

# 2018 HERSHEY Retailer Rewards Program - Contract Terms & Conditions

## 1. Data:

To participate in the Hershey Retailer Rewards Program ("Program"), Customer (defined on contract) authorizes its distributor(s) ("Distributor") to release item and store level purchase and velocity data for all Hershey purchases by Customer to Hershey and its data processing service. Product supplied by a Distributor not transmitting data to Hershey will not be eligible for participation in the Program. Only data supplied to Hershey's data processing service on a weekly basis and in the proper format will be accepted. Format requirements are available upon request to any Hershey representative.

**2. Tiered Rebate Requirements:** (Must satisfy all elements to include Promotional Prepacks, Hershey Top Performers Candy Distribution, Counter Rack/Under-the-Counter Rack Placement, Seasons and Hershey Top Performers Snacking Distribution for rebate).

Once Customer selects a rebate level for Promotional Prepacks, Customer has the option to trade up to a higher level in order to achieve a higher rebate within Hershey Top Performers Candy Distribution and Seasons, but Customer may not trade down below the base level. Customer has option to select any level of Hershey Top Performers Snacking.

**a. Promotional Prepacks:** Customer agrees to take delivery of promotional prepacks identified below and promotional prepacks selected on contract.

**Level 1** – Take a minimum of seven prepack counter units as outlined on contract. The months of March, June and September 2018 are required and count for three of the seven required prepack counter units. Customer should select four additional prepacks for a total of seven to qualify for 0.5% rebate. A minimum of three prepack displays must be executed in the first half. Pre-priced shippers are not eligible for Level 1 requirements.

**Level 2** – Take a minimum of seven prepack shippers as outlined on contract. The months of March, June and September 2018 are required and count for three of the seven required prepack shippers. Customer should select four additional prepack shippers for a total of seven to qualify for 2% rebate. A minimum of three prepack displays must be executed in the first half. A maximum of one pre-priced shipper per month may be enrolled for the months of February, May, August and November.

**Level 3** - Take a minimum of ten prepack shippers as outlined on contract. The months of March, June and September 2018 are required and count for three of the ten required prepack shippers. Customer should select seven additional prepack shippers for a total of ten to qualify for 3% rebate. A minimum of four prepack displays must be executed in the first half. A maximum of one pre-priced shipper per month may be enrolled for the months of February, May, August and November.

1. Customers must take delivery in the month shown to be eligible for applicable off-invoice allowances or coupons. It is the responsibility of the Customer's Distributor to pass along the off-invoice allowances or coupons.

2. Prepack displays should be placed on the sales floor with all applicable off-invoice allowances passed thru to the consumer.

3. Any Month Standard and King Size shippers can be utilized to fulfill required number of prepack displays within each level.

**b. Hershey Top Performers Candy Distribution:** Based on level selected, Customer agrees to carry and order Hershey Top Performers Candy items which include eighty (80) items listed inside the Hershey Retailer Rewards Program brochure, as follows:

**Level 1** - Carry top 25 national items and next 25 items as determined by Hershey for 1.5% rebate.

**Level 2** - Carry top 25 national items and next 30 items as determined by Hershey for 2.5% rebate.

**Level 3** - Carry top 25 national items and next 35 items as determined by Hershey for 3.0% rebate.

To achieve Hershey Top Performers Candy Distribution rebate compliance, Customer authorizes its primary Distributor (listed on front of contract) to automatically ship and accept all items not ordered each half year. Customer's Distributor is authorized to auto-ship no later than two weeks prior to the end of each half. Customer's compliance will be measured net of any returns. Customer must maintain or grow Hershey's total confection item count versus prior year. Current Hershey's item count is based on the number of items shipped each half year versus prior year. Each half year will be evaluated and paid separately.

Products on approved prepack displays for the Hershey Retailer Rewards Program (excluding pre-priced shippers) will count towards item level requirement. Discontinued items will not count.

**c. Counter Rack or Under-the-Counter Rack Placement:** Customer agrees to secondary placement of Hershey's approved Counter Rack or Hershey's approved Under-the-Counter Rack. If Customer elects to participate in the Under-the-Counter Rack placement option and would like to implement on store owned shelving or rack, Hershey must have 12+ SKUs or minimum of 50% of the space dedicated to CMG, whichever is greater. Counter Rack placement must be at the main transaction counter, no more than three feet from register. Impulse Counter Rack will only count towards compliance for Level 1 stores. See additional terms in bullets b-e of section 5. Additional Participation Options (CMG Secondary Merchandising).

**d. Seasons:** Based on level selected, Customer agrees to take delivery of seasonal boxes and/or seasonal prepacks identified below and the Seasonal options selected on front of contract.

**Level 1** - Take a minimum of 1 box of REESE'S King Size or Standard Seasonal Shapes at Easter, Halloween and Holiday, plus 1 box of CADBURY CREME EGG Candy for Easter for 0.5% rebate.

**Level 2** - Take a minimum of 1 seasonal prepack King Size or Standard Seasonal Shapes at Easter, Halloween and Holiday for a total of three seasonal prepacks for 1.5% rebate. Excludes seasonal items identified on contract as "Level 3 Only".

**Level 3** - Take a minimum of 1 seasonal prepack King Size or Standard Seasonal Shapes at Easter, Halloween and Holiday. Remaining three seasonal prepacks are Customer's choice within selection for a total of six seasonal prepacks for 2% rebate.

**e. Hershey Top Performers Snacking Distribution and Prepacks:** Based on level selected, Customer agrees to carry and order Hershey Top Performers Snacking items which include 28 items listed inside the Hershey Retailer Rewards Program brochure, as follows:

**Level 1** - Carry 8 Top Performers Snacking Items for 5.0% rebate towards eligible Snacking dollars. Top Performers Snacking Prepacks is optional for Level 1.

**Level 2** - Carry 10 Top Performers Snacking Items for 9.0% rebate towards eligible Snacking dollars. Take a minimum of two Snacking counter unit or shipper prepacks as outlined on the contract. A minimum of one prepack must be executed in the first half.

**Level 3** - Carry 12 Top Performers Snacking Items for 12.0% rebate towards eligible Snacking dollars. Take a minimum of two Snacking shipper prepacks as outlined on the contract. A minimum of one prepack must be executed in the first half.

## 3. Additional Participation Options (Promotional Prepack Power-Play):

a. Customers enrolling for the Promotional Prepack Power-Play option agree to take a minimum of three (3) separate prepack display executions. A minimum of one (1) shipper must be executed in the first half to qualify for 1.0% first half rebate. Failure to purchase required three (3) shippers by year end will result in forfeiture of the associated 1.0% rebate for 2nd half payment. Customers must take delivery in month shown to be eligible for off-invoice allowances or coupons. It is the responsibility of the Customer's Distributor to pass along any eligible off-invoice allowances or coupons.

b. Each half-year will be evaluated and paid separately.

## 4. Additional Participation Options (CMG Distribution):

First to Street Innovation, Refreshment Distribution and Take Home Distribution for 1.0% Rebate per option – Customer can select up to all three options.

**a. First to Street Innovation:** Customer agrees to take straight stock of six Hershey's items that launch in 2017 during the first 8 weeks of the 2018 calendar year and in the second half for a rebate of 1.0%. Eligible items: HERSHEY'S COOKIE LAYER CRUNCH Mint King 2.1oz, HERSHEY'S COOKIE LAYER CRUNCH Mint Standard 1.4oz, REESE'S Crunchy Cookie Cup King 2.68oz, REESE'S Crunchy Cookie Cup Standard 1.4oz, HERSHEY'S GOLD King 2.5oz, HERSHEY'S GOLD Standard 1.4oz. Stores will receive credit if Customer takes straight stock in December 2017 thru February 2018 for items launched in 2017 or earlier. Innovation items contained in promotional ship-

pers and counter units do not qualify. Customer's Distributor is authorized to auto-ship chocolate innovation items if store has not received by January 15, 2018 and prior to the end of second half. Customer's compliance will be measured net of any returns. Customer must maintain or grow Hershey's total confection item count versus prior year. Each half year will be evaluated and paid separately.

**b. Refreshment Distribution:** Customer agrees to increase Hershey's Instant Consumable Mint SKUs +1 Net New and grow Ice Breakers Ice Cubes Gum +4 Net New for a rebate of 1.0%. Customer should reference priority list in the Hershey Retailer Rewards Program brochure for eligible items. Items contained in promotional shippers and counter units do not qualify. Customer's Distributor is authorized to auto-ship two weeks prior to the end of each half year in the order listed until the item requirement is reached. Customer agrees to accept auto-shipped product. Customer's compliance will be measured net of any returns.

**c. Take Home Distribution:** Customer agrees to increase Hershey's Take Home SKUs by +4 net new items or maintain a minimum of 20 Take Home SKUs for a rebate of 1.0% (does not include sugar-free and BROOKSIDE 2.0-3.0oz items). Customer should reference priority list in the Hershey Retailer Rewards Program brochure for items. Increases are based on the number of items shipped each half year versus the same period in the prior year. Each half year will be evaluated and paid separately. Customer's Distributor is authorized to auto-ship two weeks prior to the end of each half year in the order listed until the item requirement is reached. Customer agrees to accept auto-shipped product. Customer's compliance will be measured net of any returns.

**5. Additional Participation Options (CMG Secondary Merchandising):** Hershey's Exclusive End Cap for 2% rebate, Hershey's Exclusive Take Home Rack for 1% rebate or Hershey's Exclusive King Size Rack for 0.5% rebate – Customer will only receive a rebate on a max of two secondary merchandising displays per store.

a. Customer may agree to Secondary Placement of Hershey's approved exclusive End Cap and/or Hershey's approved exclusive Take Home Rack, and/or Hershey's approved exclusive King Size Rack in order to achieve a max combined rebate increase of 3%. Rack placements must be in locations approved by a Hershey representative.

b. Secondary racks provided by Hershey must be filled and tagged with 100% Hershey items, set to Hershey approved plan-o-grams.

c. Customer agrees to accept delivery of product to fill required racks based on Hershey's national plan-o-gram.

d. Customer agrees to maintain distribution of Hershey items in the main candy section of the store in addition to the secondary racks.

e. All racks remain the property of The Hershey Company. Required racks must be installed by January 31, 2018 and remain for the duration of 2018.

## 6. Additional Participation Options (KRAVE Sticks, KRAVE Jerky and barkTHINS Distribution):

KRAVE Sticks, KRAVE Jerky and barkTHINS Pouches for 1.0% Rebate per option – Customer can select up to all three options.

a. KRAVE Sticks: Customer agrees to take straight stock of two KRAVE Sticks items as +2 or minimum of 2 items in the first and second half for a rebate of 1.0% towards eligible Snacking dollars.

b. KRAVE Jerky: Customer agrees to take straight stock of KRAVE Jerky items as +2 or minimum of 2 items in the first and second half for a rebate of 1.0% towards eligible Snacking dollars.

c. barkTHINS Pouches: Customer agrees to take straight stock of barkTHINS 4.7oz Pouches as +2 or minimum of 2 items in the first and second half for a rebate of 1.0% towards eligible Snacking dollars.

## 7. Additional Participation Options (KRAVE Meat Snacks Prepacks):

KRAVE Jerky Shipper 36ct with \$15 off-invoice, KRAVE Sticks Skinny Tower 96ct with \$10 off-invoice, KRAVE Jerky Clip Strip 12ct with \$5 off-invoice – Customer can select up to three options.

a. Prepack displays should be placed on the sales floor with all applicable off-invoice allowances passed thru to the consumer. It is the responsibility of the Customer's Distributor to pass along the off-invoice allowances.

**8. Payments:** In exchange for Customer's performance in accordance with this agreement, Hershey agrees to pay Customer as follows:

a. Elements will be measured and paid independently of one another based on performance. Promotional Prepacks, Hershey Top Performers Candy Distribution, Point of Purchase Merchandising, Hershey Top Performers Snacking, Promotional Prepack Power-Play, CMG Distribution Options, CMG Secondary Merchandising, KRAVE Meat Snacks & barkTHINS Snacking Chocolate Distribution Options and KRAVE Meat Snacks Prepack Options will be measured and paid each half year. A minimum of three prepack displays must be executed in the first half for Levels 1 and 2 to receive first half payment. A minimum of four prepack displays must be executed in the first half for Level 3 to receive first half payment. Seasons will be measured and paid at the conclusion of second half only.

b. Rebates will be calculated based on performance achieved at the individual store level.

c. Payments will be based on Hershey's List Price for items qualifying hereunder. Payments will be based on Customer purchases as reported by Customer's Distributor. Hershey is not responsible for any failure of the Distributor to report qualifying purchases. Any disputes by Customer as to amounts paid hereunder must be raised within 30 days of the end of the preceding reporting period.

d. Rebates will be paid only on qualifying Confection and Snacking pack-types. Please work with your Hershey representative on qualifying items. Hershey's pre-priced, vending, concession, fundraising, food service, grocery and licensed products are not eligible for rebates.

e. Rebate payments will be mailed directly to qualifying Customer on a semi-annual basis and will not be paid through a deduction.

f. Customer's eligibility to receive these payments is conditioned upon Customer's strict compliance with the terms of this agreement. Payments are subject to proof of performance and will be withheld for non-compliance. Audits may be conducted.

g. Customer's payment contingent upon active management to a <1% waste rate.

h. Customer should look to Distributor to pass along the off-invoice allowances or tear pads shipped with pre-pack displays.

i. Level 1 second half only enrollments must take a minimum of four promotional counter units and two seasonal boxes. Level 2 second half only enrollments must take a minimum of four promotional shippers, two seasonal prepacks and one snacking counter unit prepack. Level 3 second half only enrollments must take a minimum of six promotional shippers, four seasonal prepacks and one snacking shipper prepack.

## 9. Other Terms:

a. Customer is required to agree (electronically, digitally or by written signature) to the terms of this contract before December 1, 2017 in order to participate in the full year 2018 Hershey Retailer Rewards Program.

b. This contract shall be valid for 12 consecutive months from its effective date of January 1, 2018 for 'Full Year' enrollments.

c. Enrollments after December 31, 2017 will be considered 2nd Half Only enrollments unless otherwise approved by Hershey. This contract shall be valid for six consecutive months from its effective date of July 1, 2018 for "2nd Half Only" enrollments.

d. This Program may not be combined with other Hershey programs that offer allowances for similar performance.

e. Customer must notify Hershey of any Distributor changes 30 days before effective date.

f. This agreement shall be binding and enforceable on the Customer's successors and assigns and shall be enforceable in the event of any Customer mergers, acquisitions and supplier changes.

g. Termination: This agreement may be terminated by Hershey immediately, without notice, and with or without cause. In the event of Customer's non-compliance, Hershey is entitled, in addition to other remedies available by law or in equity, to demand repayment of any and all sums paid to Customer hereunder.

h. Hershey reserves the right to modify this Program provided the changes do not materially increase the performance requirements. All products are subject to availability.