OUR PURPOSE

Helping to bring families together to share memorable meals and moments.

Being together with the ones we love isn’t just a pleasant way to spend time — it’s vital to a healthy, happy, fulfilling life. In fact, the more family and friends spend time with each other, the richer their lives become.

We believe we can help strengthen families through the memorable meals and moments they share, and we can help make every day a little more special by nurturing the bonds that bring people together, as well as people and their pets closer together.

And the stronger families are today, the stronger our society will be tomorrow.

Quite simply, life tastes better together.
DEAR FRIENDS,

We are pleased to share The J.M. Smucker Company’s 2016 Corporate Responsibility Report, which provides us the opportunity to update key constituents about our Company’s Sustainability Strategy and progress toward our objectives.

**THIS SUSTAINABILITY STRATEGY calls for us to create a better tomorrow by focusing on:**

- Preserving our culture,
- Ensuring our long-term Economic viability,
- Driving positive Environmental impact, and
- Being Socially responsible.

Since our founding nearly 120 years ago, we have viewed respect for the environment and a strong commitment to actively supporting the communities we serve as defining attributes of our Company. As we have grown, we remain rooted in our Basic Beliefs, Our Commitment to Each Other, of our Company. As we have grown, we remain rooted in our supporting the communities we serve as defining attributes.

Minimizing the environmental footprint of our operations is a central point of emphasis of our Sustainability Strategy. After working toward our rigorous 2014 environmental goals and making great progress in many areas, we set new targets to achieve by 2020. These objectives include:

- Diverting 95 percent of waste from landfill to alternative use,
- Reducing water usage by 15 percent, and
- Reducing greenhouse gas (GHG) emissions by 10 percent.

We are pleased with the progress we continue to make toward our waste diversion goal. Last year, eight of our plants, including legacy Smucker plants and the newly added pet facilities, diverted 97 percent or more of their waste from landfill to alternative use. The U.S. Zero Waste Business Council awarded our Chico, California, facility with platinum level Zero Waste certification for successfully diverting 99 percent of its waste from landfill, incineration, and the environment. Companywide, Smucker diverted 89 percent from landfill in 2015, which represents meaningful progress toward our 2020 objective.

As always, our philosophy of managing our business while remaining responsible to the global community is the foundation of our environmental and sourcing commitments, and in 2015, we met two of our responsible sourcing goals. We achieved our goal of purchasing 10 percent of our total retail coffee from certified sources, including coffee from farms that are UTZ Certified, Rainforest Alliance Certified®, or Fair Trade Certified®. We are committed to maintaining this level of certified coffee purchases moving forward. Palm oil is another focus of our responsible sourcing initiatives, and in 2015, we met our goal to source 100 percent of our direct palm oil purchases from responsible and certified sustainable sources. We will continue to work toward tracing 100 percent of our direct purchases of palm oil to the plantation on which it was grown by 2020. This year’s report not only highlights our commitments to responsibly sourcing coffee and palm oil, but also discusses some of our other initiatives around supplier relationships, commodity sourcing, sustainable agriculture, and impact reduction.

**ENVIRONMENT**

Environmental responsibility is an inherent part of our heritage, and we incorporate environmental considerations into our decision making processes throughout our organization, including the operations of our facilities, the development of new products, and our commitment to responsible sourcing practices.

**GOALS & TARGETS**

**TARGET:** Develop a fully sustainable and traceable palm oil supply chain that ensures 100 percent of our direct palm oil purchases are from responsible and certified sources.

**SOCIAL**

As a good corporate citizen, we have always believed in our responsibility to support organizations, projects, and programs that contribute to the well-being of our communities. We are honored by our long-standing partnership with organizations such as the Boys & Girls Clubs of America and Feeding America®, a nationwide network of charitable food banks. In 2015 alone, Smucker donated nearly 9 million pounds of food to Feeding America food banks across the country — enough food for more than 7 million meals. We have also forged new partnerships as a result of our significant presence in the pet food and pet snacks business. Additionally, our sponsorship of the 2016 U.S. Olympic and Paralympic Teams not only fosters the dreams of the talented athletes representing our country in the Summer Games, but also supports Our Purpose by strengthening the bonds between families and friends as they celebrate the Olympic Games together.

**OUR COMMITMENT**

We have experienced another exciting year at the Company as we leverage the opportunity to serve more consumers in new ways. We will do so while being guided by our Basic Beliefs, with a focus on fulfilling Our Purpose, and a steadfast commitment to Economic, Environmental, and Social sustainability.

As always, we are grateful for the contributions of all of our employees and our constituents, as we know every person makes a difference in working toward our sustainability goals. We look forward to providing updates on our progress and thank you for your continued support and interest in The J.M. Smucker Company.
WHY WE ARE, WHO WE ARE... OUR CULTURE

A culture of dotting the i’s and crossing the t’s...

Of doing the right things and doing things right...

A culture of growth – individual and as a company.

It’s who we are. It’s because of who we are.

It’s a result of living our Basic Beliefs...

Our Commitment to Each Other. To our consumers and to our customers.

As we look to the future of unlimited possibilities, we recognize the principles that are instrumental to our success...

A culture deeply rooted in our Basic Beliefs...

Guideposts for decisions at every level...

Why we are who we are.

A culture that encourages commitment to each other...

Clear communication and collaboration...

Vision... A culture of appreciation.

A family-sense of sharing in a job well done...

Where every person makes a difference.

OUR BRANDS

For nearly 120 years, The J.M. Smucker Company has been committed to offering consumers quality products that help bring families together to share memorable meals and moments.
OUR BASIC BELIEFS

Our Basic Beliefs are the Company’s values and principles that guide both strategic decisions and daily behavior. The Basic Beliefs are deeply rooted in the philosophy and heritage of the Company’s founder.

These Basic Beliefs regarding Quality, People, Ethics, Growth, and Independence have served as a strong foundation throughout our history and will continue to be the basis for future strategy, plans, and accomplishments.

In 1897, the Smucker Company was formed by a dedicated, honest, forward-looking businessman, J.M. Smucker. Because he made a quality product, sold it at a fair price, and followed sound principles, the Company prospered.

Today, we who inherit the Smucker name and the Smucker tradition of successful business operations base present practices on these time-honored values and principles. We interpret them, in terms of current business thinking, to be the guideposts for decision-making and daily interactions with consumers, customers, employees, suppliers, communities, and shareholders.

QUALITY

Our reputation and business success are built on a foundation of quality, earning the enduring trust of our constituents.

Quality applies to our brands and products, our manufacturing methods, our marketing, our people, and our relationships.

The Smucker family of brands will continue to be known as the highest quality products offered in our respective markets. We only offer products that enhance the quality of life and well-being. We continuously look for daily improvements that will, over time, result in consistently superior products and performance.

At Smucker, quality will continue to come first.

PEOPLE

We are fair with our employees and maintain an environment that encourages personal responsibility within the Company, the community, and our lives. We expect our employees to be responsible for not only their individual jobs but for the Company as a whole. We seek employees with integrity who are committed to preserving and enhancing the values and principles inherent in our Basic Beliefs, and who share a passion for Our Purpose.

We firmly believe that:

- Every employee makes a difference.
- An inclusive environment and diverse organization strengthens our Company and enables every employee to reach their full potential.
- Highest quality people produce the highest quality products and services.
- Highest business ethics require the highest personal ethics.
- Responsible people produce exceptional results.

ETHICS

The same strong ethical values on which our Company was founded provide the standards by which we conduct our business, as well as ourselves. These values include honesty, respect, trust, responsibility, and fairness.

We accept nothing less, regardless of the circumstances. Therefore, we maintain the highest standard of ethics with our consumers, customers, employees, suppliers, communities, and shareholders.

GROWTH

Along with managing the day-to-day business, we continuously look forward and embrace changes that allow us to recognize the full potential of our Company. Growing is reaching for that potential through:

- Innovation leading to the development of new products and new markets;
- Discovery of new capabilities;
- Acquisition of new brands and development of strategic partnerships; and
- Personal growth and development of our people and their ideas.

Growth also requires that we maintain a global perspective of the world in which we conduct business and a responsibility for our impact on the cultural, economic, environmental, and social fabric of our global community.

We are committed to strong, balanced growth within prudent financial parameters. This balanced growth will enable us to meet the evolving needs of our consumers, our customers, and our Company and provide a fair return to our shareholders. We remain independent from short-term, external influences because we believe that when we make decisions with a long-term perspective, growth will naturally follow.

INDEPENDENCE

We have a strong commitment to the stewardship of the Smucker Company and owning our own destiny. We strive to be an example of a company that can achieve success while conducting business in accordance with our Basic Beliefs.

We believe that the interests of all of our constituents – consumers, customers, employees, suppliers, communities, and shareholders – are best served by preserving the unique Smucker culture and maintaining our independence.

We strongly believe that our proven track record of creating long-term value has been built on the foundation of our culture and independence. To us, value means bringing families together, building brands that are among the most trusted with consumers and customers, investing in our communities, developing our people, and ultimately, delivering long-term returns to our shareholders.
OUR COMMITMENT TO EACH OTHER

As Smucker’s experiences growth in the ’80s, we need to ensure that we retain one of Smucker’s most cherished goals – the mutual respect of our fellow employees and an atmosphere that makes people proud to work here. This same commitment can be enlarged to include our customers, suppliers, and shareholders.

Here are a few basic thoughts, when put into our everyday lives, that can help:

THANK YOU FOR A JOB WELL DONE.
This small recognition shows that we notice and appreciate the efforts of our fellow employees.

LISTENING WITH YOUR FULL ATTENTION.
By giving our undivided attention, we are showing that there is nothing more important at that moment than what is being said.

LOOKING FOR THE GOOD IN OTHERS.
By seeing the good in others, we are demonstrating our respect and confidence in their intentions to do what is right, and we are developing an atmosphere where we can grow and learn.

SENSE OF HUMOR.
Our work efforts are important – that is how we set the example and take the lead. Our sense of humor is also important, for that is how we maintain our perspective to our work. Humor, not at the expense of others, but as a brief relief from difficult tasks, can make our working atmosphere more pleasant and enjoyable.

By keeping these few thoughts in our minds every day, we can build a bridge of understanding that will nourish the atmosphere in which we work and our mutual respect for each other. I ask for your commitment to these thoughts; I ask for your commitment to each other.

Comments by Paul Smucker written in the early 1980s
As we grow, we are committed to preserving and strengthening our culture, which is focused on the mutual respect of our fellow employees and an atmosphere that makes people proud to work here – where everyone makes a difference.
OUR CULTURE

WE STRONGLY BELIEVE that our unique culture is the foundation of our long-term business results. Therefore, preserving and strengthening the Smucker culture is of utmost importance. When we talk about our culture, we are referring to an atmosphere in which every employee makes a difference and every employee is proud to work here.

At Smucker Our Commitment to Each Other and our Basic Beliefs of People and Growth are the foundation of how we think about and support employees. We demonstrate this commitment by saying thank you for a job well done; listening with our full attention, looking for the good in others, and maintaining a sense of humor.

As part of our Basic Beliefs, we firmly believe that:

• Every employee makes a difference;
• An inclusive environment and diverse organization strengthens our Company and enables every employee to reach their full potential;
• Highest quality people produce the highest quality products and services;
• Highest business ethics require the highest personal ethics; and
• Responsible people produce exceptional results.

When Smucker employees describe what makes this a unique place to work, a common sentiment is the sense of family that exists among fellow colleagues, within teams, and across the Company. While focusing on delivering business results, there is also a genuine care and compassion for one another, personally and professionally. Our Purpose is helping to bring families together to share memorable meals and moments, and that sense of family extends to our relationships with others.

WORKSPACE ENVIRONMENT

Working in a motivating environment that fosters collaboration and teamwork is an essential part of our Work Environment vision. The role of our physical workspaces and how our employees are able to utilize them plays a large part in aligning our environment with our culture. Our office environment emphasizes shared spaces for collaboration, relationship building, and interaction while providing adequate individual and personal space. This can be seen directly through specific shared spaces, such as conference rooms, huddle rooms designed for ad hoc meetings and discussions, dining areas for communal meals and breaks, and other informal, open work areas throughout our campus.

HIRING FOR A CAREER

Our relationships with employees start at the beginning. We have a long-held philosophy of hiring people for a career — not just an individual job. When employees talk about their tenure and growth at Smucker, it is not uncommon for them to highlight a moment in their careers when a manager challenged them with a new assignment or a different role. They express appreciation for a manager who saw potential in them that they often did not see in themselves.

Our purpose is helping to bring families together to share memorable meals and moments, and that sense of family extends to our relationships with others.

Hiring for a Career

Our relationships with employees start at the beginning. We have a long-held philosophy of hiring people for a career — not just an individual job. When employees talk about their tenure and growth at Smucker, it is not uncommon for them to highlight a moment in their careers when a manager challenged them with a new assignment or a different role. They express appreciation for a manager who saw potential in them that they often did not see in themselves.

The Manager-Employee Relationship

The best way to create a positive work environment begins with establishing an open and transparent manager-employee relationship. This relationship is one of the most significant in an employee’s experience with the Company and their level of engagement. Establishing trust early creates a strong foundation for mutual respect and allows for employees to approach managers with both positive ideas and concerns, if and when they arise. We challenge our managers to know their employees as individuals; become invested in their development; and provide ongoing, candid coaching and feedback that enable them to grow. We have a special focus on building the leadership and management skills of our managers. In turn, we expect them to foster our culture and create an environment where people can be at their best and reach their full potential.

Similarly, we believe in the long-term best interests of our employees and the Company to work together directly without the influence of an external third party. Nevertheless, we have always respected our employees’ right to choose whether to be represented by a third party. Today, less than half of our manufacturing facilities in North America are covered by collective bargaining agreements.
EMPLOYEE COMMUNICATION

Our Company culture is reinforced through consistent and frequent communication with all of our employees. Our ultimate communications goal is to ensure that each employee has a deep understanding of our Strategy and culture that will guide and inform their decision-making. We believe that with full visibility into our Strategy and shared objectives, every employee is empowered to make a difference.

Our Strategy has guided our growth while we have maintained our focus on our culture. Even as our Company has expanded, we have continued to emphasize and practice the concept of “Management by Walking Around” wherever practical. At Smucker, a face-to-face or live telephone conversation is always preferable to facilitate good communications and mutual understanding.

At Smucker, our approach to employee relations is to simply do things right. We hold ourselves to a high standard and always treat employees with compassion and respect. We act with a sense of urgency to help teams identify solutions and steps to continue to work collaboratively and maintain productivity. Employee relations is also a resource for our employees when they have ideas about how to improve our business.

EMPLOYEE RELATIONS

At Smucker, our approach to employee relations is to simply do things right. We hold ourselves to a high standard and always treat employees with compassion and respect. We act with a sense of urgency to help teams identify solutions and steps to continue to work collaboratively and maintain productivity. Employee relations is also a resource for our employees when they have ideas about how to improve our business.

INCLUSION & DIVERSITY

We value our employees and believe we must all embrace and take ownership of the Company’s commitment to diversity in the workplace. We believe that an inclusive environment and diverse organization strengthens our Company and enables every employee to reach their full potential. We expect our leaders, managers, and employees to work together to live the principles and values consistent with our Basic Beliefs and Our Commitment to Each Other, which include promoting an atmosphere of mutual respect and inclusion. We recognize that families are defined in diverse ways, and we believe that we serve our constituents by being an equal opportunity employer and through employees who represent diverse demographics, backgrounds, experiences, and perspectives.

PROFESSIONAL DEVELOPMENT AT Smucker reflects our Basic Belief of Growth: “Growing is reaching for that potential through the acquisition of new brands and development of strategic partnerships; innovation leading to the development of new products and new markets; discovery of new management or manufacturing capabilities; and personal growth and development of our people and their ideas.”

We support employees by:

• Creating an environment where growth of the Company and every individual is encouraged and developed.
• Promoting employees from within the Company when possible.
• Looking for the good in others, challenging ourselves to identify the strengths of employees, and placing them in roles that best utilize their strengths.
• Providing candid, ongoing feedback regarding individual performance—which is consistent with our Basic Belief of People to be fair with our employees;
• Remaining open to employees taking on new opportunities while balancing the need for business continuity.
• Sharing clear expectations regarding the experiences, knowledge, skills, and capabilities required to perform current roles and future roles to which employees may aspire;
• Helping employees understand career path alternatives. We know that no two people—or careers—are the same. There is no single career path;
• Providing access to learning and development opportunities—internally and externally—based on the individual’s interests and the Company’s needs;
• Treating employees as individuals. Every employee’s career objectives and work expectations are different. We recognize that personal and professional needs change throughout one’s career.

In turn, we expect our employees to:

• Understand and explore what they are passionate about;
• Communicate their interests to their manager and others;
• Understand and explore what they are passionate about;
• Learn our industry and business; and
• Understand our constituents.

We support employees by:

• Department-led training that provides the opportunity for employees to deepen their functional technical skills;
• Self-led development that provides opportunities for individuals to take part in external seminars, training, professional organizations, and industry-sponsored activities;
• A 100 percent tuition reimbursement program;
• Leadership and management training in partnership with world-renowned universities and leadership development organizations; and
• Coaching provided by external leadership coaches.

At Smucker, we have a comprehensive approach to developing our people, including:

• Manager-led coaching, performance feedback, and career development;
• Corporate-led core training that provides a strong, consistent foundation regarding our culture, how we work with each other, and how we manage people;
• Leadership and management training in partnership with world-renowned universities and leadership development organizations; and
• Coaching provided by external leadership coaches.

Our training programs combine classroom-style instruction with relationship building. Employees learn “who we are” and “how we work as a Company.” We currently provide many types of formal trainings across multiple disciplines, including resonant leadership, problem-solving and decision-making, people management, interviewing, and technology. We purposefully create cross-functional training environments and include participants from across our locations so that employees can meet people with whom they do not have everyday contact.
EMPLOYEE WELL-BEING

PERSONAL WELL-BEING IS a way of life that leads to more balanced, healthier, and happier living. It is a path shaped by daily choices, and it means something different for each individual. Well-being is important because it enables people to perform at their best – both at work and at home. Caring for our employees is consistent with our unique culture. We believe in the value of investing in an overall environment of health and well-being for employees. Not only is this the right thing to do, but it also makes natural business sense: Happy and healthy employees performing at their best translates into better business performance.

OUR EMPLOYEE WELLNESS

Our focus is on helping employees and their families improve or maintain physical, emotional, and financial well-being – all of which are interconnected. We offer a variety of options that support employees through all stages of their lives and careers.

Our Corporate headquarters offers multiple amenities that support our commitment to employee well-being. They include an on-site health and wellness center and a 20,000 square foot, state-of-the-art fitness center equipped with cardiovascular and strength training equipment, group fitness classes, personal training, a walking/running track, and a gymnasium for recreation activities. Our Smucker Child Development Center provides in-village child care for employees’ children aged six weeks to prekindergarten.

EMPLOYEE SAFETY

We continue to focus on the importance of the health of our people and the safety of our workplace with an overall Corporate goal to reduce our total incident rate (TIR) and our incident losses to zero. We have a philosophy that employee health and safety are everyone’s responsibility, and all of our employees have an opportunity to contribute toward our goals. From fiscal 2015 to fiscal 2016, we have maintained our outstanding results, and we continue to deliver best-in-class performance for employee safety across the Company.

Happy and healthy employees performing at their best translates into better business performance.

CORPORATE GOVERNANCE & ETHICS

CORPORATE GOVERNANCE

The J. M. Smucker Company is a publicly traded company whose shares are listed on the New York Stock Exchange (NYSE). A diverse, 13-member Board of Directors governs the Company on behalf of our shareholders. The majority of our Directors are independent under the rules of the NYSE and the U.S. Securities and Exchange Commission (SEC). The role of the Board is outlined in the Company’s Corporate Governance Guidelines, which are designed to confirm the Board’s independence from management and its role of aligning management and Board interests with the interests of our shareholders. The Board has three committees – Audit, Executive Compensation, and Nominating and Corporate Governance – all of which operate under written charters and all the members of which are independent under the rules of the NYSE and the SEC. The Corporate Governance Guidelines and committee charters are available on our Company’s website at jmsmucker.com/investor-relations.

The Nominating and Corporate Governance Committee and the Board consider a diverse group of experiences, characteristics, attributes, and skills, including diversity in gender, ethnicity, race, cultural background, and age, in determining whether an individual is qualified to serve as a Director of the Company. While the Board does not maintain a formal policy regarding diversity, it does consider the diversity of the Board when considering Director nominees. Diversity is important because a variety of points of view contribute to a more effective decision-making process.

Additional information about the Board is included in the Company’s most recent Proxy Statement, which is available on our Company’s website.

ETHICS

As one of our Basic Beliefs, Ethics and ethical conduct are vital to ensure successful, sustained business relationships with our consumers, customers, employees, suppliers, communities, and shareholders. Because ethics are so inherent to our culture, ethical conduct at Smucker is principles-based rather than rules-based. It is the philosophy of our Company that ethical conduct involves more than simply obeying a set of rules. It means being “ethically fit” in the sense of being ready and able to make the ethical choice in a situation where there is no established rule and where none of the apparent choices are clearly right or wrong.

Our Code of Business Conduct and Ethics outlines our expectations across numerous areas and situations where ethical choices might be necessary, including creating a positive work environment, engaging with customers, suppliers, and competitors; handling confidential information; avoiding conflicts of interest; avoiding the exchange of gifts, meals, and entertainment; avoiding bribery and corruption; and avoiding insider trading. Our Code of Conduct applies to our employees, officers, and Directors, all of whom are required to receive, review, understand, acknowledge, and adhere to the Policy.

We continue to reinforce our Ethics Basic Belief through a number of communications and training opportunities for all of our employees on an ongoing basis.

Our Company also has a number of more specific policies that amplify the principles highlighted in our Code of Conduct. Training on these principles is provided to employees using a task-based approach to ensure employees receive training that is relevant to their roles.
MARKETPLACE

Our family of brands has grown into a wide variety of quality products that meet the high standards consumers expect from Smucker. As we continue to grow, we are focused on providing consumers with products that meet ever-changing needs and that are delicious, convenient, and “Good and Good for All of Us.”
WE HAVE ALWAYS defined success by more than financial performance. We believe how we do things is as important as what we do. Our Purpose aims to articulate why we are in business and the impact we aspire to have on society.

Being together with the ones we love isn’t just a pleasant way to spend time – it’s vital to a healthy, happy, fulfilling life. In fact, the more family and friends spend time with each other, the richer their lives become. We believe we can help strengthen families through the memorable meals and moments they share, and we can help make every day a little more special by nurturing the bonds that bring people together, as well as people and their pets closer together. And the stronger families are today, the stronger our society will be tomorrow. Quite simply, life tastes better together.

Achieving Our Purpose is what motivates and inspires our employees – people who strive every day to provide high-quality products that help families create memorable meals and moments together.

At Smucker, we recognize and respect the power of family mealtime. By focusing our business around delicious, convenient, and “Good and Good for All of Us” products, we help support the power of family meals and all their benefits.

In 2015, we launched an online resource, Mealtime Movement, to encourage family and friends to view every meal as an opportunity to connect in a world full of distractions. This site offers insights and ideas for bringing families and friends together over a meal by offering conversation starters, personal stories, and ongoing content from both experts and social influencers. As part of the site’s launch, we partnered with SoulPancake to conduct a social experiment, bringing three real families to the table to ask “what really matters to you?” The resulting video, “What Actually Feeds a Family,” shows the desire for deeper connections and reveals the positive effect device-free, quality time has on family bonding. At Smucker, we have always valued the connections that can be formed by coming together over mealtime, and the Mealtime Movement further supports our Company’s Purpose of helping to bring families together to share memorable meals and moments.

OUR PURPOSE

Helping to bring families together to share memorable meals and moments.

OUR VISION

Engage, delight, and inspire consumers through trusted food brands that bring joy throughout their lives.

Helping to bring families together to share memorable meals and moments.

OUR VISION

Engage, delight, and inspire consumers through trusted food brands that bring joy throughout their lives.

A portfolio that combines #1 and leading brands with emerging, on-trend brands will drive balanced growth:

» Utilize deep consumer and shopper insights to fuel:
  • Breakthrough innovation in existing and new categories
  • Category leadership and market share growth
  • Seek to acquire a balance of iconic and high-growth-enabling brands
  • Focus is North American markets, while maintaining a global mindset

Learn more at mealtimemovement.com
Additionally, our easy-to-eat, on-the-go source of protein. Butter and granola for a delicious, peanut butter category by introducing spreads line is inspiring new usage.

Meow Mix®, Milk-Bone® pet. Our portfolio includes approximately two-thirds of U.S. households that include a family pet. Our consumer focus includes not only people, but also their pets — cherished members of the family. Our pet food and pet snacks business enables us to deepen the emotional bond we create with consumers and broadens our connection with the approximately two-thirds of U.S. households that include a family pet. Our portfolio includes Meow Mix®-, Milk-Bone®-, Kibbles & Bits®, 9Lives®-, and Natural Balance®, to name just a few.

PRODUCT INNOVATION
We continue to make significant investments in product innovation to provide consumers with additional choices to meet their diverse needs for taste, convenience, wellness, and value across all of our product categories. We have launched many new items that reflect consumer preferences for products that incorporate simple ingredients, protein, and nutrients; are packaged for on-the-go convenience; and meet snacking needs. For example, we have expanded our offerings within our Jif® brand outside the traditional peanut butter category by introducing Jif® bars, which combine peanut butter and granola for a delicious, easy-to-eat, on-the-go source of protein. Additionally, our Smucker’s® fruit spreads line is inspiring new usage occasions with our new Smucker’s Fruit & Honey™ fruit spreads, which feature simple ingredients and are sweetened with honey, attributes that resonate with today’s consumers.

Smucker is a leading marketer and manufacturer of consumer food products in North America, believe that we have a responsibility to continually educate consumers about making wise food choices, emphasizing the value of moderation and the importance of exercise. Within the Smucker family of brands, our goal is to offer consumers a variety of products to meet their diverse needs and preferences. This variety includes multiple flavors and product options, such as natural and non-GMO products, reduced sugar and sugar-free alternatives, gluten-free options, and whole-grain offerings.

Opened in 2016 at our Orrville, Ohio, Corporate headquarters, the Smucker Innovation Center is a state-of-the-art facility dedicated to collaborating with our retail partners to generate new ideas and opportunities; provide forward-thinking content; and continue to build on our strong customer relationships. It features interactive presentations and hands-on brand learning technology to help us gain insights into shopper behaviors and preferences, retail solutions, and in-store execution to better serve our customers and consumers. The Smucker Innovation Center is a key platform to collaborate and expand our relationships with our customers and other constituents while further showcasing our Company’s heritage and ongoing focus on innovation.

AS A LEADING marketer and manufacturer of consumer food products in North America, believe that we have a responsibility to continually educate consumers about making wise food choices, emphasizing the value of moderation and the importance of exercise. Within the Smucker family of brands, our goal is to offer consumers a variety of products to meet their diverse needs and preferences. This variety includes multiple flavors and product options, such as natural and non-GMO products, reduced sugar and sugar-free alternatives, gluten-free options, and whole-grain offerings.

Our consumer focus includes not only people, but also their pets — cherished members of the family. Our pet food and pet snacks business enables us to deepen the emotional bond we create with consumers and broadens our connection with the approximately two-thirds of U.S. households that include a family pet. Our portfolio includes Meow Mix®, Milk-Bone®, Kibbles & Bits®, 9Lives®, and Natural Balance®, to name just a few.

PRODUCT INNOVATION
We continue to make significant investments in product innovation to provide consumers with additional choices to meet their diverse needs for taste, convenience, wellness, and value across all of our product categories. We have launched many new items that reflect consumer preferences for products that incorporate simple ingredients, protein, and nutrients; are packaged for on-the-go convenience; and meet snacking needs. For example, we have expanded our offerings within our Jif® brand outside the traditional peanut butter category by introducing Jif® bars, which combine peanut butter and granola for a delicious, easy-to-eat, on-the-go source of protein. Additionally, our Smucker’s® fruit spreads line is inspiring new usage occasions with our new Smucker’s Fruit & Honey™ fruit spreads, which feature simple ingredients and are sweetened with honey, attributes that resonate with today’s consumers.

Opened in 2016 at our Orrville, Ohio, Corporate headquarters, the Smucker Innovation Center is a state-of-the-art facility dedicated to collaborating with our retail partners to generate new ideas and opportunities; provide forward-thinking content; and continue to build on our strong customer relationships. It features interactive presentations and hands-on brand learning technology to help us gain insights into shopper behaviors and preferences, retail solutions, and in-store execution to better serve our customers and consumers. The Smucker Innovation Center is a key platform to collaborate and expand our relationships with our customers and other constituents while further showcasing our Company’s heritage and ongoing focus on innovation.

HEALTHY WEIGHT COMMITMENT FOUNDATION
Smucker is a founding member of the Healthy Weight Commitment Foundation (HWCF), which is committed to helping reduce the incidence of obesity, especially among children, in the United States. Between 2010 and 2015, we were among a group of 16 leading food and beverage companies that collectively removed 1.5 trillion calories from the marketplace. We continue to support the HWCF Together Counts™ program, which is a joint effort with Discovery® Education to provide resources to schools, communities, and parents to help them encourage active, healthy lifestyles. More than 23 million pre-K through fifth grade students are engaged with the curriculum, which is aligned to national education standards as well as SNAP, WIC, Head Start, and the HealthierUS School Challenge.

JIF PEANUT POWDER
Jif Peanut Powder, with 85 percent less fat than traditional peanut butter, allows consumers to add protein to smoothies and baked goods, and is gluten-free and non-GMO.

SMUCKER’S FRUIT & HONEY FRUIT SPREADS
Smucker’s Fruit & Honey fruit spreads are naturally sweetened with honey and offer unique flavors.

MEOW MIX® IRRESISTIBLES®
Meow Mix Irresistibles are made with real salmon, chicken, or tuna, and no artificial flavors, and are available in soft and crunchy varieties.

PILLSBURY™ GLUTEN FREE
Our line of Pillsbury Gluten Free items now includes brownie, cake, cookie, and quick bread mixes to provide options to those living a gluten-free lifestyle.

NATURAL BALANCE WILD PURSUIT™ DOG & CAT FOODS
Wild Pursuit is a new, high-protein, grain-free line extension of Natural Balance pet food that is nutritionally complete and balanced.

DUNKIN’ DONUTS® K-CUP® PODS
Favorite varieties of Dunkin’ Donuts coffee are now available in K-Cup® pods, including new Dunkin’ Dark® coffee, which contains 30 percent Rainforest Alliance Certified™ coffee.
RESPONSIBLE MARKETING

Smucker has a long-standing commitment to responsible marketing and advertising, with very stringent guidelines in place regarding advertising placement, content, and target audience. Our guidelines prohibit marketing to children under the age of 18. Although marketing programs and packaging may appeal to the entire family, our messaging is clearly directed to adults, with advertisement placement limited to programming and media outlets where children constitute no more than one-quarter of the audience. We are honored to have been recognized numerous times for our responsible advertising practices by the Parents Television Council® (PTC), a nonpartisan organization that advocates for responsible entertainment.

CONSUMER ENGAGEMENT

We make open and ongoing dialogue with our consumers a priority. Our marketing practices include frequent research into consumer preferences and needs in order to help guide our product development initiatives. Our Consumer Communications Center is staffed with representatives who serve as an important link between our Company and consumers through daily phone and email interaction. These representatives, who are based at our headquarters, receive extensive training, so they are well-equipped to provide information and answer questions about our entire portfolio of products.

Digital and social media are increasingly becoming key components of our consumer outreach, as these channels play to the evolving dynamic of food as an experience. As we look to maintain a continuous dialogue with our consumers, we have established a Social Media Command Center at our Orrville, Ohio headquarters. Using a combination of multimedia tools, we are able to listen to and engage with our consumers through our more than 100 digital and social media properties across our brands. This also serves as another resource to gather consumer insights and feedback.

PRODUCT INFORMATION

THE LABELING OF our products is an important element of our brand building and marketing efforts. All labels for our products are reviewed for legal and regulatory compliance. In addition, several of our internal regulatory compliance analysts are registered dietitians who verify nutritional claims. These nutritionists also review advertising and other marketing vehicles, such as websites, to ensure that accurate information is imparted to our consumers. As a practice, we avoid claims about our products relating to health conditions or disease.

We fully support consumers being as informed as possible about food products. In addition to direct communications with consumers via our Consumer Communications Center and detailed product information on our websites and product labels, we also have committed to using the SmartLabel™ program, which leverages digital technology and smart devices to provide consumers with another way to easily access detailed product information. SmartLabel™ will provide consumers with detailed product information such as nutrition, ingredients, allergies, certifications, and genetically modified ingredients, among many other product attributes.

QUALITY & SAFETY

WHEN JEROME MONROE SMUCKER began selling apple butter from the back of his horse-drawn wagon, each crock bore a handwritten guarantee of quality. Throughout our history, the Smucker name has stood for making products the way they should be made. Today, our quality initiatives focus on achieving zero product defects or quality incidents, as well as ensuring that product quality specifications and all product regulatory requirements are met or exceeded.

Audits of our internal manufacturing sites, contract manufacturing sites, and supplier sites are a key part of our Corporate quality assurance program. This approach promotes a focused and continuous process that identifies improvement opportunities within all relevant internal and external quality assurance programs. To further broaden our efforts, we have developed a “Food Safety 101” course to provide an understanding of food quality, food safety, and food defense fundamentals to employees who visit with suppliers frequently. Additionally, many of our employees are engaged in food safety training with universities, technical organizations, and third-party consultants across the country.

The Company supports the Food Safety Modernization Act, which vests food companies with many new responsibilities. The legislation has a major focus on prevention, with risk-based priorities to ensure a safe food supply for all consumers. We implemented many of the provisions of the law prior to its passage and will continue to provide input to the U.S. Food and Drug Administration as the new regulations are finalized and implemented throughout the next several years. Our quality systems are well-prepared to meet the final guidelines.
RESPONSIBLE SOURCING

We seek open, transparent, and honest relationships with our suppliers to provide Economically, Environmentally, and Socially responsible products for our consumers.
SUPPLIER RELATIONSHIPS

WE CONSIDER THE strength and quality of our relationships with all constituents a core competency for Smucker. Our relationships with suppliers are particularly important, given that they directly impact our ability to meet the product quality and performance expectations of our consumers and customers. To this end, we seek suppliers that have a strategic fit with our business; possess a cultural fit that supports our Basic Beliefs; and meet our operational excellence standards for quality, delivery, and location.

We encourage our suppliers to operate transparently, responsibly, and sustainably in order to minimize social and environmental risks across our supply chain. This past year, we enhanced our Global Supplier Code of Conduct, specifically to strengthen our stance on human rights. The Code of Conduct requires our direct suppliers to contractually agree not to employ children, prison labor, indentured or bonded labor, or to participate in human trafficking. We also expect our suppliers to use of forced labor in certain areas of the world as part of the fishmeal supply chain. This task force is now working with our suppliers to better understand this issue, manage any risks that could threaten our commitment to our Basic Beliefs.

Since expanding our business to the pet food and pet snacks category in 2015, we are managing new supply chains that are unique to this category. As part of our strategy to manage these new supply chains, we have created a cross-functional task force to assess risk in our commodity sourcing. For example, fishmeal is a key ingredient in certain types of pet food. During the past year, there have been reports about the use of forced labor in certain areas of the world as part of the fishmeal supply chain. This task force is now working with our suppliers to better understand this issue, manage any risks, and ensure alignment with our supply chain policies.

In short, we expect every supplier to conduct its business with the same high standards of honesty, fairness, ethics, and regard for the environment that we apply to our own business. Using internal resources, we perform scheduled quality assurance audits with suppliers. As part of this process, our auditing personnel look for any evidence of human rights violations, such as human trafficking or slavery. We will continue to evaluate these risks in our supply chain as our Company grows, and we also will institute training programs for supply chain personnel as necessary to manage identified risks that could threaten our commitment to our Basic Beliefs.

SUPPLY CHAIN GOALS

- Develop a fully sustainable and traceable palm of supply chain that ensures 100 percent of our direct palm oil purchases are from responsible and certified sustainable sources.
- Trace 100 percent of our direct purchases of palm oil to the plantation on which it was grown by 2020.
- Purchase 10 percent of total retail coffee from certified sources.
- Source 100 percent cage-free eggs by 2020 for our consumer foods products.

COMMODOITY SOURCING

As a leading manufacturer and marketer of food and beverage products, Smucker purchases a wide array of raw ingredients to manufacture our products. We seek to source more sustainably produced materials that directly benefit farmers and the communities in which they live and work. We are committed to supporting a supply chain that is always mindful of its Economic, Environmental, and Social impacts, and approach sourcing in a manner that is consistent with our Basic Beliefs of Quality, People, Ethics, Growth, and Independence. We strive to source our products with a comprehensive view that accommodates both responsible sourcing practices and marketplace business dynamics. As an example, we have committed to source 100 percent cage-free eggs by 2020 for our consumer food products.

RESPONSIBLE GREEN COFFEE SOURCING

As a market leader in the U.S. coffee category through our Folgers®, Dunkin’ Donuts, Café Bustelo®, and Café Pilon® brands, we are one of the largest annual purchasers of coffee in the U.S. We source from many coffee origins around the world where small family farmers grow coffee. These farmers are an important part of the global coffee supply chain and critical to the long-term viability of the coffee industry. To this end, we are committed to a green coffee strategy built around three elements:

- Responsible Sourcing
- Smallholder Support
- Integrated Environmental Efforts

Smucker is committed to purchasing green coffee in a responsible manner, and we have extensive internal processes and controls to help us keep this commitment. Our coffee suppliers, for example, must sign and abide by our Master Agreement and Operating Guidelines, which address laws pertaining to human rights, environmental practices, and safety procedures. Our coffee-trading team has years of industry experience and has developed many long-standing supplier relationships, which are invaluable to ensuring the integrity of our efforts. In addition, this team conducts site visits to coffee-producing countries each year to maintain open and transparent dialogue.

In 2012, we committed to purchase 10 percent of our total retail coffee from certified green coffee sources by 2016. We are pleased to report that we have met this goal and are sourcing 10 percent of coffee from certified sources, including coffee from farms that are UTZ Certified®, Rainforest Alliance Certified®, and Fair Trade Certified®.

For the third consecutive year, Smucker also has been the largest North American purchaser of coffee certified by UTZ, which covers a broader spectrum of origins and coffee varieties that can be applied across our entire portfolio of coffee products. UTZ activities focus on professional farm management practices so that producers not only earn a better price for their product, but also do so in a resource-efficient manner. In Colombia, UTZ farmers had a 65 percent higher net income per kilo of coffee than non-certified farmers. More than 445,000 coffee farmers and workers in more than 20 countries benefit from the UTZ program, making it the world’s largest available supply of certified coffee.
Through our partnership with UTZ Certified, we’ve introduced consumers to sustainable coffee practices that enable better farming and a better future for all stakeholders.

While the majority of our certified coffee purchases are currently UTZ Certified, we are aware that different coffee certifications can be suited for different growers based on various regional, economic, quality, and varietal factors. Because of this, we also continue to purchase certified coffee from farms that are Rainforest Alliance Certified™ and Fair Trade Certified™. In fact, our recently introduced Dunkin’ Donuts Dunkin’ Dark coffee, available in bagged and K-Cup® pods, contains 30 percent Rainforest Alliance Certified™ coffee. Criteria for Rainforest Alliance’s certification focus on sustainable farming practices, driven by its mission to conserve natural resources and promote sustainable livelihoods. Rainforest Alliance Certified™ farms meet comprehensive standards for sustainable agriculture that protect wildlands, waterways, wildlife habitat, and the rights and well-being of workers, their families, and communities.

UTZ COFFEE CERTIFICATION

176 BILLION
Cups of UTZ Certified
coffee sold since 2002.

81%
UTZ Certified coffee
farms are smaller
than five acres.

#1
Smucker is top buyer of UTZ
Certified coffee in the U.S.

21 COUNTRIES
Grow UTZ coffee.

As part of our commitments, we have outlined a set of principles, policies, and procedures to help guide our palm oil purchases:

SUSTAINABLE PALM OIL COMMITMENT

Though palm oil represents a relatively small percentage of our commodity purchasing, Smucker is committed to developing a fully sustainable and traceable palm oil supply chain. Due to the social and environmental risks involved in the palm oil supply chain, we began to purchase Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil in 2012 and received RSPO certification in January 2013. We also began working toward a commitment that 100 percent of our direct palm oil purchases would be from responsible and certified sustainable sources by December 2015. We are pleased to report that we have reached this goal and continue to work toward tracing 100 percent of our purchases of palm oil to the plantation on which it is grown by 2020.

RSPO is the leading not-for-profit association uniting more than 2,500 members in the palm oil sector to develop and implement global standards for sustainable palm oil. In 2015, more than 6.8 million acres of palm oil production were certified according to the RSPO principles and criteria.

Our Palm Oil Sustainability Principles

Protecting Forests
• No development in high carbon stock forest areas or high conservation value areas.
• No burning to clear land for new planting or replanting.

Protecting Peat Lands
• No new development on peat lands, regardless of depth.
• Apply Best Management Practices for existing plantations on peat lands and explore options for restoration when feasible.

Fostering Positive Impacts on Human and Community Rights
• Respect and support the Universal Declaration of Human Rights.
• Respect and recognize the rights of all workers.
• Facilitate the inclusion of smallholders into the supply chain.
• Prohibit use of forced and child labor and human trafficking.
• Respect land tenure rights, including the rights of indigenous and local communities to give or withhold their free, prior, and informed consent to all new development or operations on lands to which they hold legal, communal, or customary rights.
• Resolve all verifiable complaints and conflicts through an open, transparent, and consultative process.
OUR GREEN COFFEE SUSTAINABILITY STRATEGY

Our green coffee strategy is built around three elements:

- Responsible Sourcing;
- Smallholder Support; and
- Integrated Environmental Efforts.

Learn more about our Responsible Green Coffee Sourcing on page 29.

SUSTAINABLE AGRICULTURE

THERE ARE MANY agricultural inputs into the food we produce, such as fruit, coffee, sugar, grains, and more. At Smucker, we invest in sustainable agriculture projects and initiatives, not only to help us maintain a reliable supply of these raw ingredients, but also to support the farmers who produce them and the environment in which they are grown.

Our commitment to sustainable agriculture includes our membership in The Sustainability Consortium (TSC), an independent organization committed to the development of transparent strategies and tools to drive sustainable products and supply chains. As part of our efforts to better understand sustainable agricultural practices, we partnered with TSC, the University of Arkansas, and Arizona State University to conduct a water risk analysis in seven key supply chains. The research used data from the World Resources Institute’s (WRI) Aqueduct™ Measuring and Mapping Water Risk tool to calculate water risk for 12 water indicators. The research also provided insight on production intensity, irrigated versus rain-fed crops, and relative water risks to global supply versus our sourcing regions.

GREEN COFFEE SUSTAINABILITY

In addition to certified green coffee purchases, our Smallholder Support and Integrated Environmental Efforts help provide access to certain markets, resources, and technologies to improve farmer livelihood. These three key elements are focused strategically on long-term supply, producer viability, and climate change – issues that we believe are critical to supply chain participants, customers, consumers, and shareholders.

Much of the world’s coffee supply is grown by individual farmers on small parcels of land in developing countries, where the opportunity to improve agricultural and business practices is often significant. Sustainable coffee supply and the economic viability of these small growers must be linked. For this reason, we partner with leading development organizations to better address holistic and systematic improvements in coffee regions.

OUR GLOBAL COFFEE MARKET ENGAGEMENT

As the largest mainstream coffee roaster in North America, we draw upon years of global market experience to source coffee from around the world in a responsible manner. Some of our direct global engagement includes offices in Brazil and Vietnam, two of the largest coffee-producing countries, as well as program support in multiple producing countries for efforts to improve the long-term sustainability of smallholder coffee farmers.
EMPOWERING FARMERS

The coffee programs we support seek to ensure the long-term viability of smallholder farmers in the countries where we source our coffee. This requires addressing our three key pillars of sustainability: Economic, Environmental, and Social. Farmers must feel socially empowered, steward the environment, and be able to earn a living wage in order to maintain a thriving livelihood through coffee farming. The following are examples of how we are fostering these pillars as part of our Green Coffee Sustainability Strategy.

ECONOMIC

Pak Slamet (Indonesia)

Coffee farmer Pak Slamet implemented the training and technical expertise he learned through the Hanns R. Neumann Foundation projects to significantly increase his yields. “I am very sure with the new grafting technique, I will get an improved harvest compared with the current harvest.” In the first year of his participation in the project, he top-grafted 50 of his coffee trees (one tree can be seen in the picture) and will continue to graft his remaining trees. The technique is so successful and Pak Slamet so skilled at implementing grafting that he offers his services to others in the community. Not only has this created an additional income source for Pak Slamet, but it has also increased the rate of farm rejuvenation in the region and will enable other coffee farmers to increase their incomes by having more productive coffee trees.

ENVIRONMENTAL

Pham Van Hoan (Vietnam)

From training learned through the UTZ Certified program, farmer Pham Van Hoan better understands how to manage his crops in times of climate change. “I’m more aware about climate change because of the training in the UTZ program. In the rainy season, there used to be sun in the morning and rain in the afternoon. Now it is not so regular. This is a big problem for coffee production in the whole area. I’m glad I have learned which measures I can take to deal better with the challenges we face.”

SOCIAL

Diana Peralta (Nicaragua)

Community trainer for the Better Coffee Harvest Project Diana Peralta helps strengthen coffee-growing communities through gender-balanced training. “To be honest, at first I was scared because most of the participants were men, and when I showed up they would say, ‘What’s this girl going to teach me if I know more than she does?’ I’m no longer afraid when farmers ask me how to prune their coffee, because I know how my mom managed it on her farm. The group now makes me feel strong; they motivate me. When I have a question, I call the guys... and they call us. We’re a good team and help each other.”

The Neumann Foundation (Neumann Foundation), a private nonprofit development organization based in Germany that implements sustainable economic development programs and projects with smallholder coffee and cocoa farmers around the world. The current 46 Neumann Foundation projects are supporting 80,675 producers in 12 countries to improve their production systems, entrepreneurial skills, and incomes – while protecting and conserving vital natural resources.

During 2015, we continued working on the ground with the Neumann Foundation in Indonesia. Here, we are collaborating on a direct outreach project with smallholder coffee producers in the mountain regions of southern Sumatra. Indonesia is a significant producer of coffee but is challenged by extremely low yields that often result in difficult economic, social, and environmental conditions in farming communities. Our project’s goal is to increase coffee yields by 50 percent for up to 5,000 participating farmers by providing them with technical expertise, as well as strengthening farmer organization.

In the third year of the program, registration reached more than 4,300 smallholders who live in remote areas with limited access to extension services or best practices. Active training continues with these farmers, who are organized into 200 farmer groups, and has increased significantly as project technicians have supported farmer trainers and government extension officers to lead sessions on their own. With more than 21,000 training contacts accumulated since 2014, this training takes an intensive, farmer-centric approach in which the participants are active in determining what type of training they need and receive an estimated nine direct interactions per year for training and consultation, for an average total of 36 contacts per farmer over the project lifetime. As a result of trainings, coaching, and mentoring from project technicians, multiple farmer groups are now selling directly to exporters. The improved supply chain avoids village traders, which has resulted in a 5 percent increased margin for the farmers’ beans.

Based on an initial gender study, the project has developed a strategy to more thoroughly integrate women into the coffee-growing process, such as building a gender-balanced team of community trainers and training project staff on gender equality issues. With a gender-balanced community training team, which is made up of 46 percent women and 54 percent men, the project engaged 1,756 women, or about 27 percent of participants. The hope is that women’s participation will increase in 2016, further empowering women economically in the coffee-growing region of Nicaragua.

**HANNS R. NEUMANN FOUNDATION PROJECT IN INDONESIA**

We continue to have a strong partnership with the Hanns R. Neumann Foundation (Neumann Foundation), a private nonprofit development organization based in Germany that implements sustainable economic development programs and projects with smallholder coffee and cocoa farmers around the world. The current 46 Neumann Foundation projects are supporting 80,675 producers in 12 countries to improve their production systems, entrepreneurial skills, and incomes – while protecting and conserving vital natural resources.

While women often play a large role as men on the farm through activities such as managing the family farm while their husbands work elsewhere, determining the price at which to sell the coffee, and taking the coffee to market, women do not necessarily see the same gains as their male counterparts.

The hope is that women’s participation will increase in 2016, further empowering women economically in the coffee-growing region of Nicaragua.

**RESPONSIBLE SOURCING**

While women often play a large role as men on the farm through activities such as managing the family farm while their husbands work elsewhere, determining the price at which to sell the coffee, and taking the coffee to market, women do not necessarily see the same gains as their male counterparts.

The hope is that women’s participation will increase in 2016, further empowering women economically in the coffee-growing region of Nicaragua.

By 2015, the coffee project has reached more than 4,300 smallholders who live in remote areas with limited access to extension services or best practices. Active training continues with these farmers, who are organized into 200 farmer groups, and the participation rate has increased from 25 percent in 2014 to more than 4,300 smallholders in 2016. The average number of contacts per farmer has increased from an estimated nine to an estimated 36 as the project continues with these farmers, who are organized into 200 farmer groups, and the participation rate has increased from 25 percent in 2014 to more than 4,300 smallholders in 2016. The average number of contacts per farmer has increased from an estimated nine to an estimated 36 as the project continues with these farmers, who are organized into 200 farmer groups, and has increased significantly as project technicians have supported farmer trainers and government extension officers to lead sessions on their own.

In the third year of the program, registration reached more than 4,300 smallholders who live in remote areas with limited access to extension services or best practices. Active training continues with these farmers, who are organized into 200 farmer groups, and has increased significantly as project technicians have supported farmer trainers and government extension officers to lead sessions on their own. With more than 21,000 training contacts accumulated since 2014, this training takes an intensive, farmer-centric approach in which the participants are active in determining what type of training they need and receive, and an estimated nine direct interactions per year for training and consultation, for an average total of 36 contacts per farmer over the project lifetime.

As a result of trainings, coaching, and mentoring from project technicians, multiple farmer groups are now selling directly to exporters. The improved supply chain avoids village traders, which has resulted in a 5 percent increased margin for the farmers’ beans.

In the coffee-growing region of Nicaragua.

The hope is that women’s participation will increase in 2016, further empowering women economically in the coffee-growing region of Nicaragua.
temperatures and increase chances of extreme weather events. in order to maintain coffee productivity despite rising adaptation measures the farmers of the region must take and future fluctuations of the regional climate activity; and current effects of this crisis on the region; the past, present, Sumatra during the 2015 El Niño event. The study outlines to evaluate climate-related production challenges in southern elevations, temperature, precipitation, and soil.

We also continue to partner with World Coffee Research (WCR), which aims to increase the availability of quality coffee in a sustainable manner through research and development. WCR is focused on finding solutions to four major supply constraints and threats to coffee in the 21st century, including climate change, disease and insect pressures, aging tree stock, and increasing consumer demand.

In 2015, with the support of Smucker and the Neumann Foundation, climate scientist Peter Baker conducted a study to evaluate climate-related production challenges in southern Sumatra during the 2015 El Niño event. The study outlines current effects of this crisis on the region; the past, present, and future fluctuations of the regional climate activity; and adaptation measures the farmers of the region must take in order to maintain coffee productivity despite rising temperatures and increase chances of extreme weather events.

Our INTEGRATED COFFEE ENVIRONMENTAL EFFORTS
The world’s growing consumption of coffee, combined with increasingly variable climate conditions in many regions of the world, requires development of processes to increase production yields in a manner that also protects natural resources. Many of the agricultural strategies employed by Technoserve, the Neumann Foundation, and others help address the unique environmental conditions for coffee production, including elevation, temperature, precipitation, and soil.

QUINOA
Our truRoots® brand features organic, gluten-free, and non-GMO ancient grain products, including sprouted and non-sprouted grains, pasta, beans, legumes, and seeds. Since acquiring the truRoots brand in 2013, we have been working with Fundación Valles, a foundation that offers innovative technology to support the development of rural economies and builds capacities for sustainable production of organic quinoa through the support of small-scale, indigenous farmers in the Altiplano, or “high plain,” regions of Bolivia. By extending our partnership with Fundación Valles, we are promoting local growers and 100 percent traceable organic production to bring consumers a sustainable product from farm to fork.

As of 2015, this partnership has made possible:

- Technical assistance for 275 small-scale quinoa growers,
- Introduction of five new varieties of quinoa to the region,
- 13 workshops in which 199 quinoa growers participated, and
- 450 tonnes of 100 percent certified organic quinoa harvested for the U.S. market.

WHEAT
In 2015, our White Lily® brand launched an innovative and sustainable line of flour products using wheat produced by The Shepherd’s Grain®, a group of more than 60 family farms in the geographical regions of southern Alberta, the Pacific Northwest, and Southern California. These progressive growers use sustainable farming methods that improve soil conditions through practices such as no-till and direct seed agriculture. The increased transparency in our White Lily premium wheat flour blends allows consumers to trace the product back to The Shepherd’s Grain® farmers.

CORN
Through our Mill-shed project, we work with 17 growers who represent 80 percent of our specialty corn supply on a project focused on optimizing nutrient management and sustainable practices. Growers provide data pertaining to on-farm activities, including fertilizer usage, water usage, soil practices, and greenhouse gas emissions. The project utilizes an online calculator that allows farmers to input data and to compare their activities to other farmers in their region. The field-level insight enables continuous improvement of their farming practices. In addition, we analyze this information with our mill partner annually to highlight results and find opportunities for further improvement of sustainability practices. Each year in our Grower Meeting we bring in experts to speak on topics of interest regarding sustainability.

IMPACT REDUCTION
PRODUCT PACKAGING
We continually examine sustainable packaging options for our products, and our goal is to use fewer resources and more energy efficient product distribution methods. When designing new packaging, we consider environmental factors throughout the entire process, including minimizing the amount of packaging materials and reducing waste to landfill, using recycled content, and minimizing food waste, all while protecting food safety and quality. We continue to work to ensure the recyclability of as many of our packaging materials as possible. Currently, the majority of our products have packaging materials that can be recycled by consumers.

Weight Reduction
We have introduced multiple lightweight packaging solutions across each of our business areas, resulting in a reduction in weight and total materials used. For example, a project reducing packaging weight for our Café Bustelo coffee cans has provided a savings of 458,000 pounds of material annually. Within our Jif® peanut butter business, we have reduced our cap seal liner thickness, which in turn has reduced the total number of trucks on the roads. We are pursuing additional projects across our product portfolio, with a focus on lightweighting and energy reductions, while delivering our standard of high-quality and safe food products.

PRODUCT DISTRIBUTION
We continue to explore ways to optimize our freight and shipping methods throughout North America. Our strategic alignment with suppliers allows for optimization of shipping lanes, along with associated energy and fuel costs. For example, a project adding an additional layer to a pallet resulted in the elimination of approximately 100 inbound truckloads per year. We partner with CHEP®, a logistics distribution company, through their business model of “shared” pooled pallets, which brings both operational efficiencies and environmental benefits. Last year, our commitment to reusable wooden pallets reduced nearly 2.5 million pounds of solid waste and eliminated approximately 840 tonnes of CO2e. These savings are equivalent to 80,000 trees planted and grown for 10 years. We are committed to working with suppliers to promote renewable and effective distribution practices.
OPERATIONAL IMPACT

Create a better tomorrow by focusing on preserving our culture, ensuring our long-term Economic viability, driving positive Environmental impact, and being Socially responsible.
OUR APPROACH

ENVIRONMENTAL RESPONSIBILITY is a natural part of our heritage. Today, we incorporate environmental considerations into virtually every aspect of our operations – from large projects, such as the construction of LEED® (Leadership in Energy & Environmental Design)-certified facilities, to everyday practices, such as the use of recyclable materials in our cafeterias.

An internal, cross-functional Sustainability Steering Committee guides our formalized environmental initiatives and is charged with developing and overseeing a long-term integrated Sustainability Strategy, as well as establishing key metrics, goals, and reporting structures. The Steering Committee focuses on a variety of sustainability areas, such as operations and supply chain, sustainable agriculture, and employee engagement, to name a few. This multidisciplinary team meets on a regular basis to review and plan its ongoing work. Updates on the Steering Committee’s progress are provided to our senior management and Board of Directors.

PLANT-LEVEL LEADERSHIP

We have active sustainability programs at each of our manufacturing locations, all of which have a specific project plan to help us meet our Corporate goals. These plans are based, in part, on the results of waste, water, and energy audits. Projects are evaluated for implementation, with an eye toward balancing the waste, water, emissions, and energy reduction benefits with the return on investment. Manufacturing facilities post their plans and progress to date in visible locations so that all employees know what is required to achieve their specific goals.

Sustainability Pillar leaders at each of our facilities are critical to the implementation of these plans and strategies. Specifically, these leaders are charged with identifying and implementing waste, water, emissions, and energy reduction projects. Most important, on-site Sustainability Pillar leaders help engage all employees at each location in order to nurture a sustainable mindset throughout our Company. Sustainability Pillar leaders from each of our facilities come together quarterly throughout the year for a two-day meeting to discuss the different sustainability projects that are being implemented at each facility, review best practices, and collaborate on sustainability plans and initiatives.

GOALS & PROGRESS

MEASURING AND MONITORING our progress is important parts of our Strategy to minimize our environmental footprint. In 2009, we established three rigorous five-year environmental goals to achieve by the end of 2014. During that initial five-year period, we surpassed our waste diversion goal, made significant progress toward our water intensity goal, and saw our GHG emissions intensity remain relatively flat due to changes in our manufacturing footprint. Learnings from these successes and challenges helped to form our 2020 targets, which we are currently working toward:

- Divert 95 percent of waste from landfill to alternative use.
- Reduce water usage by 15 percent.*
- Reduce greenhouse gas emissions by 10 percent.*

As part of our annual sustainability reporting process, our independent accountants perform independent assurance procedures in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Both our emissions and water withdrawals at all of our wholly owned facilities, including our Corporate headquarters, are assured within our reporting boundaries. The financial control approach was established for our reporting boundary using criteria from The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Protocol, and encompasses our North American business. Our emissions are assured as total Scope 1 and Scope 2 separately, and emitters are examined to obtain a high level of assurance. Our total water withdrawal is reviewed to obtain limited assurance. Please see pages 54 and 55 for these assurance statements.

WASTE REDUCTION & LANDFILL DIVERSION

Robust waste reuse and recycling programs at all Smucker locations have enabled us to make significant and consistent progress toward our goals in this area. Ongoing efforts are facilitated by material analysis studies across all of our plants, most of which are participating in a variety of waste recycling programs with third parties.

We are pleased to report that eight of our manufacturing facilities (including legacy Smucker and pet facilities) sent 3 percent or less of their waste to landfill in 2015, meaning 97 percent of their manufacturing waste was used for alternative means. In addition, the U.S. Zero Waste Business Council™ (USZWBC) awarded our Chico, California, manufacturing facility with platinum level USZWBC Zero Waste certification for its achievement in successfully diverting 99 percent of its waste from landfill, incineration, and the environment. This is the highest level of certification offered by the USZWBC. The Chico facility is the first Smucker facility to receive this award.
These and other efforts, such as using organic waste as boiler fuel at our Suffolk, Virginia, plant, have resulted in achieving an 89 percent landfill diversion rate for the Company in 2015, up slightly from the previous year. We remain focused on reaching 95 percent diversion by 2020 and have many waste management activities at each of our locations to help achieve this goal.

**WASTE DIVERTED FROM LANDFILL**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>88.8%</td>
<td>87.8%</td>
<td>85.4%</td>
<td>84.8%</td>
<td>78.5%</td>
<td>73.9%</td>
<td>79.8%</td>
</tr>
</tbody>
</table>

**WATER REDUCTION**

We are committed to water management best practices that focus not only on water conservation, but also on the quality of the water we discharge into the ecosystem. Water use surveys conducted at all of our sites enable us to focus on opportunities to recycle, reuse, and reclaim wastewater across our manufacturing footprint. Once these opportunities have been identified, initiatives fall under one of two types of activities: general infrastructure improvements, such as waterline improvements, or continuous improvement projects, such as water reclamation.

We achieved a 4.7 percent reduction in our water withdrawals in calendar year 2015. Through 2015, we have reduced water intensity by 29.7 percent since we began working toward publicly stated goals in 2009. This equates to approximately 292 million gallons, or enough water to supply more than 2,000 homes for one year. While all of our plants are focused on water usage reduction, we have prioritized initiatives in our most water-intensive facilities, as they have the largest impact on our overall water use. These targeted efforts are making a significant difference in our overall water reduction results.

**ENERGY & EMISSIONS REDUCTION**

Our progress toward GHG emissions intensity reduction continues to be slower than we anticipated. From 2014 to 2015, GHG emissions have increased from our baseline by 6 percent.

Gains made through capital improvements such as more energy efficient lighting, chillers, air compressors, and other plant systems have been offset by changes in our manufacturing footprint. A key driver of this is increased production of some of our products, particularly coffee. With 94 percent of our GHG emissions produced from electricity, stationary, and stream sources, we continue to pursue opportunities to improve our performance.

**EMISSIONS INTENSITY**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>tCO₂e/tonne EU</td>
<td>1.30</td>
<td>1.25</td>
<td>1.25</td>
<td>1.22</td>
<td>1.19</td>
<td>1.07</td>
<td>1.17</td>
</tr>
</tbody>
</table>

**2015 INITIATIVES**

**MANUFACTURING HIGHLIGHTS**

**WATER**

**BUFFALO, NEW YORK**

The MW-Bone manufacturing facility developed a water usage reduction team, which in 2015 worked to replace water-source heat pumps for air-cooled inverted technology, resulting in plantwide water and cost reductions.

**TOLEDO, OHIO**

Infrastructure upgrades in plant waterlines and pipelines led to a water reduction of 11 million gallons annually.

**CINCINNATI, OHIO**

Since 2009, this plant has reduced its water usage by 46 percent, or 146 million gallons annually, through ongoing projects driven by a sustainability-minded culture.

**OXNARD, CALIFORNIA**

As part of the first phase of a reclamation project, water from strawberry washing is now reused for landscaping around the plant, saving more than 5 million gallons of water annually. The next phase of this project, set for completion in mid-2017, is projected to save another 1 million gallons.

**WASTE**

**SCOTTSVILLE, KENTUCKY**

The hiring of a full-time sustainability technician and the posting of recycling tonnage by month in public areas have helped enhance employee engagement, which has led to a 98 percent waste diversion rate and a trajectory to generate $65,000 in annual revenue from materials sold.

**RENEWABLE ENERGY**

**CHICO, CALIFORNIA**

In 2016, a one megawatt expansion to the existing solar array is projected to save nearly 1,000 CO₂e tonnes.

**2016 CORPORATE RESPONSIBILITY REPORT**

**LEED® CERTIFICATION**

LEED® Certification for construction projects is one way we are realizing Our Vision to construct sustainable workplaces. We have made a commitment to strive for LEED® Certification on major new construction projects. Today, we are proud to have seven facilities that have earned this distinction. Our Heritage Manufacturing Plant in Orrville, Ohio, is pictured here.
Our commitment to doing the right things and doing things right extends beyond the workplace to the communities where we live and work. We strive to be a company that is an integral part of the community by contributing our financial resources as well as our time, talent, energy, and enthusiasm.
WE CONTINUE TO invest in the revitalization of Main Street in our hometown of Orrville, Ohio. Smucker has purchased more than 10 vacant properties in the downtown area, with the goal of significantly renovating the interiors and exteriors of the properties to attract viable businesses to the community. This includes Smucker, which is using one of the locations for additional office space. Loft apartments also have been created in several of the buildings to provide convenient residential options downtown near the revitalized commerce area. This revitalization project does more than just represent the expansion of commercial activity; it also creates a more prosperous and viable downtown area, enhancing the community experience.

LOCAL ECONOMIC DEVELOPMENT

SOCIAL RESPONSIBILITY

OUR COMPANY EXISTS as part of a global social and public environment, and our continued success and sustainability are dependent on the success and sustainability of the local, regional, national, and even global communities of which we are a part. As a good corporate citizen, we have a responsibility to support – financially and in other ways – organizations, projects, and programs, both public and private, that contribute to the well-being of the total social and public environment. It is in the best business interest of the Company and our shareholders, employees, and customers that we contribute to the long-term development and improvement of these communities, organizations, projects, and programs. Our contributions come not only in the form of donated funds, products, and equipment, but also in the form of donated time. The Company encourages involvement by our employees in community activities, as they play an important role as volunteers for many civic and charitable organizations.

THE J. M. SMUCKER COMPANY

46 2016 CORPORATE RESPONSIBILITY REPORT
**COMMUNITY**

**HEARTLAND EDUCATION**

**SHIFTING THE FOCUS** from school to education and shifting the responsibility from school to community. This is the focus of the Heartland Education Community, Inc. (Heartland), which started when a group of Orrville, Ohio, citizens came together in 1991 with a focus on improving education throughout the community. Twenty-five years later, we are proud of the accomplishments this grassroots organization continues to achieve.

Heartland is led by a volunteer steering committee that includes educators, city officials, parents, community leaders, business representatives, social service representatives, and students. Heartland efforts are based on “The Five C’s,” which are fundamental principles about the philosophy of education: Community, Connecting Learning to Life, Critical Thinking, Character Development, and Continuous Improvement.

Through the years, the priorities of Heartland have evolved to serve the changing needs within the Orrville community. Some key accomplishments of the organization include:

- Character education training in partnership with the Institute for Global Ethics;
- Creation of the Character Education Word of the Month initiative, which earned a “Promising Practice” award from the Character Education Partnership in 2011;
- Creation and support of a long-range facilities plan, allowing the Orrville schools to construct new elementary, middle, and high school buildings;
- Creation and ongoing publication of OrrViews, a community newspaper;
- Support of the AmeriCorps Success Mentor program;
- Support of the College Academy program.

Heartland’s current priorities, as determined during the steering committee’s strategic planning session, include:

- Enhancing communication and strengthening the relationship between the Orrville School District and English Language Learner students and their families;
- Assisting the Orrville School District with efforts to increase academic success in STEM subjects;
- Reinforcing the importance of ethical behavior beyond the classroom and within the workplace; and
- Continuing to support the publication of OrrViews community paper.

Heartland also has a physical presence in downtown Orrville called Heartland Point that serves as a community connecting area. Citizens of all ages can participate in lifelong learning classes, hold community meetings, volunteer at the information desk, or informally join friends for a cup of coffee at the café.

Heartland and its programs have received numerous awards throughout the years, including honors from the U.S. Department of Education. More recently, the Orrville City Schools and Heartland received the Ohio School District of Character designation for its commitment to character education. Orrville was one of 35 schools across the country selected as a finalist for the National School District of Character award.

Heartland has been an ongoing supporter of the Heartland Education Community and is proud of the time and talent that our employees have invested in Heartland throughout the past 25 years. The Heartland Education Community embodies our ideas about the ways in which corporate responsibility can help create a better tomorrow.

**EDUCATION FOCUS**

**WE HAVE A** special commitment to education because it is critical to creating better communities for today and tomorrow. Employees at our local plants and facilities frequently volunteer their time and energy to support education initiatives. Many locations participate in Adopt-A-School, literacy, or Junior Achievement® programs in their communities.

**PROGRAMS IMPLEMENTED ACROSS THE COMPANY & LOCATIONS**

Our support of education extends to our own employees. We offer 100 percent reimbursement of tuition costs to employees for Company-approved college courses and offer a scholarship program for children of employees. In addition, the Company matches gifts made by employees to accredited colleges and universities.

Our Company strongly believes in lifelong learning and continuous improvement, which we support through partnerships with local colleges and universities. Smucker has made a significant financial commitment to support ongoing research and student success at The Ohio State University’s College of Food, Agricultural, and Environmental Sciences in Columbus, Ohio. This monetary gift is supporting three scholarship funds within the college in the areas of food science and technology, leadership, and innovation to help prepare students to lead and contribute to Ohio’s food industry. Smucker also provided funding to The University of Akron to develop the Institute for Leadership Advancement at the College of Business Administration. The Institute is creating a framework for educating and training successful leaders through a unique combination of professional development coursework, experiential learning projects, and campuswide forums and workshops.

Additionally, in fiscal 2016, more than 160 college students participated in the Company’s internship program, which provides meaningful on-the-job learning and experience. While internships are structured in a variety of ways, such as year-round work-study programs, all interns execute their assignments as Smucker team members and participate in our “Why We Are, Who We Are” training. Each year, many eligible graduating interns join Smucker in full-time positions, underscoring the effectiveness of this educational program.
CORPORATE CHARITABLE GIVING

FEEDING AMERICA®
For more than 20 years, we have made product and monetary donations to Feeding America®, a nationwide network of charitable food banks, to help relieve hunger. Through this partnership, we are able to maximize the impact on those communities across the U.S. that need it most and make a difference in the communities in which we have facilities. Throughout 2015, in addition to our monetary support, we donated nearly 9 million pounds of Smucker product to food banks across the country—enough food for more than 7 million meals. We also have a long-standing relationship with the Akron Canton Regional Foodbank (ACRF), located near our Corporate headquarters. In 2015, in addition to our monetary support, we donated nearly 700,000 pounds of product, or nearly 600,000 meals, to the ACRF alone. Additionally, many of our employees volunteer their time at the ACRF as part of team-building activities.

BOYS & GIRLS CLUBS OF AMERICA
Smucker is proud to be a national supporter of Boys & Girls Clubs of America, which offers many programs focused on education—particularly literacy, health, nutrition, and character education—all well-aligned with our own business focus and giving philosophy. Our support of Boys & Girls Clubs includes a financial contribution at the national level, and many of our employees donate their time and talents to the local Overville Club. We also make donations to Boys & Girls Clubs on behalf of our suppliers and vendors in lieu of holiday gifts.

BOYS & GIRLS CLUBS OF AMERICA
Smucker is proud to be a national supporter of Boys & Girls Clubs of America, which offers many programs focused on education—particularly literacy, health, nutrition, and character education—all well-aligned with our own business focus and giving philosophy. Our support of Boys & Girls Clubs includes a financial contribution at the national level, and many of our employees donate their time and talents to the local Overville Club. We also make donations to Boys & Girls Clubs on behalf of our suppliers and vendors in lieu of holiday gifts.

CANINE ASSISTANTS®
Since 1997, our Milk-Bone brand has provided annual monetary and product support to Canine Assistants®, a nonprofit training program for service dogs that provide assistance to children and adults with physical disabilities, seizure conditions, or other special needs. In hospitals across the country, Canine Assistants® bring comfort and calm to children who are sick and provide support to individuals with mobility limitations. The dogs also visit schools to bring happiness and security to children with learning disabilities and emotional disorders. Throughout its nearly 20-year partnership, Milk-Bone has sponsored more than 2,000 dogs in the training program and has spearheaded a number of promotional activities to raise awareness for the organization. In early 2014, Milk-Bone partnered with Canine Assistants® to launch the “Dogs Who Changed the World” campaign, a nationwide search for amazing canines that have made an extraordinary impact on the lives of individuals and communities. The campaign highlighted the lives of 10 incredible dogs on the brand’s pet blog, The Noseprint, and was shared with the Milk-Bone brand’s more than 360,000 followers across its social channels.

TEAM USA® SPONSORSHIP
As a proud sponsor of the 2016 U.S. Olympic and Paralympic Teams competing in Rio de Janeiro, Brazil, Smucker provides financial support to the United States Olympic Committee (USOC) in support of Team USA® athletes. Our partnership with the USOC is a natural fit for our Company. Much like Our Purpose of helping to bring families together to share memorable meals and moments, the Olympic Games strengthen bonds between families and friends as Americans come together to celebrate the special moments of our athletes and the Olympic Games.

This sponsorship provides a unique opportunity to reach multiple generations of consumers through exclusive retailer activation, packaging, advertising, digital, and public relations activities for four leading brands—Smucker’s, Folgers, Jif, and Smucker’s Uncrustables®. For example, our Smucker’s brand helped turn America’s passion for a PB&J into a way to support Team USA® athletes by donating $1 to the USOC for every tweet using #PBJ4TeamUSA, with a goal of raising $200,000.

In addition to our USOC sponsorship, Smucker announced partnerships with several Team USA® athletes, including U.S. Olympic and Paralympic champions and first-time hopefuls. Partner athletes provide a connection between our participating brands and the Olympic Games through their personal stories of how our brands help fuel their dreams every day.

As part of our USOC sponsorship, Smucker will make available for all U.S. athletes and coaches a variety of Smucker’s, Jif, Folgers, and Smucker’s Uncrustables products at each of the U.S. Olympic Training Centers and other team venues, including the Athlete Village in Rio. Smucker is also a presenting sponsor of the USOC’s official Team USA® App, which shares the latest news, features, photos, and videos on Team USA®.

Through our USOC sponsorship, we are honored to support the dreams of athletes striving to represent the United States in the Rio Olympic and Paralympic Games.
OUR COMPANY

FOR NEARLY 120 YEARS, The J.M. Smucker Company has been committed to offering consumers quality products that bring families together to share memorable meals and moments. Today, Smucker is a leading marketer and manufacturer of consumer food and beverage products and pet food and pet snacks in North America. In consumer foods and beverages, our brands include Smucker’s®, Folgers®, Jif®, Dunkin’ Donuts®, Crisco®, Pillsbury®, R.W. Knudsen Family®, Hungry Jack®, Café Bustelo®, Martha White®, truRoots®, Sahale Snacks®, Robin Hood®, and Bick’s®. In pet food and pet snacks, our brands include 9Lives®, Milk-Bone®, Kibbles ‘n Bits®, Natural Balance®, and Wifers®. The Company remains rooted in the Basic Beliefs of Quality, People, Ethics, Growth, and Independence established by our founder and namesake more than a century ago. For more information about the Company, visit jmsmucker.com.

NON-GAAP MEASURES

We use non-GAAP financial measures including: net sales excluding acquisitions, divestiture, distribution agreement, and foreign currency exchange; non-GAAP gross profit, operating income, income, income per diluted share; earnings before interest, taxes, depreciation, and amortization; and free cash flow, as key measures for purposes of evaluating performance internally. In addition, non-GAAP income per diluted share and free cash flow are used as components of the Board of Directors’ measurement of performance for incentive compensation purposes. We believe that these measures provide useful information to investors because they are the measures we use to evaluate performance on a comparable year-over-year basis. Non-GAAP measures exclude certain items affecting comparability, which include merger and integration and restructuring costs (“special project costs”) and unallocated gains and losses on commodity and foreign currency exchange derivatives (“unallocated derivative gains and losses”). The special project costs relate to specific merger and integration and restructuring projects that are each nonrecurring in nature and can significantly affect the year-over-year assessment of operating results. Unallocated derivative gains and losses reflect the changes in fair value of our commodity and foreign currency exchange contracts and affect comparability on a year-over-year basis. These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). Rather, the presentation of these non-GAAP financial measures supplements other metrics we use to internally evaluate our businesses and facilitate the comparison of past and present operations and liquidity. These non-GAAP financial measures may not be comparable to similar measures used by other companies and may exclude certain nondiscretionary expenses and cash payments.

FINANCIAL HIGHLIGHTS

Year Ended April 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$7.8</td>
<td>$5.7</td>
<td>$5.6</td>
<td>$5.5</td>
<td>$5.5</td>
</tr>
</tbody>
</table>

NON-GAAP INCOME PER COMMON SHARE – ASSUMING DILUTION(A)

Year Ended April 30 (dollars in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from continuing operations excluding special project costs</td>
<td>$688.7</td>
<td>$565.2</td>
<td>$544.2</td>
<td>$459.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>249.2</td>
<td>284.5</td>
<td>273.1</td>
<td>241.5</td>
</tr>
<tr>
<td>Interest expense – net</td>
<td>171.1</td>
<td>99.4</td>
<td>93.4</td>
<td>79.8</td>
</tr>
<tr>
<td>Depreciation</td>
<td>221.1</td>
<td>157.5</td>
<td>154.1</td>
<td>158.9</td>
</tr>
<tr>
<td>Earnings before interest, taxes, depreciation, and amortization</td>
<td>$1,579.1</td>
<td>$1,185.5</td>
<td>$1,161.6</td>
<td>$1,028.0</td>
</tr>
<tr>
<td>Earnings per diluted share</td>
<td>$4.78</td>
<td>$3.97</td>
<td>$3.80</td>
<td>$3.68</td>
</tr>
</tbody>
</table>

CAPITAL EXPENDITURES

Year Ended April 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
<td>$201.4</td>
<td>$247.7</td>
<td>$279.5</td>
<td>$206.5</td>
</tr>
</tbody>
</table>

FORWARD-LOOKING STATEMENTS

This Report includes certain forward-looking statements about the Company’s business and the Company’s future business plans, initiatives, and objectives. These forward-looking statements are based on the Company’s current expectations, estimates, assumptions, and beliefs concerning future events, conditions, plans, and strategies and are subject to a number of risks, uncertainties, and other factors, many of which are outside of the Company’s control and could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, those described under “Risk Factors” in reports and statements filed by the Company with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

The J.M. Smucker Company is the owner of all trademarks, except for the following, which are used under license: Pillsbury®, the Barnie head logo, and the Doughboy character are trademarks of The Pillsbury Company, LLC; Carnation® is a trademark of Société des Produits Nestlé S.A.; Dunkin’ Donuts®, Dunkin’ Dark®, and Bakery Series® are registered trademarks of DD IP Holder, LLC; Sweet’N Low®, NatraTaste®, Sugar in the Raw®, and the other “In The Raw” trademarks are registered trademarks of Cumberland Packing Corp. and its affiliates; and Douwe Egberts® and Pickwick® are registered trademarks of Jacobs Douwe Egberts. Borden® and Elsie are also trademarks used under license. K-Cup® and Keurig® are trademarks of Keurig Green Mountain, Inc., used with permission. Non-GMO Project® Verified is a trademark of the Non-GMO Project, Inc.
The 2014 baseline recalculation is due primarily to divestitures occurring in 2015 and also to update the greenhouse gas eGrid emission factors for the 2014 Recalculation:


These amounts have been prepared based on the criteria established by the World Resources Institute/World Business Council for Sustainable Development’s The Greenhouse Gas Protocol released an amendment to the Scope 2 guidance which requires emission reporting using two different methods: location based reporting and market based reporting. Location based reporting allows emission factors generated by geography or specific locations such as eGRID, whereas market based reporting utilizes emission factors generated by the specific supplier of electricity. As disclosed by the Company, emissions are calculated based on location based reporting with the exception being one location given historically used and more specific information from the energy provider.

<table>
<thead>
<tr>
<th>Basis of Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The above amounts represent the Scope 1 and Scope 2 greenhouse gas emissions (in metric tonnes CO2e) of the Company for the years ended December 31, 2015 and 2014 that The J.M. Smucker Company prepared for its intended 2016 submittal to the CDP and for presentation in the Company’s Report. These amounts have been prepared based on the criteria established by the World Resources Institute/World Business Council for Sustainable Development’s The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition. The Company additionally uses source specific calculation methodologies established by the Climate Registry: General Reporting Protocol, Version 2.0, and the United States Environmental Protection Agency Mandatory Reporting of Greenhouse Gases: Subpart C. The use of different criteria may result in different measurements.</td>
</tr>
</tbody>
</table>

2014 Recalculation:
The 2014 baseline recalculation is due primarily to divestitures occurring in 2015 and also to update the greenhouse gas eGrid emission factors for the most recent release (2019). These transactions and updates required the 2014 baseline data to be recalculated for applicable comparisons to current period information.

1 The Greenhouse Gas Protocol released an amendment to the Scope 2 guidance which requires emission reporting using two different methods: location based reporting and market based reporting. Location based reporting allows emission factors generated by geography or specific locations such as eGRID, whereas market based reporting utilizes emission factors generated by the specific supplier of electricity. As disclosed by the Company, emissions are calculated based on location based reporting with the exception being one location given historically used and more specific information from the energy provider.