, 2022 and 2021, respectively, we derived approximately 12.7%, 12.5% and 13.0% of our net sales from customers located outside of the United States. Additionally, approximately 17% of our total long-lived assets were located outside of the United States as of December 31, 2023. As part of our strategy, we have made investments outside of the United States, particularly in Canada, Malaysia, Mexico, Brazil and India. As a result, we are subject to risks and uncertainties relating to international sales and operations, including:

- The inability to manage operational stability and business resiliency within our international markets due to unforeseen global economic and environmental changes resulting in business interruption, supply constraints, inflation, deflation or decreased demand;
- The inability to establish, develop and achieve market acceptance of our global brands in international markets;
- Difficulties and costs associated with compliance and enforcement of remedies under a wide variety of complex laws, treaties and regulations;
- Unexpected changes in regulatory environments;
- Political and economic instability, including the possibility of civil unrest, terrorism, mass violence or armed conflict;
- Nationalization of our properties by foreign governments;
- Tax rates that may exceed those in the United States and earnings that may be subject to withholding requirements and incremental taxes upon repatriation;
- Potentially negative consequences from changes in tax laws;
- The imposition of tariffs, quotas, trade barriers, other trade protection measures and import or export licensing requirements;
- Increased costs, disruptions in shipping or reduced availability of freight transportation;
- The impact of currency exchange rate fluctuations between the U.S. dollar and foreign currencies;
- Failure to gain sufficient profitable scale in certain international markets resulting in an inability to cover manufacturing fixed costs or resulting in losses from impairment or sale of assets; and
- Failure to recruit, retain and build a talented and engaged global workforce.

If we are not able to achieve our projected international growth objectives and mitigate the numerous risks and uncertainties associated with our international operations, there could be a negative impact on our financial condition and results of operations.

We may not fully realize the expected cost savings and/or operating efficiencies associated with our strategic initiatives or restructuring programs, which may have an adverse impact on our business.

We depend on our ability to evolve and grow, and as changes in our business environment occur, we may adjust our business plans by introducing new strategic initiatives or restructuring programs to meet these changes. Recently introduced strategic initiatives include our efforts to continue to expand our presence in digital commerce, to transform our manufacturing, commercial and corporate operations through digital technologies and to enhance our data analytics capabilities to develop new commercial insights. If we are not able to capture our share of the expanding digital commerce market, if we do not adequately leverage technology to improve operating efficiencies or if we are unable to develop the data analytics capabilities needed to generate actionable commercial insights, our business performance may be impacted, which may negatively impact our financial condition and results of operations.

Additionally, from time to time we implement business realignment activities to support key strategic initiatives designed to maintain long-term sustainable growth, such as the International Optimization Program, which we commenced in the fourth quarter of 2020 and completed in 2023. This program was intended to increase our operating effectiveness and efficiency, to reduce our costs and/or to generate savings that can be reinvested in other areas of our



business. Additionally, in February 2024, the Board of Directors approved the Advancing Agility & Automation Initiative, which is a multi-year productivity program to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings. We cannot guarantee that we will be able to successfully implement these strategic initiatives and restructuring programs, that we will achieve or sustain the intended benefits under these programs, or that the benefits, even if achieved, will be adequate to meet our long-term growth and profitability expectations, which could in turn adversely affect our business.

Risks Related to Governmental and Regulatory Changes

Changes in governmental laws and regulations could increase our costs and liabilities or impact demand for our products.

Changes in U.S. and non-U.S. laws and regulations and the manner in which they are interpreted or applied may alter our business environment. These negative impacts could result from changes in food and drug laws, laws related to advertising and marketing practices, accounting standards, taxation compliance and requirements, competition laws, employment laws, import/export requirements and environmental laws, among others. For example, the European Union's Deforestation Regulation ("EUDR") will require the Company to conduct extensive diligence on seven commodities, including cocoa, palm oil and soy, as well as products derived from these commodities, such as chocolate, and the value chain, to ensure the goods do not result from recent deforestation, forest degradation, or breaches of local laws in order to sell such products in the European Union market or exported from it. The EUDR is scheduled to be effective in December 2024. The EUDR, and other current or proposed regulations in markets in which we operate, are likely to increase our compliance costs, could depress sales in such markets if our products are not in compliance by applicable effective dates, and could result in fines and penalties or reputational harm if we do not fully comply. It is possible that we could become subject to additional liabilities in the future resulting from changes in laws and regulations that could result in an adverse effect on our financial condition and results of operations.

Political, economic and/or financial market conditions, including impacts on our business arising from the ongoing conflict between Russia and Ukraine, could negatively impact our financial results.

Our operations are impacted by consumer spending levels and impulse purchases, which are affected by general macroeconomic conditions, consumer confidence, employment levels, the availability of consumer credit and interest rates on that credit, consumer debt levels, energy costs and other factors. Volatility in food and energy costs, sustained global recessions, broad political instability, rising unemployment, pandemic, or other outbreak of disease (such as COVID-19), climate change, weather, natural and other disasters and declines in personal spending could adversely impact our revenues, profitability and financial condition.

Changes in financial market conditions may make it difficult to access credit markets on commercially acceptable terms, which may reduce liquidity or increase borrowing costs for our Company, our customers and our suppliers. A significant reduction in liquidity could increase counterparty risk associated with certain suppliers and service providers, resulting in disruption to our supply chain and/or higher costs, and could impact our customers, resulting in a reduction in our revenue, or a possible increase in bad debt expense.

Additionally, in February 2022, Russia invaded Ukraine and this conflict is still ongoing. In response, the U.S. and other countries have imposed sanctions on Russia and may impose further sanctions that could damage or disrupt international commerce and the global economy. With respect to the conflict between Russia and Ukraine, the situation remains dynamic and subject to rapid and possibly material change. The Company's efforts to manage and mitigate any direct or indirect effects from this conflict may ultimately be unsuccessful, and the effectiveness of these efforts depends on factors beyond our control, including the duration of the conflict and potential governmental actions. The potential effects of the ongoing conflict between Russia and Ukraine may also impact many of the other risk factors described herein.



Risks Related to Digital Transformation, Cybersecurity and Data Privacy

Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations.

Information technology is critically important to our business operations. We use information technology to manage all business processes including manufacturing, financial, logistics, sales, marketing and administrative functions. These processes collect, interpret and distribute business data and communicate internally and externally with employees, suppliers, customers and other third parties.

We are regularly the target of cyber, ransomware and other security threats. Therefore, we continuously monitor and update our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. We invest in industry standard security technology to protect the Company's data and business processes against risk of data security breach and cyber attack. Our data security management program includes identity, trust, vulnerability and threat management business processes as well as adoption of standard data protection policies. We measure our data security effectiveness through industry-accepted methods and remediate significant findings. Additionally, we certify our major technology suppliers and any outsourced services through accepted security certification standards. We maintain and routinely test backup systems and disaster recovery, along with external network security penetration testing by an independent third party as part of our business resiliency preparedness. We also have processes in place to prevent disruptions resulting from our implementation of new software and systems. Employees are trained annually on cybersecurity wellness and our acceptable use policy and we have implemented phishing simulations to increase awareness and compliance. We also currently maintain a cyber insurance policy that provides coverage for security breaches; however, such insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

We have been subject to cyber attacks, ransomware and other security breaches, though these incidents historically have not had a significant impact on our business operations. The techniques that are used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time, and the sophistication of efforts by hackers to gain unauthorized access to information systems has continued to increase in recent years and may continue to do so. Despite continued vigilance in these areas, disruptions in or failures of information technology systems are possible and could have a negative impact on our operations or business reputation. For instance, in September 2023, we experienced a smishing breach, which did not have an impact on our consolidated financial statements. Promptly after extracting the threat actor, we worked with a cyber expert firm and determined that certain employee and third-party personal information was exposed. Failure of our systems, including failures due to cyber attacks, ransomware or other security breaches that would prevent the ability of systems to function as intended, could cause transaction errors, loss of customers and sales, and could have negative consequences to our Company, our employees and those with whom we do business. This in turn could have a negative impact on our financial condition and results or operations. In addition, the cost to remediate any damages to our information technology systems suffered as a result of a cyber attack, ransomware or other security breach could be significant.

Complications with the design or implementation of our new enterprise resource planning system could adversely impact our business and operations.

We rely extensively on information systems and technology to manage our business and summarize operating results. We are in the process of a multi-year implementation of a new global enterprise resource planning ("ERP") system. This ERP system will replace our existing operating and financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance operational functionality and provide timely information to the Company's management team related to the operation of the business. The ERP system implementation process has required, and will continue to require, the investment of significant personnel and financial resources. We may not be able to successfully implement the ERP system without experiencing further delays, increased costs and other difficulties. If we are unable to successfully design and implement the new ERP system as planned, our financial positions, results of operations and cash flows could be negatively impacted. Additionally, if we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess those controls adequately could be further delayed.



Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

Information technology is important to our business operations, and we are committed to protecting the privacy, security and integrity of our data, as well as our employee and customer data. The Company has a comprehensive cybersecurity program in place for assessing, identifying and managing cybersecurity risks that is designed to protect its systems and data from unauthorized access, use or other security impact. This program is integrated into the Company's overall Enterprise Risk Management and Resiliency process.

We continuously monitor and update our information technology networks and infrastructure to prevent, detect, address and mitigate risks associated with unauthorized access, misuse, computer viruses and other events that could have a security impact. We invest in industry standard security technology to protect the Company's data and business processes against risk of cybersecurity incidents. Our data security management program includes identity, trust, vulnerability and threat management business processes, as well as adoption of standard data protection policies. We measure our data security effectiveness by benchmarking against industry-accepted methods and we work to remediate any significant findings. We maintain and routinely test backup systems and disaster recovery and also have processes in place to prevent disruptions resulting from our implementation of new software and systems.

The Company has a comprehensive incident response plan to address cybersecurity incidents. The Company's incident response plan includes procedures for identifying, containing and responding to cybersecurity incidents and is subject to regular review and assessment to ensure that it is effective in protecting the Company's information technology. To date, the Company believes that its cybersecurity program has been effective in protecting the confidentiality, integrity, and availability of its information; however, the Company cannot guarantee that its cybersecurity program will be successful in preventing all cybersecurity incidents. Further, we currently maintain a cyber insurance policy that provides coverage for security breaches; however, such insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

The Company engages external parties, including consultants, computer security firms and risk management and governance experts, to enhance its cybersecurity oversight. In order to oversee and identify risks from cybersecurity threats associated with the Company's use of third-party service providers, we also have a third-party risk management program designed to help protect against the misuse of information technology by third parties and business partners, which includes certification of our major technology suppliers and any outsourced services through accepted security certification standards.

While we are regularly subject to cybersecurity attacks, ransomware and other security breaches, the Company has not experienced any material cybersecurity incidents or a series of related unauthorized occurrences for the year ended December 31, 2023. The Company does not believe that there are currently any known risks from cybersecurity threats that are reasonably likely to materially affect the Company or its business strategy, results of operations or financial condition. However, as discussed under "Item 1A. Risk Factors," specifically the risks titled "Disruptions, failures or security breaches of our information technology infrastructure could have a negative impact on our operations," the sophistication of cyber, ransomware and other security threats continues to increase, and the preventative actions we take to reduce the risk of these incidents and protect our systems and information may be insufficient. Accordingly, no matter how well designed or implemented our controls are, we will not be able to anticipate all cybersecurity attacks, ransomware and other security breaches and we may not be able to implement effective preventive measures against such security breaches in a timely manner.

Cybersecurity Governance and Oversight

The Company's Board of Directors has a mix of experiences, skills, qualifications and backgrounds to support strategy and risk oversight, including expertise in cybersecurity and oversight of cybersecurity matters. This oversight is achieved through the Company's Finance and Risk Management ("F&RM") Committee, which is comprised of five members of our Board of Directors, and one Board member who serves in an ex-officio capacity. The F&RM Committee is responsible for reviewing key enterprise risks identified through our Enterprise Risk Management and



Resiliency process, which includes information security strategies and risks, as well as data privacy and protection risks and mitigation strategies (collectively, “Information Security”). At each regularly scheduled F&RM Committee meeting, management, through the Company’s Chief Information Security Officer (“CISO”), reports on Information Security controls, audits, guidelines and developments and the F&RM Committee is notified between such updates regarding significant new cybersecurity threats or incidents.

The CISO, who reports to the Chief Technology Officer (“CTO”), oversees a dedicated Information Security team that is supported by the Privacy Center of Excellence, and works in partnership with internal audit to review certain information technology-related internal controls with our independent auditors as part of the overall internal controls process. Our CTO, who reports to the Chief Executive Officer, has oversight of our Information Security team and leads the company’s global technology strategy, architecting and deploying digital capabilities that are innovative, flexible and prepared to meet the changing needs of our consumers, retail partners and employees.

The CISO’s cybersecurity experience includes over thirty years of Information Technology experience, including twenty years within the Information Security field. The CISO’s Information Security roles have included security engineering, security architecture, strategy development and execution, risk and compliance management and identity and access management and incident response. The Company’s CTO has over twenty years of experience, including deep expertise in developing cutting-edge automated systems, supply chain planning, optimization and simulation, artificial intelligence and predictive analytics. Additional experience held by the CTO is described further under Information about Our Executive Officers.

To ensure our employees are educated on potential cybersecurity threats or actions, we train our executive officers and global workforce on an ongoing basis in the event of a potential cyber threat or cybersecurity incident. Our Company-wide Information Security training program includes security awareness training, including regular phishing simulations, acceptable use training, cyber wellness trainings and other targeted trainings throughout the year. These trainings provide employees the opportunity to gain an understanding of the various forms of cybersecurity incidents and enable our employees to handle and report any suspicious activity or threat.



Item 2. **PROPERTIES**

Our principal properties include the following:

Country	Location	Type	Status (Own/Lease)
United States	Hershey, Pennsylvania (2 principal plants)	Manufacturing—confectionery products and pantry items	Own
	Lancaster, Pennsylvania	Manufacturing—confectionery products	Own
	Hazleton, Pennsylvania	Manufacturing—confectionery products	Own
	Robinson, Illinois	Manufacturing—confectionery products and pantry items	Own
	Stuarts Draft, Virginia	Manufacturing—confectionery products and pantry items	Own
	Edgerton, Kansas	Manufacturing—salty snack products	Own
	Bluffton, Indiana	Manufacturing—salty snack products	Lease
	Plymouth, Indiana	Manufacturing—salty snack products	Lease
	Lawrence, Kansas	Manufacturing—salty snack products	Lease
	Whitestown, Indiana	Manufacturing—salty snack products	Lease
	Annville, Pennsylvania	Distribution	Own
	Palmyra, Pennsylvania	Distribution	Own
	Edwardsville, Illinois	Distribution	Own
	Ogden, Utah	Distribution	Own
	Kennesaw, Georgia	Distribution	Lease
	Whitestown, Indiana	Distribution	Lease
	Hershey, Pennsylvania	Corporate administrative	Lease
	New York, New York	Retail	Lease
	Canada	Brantford, Ontario	Distribution
Mexico	Monterrey, Mexico	Manufacturing—confectionery products	Own
	El Salto, Mexico	Manufacturing—confectionery products and pantry items	Own
Malaysia	Johor, Malaysia	Manufacturing—confectionery products	Own

In addition to the locations indicated above, we also own or lease several other properties and buildings worldwide which we use for manufacturing, sales, distribution and administrative functions. Our facilities are well maintained and generally have adequate capacity to accommodate seasonal demands, changing product mixes and certain additional growth. We regularly improve our facilities to incorporate the latest technologies. The largest facilities are located in Hershey, Lancaster and Hazleton, Pennsylvania; Monterrey and El Salto, Mexico; and Stuarts Draft, Virginia. The U.S., Canada and Mexico facilities in the table above primarily support our North America Confectionery and North America Salty Snacks segments, while the Malaysia facility primarily serves our International segment. As discussed in Note 13 to the Consolidated Financial Statements, we do not manage our assets on a segment basis given the integration of certain manufacturing, warehousing, distribution and other activities in support of our global operations.

Item 3. **LEGAL PROCEEDINGS**

Information on legal proceedings is included in Note 15 to the Consolidated Financial Statements.

Item 4. **MINE SAFETY DISCLOSURES**

Not applicable.



SUPPLEMENTAL ITEM. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The executive officers of the Company, their positions and, as of February 16, 2024, their ages are set forth below.

Name	Age	Positions Held During the Last Five Years
Deepak Bhatia ⁽¹⁾	50	Senior Vice President, Chief Technology Officer (October 2023)
Michele G. Buck	62	Chairman of the Board, President and Chief Executive Officer (October 2019); President and Chief Executive Officer (March 2017)
Rohit Grover	51	President, International (April 2019); Vice President, General Manager, General China (January 2017)
Jennifer L. McCalman ⁽²⁾	46	Vice President, Chief Accounting Officer (February 2021); Senior Director, Global Controller (March 2019)
Charles R. Raup	56	President, U.S. Confection (November 2022); President, U.S. (January 2020); Vice President, U.S. CMG (June 2018)
Jason R. Reiman	52	Senior Vice President, Chief Supply Chain Officer (June 2019); Vice President, Supply Chain Operations (August 2018)
Kristen J. Riggs	45	President, Salty Snacks (November 2022); Senior Vice President, Chief Growth Officer (January 2020); Vice President, Innovation and Strategic Growth Platforms (September 2019); Vice President, Commercial Planning (June 2018)
Christopher M. Scalia	48	Senior Vice President, Chief Human Resources Officer (January 2020); Vice President, Global Human Resources (March 2018)
James Turoff	47	Senior Vice President, General Counsel and Secretary (May 2021); Acting General Counsel (December 2020); Vice President, Deputy General Counsel (March 2019); Vice President, SEC, Corporate Governance & Compliance (March 2018)
Steven E. Voskuil ⁽³⁾	55	Senior Vice President, Chief Financial Officer (February 2021); Senior Vice President, Chief Financial Officer and Chief Accounting Officer (November 2019); Senior Vice President, Chief Financial Officer (May 2019)

There are no family relationships among any of the above-named officers of our Company.

- (1) Mr. Bhatia was appointed Senior Vice President, Chief Technology Officer effective October 23, 2023. Prior to joining our Company he was the Vice President of Supply Chain Optimization Technologies (August 2021), Vice President of Technology, Inventory Planning & Control in Supply Chain Optimization Technologies (March 2019), and Director, Inventory Optimization, Simulations, S&OP in Inventory Planning & Control (April 2014) at Amazon.com, Inc., a multinational technology company.
- (2) Ms. McCalman was appointed Vice President, Chief Accounting Officer effective February 23, 2021. Prior to joining our Company she was Senior Director and Assistant Controller for Keurig Dr. Pepper (formerly Keurig Green Mountain) (May 2017), a beverage and coffeemaker company.
- (3) Mr. Voskuil was appointed Senior Vice President, Chief Financial Officer effective May 13, 2019. Prior to joining our Company he was Senior Vice President and Chief Financial Officer at Avanos Medical, Inc. (November 2014), a medical technology company.

Our Executive Officers are generally appointed each year at the organization meeting of the Board in May.



PART II

Item 5. **MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our Common Stock is listed and traded principally on the New York Stock Exchange under the ticker symbol "HSY." The Class B Common Stock ("Class B Stock") is not publicly traded.

The closing price of our Common Stock on December 29, 2023 (the last business day of the of the fiscal year) was \$186.44. There were 23,327 stockholders of record of our Common Stock and 5 stockholders of record of our Class B Stock as of December 31, 2023.

We paid \$889.1 million in cash dividends on our Common Stock and Class B Stock in 2023 and \$775.0 million in 2022. The annual dividend rate on our Common Stock in 2023 was \$4.456 per share.

On February 7, 2024, our Board declared a quarterly dividend of \$1.370 per share of Common Stock payable on March 15, 2024, to stockholders of record as of February 20, 2024. It is the Company's 376th consecutive quarterly Common Stock dividend. A quarterly dividend of \$1.245 per share of Class B Stock also was declared.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

The following table shows the purchases of shares of Common Stock made by or on behalf of Hershey, or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of Hershey, for each fiscal month in the three months ended December 31, 2023:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
				(in thousands of dollars)
October 2 through October 29	—	\$ —	—	\$ 370,073
October 30 through November 26	127,609	\$ 196.33	—	\$ 370,073
November 27 through December 31	—	\$ —	—	\$ 370,073
Total	<u>127,609</u>	\$ —	<u>—</u>	

(1) During the three months ended December 31, 2023, 127,609 shares of Common Stock were purchased in open market transactions in connection with our standing authorization to buy back shares sufficient to offset those issued under incentive compensation plans, which authorization does not have a dollar or share limit and is not included in our share repurchase authorizations described in the following note (2).

(2) In July 2018, our Board of Directors approved a \$500 million share repurchase authorization. In May 2021, our Board of Directors approved an additional \$500 million share repurchase authorization. As a result of the February 2023 Stock Purchase Agreement with Hershey Trust Company, as trustee for the Milton Hershey School Trust (the "School Trust"), the July 2018 share repurchase authorization was completed and as of December 31, 2023, approximately \$370 million remained available for repurchases of our Common Stock under our May 2021 share repurchase authorization. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program is to commence after the existing 2021 authorization is completed and is to be utilized at management's discretion. The May 2021 and December 2023 share repurchase programs do not have an expiration date.



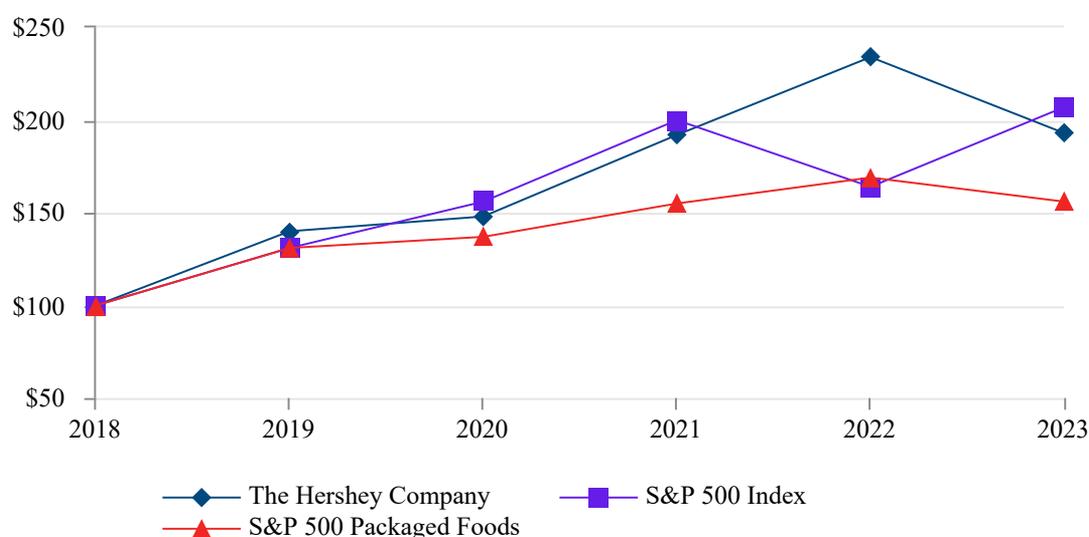
In February 2023, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased 1,000,000 shares of the Company’s Common Stock from the School Trust at a price equal to \$239.91 per share, for a total purchase price of \$239.9 million.

In February 2022, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased 1,000,000 shares of the Company’s Common Stock from the School Trust at a price equal to \$203.35 per share, for a total purchase price of \$203.4 million.

Stockholder Return Performance Graph

The following graph compares our cumulative total stockholder return (Common Stock price appreciation plus dividends, on a reinvested basis) over the last five fiscal years with the Standard & Poor’s 500 Index and the Standard & Poor’s 500 Packaged Foods Index.

Comparison of 5 Year Cumulative Total Return*
Among The Hershey Company, the S&P 500 Index,
and the S&P 500 Packaged Foods Index



Company/Index	December 31,					
	2018	2019	2020	2021	2022	2023
The Hershey Company	\$ 100	\$ 140	\$ 148	\$ 192	\$ 234	\$ 193
S&P 500 Index	\$ 100	\$ 131	\$ 156	\$ 200	\$ 164	\$ 207
S&P 500 Packaged Foods Index	\$ 100	\$ 131	\$ 137	\$ 155	\$ 169	\$ 156

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. [RESERVED]



Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") is intended to provide an understanding of Hershey's financial condition, results of operations and cash flows by focusing on changes in certain key measures from year to year. The MD&A should be read in conjunction with our Consolidated Financial Statements and accompanying Notes included in Item 8 of this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. "Risk Factors."

The MD&A is organized in the following sections:

- Business Model and Growth Strategy
- Overview
- Trends Affecting Our Business
- Consolidated Results of Operations
- Segment Results
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

BUSINESS MODEL AND GROWTH STRATEGY

We are the largest producer of quality chocolate in North America, a leading snack maker in the United States and a global leader in chocolate and non-chocolate confectionery. We report our operations through three segments: (i) North America Confectionery, (ii) North America Salty Snacks and (iii) International, as discussed in Note 13 to the Consolidated Financial Statements.

Our vision is to be a leading snacking powerhouse. We aspire to be a leader in meeting consumers' evolving snacking needs while strengthening the capabilities that drive our growth. We are focused on four strategic imperatives to ensure the Company's success now and in the future:

- *Drive Core Confection Business and Broaden Participation in Snacking.* We continue to be the undisputed leader in U.S. confection by taking actions to deepen our consumer connections and utilize our beloved brands to deliver meaningful innovation, while also diversifying our portfolio to capture profitable and incremental growth across the broader snacking continuum.
 - Our products frequently play an important role in special moments among family and friends. Seasons are an important part of our business model and for consumers, as they are highly anticipated, cherished times, centered around traditions. For us, it's an opportunity for our brands to be part of many connections during the year when family and friends gather.
 - Innovation is an important lever in this variety-seeking category and we are leveraging work from our proprietary demand landscape analytical tool to shape our future innovation and make it more impactful. We are becoming more disciplined in our focus on platform innovation, which should enable sustainable growth over time and significant extensions to our core.
 - To expand our breadth in snacking and become a leading snacking powerhouse, we are focused on continuing to expand the boundaries of our core confection brands to capture new snacking occasions and increasing our exposure into new snack categories through acquisitions. Our expansion into snacking was fueled by the acquisitions of Dot's and Pretzels in December 2021 and the acquisition of Weaver in 2023, which are included in our North America Salty Snacks segment.
- *Deliver Profitable International Growth.* We are focused on ensuring that we efficiently allocate our resources to the areas with the highest potential for profitable growth. We have reset our international investment strategy, while holding fast to our belief that our targeted emerging market strategy will deliver long-term, profitable growth. The uncertain macroeconomic environment in many of these markets is expected to continue and we aim to ensure our investments in these international markets are appropriate relative to the size of the opportunity.



- *Expand Competitive Advantage through Differentiated Capabilities.* In order to generate actionable insights, we must acquire, integrate, access and utilize vast sources of the right data in an effective manner. We are working to leverage our advanced data and analytical techniques to gain a deep understanding of our consumers, our customers, our shoppers, our end-to-end supply chain, our retail environment and key economic drivers at both a macro and precision level, including digital transformation and new media models. In addition, we are in the process of transforming our supply chain capabilities and enterprise resource planning system, which will enable employees to work more efficiently and effectively.
- *Responsibly Manage Our Operations to Ensure the Long-Term Sustainability of Our Business, Our Planet and Our People.* We are a purpose-driven company and for more than a century, our iconic brands have been built on a foundation of community investment and connections between people around the world. We could not have achieved this without our remarkable employees who make our purpose a reality. We believe our long-standing values make our Company a special place to work.
 - We believe our employees are among our most important resources and are critical to our continued success. We utilize continuous listening surveys that are distributed throughout the year to all employees globally to hear their thoughts on the Company’s direction and their place in it. These continuous touchpoints allow for real-time feedback and action from the Company. These surveys are further supplemented with quarterly and informative enterprise and team town halls, which, in conjunction with the continuous listening surveys, generate stronger employee engagement with the Company’s strategy, initiatives and leadership.
 - Our diverse and inclusive culture makes the difference across all areas of the business. Our gender representation includes women occupying many of the top positions in the Company, including Chief Executive Officer and Chairman of the Board, Chief Accounting Officer and President, Salty Snacks, and approximately 50% representation across the Company. In 2023, we maintained fair and equitable pay achievements, including 1:1 aggregate people of color pay equity (2021) and 1:1 aggregate gender pay (2020) for salaried employees in the United States.
 - We continue to make progress on our ESG priorities and continue to elevate these ESG initiatives for a greater global impact. Through our focus on sustainability and social impact across our value chain, we continue to improve and focus on the lives of cocoa farmers and cocoa communities, the environmental priorities of climate change and the role of packaging in our business, responsibly and sustainably sourcing the inputs to our products and increasing investments in human rights and diversity initiatives and growing diverse representation across the organization.

OVERVIEW

Hershey is a global confectionery leader known for making more moments of goodness through chocolate, sweets, mints and other great tasting snacks. We are the largest producer of quality chocolate in North America, a leading snack maker in the United States and a global leader in chocolate and non-chocolate confectionery. We market, sell and distribute our products under more than 90 brand names in approximately 80 countries worldwide.

Our principal product offerings include chocolate and non-chocolate confectionery products; gum and mint refreshment products and protein bars; pantry items, such as baking ingredients, toppings and beverages; and snack items such as spreads, bars, and snack bites and mixes, popcorn and pretzels.

Business Acquisitions and Divestitures

On May 31, 2023, we completed the acquisition of certain assets that provide additional manufacturing capacity from Weaver Popcorn Manufacturing, Inc. (“Weaver”), a leader in the production and co-packing of microwave popcorn and ready-to-eat popcorn, and former co-manufacturer of the Company’s *SkinnyPop* brand.

In December 2021, we completed the acquisition of Pretzels Inc. (“Pretzels”), previously a privately held company that manufactures and sells pretzels and other salty snacks for other branded products and private labels in the United States. Pretzels is an industry leader in the pretzel category with a product portfolio that includes filled, gluten free and seasoned pretzels, as well as extruded snacks that complements Hershey’s snacks portfolio. Based in Bluffton, Indiana, Pretzels operates three manufacturing locations in Indiana and Kansas. Pretzels provides Hershey with deep pretzel category and product expertise and the manufacturing capabilities to support brand growth and future pretzel



innovation. Additionally, we completed the acquisition of Dot's Pretzels, LLC ("Dot's"), previously a privately held company that produces and sells pretzels and other snack food products to retailers and distributors in the United States, with *Dot's Homestyle Pretzels* snacks as its primary product, which complements Hershey's snacks portfolio.

In June 2021, we completed the acquisition of Lily's Sweets, LLC ("Lily's"), previously a privately held company that sells a line of sugar-free and low-sugar confectionery foods to retailers and distributors in the United States and Canada. Lily's products include dark and milk chocolate style bars, baking chips, peanut butter cups and other confection products that complement Hershey's confectionery and confectionery-based portfolio.

In January 2021, we completed the divestiture of Lotte Shanghai Foods Co., Ltd. ("LSFC"), which was previously included within the International segment results in our consolidated financial statements. Total proceeds from the divestiture and the impact on our consolidated financial statements were immaterial.

TRENDS AFFECTING OUR BUSINESS

Throughout 2023, the rate of inflation has slowed; however, negative macroeconomic conditions and future outlook, including fears of a pending recession, have negatively impacted consumer behaviors. Net sales and net income increased during the year ended December 31, 2023; however, this was primarily driven by price increases on certain products across our portfolio. Additionally, we continued to experience corresponding incremental costs and gross margin pressures during the year ended December 31, 2023 (see Consolidated Results of Operations included in this MD&A). Despite specific actions taken to mitigate these gross margin pressures, higher prices for direct materials used to manufacture our products were, and continue to be, the primary incremental cost to our business. We utilize many exchange traded commodities for our business that are subject to price volatility, specifically cocoa products, which experienced an average increase in market prices of approximately 32% during 2023. We continue to monitor and use our risk management strategy where possible to hedge commodity prices in order to mitigate corresponding increases in our raw materials and energy costs.

Furthermore, certain geopolitical events, specifically the conflict between Russia and Ukraine, have increased global economic and political uncertainty. For the year ended December 31, 2023, this conflict did not have a material impact on our commodity prices or supply availability. However, we are continuing to monitor for any significant escalation or expansion of economic or supply chain disruptions or broader inflationary costs, which may result in material adverse effects on our results of operations.

As of December 31, 2023, we believe we have sufficient liquidity to satisfy our key strategic initiatives and other material cash requirements in both the short-term and in the long-term; however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can operate effectively during the current economic environment. We continue to monitor our discretionary spending across the organization (see Liquidity and Capital Resources included in this MD&A).

Based on the length and severity of fluctuating levels of inflation, including price volatility for our commodities, the likelihood of a potential recession, changes in consumer shopping and consumption behavior, and changes in geopolitical events, including the ongoing conflict between Russia and Ukraine, we may experience increasing supply chain costs, higher inflation and other impacts to our business. We will continue to evaluate the nature and extent of these potential and evolving impacts on our business, consolidated results of operations, segment results, liquidity and capital resources.



CONSOLIDATED RESULTS OF OPERATIONS

For the years ended December 31,	2023	2022	2021	Percent Change	
				2023 vs 2022	2022 vs 2021
In millions of dollars except per share amounts					
Net sales	\$ 11,165.0	\$ 10,419.3	\$ 8,971.3	7.2 %	16.1 %
Cost of sales	6,167.2	5,920.5	4,922.7	4.2 %	20.3 %
Gross profit	4,997.8	4,498.8	4,048.6	11.1 %	11.1 %
<i>Gross margin</i>	44.8 %	43.2 %	45.1 %		
Selling, Marketing & Administrative (“SM&A”) expense	2,436.5	2,236.0	2,001.4	9.0 %	11.7 %
<i>SM&A expense as a percent of net sales</i>	21.8 %	21.5 %	22.3 %		
Business realignment costs	0.4	2.0	3.5	(77.8)%	(43.6)%
Operating profit	2,560.9	2,260.8	2,043.7	13.3 %	10.6 %
<i>Operating profit margin</i>	22.9 %	21.7 %	22.8 %		
Interest expense, net	151.8	137.6	127.4	10.3 %	8.0 %
Other (income) expense, net	237.2	206.1	119.1	15.1 %	73.1 %
Provision for income taxes	310.1	272.3	314.4	13.9 %	(13.4)%
<i>Effective income tax rate</i>	14.3 %	14.2 %	17.5 %		
Net income including noncontrolling interest	1,861.8	1,644.8	1,482.8	13.2 %	10.9 %
Less: Net gain (loss) attributable to noncontrolling interest	—	—	5.3	NM	NM
Net income attributable to The Hershey Company	\$ 1,861.8	\$ 1,644.8	\$ 1,477.5	13.2 %	11.3 %
Net income per share—diluted	\$ 9.06	\$ 7.96	\$ 7.11	13.8 %	12.0 %

Note: Percentage changes may not compute directly as shown due to rounding of amounts presented above.

NM = not meaningful

Net Sales

2023 compared with 2022

Net sales were \$11,165.0 million in 2023 compared to \$10,419.3 million in 2022, an increase of \$745.7 million, or 7.2%. The net sales increase reflects a favorable price realization of 8.3% due to higher list prices across all segments and by a favorable impact from foreign currency exchange rates of 0.2%. These increases were slightly offset by a volume decrease of 1.3% due to a decrease in consumer demand primarily in everyday core U.S. confection brands.

2022 compared with 2021

Net sales were \$10,419.3 million in 2022 compared to \$8,971.3 million in 2021, an increase of \$1,448.0 million, or 16.1%. The net sales increase reflects a volume increase of 8.0% due to higher prices on certain products, a 4.3% benefit from net acquisitions and divestitures driven by the 2021 acquisitions of Lily’s, Dot’s and Pretzels and a volume increase of 4.0% due to an increase in consumer demand primarily in everyday core U.S. confection brands and salty snack brands. These increases were slightly offset by an unfavorable impact from foreign currency exchange rates of 0.2%.

Key U.S. Marketplace Metrics

For the full year 2023, our total U.S. retail takeaway increased 6.0% in the expanded multi-outlet combined plus convenience store channels (IRI MULO + C-Stores), which includes candy, mint, gum, salty snacks and grocery items. Our U.S. candy, mint and gum (“CMG”) consumer takeaway increased 6.0% and experienced a CMG market share decline of 83 basis points. Our Salty consumer takeaway increased 5.6% and experienced a Salty market share decline of 9 basis points.



The CMG consumer takeaway and market share information reflect measured channels of distribution accounting for approximately 90% of our U.S. confectionery retail business. These channels of distribution primarily include food, drug, mass merchandisers and convenience store channels, plus Wal-Mart Stores, Inc., partial dollar, club and military channels. These metrics are based on measured market scanned purchases as reported by Circana, the Company's market insights and analytics provider, and provide a means to assess our retail takeaway and market position relative to the overall category.

Cost of Sales and Gross Margin

2023 compared with 2022

Cost of sales were \$6,167.2 million in 2023 compared to \$5,920.5 million in 2022, an increase of \$246.7 million, or 4.2%. The increase included \$356.2 million of unfavorable costs driven by higher supply chain costs, including higher labor costs partially offset by lower logistics costs, and unfavorable mix. The increase was further driven by an incremental \$97.7 million of unfavorable mark-to-market activity on our commodity derivative instruments intended to economically hedge future years' commodity purchases (See Item 7A - Quantitative and Qualitative Disclosures About Market Risk for more information). These increases were partially offset by \$207.2 million of favorable supply chain productivity and price realization.

Gross margin was 44.8% in 2023 compared with 43.2% in 2022, an increase of 160 basis points. The increase was driven by favorable price realization and increased supply chain productivity. The increase was partially offset by unfavorable activity on our mark-to-market impact from commodity derivative instruments, higher supply chain costs, including higher labor costs and increased waste. The increase was further driven by unfavorable mix and foreign exchange rates.

2022 compared with 2021

Cost of sales were \$5,920.5 million in 2022 compared with \$4,922.7 million in 2021, an increase of \$997.8 million, or 20.3%. The increase included \$767.7 million of unfavorable costs driven by higher sales volume and higher supply chain inflation costs, including higher logistics and labor costs. The increase was further driven by an incremental \$40.8 million of unfavorable mark-to-market activity on our commodity derivative instruments intended to economically hedge future years' commodity purchases. Additionally, we incurred incremental costs of \$263.3 million associated with our 2021 acquisitions of Dot's and Pretzels. These increases were offset by \$74.0 million of favorable price realization and supply chain productivity.

Gross margin was 43.2% in 2022 compared with 45.1% 2021, a decrease of 190 basis points. The decrease was driven by unfavorable year-over-year mark-to-market impact from commodity derivative instruments, higher supply chain inflation costs, including higher logistics and labor costs, and unfavorable product mix. These declines were offset by favorable price realization and volume increases.

Selling, Marketing and Administrative

2023 compared with 2022

Selling, marketing and administrative ("SM&A") expenses were \$2,436.5 million in 2023 compared to \$2,236.0 million in 2022, an increase of \$200.5 million, or 9.0%. The increase was driven by increased corporate expenses. Total advertising and related consumer marketing expenses increased 12.2% driven by North America Confectionery and North America Salty Snacks. SM&A expenses, excluding advertising and related consumer marketing, increased approximately 7.5% in 2023 driven by higher compensation costs and investments in capabilities and technology across segments.

2022 compared with 2021

SM&A expenses were \$2,236.0 million in 2022 compared to \$2,001.4 million in 2021, an increase of \$234.6 million, or 11.7%, driven by increased corporate expenses. Total advertising and related consumer marketing expenses increased 2.7% driven by advertising increases in our confectionery brands and increased investment in our salty snacks portfolio, which were partially offset by cost efficiencies related to new media partners. SM&A expenses, excluding advertising and related consumer marketing, increased approximately 16.3% in 2022 driven by an increase in acquisition and integration related costs, as well as higher compensation costs, investments in capabilities and technology and broad-based marketplace inflation.



Business Realignment Activities

We periodically undertake business realignment activities designed to increase our efficiency and focus our business in support of our key growth strategies. In 2023, 2022 and 2021, we recorded business realignment costs of \$0.4 million, \$2.0 million and \$3.5 million, respectively. The 2023, 2022, and 2021 costs related primarily to the International Optimization Program, a program focused on optimizing our China operating model to improve our operational efficiency and provide for a strong, sustainable and simplified base going forward. Additionally, in February 2024, the Board of Directors approved the Advancing Agility & Automation Initiative, which is a multi-year productivity program to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings. Costs associated with business realignment activities are classified in our Consolidated Statements of Income as described in Note 9 to the Consolidated Financial Statements.

Operating Profit and Operating Profit Margin

2023 compared with 2022

Operating profit was \$2,560.9 million in 2023 compared to \$2,260.8 million in 2022, an increase of \$300.1 million, or 13.3%. The increase was predominantly due to higher gross profit, partially offset by higher SM&A expenses, as noted above. Operating profit margin increased to 22.9% in 2023 from 21.7% in 2022 by the same factors noted above in gross margin.

2022 compared with 2021

Operating profit was \$2,260.8 million in 2022 compared to \$2,043.7 million in 2021, an increase of \$217.1 million, or 10.6%. The increase was predominantly due to higher gross profit, partially offset by higher SM&A expenses, as noted above. Operating profit margin decreased to 21.7% in 2022 from 22.8% in 2021 driven by these same factors.

Interest Expense, Net

2023 compared with 2022

Net interest expense was \$151.8 million in 2023 compared to \$137.6 million in 2022, an increase of \$14.2 million, or 10.3%. The increase was primarily due to higher rates on short-term debt balances in 2023 versus 2022, specifically related to outstanding commercial paper borrowings, and higher rates on long-term debt balances, specifically related to the \$350 million 4.25% Notes and \$400 million 4.50% Notes issued in May 2023. The increase in the expense was partially offset by an increase in interest income.

2022 compared with 2021

Net interest expense was \$137.6 million in 2022 compared to \$127.4 million in 2021, an increase of \$10.2 million, or 8.0%. The increase was primarily due to higher rates on short-term debt balances in 2022 versus 2021, specifically related to outstanding commercial paper borrowings. The increase was partially offset due to lower average long-term debt balances, specifically resulting from the repayment of \$84.7 million of 8.800% Debentures upon their maturity in February 2021 and \$350 million of 3.100% Notes upon their maturity in May 2021.



Other (Income) Expense, Net

2023 compared with 2022

Other (income) expense, net totaled an expense of \$237.2 million in 2023 versus an expense of \$206.1 million in 2022, an increase of \$31.1 million, or 15.1%. The increase in the net expense was primarily driven by an increase of \$22.2 million of higher write-downs on equity investments qualifying for tax credits in 2023 versus 2022 and an increase of \$9.5 million of higher non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans.

2022 compared with 2021

Other (income) expense, net totaled an expense of \$206.1 million in 2022 versus an expense of \$119.1 million in 2021, an increase of \$87.0 million, or 73.1%. The increase in the net expense was primarily driven by an increase of \$75.4 million of higher write-downs on equity investments qualifying for tax credits in 2022 versus 2021 and an increase of \$13.3 million of non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans.

Income Taxes and Effective Tax Rate

2023 compared with 2022

Our effective income tax rate was 14.3% for 2023 compared with 14.2% for 2022. Relative to the 21% statutory rate, the 2023 effective tax rate benefited from investment tax credits, partially offset by state taxes. The 2022 effective rate, relative to the 21% statutory rate, benefited from investment tax credits, partially offset by state taxes.

2022 compared with 2021

Our effective income tax rate was 14.2% for 2022 compared with 17.5% for 2021. Relative to the 21% statutory rate, the 2022 effective tax rate benefited from investment tax credits, partially offset by state taxes. The 2021 effective rate, relative to the 21% statutory rate, benefited from investment tax credits, partially offset by incremental tax reserves incurred as a result of an adverse ruling in connection with a non-U.S. tax litigation matter, as well as state taxes.

Net Income Attributable to The Hershey Company and Earnings Per Share-diluted

2023 compared with 2022

Net income was \$1,861.8 million in 2023 compared to \$1,644.8 million in 2022, an increase of \$217.0 million, or 13.2%. EPS-diluted was \$9.06 in 2023 compared to \$7.96 in 2022, an increase of \$1.1, or 13.8%. The increase in both net income and EPS-diluted was driven primarily by higher gross profit, partially offset by higher SM&A expenses, higher income taxes, and higher other income and expenses. Our 2023 EPS-diluted also benefited from lower weighted-average shares outstanding as a result of share repurchases pursuant to our Board-approved repurchase programs..

2022 compared with 2021

Net income was \$1,644.8 million in 2022 compared to \$1,477.5 million in 2021, an increase of \$167.3 million, or 11.3%. EPS-diluted was \$7.96 in 2022 compared to \$7.11 in 2021, an increase of \$0.85, or 12.0%. The increase in both net income and EPS-diluted was driven primarily by higher gross profit and lower income taxes, partially offset by higher SM&A expenses and higher other income and expenses. Our 2022 EPS-diluted also benefited from lower weighted-average shares outstanding as a result of share repurchases pursuant to our Board-approved repurchase programs.



SEGMENT RESULTS

The summary that follows provides a discussion of the results of operations of our three segments: North America Confectionery, North America Salty Snacks and International. For segment reporting purposes, we use “segment income” to evaluate segment performance and allocate resources. Segment income excludes unallocated general corporate administrative expenses, unallocated mark-to-market gains and losses on commodity derivatives, business realignment and impairment charges, acquisition-related costs and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating income are largely managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the Chief Operating Decision Maker and used for resource allocation and internal management reporting and performance evaluation. Segment income and segment income margin, which are presented in the segment discussion that follows, are non-GAAP measures and do not purport to be alternatives to operating income as a measure of operating performance. We believe that these measures are useful to investors and other users of our financial information in evaluating ongoing operating profitability as well as in evaluating operating performance in relation to our competitors, as they exclude the activities that are not directly attributable to our ongoing segment operations.

Our segment results, including a reconciliation to our consolidated results, were as follows:

For the years ended December 31,	2023	2022	2021
In millions of dollars			
Net Sales:			
North America Confectionery	\$ 9,123.1	\$ 8,536.5	\$ 7,682.4
North America Salty Snacks	1,092.7	1,029.4	555.4
International	949.2	853.4	733.5
Total	\$ 11,165.0	\$ 10,419.3	\$ 8,971.3
Segment Income:			
North America Confectionery	\$ 3,117.0	\$ 2,811.1	\$ 2,475.9
North America Salty Snacks	158.3	159.9	100.7
International	148.3	107.9	74.2
Total segment income	3,423.6	3,078.9	2,650.8
Unallocated corporate expense (1)	800.4	735.5	614.9
Unallocated mark-to-market losses (gains) on commodity derivatives (2)	58.9	78.2	(24.4)
Costs associated with business realignment activities	3.4	4.4	16.6
Operating profit	2,560.9	2,260.8	2,043.7
Interest expense, net	151.8	137.6	127.4
Other (income) expense, net	237.2	206.2	119.1
Income before income taxes	\$ 2,171.9	\$ 1,917.0	\$ 1,797.2

- (1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition-related costs and (e) other gains or losses that are not integral to segment performance.
- (2) Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in unallocated derivative losses (gains). See Note 13 to the Consolidated Financial Statements.



North America Confectionery

The North America Confectionery segment is responsible for our chocolate and non-chocolate confectionery market position in the United States and Canada. This includes developing and growing our business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines. While a less significant component, this segment also includes our retail operations, including Hershey's Chocolate World stores in Hershey, Pennsylvania; New York, New York; Las Vegas, Nevada; Niagara Falls (Ontario) and Singapore, as well as operations associated with licensing the use of certain trademarks and products to third parties around the world. North America Confectionery accounted for 81.7%, 81.9% and 85.6% of our net sales in 2023, 2022 and 2021, respectively. North America Confectionery results for the years ended December 31, 2023, 2022 and 2021 were as follows:

For the years ended December 31,	2023	2022	2021	Percent Change	
				2023 vs 2022	2022 vs 2021
In millions of dollars					
Net sales	\$ 9,123.1	\$ 8,536.5	\$ 7,682.4	6.9 %	11.1 %
Segment income	3,117.0	2,811.1	2,475.9	10.9 %	13.5 %
Segment margin	34.2 %	32.9 %	32.2 %		

2023 compared with 2022

Net sales of our North America Confectionery segment were \$9,123.1 million in 2023 compared to \$8,536.5 million in 2022, a increase of \$586.6 million, or 6.9%. The increase reflected a favorable price realization of 9.0% due to price increases on certain products across our portfolio. The increases were partially offset by a volume decrease of 1.9% driven by a decrease in everyday core U.S. confection brands, and an unfavorable impact from foreign currency exchange rates of 0.2%.

Our North America Confectionery segment also includes licensing and owned retail. This includes our Hershey's Chocolate World stores in the United States (3 locations), Niagara Falls (Ontario) and Singapore. Our net sales for licensing and owned retail increased approximately 12.1% during 2023 compared to 2022.

Our North America Confectionery segment income was \$3,117.0 million in 2023 compared to \$2,811.1 million in 2022, a increase of \$305.9 million, or 10.9%. The increase was primarily due to favorable price realization and supply chain productivity, partially offset by higher supply chain costs, including higher labor costs, as well as unfavorable product mix.

2022 compared with 2021

Net sales of our North America Confectionery segment were \$8,536.5 million in 2022 compared to \$7,682.4 million 2021, an increase of \$854.1 million, or 11.1%. The increase reflected a favorable price realization of 8.1% due to higher prices on certain products, a volume increase of 2.8% due to an increase in everyday core U.S. confection brands, and a 0.4% benefit from the 2021 acquisition of Lily's. These increases were partially offset by an unfavorable impact from foreign currency exchange rates of 0.2%.

Our North America Confectionery segment also includes licensing and owned retail. This includes our Hershey's Chocolate World stores in the United States (3 locations), Niagara Falls (Ontario) and Singapore. Our net sales for licensing and owned retail increased approximately 12.7% during 2022 compared to 2021.

Our North America Confectionery segment income was \$2,811.1 million in 2022 compared to \$2,475.9 million in 2021, an increase of \$335.2 million, or 13.5%. The increase was primarily due to favorable price realization and volume increases, partially offset by higher supply chain inflation costs, including higher logistics and labor costs, as well as, unfavorable product mix.



North America Salty Snacks

The North America Salty Snacks segment is responsible for our grocery and snacks market positions, including our salty snacking products. North America Salty Snacks accounted for 9.8%, 9.9% and 6.2% of our net sales in 2023, 2022 and 2021, respectively. North America Salty Snacks results for the years ended December 31, 2023, 2022 and 2021 were as follows:

For the years ended December 31,	2023	2022	2021	Percent Change	
				2023 vs 2022	2022 vs 2021
In millions of dollars					
Net sales	\$ 1,092.7	\$ 1,029.4	\$ 555.4	6.1 %	85.3 %
Segment income	158.3	159.9	100.7	(1.0)%	58.8 %
Segment margin	14.5 %	15.5 %	18.1 %		

2023 compared with 2022

Net sales for our North America Salty Snacks segment were \$1,092.7 million in 2023 compared to \$1,029.4 million in 2022, an increase of \$63.3 million, or 6.1%. The increase reflected a favorable price realization of 5.4% due to price increases on products across our portfolio, primarily *SkinnyPop* and *Dot's Homestyle Pretzels* snacks, and a volume increase of 0.7%, primarily related to *Dot's Homestyle Pretzels* snacks.

Our North America Salty Snacks segment income was \$158.3 million in 2023 compared to \$159.9 million in 2022 a decrease of \$1.6 million, or 1.0%. The decrease is primarily due to increased advertising and related consumer marketing costs and costs related to the voluntary removal of certain *Paqui* branded items in 2023. The decrease was partially offset by favorable price realization and favorable product mix.

2022 compared with 2021

Net sales for our North America Salty Snacks segment was \$1,029.4 million in 2022 compared to \$555.4 million in 2021, an increase of \$474.0 million, or 85.3%. The increase reflected a 64.0% benefit from the 2021 acquisitions of *Dot's* and *Pretzels*, a favorable price realization of 12.0% due to higher prices on certain products and a volume increase of 9.3% primarily related to *SkinnyPop* and *Pirates Booty* snacks.

Our North America Salty Snacks segment income was \$159.9 million in 2022 compared to \$100.7 million in 2021, an increase of \$59.2 million, or 58.8%. The increase is primarily due to favorable price realization and volume increases, partially offset by higher supply chain inflation costs, including higher logistics and labor costs, as well as, unfavorable product mix.



International

The International segment includes all other countries where we currently manufacture, import, market, sell or distribute chocolate and non-chocolate confectionery and other products. We currently, have operations and manufacture product in Mexico, Brazil, India and Malaysia, primarily for consumers in these regions, and also distribute and sell confectionery products in export markets of Latin America, as well as Europe, Asia, the Middle East and Africa (“AMEA”) and other regions. International results, which accounted for 8.5%, 8.2% and 8.2% of our net sales in 2023, 2022 and 2021, respectively. International results for the years ended December 31, 2023, 2022 and 2021 were as follows:

For the years ended December 31,	2023	2022	2021	Percent Change	
				2023 vs 2022	2022 vs 2021
In millions of dollars					
Net sales	\$ 949.2	\$ 853.4	\$ 733.5	11.2 %	16.3 %
Segment income	148.3	107.9	74.2	37.4 %	45.4 %
Segment margin	15.6 %	12.6 %	10.1 %		

2023 compared with 2022

Net sales of our International segment were \$949.2 million in 2023 compared to \$853.4 million in 2022, an increase of \$95.8 million, or 11.2%. The increase reflected a favorable price realization of 4.7%, driven by price increases across the segment, a favorable impact from foreign currency exchange rates of 3.4%, primarily driven by Mexico, and a volume increase of 3.1%. The net sales increase was primarily attributable to World Travel Retail, Mexico and Brazil & Latin America, where net sales increased 15.6%, 14.3% and 13.0%, respectively.

Our International segment income was \$148.3 million in 2023 compared to \$107.9 million in 2022, an increase of \$40.4 million, or 37.4%, primarily resulting from favorable price realization, favorable foreign currency exchange rates, and minimal volume increases, partially offset by increased supply chain costs.

2022 compared with 2021

Net sales of our International segment were \$853.4 million in 2022 compared to \$733.5 million in 2021, an increase of \$119.9 million, or 16.3% reflecting a volume increase of 11.9%, a favorable price realization of 4.1%, and a favorable impact from foreign currency exchange rates of 0.3%. The volume increase was primarily attributed to solid marketplace growth in Brazil, Mexico and India, where net sales increased by 21.6%, 20.6% and 13.7%, respectively. Our International segment also includes world travel retail, where net sales increased approximately 28.6%.

Our International segment income was \$107.9 million in 2022 compared to \$74.2 million in 2021, an increase of \$33.7 million, or 45.4%, primarily resulting from volume increases, favorable price realization, and the execution of our International Optimization Program in China, as we streamline and optimize our China operating model.



Unallocated Corporate Expense

Unallocated corporate expense includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense and (d) other gains or losses that are not integral to segment performance.

Unallocated corporate expense totaled \$800.4 million in 2023 as compared to \$735.5 million in 2022, an increase of \$64.9 or, or 8.8%. The increase was primarily driven by incremental investments in capabilities and technology, higher compensation costs, and an increase in acquisition and integration related costs.

Unallocated corporate expense totaled \$735.5 million in 2022 as compared to \$614.9 million in 2021, an increase of \$120.6 million, or 19.6%. The increase was primarily driven by an increase in acquisition and integration related costs, as well as higher compensation costs, investments in capabilities and technology and broad-based marketplace inflation.

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Significant factors affecting liquidity include cash flows generated from operating activities, capital expenditures, acquisitions, dividends, repurchases of outstanding shares, the adequacy of available commercial paper and bank lines of credit, and the ability to attract long-term capital with satisfactory terms. We generate substantial amounts of cash from operations and remain in a strong financial position, with sufficient liquidity available for capital reinvestment, strategic acquisitions and the payment of dividends.

Cash Flow Summary

The following table is derived from our Consolidated Statements of Cash Flows:

In millions of dollars	2023	2022	2021
Net cash provided by (used in):			
Operating activities	\$ 2,323.2	\$ 2,327.8	\$ 2,082.9
Investing activities	(1,198.7)	(787.4)	(2,222.8)
Financing activities	(1,148.3)	(1,415.7)	(681.1)
Effect of exchange rate changes on cash and cash equivalents	(38.2)	9.9	(5.1)
Less: Cash classified as assets held for sale	—	—	11.4
(Decrease) increase in cash and cash equivalents	<u>\$ (62.0)</u>	<u>\$ 134.6</u>	<u>\$ (814.7)</u>

Operating activities

Our principal source of liquidity is cash flow from operations. Our net income and, consequently, our cash provided by operations are impacted by sales volume, seasonal sales patterns, timing of new product introductions, profit margins and price changes. Sales are typically higher during the third and fourth quarters of the year due to seasonal and holiday-related sales patterns. Generally, working capital needs peak during the summer months. We meet these needs primarily with cash on hand, bank borrowings or the issuance of commercial paper.

We generated cash of \$2.32 billion from operating activities in 2023, a decrease of \$4.6 million compared to \$2.33 billion in 2022. The decrease in net cash provided by operating activities was mainly driven by the following factors:

- In the aggregate, select net working capital items, specifically, trade accounts receivable, inventory, accounts payable and accrued liabilities, consumed cash of \$209.0 million in 2023, compared to \$8.6 million in 2022. This \$200.4 million fluctuation was mainly driven by an increase in cash used by accounts receivable due to an increase in sales of U.S. seasonal products and the timing of vendor and supplier payments.
- Timing of income tax payments contributed to a decrease in operating cash of \$32.5 million in 2023, compared to an increase of \$5.0 million in 2022. This \$37.5 million fluctuation was primarily due to the variance in actual tax



expense for 2023 relative to the timing of quarterly estimated tax payments. We paid cash of \$303.9 million for income taxes during 2023 compared to \$221.3 million in the same period of 2022.

- Other assets and liabilities consumed cash of \$100.4 million in 2023, compared to \$25.7 million in 2022. This \$74.7 million fluctuation was primarily due to our purchase of an irrevocable group annuity contract to settle a portion of our post retirement benefit obligation.
- The decrease in cash provided by operating activities was partially offset by the following net cash inflows:
 - Net income adjusted for non-cash charges to operations (including depreciation, amortization, stock-based compensation, deferred income taxes, write-down of equity investments and other charges) resulted in \$256.7 million of higher cash flow in 2023 relative to 2022.

We generated cash of \$2.3 billion from operating activities in 2022, an increase of \$244.9 million compared to \$2.1 billion in 2021. This increase in net cash provided by operating activities was mainly driven by the following factors:

- In the aggregate, select net working capital items, specifically, trade accounts receivable, inventory, accounts payable and accrued liabilities, consumed cash of \$9 million in 2022 and generated cash of \$47 million in 2021. This \$56 million fluctuation was mainly driven by a higher year-over-year build up of U.S. inventories to satisfy product requirements and maintain sufficient levels to accommodate customer requirements, partially offset by the timing of vendor and supplier payments.
- Net income adjusted for non-cash charges to operations (including depreciation, amortization, stock-based compensation, deferred income taxes, write-down of equity investments and other charges) resulted in \$348 million of higher cash flow in 2022 relative to 2021.

Pension and Post-Retirement Activity. We recorded net periodic benefit costs of \$43.2 million, \$36.3 million and \$28.4 million in 2023, 2022 and 2021, respectively, relating to our benefit plans (including our defined benefit and other post retirement plans). The main drivers of fluctuations in expense from year to year are assumptions in formulating our long-term estimates, including discount rates used to value the service and interest costs and the amortization of actuarial gains and losses.

The funded status of our qualified defined benefit pension plans is dependent upon many factors, including returns on invested assets, the level of market interest rates and the level of funding. We contribute cash to our plans at our discretion, subject to applicable regulations and minimum contribution requirements. Cash contributions to our pension and post retirement plans totaled \$27.6 million, \$78.5 million and \$51.1 million in 2023, 2022 and 2021, respectively.

Investing activities

Our principal uses of cash for investment purposes relate to purchases of property, plant and equipment and capitalized software, as well as acquisitions of businesses, partially offset by proceeds from sales of property, plant and equipment. We used cash of \$1.2 billion for investing activities in 2023 compared to \$0.8 billion in 2022, with the increase in cash spend driven by an increase of investments in capabilities and technology as well as a higher level of acquisition activity. We used cash of \$2.2 billion for investing activities in 2021, with the decrease in 2022 in cash spend driven by lower levels of acquisition activity, partially offset by higher capital spend and investment tax credits.

Primary investing activities include the following:

- *Capital spending.* Capital expenditures, including capitalized software, primarily to support our ERP system implementation, capacity expansion, innovation and cost savings, were \$771.1 million in 2023, \$519.5 million in 2022 and \$495.9 million in 2021. For each of the years presented, our expenditures increased due to progress on capacity expansion projects and our ERP system implementation. We expect 2024 capital expenditures, including capitalized software, to approximate \$600 million to \$650 million. The decrease in our 2024 capital expenditures is largely driven by the wind down of our key strategic initiatives, including completion of the upgrade of a new ERP system across the enterprise in 2024. We intend to use our existing cash and internally generated funds to meet our 2024 capital requirements.



- *Investments in partnerships qualifying for tax credits.* We make investments in partnership entities that in turn make equity investments in projects eligible to receive federal historic and energy tax credits. We invested approximately \$256.8 million in 2023, \$275.5 million in 2022 and \$128.4 million in 2021 in projects qualifying for tax credits.
- *Business acquisitions.* In 2023, we spent \$165.8 million to acquire Weaver (May 2023). In 2022, we had no acquisition activity. In 2021, we spent an aggregate \$1.6 billion to acquire Lily's (June 2021), as well as Dot's and Pretzels (December 2021). Further details regarding our business acquisition activity is provided in Note 2 to the Consolidated Financial Statements.
- *Other investing activities.* In 2023, 2022, and 2021, our other investing activities were minimal.

Financing activities

Our cash flow from financing activities generally relates to the use of cash for purchases of our Common Stock and payment of dividends, offset by net borrowing activity and proceeds from the exercise of stock options. Financing activities in 2023 used cash of \$1.1 billion, compared to cash used of \$1.4 billion in 2022. We used cash of \$0.7 billion for financing activities in 2021.

The majority of our financing activity was attributed to the following:

- *Short-term borrowings, net.* In addition to utilizing cash on hand, we use short-term borrowings (commercial paper and bank borrowings) to fund seasonal working capital requirements and ongoing business needs. In 2023, our short-term borrowings increased \$26.0 million predominately through the issuance of short-term commercial paper, as well as an increase in short-term foreign bank borrowings. In 2022, we used cash of \$245.6 million to reduce a portion of our short-term commercial paper borrowings originally used to fund our 2021 acquisitions of Dot's and Pretzels, partially offset by an increase in short-term foreign bank borrowings. In 2021, we generated cash flow of \$869.0 million predominantly through the issuance of short-term commercial paper.
- *Long-term debt borrowings and repayments.* In May 2023, we repaid \$250 million of 2.625% Notes and \$500 million of 3.375% Notes due upon their maturities. In May 2023, we issued \$350 million of 4.250% Notes due in May 2028 and \$400 million of 4.500% Notes due in May 2033 (the "2023 Notes"). Proceeds from the issuance of the 2023 Notes, net of discounts and issuance costs, totaled \$744.1 million. In 2022, long-term debt activity was minimal. In February 2021 and May 2021, we repaid \$84.7 million of 8.800% Debentures and \$350 million of 3.100% Notes due upon their maturities, respectively. In 2024, we expect our long-term debt repayments to approximate \$300 million upon the maturity of \$300 million of 2.050% Notes due in November 2024.
- *Dividend payments.* Total dividend payments to holders of our Common Stock and Class B Common Stock were \$889.1 million in 2023, \$775.0 million in 2022 and \$686.0 million in 2021. Dividends per share of Common Stock increased 15.0% to \$4.456 per share in 2023 compared to \$3.874 per share in 2022, while dividends per share of Class B Common Stock increased 15.0% in 2023. Details regarding our 2023 cash dividends paid to stockholders are as follows:

In millions of dollars except per share amounts	Quarter Ended			
	April 2, 2023	July 2, 2023	October 1, 2023	December 31, 2023
Dividends paid per share – Common stock	\$ 1.036	\$ 1.036	\$ 1.192	\$ 1.192
Dividends paid per share – Class B common stock	\$ 0.942	\$ 0.942	\$ 1.083	\$ 1.083
Total cash dividends paid	\$ 207.4	\$ 206.1	\$ 237.8	\$ 237.8
Declaration date	January 31, 2023	April 25, 2023	July 27, 2023	October 25, 2023
Record date	February 17, 2023	May 19, 2023	August 18, 2023	November 17, 2023
Payment date	March 15, 2023	June 15, 2023	September 15, 2023	December 15, 2023



- *Share repurchases.* We repurchase shares of Common Stock to offset the dilutive impact of treasury shares issued under our equity compensation plans. The value of these share repurchases in a given period varies based on the volume of stock options exercised and our market price. In addition, we periodically repurchase shares of Common Stock pursuant to Board-authorized programs intended to drive additional stockholder value. Details regarding our share repurchases are as follows:

In millions	2023	2022	2021
Milton Hershey School Trust repurchase (1)(2)	\$ 239.9	\$ 203.4	\$ —
Shares repurchased in the open market under pre-approved share repurchase programs (2)	—	—	150.0
Shares repurchased in the open market to replace Treasury Stock issued for stock options and incentive compensation	\$ 27.4	\$ 185.6	\$ 308.0
Cash used for total share repurchases (excluding excise tax)	\$ 267.3	\$ 389.0	\$ 458.0
Total shares repurchased under pre-approved share repurchase programs	1.0	—	0.9

(1) In February 2023 and 2022, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased 1,000,000 shares in 2023 and 2022 of the Company's Common Stock from the School Trust at a price equal to \$239.91 per share, for a total purchase price of \$239.9 million in 2023. In 2022 the Company purchased the common stock at a price equal to \$203.35 per share, for a total purchase price of \$203.4 million. As a result of the 2023 share repurchase, our July 2018 share repurchase authorization program was completed, and approximately \$370.1 million remains available for repurchases under our May 2021 share repurchase authorization.

(2) In July 2018, our Board of Directors approved a \$500 million share repurchase authorization. In May 2021, our Board of Directors approved an additional \$500 million share repurchase authorization. As a result of the February 2023 Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, the July 2018 share repurchase authorization was completed and as of December 31, 2023, approximately \$370.1 million remained available for repurchases under our May 2021 share repurchase authorization. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program is to commence after the existing 2021 authorization is completed and is to be utilized at management's discretion. These share repurchase programs do not have an expiration date. We expect 2024 share repurchases to be in line with our traditional buyback strategy.

- *Proceeds from the exercise of stock options, including tax benefits.* In 2023 we received \$26.0 million from employee exercises of stock options and paid \$35.0 million of employee taxes withheld from share-based awards. In 2022 we received \$34.2 million from employee exercises of stock options and paid \$35.5 million of employee taxes withheld from share-based awards. In 2021 we received \$33.2 million from employee exercises of stock options, net of employee taxes withheld from share-based awards. Variances are driven primarily by the number of shares exercised and the share price at the date of grant.



Financial Condition

At December 31, 2023, our cash and cash equivalents totaled \$401.9 million. At December 31, 2022, our cash and cash equivalents totaled \$463.9 million. Our cash and cash equivalents at the end of 2023 decreased \$62.0 million compared to the 2022 year-end balance as a result of the net uses of cash outlined in the previous discussion.

Approximately 80% of the balance of our cash and cash equivalents at December 31, 2023 was held by subsidiaries domiciled outside of the United States. A majority of this balance is distributable to the United States without material tax implications, such as withholding tax. We intend to continue to reinvest the remainder of the earnings outside of the United States for which there would be a material tax implication to distributing for the foreseeable future and, therefore, have not recognized additional tax expense on these earnings. We believe that our existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase our debt. Operating cash flow and access to capital markets are expected to satisfy our various short- and long-term cash flow requirements, including acquisitions and capital expenditures.

We maintain debt levels we consider prudent based on our cash flow, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital which increases our return on stockholders' equity. Our total short- and long-term debt was \$4.8 billion at December 31, 2023 and December 31, 2022. Our total debt remained consistent in 2023 primarily due to the repayment of \$250 million of 2.625% Notes and \$500 million of 3.375% Notes due upon their maturity in May 2023 offset by the issuance of \$350 million of 4.250% Notes due in May 2028 and \$400 million of 4.500% Notes due in May 2033.

As a source of short-term financing, we maintain a \$1.35 billion unsecured revolving credit facility with the option to increase borrowings by an additional \$500 million with the consent of the lenders. As of December 31, 2023, the termination date of this agreement is April 26, 2028, however, we may extend the termination date for up to two additional one-year periods upon notice to the administrative agent under the facility. We may use these funds for general corporate purposes, including commercial paper backstop and business acquisitions. As of December 31, 2023, we had \$822 million of available capacity under the agreement. The unsecured revolving credit agreement contains certain financial and other covenants, customary representations, warranties and events of default. We were in compliance with all covenants as of December 31, 2023.

In addition to the revolving credit facility, we maintain lines of credit in various currencies with domestic and international commercial banks. As of December 31, 2023, we had available capacity of \$219 million under these lines of credit.

Furthermore, we have a current shelf registration statement filed with the SEC that allows for the issuance of an indeterminate amount of debt securities. Proceeds from the debt issuances and any other offerings under the current registration statement may be used for general corporate requirements, including reducing existing borrowings, financing capital additions and funding contributions to our pension plans, future business acquisitions and working capital requirements.

Our ability to obtain debt financing at comparable risk-based interest rates is partly a function of our existing cash-flow-to-debt and debt-to-capitalization levels as well as our current credit rating.

We believe that our existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase our debt. Operating cash flow and access to capital markets are expected to satisfy our various short- and long-term cash flow requirements, including acquisitions and capital expenditures.



Equity Structure

We have two classes of stock outstanding – Common Stock and Class B Stock. Holders of the Common Stock and the Class B Stock generally vote together without regard to class on matters submitted to stockholders, including the election of directors. Holders of the Common Stock have 1 vote per share. Holders of the Class B Stock have 10 votes per share. Holders of the Common Stock, voting separately as a class, are entitled to elect one-sixth of our Board. With respect to dividend rights, holders of the Common Stock are entitled to cash dividends 10% higher than those declared and paid on the Class B Stock.

Hershey Trust Company, as trustee for the trust established by Milton S. and Catherine S. Hershey that has as its sole beneficiary Milton Hershey School, maintains voting control over The Hershey Company. In addition, three representatives of Hershey Trust Company currently serve as members of the Company's Board. In performing their responsibilities on the Company's Board, these representatives may from time to time exercise influence with regard to the ongoing business decisions of our Board or management. Hershey Trust Company, as trustee for the Trust, in its role as controlling stockholder of the Company, has indicated it intends to retain its controlling interest in The Hershey Company. The Company's Board, and not the Hershey Trust Company board, is solely responsible and accountable for the Company's management and performance.

Pennsylvania law requires that the Office of Attorney General be provided advance notice of any transaction that would result in Hershey Trust Company, as trustee for the Trust, no longer having voting control of the Company. The law provides specific statutory authority for the Attorney General to intercede and petition the court having jurisdiction over Hershey Trust Company, as trustee for the Trust, to stop such a transaction if the Attorney General can prove that the transaction is unnecessary for the future economic viability of the Company and is inconsistent with investment and management considerations under fiduciary obligations. This legislation makes it more difficult for a third party to acquire a majority of our outstanding voting stock and thereby may delay or prevent a change in control of the Company.

Material Cash Requirements

The following table summarizes our future material cash requirements as of December 31, 2023:

In millions of dollars	Payments due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term debt (primarily U.S. commercial paper)	\$ 719.8	\$ 719.8	\$ —	\$ —	\$ —
Long-term notes (excluding finance lease obligations)	4,043.6	300.0	1,100.0	543.6	2,100.0
Interest expense (1)	1,244.1	122.0	218.0	162.7	741.4
Operating lease obligations (2)	397.1	44.7	58.1	51.1	243.2
Finance lease obligations (3)	170.7	10.2	14.1	8.5	137.9
Unconditional purchase obligations (4)	2,891.8	2,111.1	631.2	28.4	121.1
Total obligations	\$ 9,467.1	\$ 3,307.8	\$ 2,021.4	\$ 794.3	\$ 3,343.6

(1) Includes the net interest payments on fixed rate debt associated with long-term notes.

(2) Includes the minimum rental commitments (including imputed interest) under non-cancelable operating leases primarily for offices, retail stores, warehouses and distribution facilities.

(3) Includes the minimum rental commitments (including imputed interest) under non-cancelable finance leases primarily for offices and warehouse facilities, as well as machinery and equipment and vehicles.

(4) Purchase obligations consist primarily of fixed commitments for the purchase of raw materials to be utilized in the normal course of business. Amounts presented include fixed price forward contracts and unpriced contracts that were valued using market prices as of December 31, 2023. The amounts presented in the table do not include items already recorded in accounts payable or accrued liabilities at year-end 2023, nor does the table reflect cash flows we are likely to incur based on our plans, but are not obligated to incur. Such amounts are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such purchase obligations will adversely affect our liquidity position.



In entering into contractual obligations, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. Our risk is limited to replacing the contracts at prevailing market rates. We do not expect any significant losses resulting from counterparty defaults.

These obligations impact our liquidity and capital resource needs. To meet those cash requirements, we intend to use our existing cash and internally generated funds. To the extent necessary, we may also borrow under our existing unsecured revolving credit facility or under other short-term borrowings, and depending on market conditions and upon the significance of the cost of a particular Note maturity or acquisition to our then-available sources of funds, to obtain additional short- and long-term financing. We believe that cash provided from these sources will be adequate to meet our future short- and long-term cash requirements.

Asset Retirement Obligations

We have a number of facilities that contain varying amounts of asbestos in certain locations within the facilities. Our asbestos management program is compliant with current applicable regulations, which require that we handle or dispose of asbestos in a specified manner if such facilities undergo major renovations or are demolished. We do not have sufficient information to estimate the fair value of any asset retirement obligations related to these facilities. We cannot specify the settlement date or range of potential settlement dates and, therefore, sufficient information is not available to apply an expected present value technique. We expect to maintain the facilities with repairs and maintenance activities that would not involve or require the removal of significant quantities of asbestos.

Income Tax Obligations

Liabilities for unrecognized income tax benefits are excluded from the table above as we are unable to reasonably predict the ultimate amount or timing of a settlement of these potential liabilities. See Note 10 to the Consolidated Financial Statements for more information.

Recent Accounting Pronouncements

Information on recently adopted and issued accounting standards is included in Note 1 to the Consolidated Financial Statements.



CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to use judgment and make estimates and assumptions. We believe that our most critical accounting policies and estimates relate to the following:

- Accrued Liabilities for Trade Promotion Activities
- Pension and Other Post-Retirement Benefits Plans
- Business Acquisitions, Valuation and Impairment of Goodwill and Other Intangible Assets
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of our Board. While we base estimates and assumptions on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Other significant accounting policies are outlined in Note 1 to the Consolidated Financial Statements.

Accrued Liabilities for Trade Promotion Activities

We promote our products with advertising, trade promotions and consumer incentives. These programs include, but are not limited to, discounts, coupons, rebates, in-store display incentives and volume-based incentives. We expense advertising costs and other direct marketing expenses as incurred. We recognize the costs of trade promotion and consumer incentive activities as a reduction to net sales along with a corresponding accrued liability based on estimates at the time of revenue recognition. These estimates are based on our analysis of the programs offered, historical trends, expectations regarding customer and consumer participation, sales and payment trends and our experience with payment patterns associated with similar programs offered in the past. The estimated costs of these programs are reasonably likely to change in future periods due to changes in trends with regard to customer and consumer participation, particularly for new programs and for programs related to the introduction of new products. Differences between estimated expense and actual program performance are recognized as a change in estimate in a subsequent period and are normally not significant. During 2023, 2022, and 2021, actual annual promotional costs have not deviated from the estimated amount by more than 3%. Our trade promotion and consumer incentive accrued liabilities totaled \$194.0 million and \$215.7 million at December 31, 2023 and 2022, respectively.

Pension and Other Post-Retirement Benefits Plans

We sponsor various defined benefit pension plans. The primary plans were The Hershey Company Retirement Plan (“Retirement Plan”) and the Hershey Company Retirement Plan for Hourly Employees (“Hourly Plan”). These are cash balance plans that provide pension benefits for most U.S. employees hired prior to January 1, 2007. Effective December 31, 2023, the Hourly Plan merged into the Retirement Plan and the name was changed to The Hershey Retirement Plan for Salaried and Hourly Employees. We also sponsor two primary other post-employment benefit (“OPEB”) plans, consisting of a health care plan and life insurance plan for retirees. The health care plan is contributory, with participants’ contributions adjusted annually, and the life insurance plan is non-contributory.

For accounting purposes, the defined benefit pension and OPEB plans require assumptions to estimate the projected and accumulated benefit obligations, including the following variables: discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality; expected return on assets; and health care cost trend rates. These and other assumptions affect the annual expense and obligations recognized for the underlying plans. Our assumptions reflect our historical experiences and management’s best judgment regarding future expectations. Our related accounting policies, accounting balances and plan assumptions are discussed in Note 11 to the Consolidated Financial Statements.

Pension Plans

Changes in certain assumptions could significantly affect pension expense and benefit obligations, particularly the estimated long-term rate of return on plan assets and the discount rates used to calculate such obligations:

- Long-term rate of return on plan assets. The expected long-term rate of return is evaluated on an annual basis. We consider a number of factors when setting assumptions with respect to the long-term rate of return, including current and expected asset allocation and historical and expected returns on the plan asset categories. Actual asset



allocations are regularly reviewed and periodically rebalanced to the targeted allocations when considered appropriate. Investment gains or losses represent the difference between the expected return estimated using the long-term rate of return and the actual return realized. For 2023, we increased the expected return on plan assets assumption to 6.7% from the 6.3% assumption used during 2022. The historical average return (compounded annually) over the 20 years prior to December 31, 2023 was approximately 6.7%.

As of December 31, 2023, our plans had cumulative unrecognized investment and actuarial losses of approximately \$181 million. We amortize the unrecognized net actuarial gains and losses in excess of the corridor amount, which is the greater of 10% of a respective plan's projected benefit obligation or the fair market value of plan assets. These unrecognized net losses may increase future pension expense if not offset by (i) actual investment returns that exceed the expected long-term rate of investment returns, (ii) other factors, including reduced pension liabilities arising from higher discount rates used to calculate pension obligations or (iii) other actuarial gains when actual plan experience is favorable as compared to the assumed experience. A 100 basis point decrease or increase in the long-term rate of return on pension assets would correspondingly increase or decrease annual net periodic pension benefit expense by approximately \$7 million.

- **Discount rate.** We utilize a full yield curve approach in the estimation of service and interest costs by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. This approach provides a more precise measurement of service and interest costs by improving the correlation between the projected cash flows to the corresponding spot rates along the yield curve. This approach does not affect the measurement of our pension and other post-retirement benefit liabilities but generally results in lower benefit expense in periods when the yield curve is upward sloping.

A 100 basis point decrease (increase) in the weighted-average pension discount rate would increase (decrease) annual net periodic pension benefit expense by approximately \$5 million and the December 31, 2023 pension liability would increase by approximately \$57 million or decrease by approximately \$49 million, respectively.

Pension expense for defined benefit pension plans is expected to be approximately \$13 million in 2024. Pension expense beyond 2024 will depend on future investment performance, our contributions to the pension trusts, changes in discount rates and various other factors related to the covered employees in the plans.

Other Post-Employment Benefit Plans

Changes in significant assumptions could affect consolidated expense and benefit obligations, particularly the discount rates used to calculate such obligations:

- **Discount rate.** The determination of the discount rate used to calculate the benefit obligations of the OPEB plans is discussed in the pension plans section above. A 100 basis point decrease (increase) in the discount rate assumption for these plans would not be material to the OPEB plans' consolidated expense and the December 31, 2023 benefit liability would increase by approximately \$9 million or decrease by approximately \$8 million, respectively.

Business Acquisitions, Valuation and Impairment of Goodwill and Other Intangible Assets

We use the acquisition method of accounting for business acquisitions. Under the acquisition method, the results of operations of the acquired business have been included in the consolidated financial statements since the respective dates of the acquisitions. The assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of the acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. Significant judgment is often required in estimating the fair value of assets acquired, particularly intangible assets. As a result, we normally obtain the assistance of a third-party valuation specialist in estimating fair values of tangible and intangible assets. The fair value estimates are based on available historical information and on expectations and assumptions about the future, considering the perspective of marketplace participants. While management believes those expectations and assumptions are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.



Goodwill and indefinite-lived intangible assets are not amortized, but instead, are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment tests are conducted at the beginning of the fourth quarter.

We test goodwill for impairment by performing either a qualitative or quantitative assessment. If we choose to perform a qualitative assessment, we evaluate economic, industry and company-specific factors in assessing the fair value of the related reporting unit. If we determine that it is more likely than not that the fair value of the reporting unit is less than its carrying value, a quantitative test is then performed. Otherwise, no further testing is required. For those reporting units tested using a quantitative approach, we compare the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, impairment is indicated, requiring recognition of a goodwill impairment charge for the differential (up to the carrying value of goodwill). We test individual indefinite-lived intangible assets by comparing the estimated fair values with the book values of each asset.

We determine the fair value of our reporting units and indefinite-lived intangible assets using an income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to measure fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans which incorporate estimates for sales growth and profitability, and cash flows associated with taxes and capital spending. Additional assumptions include forecasted growth rates, estimated discount rates, which may be risk-adjusted for the operating market of the reporting unit, and estimated royalty rates that would be charged for comparable branded licenses. We believe such assumptions also reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions.

We also have intangible assets, consisting primarily of certain trademarks, customer-related intangible assets and patents obtained through business acquisitions, that are expected to have determinable useful lives. The costs of finite-lived intangible assets are amortized to expense over their estimated lives. Our estimates of the useful lives of finite-lived intangible assets consider judgments regarding the future effects of obsolescence, demand, competition and other economic factors. We conduct impairment tests when events or changes in circumstances indicate that the carrying value of these finite-lived assets may not be recoverable. Undiscounted cash flow analyses are used to determine if an impairment exists. If an impairment is determined to exist, the loss is calculated based on the estimated fair value of the assets.

Results of Impairment Tests

At December 31, 2023, the net book value of our goodwill totaled \$2.7 billion. As it relates to our 2023 annual testing performed at the beginning of the fourth quarter, we tested all of our reporting units using a quantitative assessment. Based on our testing, all of our reporting units had an excess fair value well over their respective carrying values. There were no other events or circumstances that would indicate that impairment may exist. We had no goodwill impairment charges in 2023, 2022 or 2021.

Income Taxes

We base our deferred income taxes, accrued income taxes and provision for income taxes upon income, statutory tax rates, the legal structure of our Company, interpretation of tax laws and tax planning opportunities available to us in the various jurisdictions in which we operate. We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. We are regularly audited by federal, state and foreign tax authorities; a number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is audited and finally resolved. From time to time, these audits result in assessments of additional tax. We maintain reserves for such assessments.

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50% likelihood of being ultimately



realized upon settlement. Future changes in judgments and estimates related to the expected ultimate resolution of uncertain tax positions will affect income in the quarter of such change. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the most likely outcome. Accrued interest and penalties related to unrecognized tax benefits are included in income tax expense. We adjust these unrecognized tax benefits, as well as the related interest, in light of changing facts and circumstances, such as receiving audit assessments or clearing of an item for which a reserve has been established. Settlement of any particular position could require the use of cash. Favorable resolution would be recognized as a reduction to our effective income tax rate in the period of resolution.

We believe it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets, net of valuation allowances. Our valuation allowances are primarily related to U.S. capital loss carryforwards and various foreign jurisdictions' net operating loss carryforwards and other deferred tax assets for which we do not expect to realize a benefit. Refer to Note 10 to the Consolidated Financial Statements for further discussion of our deferred tax assets and liabilities.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use certain derivative instruments to manage our interest rate, foreign currency exchange rate and commodity price risks. We monitor and manage these exposures as part of our overall risk management program.

We enter into interest rate swap agreements and foreign currency forward exchange contracts for periods consistent with related underlying exposures. We enter into commodities futures and options contracts and other derivative instruments for varying periods. These commodity derivative instruments are intended to be, and are effective as, economic hedges of market price risks associated with anticipated raw material purchases, energy requirements and transportation costs. We do not hold or issue derivative instruments for trading purposes and are not a party to any instruments with leverage or prepayment features.

In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by entering into exchange-traded contracts with collateral posting requirements and/or by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. We do not expect any significant losses from counterparty defaults.

Refer to Note 1 and Note 5 to the Consolidated Financial Statements for further discussion of these derivative instruments and our hedging policies.

Interest Rate Risk

The total amount of short-term debt, net of cash, amounted to net debt of \$318 million and net debt of \$230 million, respectively, at December 31, 2023 and 2022. A hypothetical 100 basis point increase in interest rates applied to this variable-rate short-term debt as of December 31, 2023 would have changed interest expense by approximately \$3.1 million for 2023 and \$4.5 million for 2022.

We consider our current risk related to market fluctuations in interest rates on our remaining debt portfolio, excluding fixed-rate debt converted to variable rates with fixed-to-floating instruments, to be minimal since this debt is largely long-term and fixed-rate in nature. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A 100 basis point increase in market interest rates would decrease the fair value of our fixed-rate long-term debt at December 31, 2023 and December 31, 2022 by approximately \$203 million and \$187 million, respectively. However, since we currently have no plans to repurchase our outstanding fixed-rate instruments before their maturities, the impact of market interest rate fluctuations on our long-term debt does not affect our results of operations or financial position.



Foreign Currency Exchange Rate Risk

We are exposed to currency fluctuations related to manufacturing or selling products in currencies other than the U.S. dollar. We may enter into foreign currency forward exchange contracts to reduce fluctuations in our long or short currency positions relating primarily to purchase commitments or forecasted purchases for equipment, raw materials and finished goods denominated in foreign currencies. We also may hedge payment of forecasted intercompany transactions with our subsidiaries outside of the United States. We generally hedge foreign currency price risks for periods from 3 to 12 months.

A summary of foreign currency forward exchange contracts and the corresponding amounts at contracted forward rates is as follows:

December 31,	2023		2022	
	Contract Amount	Primary Currencies	Contract Amount	Primary Currencies
In millions of dollars				
Foreign currency forward exchange contracts to purchase foreign currencies	\$88.8	Euros Malaysian ringgit British pound	\$58.3	Euros Malaysian ringgit
Foreign currency forward exchange contracts to sell foreign currencies	\$155.3	Canadian dollars Brazilian reais Japanese yen	\$119.6	Canadian dollars Brazilian reais Japanese yen Mexican pesos

The fair value of foreign currency forward exchange contracts represents the difference between the contracted and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences. At December 31, 2023 and 2022, the net fair value of these instruments was an asset of \$0.7 million and an asset of \$3.9 million, respectively. In addition, assuming an unfavorable 10% change in year-end foreign currency exchange rates, the fair value of these instruments would have declined by \$20.2 million and \$18.4 million, respectively, generally offset by a reduction in foreign exchange associated with our transactional activities.

Commodities—Price Risk Management and Futures Contracts

Our most significant raw material requirements include cocoa products, sugar, corn products, dairy products, wheat, peanuts and almonds. The cost of cocoa products and prices for related futures contracts and costs for certain other raw materials historically have been subject to wide fluctuations attributable to a variety of factors. These factors include:

- Commodity market fluctuations;
- Currency exchange rates;
- Imbalances between supply and demand;
- Rising levels of inflation and interest rates related to domestic and global economic conditions or supply chain issues;
- The effects of climate change and extreme weather on crop yield and quality;
- Speculative influences;
- Trade agreements among producing and consuming nations;
- Supplier compliance with commitments;
- Import/export requirements for raw materials and finished goods;
- Political unrest in producing countries;
- Introduction of living income premiums or similar requirements;
- Changes in governmental agricultural programs and energy policies; and
- Other events beyond our control such as the impacts on the business or supply chain arising from the ongoing conflict between Russia and Ukraine.



We use futures and options contracts and other commodity derivative instruments in combination with forward purchasing of cocoa products, sugar, corn products, certain dairy products, wheat products, natural gas and diesel fuel primarily to mitigate price volatility and provide visibility to future costs within our supply chain. Currently, active futures contracts are not available for use in pricing our other major raw material requirements, primarily peanuts and almonds. We attempt to minimize the effect of future raw material and energy price fluctuations by using derivatives and forward purchasing to cover future manufacturing requirements generally for 3 to 24 months. However, dairy futures liquidity is not as developed as many of the other commodity futures markets and, therefore, it can be difficult to hedge dairy costs for extended periods of time. We use diesel fuel futures to minimize price fluctuations associated with our transportation costs. Our commodity procurement practices are intended to mitigate price volatility and provide visibility to future costs, but also may potentially limit our ability to benefit from possible price decreases. Our costs for major raw materials will not necessarily reflect market price fluctuations because of our forward purchasing and hedging practices.

Cocoa Products

During 2023, average cocoa futures contract prices increased 31.9% compared with 2022 and traded higher every month from January to December from \$1.19 and \$1.90 per pound, based on the Intercontinental Exchange futures contract. The production forecast for the 2023 – 2024 season is down significantly in Ghana and Ivory Coast by over 20% combined, due to a combination of inclement weather, lower inputs and marginally increased farmer prices versus inflation. Despite higher cocoa prices to consumers, consumption remained consistent, leading to predictions of a large deficit, the third consecutive one by some accounts. The table below shows annual average cocoa futures prices and the highest and lowest monthly averages for each of the calendar years indicated. The prices reflect the monthly averages of the quotations at noon of the three active futures trading contracts closest to maturity on the Intercontinental Exchange.

	Cocoa Futures Contract Prices (dollars per pound)				
	2023	2022	2021	2020	2019
Annual Average	\$ 1.49	\$ 1.13	\$ 1.14	\$ 1.11	\$ 1.03
High	1.90	1.22	1.27	1.29	1.14
Low	1.19	1.06	1.04	1.00	0.90

Source: International Cocoa Organization Quarterly Bulletin of Cocoa Statistics

Our costs for cocoa products will not necessarily reflect market price fluctuations because of our forward purchasing and hedging practices, premiums and discounts reflective of varying delivery times, and supply and demand for our specific varieties and grades of cocoa liquor, cocoa butter and cocoa powder. As a result, the average futures contract prices are not necessarily indicative of our average costs.

Sugar

The price of sugar is subject to price supports under U.S. farm legislation, which establishes import quotas and duties to support the price of sugar. As a result, sugar prices paid by users in the U.S. are currently higher than prices on the world sugar market. The U.S. delivered east coast refined sugar prices traded in a range from \$0.62 to \$0.68 per pound during 2023. Prices were historically high throughout 2023 due to lack of imports by the U.S. government resulting in an extremely tight domestic raw sugar market and continued strong demand which resulted in a scarcity market for much of the year.

Corn Products

We use corn futures to price our corn sweetener product requirements. A record crop from both Brazil and the U.S. in 2023 drove prices down throughout the year. Corn prices traded in the range from \$4.74 to \$6.83 per bushel during 2023. Corn sweetener prices remained elevated due to tight capacity utilization throughout the industry.



Dairy Products

During 2023 prices for fluid dairy milk ranged from a low of \$0.176 per pound to a high of \$0.214 per pound, on a Class IV milk basis. Fluid dairy milk prices were lower than 2022, driven by increases in global milk production linked to improved farmer margins, and exacerbated by a decline in U.S. dairy ingredient exports.

Wheat Products

In 2023 we continued utilizing soft and hard wheat futures as a risk management tool for our flour purchasing. For the second year in a row, the conflict between Russia and Ukraine, in addition to poor U.S. weather, continued to result in volatility in the wheat market and impacted global availability of supplies. Despite annual volatility, U.S. wheat remains uncompetitive in the world market, anchoring prices to their historical 5-year averages. Hard wheat prices traded in the range of \$6.20 to \$8.94 per bushel during 2023, while soft wheat prices traded in the range of \$5.78 to \$7.86 per bushel during 2023.

Peanuts and Almonds

Peanut prices in the U.S. ranged from a low of \$0.59 per pound to a high of \$0.71 per pound during 2023. Prices increased in 2023 due to higher export demand in the latter half of the year and a smaller peanut crop. Almond prices traded in the range of \$1.75 per pound to \$2.15 per pound during 2023. Prices increased towards the end of 2023, driven by smaller than expected crop and lower availability of small sized almonds.

Changes in the Value of Futures Contracts

We make or receive cash transfers to or from commodity futures brokers on a daily basis reflecting changes in the value of futures contracts on the Intercontinental Exchange or various other exchanges. These changes in value represent unrealized gains and losses. The cash transfers offset higher or lower cash requirements for the payment of future invoice prices of raw materials, energy requirements and transportation costs.

Commodity Sensitivity Analysis

Our open commodity derivative contracts had a notional value of \$94.9 million as of December 31, 2023 and \$243.0 million as of December 31, 2022. At the end of 2023, the potential change in fair value of commodity derivative instruments, assuming a 10% decrease in the underlying commodity price, would have increased our net unrealized losses in 2023 by \$5.4 million, generally offset by a reduction in the cost of the underlying commodity purchases.



Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of The Hershey Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Hershey Company (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Valuation of Accrued Liabilities for Trade Promotion Activities

Description of the Matter

The unsettled portion of the Company's obligation for trade promotion activities at December 31, 2023 was \$194.0 million. As discussed in Note 1 of the consolidated financial statements, the Company promotes its products through programs such as, but not limited to, discounts, coupons, rebates, in-store display incentives, and volume-based incentives. The Company recognizes the estimated costs of these trade promotion activities as a component of variable consideration when determining the transaction price. The unsettled portion of the Company's obligation for trade promotion activities is included in accrued liabilities in the consolidated balance sheet.

Auditing management's calculation of the unsettled portion of the Company's obligation for trade promotion activities was subjective and required judgment as a result of the nature of the required estimates and assumptions. In particular, the estimates required an analysis of the programs offered, expectations regarding customer and consumer participation, and experience with historical payment patterns.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls related to the Company's calculation of the accrued liabilities for trade promotion activities. For example, we tested controls over management's review of the completeness of the promotional activities as well as the significant assumptions and the data inputs utilized in the calculations.

To test the unsettled portion of the Company's obligation for trade promotion activities, we performed audit procedures that included, among others, assessing (1) the expected value estimation methodology used by management, (2) whether all material trade promotion activities were properly included in management's estimate, and (3) the assumptions discussed above and the underlying data used in its analyses. Specifically, when evaluating the assumptions, we compared them to historical trends, third party data, and assumptions used in prior periods, and inspected management's retrospective review of actual trade promotion activities compared to previous estimates. We also performed sensitivity analyses of assumptions to evaluate the changes in the estimate that would result from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Philadelphia, Pennsylvania

February 20, 2024



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of The Hershey Company

Opinion on Internal Control Over Financial Reporting

We have audited The Hershey Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Hershey Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquisition of certain assets that provide additional manufacturing capacity from Weaver Popcorn Manufacturing, Inc. ("Weaver") on May 31, 2023, which is included in the 2023 consolidated financial statements of the Company and constituted 1.4% of total assets as of December 31, 2023. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Weaver.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

February 20, 2024



THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

For the years ended December 31,	2023	2022	2021
Net sales	\$ 11,164,992	\$ 10,419,294	\$ 8,971,337
Cost of sales	6,167,176	5,920,509	4,922,739
Gross profit	4,997,816	4,498,785	4,048,598
Selling, marketing and administrative expense	2,436,508	2,236,009	2,001,351
Business realignment costs	441	1,989	3,525
Operating profit	2,560,867	2,260,787	2,043,722
Interest expense, net	151,785	137,557	127,417
Other (income) expense, net	237,218	206,159	119,081
Income before income taxes	2,171,864	1,917,071	1,797,224
Provision for income taxes	310,077	272,254	314,405
Net income including noncontrolling interest	1,861,787	1,644,817	1,482,819
Less: Net gain attributable to noncontrolling interest	—	—	5,307
Net income attributable to The Hershey Company	<u>\$ 1,861,787</u>	<u>\$ 1,644,817</u>	<u>\$ 1,477,512</u>
Net income per share—basic:			
Common stock	\$ 9.31	\$ 8.22	\$ 7.34
Class B common stock	\$ 8.52	\$ 7.47	\$ 6.68
Net income per share—diluted:			
Common stock	\$ 9.06	\$ 7.96	\$ 7.11
Class B common stock	\$ 8.50	\$ 7.45	\$ 6.66
Dividends paid per share:			
Common stock	\$ 4.456	\$ 3.874	\$ 3.410
Class B common stock	\$ 4.050	\$ 3.522	\$ 3.100

See Notes to Consolidated Financial Statements.



THE HERSHEY COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

December 31,	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 401,902	\$ 463,889
Accounts receivable—trade, net	823,617	711,203
Inventories	1,340,996	1,173,119
Prepaid expenses and other	345,588	272,195
Total current assets	2,912,103	2,620,406
Property, plant and equipment, net	3,309,678	2,769,702
Goodwill	2,696,050	2,606,956
Other intangibles	1,879,229	1,966,269
Other non-current assets	1,061,427	944,989
Deferred income taxes	44,454	40,498
Total assets	<u>\$ 11,902,941</u>	<u>\$ 10,948,820</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,086,183	\$ 970,558
Accrued liabilities	867,815	832,518
Accrued income taxes	29,457	6,710
Short-term debt	719,839	693,790
Current portion of long-term debt	305,058	753,578
Total current liabilities	3,008,352	3,257,154
Long-term debt	3,789,132	3,343,977
Other long-term liabilities	660,673	719,742
Deferred income taxes	345,698	328,403
Total liabilities	<u>7,803,855</u>	<u>7,649,276</u>
Stockholders' equity:		
The Hershey Company stockholders' equity		
Preferred stock, shares issued: none in 2023 and 2022	—	—
Common stock, shares issued: 166,939,511 in 2023 and 163,439,248 in 2022	166,939	163,439
Class B common stock, shares issued: 54,613,514 in 2023 and 58,113,777 in 2022	54,614	58,114
Additional paid-in capital	1,345,580	1,296,572
Retained earnings	4,562,263	3,589,781
Treasury—common stock shares, at cost: 17,160,099 in 2023 and 16,588,308 in 2022	(1,800,232)	(1,556,029)
Accumulated other comprehensive loss	(230,078)	(252,333)
Total stockholders' equity	4,099,086	3,299,544
Total liabilities and stockholders' equity	<u>\$ 11,902,941</u>	<u>\$ 10,948,820</u>

See Notes to Consolidated Financial Statements.



THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

For the years ended December 31,	2023	2022	2021
Operating Activities			
Net income including noncontrolling interest	\$ 1,861,787	\$ 1,644,817	\$ 1,482,819
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	419,815	378,959	315,002
Stock-based compensation expense	81,021	65,991	66,711
Deferred income taxes	16,233	36,889	13,374
Write-down of equity investments	210,484	188,286	113,756
Other	103,287	120,818	96,016
Changes in assets and liabilities, net of business acquisitions and divestitures:			
Accounts receivable—trade, net	(102,080)	(38,165)	(14,642)
Inventories	(157,153)	(186,963)	21,457
Prepaid expenses and other current assets	(22,444)	(14,507)	8,619
Accounts payable and accrued liabilities	50,234	216,479	39,732
Accrued income taxes	(32,481)	5,005	(29,682)
Contributions to pension and other benefit plans	(27,581)	(78,547)	(51,100)
Other assets and liabilities	(77,932)	(11,225)	20,822
Net cash provided by operating activities	<u>2,323,190</u>	<u>2,327,837</u>	<u>2,082,884</u>
Investing Activities			
Capital additions (including software)	(771,109)	(519,481)	(495,877)
Equity investments in tax credit qualifying partnerships	(256,815)	(275,534)	(128,417)
Business acquisitions, net of cash and cash equivalents acquired	(165,818)	—	(1,601,073)
Other investing activities	(4,934)	7,639	2,539
Net cash used in investing activities	<u>(1,198,676)</u>	<u>(787,376)</u>	<u>(2,222,828)</u>
Financing Activities			
Net increase (decrease) in short-term debt	26,049	(245,633)	869,030
Long-term borrowings, net of debt issuance costs	744,092	—	—
Repayment of long-term debt and finance leases	(755,414)	(4,741)	(439,444)
Cash dividends paid	(889,071)	(775,030)	(685,987)
Repurchase of common stock	(264,913)	(388,964)	(457,946)
Exercise of stock options	26,015	34,158	49,821
Taxes withheld and paid on employee stock awards	(35,009)	(35,515)	(16,610)
Net cash used in financing activities	<u>(1,148,251)</u>	<u>(1,415,725)</u>	<u>(681,136)</u>
Effect of exchange rate changes on cash and cash equivalents	(38,250)	9,887	(5,075)
(Decrease) increase in cash and cash equivalents, including cash classified as held for sale	(61,987)	134,623	(826,155)
Less: Decrease in cash and cash equivalents classified as held for sale	—	—	11,434
Net (decrease) increase in cash and cash equivalents	(61,987)	134,623	(814,721)
Cash and cash equivalents, beginning of period	463,889	329,266	1,143,987
Cash and cash equivalents, end of period	<u>\$ 401,902</u>	<u>\$ 463,889</u>	<u>\$ 329,266</u>
Supplemental Disclosure			
Interest paid	\$ 160,729	\$ 131,757	\$ 127,726
Income taxes paid	303,942	221,321	275,171

See Notes to Consolidated Financial Statements.



THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Preferred Stock	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Common Stock	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Total Stockholders' Equity
Balance, January 1, 2021	\$ —	\$ 160,939	\$ 60,614	\$ 1,191,200	\$ 1,928,673	\$ (768,992)	\$ (338,082)	\$ 3,531	\$ 2,237,883
Net income				1,477,512				5,307	1,482,819
Other comprehensive income							88,867	5,249	94,116
Dividends (including dividend equivalents):									
Common Stock, \$3.410 per share					(498,346)				(498,346)
Class B Common Stock, \$3.100 per share					(187,903)				(187,903)
Stock-based compensation				67,482					67,482
Exercise of stock options and incentive-based transactions				1,649		31,562			33,211
Repurchase of common stock						(457,946)			(457,946)
Divestiture of noncontrolling interest								(1,436)	(1,436)
Distributions to joint venture partner								(8,750)	(8,750)
Other								(3,901)	(3,901)
Balance, December 31, 2021	—	160,939	60,614	1,260,331	2,719,936	(1,195,376)	(249,215)	—	2,757,229
Net income				1,644,817				—	1,644,817
Other comprehensive loss							(3,118)	—	(3,118)
Dividends (including dividend equivalents):									
Common Stock, \$3.874 per share					(567,839)				(567,839)
Class B Common Stock, \$3.522 per share					(207,133)				(207,133)
Conversion of Class B Common Stock into Common Stock		2,500	(2,500)						—
Stock-based compensation				65,909					65,909
Exercise of stock options and incentive-based transactions				(29,668)		28,311			(1,357)
Repurchase of common stock						(388,964)			(388,964)
Balance, December 31, 2022	—	163,439	58,114	1,296,572	3,589,781	(1,556,029)	(252,333)	—	3,299,544
Net income				1,861,787				—	1,861,787
Other comprehensive income							22,255	—	22,255
Dividends (including dividend equivalents):									
Common Stock, \$4.456 per share					(663,410)				(663,410)
Class B Common Stock, \$4.050 per share					(225,895)				(225,895)
Conversion of Class B Common Stock into Common Stock		3,500	(3,500)						—
Stock-based compensation				81,130					81,130
Exercise of stock options and incentive-based transactions				(32,122)		23,128			(8,994)
Repurchase of common stock (including excise tax)						(267,331)			(267,331)
Balance, December 31, 2023	—	166,939	54,614	1,345,580	4,562,263	(1,800,232)	(230,078)	—	4,099,086

See Notes to Consolidated Financial Statements.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except share data or if otherwise indicated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Hershey Company together with its wholly-owned subsidiaries and entities in which it has a controlling interest, (the “Company,” “Hershey,” “we” or “us”) is a global confectionery leader known for its branded portfolio of chocolate, sweets, mints and other great tasting snacks. The Company has more than 90 brands worldwide including such iconic brand names as *Hershey’s*, *Reese’s*, *Kisses*, *Jolly Rancher* and *Ice Breakers*, which are marketed, sold and distributed in approximately 80 countries worldwide. Hershey’s structure is designed to ensure continued focus on North America, coupled with an emphasis on profitable growth in our focus international markets. The Company currently operates through three segments that are aligned with its management structure and the key markets it serves: (i) North America Confectionery, (ii) North America Salty Snacks and (iii) International. For additional information on our segment presentation, see Note 13.

Basis of Presentation

Our consolidated financial statements include the accounts of The Hershey Company and its majority-owned or controlled subsidiaries. Intercompany transactions and balances have been eliminated. We have a controlling financial interest if we own a majority of the outstanding voting common stock and minority shareholders do not have substantive participating rights, we have significant control through contractual or economic interests in which we are the primary beneficiary or we have the power to direct the activities that most significantly impact the entity's economic performance. We use the equity method of accounting when we have a 20% to 50% interest in other companies and exercise significant influence. In addition, we use the equity method of accounting for our investments in partnership entities which make equity investments in projects eligible to receive federal historic and energy tax credits. See Note 10 for additional information on our equity investments in partnership entities qualifying for tax credits. Other investments that are not controlled, and over which we do not have the ability to exercise significant influence, are accounted for at cost, less impairments. Both equity method and cost, less impairment investments are included as Other non-current assets in the Consolidated Balance Sheets. For additional information on our investments in unconsolidated affiliates, see Note 8.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Our significant estimates and assumptions include, among others, pension and other post-retirement benefit plan assumptions, valuation assumptions of goodwill and other intangible assets, useful lives of long-lived assets, marketing and trade promotion accruals and income taxes. These estimates and assumptions are based on management’s best judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and the effects of any revisions are reflected in the consolidated financial statements in the period that they are determined. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Revenue Recognition

The majority of our revenue contracts represent a single performance obligation related to the fulfillment of customer orders for the purchase of our products, including chocolate, sweets, mints and other grocery and snack offerings. Net sales reflect the transaction prices for these contracts based on our selling list price which is then reduced by estimated costs for trade promotional programs, consumer incentives, and allowances and discounts associated with aged or potentially unsaleable products. We recognize revenue at the point in time that control of the ordered product(s) is transferred to the customer, which is typically upon delivery to the customer or other customer-designated delivery point. Amounts billed and due from our customers are classified as accounts receivables on the balance sheet and require payment on a short-term basis.

Our trade promotional programs and consumer incentives are used to promote our products and include, but are not limited to, discounts, coupons, rebates, in-store display incentives, and volume-based incentives. The estimated costs



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

associated with these programs and incentives are based upon our analysis of the programs offered, expectations regarding customer and consumer participation, historical sales and payment trends, and our experience with payment patterns associated with similar programs offered in the past. The estimated costs of these programs are reasonably likely to change in future periods due to changes in trends with regard to customer and consumer participation, particularly for new programs and for programs related to the introduction of new products. Differences between estimated expense and actual program performance are recognized as a change in estimate in a subsequent period and are normally not significant. During 2023, 2022 and 2021, actual promotional costs have not deviated from the estimated amount by more than 3%. The Company's unsettled portion remaining in accrued liabilities at year-end for these activities was \$194,032 and \$215,688 at December 31, 2023 and 2022, respectively.

We also recognize a minor amount of royalty income (less than 1% of our consolidated net sales) from sales-based licensing arrangements, pursuant to which revenue is recognized as the third-party licensee sales occur. Shipping and handling costs incurred to deliver product to the customer are recorded within cost of sales. Sales, value add and other taxes we collect concurrent with revenue producing activities are excluded from revenue.

The majority of our products are confectionery or confectionery-based and, therefore, exhibit similar economic characteristics, as they are based on similar ingredients and are marketed and sold through the same channels to the same customers. In connection with our recent acquisitions, we have expanded our portfolio of salty snacking products, which also exhibit similar economic characteristics to our confectionery products and are sold through the same channels to the same customers. See Note 13 for revenues reported by geographic segment, which is consistent with how we organize and manage our operations, as well as product line net sales information.

In 2023, 2022 and 2021, approximately 28%, 28% and 30%, respectively, of our consolidated net sales were made to McLane Company, Inc., one of the largest wholesale distributors in the United States to convenience stores, drug stores, wholesale clubs and mass merchandisers and the primary distributor of our products to Wal-Mart Stores, Inc.

Cost of Sales

Cost of sales represents costs directly related to the manufacture and distribution of our products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, warehousing and the depreciation of manufacturing, warehousing and distribution facilities. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes.

Selling, Marketing and Administrative Expense

Selling, marketing and administrative expense ("SM&A") represents costs incurred in generating revenues and in managing our business. Such costs include advertising and other marketing expenses, selling expenses, research and development costs, administrative and other indirect overhead costs, amortization of capitalized software and intangible assets and depreciation of administrative facilities. Research and development costs, charged to expense as incurred, totaled \$50,030 in 2023, \$46,943 in 2022 and \$40,107 in 2021. Advertising expense is also charged to expense as incurred and totaled \$604,853 in 2023, \$517,677 in 2022 and \$511,798 in 2021. There was no prepaid advertising expense as of December 31, 2023. Prepaid advertising expense was \$241 as of December 31, 2022.

Cash Equivalents

Cash equivalents consist of highly liquid debt instruments, time deposits and money market funds with original maturities of three months or less. The fair value of cash equivalents approximates the carrying amount.

Accounts Receivable—Trade

In the normal course of business, we extend credit to customers that satisfy pre-defined credit criteria, based upon the results of our recurring financial account reviews and our evaluation of current and projected economic conditions. Our primary concentration of credit risk is associated with McLane Company, Inc., one customer served principally by our North America Confectionery segment. As of December 31, 2023, McLane Company, Inc. accounted for approximately 24% of our total accounts receivable. No other customer accounted for more than 10% of our year-end accounts receivable. We believe that we have little concentration of credit risk associated with the remainder of our customer base. Accounts receivable-trade in the Consolidated Balance Sheets is presented net of allowances for bad debts and anticipated discounts of \$31,663 and \$26,001 at December 31, 2023 and 2022, respectively.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Inventories

Inventories are valued at the lower of cost or net realizable value, adjusted for the value of inventory that is estimated to be excess, obsolete or otherwise unsaleable. As of December 31, 2023, approximately 55% of our inventories, representing the majority of our United States (“U.S.”) inventories, were valued under the last-in, first-out (“LIFO”) method. For the remainder of our inventories in the U.S. and inventories for our international businesses, cost is determined by either first-in, first-out (“FIFO”) or average cost. LIFO cost of inventories valued using the LIFO method was \$741,040 as of December 31, 2023 and \$621,614 as of December 31, 2022. The adjustment to LIFO, as shown in Note 19, approximates the excess of replacement cost over the stated LIFO inventory value. The net impact of LIFO acquisitions and liquidations was not material to 2023, 2022 or 2021.

Property, Plant and Equipment

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, as follows: 3 to 15 years for machinery and equipment; and 25 to 40 years for buildings and related improvements. At December 31, 2023 and December 31, 2022, property, plant and equipment included assets under finance lease arrangements with net book values totaling \$69,863 and \$72,160, respectively. Total depreciation expense for the years ended December 31, 2023, 2022 and 2021 was \$265,604, \$253,582 and \$230,638, respectively, and included depreciation on assets recorded under finance lease arrangements. Maintenance and repairs are expensed as incurred. We capitalize applicable interest charges incurred during the construction of new facilities and production lines and amortize these costs over the assets’ estimated useful lives.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of long-lived assets to future undiscounted net cash flows expected to be generated. If these assets are considered to be impaired, we measure impairment as the amount by which the carrying amount of the assets exceeds the fair value of the assets. We report assets held for sale or disposal at the lower of the carrying amount or fair value less cost to sell.

We assess asset retirement obligations on a periodic basis and recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. We capitalize associated asset retirement costs as part of the carrying amount of the long-lived asset.

Computer Software

We capitalize costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and it is probable the software being developed will be completed and placed in service. Capitalized costs include only (i) external direct costs of materials and services consumed in developing or obtaining internal-use software, (ii) payroll and other related costs for employees who are directly associated with and who devote time to the internal-use software project and (iii) interest costs incurred, when material, while developing internal-use software. We cease capitalization of such costs no later than the point at which the project is substantially complete and ready for its intended purpose.

The unamortized amount of capitalized software totaled \$360,205 and \$320,034 at December 31, 2023 and 2022, respectively. We amortize software costs using the straight-line method over the expected life of the software, generally 3 to 7 years. Accumulated amortization of capitalized software was \$395,410 and \$350,620 as of 2023 and 2022, respectively. Such amounts are recorded within other assets in the Consolidated Balance Sheets.

We review the carrying value of software and development costs for impairment in accordance with our policy pertaining to the impairment of long-lived assets.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment tests are conducted at the beginning of the fourth quarter. We test goodwill for impairment by performing either a qualitative or quantitative assessment. If we choose to perform a qualitative assessment, we evaluate economic, industry and company-specific factors in assessing the fair value of the related reporting unit. If we determine that it is more likely than not that the fair value of the reporting unit is less than its carrying value, a quantitative test is then performed. Otherwise, no further testing is



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required. For those reporting units tested using a quantitative approach, we compare the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, impairment is indicated, requiring recognition of a goodwill impairment charge for the differential (up to the carrying value of goodwill). We test individual indefinite-lived intangible assets by comparing the estimated fair values with the book values of each asset.

We determine the fair value of our reporting units and indefinite-lived intangible assets using an income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to measure fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans which incorporate estimates for sales growth and profitability, and cash flows associated with taxes and capital spending. Additional assumptions include forecasted growth rates, estimated discount rates, which may be risk-adjusted for the operating market of the reporting unit, and estimated royalty rates that would be charged for comparable branded licenses. We believe such assumptions also reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions.

The cost of intangible assets with finite useful lives is amortized on a straight-line basis. Our finite-lived intangible assets consist primarily of certain trademarks, customer-related intangible assets and patents obtained through business acquisitions. The weighted-average amortization period for our finite-lived intangible assets is approximately 28 years, which is primarily driven by recently acquired trademarks. If certain events or changes in operating conditions indicate that the carrying value of these assets, or related asset groups, may not be recoverable, we perform an impairment assessment and may adjust the remaining useful lives. See Note 3 for additional information regarding the results of impairment tests.

Supplier Finance Program Obligations

During 2020, we entered into an agreement with two third-party financial institutions to facilitate a supplier finance program which allows qualifying suppliers to sell their receivables from the Company to the financial institution. These participating suppliers negotiate their outstanding receivable arrangements directly with the financial institution, and our rights and obligations to our suppliers are not impacted. We have no economic interest in a supplier's decision to enter into these agreements. Once a qualifying supplier elects to participate in the supplier finance program and reaches an agreement with a financial institution, they elect which individual Company invoices they sell to the financial institution. However, all Company payments to participating suppliers are paid to the financial institution on the invoice due date, regardless of whether the individual invoice is sold by the supplier to the financial institution. The financial institution pays the supplier on the invoice due date for any invoices that were not previously sold under the supplier finance program. Our obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted by our suppliers' decisions to sell amounts under these arrangements. The payment of these obligations is included in cash provided by operating activities in the Consolidated Statements of Cash Flows. The rollforward of the Company's outstanding obligations confirmed as valid under its supplier finance program, which are included in Accounts Payable in the Consolidated Balance Sheets, for year ended December 31, 2023 are as follows:

	2023
Supplier finance program obligations outstanding at beginning of the year	\$ 105,293
Invoice amounts added during the year	585,872
Invoice amounts paid during the year	(541,904)
Supplier finance program obligations outstanding at end of the year	<u>\$ 149,261</u>



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Currency Translation

The financial statements of our foreign entities with functional currencies other than the U.S. dollar are translated into U.S. dollars, with the resulting translation adjustments recorded as a component of other comprehensive income (loss). Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, while income and expense items are translated using the average exchange rates during the period.

Derivative Instruments

We use derivative instruments principally to offset exposure to market risks arising from changes in commodity prices, foreign currency exchange rates and interest rates. See Note 5 for additional information on our risk management strategy and the types of instruments we use.

Derivative instruments are recognized on the Consolidated Balance Sheets at their fair values. When we become party to a derivative instrument and intend to apply hedge accounting, we designate the instrument for financial reporting purposes as a cash flow or fair value hedge. The accounting for changes in fair value (gains or losses) of a derivative instrument depends on whether we have designated it and it qualified as part of a hedging relationship, as noted below:

- Changes in the fair value of a derivative that is designated as a cash flow hedge are recorded in accumulated other comprehensive income (“AOCI”) to the extent effective and reclassified into earnings in the same period or periods during which the transaction hedged by that derivative also affects earnings.
- Changes in the fair value of a derivative that is designated as a fair value hedge, along with the offsetting loss or gain on the hedged asset or liability that is attributable to the risk being hedged, are recorded in earnings, thereby reflecting in earnings the net extent to which the hedge is not effective in achieving offsetting changes in fair value.
- Changes in the fair value of a derivative not designated as a hedging instrument are recognized in earnings in cost of sales or SM&A, consistent with the related exposure.

For derivatives designated as hedges, we assess, both at the hedge’s inception and on an ongoing basis, whether they are highly effective in offsetting changes in fair values or cash flows of hedged items. The ineffective portion, if any, is recorded directly in earnings. In addition, if we determine that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively.

We do not hold or issue derivative instruments for trading or speculative purposes and are not a party to any instruments with leverage or prepayment features.

Cash flows related to the derivative instruments we use to manage interest, commodity or other currency exposures are classified as operating activities.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU is intended to provide temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. Entities may apply this ASU upon issuance through December 31, 2022 on a prospective basis. We early adopted the provisions of this ASU in the first quarter of 2022. Adoption of the new standard did not have a material impact on our consolidated financial statements.

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. This ASU requires a buyer in a supplier finance program to disclose qualitative and quantitative information about the program including the program’s nature, activity during the period, changes from period to period and potential magnitude. ASU 2022-04 is effective for annual periods beginning after December 15, 2022 and interim periods within those annual periods. A rollforward of obligations during the annual period, including the amount of obligations confirmed and obligations subsequently paid, is effective for annual periods beginning after December 15, 2023 with early adoption permitted. This ASU should be applied



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retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. We early adopted provisions of this ASU in the fourth quarter of 2022, with the exception of the amendment on rollforward information, which we adopted in the fourth quarter of 2023. Adoption of the new standard did not have a material impact on our consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with *Revenue from Contracts with Customers (Topic 606)* rather than adjust them to fair value at the acquisition date. ASU 2021-08 is effective for annual periods beginning after December 15, 2022 and interim periods within those annual periods. This ASU should be applied prospectively to business combinations occurring on or after the date of adoption. As a result, we adopted the provisions of this ASU in the first quarter of 2023. This new standard was not applicable to our May 2023 acquisition of Weaver Popcorn Manufacturing, Inc. (“Weaver”) due to no contract assets or liabilities (as discussed in Note 2); however, will be applied in relevant future acquisitions.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2023, the FASB issued ASU No. 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in tax credit structures using the proportional amortization method*. This ASU allows entities to elect the proportional amortization method for all tax equity investments, regardless of how the tax credits are received as long as certain criteria are met. This ASU may be applied in a modified retrospective or retrospective basis and an entity must evaluate the investments in which it still expects to receive tax credits or other income tax benefits as of the beginning of the earliest period presented. ASU 2023-02 is effective for annual periods beginning after December 15, 2023 and interim periods within those annual periods. We are currently evaluating the impact of the new standard on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”), an amount for other segment items with a description of the composition, and disclosure of the title and position of the CODM. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the update should be applied retrospectively to each period presented in the financial statements. We are currently evaluating the impact of the new standard on our consolidated financial statements and related disclosures. As a result, we intend to adopt the provisions of this ASU in the fourth quarter of 2024.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU requires public business entities on an annual basis to disclose specific categories in a tabular rate reconciliation and provide additional information for reconciling items that meet a five percent quantitative threshold. Additionally, the ASU requires all entities to disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes, as well as individual jurisdictions where income taxes paid are equal to or greater than five percent of total income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and the updated should be applied on a prospective basis, with a retrospective application permitted in the financial statements. We are currently evaluating the impact of the new standard on our consolidated financial statements and related disclosures. As a result, we intend to adopt the provisions of this ASU in the fourth quarter of 2025.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our consolidated financial statements or disclosures.



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2. BUSINESS ACQUISITIONS AND DIVESTITURES

Acquisitions of businesses are accounted for as business combinations and, accordingly, the results of operations of the businesses acquired have been included in the consolidated financial statements since the respective dates of the acquisitions. The purchase price for each acquisition is allocated to the assets acquired and liabilities assumed.

In conjunction with acquisitions noted below, we used various valuation techniques to determine fair value of the assets acquired, with the primary techniques being discounted cash flow analysis, relief-from-royalty, a form of the multi-period excess earnings and the with-and-without valuation approaches, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. Inputs to these valuation approaches require significant judgment including: (i) forecasted sales, growth rates and customer attrition rates, (ii) forecasted operating margins, (iii) royalty rates and discount rates used to present value future cash flows, (iv) the amount of synergies expected from the acquisition, (v) the economic useful life of assets and (vi) the evaluation of historical tax positions. In certain acquisitions, historical data is limited; therefore, we base our estimates and assumptions on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

2023 Activity

Manufacturing Capacity

On May 31, 2023, we completed the acquisition of certain assets that provide additional manufacturing capacity from Weaver, a leader in the production and co-packing of microwave popcorn and ready-to-eat popcorn, and former co-manufacturer of the Company's *SkinnyPop* brand. The cash consideration paid for Weaver totaled \$165,818 and consisted of cash on hand and short-term borrowings. Acquisition-related costs for the Weaver acquisition were immaterial.

The acquisition has been accounted for as a business combination and, accordingly, Weaver has been included within the North America Salty Snacks segment from the date of acquisition. The purchase consideration was allocated to assets acquired and liabilities assumed based on their respective fair values and consisted of \$85,231 to goodwill, \$79,136 to property, plant and equipment, net and \$1,451 to other net assets acquired. The purchase price allocation has been finalized as of the fourth quarter of 2023 and did not include measurement period adjustments.

Goodwill was determined as the excess of the purchase price over the fair value of the net assets acquired. The goodwill derived from this acquisition is deductible for tax purposes and reflects the value of leveraging our supply chain capabilities to accelerate growth and access to our portfolio of salty snacks products.

2021 Activity

Pretzels Inc.

On December 14, 2021, we completed the acquisition of Pretzels Inc. ("Pretzels"), previously a privately held company that manufactures and sells pretzels and other salty snacks for other branded products and private labels in the United States. Pretzels is an industry leader in the pretzel category with a product portfolio that includes filled, gluten free and seasoned pretzels, as well as extruded snacks that complements Hershey's snacks portfolio. Based in Bluffton, Indiana, Pretzels operates three manufacturing locations in Indiana and Kansas. Pretzels provides Hershey with deep pretzel category and product expertise and the manufacturing capabilities to support brand growth and future pretzel innovation. The cash consideration paid for Pretzels totaled \$304,334 and consisted of cash on hand and short-term borrowings. Acquisition-related costs for the Pretzels acquisition were immaterial.



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The acquisition has been accounted for as a business combination and, accordingly, Pretzels has been included within the North America Salty Snacks segment from the date of acquisition. The purchase consideration was allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

Goodwill	\$	166,191
Other intangible assets		26,100
Current assets acquired		30,835
Property, plant and equipment, net		100,716
Other non-current assets, primarily operating lease ROU assets		111,787
Deferred income taxes		773
Current liabilities acquired		(22,713)
Other long-term liabilities, primarily operating lease liabilities		(109,355)
Net assets acquired	\$	<u>304,334</u>

The purchase price allocation presented above has been finalized as of the third quarter of 2022 and includes an immaterial amount of measurement period adjustments. The measurement period adjustments to the initial allocation were based on more detailed information obtained about the specific assets acquired and liabilities assumed, specifically, post-closing adjustments to the working capital acquired including certain holdbacks.

Goodwill was determined as the excess of the purchase price over the fair value of the net assets acquired (including the identifiable intangible assets). A portion of goodwill derived from this acquisition is deductible for tax purposes and reflects the value of leveraging our brand building expertise, supply chain capabilities and retail relationships to accelerate growth and access to the portfolio of Pretzels' products.

Other intangible assets include trademarks valued at \$5,700 and customer relationships valued at \$20,400. Trademarks were assigned an estimated useful life of five years and customer relationships were assigned an estimated useful life of 19 years.

Dot's Pretzels, LLC

On December 13, 2021, we completed the acquisition of Dot's Pretzels, LLC ("Dot's"), previously a privately held company that produces and sells pretzels and other snack food products to retailers and distributors in the United States, with *Dot's Homestyle Pretzels* snacks as its primary product, which complements Hershey's snacks portfolio. The cash consideration paid for Dot's totaled \$891,169 and consisted of cash on hand and short-term borrowings. Acquisition-related costs for the Dot's acquisition were immaterial.

The acquisition has been accounted for as a business combination and, accordingly, Dot's has been included within the North America Salty Snacks segment from the date of acquisition. The purchase consideration was allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

Goodwill	\$	284,427
Other intangible assets		543,100
Current assets acquired		51,121
Property, plant and equipment, net		40,266
Other non-current assets		2,201
Other liabilities assumed, primarily current liabilities		(29,946)
Net assets acquired	\$	<u>891,169</u>

The purchase price allocation presented above has been finalized as of the third quarter of 2022 and includes an immaterial amount of measurement period adjustments. The measurement period adjustments to the initial allocation were based on more detailed information obtained about the specific assets acquired and liabilities assumed, specifically, the refinement of certain assumptions in the value of customer relationships based on an analysis of



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historical customer-specific data and post-closing adjustments to the working capital acquired including certain holdbacks.

Goodwill was determined as the excess of the purchase price over the fair value of the net assets acquired (including the identifiable intangible assets). The goodwill derived from this acquisition is deductible for tax purposes and reflects the value of leveraging our brand building expertise, supply chain capabilities and retail relationships to accelerate growth and access to the portfolio of Dot's products.

Other intangible assets include trademarks valued at \$336,600 and customer relationships valued at \$206,500. Trademarks were assigned an estimated useful life of 33 years and customer relationships were assigned estimated useful life of 18 years.

Lily's Sweets, LLC

On June 25, 2021, we completed the acquisition of Lily's Sweets, LLC ("Lily's"), previously a privately held company that sells a line of sugar-free and low-sugar confectionery foods to retailers and distributors in the United States and Canada. Lily's products include dark and milk chocolate style bars, baking chips, peanut butter cups and other confection products that complement Hershey's confectionery and confectionery-based portfolio. The cash consideration paid for Lily's totaled \$422,210 and the Company may be required to pay additional cash consideration if certain defined targets related to net sales and gross margin are exceeded during the period from the closing date through December 31, 2021. As of the acquisition date, the estimated fair value of the contingent consideration obligation was classified as a liability of \$5,000 and was determined using a scenario-based analysis on forecasted future results. Based on financial results through December 31, 2021, the fair value was reduced during the fourth quarter of 2021 to \$1,250, with the adjustment to fair value recorded in the SM&A expense caption within the Consolidated Statements of Income. We paid this contingent consideration during the second quarter of 2022. Acquisition-related costs for the Lily's acquisition were immaterial.

The acquisition has been accounted for as a business combination and, accordingly, Lily's has been included within the North America Confectionery segment from the date of acquisition. The purchase consideration, inclusive of the acquisition date fair value of the contingent consideration, was allocated to assets acquired and liabilities assumed based on their respective fair values as follows:

Goodwill	\$	175,826
Other intangible assets		235,800
Other assets acquired, primarily current assets		33,092
Other liabilities assumed, primarily current liabilities		(9,620)
Deferred income taxes		(7,888)
Net assets acquired	\$	<u>427,210</u>

The purchase price allocation presented above has been finalized as of the fourth quarter of 2021 and includes an immaterial amount of measurement period adjustments. The measurement period adjustments to the initial allocation were based on more detailed information obtained about the specific assets acquired and liabilities assumed.

Goodwill was determined as the excess of the purchase price over the fair value of the net assets acquired (including the identifiable intangible assets). The majority of goodwill derived from this acquisition is expected to be deductible for tax purposes and reflects the value of leveraging our brand building expertise, supply chain capabilities and retail relationships to accelerate growth and access to the portfolio of Lily's products.

Other intangible assets include trademarks valued at \$151,600 and customer relationships valued at \$84,200. Trademarks were assigned an estimated useful life of 33 years and customer relationships were assigned estimated useful lives ranging from 17 to 18 years.



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Lotte Shanghai Foods Co., Ltd.

In January 2021, we completed the divestiture of Lotte Shanghai Foods Co., Ltd. (“LSFC”), which was previously included within the International segment results in our consolidated financial statements. Total proceeds from the divestiture and the impact on our consolidated financial statements were immaterial and were recorded in the SM&A expense caption within the Consolidated Statements of Income.

3. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying value of goodwill by segment for the years ended December 31, 2023 and 2022 are as follows:

	North America Confectionery	North America Salty Snacks	International	Total
Goodwill	\$ 2,030,979	\$ 589,798	\$ 374,745	\$ 2,995,522
Accumulated impairment loss	(4,973)	—	(357,375)	(362,348)
Balance at January 1, 2022	2,026,006	589,798	17,370	2,633,174
Measurement period adjustments	—	(18,028)	—	(18,028)
Foreign currency translation	(7,576)	—	(614)	(8,190)
Balance at December 31, 2022	2,018,430	571,770	16,756	2,606,956
Acquired during the period (see Note 2)	—	85,231	—	85,231
Foreign currency translation	2,401	—	1,462	3,863
Balance at December 31, 2023	<u>\$ 2,020,831</u>	<u>\$ 657,001</u>	<u>\$ 18,218</u>	<u>\$ 2,696,050</u>

We had no goodwill impairment charges in 2023, 2022 or 2021.

The following table provides the gross carrying amount and accumulated amortization for each major class of intangible asset:

December 31,	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Trademarks	\$ 1,703,029	\$ (249,947)	\$ 1,701,932	\$ (190,045)
Customer-related	513,910	(123,282)	513,188	(93,495)
Patents	8,233	(8,233)	8,053	(8,053)
Total	2,225,172	(381,462)	2,223,173	(291,593)
Intangible assets not subject to amortization:				
Trademarks	35,519		34,689	
Total other intangible assets	<u>\$ 1,879,229</u>		<u>\$ 1,966,269</u>	

Total amortization expense for the years ended December 31, 2023, 2022 and 2021 was \$88,771, \$79,690 and \$52,124, respectively.

Amortization expense for the next five years, based on current intangible asset balances, is estimated to be as follows:

Year ending December 31,	2024	2025	2026	2027	2028
Amortization expense	\$ 78,276	\$ 78,276	\$ 78,276	\$ 77,136	\$ 77,136



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4. SHORT AND LONG-TERM DEBT

Short-term Debt

As a source of short-term financing, we utilize cash on hand and commercial paper or bank loans with an original maturity of three months or less. We maintain a \$1.35 billion unsecured revolving credit facility with the option to increase borrowings by an additional \$500 million with the consent of the lenders. This facility is scheduled to expire on April 26, 2028; however, we may extend the termination date for up to two additional one-year periods upon notice to the administrative agent under the facility.

The unsecured committed revolving credit agreement contains a financial covenant whereby the ratio of (a) pre-tax income from operations from the most recent four fiscal quarters to (b) consolidated interest expense for the most recent four fiscal quarters may not be less than 2.0 to 1.0 at the end of each fiscal quarter. The credit agreement also contains customary representations, warranties and events of default. Payment of outstanding advances may be accelerated, at the option of the lenders, should we default in our obligation under the credit agreement. As of December 31, 2023, we are in compliance with all affirmative and negative covenants and the financial covenant pertaining to our credit agreement. There were no significant compensating balance agreements that legally restricted these funds.

In addition to the revolving credit facility, we maintain lines of credit with domestic and international commercial banks. Our credit limit in various currencies was \$411,553 at December 31, 2023 and \$313,195 at December 31, 2022. These lines permit us to borrow at the respective banks' prime commercial interest rates, or lower. Commitment fees relating to our revolving credit facility and lines of credit are not material. Short-term debt consisted of the following:

	December 31, 2023	December 31, 2022
Short-term foreign bank borrowings against lines of credit	\$ 192,278	\$ 135,555
U.S. commercial paper	527,561	558,235
Total short-term debt	\$ 719,839	\$ 693,790
Weighted average interest rate on outstanding commercial paper	5.4 %	4.3 %

The maximum amount of short-term borrowings outstanding during 2023 and 2022 was \$859,773 and \$937,593, respectively. The weighted-average interest rate on short-term borrowings outstanding was 5.8% as of December 31, 2023 and 4.4% as of December 31, 2022.



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Long-term Debt

Long-term debt consisted of the following:

December 31,	Maturity Date	2023	2022
2.625% Notes (1)	May 1, 2023	—	250,000
3.375% Notes (1)	May 15, 2023	—	500,000
2.050% Notes	November 15, 2024	300,000	300,000
0.900% Notes	June 1, 2025	300,000	300,000
3.200% Notes	August 21, 2025	300,000	300,000
2.300% Notes	August 15, 2026	500,000	500,000
7.200% Debentures	August 15, 2027	193,639	193,639
4.250% Notes (2)	May 4, 2028	350,000	—
2.450% Notes	November 15, 2029	300,000	300,000
1.700% Notes	June 1, 2030	350,000	350,000
4.500% Notes (2)	May 4, 2033	400,000	—
3.375% Notes	August 15, 2046	300,000	300,000
3.125% Notes	November 15, 2049	400,000	400,000
2.650% Notes	June 1, 2050	350,000	350,000
Finance lease obligations (see Note 7)		76,385	73,479
Net impact of interest rate swaps, debt issuance costs and unamortized debt discounts		(25,834)	(19,563)
Total long-term debt		4,094,190	4,097,555
Less—current portion		305,058	753,578
Long-term portion		\$ 3,789,132	\$ 3,343,977

(1) In May 2023, we repaid \$250,000 of 2.625% Notes and \$500,000 of 3.375% Notes due upon their maturity.

(2) During the second quarter of 2023, we issued \$350,000 of 4.250% Notes due in May 2028 and \$400,000 of 4.500% Notes due in May 2033 (the “2023 Notes”). Proceeds from the issuance of the 2023 Notes, net of discounts and issuance costs, totaled \$744,092. The 2023 Notes were issued under a shelf registration on Form S-3 filed in May 2021 that registered an indeterminate amount of debt securities.

Aggregate annual maturities of our long-term Notes (excluding finance lease obligations and net impact of interest rate swaps, debt issuance costs and unamortized debt discounts) are as follows for the years ending December 31:

2024	\$ 300,000
2025	600,000
2026	500,000
2027	193,639
2028	350,000
Thereafter	2,100,000

Our debt is principally unsecured and of equal priority. None of our debt is convertible into our Common Stock.



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Interest Expense

Net interest expense consists of the following:

For the years ended December 31,	2023	2022	2021
Interest expense	\$ 176,066	\$ 148,226	\$ 139,156
Capitalized interest	(14,555)	(8,131)	(9,310)
Interest expense	161,511	140,095	129,846
Interest income	(9,726)	(2,538)	(2,429)
Interest expense, net	<u>\$ 151,785</u>	<u>\$ 137,557</u>	<u>\$ 127,417</u>

5. DERIVATIVE INSTRUMENTS

We are exposed to market risks arising principally from changes in foreign currency exchange rates, interest rates and commodity prices. We use certain derivative instruments to manage these risks. These include interest rate swaps to manage interest rate risk, foreign currency forward exchange contracts to manage foreign currency exchange rate risk, and commodities futures and options contracts to manage commodity market price risk exposures.

In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. We mitigate this risk by entering into exchanged-traded contracts with collateral posting requirements and/or by performing financial assessments prior to contract execution, conducting periodic evaluations of counterparty performance and maintaining a diverse portfolio of qualified counterparties. We do not expect any significant losses from counterparty defaults.

Commodity Price Risk

We enter into commodities futures and options contracts and other commodity derivative instruments to reduce the effect of future price fluctuations associated with the purchase of raw materials, energy requirements and transportation services. We generally hedge commodity price risks for 3- to 24-month periods. Our open commodity derivative contracts had a notional value of \$94,917 as of December 31, 2023 and \$243,009 as of December 31, 2022.

Derivatives used to manage commodity price risk are not designated for hedge accounting treatment. Therefore, the changes in fair value of these derivatives are recorded as incurred within cost of sales. As discussed in Note 13, we define our segment income to exclude gains and losses on commodity derivatives until the related inventory is sold, at which time the related gains and losses are reflected within segment income. This enables us to continue to align the derivative gains and losses with the underlying economic exposure being hedged and thereby eliminate the mark-to-market volatility within our reported segment income.

Foreign Exchange Price Risk

We are exposed to foreign currency exchange rate risk related to our international operations, including non-functional currency intercompany debt and other non-functional currency transactions of certain subsidiaries. Principal currencies hedged include the euro, Canadian dollar, Japanese yen, British pound, Brazilian real, Malaysian ringgit, Mexican peso and Swiss franc. We typically utilize foreign currency forward exchange contracts to hedge these exposures for periods ranging from 3 to 12 months. The contracts are either designated as cash flow hedges or are undesignated. The net notional amount of foreign exchange contracts accounted for as cash flow hedges was \$80,068 at December 31, 2023 and \$59,448 at December 31, 2022. The effective portion of the changes in fair value on these contracts is recorded in other comprehensive income and reclassified into earnings in the same period in which the hedged transactions affect earnings. The net notional amount of foreign exchange contracts that are not designated as accounting hedges was \$13,665 at December 31, 2023 and \$1,843 at December 31, 2022. The change in fair value on these instruments is recorded directly in cost of sales or selling, marketing and administrative expense, depending on the nature of the underlying exposure.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Interest Rate Risk

In order to manage interest rate exposure, from time to time, we enter into interest rate swap agreements to protect against unfavorable interest rate changes relating to forecasted debt transactions. These swaps, which are settled upon issuance of the related debt, are designated as cash flow hedges and the gains and losses that are deferred in other comprehensive income are being recognized as an adjustment to interest expense over the same period that the hedged interest payments affect earnings.

Equity Price Risk

We are exposed to market price changes in certain broad market indices related to our deferred compensation obligations to our employees. To mitigate this risk, we use equity swap contracts to hedge the portion of the exposure that is linked to market-level equity returns. These contracts are not designated as hedges for accounting purposes and are entered into for periods of 3 to 12 months. The change in fair value of these derivatives is recorded in SM&A expense, together with the change in the related liabilities. The notional amount of the contracts outstanding at December 31, 2023 and 2022 was \$22,867 and \$18,803, respectively.

The following table presents the classification of derivative assets and liabilities within the Consolidated Balance Sheets as of December 31, 2023 and 2022:

December 31,	2023		2022	
	Assets (1)	Liabilities (1)	Assets (1)	Liabilities (1)
Derivatives designated as cash flow hedging instruments:				
Foreign exchange contracts	\$ 1,219	\$ 1,670	\$ 3,921	\$ 261
Derivatives not designated as hedging instruments:				
Commodities futures and options (2)	66	679	685	662
Deferred compensation derivatives	2,343	—	1,222	—
Foreign exchange contracts	1,123	—	246	—
	3,532	679	2,153	662
Total	\$ 4,751	\$ 2,349	\$ 6,074	\$ 923

- (1) Derivatives assets are classified on our Consolidated Balance Sheets within prepaid expenses and other as well as other non-current assets. Derivative liabilities are classified on our Consolidated Balance Sheets within accrued liabilities and other long-term liabilities.
- (2) As of December 31, 2023, amounts reflected on a net basis in liabilities were assets of \$29,881 and liabilities of \$30,493, which are associated with cash transfers receivable or payable on commodities futures contracts reflecting the change in quoted market prices on the last trading day for the period. The comparable amounts reflected on a net basis in assets at December 31, 2022 were assets of \$25,308 and liabilities of \$25,296. At December 31, 2023 and 2022, the remaining amount reflected in assets and liabilities related to the fair value of other non-exchange traded derivative instruments, respectively.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Income Statement Impact of Derivative Instruments

The effect of derivative instruments on the Consolidated Statements of Income for the years ended December 31, 2023 and 2022 was as follows:

	Non-designated Hedges		Cash Flow Hedges			
	Gains (losses) recognized in income (a)		Gains (losses) recognized in other comprehensive income ("OCI")		Gains (losses) reclassified from AOCI into income (b)	
	2023	2022	2023	2022	2023	2022
Commodities futures and options	\$ (53,085)	\$ 44,569	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts	1,111	(274)	(4,860)	2,056	(1,150)	636
Interest rate swap agreements	—	—	5,814	—	(9,716)	(10,836)
Deferred compensation derivatives	4,119	(4,920)	—	—	—	—
Total	\$ (47,855)	\$ 39,375	\$ 954	\$ 2,056	\$ (10,866)	\$ (10,200)

- (a) Gains (losses) recognized in income for non-designated commodities futures and options contracts were included in cost of sales. Gains (losses) recognized in income for non-designated foreign currency forward exchange contracts and deferred compensation derivatives were included in selling, marketing and administrative expenses.
- (b) Gains (losses) reclassified from AOCI into income for foreign currency forward exchange contracts were included in selling, marketing and administrative expenses. Losses reclassified from AOCI into income for interest rate swap agreements were included in interest expense.

The amount of pretax net losses on derivative instruments, including interest rate swap agreements and foreign currency forward exchange contracts expected to be reclassified into earnings in the next 12 months was approximately \$9,659 as of December 31, 2023. This amount is primarily associated with interest rate swap agreements.

6. FAIR VALUE MEASUREMENTS

Accounting guidance on fair value measurements requires that financial assets and liabilities be classified and disclosed in one of the following categories of the fair value hierarchy:

Level 1 – Based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Based on observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Based on unobservable inputs that reflect the entity's own assumptions about the assumptions that a market participant would use in pricing the asset or liability.

We did not have any Level 3 financial assets or liabilities, nor were there any transfers between levels during the periods presented.



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The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheets on a recurring basis as of December 31, 2023 and 2022:

	Assets / Liabilities			
	Level 1	Level 2	Level 3	Total
December 31, 2023:				
Derivative Instruments:				
Assets:				
Foreign exchange contracts (1)	\$ —	\$ 2,342	\$ —	\$ 2,342
Deferred compensation derivatives (2)	—	2,343	—	2,343
Commodities futures and options (3)	66	—	—	66
Liabilities:				
Foreign exchange contracts (1)	—	1,670	—	1,670
Commodities futures and options (3)	679	—	—	679
December 31, 2022:				
Assets:				
Foreign exchange contracts (1)	\$ —	\$ 4,167	\$ —	\$ 4,167
Deferred compensation derivatives (2)	—	1,222	—	1,222
Commodities futures and options (3)	685	—	—	685
Liabilities:				
Foreign exchange contracts (1)	—	261	—	261
Commodities futures and options (3)	662	—	—	662

- (1) The fair value of foreign currency forward exchange contracts is the difference between the contract and current market foreign currency exchange rates at the end of the period. We estimate the fair value of foreign currency forward exchange contracts on a quarterly basis by obtaining market quotes of spot and forward rates for contracts with similar terms, adjusted where necessary for maturity differences.
- (2) The fair value of deferred compensation derivatives is based on quoted prices for market interest rates and a broad market equity index.
- (3) The fair value of commodities futures and options contracts is based on quoted market prices.

Other Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair values as of December 31, 2023 and December 31, 2022 because of the relatively short maturity of these instruments.

The estimated fair value of our long-term debt is based on quoted market prices for similar debt issuances and is, therefore, classified as Level 2 within the valuation hierarchy. The fair values and carrying values of long-term debt, including the current portion, were as follows:

At December 31,	Fair Value		Carrying Value	
	2023	2022	2023	2022
Current portion of long-term debt	\$ 297,842	\$ 749,345	\$ 305,058	\$ 753,578
Long-term debt	3,413,411	2,854,165	3,789,132	3,343,977
Total	<u>\$ 3,711,253</u>	<u>\$ 3,603,510</u>	<u>\$ 4,094,190</u>	<u>\$ 4,097,555</u>



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Other Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, GAAP requires that, under certain circumstances, we also record assets and liabilities at fair value on a nonrecurring basis.

2023 Activity

In connection with the acquisition of Weaver during 2023, as discussed in Note 2, we used various valuation techniques to determine fair value, with the primary technique being the cost approach to value personal property, which uses significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy.

2021 Activity

In connection with the acquisitions of Lily's, Dot's and Pretzels during 2021, as discussed in Note 2, we used various valuation techniques to determine fair value, with the primary techniques being discounted cash flow analysis and the relief-from-royalty, a form of the multi-period excess earnings, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy.

7. LEASES

We lease office and retail space, warehouse and distribution facilities, land, vehicles, and equipment. We determine if an agreement is or contains a lease at inception. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are based on the estimated present value of lease payments over the lease term and are recognized at the lease commencement date.

As most of our leases do not provide an implicit rate, we use our estimated incremental borrowing rate in determining the present value of lease payments. The estimated incremental borrowing rate is derived from information available at the lease commencement date.

Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. A limited number of our lease agreements include rental payments adjusted periodically for inflation. Our lease agreements generally do not contain residual value guarantees or material restrictive covenants.

For real estate, equipment and vehicles that support selling, marketing and general administrative activities the Company accounts for the lease and non-lease components as a single lease component. These asset categories comprise the majority of our leases. The lease and non-lease components of real estate and equipment leases supporting production activities are not accounted for as a single lease component. Consideration for such contracts is allocated to the lease component and non-lease components based upon relative standalone prices either observable or estimated if observable prices are not readily available.

The components of lease expense were as follows:

Lease expense	Classification	2023	2022
Operating lease cost	Cost of sales or SM&A (1)	\$ 48,577	\$ 48,988
Finance lease cost:			
Amortization of ROU assets	Depreciation and amortization (1)	8,140	7,043
Interest on lease liabilities	Interest expense, net	4,593	4,192
Net lease cost (2)		<u>\$ 61,310</u>	<u>\$ 60,223</u>

(1) Supply chain-related amounts were included in cost of sales.

(2) Net lease cost does not include short-term leases, variable lease costs or sublease income, all of which are immaterial.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Information regarding our lease terms and discount rates were as follows:

	2023	2022
Weighted-average remaining lease term (years)		
Operating leases	14.4	15.0
Finance leases	25.9	27.7
Weighted-average discount rate		
Operating leases	3.5 %	3.2 %
Finance leases	6.2 %	6.1 %

Supplemental balance sheet information related to leases were as follows:

Leases	Classification	2023	2022
Assets			
Operating lease ROU assets	Other non-current assets	\$ 307,976	\$ 326,472
Finance lease ROU assets, at cost	Property, plant and equipment, gross	89,335	86,703
Accumulated amortization	Accumulated depreciation	(19,472)	(14,543)
Finance lease ROU assets, net	Property, plant and equipment, net	69,863	72,160
Total leased assets		<u>\$ 377,839</u>	<u>\$ 398,632</u>
Liabilities			
Current			
Operating	Accrued liabilities	\$ 34,494	\$ 31,787
Finance	Current portion of long-term debt	5,900	4,285
Non-current			
Operating	Other long-term liabilities	277,089	294,849
Finance	Long-term debt	70,485	69,194
Total lease liabilities		<u>\$ 387,968</u>	<u>\$ 400,115</u>



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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The maturity of our lease liabilities as of December 31, 2023 were as follows:

	Operating leases	Finance leases	Total
2024	\$ 44,708	\$ 10,240	\$ 54,948
2025	31,395	8,651	40,046
2026	26,669	5,442	32,111
2027	26,063	4,288	30,351
2028	25,064	4,189	29,253
Thereafter	243,161	137,877	381,038
Total lease payments	397,060	170,687	567,747
Less: Imputed interest	85,477	94,302	179,779
Total lease liabilities	<u>\$ 311,583</u>	<u>\$ 76,385</u>	<u>\$ 387,968</u>

Supplemental cash flow and other information related to leases were as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 45,176	\$ 45,179
Operating cash flows from finance leases	\$ 4,593	\$ 4,192
Financing cash flows from finance leases	\$ 5,381	\$ 4,717
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ 18,469	\$ 13,998
Finance leases	\$ 7,448	\$ 9,617

8. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

We invest in partnerships that make equity investments in projects eligible to receive federal historic and renewable energy tax credits. The tax credits, when realized, are recognized as a reduction of tax expense under the flow-through method, at which time the corresponding equity investment is written-down to reflect the remaining value of the future benefits to be realized. The equity investment write-down is reflected within other (income) expense, net in the Consolidated Statements of Income (see Note 17).

Additionally, we acquire ownership interests in emerging snacking businesses and startup companies, which vary in method of accounting based on our percentage of ownership and ability to exercise significant influence over decisions relating to operating and financial affairs. These investments afford the Company the rights to distribute brands that the Company does not own to third-party customers primarily in North America. Net sales and expenses of our equity method investees are not consolidated into our financial statements; rather, our proportionate share of earnings or losses are recorded on a net basis within other (income) expense, net in the Consolidated Statements of Income.

Both equity method investments and cost, less impairment, investments are reported within other non-current assets in our Consolidated Balance Sheets. We regularly review our investments and adjust accordingly for capital contributions, dividends received and other-than-temporary impairments. Total investments in unconsolidated affiliates was \$207,177 and \$133,029 as of December 31, 2023 and December 31, 2022, respectively.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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9. BUSINESS REALIGNMENT ACTIVITIES

We periodically undertake business realignment activities designed to increase our efficiency and focus our business in support of our key growth strategies. Costs associated with business realignment activities are classified in our Consolidated Statements of Income as follows:

For the years ended December 31,	2023	2022	2021
Cost of sales	\$ 527	\$ 3	\$ 5,220
Selling, marketing and administrative expense	2,472	2,425	7,854
Business realignment costs	441	1,989	3,525
Costs associated with business realignment activities	<u>\$ 3,440</u>	<u>\$ 4,417</u>	<u>\$ 16,599</u>

Costs recorded by program in 2023, 2022 and 2021 related to these activities were as follows:

For the years ended December 31,	2023	2022	2021
International Optimization Program:			
Severance and employee benefit costs	\$ 441	\$ 2,001	\$ 3,982
Other program costs	2,999	2,416	12,617
Total	<u>\$ 3,440</u>	<u>\$ 4,417</u>	<u>\$ 16,599</u>

Amounts classified as liabilities qualifying as exit and disposal costs primarily represent employee-related and certain third-party service provider charges; however, such amounts at December 31, 2023 are not significant and are expected to be paid within the next 12 months.

Advancing Agility & Automation Initiative

On February 2, 2024, the Board of Directors of the Company approved a multi-year productivity initiative (“Advancing Agility & Automation” or “AAA”) to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings.

The Company estimates that the AAA Initiative will result in total pre-tax costs of \$200,000 to \$250,000 from inception through 2026. This estimate primarily includes program office execution and third-party costs supporting the design and implementation of the new organizational structure of \$100,000 to \$120,000, as well as implementation and technology capability costs of \$55,000 to \$70,000. Additionally, we expect to incur employee severance and related separation benefits of \$45,000 to \$60,000 as we facilitate workforce reductions and reallocate resources to further drive the Company’s strategic priorities. The cash portion of the total cost is estimated to be \$175,000 to \$225,000. At the conclusion of the program in 2026, ongoing annual savings are expected to be approximately \$300,000.

2020 International Optimization Program

In the fourth quarter of 2020, we commenced a program (“International Optimization Program”) to streamline resources and investments in select international markets, including the optimization of our China operating model that will improve our operational efficiency and provide for a strong, sustainable and simplified base going forward.

The International Optimization Program was originally expected to total pre-tax costs of \$50,000 to \$75,000, with cash costs in the range of \$40,000 to \$65,000, primarily related to workforce reductions of approximately 350 positions outside of the United States, costs to consolidate and relocate production, and third-party costs incurred to execute these activities. The costs and related benefits of the International Optimization Program relate to the International segment. However, segment operating results do not include these business realignment expenses because we evaluate segment performance excluding such costs. This program was completed in 2023.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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For the year ended December 31, 2023 and 2022, we recognized total costs associated with the International Optimization Program of \$3,440 and \$4,417. These charges predominantly included third-party charges in support of our initiative to transform our China operating model, as well as severance and employee benefit costs. Since inception, we have incurred pre-tax charges to execute the program totaling \$53,799.

10. INCOME TAXES

The components of income before income taxes were as follows:

For the years ended December 31,	2023	2022	2021
Domestic	\$ 1,832,771	\$ 1,816,622	\$ 1,775,361
Foreign	339,093	100,449	21,863
Income before income taxes	<u>\$ 2,171,864</u>	<u>\$ 1,917,071</u>	<u>\$ 1,797,224</u>

The components of our provision for income taxes were as follows:

For the years ended December 31,	2023	2022	2021
Current:			
Federal	\$ 141,753	\$ 121,968	\$ 161,402
State	83,802	85,741	60,979
Foreign	68,289	27,656	78,650
	<u>293,844</u>	<u>235,365</u>	<u>301,031</u>
Deferred:			
Federal	28,191	34,848	26,726
State	(9,531)	3,393	8,253
Foreign	(2,427)	(1,352)	(21,605)
	<u>16,233</u>	<u>36,889</u>	<u>13,374</u>
Total provision for income taxes	<u>\$ 310,077</u>	<u>\$ 272,254</u>	<u>\$ 314,405</u>



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Deferred taxes reflect temporary differences between the tax basis and financial statement carrying value of assets and liabilities. The significant temporary differences that comprised the deferred tax assets and liabilities are as follows:

December 31,	2023	2022
Deferred tax assets:		
Post-retirement benefit obligations	\$ 24,969	\$ 40,100
Accrued expenses and other reserves	85,601	78,523
Stock-based compensation	21,656	19,847
Derivative instruments	12,268	3,983
Lease liabilities	90,405	91,099
Accrued trade promotion reserves	18,796	23,082
Net operating loss carryforwards	110,342	130,944
Capital loss carryforwards	—	1,999
Other	83,011	52,802
Gross deferred tax assets	447,048	442,379
Valuation allowance	(114,149)	(137,531)
Total deferred tax assets	332,899	304,848
Deferred tax liabilities:		
Property, plant and equipment, net	271,465	247,964
Acquired intangibles	228,711	193,160
Lease ROU assets	71,150	72,602
Inventories	13,250	28,573
Pension	10,001	11,038
Other	39,566	39,416
Total deferred tax liabilities	634,143	592,753
Net deferred tax liabilities	\$ (301,244)	\$ (287,905)
Included in:		
Non-current deferred tax assets, net	\$ 44,454	\$ 40,498
Non-current deferred tax liabilities, net	(345,698)	(328,403)
Net deferred tax liabilities	\$ (301,244)	\$ (287,905)

Changes in deferred taxes were primarily due to acquired intangibles and accelerated tax depreciation on property, plant and equipment.

The valuation allowances as of December 31, 2023 and 2022 were primarily related to various foreign jurisdictions' net operating loss carryforwards and other deferred tax assets that we do not expect to realize.



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The following table reconciles the federal statutory income tax rate with our effective income tax rate:

For the years ended December 31,	2023	2022	2021
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Increase (reduction) resulting from:			
State income taxes, net of Federal income tax benefits	2.8	3.2	2.8
Foreign rate differences	(1.0)	(0.1)	(0.2)
Historic and solar tax credits	(9.5)	(9.9)	(6.2)
Tax contingencies	1.1	0.4	1.7
Stock compensation	(0.5)	(0.7)	(0.5)
Other, net	0.4	0.3	(1.1)
Effective income tax rate	<u>14.3 %</u>	<u>14.2 %</u>	<u>17.5 %</u>

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

December 31,	2023	2022
Balance at beginning of year	\$ 148,345	\$ 143,305
Additions for tax positions taken during prior years	11,567	17,987
Reductions for tax positions taken during prior years	(26)	(9,310)
Additions for tax positions taken during the current year	6,194	4,112
Settlements	(9,838)	—
Expiration of statutes of limitations	(6,617)	(7,749)
Balance at end of year	<u>\$ 149,625</u>	<u>\$ 148,345</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$122,706 as of December 31, 2023 and \$120,699 as of December 31, 2022.

We report accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized a net tax expense of \$12,027, \$4,862 and \$8,924 in 2023, 2022 and 2021, respectively, for interest and penalties. Accrued net interest and penalties were \$37,355 as of December 31, 2023 and \$25,328 as of December 31, 2022.

The Company and its subsidiaries file tax returns in the United States, including various state and local returns, and in other foreign jurisdictions. We are routinely audited by taxing authorities in our filing jurisdictions, and a number of these disputes are currently underway, including multi-year controversies at various stages of review, negotiation and litigation in Mexico, Canada, Switzerland and the United States. The outcome of tax audits cannot be predicted with certainty, including the timing of resolution or potential settlements. If any issues addressed in our tax audits are resolved in a manner not consistent with management's expectations, we could be required to adjust our provision for income taxes in the period such resolution occurs. Based on our current assessments, we believe adequate provision has been made for all income tax uncertainties.

We reasonably expect reductions in the liability for unrecognized tax benefits of approximately \$51,355 within the next 12 months because of the expiration of statutes of limitations and settlements of tax audits.

As of December 31, 2023, we had approximately \$656,389 of undistributed earnings of our international subsidiaries. We continue to reinvest the remainder of the earnings outside of the United States for which there would be a material tax implication to distributing, such as withholding tax, for the foreseeable future and, therefore, have not recognized additional tax expense on these earnings beyond the one-time U.S. repatriation tax due under the 2017 Tax Cuts and Jobs Act.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Investments in Partnerships Qualifying for Tax Credits

We invest in partnerships which make equity investments in projects eligible to receive federal historic and energy tax credits. The investments are accounted for under the equity method and reported within other non-current assets in our Consolidated Balance Sheets. The tax credits, when realized, are recognized as a reduction of tax expense under the flow-through method, at which time the corresponding equity investment is written-down to reflect the remaining value of the future benefits to be realized. For the years ended December 31, 2023, 2022 and 2021 we recognized investment tax credits and related outside basis difference benefits totaling \$251,827, \$228,819 and \$136,243, respectively, and we wrote-down the equity investment by \$210,484, \$188,286 and \$113,756, respectively, to reflect the realization of these benefits. The equity investment write-down is reflected within other (income) expense, net in the Consolidated Statements of Income (see Note 17).

Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act (“IRA”) was signed into law. The IRA enacted a 15% corporate minimum tax on certain corporations and an excise tax on share repurchases after December 31, 2022, and created and extended certain energy-related tax credits and incentives. For the year ended December 31, 2023, the tax-related provisions of the IRA did not have a material impact on our consolidated financial statements, including our annual effective tax rate, or on our liquidity.

11. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

We sponsor a number of defined benefit pension plans. The primary plans were The Hershey Company Retirement Plan (“Retirement Plan”) and the Hershey Company Retirement Plan for Hourly Employees (“Hourly Plan”). These are cash balance plans that provide pension benefits for most U.S. employees hired prior to January 1, 2007. Effective December 31, 2023, the Hourly Plan merged into the Retirement Plan and the name was changed to The Hershey Retirement Plan for Salaried and Hourly Employees. We also sponsor two post-retirement benefit plans: health care and life insurance. The health care plan is contributory, with participants’ contributions adjusted annually. The life insurance plan is non-contributory.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Obligations and Funded Status

A summary of the changes in benefit obligations, plan assets and funded status of these plans is as follows:

December 31,	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Change in benefit obligation				
Projected benefit obligation at beginning of year	\$ 830,285	\$ 1,076,180	\$ 164,889	\$ 211,490
Service cost	14,991	17,500	221	302
Interest cost	41,205	30,491	7,171	4,603
Actuarial (gain) loss	23,187	(184,775)	38,789	(28,145)
Curtailement	—	—	(740)	—
Settlement	(66,132)	(82,907)	(88,689)	—
Currency translation and other	2,466	(3,268)	(324)	(613)
Benefits paid	(23,967)	(22,936)	(21,006)	(22,748)
Projected benefit obligation at end of year	822,035	830,285	100,311	164,889
Change in plan assets				
Fair value of plan assets at beginning of year	848,432	1,098,191	—	—
Actual return on plan assets	70,096	(196,969)	—	—
Employer contributions	6,576	55,799	21,006	22,748
Settlement	(66,132)	(82,907)	(88,689)	—
Annuity purchase	—	—	88,689	—
Currency translation and other	1,838	(2,746)	—	—
Benefits paid	(23,967)	(22,936)	(21,006)	(22,748)
Fair value of plan assets at end of year	836,843	848,432	—	—
Funded status at end of year	<u>\$ 14,808</u>	<u>\$ 18,147</u>	<u>\$ (100,311)</u>	<u>\$ (164,889)</u>
Amounts recognized in the Consolidated Balance Sheets:				
Other assets	\$ 48,506	\$ 53,495	\$ —	\$ —
Accrued liabilities	(4,749)	(7,652)	(9,593)	(17,715)
Other long-term liabilities	(28,949)	(27,696)	(90,718)	(147,174)
Total	<u>\$ 14,808</u>	<u>\$ 18,147</u>	<u>\$ (100,311)</u>	<u>\$ (164,889)</u>
Amounts recognized in Accumulated Other Comprehensive Income (Loss), net of tax:				
Actuarial net (loss) gain	\$ (129,184)	\$ (150,378)	\$ (7,704)	\$ 19,689
Net prior service credit	8,561	12,435	527	—
Net amounts recognized in AOCI	<u>\$ (120,623)</u>	<u>\$ (137,943)</u>	<u>\$ (7,177)</u>	<u>\$ 19,689</u>

The projected benefit obligation during 2023 was impacted by actuarial loss of \$23,187 which was mainly the result of the discount rate assumption decreasing from 5.5% at December 31, 2022 to 5.1% at December 31, 2023. The accumulated benefit obligation for all defined benefit pension plans was \$789,257 as of December 31, 2023 and \$799,635 as of December 31, 2022.



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Plans with accumulated benefit obligations in excess of plan assets were as follows:

December 31,	2023	2022
Projected benefit obligation	\$ 40,278	\$ 36,669
Accumulated benefit obligation	33,812	32,167
Fair value of plan assets	6,695	3,606

Plans with projected benefit obligations in excess of plan assets were as follows:

December 31,	2023	2022
Projected benefit obligation	\$ 84,416	\$ 79,932
Accumulated benefit obligation	71,046	68,665
Fair value of plan assets	50,718	44,584

Net Periodic Benefit Cost

The components of net periodic benefit cost were as follows:

For the years ended December 31,	Pension Benefits			Other Benefits		
	2023	2022	2021	2023	2022	2021
Amounts recognized in net periodic benefit cost						
Service cost	\$ 14,991	\$ 17,500	\$ 21,361	\$ 221	\$ 302	\$ 1,879
Interest cost	41,205	30,491	18,320	7,171	4,603	3,857
Expected return on plan assets	(48,978)	(47,637)	(49,091)	—	—	—
Amortization of prior service credit	(5,658)	(5,651)	(6,142)	(50)	—	—
Amortization of net (gain) loss	19,846	16,060	20,556	(966)	(92)	1,593
Curtailment credit	—	—	—	(740)	—	—
Settlement loss	15,254	20,692	16,085	926	—	—
Total net periodic benefit cost	\$ 36,660	\$ 31,455	\$ 21,089	\$ 6,562	\$ 4,813	\$ 7,329
Change in plan assets and benefit obligations recognized in AOCI, pre-tax						
Actuarial net (gain) loss	\$ (32,720)	\$ 22,609	\$ (80,047)	\$ 38,698	\$ (26,212)	\$ (16,374)
Prior service cost (credit)	5,670	5,601	6,447	(736)	—	—
Total recognized in other comprehensive (income) loss, pre-tax	<u>\$ (27,050)</u>	<u>\$ 28,210</u>	<u>\$ (73,600)</u>	<u>\$ 37,962</u>	<u>\$ (26,212)</u>	<u>\$ (16,374)</u>
Net amounts recognized in periodic benefit cost and AOCI	\$ 9,610	\$ 59,665	\$ (52,511)	\$ 44,524	\$ (21,399)	\$ (9,045)

The non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans is reflected within other (income) expense, net in the Consolidated Statements of Income (see Note 17).



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Assumptions

The weighted-average assumptions used in computing the year end benefit obligations were as follows:

December 31,	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Discount rate	5.1 %	5.5 %	5.2 %	5.5 %
Rate of increase in compensation levels	3.6 %	3.4 %	4.0 %	4.0 %
Interest crediting rate	4.8 %	4.7 %	N/A	N/A

The weighted-average assumptions used in computing net periodic benefit cost were as follows:

For the years ended December 31,	Pension Benefits			Other Benefits		
	2023	2022	2021	2023	2022	2021
Discount rate	5.5 %	2.7 %	2.3 %	5.5 %	2.9 %	2.5 %
Expected long-term return on plan assets	6.2 %	4.9 %	4.8 %	N/A	N/A	N/A
Rate of compensation increase	3.4 %	3.5 %	3.5 %	N/A	N/A	N/A

The Company's discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates. We base the asset return assumption on current and expected asset allocations, as well as historical and expected returns on the plan asset categories.

We utilize a full yield curve approach in the estimation of service and interest costs by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. This approach provides a more precise measurement of service and interest costs by improving the correlation between the projected cash flows to the corresponding spot rates along the yield curve. This approach does not affect the measurement of our pension and other post-retirement benefit liabilities, but generally results in lower benefit expense in periods when the yield curve is upward sloping.

For purposes of measuring our post-retirement benefit obligation at December 31, 2023, we assumed a 6.4% annual rate of increase in the per capita cost of covered health care benefits for 2024, grading down to 5.0% by 2030. For purposes of measuring our post-retirement benefit obligation at December 31, 2022, we assumed a 6.7% annual rate of increase in the per capita cost of covered health care benefits for 2023, grading down to 5.0% by 2030.

The valuations and assumptions reflect adoption of the Society of Actuaries updated Pri-2012 mortality tables with MP-2021 generational projection scales, which we adopted as of December 31, 2021. The Society of Actuaries did not update the Pri-2012 mortality tables in 2022 or 2023. Adoption of the updated scales did not have a significant impact on our current pension obligations or net period benefit cost since our primary plans are cash balance plans and most participants take lump-sum settlements upon retirement.

Plan Assets

We broadly diversify our pension plan assets across public equity, fixed income, diversified credit strategies and diversified alternative strategies asset classes. Our target asset allocation for our major domestic pension plans as of December 31, 2023 was as follows:

Asset Class	Target Asset Allocation
Cash	1%
Equity securities	27%
Fixed income securities	48%
Alternative investments, including real estate, listed infrastructure and other	24%



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As of December 31, 2023, actual allocations were consistent with the targets and within our allowable ranges. We expect the level of volatility in pension plan asset returns to be in line with the overall volatility of the markets within each asset class.

The following table sets forth by level, within the fair value hierarchy (as defined in Note 6), pension plan assets at their fair values as of December 31, 2023:

	Quoted prices in active markets of identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Investments Using NAV as a Practical Expedient (1)	Total
Cash and cash equivalents	\$ 909	\$ 42,202	\$ —	\$ 600	\$ 43,711
Equity securities:					
International all-cap	—	—	—	395	395
Global all-cap (a)	—	—	—	209,245	209,245
Fixed income securities:					
U.S. government/agency	—	—	—	186,095	186,095
Corporate bonds (b)	—	—	—	60,293	60,293
International government/corporate bonds (c)	—	—	—	29,254	29,254
Diversified credit (d)	—	—	—	123,081	123,081
Alternative investments:					
Global diversified assets (e)	—	—	—	68,856	68,856
Real assets fund (f)	—	—	—	115,913	115,913
Total pension plan assets	\$ 909	\$ 42,202	\$ —	\$ 793,732	\$ 836,843

The following table sets forth by level, within the fair value hierarchy, pension plan assets at their fair values as of December 31, 2022:

	Quoted prices in active markets of identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Investments Using NAV as a Practical Expedient (1)	Total
Cash and cash equivalents	\$ 327	\$ 29,595	\$ —	\$ 566	\$ 30,488
Equity securities:					
Global all-cap (a)	—	—	—	206,636	206,636
Fixed income securities:					
U.S. government/agency	—	—	—	173,122	173,122
Corporate bonds (b)	—	—	—	58,646	58,646
International government/corporate bonds (c)	—	—	—	26,489	26,489
Diversified credit (d)	—	—	—	109,926	109,926
Alternative investments:					
Global diversified assets (e)	—	—	—	95,243	95,243
Real assets fund (f)	—	—	—	147,882	147,882
Total pension plan assets	\$ 327	\$ 29,595	\$ —	\$ 818,510	\$ 848,432



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- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in our Obligations and Funded Status table.
- (a) This category comprises equity funds that primarily track the MSCI World Index or MSCI All Country World Index.
- (b) This category comprises fixed income funds primarily invested in investment grade and high yield bonds.
- (c) This category comprises fixed income funds primarily invested in Canadian and other international bonds.
- (d) This category comprises fixed income funds primarily invested in high yield bonds, loans, securitized debt and emerging market debt.
- (e) This category comprises diversified funds invested across alternative asset classes.
- (f) This category comprises funds primarily invested in publicly traded real estate securities, publicly listed infrastructure securities and real estate debt.

The fair value of the Level 1 assets was based on quoted prices in active markets for the identical assets. The fair value of the Level 2 assets was determined by management based on an assessment of valuations provided by asset management entities and was calculated by aggregating market prices for all underlying securities.

Investment objectives for our domestic plan assets are:

- To ensure high correlation between the value of plan assets and liabilities;
- To maintain careful control of the risk level within each asset class; and
- To focus on a long-term return objective.

We believe that there are no significant concentrations of risk within our plan assets as of December 31, 2023. We comply with the rules and regulations promulgated under the Employee Retirement Income Security Act of 1974 (“ERISA”) and we prohibit investments and investment strategies not allowed by ERISA. We do not permit direct purchases of our Company’s securities or the use of derivatives for the purpose of speculation. We invest the assets of non-domestic plans in compliance with laws and regulations applicable to those plans.

Cash Flows and Plan Termination

Our policy is to fund domestic pension liabilities in accordance with the limits imposed by the ERISA, federal income tax laws and the funding requirements of the Pension Protection Act of 2006. We fund non-domestic pension liabilities in accordance with laws and regulations applicable to those plans.

We made total contributions to the pension plans of \$6,576 during 2023. In 2022, we made total contributions of \$55,799 to the pension plans. For 2024, minimum funding requirements for our pension plans are approximately \$1,943.

Total benefit payments expected to be paid to plan participants, including pension benefits funded from the plans and other benefits funded from Company assets, are as follows:

	Expected Benefit Payments					
	2024	2025	2026	2027	2028	2029-2033
Pension Benefits	\$ 113,052	\$ 89,810	\$ 93,596	\$ 75,694	\$ 74,212	\$ 312,386
Other Benefits	9,589	9,107	8,619	8,050	7,461	32,107



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Annuity of Other Post Employment Benefits

On August 21, 2023, the Hershey Employee Benefits Committee approved the purchase of an irrevocable group annuity contract with an insurance company for eligible retirees of The Hershey Company Retiree Medical and Life Insurance Plan to cover their medical benefits. On August 31, 2023, we paid \$88,689 for the irrevocable group annuity contract. As a result of this transaction, we remeasured the projected benefit obligation and recognized a \$926 non-cash pre-tax settlement charge during the quarter ended October 1, 2023.

Savings Plans

The Company sponsors several defined contribution plans to provide retirement benefits to employees. Contributions to The Hershey Company 401(k) Plan and similar plans for non-domestic employees are based on a portion of eligible pay up to a defined maximum. All matching contributions were made in cash. Expense associated with the defined contribution plans was \$67,763 in 2023, \$61,477 in 2022 and \$58,883 in 2021.

12. STOCK COMPENSATION PLANS

Share-based grants for compensation and incentive purposes are made pursuant to the Equity and Incentive Compensation Plan (“EICP”). The EICP provides for grants of one or more of the following stock-based compensation awards to employees, non-employee directors and certain service providers upon whom the successful conduct of our business is dependent:

- Non-qualified stock options (“stock options”);
- Performance stock units (“PSUs”) and performance stock;
- Stock appreciation rights;
- Restricted stock units (“RSUs”) and restricted stock; and
- Other stock-based awards.

As of December 31, 2023, 68.5 million shares were authorized and approved by our stockholders for grants under the EICP. The EICP also provides for the deferral of stock-based compensation awards by participants if approved by the Compensation and Human Capital Committee of our Board and if in accordance with an applicable deferred compensation plan of the Company. Currently, the Compensation and Human Capital Committee has authorized the deferral of PSU and RSU awards by certain eligible employees under the Company’s Deferred Compensation Plan. Our Board has authorized our non-employee directors to defer any portion of their cash retainer, committee chair fees and RSUs awarded that they elect to convert into deferred stock units under our Directors’ Compensation Plan.

At the time stock options are exercised or PSUs and RSUs become payable, Common Stock is issued from our accumulated treasury shares. Dividend equivalents are credited on RSUs on the same date and at the same rate as dividends paid on our Common Stock. Dividend equivalents are charged to retained earnings and included in accrued liabilities until paid.

Awards to employees eligible for retirement prior to the award becoming fully vested are amortized to expense over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award. In addition, historical data is used to estimate forfeiture rates and record share-based compensation expense only for those awards that are expected to vest.

For the periods presented, compensation expense for all types of stock-based compensation programs and the related income tax benefit recognized were as follows:

For the years ended December 31,	2023	2022	2021
Pre-tax compensation expense	\$ 81,021	\$ 65,991	\$ 66,711
Related income tax benefit	11,910	9,635	11,608

Compensation expenses for stock compensation plans are primarily included in SM&A expense. As of December 31, 2023, total stock-based compensation expense related to non-vested awards not yet recognized was \$91,479 and the weighted-average period over which this amount is expected to be recognized was approximately 1.8 years.



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Stock Options

The exercise price of each stock option awarded under the EICP equals the closing price of our Common Stock on the New York Stock Exchange on the date of grant. Each stock option has a maximum term of 10 years. Grants of stock options provide for pro-rated vesting, typically over a four-year period. Expense for stock options is based on grant date fair value and recognized on a straight-line method over the vesting period, net of estimated forfeitures.

A summary of activity relating to grants of stock options for the year ended December 31, 2023 is as follows:

Stock Options	Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of the period	976,634	\$104.36	3.8 years	
Granted	5,215	\$240.90		
Exercised	(255,148)	\$103.41		
Forfeited	—	\$0.00		
Expired	—	\$0.00		
Outstanding as of December 31, 2023	<u>726,701</u>	\$105.67	3.3 years	\$ 59,044
Options exercisable as of December 31, 2023	<u>700,646</u>	\$103.12	3.1 years	\$ 58,394

The weighted-average fair value of options granted was \$57.65, \$37.28 and \$24.12 per share in 2023, 2022 and 2021, respectively. The fair value was estimated on the date of grant using a Black-Scholes option-pricing model and the following weighted-average assumptions:

For the years ended December 31,	2023	2022	2021
Dividend yields	1.7 %	1.9 %	2.2 %
Expected volatility	20.9 %	21.1 %	21.8 %
Risk-free interest rates	4.1 %	1.9 %	1.0 %
Expected term in years	6.3	6.3	6.3

- “Dividend yields” means the sum of dividends declared for the four most recent quarterly periods, divided by the average price of our Common Stock for the comparable periods;
- “Expected volatility” means the historical volatility of our Common Stock over the expected term of each grant;
- “Risk-free interest rates” means the U.S. Treasury yield curve rate in effect at the time of grant for periods within the contractual life of the stock option; and
- “Expected term” means the period of time that stock options granted are expected to be outstanding based on historical data.

The total intrinsic value of options exercised was \$35,474, \$40,882 and \$38,645 in 2023, 2022 and 2021, respectively.

As of December 31, 2023, there was \$832 of total unrecognized compensation expense related to non-vested stock option awards granted under the EICP, which we expect to recognize over a weighted-average period of 0.8 years.



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The following table summarizes information about stock options outstanding as of December 31, 2023:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding as of 12/31/23	Weighted-Average Remaining Contractual Life in Years	Weighted-Average Exercise Price	Number Exercisable as of 12/31/23	Weighted-Average Exercise Price
\$60.68 - \$99.90	388,522	3.4	\$96.78	388,522	\$96.78
\$99.91 - \$107.95	210,214	2.2	\$107.09	210,214	\$107.09
\$107.96 - \$240.90	127,965	4.7	\$130.31	101,910	\$119.09
\$60.68 - \$240.90	<u>726,701</u>	3.3	\$105.67	<u>700,646</u>	\$103.12

Performance Stock Units and Restricted Stock Units

Under the EICP, we grant PSUs to selected executives and other key employees. Vesting is contingent upon the achievement of certain performance objectives. We grant PSUs over 3-year performance cycles. If we meet targets for financial measures at the end of the applicable 3-year performance cycle, we award a resulting number of shares of our Common Stock to the participants. The number of shares may be increased to the maximum or reduced to the minimum threshold based on the results of these performance metrics in accordance with the terms established at the time of the award.

For PSUs granted, the target award is a combination of a market-based total shareholder return and performance-based components. For market-based condition components, market volatility and other factors are taken into consideration in determining the grant date fair value and the related compensation expense is recognized regardless of whether the market condition is satisfied, provided that the requisite service has been provided. For performance-based condition components, we estimate the probability that the performance conditions will be achieved each quarter and adjust compensation expenses accordingly. The performance scores of PSUs granted in 2023, 2022, and 2021 can range from 0% to 250% of the targeted amounts.

We recognize the compensation expense associated with PSUs ratably over the 3-year term. Compensation expense is based on the grant date fair value because the grants can only be settled in shares of our Common Stock. The grant date fair value of PSUs is determined based on the Monte Carlo simulation model for the market-based total shareholder return component and the closing market price of the Company's Common Stock on the date of grant for performance-based components.

In 2023, 2022 and 2021, we awarded RSUs to certain executive officers and other key employees under the EICP. We also awarded RSUs quarterly to non-employee directors.

We recognize the compensation expense associated with employee RSUs over a specified award vesting period based on the grant date fair value of our Common Stock. We recognize expense for employee RSUs based on the straight-line method. The compensation expense associated with non-employee director RSUs is recognized ratably over the vesting period, net of estimated forfeitures.



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A summary of activity relating to grants of PSUs and RSUs for the period ended December 31, 2023 is as follows:

Performance Stock Units and Restricted Stock Units	Number of units	Weighted-average grant date fair value for equity awards (per unit)
Outstanding at beginning of year	1,141,679	\$181.91
Granted	341,374	\$241.41
Performance assumption change (1)	24,325	\$(88.67)
Vested	(443,502)	\$173.02
Forfeited	(24,185)	\$207.81
Outstanding at end of year	<u>1,039,691</u>	\$198.31

(1) Reflects the net number of PSUs above and below target levels based on the performance metrics.

The following table sets forth information about the fair value of the PSUs and RSUs granted for potential future distribution to employees and non-employee directors. In addition, the table provides assumptions used to determine the fair value of the market-based total shareholder return component using the Monte Carlo simulation model on the date of grant.

For the years ended December 31,	2023	2022	2021
Units granted	341,374	313,285	404,517
Weighted-average fair value at date of grant	\$ 241.41	\$ 211.85	\$ 154.83
Monte Carlo simulation assumptions:			
Estimated values	\$ 118.90	\$ 100.41	\$ 66.44
Dividend yields	1.7 %	1.8 %	2.2 %
Expected volatility	19.2 %	25.3 %	26.4 %

- “Estimated values” means the fair value for the market-based total shareholder return component of each PSU at the date of grant using a Monte Carlo simulation model;
- “Dividend yields” means the sum of dividends declared for the four most recently quarterly periods, divided by the average price of our Common Stock for the comparable periods;
- “Expected volatility” means the historical volatility of our Common Stock over the expected term of each grant.

The fair value of shares vested totaled \$106,243, \$105,668 and \$52,008 in 2023, 2022 and 2021, respectively.

Deferred PSUs, deferred RSUs and deferred stock units representing directors’ fees totaled 257,942 units as of December 31, 2023. Each unit is equivalent to one share of the Company’s Common Stock.



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13. SEGMENT INFORMATION

The Company reports its operations through three segments: (i) North America Confectionery, (ii) North America Salty Snacks and (iii) International. This organizational structure aligns with how our CODM manages our business, including resource allocation and performance assessment, and further aligns with our product categories and the key markets we serve.

- **North America Confectionery** – This segment is responsible for our traditional chocolate and non-chocolate confectionery market position in the United States and Canada. This includes our business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines. This segment also includes our retail operations, including Hershey’s Chocolate World stores in Hershey, Pennsylvania; New York, New York; Las Vegas, Nevada; Niagara Falls (Ontario) and Singapore, as well as operations associated with licensing the use of certain of the Company’s trademarks and products to third parties around the world.
- **North America Salty Snacks** – This segment is responsible for our salty snacking products in the United States. This includes ready-to-eat popcorn, baked and trans fat free snacks, pretzels and other snacks.
- **International** – International is a combination of all other operating segments that are not individually material, including those geographic regions where we operate outside of North America. We currently have operations and manufacture product in Mexico, Brazil, India and Malaysia, primarily for consumers in these regions, and also distribute and sell confectionery products in export markets of Asia, Latin America, Middle East, Europe, Africa and other regions.

For segment reporting purposes, we use “segment income” to evaluate segment performance and allocate resources. Segment income excludes unallocated general corporate administrative expenses, unallocated mark-to-market gains and losses on commodity derivatives, business realignment and impairment charges, acquisition-related costs and other unusual gains or losses that are not part of our measurement of segment performance. These items of our operating income are managed centrally at the corporate level and are excluded from the measure of segment income reviewed by the CODM as well the measure of segment performance used for incentive compensation purposes.

Accounting policies associated with our operating segments are generally the same as those described in Note 1.

As discussed in Note 5, derivatives used to manage commodity price risk are not designated for hedge accounting treatment. These derivatives are recognized at fair market value with the resulting realized and unrealized (gains) losses recognized in unallocated derivative (gains) losses outside of the reporting segment results until the related inventory is sold, at which time the related gains and losses are reallocated to segment income. This enables us to align the derivative gains and losses with the underlying economic exposure being hedged and thereby eliminate the mark-to-market volatility within our reported segment income.

Certain manufacturing, warehousing, distribution and other activities supporting our global operations are integrated to maximize efficiency and productivity. As a result, assets and capital expenditures are not managed on a segment basis and are not included in the information reported to the CODM for the purpose of evaluating performance or allocating resources. We disclose depreciation and amortization that is generated by segment-specific assets, since these amounts are included within the measure of segment income reported to the CODM.



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Our segment net sales and earnings were as follows:

For the years ended December 31,	2023	2022	2021
Net sales:			
North America Confectionery	\$ 9,123,139	\$ 8,536,480	\$ 7,682,416
North America Salty Snacks	1,092,689	1,029,405	555,424
International	949,164	853,409	733,497
Total	\$ 11,164,992	\$ 10,419,294	\$ 8,971,337
Segment income:			
North America Confectionery	\$ 3,117,044	\$ 2,811,066	\$ 2,475,873
North America Salty Snacks	158,333	159,935	100,777
International	148,259	107,927	74,170
Total segment income	3,423,636	3,078,928	2,650,820
Unallocated corporate expense (1)	800,390	735,542	614,875
Unallocated mark-to-market losses (gains) on commodity derivatives	58,939	78,182	(24,376)
Costs associated with business realignment activities (see Note 9)	3,440	4,417	16,599
Operating profit	2,560,867	2,260,787	2,043,722
Interest expense, net (see Note 4)	151,785	137,557	127,417
Other (income) expense, net (see Note 17)	237,218	206,159	119,081
Income before income taxes	\$ 2,171,864	\$ 1,917,071	\$ 1,797,224

- (1) Includes centrally-managed (a) corporate functional costs relating to legal, treasury, finance, and human resources, (b) expenses associated with the oversight and administration of our global operations, including warehousing, distribution and manufacturing, information systems and global shared services, (c) non-cash stock-based compensation expense, (d) acquisition-related costs and (e) other gains or losses that are not integral to segment performance.

Activity within the unallocated mark-to-market losses (gains) on commodity derivatives is as follows:

For the years ended December 31,	2023	2022	2021
Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in income	\$ 53,085	\$ (44,569)	\$ (85,402)
Net gains on commodity derivative positions reclassified from unallocated to segment income	5,854	122,751	61,026
Net losses (gains) on mark-to-market valuation of commodity derivative positions recognized in unallocated derivative losses (gains)	\$ 58,939	\$ 78,182	\$ (24,376)

As of December 31, 2023, the cumulative amount of mark-to-market gains on commodity derivatives that have been recognized in our consolidated cost of sales and not yet allocated to reportable segments was \$50,207. Based on our forecasts of the timing of the recognition of the underlying hedged items, we expect to reclassify net pretax gains on commodity derivatives of \$39,333 to segment operating results in the next twelve months.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Depreciation and amortization expense included within segment income presented above is as follows:

For the years ended December 31,	2023	2022	2021
North America Confectionery	\$ 238,786	\$ 228,399	\$ 213,113
North America Salty Snacks	85,566	68,600	29,744
International	23,699	23,148	22,754
Corporate	71,764	58,812	49,391
Total	\$ 419,815	\$ 378,959	\$ 315,002

Additional information regarding our net sales and long-lived assets disaggregated by geographical region is as follows:

For the years ended December 31,	2023	2022	2021
Net sales:			
United States	\$ 9,752,314	\$ 9,121,166	\$ 7,807,606
Other	1,412,678	1,298,128	1,163,731
Total	\$ 11,164,992	\$ 10,419,294	\$ 8,971,337
Long-lived assets:			
United States	\$ 2,732,787	\$ 2,272,811	\$ 2,099,786
Other	576,891	496,891	486,401
Total	\$ 3,309,678	\$ 2,769,702	\$ 2,586,187

14. EQUITY AND TREASURY STOCK ACTIVITY

We had 1,055,000,000 authorized shares of capital stock as of December 31, 2023. Of this total, 900,000,000 shares were designated as Common Stock, 150,000,000 shares were designated as Class B Common Stock (“Class B Stock”) and 5,000,000 shares were designated as Preferred Stock. Each class has a par value of one dollar per share.

Holders of the Common Stock and the Class B Stock generally vote together without regard to class on matters submitted to stockholders, including the election of directors. The holders of Common Stock have 1 vote per share and the holders of Class B Common Stock have 10 votes per share. However, the Common Stock holders, voting separately as a class, are entitled to elect one-sixth of the Board. With respect to dividend rights, the Common Stock holders are entitled to cash dividends 10% higher than those declared and paid on the Class B Common Stock.

Class B Stock can be converted into Common Stock on a share-for-share basis at any time. During 2023 and 2022, 3,500,000 shares and 2,500,000 shares, respectively, of Class B Common Stock were converted to Common Stock by Hershey Trust Company, as trustee for the Milton Hershey School Trust (the “School Trust”). During 2021, no shares of Class B Stock were converted into Common Stock.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

Changes in the outstanding shares of Common Stock for the past three years were as follows:

For the years ended December 31,	2023	2022	2021
Shares issued	221,553,025	221,553,025	221,553,025
Treasury shares at beginning of year	(16,588,308)	(15,444,011)	(13,325,898)
Stock repurchases:			
Shares repurchased in the open market under pre-approved share repurchase programs	—	—	(871,144)
Milton Hershey School Trust repurchase	(1,000,000)	(1,000,000)	—
Shares repurchased in the open market to replace Treasury Stock issued for stock options and incentive compensation	(127,609)	(824,701)	(2,005,500)
Stock issuances:			
Shares issued for stock options and incentive compensation	555,818	680,404	758,531
Treasury shares at end of year	(17,160,099)	(16,588,308)	(15,444,011)
Net shares outstanding at end of year	<u>204,392,926</u>	<u>204,964,717</u>	<u>206,109,014</u>

On August 16, 2022, the IRA was signed into law, which enacted a 1% excise tax on share repurchases beginning after December 31, 2022. As of December 31, 2023, Hershey's excise tax associated with net share repurchases is \$2.4 million. A corresponding liability for excise tax associated with net share repurchases is classified on our Consolidated Balance Sheets within accrued liabilities.

In July 2018, our Board of Directors approved a \$500 million share repurchase authorization to repurchase shares of our Common Stock. In May 2021, our Board of Directors approved an additional \$500 million share repurchase authorization. As a result of the February 2023 Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, the July 2018 share repurchase authorization was completed and as of December 31, 2023, approximately \$370 million remains available for repurchases under our May 2021 share repurchase authorization. In December 2023, our Board of Directors approved an additional \$500 million share repurchase authorization. This program is to commence after the existing 2021 authorization is completed and is to be utilized at management's discretion. We are authorized to purchase our outstanding shares in open market and privately negotiated transactions. The program has no expiration date and acquired shares of Common Stock will be held as treasury shares. Purchases under approved share repurchase authorizations are in addition to our practice of buying back shares sufficient to offset those issued under incentive compensation plans.

Hershey Trust Company

Hershey Trust Company, as trustee for the School Trust and as direct owner of investment shares, held 2,105,749 shares of our Common Stock as of December 31, 2023. As trustee for the School Trust, Hershey Trust Company held 54,612,012 shares of the Class B Common Stock as of December 31, 2023, and was entitled to cast approximately 79% of all of the votes entitled to be cast on matters requiring the vote of both classes of our common stock voting together. Hershey Trust Company, as trustee for the School Trust, or any successor trustee, or Milton Hershey School, as appropriate, must approve any issuance of shares of Common Stock or other action that would result in it not continuing to have voting control of our Company.

Stock Purchase Agreements

In February 2023, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased 1,000,000 shares of the Company's Common Stock from the School Trust at a price equal to \$239.91 per share, for a total purchase price of \$239,910. As a result of this repurchase, our July 2018 share repurchase authorization program was completed in February 2023.

In February 2022, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased 1,000,000 shares of the Company's Common Stock from the School Trust at a price equal to \$203.35 per share, for a total purchase price of \$203,350.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

15. COMMITMENTS AND CONTINGENCIES

Purchase obligations

We enter into certain obligations for the purchase of raw materials. These obligations are primarily in the form of forward contracts for the purchase of raw materials from third-party brokers and dealers. These contracts minimize the effect of future price fluctuations by fixing the price of part or all of these purchase obligations. Total obligations consisted of fixed price contracts for the purchase of commodities and unpriced contracts that were valued using market prices as of December 31, 2023.

The cost of commodities associated with the unpriced contracts is variable as market prices change over future periods. We mitigate the variability of these costs to the extent that we have entered into commodities futures contracts or other commodity derivative instruments to hedge our costs for those periods. Increases or decreases in market prices are offset by gains or losses on commodities futures contracts or other commodity derivative instruments. Taking delivery of and making payments for the specific commodities for use in the manufacture of finished goods satisfies our obligations under the forward purchase contracts. For each of the three years in the period ended December 31, 2023, we satisfied these obligations by taking delivery of and making payment for the specific commodities.

As of December 31, 2023, we had entered into agreements for the purchase of raw materials with various suppliers. Subject to meeting our quality standards, the purchase obligations covered by these agreements were as follows as of December 31, 2023:

<i>in millions</i>	2024	2025	2026	2027	2028
Purchase obligations	\$ 2,111.1	\$ 614.8	\$ 16.4	\$ 14.2	\$ 14.2

Environmental contingencies

We have a number of facilities that contain varying amounts of asbestos in certain locations within the facilities. Our asbestos management program is compliant with current applicable regulations, which require that we handle or dispose of asbestos in a special manner if such facilities undergo major renovations or are demolished. We do not have sufficient information to estimate the fair value of any asset retirement obligations related to these facilities. We cannot specify the settlement date or range of potential settlement dates and, therefore, sufficient information is not available to apply an expected present value technique. We expect to maintain the facilities with repairs and maintenance activities that would not involve or require the removal of significant quantities of asbestos.

Legal contingencies

The Company is subject to certain legal proceedings and claims arising out of the ordinary course of our business, which cover a wide range of matters including trade regulation, product liability, advertising, contracts, environmental issues, patent and trademark matters, labor and employment matters, human and workplace rights matters and tax. While it is not feasible to predict or determine the outcome of such proceedings and claims with certainty, in our opinion these matters, both individually and in the aggregate, are not expected to have a material effect on our financial condition, results of operations or cash flows.

Collective Bargaining

As of December 31, 2023, the Company employed approximately 18,650 full-time and 1,855 part-time employees worldwide. Collective bargaining agreements covered approximately 6,295 employees, or approximately 31% of the Company's employees worldwide. During 2024, agreements will be negotiated for certain employees at five facilities, four of which are outside of the United States, comprising approximately 72% of total employees under collective bargaining agreements. We currently expect that we will be able to renegotiate such agreements on satisfactory terms when they expire.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

16. EARNINGS PER SHARE

We compute basic earnings per share for Common Stock and Class B common stock using the two-class method. The Class B common stock is convertible into Common Stock on a share-for-share basis at any time. The computation of diluted earnings per share for Common Stock assumes the conversion of Class B common stock using the if-converted method, while the diluted earnings per share of Class B common stock does not assume the conversion of those shares.

We compute basic and diluted earnings per share based on the weighted-average number of shares of Common Stock and Class B common stock outstanding as follows:

For the years ended December 31,	2023		2022		2021	
	Common Stock	Class B Common Stock	Common Stock	Class B Common Stock	Common Stock	Class B Common Stock
Basic earnings per share:						
Numerator:						
Allocation of distributed earnings (cash dividends paid)	\$ 663,176	\$ 225,895	\$ 567,897	\$ 207,133	\$ 498,084	\$ 187,903
Allocation of undistributed earnings	728,175	244,541	637,438	232,349	574,772	216,753
Total earnings—basic	\$1,391,351	\$ 470,436	\$1,205,335	\$ 439,482	\$1,072,856	\$ 404,656
Denominator (shares in thousands):						
Total weighted-average shares—basic	149,499	55,239	146,713	58,822	146,120	60,614
Earnings Per Share—basic	\$ 9.31	\$ 8.52	\$ 8.22	\$ 7.47	\$ 7.34	\$ 6.68
Diluted earnings per share:						
Numerator:						
Allocation of total earnings used in basic computation	\$1,391,351	\$ 470,436	\$1,205,335	\$ 439,482	\$1,072,856	\$ 404,656
Reallocation of total earnings as a result of conversion of Class B common stock to Common stock	470,436	—	439,482	—	404,656	—
Reallocation of undistributed earnings	—	(987)	—	(1,201)	—	(1,098)
Total earnings—diluted	\$1,861,787	\$ 469,449	\$1,644,817	\$ 438,281	\$1,477,512	\$ 403,558
Denominator (shares in thousands):						
Number of shares used in basic computation	149,499	55,239	146,713	58,822	146,120	60,614
Weighted-average effect of dilutive securities:						
Conversion of Class B common stock to Common shares outstanding	55,239	—	58,822	—	60,614	—
Employee stock options	424	—	571	—	609	—
Performance and restricted stock units	385	—	469	—	415	—
Total weighted-average shares—diluted	205,547	55,239	206,575	58,822	207,758	60,614
Earnings Per Share—diluted	\$ 9.06	\$ 8.50	\$ 7.96	\$ 7.45	\$ 7.11	\$ 6.66

The earnings per share calculations for the years ended December 31, 2023, 2022 and 2021 excluded 15, 5 and 43 stock options (in thousands), respectively, that would have been antidilutive.



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

17. OTHER (INCOME) EXPENSE, NET

Other (income) expense, net reports certain gains and losses associated with activities not directly related to our core operations. A summary of the components of other (income) expense, net is as follows:

For the years ended December 31,	2023	2022	2021
Write-down of equity investments in partnerships qualifying for historic and renewable energy tax credits (see Note 8)	\$ 210,484	\$ 188,286	\$ 113,756
Non-service cost components of net periodic benefit cost relating to pension and other post-retirement benefit plans (see Note 11)	28,010	18,466	5,177
Other (income) expense, net	(1,276)	(593)	148
Total	<u>\$ 237,218</u>	<u>\$ 206,159</u>	<u>\$ 119,081</u>

18. RELATED PARTY TRANSACTIONS

Hershey Trust Company, as trustee for the trust established by Milton S. and Catherine S. Hershey that has as its sole beneficiary the School Trust, maintains voting control over The Hershey Company.

In any given year, we may engage in certain transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by and/or affiliated with any of the foregoing. Most transactions with these related parties are immaterial and do not require disclosure, but certain transactions are more significant in nature and have been deemed material for disclosure.

A summary of material related party transactions with Hershey Trust Company and/or its affiliates for the years ended December 31, 2023 and 2022 is noted below. There were no material related party transactions with Hershey Trust Company and/or its affiliates for the year ended December 31, 2021.

Sale and Donation of Property, Plant and Equipment

In May 2022, the Company entered into a Purchase and Sale Agreement (the “Purchase Agreement”) with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company agreed to sell certain real and personal property consisting of approximately six acres of land located in Hershey, Pennsylvania, together with portions of a building located on the land. Additionally, in June 2022, the Company entered into a Donation Agreement with Hershey Trust Company, as trustee for The M.S. Hershey Foundation, pursuant to which the Company agreed to donate a portion of the building concurrently with the closing of the Purchase Agreement. The sale and donation transactions closed in June 2022. Total proceeds from the sale were approximately \$6,300 (net of transaction and closing costs), resulting in a loss of \$13,568, which was recorded in the SM&A expense caption within the Consolidated Statements of Income. The fair values of the disposed assets were supported by a proposed sales price submitted by a third-party buyer received prior to executing the Purchase Agreement.

Stock Purchase Agreements

In February 2023 and February 2022, the Company entered into Stock Purchase Agreements with Hershey Trust Company, as trustee for the School Trust, pursuant to which the Company purchased shares of its Common Stock from the School Trust (see Note 14).



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

19. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain asset accounts included within our Consolidated Balance Sheets are as follows:

December 31,	2023	2022
Inventories:		
Raw materials	\$ 481,111	\$ 372,612
Goods in process	192,232	137,298
Finished goods	948,974	855,217
Inventories at FIFO	1,622,317	1,365,127
Adjustment to LIFO	(281,321)	(192,008)
Total inventories	<u>\$ 1,340,996</u>	<u>\$ 1,173,119</u>
Prepaid expenses and other:		
Prepaid expenses	\$ 227,567	\$ 143,888
Other current assets	118,021	128,307
Total prepaid expenses and other	<u>\$ 345,588</u>	<u>\$ 272,195</u>
Property, plant and equipment:		
Land	\$ 180,751	\$ 155,963
Buildings	1,763,070	1,545,053
Machinery and equipment	3,861,006	3,592,251
Construction in progress	644,244	416,220
Property, plant and equipment, gross	6,449,071	5,709,487
Accumulated depreciation	(3,139,393)	(2,939,785)
Property, plant and equipment, net	<u>\$ 3,309,678</u>	<u>\$ 2,769,702</u>
Other non-current assets:		
Pension	\$ 48,506	\$ 53,495
Capitalized software, net	360,205	320,034
Operating lease ROU assets	307,976	326,472
Investments in unconsolidated affiliates	207,177	133,029
Other non-current assets	137,563	111,959
Total other non-current assets	<u>\$ 1,061,427</u>	<u>\$ 944,989</u>



THE HERSHEY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(amounts in thousands, except share data or if otherwise indicated)

The components of certain liability and stockholders' equity accounts included within our Consolidated Balance Sheet accounts are as follows:

December 31,	2023	2022
Accounts Payable:		
Accounts Payable—trade	\$ 630,536	\$ 636,472
Supplier finance program obligations	149,261	105,293
Other	306,386	228,793
Total accounts payable	\$ 1,086,183	\$ 970,558
Accrued liabilities:		
Payroll, compensation and benefits	\$ 261,961	\$ 293,865
Advertising, promotion and product allowances	343,444	337,024
Operating lease liabilities	34,494	31,787
Other	227,916	169,842
Total accrued liabilities	\$ 867,815	\$ 832,518
Other long-term liabilities:		
Post-retirement benefits liabilities	\$ 90,718	\$ 147,174
Pension benefits liabilities	28,949	27,696
Operating lease liabilities	277,089	294,849
Other	263,917	250,023
Total other long-term liabilities	\$ 660,673	\$ 719,742
Accumulated other comprehensive loss:		
Foreign currency translation adjustments	\$ (87,706)	\$ (110,364)
Pension and post-retirement benefit plans, net of tax	(126,800)	(118,254)
Cash flow hedges, net of tax	(15,572)	(23,715)
Total accumulated other comprehensive loss	\$ (230,078)	\$ (252,333)



Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of December 31, 2023. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023.

Design and Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Management's report on the Company's internal control over financial reporting appears on the following page. We are in the process of a multi-year implementation of a new global enterprise resource planning ("ERP") system, which replaces our existing operating and financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance operational functionality, and provide timely information to the Company's management team related to the operation of the business. During the third quarter of 2022, we completed the implementation of one operating segment that is included in our International segment. In July 2023, we completed the transition to the new ERP system as the consolidated book of record. During October 2023, we completed the implementation of our new ERP system in the North America Salty Snacks segment. We updated our internal controls to reflect changes to the financial reporting business processes impacted by the implementation. Additionally, the Company acquired certain assets that provide additional manufacturing capacity from Weaver Popcorn Manufacturing, Inc. ("Weaver") (May 2023). Other than the implementation of the new ERP system in North America Salty Snacks and the ongoing integration of the Weaver acquisition, there have been no changes to the Company's internal control over financial reporting during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Further, the final implementation phase will occur in 2024 for the remainder of the business. The implementation will result in changes to our internal controls over financial reporting. As implementation occurs, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.



MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The Hershey Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013 edition)*. Based on this assessment, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective based on those criteria.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquisition of certain assets that provide additional manufacturing capacity from Weaver, which is included in the 2023 consolidated financial statements of the Company and constituted 1.4% of total assets as of December 31, 2023. This exclusion is in accordance with the guidance issued by the U.S. Securities and Exchange Commission that allows companies to exclude acquisitions from management's report on internal control over financial reporting for the first year after the acquisition.

The Company's independent auditors have audited, and reported on, the Company's internal control over financial reporting as of December 31, 2023.

Item 9B. OTHER INFORMATION

Director and Executive Officer Trading

A portion of our directors' and officers' compensation is in the form of equity awards and, from time to time, they may engage in open-market transactions with respect to their Company securities for diversification or other personal reasons. All such transactions in Company securities by directors and officers must comply with the Company's Insider Trading Policy, which requires that transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in the Company's securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information.

The following table describes the contracts, instructions or written plans for the purchase or sale of securities adopted by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the three months ended December 31, 2023, that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). No other Rule 10b5-1 trading arrangements or "non-Rule 10b5-1 trading arrangements" (as defined by S-K Item 408(c)) were entered into or terminated by our directors or officers during such period.

Name and Title	Date of Adoption of 10b5-1 Plan	Duration of 10b5-1 Plan ⁽¹⁾	Aggregate Number of Securities to be Sold or Purchased
Jennifer L. McCalman VP, Chief Accounting Officer	11/3/2023	2/24/2024	Sell 453 shares

(1) The plan duration is until the date listed in this column or such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution) or the occurrence of such other termination events as specified in the plan.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.



PART III

Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.*

The information regarding executive officers of the Company required by Item 401 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “Supplemental Item. Information About Out Executive Officers” at the end of Part I of this Annual Report on Form 10-K.

The information required by Item 401 of SEC Regulation S-K concerning the directors and nominees for director of the Company, together with a discussion of the specific experience, qualifications, attributes and skills that led the Board to conclude that the director or nominee should serve as a director at this time, will be located in the Proxy Statement in the section entitled “Proposal No. 1 – Election of Directors,” which information is incorporated herein by reference.

Information regarding the identification of the Audit Committee as a separately-designated standing committee of the Board and information regarding the status of one or more members of the Audit Committee as an “audit committee financial expert” will be located in the Proxy Statement in the section entitled “Corporate Governance – Committees of the Board,” which information is incorporated herein by reference.

Information regarding our Code of Conduct applicable to our directors, officers and employees is located in Part I of this Annual Report on Form 10-K, under the heading “Available Information.”

To the extent disclosure of any delinquent form under Section 16(a) of the Securities Exchange Act of 1934 is made by the Company, such disclosure will be set forth in our Proxy Statement under the caption “Delinquent Section 16(a) Reports” and is incorporated herein by reference.

Item 11. *EXECUTIVE COMPENSATION.*

Information regarding the compensation of each of our named executive officers, including our Chief Executive Officer that is required by this Item 11 will be located in the Proxy Statement in the section entitled “Compensation Discussion & Analysis” and is incorporated herein by reference. Information regarding the compensation of our directors will be located in the Proxy Statement in the section entitled “Non-Employee Director Compensation,” which information is incorporated herein by reference.

The information required by Item 407(e)(4) of SEC Regulation S-K will be located in the Proxy Statement in the section entitled “Compensation Committee Interlocks and Insider Participation,” which information is incorporated herein by reference.

The information required by Item 407(e)(5) of SEC Regulation S-K will be located in the Proxy Statement in the section entitled “Compensation Committee Report,” which information is incorporated herein by reference.

Item 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.*

Information concerning ownership of our voting securities by certain beneficial owners, individual nominees for director, the named executive officers, including persons serving as our Chief Executive Officer and Chief Financial Officer, and directors and executive officers as a group, will be located in the Proxy Statement in the section entitled “Share Ownership of Directors, Management and Certain Beneficial Owners,” which information is incorporated herein by reference.

Information regarding all of the Company’s equity compensation plans will be located in the Proxy Statement in the section entitled “Compensation Committee Report – Equity Compensation Plan Information,” which information is incorporated herein by reference.



Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information regarding transactions with related persons will be located in the Proxy Statement in the section entitled “Certain Transactions and Relationships,” which information is incorporated herein by reference. Information regarding director independence will be located in the Proxy Statement in the section entitled “Corporate Governance – Director Independence,” which information is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information regarding “Principal Accounting Fees and Services,” including the policy regarding pre-approval of audit and non-audit services performed by our Company’s independent auditors, will be located in the Proxy Statement in the section entitled “Information about Our Independent Auditors,” which information is incorporated herein by reference.



PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Item 15(a)(1): Financial Statements

The audited consolidated financial statements of The Hershey Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon, as required to be filed, are located under Item 8 of this Annual Report on Form 10-K.

Item 15(a)(2): Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts for The Hershey Company and its subsidiaries for the years ended December 31, 2023, 2022 and 2021 is filed as part of this Annual Report on Form 10-K as required by Item 15(c).

We omitted other schedules because they are not applicable or the required information is set forth in the consolidated financial statements or notes thereto.

Item 15(a)(3): Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit Number	Description
3.1	The Company's Restated Certificate of Incorporation, as amended, is incorporated by reference from Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2005.
3.2	The Company's By-laws, as amended and restated as of February 21, 2017, are incorporated by reference from Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.
4.1	The Company has issued certain long-term debt instruments, no one class of which creates indebtedness exceeding 10% of the total assets of the Company and its subsidiaries on a consolidated basis. These classes consist of the following: 1) 2.050% Notes due 2024 2) 0.900% Notes due 2025 3) 3.200% Notes due 2025 4) 2.300% Notes due 2026 5) 7.200% Debentures due 2027 6) 4.250% Notes due 2028 7) 2.450% Notes due 2029 8) 1.700% Notes due 2030 9) 4.500% Notes due 2033 10) 3.375% Notes due 2046 11) 3.125% Notes due 2049 12) 2.650% Notes due 2050 13) Other Obligations The Company undertakes to furnish copies of the agreements governing these debt instruments to the Securities and Exchange Commission upon its request.
4.2	The Company's Description of Common Stock and Class B Common Stock registered under Section 12 of the Exchange Act.*
10.1(a)	<i>Kit Kat</i> ® and <i>Rolo</i> ® License Agreement (the "License Agreement") between the Company and Rowntree Mackintosh Confectionery Limited is incorporated by reference from Exhibit 10(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1980. [#]



- 10.1(b) Amendment to the License Agreement is incorporated by reference from Exhibit 19 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1988.[#]
- 10.1(c) Assignment of the License Agreement by Rowntree Mackintosh Confectionery Limited to Société des Produits Nestlé SA as of January 1, 1990 is incorporated by reference from Exhibit 19 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.[#]
- 10.2 *Peter Paul/York* Domestic Trademark & Technology License Agreement between the Company and Cadbury Schweppes Inc. (now Kraft Foods Ireland Intellectual Property Limited) dated August 25, 1988, is incorporated by reference from Exhibit 2(a) to the Company's Current Report on Form 8-K dated September 8, 1988.[#]
- 10.3 *Cadbury* Trademark & Technology License Agreement between the Company and Cadbury Limited (now Cadbury UK Limited) dated August 25, 1988, is incorporated by reference from Exhibit 2(a) to the Company's Current Report on Form 8-K dated September 8, 1988.[#]
- 10.4(a) Trademark and Technology License Agreement between Huhtamäki (now Iconic IP Interests, LLC) and the Company dated December 30, 1996, is incorporated by reference from Exhibit 10 to the Company's Current Report on Form 8-K filed February 26, 1997.
- 10.4(b) Amended and Restated Trademark and Technology License Agreement between Huhtamäki (now Iconic IP Interests, LLC) and the Company is incorporated by reference from Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.
- 10.5 Five Year Credit Agreement dated as of April 26, 2023, among the Company and the banks, financial institutions and other institutional lenders listed on the respective signature pages thereof ("Lenders"), Bank of America, N.A., as administrative agent for the Lenders, JPMorgan Chase Bank, N.A. and Citibank, N.A., as syndication agents, Royal Bank of Canada, as documentation agent, and BofA Securities, Inc., JPMorgan Chase Bank, N.A., Citibank, N.A., RBC Capital Markets, and U.S. Bank National Association, as joint lead arrangers and joint book managers, is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 26, 2023.
- 10.6 Stock Purchase Agreement, dated February 13, 2023, between Milton Hershey School Trust, by its trustee, Hershey Trust Company, and The Hershey Company, is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 15, 2023.
- 10.7 Stock Purchase Agreement, dated February 14, 2022, between Milton Hershey School Trust, by its trustee, Hershey Trust Company, and The Hershey Company, is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 16, 2022.
- 10.8 Amended and Restated Master Supply Agreement between the Company and Barry Callebaut, AG, dated August 31, 2021, is incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022.[†]
- 10.9 The Company's Equity and Incentive Compensation Plan, amended and restated February 22, 2011, and approved by our stockholders on April 28, 2011, is incorporated by reference from Appendix B to the Company's proxy statement filed March 15, 2011.⁺
- 10.10(a) Form of Notice of Award of Restricted Stock Units (February 26, 2019 - February 22, 2021 version) is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.⁺
- 10.10(b) Form of Notice of Award of Restricted Stock Units (effective February 23, 2021) is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.10(c) Form of Notice of Award of Restricted Stock Units (3-year vest, effective February 23, 2021) is incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.11(a) Form of Notice of Special Award of Restricted Stock Units (pro-rata vest, February 26, 2019 - February 22, 2021 version) is incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.⁺
- 10.11(b) Form of Notice of Special Award of Restricted Stock Units (pro-rata vest, effective February 23, 2021) is incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.11(c) Form of Notice of Special Award of Restricted Stock Units (3-year cliff vest, February 22, 2017 - February 25, 2019 version) is incorporated by reference from Exhibit 10.2(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017.⁺
- 10.11(d) Form of Notice of Special Award of Restricted Stock Units (3-year cliff vest, effective February 26, 2019) is incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.⁺
- 10.12(a) Terms and Conditions of Nonqualified Stock Option Awards under the Equity and Incentive Compensation Plan (February 15, 2016 - February 21, 2017 version) is incorporated by reference from Exhibit 10.12(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.⁺



- 10.12(b) Terms and Conditions of Nonqualified Stock Option Awards under the Equity and Incentive Compensation Plan (February 22, 2017 - February 25, 2019 version) is incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017.⁺
- 10.12(c) Terms and Conditions of Nonqualified Stock Option Awards under the Equity and Incentive Compensation Plan (February 26, 2019 - February 22, 2021 version) is incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.⁺
- 10.12(d) Terms and Conditions of Nonqualified Stock Option Awards under the Equity and Incentive Compensation Plan (effective February 23, 2021) is incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.13(a) Form of Notice of Award of Performance Stock Units (February 26, 2019 - February 22, 2021 version) is incorporated by reference from Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.⁺
- 10.13(b) Form of Notice of Award of Performance Stock Units (effective February 23, 2021) is incorporated by reference from Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.14(a) Form of Notice of Special Award of Performance Stock Units (February 22, 2017 - February 22, 2021 version) is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 5, 2017.⁺
- 10.14(b) Form of Notice of Special Award of Performance Stock Units (effective February 23, 2021) is incorporated by reference from Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2021.⁺
- 10.15 The Long-Term Incentive Program Participation Agreement is incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 18, 2005.⁺
- 10.16 The Company's Deferred Compensation Plan, Amended and Restated as of June 27, 2012, is incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2012.⁺
- 10.17(a) The Company's Supplemental Executive Retirement Plan, Amended and Restated as of October 2, 2007, is incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.⁺
- 10.17(b) First Amendment to the Company's Supplemental Executive Retirement Plan, Amended and Restated as of October 2, 2007, is incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.⁺
- 10.18(a) The Company's Compensation Limit Replacement Plan, Amended and Restated as of January 1, 2009, is incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.⁺
- 10.18(b) First Amendment to the Company's Compensation Limit Replacement Plan, Amended and Restated as of December 31, 2023.*
- 10.19 The Company's Executive Benefits Protection Plan (Group 3A), Amended and Restated as of June 27, 2012, is incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2012.⁺
- 10.20 The Company's Executive Benefits Protection Plan (Group 3), Amended and Restated as of June 27, 2012, is incorporated by reference from Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.⁺
- 10.21(a) Employee Confidentiality and Restrictive Covenant Agreement, amended as of February 18, 2013, is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.⁺
- 10.21(b) Employee Confidentiality and Restrictive Covenant Agreement, amended as of October 10, 2016, is incorporated by reference from Exhibit 10.21(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.⁺
- 10.21(c) Employee Confidentiality and Restrictive Covenant Agreement, amended as of September 8, 2021, is incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 4, 2021.⁺
- 10.22 Executive Employment Agreement, effective as of March 1, 2017, by and between the Company and Michele G. Buck is incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed February 24, 2017.⁺
- 10.23 The Company's Directors' Compensation Plan, Amended and Restated as of December 2, 2008, is incorporated by reference from Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.⁺
- 19 The Hershey Company Insider Trading Policy, Amended and Restated as of February 27, 2023.*
- 21.1 Subsidiaries of the Registrant.*
- 23.1 Consent of Ernst & Young LLP.*



31.1	Certification of Michele G. Buck, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Steven E. Voskuil, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Michele G. Buck, Chief Executive Officer, and Steven E. Voskuil, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
97	The Hershey Company Compensation Recovery Policy, effective October 2, 2023.*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, formatted in Inline XBRL and contained in Exhibit 101.
*	Filed herewith
**	Furnished herewith
+	Management contract, compensatory plan or arrangement
†	Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K
#	Pursuant to Instruction I to Regulation S-T Rule 105(d), no hyperlink is required for any exhibit incorporated by reference that has not been filed with the SEC in electronic format

Item 16. FORM 10-K SUMMARY

None.



THE HERSHEY COMPANY AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2023, 2022 and 2021

Description	Balance at Beginning of Period	Additions		Deductions from Reserves	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
In thousands of dollars					
For the year ended December 31, 2023					
Allowances deducted from assets					
Accounts receivable—trade, net (a)	\$ 26,001	\$ 248,022	\$ —	\$ (242,360)	\$ 31,663
Valuation allowance on net deferred taxes (b)	137,531	6,927	—	(30,309)	114,149
Inventory obsolescence reserve (c)	29,354	73,687	—	(61,202)	41,839
Total allowances deducted from assets	<u>\$ 192,886</u>	<u>\$ 328,636</u>	<u>\$ —</u>	<u>\$ (333,871)</u>	<u>\$ 187,651</u>
For the year ended December 31, 2022					
Allowances deducted from assets					
Accounts receivable—trade, net (a)	\$ 28,837	\$ 228,463	\$ —	\$ (231,299)	\$ 26,001
Valuation allowance on net deferred taxes (b)	184,896	9,578	—	(56,943)	137,531
Inventory obsolescence reserve (c)	19,472	44,497	—	(34,615)	29,354
Total allowances deducted from assets	<u>\$ 233,205</u>	<u>\$ 282,538</u>	<u>\$ —</u>	<u>\$ (322,857)</u>	<u>\$ 192,886</u>
For the year ended December 31, 2021					
Allowances deducted from assets					
Accounts receivable—trade, net (a)	\$ 24,975	\$ 198,608	\$ —	\$ (194,746)	\$ 28,837
Valuation allowance on net deferred taxes (b)	193,310	9,759	—	(18,173)	184,896
Inventory obsolescence reserve (c)	17,703	27,657	—	(25,888)	19,472
Total allowances deducted from assets	<u>\$ 235,988</u>	<u>\$ 236,024</u>	<u>\$ —</u>	<u>\$ (238,807)</u>	<u>\$ 233,205</u>

(a) Includes allowances for doubtful accounts, anticipated discounts and write-offs of uncollectible accounts receivable.

(b) Includes adjustments to the valuation allowance for deferred tax assets that we do not expect to realize, as well as the release of valuation allowances.

(c) Includes adjustments to the inventory reserve, transfers, disposals and write-offs of obsolete inventory.



CERTIFICATION

I, Michele G. Buck, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Hershey Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHELE G. BUCK

Michele G. Buck
Chief Executive Officer
February 20, 2024



CERTIFICATION

I, Steven E. Voskuil, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Hershey Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ STEVEN E. VOSKUIL

Steven E. Voskuil
Chief Financial Officer
February 20, 2024



CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of The Hershey Company (the “Company”) hereby certify that the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2024

/s/ MICHELE G. BUCK**Michele G. Buck**
Chief Executive Officer

Date: February 20, 2024

/s/ STEVEN E. VOSKUIL**Steven E. Voskuil**
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



Directors and Officers as of March 8, 2024

Directors

Michele G. Buck
Chairman of the Board
President and Chief Executive Officer
The Hershey Company

Anthony J. Palmer
Lead Independent Director
The Hershey Company
Operating Partner
One Rock Capital Partners, LLC

Pamela M. Arway
Former Executive
American Express Company, Inc.

Victor L. Crawford
Former Chief Executive Officer
Pharmaceutical Segment
Cardinal Health, Inc.

Robert M. Dutkowsky
Former Executive Chairman and
Chief Executive Officer
Tech Data Corporation

Mary Kay Haben
Former President, North America
Wm. Wrigley Jr. Company

James C. Katzman
Director, Hershey Trust Company;
Member, Board of Managers
Milton Hershey School
Senior Vice President,
Business Development
General Electric Company

M. Diane Koken
Vice Chair of the Board
Hershey Trust Company and
Milton Hershey School

Huong Maria T. Kraus
Chairman of the Board,
Hershey Trust Company
Milton Hershey School;
Chief Financial Officer,
Wedgewood Pharmacy

Robert M. Malcolm
Former President
Global Marketing, Sales & Innovation
Diageo PLC

Juan R. Perez
Executive Vice President and
Chief Information Officer
Salesforce.com, Inc.

Committees

Audit	Compensation and Human Capital	Finance and Risk Management	Governance	Executive
Victor L. Crawford*	Pamela M. Arway*	Robert M. Dutkowsky*	Juan R. Perez*	Michele G. Buck*
M. Diane Koken	Victor L. Crawford	Pamela M. Arway	Robert M. Dutkowsky	Pamela M. Arway
Huong Maria T. Kraus	Mary Kay Haben	Mary Kay Haben	James C. Katzman	Victor L. Crawford
Robert M. Malcolm	Huong Maria T. Kraus	James C. Katzman	M. Diane Koken	Robert M. Dutkowsky
Anthony J. Palmer	Anthony J. Palmer	Anthony J. Palmer**	Robert M. Malcolm	Anthony J. Palmer
		Juan R. Perez	Anthony J. Palmer**	Juan R. Perez

* Committee Chair
** Ex-Officio

Officers

Michele G. Buck
Chairman of the Board
President and Chief Executive Officer

Deepak Bhatia
Senior Vice President
Chief Technology Officer

Rohit Grover
President, International

Jennifer McCalman
Vice President
Chief Accounting Officer

Kristoffel F. Meulen
Chief Development Officer

Charles R. Raup
President, U.S. Confection

Jason R. Reiman
Senior Vice President
Chief Supply Chain Officer

Kristen J. Riggs
President, Salty Snacks and
Chief Growth Officer

Christopher M. Scalia
Senior Vice President
Chief Human Resources and
Transformation Officer

James Turoff
Senior Vice President
General Counsel and Secretary

Steven E. Voskuil
Senior Vice President
Chief Financial Officer

Stockholder Information

Transfer Agent and Registrar

Computershare

Standard Delivery:

P.O. Box 505000, Louisville, KY 40233-5000

Overnight Delivery:

462 South 4th Street, Suite 1600, Louisville, KY 40202

Domestic Holders: (800) 851-4216

Foreign Holders: (201) 680-6578

Hearing Impaired (Domestic): (800) 952-9245

Hearing Impaired (Foreign): (312) 588-4110

www.computershare.com/investor

Investor Relations Contact / Financial Information

Melissa Poole

Vice President, Investor Relations and Corporate Finance

19 East Chocolate Avenue

P. O. Box 819

Hershey, PA 17033-0819

(800) 539-0261

www.thehersheycompany.com