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**Shared  
Goodness**

2021 ESG REPORT

**HERSHEY'S**

# We Are Hershey

## Welcome to Our 2021 ESG Report

Hershey's purpose is to "Make More Moments of Goodness" for our consumers for many generations to come. Integral to achieving that is our holistic sustainability strategy: our Shared Goodness Promise. It guides how we empower the remarkable people who make and sell our brands, interact with farming communities that grow our ingredients, deliver on our commitments to consumers, customers and external stakeholders, protect the environment and support children and youth.

2021 was a testament to the fortitude and perseverance of The Hershey Company, allowing us to ultimately thrive. We continued to deal with the global impacts of the COVID-19 pandemic and the need to address systemic racism in the U.S. This was the year we hit the ground running with ambitious new inclusion goals. A majority of Hershey employees in manufacturing and retail roles continued to work in-person while our corporate staff began a more hybrid approach. The ongoing need for flexible work environments for all employees meant they needed more support than ever before. In addition, the economic consequences of the pandemic made delivering our supportive resiliency programs to cocoa communities more essential than ever.

We stepped up to every challenge, facing them with flexibility, adaptability, compassion and resilience. As we overcame issues, we were constantly reminded: we are stronger together. By putting people first and focusing on what matters most, we ended 2021 stronger and ready for the future.

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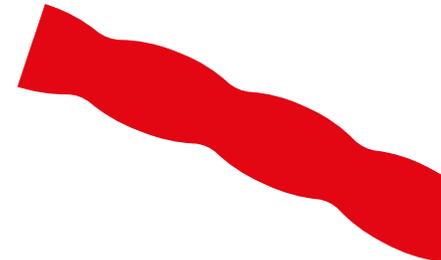
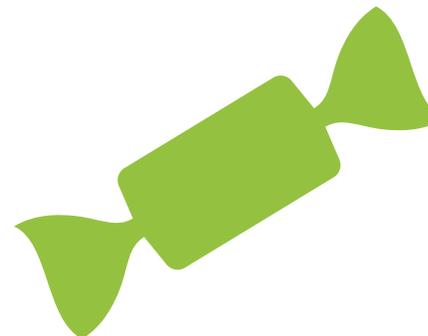
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**We don't just make chocolates and snacks – we make moments of goodness. Through our iconic and emerging brands, we create products that bring people together and make memories.**

Throughout 2021, we were there to create comfort and joy at home and forge connections among those who were socially distant. From snacks at family movie night to baking homemade favorites; from summertime s'mores in the backyard to showing appreciation for essential workers; we were honored to be invited into these important moments and many more.

We love that through our commitments and programs, we wrap each of these special moments in sustainability, creating a tomorrow that's even better than today.

# Sharing More Goodness



# A Message From Michele Buck

**For the last two years, Hershey, along with the rest of the world, has operated under extraordinary circumstances as we navigated the COVID-19 pandemic, supply chain disruptions, changing consumer behavior and global political turmoil.**

This report marks the evolution of our sustainability strategy to a more cohesive model of environmental, social and governance (ESG) commitments that reflect integration of our ESG priorities into our business operations. And never before has this been so important.

In 2021, we delivered a record year in terms of business performance and made significant strides across some of our most important ESG priorities — cocoa sustainability, responsibly sourcing our ingredients, diversity, equity and inclusion (DEI) and our environmental agenda. As we faced challenges and pursued opportunities, it was the commitment we had to one another, and the tremendous agility and flexibility that propelled us forward. Our purpose, to make more moments of goodness, and our values of togetherness, integrity, making a difference and excellence continue to be foundational to who we are, and anchor us as we look forward to the work ahead. Hershey

employees continue to focus on how we can make a positive impact within our business, our communities and around the world.

We've strengthened our efforts within cocoa communities, our top priority across ESG. Our pledge to invest half a billion dollars in these communities by 2030 is translating to meaningful results on the ground, helping to keep children in school, helping to diversify and increase incomes, giving farmers the support to build thriving businesses and protecting the forests around cocoa farms.

This work is complemented by our growing efforts to protect human rights across our value chain. We have been refining both our due diligence work and our transparency in this area, holding ourselves accountable to the people who work within our supply chain, and reporting our progress and challenges in-line with leading disclosure frameworks.

We remain committed to make Hershey a more diverse, equitable and inclusive workplace through our Pathways Project. We've advanced several ambitious DEI goals both within our own workforce and culture and across our supply chain through our Supplier Diversity Program, as well as in our communities. For example, we've expanded our work with diverse-owned talent search firms with 41% of our total candidate search volume sourced through these firms, a 35% increase over our planned goal. In addition, we added 23 Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs) to our roster of universities and schools where we recruit.

In March 2021, we announced a new science-based greenhouse gas reduction goal to cut our absolute Scope 1 and Scope 2 emissions by 50% and our absolute Scope 3 emissions by 25% by 2030, against a 2018 baseline. We've made significant progress and are almost halfway to achieving our goals as a result of focused and innovative efforts by our teams.

Through all of the change brought on by the pandemic, evolving consumer behavior and the continued conversations on race and equity, I find myself once again honored to work alongside such dedicated, innovative and caring people.

Our ESG priorities, while ambitious are achievable, and we remain focused on the important work of embedding these priorities within our short and long-term business strategies. I have great confidence in our ability to create positive change for our business, our communities and our world, and I look forward to another year of progress, evolution and making a difference for our many stakeholders and partners.



**Michele Buck**  
Chairman, President and CEO,  
The Hershey Company

“

**Through all of the change brought on by the pandemic, evolving consumer behavior and the continued conversations on race and equity, I find myself once again honored to work alongside such dedicated, innovative and caring people.**



# Spotlight 2021

We want to drive positive and lasting change around the world. Using our expertise and strong partnerships, we're responding to global challenges with local care.

## Supporting Our Communities Through COVID-19

The global pandemic continued to impact communities around the world throughout 2021. When the Delta variant threatened in-person learning in fall 2021, we revived our mask distribution program. We dispatched over 575,000 masks to nonprofits and students across dozens of school districts. When the pandemic devastated India, our local team acted rapidly by distributing 500 oxygen concentrators to hospitals across the country. In addition, we made a \$50,000 commitment with nongovernmental organizations (NGOs) GiveIndia and Milaap to assist hospitals with procuring ventilators, oxygen concentrators and cylinders. Our Hershey Brazil team donated \$169,000 for pandemic relief, which was used to provide food baskets, hospital materials and equipment. In the U.S., we organized multiple on-site vaccine clinics for employees and their dependents (aged five and over) who wanted to get vaccinated or receive a booster shot. We also continued our flexible working conditions so that corporate employees could keep working from home and via a hybrid in-office work environment. We focused on the health and safety of all our employees working in-person by continuing to provide proper personal protective equipment (PPE), COVID-19 antigen home tests and physically distanced workspaces.

**More information about Hershey's actions providing pandemic support in 2021 may be found throughout the 2021 ESG Report.**



## Becoming Stronger Together

Investing in our people is always a worthwhile investment. From building more inclusive workplaces to supporting employee wellness, we are continuously finding more ways to better support the Hershey workforce of today and tomorrow. Through our Pathways Project we committed to achieving a college recruiting portfolio that is at least 50% diverse. To help us meet this target, we added 23 Historically Black Colleges and Universities (HBCUs) and Hispanic-serving Institutions (HSIs) to our roster of schools we recruit from. We are also incredibly proud to have been named as the World's Top Female Friendly Company by Forbes for the inaugural ranking. We continue to offer SmartFlex benefits programs that enable employees to achieve a better work/life balance and our programs to provide resources that support physical and mental health.

**For more information, see page 67.**

## Making a Bigger Commitment to Combat Climate Change

Addressing climate change and meeting the goals of the Paris Agreement demands change in how our world works and the way we use resources. To play our part, we announced science-based greenhouse gas (GHG) reduction goals in March 2021. The goal commits us to cutting our absolute Scope 1 and Scope 2 emissions by 50% and our absolute Scope 3 emissions by 25% by 2030, against a 2018 baseline. We're already taking action to meet our goal, including signing power purchase agreements (PPAs) that will enable the construction of three new utility-scale solar farms. We also made substantial progress toward our Scope 1 and 2 emissions targets through improvements in energy efficiency. To reduce value chain emissions (Scope 3), we committed to eliminate commodity-driven deforestation from our ingredient supply chains by 2030 and are investing in sustainable packaging solutions.

**For more information, see page 49.**



## Working to Eliminate Child Labor in Cocoa

Our investment in cocoa communities is continuing to help improve lives in West Africa. To monitor, prevent and remediate instances of child labor, we remain committed to 100% sourcing visibility by 2025 for farmers in Côte d'Ivoire and Ghana, and continue to ensure 100% of the cocoa volume we source in these countries is covered by a Child Labor Monitoring and Remediation System (CLMRS) by 2025. In 2021, Hershey supported CLMRS covered nearly 103,000 children, and we expect to increase that to approximately 125,000 children by 2025. In addition, through our Energize Learning school feeding program, Hershey is distributing ViVi, a highly nutritious peanut-based therapeutic food, to 45,000 children daily in Côte d'Ivoire and Ghana.

**For more information, see page 24.**

# Our ESG Priorities

We are using our ESG priorities and robust understanding of our most material issues to inform and shape our business strategy.

Our aim is to deeply embed sustainability and responsibility into the fabric of our organization through our policies, strategies and processes. From resilient cocoa communities and sustainably produced snacks to a legacy of kindness in our communities, we have also aligned what matters most to us to the Sustainable Development Goals (SDGs) we can help advance.



## Cocoa

Supporting the communities and environments behind our most essential ingredient.

- Improve farmer incomes and livelihoods.
- Eliminate child labor and improve children’s nutrition.
- Protect the environment.



## Responsible Sourcing and Human Rights

Using robust due diligence and leading standards to protect people across our value chain.

- Ensure ingredients are sourced responsibly.
- Ensure our suppliers meet our sourcing requirements.



## Environment

Constantly enhancing our operations to meet high-impact climate, waste and packaging goals.

- Address climate change through science-based GHG emissions targets.
- Reduce the impact of plastics and packaging.



## Our People

Creating more ways for more people to be themselves and thrive.

- Accelerate inclusion.
- Amplify Hershey people and culture.



## Youth

Giving youth the tools to create compassionate, successful and connected futures.

- Help children succeed through education, nutrition and social-emotional well-being.



## Community

Fostering a culture that cares – and actively makes a difference where we live and work.

- Improve lives across the communities where we live and work.

Through our ESG priorities we support the following SDGs:



# Progress Against Our Priority Goals

Goals	Target Year	Progress (as of Dec. 31, 2021)
<b>COCOA</b>		
100% independently verified cocoa	2020	<b>Achieved</b> 100%
100% sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	<b>On Track</b> 68%
100% of farmers producing Hershey's cocoa volume in Côte d'Ivoire and Ghana are polygon mapped by our suppliers to improve traceability and monitor deforestation <sup>1</sup>	2025	<b>On Track</b> 46%
100% of farmers producing Hershey's cocoa volume in Côte d'Ivoire and Ghana are covered by Child Labor Monitoring and Remediation Systems (CLMRS) to prevent, monitor and remediate child labor <sup>2</sup>	2025	<b>On Track</b> 62%

Goals	Target Year	Progress (as of Dec. 31, 2021)
<b>RESPONSIBLE SOURCING AND HUMAN RIGHTS</b>		
100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume) <sup>3</sup>	2025	<b>On Track</b> 78%
85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	<b>On Track</b> 25%

1 Beginning in 2021, to be considered polygon mapped, all farm plots managed by the farmer must be mapped, as defined by the World Cocoa Foundation. Previously, a farmer was considered polygon mapped if at least one plot of land was mapped.  
 2 This refers to households covered by CLMRS.  
 3 This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2021. This definition varies by ingredient and is subject to change as Hershey's responsible sourcing programs evolve. More information may be found in the Responsible Sourcing Ingredient Commitments and Progress table on page 47.  
 4 Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based).  
 5 The initial goal was achieved five years ahead of schedule in 2020. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030.  
 6 POC refers to Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.

Goals	Target Year	Progress (as of Dec. 31, 2021)
<b>ENVIRONMENT</b>		
50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline <sup>4</sup>	2030	<b>On Track</b> 48%
25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	<b>On Track</b> 18%
100% of plastic packaging to be recyclable, reusable or compostable	2030	<b>On Track</b> In 2021, we began initial recyclability research and machine ability trials. In 2022, we are focused on converting flexible packaging to recyclable structures.
25 million pounds of packaging to be eliminated <sup>5</sup>	2030	<b>On Track</b> 9.5M

Goals	Target Year	Progress (as of Dec. 31, 2021)
<b>OUR PEOPLE</b>		
Achieve pay equity for similar job categories across our global salaried employees	2025	<b>On Track</b> In 2020, we achieved 1-to-1 aggregate gender pay equity for salaried employees in the U.S. (excluding recent acquisitions) and in 2021, we achieved 1-to-1 aggregate POC pay equity for salaried employees in the U.S. (excluding recent acquisitions). We seek to maintain existing achievements and continuous improvement on pay equity for similar job categories throughout our organization.
47-50% women representation across all employees globally and 30-40% people of color (POC) representation across U.S. employees <sup>6</sup>	2025	<b>Achieved</b> 47.7% women globally <b>On Track</b> 24.6% POC in the U.S.
50% hazard reduction for job functions with ergonomic risks through process improvements	2025	<b>On Track</b> 17%

Goals

**Target Year** **Progress**  
(as of Dec. 31, 2021)

YOUTH



**50 million** children globally supported through education, nutrition, and social and emotional well-being<sup>1</sup>      2025      **On Track**  
15.4M

**100,000** children take Heartwarming actions and impact their communities<sup>2</sup>      2025      **Achieved**  
128,800 children

<sup>1</sup> More than 15.4 million children were supported, cumulatively from January 1, 2020 to December 31, 2021.  
<sup>2</sup> More than 128,800 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2021.

Goal

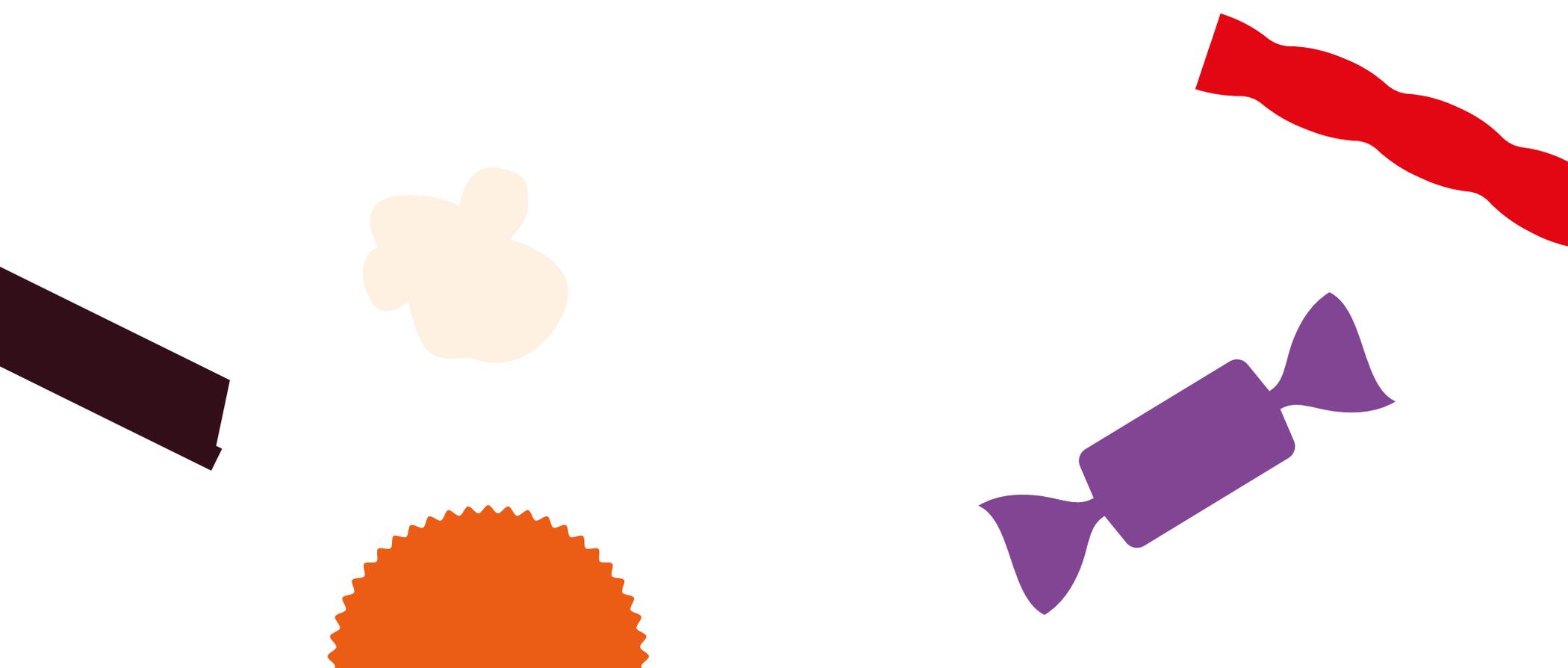
**Target Year** **Progress**  
(as of Dec. 31, 2021)

COMMUNITY



**\$105 million** donated in cash and products to community partners focused on education, community economic development, inclusive communities and health and human services where we live and work<sup>3</sup>      2025      **On Track**  
\$43M

<sup>3</sup> Hershey donated \$43 million in cash and products cumulatively from January 1, 2020 to December 31, 2021.



# Awards and Recognition

## Global



### DiversityInc 2021:

- Top Companies for ESG
- Top Companies for Latino Executives
- Top Companies for LGBTQ Employees
- Top Companies for Executive Diversity Councils
- Top Companies for Philanthropy

## U.S.



## Canada



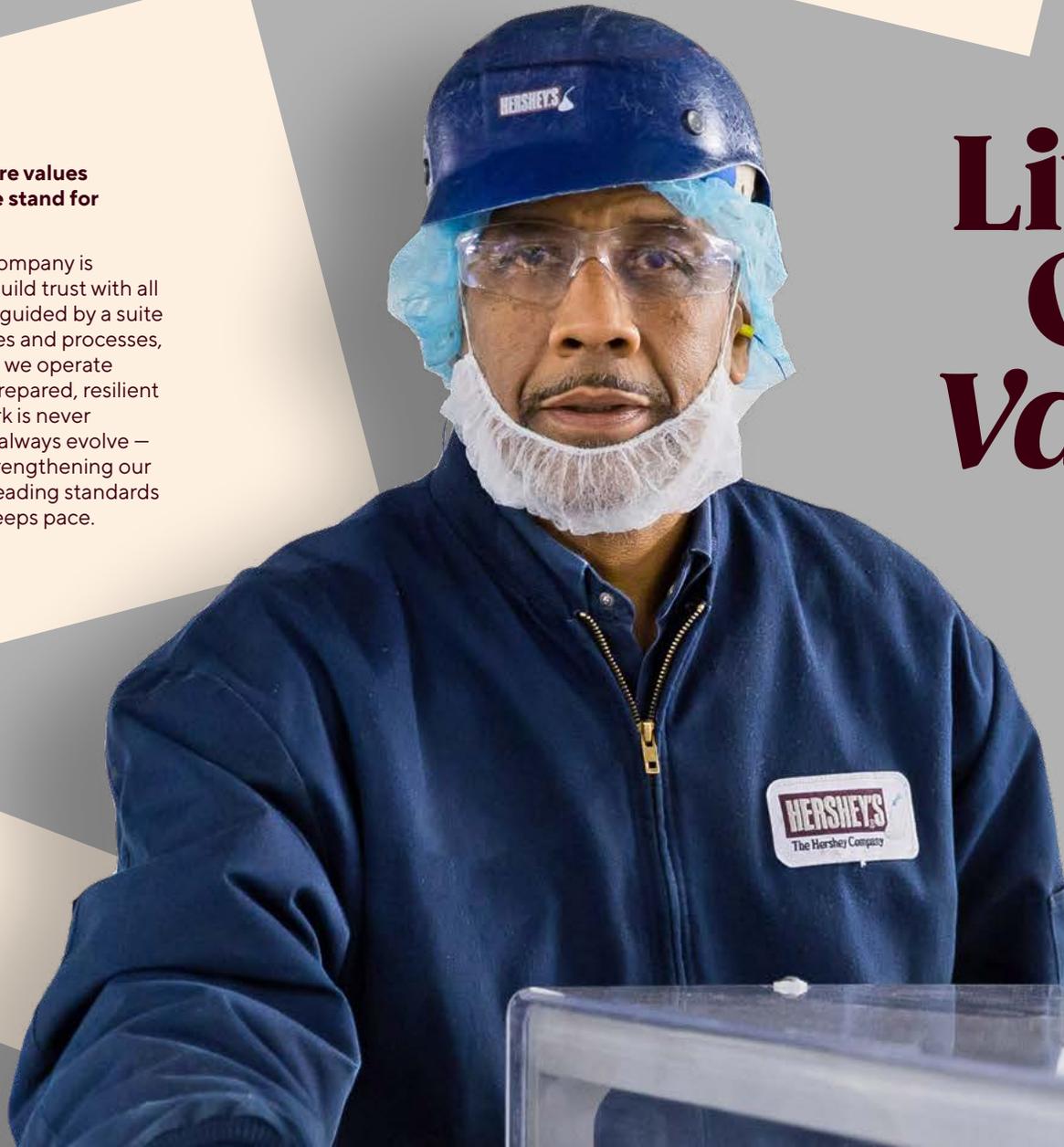
## Brazil



**Integrity is one of our core values and is central to what we stand for as a company.**

Operating as an ethical company is fundamental to how we build trust with all our stakeholders. We are guided by a suite of carefully crafted policies and processes, developed to ensure that we operate responsibly and remain prepared, resilient and competitive. This work is never finished — best practices always evolve — and we are continually strengthening our approach and adopting leading standards to ensure that Hershey keeps pace.

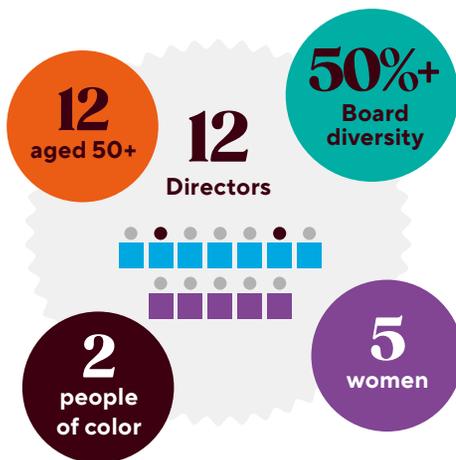
# Living Our Values



# Corporate Governance

Hershey prioritizes working with integrity and being transparent in all we do. Committed to living our values, we have developed robust policies and procedures to act responsibly across our operations and supply chain. We regularly review our processes to align with the changing regulatory landscape.

## Our Board<sup>1</sup>



The Board of Directors oversees our strategies, including our holistic ESG strategy — our Shared Goodness Promise, all significant decisions and business performance. This includes compliance with legal and regulatory requirements, our Enterprise Risk Management (ERM) program and the key risks it identifies, the integrity of our financial statements and the management of succession planning and compensation policies. The Board committees conduct in-depth reviews of significant issues to help manage these responsibilities.

In 2021, our Corporate Governance Guidelines were updated to clarify the Board's role in overseeing all ESG matters, including our ESG strategies, priorities, progress, risks and opportunities. All Board committee charters were enhanced to include oversight of each committee's relevant ESG responsibilities and reporting requirements.

While various ESG-related matters have been included in our ERM process since at least 2018, we expanded our enterprise risk portfolio to reflect ESG as a standalone risk beginning in 2021. We further expanded our portfolio in 2022 to include human capital as well as climate and environment as enterprise-level risks along with ESG.

For more information on our Board committees, ESG oversight and responsibilities and approach to executive compensation, see our [2022 Proxy Statement](#).

## Governing ESG at Hershey

Our ESG and sustainability governance model includes a multi-level operating structure to ensure we are aligned on the most important issues facing the company and allocating resources to drive progress within our Shared Goodness Promise. Accountability for managing ESG and sustainability resides with the Vice President of Global Sustainability and Corporate Communications, who reports to our Chief Supply Chain Officer.

## Board of Directors

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



### Executive Committee

Our CEO and her direct reports conduct at least quarterly reviews of our Shared Goodness Promise strategy, data and progress against our commitments and targets, as well as emerging ESG and sustainability challenges and opportunities.



### ESG Advisory Committee

Established in 2021, this group of executive team members and senior leaders meets bimonthly to review ESG strategic direction and delivery, governance and proposed ESG-related investments. The committee reviews and provides input on key decisions related to our global ESG and sustainability programs, including review of enhanced disclosures and policy changes.



### Disclosure Committee

In 2021, Hershey expanded its Disclosure Committee to include the Vice President of Global Sustainability and Corporate Communications to ensure consistent disclosures across the company's financial and ESG reporting.



### Sustainability Steering Committee

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



### Global Sustainability Team

Led by our Vice President of Global Sustainability and Corporate Communications, this team is composed of ESG experts and leaders from across the business who manage the strategy, implementation and reporting of our global ESG and sustainability initiatives. The Global Sustainability team communicates regularly with external stakeholders who provide valuable perspectives on our program decisions and focus.

## Our Policies

Our Code of Conduct (the Code) reflects who we are and what's important to us, and emphasizes our commitment to acting ethically. It provides the policies and guidelines that define how we do business, including, among others, those with respect to anti-corruption, antitrust, whistleblower protection and health and safety. All our directors and employees receive annual training on the Code and must verify that they have read and agree with the principles it outlines.

We also maintain several policies that control how we responsibly source key ingredients and the standards and behaviors we expect from our suppliers. Other ESG policies relate to environmental management, human rights, food safety and other key concerns for our company. Our policies are publicly available on our website.

### Lobbying and Transparent Policy

Consistent with our Code, Hershey does not make political contributions and only engages in corporate political activities through the Hershey Political Action Committee (PAC). Funds raised through the PAC, which is made up of voluntary employee contributions, are used to support elected officials who demonstrate a commitment to the growth and prosperity of our business, the communities in which our employees live, and whose values and goals align with The Hershey Company's vision and Code of Conduct.

All contributions are disbursed pursuant to our internal contribution guidelines and in accordance with applicable election laws. All PAC contributions are bipartisan and given equally to both major political parties at the federal and state levels.

Corporate funds are used to support or advocate for issues, legislation or referenda of importance to Hershey and our shareholders. These funds, classified under the U.S. Internal Revenue Code as non-deductible lobbying expenditures, are paid primarily to industry trade associations and support the salaries of our internal Government Relations personnel. In accordance with the Lobbying Disclosure Act of 1995, our company files quarterly lobbying reports, outlining the company's federal-level advocacy work. We also publish an Annual Report of Lobbying and Advocacy Expenditures on the Investors section of our website annually.



# Materiality

We routinely conduct materiality assessments to ensure that Hershey focuses on the issues that are of greatest importance to our stakeholders and works effectively to meaningfully address them. Our latest materiality assessment was completed in 2020.

## Assessment Process

We align our materiality methodology with the Global Reporting Initiative (GRI) Standards. This consists of interviews, surveys and workshops with key internal and external stakeholders across our value chain, including Hershey managers across different functions, investors, NGOs, think tanks, suppliers and industry associations.

The resulting findings identified a total of 33 issues, which cover impacts to our people, the planet and our business; with 11 being the most material:

- **Business operations and supply chain resilience**
- **Child labor**
- **Climate change**
- **Deforestation**
- **Farmer livelihoods**
- **Food safety**
- **Forced labor**
- **Human rights**
- **Packaging and plastics**
- **Responsible and ethical business**
- **Responsible sourcing**

Please note that all 33 issues identified on the matrix are important and interconnected and should not be considered in isolation.

For a full list of definitions for each of our material topics, see pages 35 – 38 in our [2020 GRI Report](#).

We also recognize that investors and other stakeholders are interested in what Hershey is doing on topics identified as material by the Sustainability Accounting Standards Board (SASB). Our [SASB report](#) can be found on our website.

## Stakeholder Engagement

Our relationships and ongoing dialogue with stakeholders are an important part of our Board’s ESG commitment. We engage in continuous dialogue throughout the year with NGOs, customers, investors, government officials and other stakeholders to discuss our ESG performance. Additionally, feedback from our employees is sourced via our Business Resource Groups (BRGs), Green Teams, surveys and ad hoc through direct engagement with the company’s Global Sustainability team. We remain committed to fostering transparent dialogue with stakeholders as our ESG programs evolve.



# Our Snacks Portfolio

We craft snacks that work for every occasion — from indulgent treats for special moments to energy-boosting options that support a healthy lifestyle. We use quality ingredients and leading manufacturing standards and provide user-friendly nutrition information on our packaging to offer trusted snacks that are safe and delicious.



# Nutrition, Innovation, Choice and Transparency

## Hershey was built on making great-tasting snacks accessible.

In the more than 125 years we've been in business, tastes have changed. We started by making chocolate available to all. Today, consumers have a variety of snacking needs, including some who are seeking balanced, permissible snacking options.

We're stepping up with a full spectrum of snacking opportunities by offering more better-for-you (BFY) options that help those who love our brands enjoy snacks they love while still meeting their health and wellness goals.

We'll always provide classic Hershey treats for moments of indulgence like our *HERSHEY'S* bars and *REESE'S* Peanut Butter Cups, but we're also focusing on creating products that meet a range of consumers' needs and snacking occasions throughout the day, including popcorn, puffs and pretzels (3Ps).

As part of our focus on 3Ps, we added the fastest growing pretzel brand in the U.S. to The Hershey Company when we finalized our acquisitions of Dot's Pretzels, LLC ("Dot's") and Pretzels Inc. ("Pretzels") in December 2021. Together, Dot's and Pretzels manufacture and distribute filled, gluten-free and seasoned pretzels and other salty snack food products to retailers and distributors in the U.S.

For consumers who want to cut their sugar intake, we expanded the zero sugar product offerings in 2021, and also acquired Lily's Sweets, LLC ("Lily's"), a maker of no sugar added snacking options, including dark and milk chocolate style bars, baking chips, peanut butter cups and other confection products. In addition, our investment in Bonumose will help us champion the use of innovative sugars in our snacks.

Beyond offering snacks with smaller portion sizes, such as Thins, our research inspired us to make new moments with the up to 40 million U.S. adults who are looking for chocolate products that are organic, plant-based or made with independently verified cocoa. To meet these preferences, we launched organic REESE'S Peanut Butter Cups, organic HERSHEY'S bars and are exploring plant-based versions of our *HERSHEY'S* brand products.

Beyond innovation in formulations, we are focused on improving transparency in ways that support consumer awareness and choice. We maintain a Food Claims Review Council in the U.S. that acts as a collaborative, cross-functional team of regulatory, nutrition and legal partners. The Council provides guidance on product claims, labeling, marketing and advertising early in the innovation process to ensure products are compliant and address consumer needs.

In addition, we helped develop an industry-wide technology for U.S. products called SmartLabel™. With a simple scan of a QR code on the product package, consumers are taken to the Hershey SmartLabel™ page and provided with a wide range of product information including information on nutrition, ingredients and their definitions, allergens and whether the product is gluten-free.



# Excellence in Food Safety

## Hershey maintains some of the highest food safety production standards in the industry.

We go beyond compliance with national and international standards, and every part of our manufacturing process is subject to rigorous auditing and oversight.

We maintain a Product Excellence Program (PEP), which is our Quality Management System for Food Safety, Regulatory Compliance and Product Quality. PEP is focused on identifying, reducing and eliminating risk throughout product design, supply chain, production and distribution.

Our Quality and Regulatory Compliance team continually reviews and evaluates emerging regulations and industry practices to ensure PEP is meeting the latest requirements and best practices. PEP's elements meet or exceed current Global Food Safety Initiative (GFSI) standards. In addition, all Hershey-owned manufacturing facilities are GFSI certified, which is an independent verification of the strength of our food safety and quality systems.<sup>1</sup> But our success is more than our programs — people are at the core.

All Hershey products are designed and produced under a hazard analysis and risk-based preventive controls (HARPC) approach, which is part of the U.S. Food Safety Modernization Act.

To drive the right behaviors around food safety and quality, we have standardized our manufacturing facility personnel onboarding and annual refresher training. This training is required for 100% of our manufacturing facility employees and is incorporated into the integration process for any acquired manufacturing facilities. Additionally, specific food safety and quality training programs were created and implemented for Hershey quality assurance, engineering, compliance and marketing professionals.

### Food Safety in Our Value Chain — and Beyond

Hershey sources 100% of ingredients from suppliers approved through the Hershey Supplier Quality Management Program, which is defined and executed in compliance with applicable GFSI and regulatory requirements. Hershey has also been working with suppliers to help them achieve certification under a recognized GFSI standard and has made great progress toward the goal of sourcing 100% of our ingredients from GFSI-certified suppliers. As of the end of 2021, 93.8% of our suppliers globally have achieved certification, covering 99.8% of our sourced ingredients by spend.

In 2021, we became a member of the Alliance to Stop Foodborne Illness (STOP), a national nonprofit that brings together food industry companies, industry members and the Food and Drug Administration. The Alliance is collaboratively designing and implementing innovative and tailored programs to integrate motivational elements of personal stories into food safety culture and training programs. In addition, the Alliance is building broader education and awareness by engaging small and medium companies across the supply chain.



For a summary of our goals and KPIs on this topic, see [page 19](#).



<sup>1</sup> References to the GFSI certification of our facilities and ingredients suppliers do not include any facilities or suppliers associated with Lily's, Dot's, or Pretzels.

# Marketing Responsibly

**We are committed to responsibly marketing our products. Our strong values guide our behavior in all aspects of our brand-building work and consumer communications.**

We respect that caregivers play a crucial role in teaching children healthy eating habits and the appropriate role of treats and snacks in a balanced diet. We support this parental gate-keeping role, particularly for children under the age of 12.

Our marketing principles stress responsible practices, particularly in relation to children. Hershey is a member of the U.S. Children's Food and Beverage Advertising Initiative (CFBAI), which is a voluntary self-regulation program created to improve the landscape of food advertising directed at children. Under our individual [CFBAI pledge](#), we commit to not engaging in advertising primarily directed at children under the age of 12. For measured media, like television, radio and print, we do not advertise on shows where 30% or more of the annual audience on average is composed of children under the age of 12.

For unmeasured media, like websites, video-sharing platforms or social media services, we use a multi-factor analysis to determine whether the media is child-directed, including audience composition data (where available), the nature of the site's content and platform content identifier tools. We also do not use third-party licensed characters for child-directed advertising.

We submit data and information annually to the CFBAI demonstrating compliance with our commitments. [CFBAI's](#) most recent compliance and progress report, which addresses the performance of Hershey and all other participating companies.

In Canada, we participate in the Canadian Children's Food and Beverage Advertising Initiative (CAI), overseen by Advertising Standards Canada, which commits us to similar standards and principles as the CFBAI in the U.S. [CAI's](#) most recent compliance and progress report, which addresses the performance of Hershey and all other participating companies.

In June 2021, the leading food and beverage trade associations in Canada announced a new version of the voluntary code for advertising to children, effective in mid-2023. Hershey will comply with the updated version of the voluntary code when it comes into force.

By agreement, we allow selected third parties to display our well-known brands on a variety of high-quality food and non-food items to be sold in various outlets throughout the world. We are also proud of the positive role our products play in raising funds for a wide range of organizations and programs, including elementary and secondary schools. That said, in conformance with our voluntary pledges in the U.S. and Canada, we do not advertise our products to children in elementary schools and we do not license our brands for use on educational material or materials intended for use primarily in elementary schools.



# Staying Agile Through Change

The pandemic has completely transformed the marketplace. To sustain our business today and thrive in the future, we're using innovation to adapt to a new reality.

## Using Technology to Rapidly Respond to Evolving Consumer Tastes

In October 2021, we opened our newly renovated Global Customer Insights Center (GCIC) at Hershey's Pennsylvania headquarters.

The GCIC is a part of Hershey Insights Centers and now offers virtual and in-person services to bring Hershey's thought leadership on initiatives driven by shopper insights to life.

We have always seen customer collaboration as critical to helping our retail partners unlock growth through our own unique shopper insights, knowledge of industry trends and access to the latest technology shaping today's retail environment.

The following centers offer distinct capabilities to build on:



### 1 Global Customer Insights Center (GCIC)

Lab stations inside the GCIC offer interactive content for retail partners to see collaborative strategies brought to life. These environments include pay points, seasonal solutions and in-aisle merchandising strategies with special areas dedicated to food service and global licensing capabilities.



### 2 Mobile Customer Insights Center (MCIC)

First launched in 2018, the 53-foot expandable tractor-trailer includes a collaborative workspace that seats up to 15 people. It offers customers who cannot travel to Hershey a similar experience to the GCIC at their locations. After nearly two years of inactivity due to pandemic restrictions, the MCIC kicked off a national schedule of customer visits to all channels starting in February 2022.



### 3 The Hershey Insights Network (HIN)

HIN is a virtual platform for Hershey to remotely engage with its partners. Operating like a live television newsroom, it is equipped with a multi-camera studio and green-screen capabilities to deliver solutions to retail partners who may be unable to travel. The HIN was developed in response to the pandemic but has become a way to further enhance customer collaboration sessions happening inside the GCIC.

## Data Protection and Privacy

We respect the privacy of our consumers, customers, employees and others with whom we conduct business, and we handle their personal information with care. We are committed to complying with data privacy laws that prescribe how to responsibly collect, store, use, share, transfer and dispose of personal information wherever we operate.

# Our Progress

## KPIs

FINANCIAL PERFORMANCE	2021	2020	2019
Countries in which our products are marketed	80	85	85
Number of countries in which our products are manufactured	6	6	6
Manufacturing facilities: wholly owned/joint ventures	15	14	15/1
Consolidated net sales (USD in millions)	\$8,971	\$8,150	\$7,986
Shareholder return	29.6%	5.91%	40.2%
Adjusted diluted earnings per share (USD)	\$7.19	\$6.29	\$5.78
Income taxes paid (USD in millions)	\$275.2	\$215.5	\$238.1
Worldwide payroll (USD in millions)	\$924	\$863	\$834
One year net sales growth	10.1%	2.1%	2.5%
Investment in R&D (USD in millions)	\$40.1	\$37.6	\$37.1
Number of brands	>100	>90	>80
Weight of products sold (metric tons) <sup>1</sup>	1,085,720	1,027,447	907,205

<sup>1</sup> The weight of products sold result for 2019 reflects weight of product produced at Hershey-owned facilities, not weight of products sold.

FOOD SAFETY AND NUTRITION	2021	2020	2019
Revenue from products labeled and/or marketed to promote health and nutrition attributes (USD in millions) <sup>2</sup>	\$644.4	\$520.8	\$432.3

<sup>2</sup> These values represent revenue from our snacks portfolio, which includes ready-to-eat popcorn with no artificial ingredients, baked and trans-fat-free snacks, protein bars and other better-for-you snacks.



**Cocoa remains a key priority for Hershey. In sourcing cocoa for some of the world’s most iconic chocolate brands, Hershey seeks to promote Shared Goodness for all stakeholders.**

Our Cocoa For Good strategy is designed to address systemic social and environmental challenges in cocoa communities and help create a resilient future. Child labor, poor nutrition and deforestation are all symptoms of poverty. Through Cocoa For Good and our commitment to invest \$500 million in cocoa communities by 2030, Hershey seeks to contribute to disrupting the cycle of poverty in these communities. The portfolio of programs under our Cocoa For Good strategy works to improve cocoa farming as well as diversify incomes at the household level, educate families on the value of savings, empower communities, foster women’s leadership and improve the quality of nutrition and access to education.



# Responsibly Sourcing Cocoa

# Cocoa For Good



## We're working to make cocoa-growing communities stronger for generations to come.

To do so, we have a clearly defined strategy that seeks to:

-  **Improve farmer incomes and livelihoods.**
-  **Eliminate child labor and improve children's nutrition.**
-  **Protect the environment.**

### Purpose

To support the people in the communities where Hershey sources its cocoa and support our business objectives to source cocoa that is socially and environmentally responsible.

### Principles

- We listen to farmers and their families and engage with local communities and governments in cocoa origin countries, incorporating their feedback and supporting people-led change.
- We partner with like-minded organizations to drive change at scale.
- We track our performance and share our successes and learning opportunities.

### Practices

We focus on four key interconnected areas of impact:

- **Nourishing Children**  
We provide improved nutrition for schoolchildren and training to support home-based food security and children's nutrition.
- **Empowering Youth**  
We work with communities to combat child labor, improve the quality of education and encourage children to remain in school. We also work to equip youth with life and business skills and resources to break the cycle of poverty in their communities and become tomorrow's leaders.
- **Prospering Communities**  
We economically empower women and partner with suppliers to provide training and financial support to cocoa farmers and their families to grow their business and diversify and stabilize their household income.
- **Preserving Ecosystems**  
We advance environmentally responsible agricultural practices and promote agroforestry and shade-grown cocoa. We use polygon mapping to improve traceability, understand how and where cocoa is being grown and monitor deforestation risk using satellite technology.

### Partners

We work with experts from stakeholder groups — including suppliers and partners — to support field, farmer and community interventions. We also support public-private initiatives that align with our impact areas.

In 2021, our partners included:

- **Nourishing Children**  
Helen Keller International, International Cocoa Initiative (ICI), Jacobs Foundation, Project Peanut Butter, Government of Côte d'Ivoire National Nutrition Council, Government of Côte d'Ivoire National Nutrition Programme (PNN), Innovations for Poverty Action (IPA), Government of Ghana Ministry of Gender, Children and Social Protection, Government of Ghana School Feeding Programme.
- **Empowering Youth**  
Aflatoun, INADES Formation, CARE International, ICI, Jacobs Foundation, Save the Children, Government of Côte d'Ivoire Ministry of Education and Literacy, Otumfuo Osei Tutu II Foundation (Ghana).
- **Prospering Communities**  
CARE International, Farmerline, ICI, Ipsos, Espoir+, Empow'Her, PDA NGO, &Wider, United States Agency for International Development (USAID), Vert+, World Cocoa Foundation.

### Preserving Ecosystems

Government of Côte d'Ivoire Rural Land Agency (AFOR), Audace Institut Afrique (AIA), Government of Côte d'Ivoire Ministry of Water Resources and Forests (MINEF), German Agency for International Cooperation (GIZ), Impactum, Meridia, Nature Conservation Resource Center Ghana (NCRC), Ghana Cocoa Board, Government of Ghana Ministry of Lands and Natural Resources, Ghana Forestry Commission, PUR Project, USAID, Unilever, Winrock, World Cocoa Foundation, Sourcemap.

### Suppliers

Albrecht & Dill Trading Company, Atlantic Cocoa Company, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa & Chocolate, Ecuakao Processing SA, FCStone, General Cocoa Company, Guan Chong Cocoa, Indcresa Productos del Cacao, JB Cocoa, LIFE BV, Olam International, Plot, Tafi SA and United Cocoa Processor, Inc.



# Deeply Committed to Responsibly Sourcing Cocoa

**Hershey's ability to live its purpose of Making More Moments of Goodness is supported by evolving sustainability practices, as well as input from, and impact on, our stakeholders.**

As we deliver on our cocoa commitments, we continue to evolve our ways of working, improve transparency for our key stakeholders and provide consumers with robust assurances about our products. We strive to create transparent and measurable policies that keep Hershey accountable to our goals, allow stakeholders to track our progress and create alignment among our global teams.

In line with our commitment to provide clarity around our specific cocoa sourcing initiatives, we have defined and provided additional context around our key priorities:

## **100% Independently Verified Cocoa**

All of our suppliers must agree to the [Hershey Supplier Code of Conduct](#) before delivering cocoa to us. To continue to deliver on our commitment of 100% independently verified cocoa, which we achieved in 2020, we collaborate with third-party certifiers, including the Rainforest Alliance and Fair Trade USA, as well as independently verified programs through our suppliers.

**By 2025, we aim to achieve 100% sourcing visibility in Côte d'Ivoire and Ghana by requiring that 100% of farmers producing Hershey's cocoa volume in these countries are:**

- Polygon mapped by our suppliers to improve traceability and monitor deforestation; and
- Covered by Child Labor Monitoring and Remediation Systems (CLMRS) to prevent, monitor and remediate child labor.

Farmer groups and farmers participating in our Cocoa For Good strategy in Côte d'Ivoire and Ghana together supply a significant amount of the cocoa we purchase worldwide. Clear visibility into how and under what conditions the cocoa we source is grown and cultivated enables us to implement programs that focus on helping to improve farmer incomes, eliminate child labor and protect the environment. Understanding the origin of cocoa is essential to ensure that it meets our human rights and environmental requirements.

Responsibly sourcing cocoa and prioritizing our human rights and environmental requirements requires collaboration between the public and private sectors including governments, our suppliers, farmers and manufacturers. Our commitment to improve farmer livelihoods and incomes is unwavering, and we will continue to drive our requirements and evolve as we learn to benefit farmers, their families and their communities.

As of December 2021, we achieved 68% sourcing visibility of our cocoa volume originating from Côte d'Ivoire and Ghana, on track to reaching our 2025 commitment.

While Côte d'Ivoire and Ghana continue to be the countries where the majority of our programming is focused, in 2021 we continued implementing Cocoa For Good in Brazil, Cameroon, Ecuador, Indonesia, Mexico and Nigeria, increasing the number of farmers participating in programs as part of Cocoa For Good worldwide by 24%.

**68%**  
sourcing visibility in  
Côte d'Ivoire and Ghana



# Accountability, Transparency and Due Diligence in Cocoa

## Hershey takes a comprehensive approach to human rights due diligence in cocoa.

This process covers country-of-origin risk assessments and a supplier sustainability assessment – the Hershey Company Sustainability Assessment – that evaluates suppliers' policy commitments and management systems to address topics like child labor, forced labor, grievance mechanisms and living income.

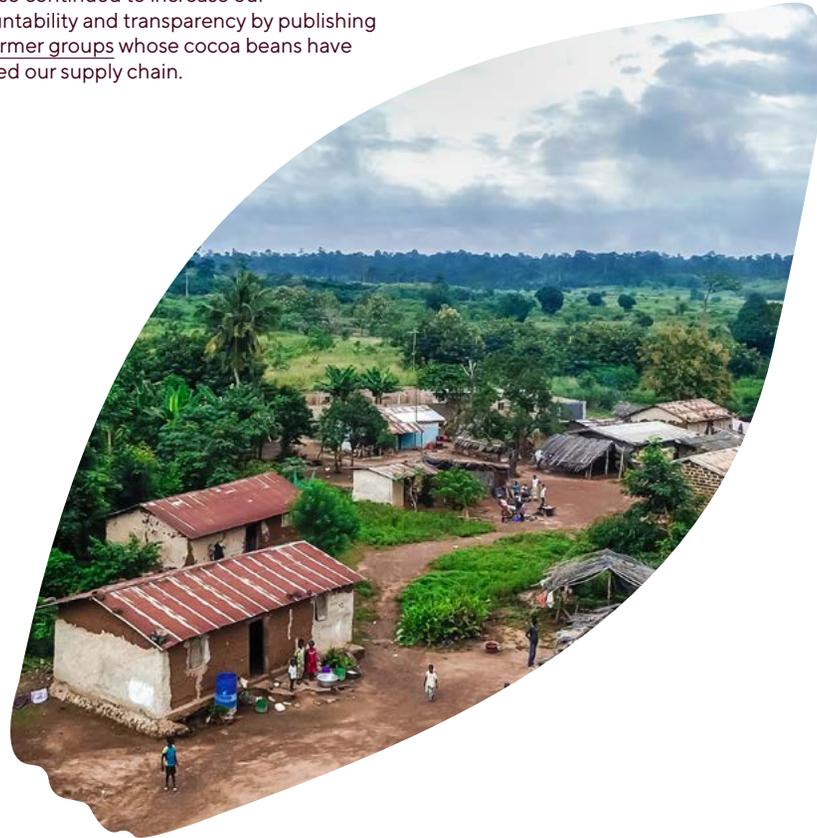
### The survey enables us to:

- Better understand and assess our direct suppliers' commitments and actions around responsibly sourcing cocoa.
- Identify potential risks within Hershey's value chain.
- Identify areas for improvement and work with our suppliers on their responsible sourcing journey.

The results of the assessment are incorporated into our overall engagement with suppliers, including performance conversations with a mindset of continuous improvement.

We currently have action plans in place with suppliers for 2021–2023 that cover the majority of our cocoa volume needs. We will continue to review the assessment action plans through our ongoing supplier engagement conversations.

We also continued to increase our accountability and transparency by publishing the farmer groups whose cocoa beans have entered our supply chain.



# Working to Eliminate Child Labor

**Hershey does not tolerate child labor and/or forced labor within our value chain and has formed strategic partnerships with communities, NGOs, governments and suppliers to eliminate it from occurring within cocoa communities.**

In cocoa-growing communities, child labor is a complex issue resulting from a mix of poverty, cultural norms and misunderstandings about what constitutes appropriate child work. In many communities, child-appropriate work on the family farm or in the household is an important part of young people's learning and cultural development. However, a lack of stable income and educational opportunities in rural areas can lead families to depend on children putting in long hours at home and on the farms, which are often the families' sole source of income. Paired with lack of awareness about appropriate work, this puts children at risk of performing farm work that is hazardous to their health and development.

Not only does child labor pose a potential danger to children, it also plays a role in further entrenching intergenerational poverty in rural communities.

Hershey has developed a multifaceted approach that includes improving community and farmer awareness. We also invest in preventive, supplier-led approaches that monitor farmers to check that child labor is not occurring and providing resources and oversight to help remediate instances of child labor if they are found.

## What Is Child Labor?

**Hershey uses the International Labour Organization (ILO) definition:**

*Child labor is work that is mentally, physically, socially or morally dangerous and harmful to children and/or interferes with their schooling.*

Not all work performed by children, such as helping their parents around the home and assisting in a family business, is classified as child labor. Such activities are sometimes referred to as "light work."

The worst forms of child labor put children at the greatest risk and are the highest priority for elimination. Most instances of inappropriate child labor involve tasks such as carrying heavy loads like firewood or water, contact with agrochemicals or clearing of land with sharp tools.

**Child labor is distinct from forced labor, which is defined by the ILO as:**

*Situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.*

Hershey is a member of ICI's Forced Labor Sub-Group, working with our peers and technical experts to advance knowledge, skills, and action on preventing, monitoring, identifying and addressing forced labor in cocoa supply chains.

## Identifying and Addressing Child Labor

Our regular review of key risks in the cocoa supply chain (as outlined in our cocoa due diligence process on [page 23](#)) continues to highlight the importance of monitoring, preventing and remediating instances of child labor.

CLMRS, championed by the ICI and proven to be an [effective measure in helping to protect against child labor](#), is the leading method of child labor detection and remediation among children aged 5-17 years old. It is implemented by supply chain partners and community-based groups that identify child labor and monitor and help remediate when cases are found. Supply chain partners are responsible for collecting and reporting on this data.

Hershey began implementing industry aligned best practice CLMRS executed by supply chain and community partners in 2018. Supply chain and community partners identify potential child labor situations and investigate, monitor and remediate when cases are found. For Hershey, "remediated" means that through our supply chain partners a child has received mitigation efforts appropriate to their situation, such as being enrolled in school. As a result, the child no longer participates in activities defined as child labor and is no longer at risk of being enlisted to undertake these activities.

Due to case-by-case differences between child labor situations, remediation can be done at the child, household or community level. Remediation responsiveness, therefore, can range from almost instant (e.g., household awareness training that is conducted when data is collected and/or cases found) to 6-18 months (e.g., renovation of classrooms or school canteens to get kids back to school).

Children identified as victims of child labor receive two or three follow-up visits over several months to establish whether they are out of child labor. Continued monitoring then reveals whether those children stay out of child labor consistently or are identified once more engaging in potentially hazardous activities.



## How CLMRS Is Helping Keep Kids Safe

Any child involved in hazardous activity is identified and information about his/her situation is recorded in a centralized database

2

The report is verified

3

The data is used to design actions in support of children identified

4

Community facilitators visit every farm assigned to their farmer group

1

Children and their families receive remediation support from supply chain facilitators and NGO partners or are referred to public services, an approach that is aligned with practices recommended by the ILO

5



**62%**

of Hershey cocoa volumes are covered by CLMRS

We also support the establishment of community-level child protection committees. Composed of trusted community members, these groups are in the best position to raise awareness, identify cases of child labor and implement the most appropriate practices to remediate those cases. Depending on the type of child labor detected, remediation support is conducted at the child, household or community level.

Successful child labor remediation strategies vary and need to respond to the needs of individual children and their families. They may also be dependent upon the presence of government social welfare agencies to which cases can be referred for additional follow-up by local authorities. By increasing farmers' awareness of what constitutes child labor (such as children carrying heavy loads and being exposed to farm pesticides) and improving farmers' and families' ease and efficiency of completing tasks around the farm, children are less likely to participate in dangerous farm tasks.

 To see our key performance metrics from the year, see [page 31](#).

### What's Next

We will continue to invest funds to improve the quality of CLMRS and to expand it with the aim of ensuring that no child is overlooked, and everyone receives the support they need.

Our CLMRS covered 62% of Hershey cocoa volumes, on the way to achieving our goal of 100% by 2025. As of 2021, Hershey's CLMRS found no evidence of forced child labor in our programs in Côte d'Ivoire and Ghana. Almost 2,000 children were either remediated or have aged out of the CLMRS.

# Prevention Is the Priority

## Preventing Child Labor Through Access to Education

As part of our efforts to eliminate child labor, we seek to proactively prevent child labor by removing barriers to children being able to attend school and by encouraging school attendance through our school feeding initiative. We focus significant resources and effort on making it easier for children to access and continue their education, such as by improving education infrastructure, training school-parent management committees, providing school kits filled with important school supplies, distributing vitamin-fortified, peanut-based, ready-to-use therapeutic food to schoolchildren and helping children and youth obtain birth certificates for school enrollment.

In October 2021, we signed a five-year agreement with the Jacobs Foundation, the Government of Côte d'Ivoire Ministry of Education and Literacy, and 14 other chocolate producers and cocoa suppliers to implement the Child Learning and Education Facility (CLEF). This new public-private initiative will contribute to improved foundational literacy and numeracy skills for five million children at primary school level and includes an investment in 2,500 new classrooms.

## Our 2021 Impact

- 45,000 children received daily servings of *ViVi*, our vitamin-fortified, peanut-based, ready-to-use therapeutic food.
- 12,627 children enrolled in primary schools that benefited from quality education interventions.
- 1,883 school kits provided.
- 1,466 birth certificates obtained to enable access to school.
- 25 classrooms renovated.



To see our key performance metrics from the year, see [page 31](#).



## Addressing Child Labor Through School-Based Nutrition

Not only does a full stomach improve a student's ability to concentrate and learn, it can also be the deciding factor between whether or not a child attends school. In collaboration with Ghana's Ministry of Gender, Children and Social Protection, the Ghana National School Feeding Programme and our suppliers, Hershey has been distributing *ViVi* daily to school children in cocoa-growing communities in Ghana since 2015.

*ViVi*, developed by Hershey and our partner Project Peanut Butter, provides children with 30% of their daily nutritional intake requirements. In 2021, we reached approximately 25,000 children daily in Ghana. In addition, *ViVi* is produced in Ghana in a factory that employs 30 local men and women and provides a secure market for more than 20 Ghanaian peanut farmers.

In February 2021, production and distribution began in Côte d'Ivoire, thanks to a partnership with the country's National Nutrition Council and a new Hershey-funded *ViVi* factory at San Pedro, in southwestern Côte d'Ivoire. The trial distribution reached 2,552 students. By September 2021, distribution expanded to reach 20,000 school children daily in the regions of San Pedro and Haut-Sassandra. We expect further growth of the project in Côte d'Ivoire in 2022.

Knowing that children will be fed at school is another reason to ensure they go to class rather than to work, making it an important preventive tool in the fight against child labor.<sup>1</sup> Research Hershey commissioned shows that providing *ViVi* improves children's health and increases school enrollment and regular attendance while also enabling improved academic performance.<sup>2</sup>



<sup>1</sup> Education quality and child labour publication | ICI.

<sup>2</sup> Steiner-Aseidu, M. (Prof) and Saalia, F.B. (Prof) (2016-2018) A Pilot Study to Determine the Efficacy of Consuming Highly Fortified Groundnut Nutritional Supplement on the Nutritional Status of School Children, University of Ghana.

# Lifting up Rural Livelihoods

## Several overlapping factors contribute to the prevalence of poverty in cocoa-growing communities.

These factors include low access to credit, limited negotiating power for farmers to set crop prices, a singular reliance on cocoa for income, falling cocoa yields as cocoa trees age, illiteracy, a lack of proper business and financial training and persistently disempowered women. Additionally, we know that the cycle of poverty continues to exacerbate the existence of child labor and deforestation in these communities.

Our aim is to support cocoa farmers' transition out of poverty, and we support development of multiple opportunities to increase income and build resilience.

## Supporting the Development of Farmer Groups

Farmer groups are essential platforms for farmers to unify their voices to increase their earning potential and economic resilience. In 2021, through Cocoa For Good, Hershey expanded its support to 102 farmer groups, reaching more than 94,300 farmers through our suppliers across seven origins.

Our support has assisted these farmer groups and farmers in receiving independent verification of their cocoa in compliance with credible sustainability standards. This action not only helped us reach our goal of sourcing 100% independently verified cocoa but also ensures the farmer groups and farmers are paid a higher premium for their harvests.

Farmers receive direct cash payouts from the certification premium, which enables them to reinvest in their farms and their families.

At the group level, the certification premium is used to further strengthen the resiliency of the group as a whole through investment in shared equipment and capacity building, like training on climate-smart cocoa techniques and income-diversification opportunities.

## Improving Income Through Farm Development Plans

We support farmers in achieving economic gains by actively exploring how to improve their farming practices through creation of tailored farm development plans. Through Cocoa For Good and associated farmer groups, farmers have access to higher-yielding cocoa varieties and are trained on the proper pruning of shade and cocoa trees, fertilization and irrigation, and weed and disease control. Farmer group members also have improved access to credit and loans to make further investments in their farms. In 2021, this support included more than 31,000 farm development plans.

## Supporting Income Diversification

To help diversify economic opportunities, we support cocoa community members in developing alternative means of generating income. In 2021, more than 2,600 community members were trained in alternative income-generating opportunities, such as soap making and cassava processing.



## Supporting Women in Achieving Economic Independence

Village Savings and Loan Associations (VSLAs) are a simple, accessible way to help individuals – especially women – and communities learn about saving, borrowing and investing responsibly. The groups' members are likely to be either completely unbanked or unable to qualify for a loan through traditional financial providers. In VSLAs, loans are based on trust among group members. The groups also create a small solidarity fund that is dispensed either for collective problems (such as repairing a village water pump) or individual emergencies. Hershey now directly supports nearly 200 VSLAs with 5,879 members, 79% of whom are women. Thanks to collective savings, the VSLAs provided an invaluable source of funds to boost financial resilience and security during the pandemic.

## Empowering Youth

To break the intergenerational cycle of poverty, today's youth in cocoa communities (defined as 15- to 35-year-olds) need to be equipped with life skills, technical and vocational skills and the practical knowledge and tools needed to become self-sufficient community leaders of the future. We support youth economic empowerment through access to vocational training, land tenure documents and the development of income-earning opportunities such as community pruning teams. Pruning teams are groups of up to 10 young adults who help provide essential pruning services to cocoa farmers in their communities. Regular pruning of cocoa trees helps to prevent tree mold and diseases and reduces the need for farmers to apply agrochemicals and pesticides.

In addition to providing an invaluable service to farmers, in 2021, these community pruning teams provided 372 young adults (39 of them women) in cocoa-growing communities with valuable skills and knowledge about cocoa farming, while also helping to support their families with extra income.

## Continuing Our Work to Understand and Promote Farmer Incomes

In 2021, we published our [Living Wage & Income Position Statement](#) and began taking additional steps to understand the gaps between farmers' current income and a living income. Working with the research firm Ipsos, we implemented a new biannual impact assessment methodology to capture data on farmer and household income. This research will allow us to measure the efficacy of our programs in addressing farmer livelihoods, including improving income. In conducting our research, we use benchmarks endorsed by the Living Income Community of Practice (LICOP), which defines living income as: "The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household."

Collection of baseline data was completed in late 2021 for Côte d'Ivoire and will finish in Ghana in early 2022. Initial results suggest that while only a small percentage of cocoa farming households earn a household income above the Living Income Benchmark, the majority are above the national poverty line in Côte d'Ivoire. Further analysis will be focused on better understanding how the Cocoa For Good program can support farmer livelihoods to increase the percentage of households above the Living Income threshold.



For our key performance metrics from the year, see [page 31](#).



# Fighting Deforestation

**In cocoa-growing regions in West Africa, deforestation and biodiversity loss are a manifestation of a complex set of root causes including poverty, the absence of land titles, a lack of clarity on land tenure arrangements, limited knowledge of good agricultural practices and resource-challenged law enforcement agencies.**

To stop deforestation in our supply chain, Hershey is investing in helping farmers secure land titles where they farm, spreading climate-positive farming methods and investing in protecting the uniquely rich ecosystems where cocoa is produced in Côte d'Ivoire and Ghana.

Since 2018, Hershey has publicly committed to no new deforestation in our global cocoa supply chain and to implementing shade-grown cocoa with agroforestry tree-planting programs. In 2021, Hershey supported the nationwide "1 Day, 50 Million Trees" reforestation campaign led by the Ministry of Water Resources and Forests in Côte d'Ivoire.

## Farm Locations and Deforestation

Throughout the past few years we funded comprehensive mapping of cocoa farms in Côte d'Ivoire and Ghana where our suppliers source the cocoa volume used in Hershey products. The mapping provides a baseline deforestation rate through measuring annual tree cover loss and closely monitoring farm locations for encroachment into protected forest areas.

## Securing Land Titles to Unlock Land Value

Without proper land titles, it is difficult for farmers to access financing or make necessary changes on their farms to prevent deforestation, promote reforestation and apply agroforestry and climate-smart cocoa farming.

Through our partnership with the USAID Integrated Land and Resource Governance (ILRG) Project, we support communities in Ghana to clarify and document land rights as well as improve land-use planning practices through agroforestry. In 2021, our engagement with ILRG and one of our suppliers, ECOM, assisted 1,244 farmers in acquiring land title documentation.

In 2020, we co-launched with the German Agency for International Cooperation (GIZ), the Government of Côte d'Ivoire and other partners the Côte d'Ivoire Land Partnership program (CLAP) to promote affordable land titling as a catalyst for halting deforestation. Due to our intervention and design of relevant land tenure documents that are government sanctioned and community accepted, this partnership was able to shorten the time of delivery and costs of securing land titles, greatly improving farmers' access.

In addition, in Zégo, a town in Côte d'Ivoire's Loh-Djiboua region, CLAP provided members of the village land management committee with technical training on the use of GPS devices to record land rights, with a special focus on land-use contracts with tenants. Benefiting from fit-for-purpose technology, community members can now record land rights locally and formalize owner-tenant agreements, something previously cost-prohibitive for these communities.

## Continuing Our Landscape Programs

We continued our Kakum Agroforestry Landscape Program partnership in Ghana, which covers an area equivalent to 20 times the size of Manhattan and includes the Kakum National Park, an intact tropical rainforest covering 145 square miles (375 square kilometers) that is home to antelopes, elephants, monkeys and a number of other endangered wildlife species. This partnership promotes and supports community-led landscape management, spreads climate-smart cocoa-growing practices and provides training for extra income-generating activities.



## Promoting Cocoa Agroforestry in Ghana

The Kakum Cocoa Agroforestry Landscape Project engages the chocolate and cocoa sector companies along with the Ghana Cocoa Board, Ghana Forestry Commission and the Nature Conservation Research Centre. The project fosters sustainability at a landscape scale — both on farms and across the surrounding expanse of cocoa and forest lands — in the environment surrounding world-renowned Kakum National Park, in Ghana's Central Region.

The initiative supports the development of an innovative community-based landscape governance system to improve natural resource management, reduce deforestation and enhance forest protection. At the same time, it aims to expand cocoa agroforestry practices and income diversification through emerging botanical supply chains.

So far, the project has developed management plans covering nearly 40,000 hectares of cocoa, food crop and forest-fallow lands in more than 80 communities that border the Kakum National Park. In addition, the project is implementing cocoa agroforestry activities and climate-smart interventions that benefit thousands of cocoa farmers and their communities. This includes planting more than 30,000 multi-purpose shade tree seedlings since 2018.

Many farmers in these communities have also benefited from income diversification through harvesting and selling kombo nuts.

Over the long term, the project will transform the Kakum cocoa-forest landscape toward a more sustainable agroforestry system, in which forests are protected, cocoa farmers and their families experience improved well-being and empowerment, and socio-economic and ecological resilience to climate change across the landscape is strengthened.



## Promoting Climate-Smart Cocoa

As we help more farmers to gain control of their land, we are also promoting climate-smart growing techniques. In 2021, 41% of Cocoa For Good farmers in Côte d'Ivoire and Ghana were trained on climate-smart cocoa using a curriculum Hershey helped develop. We anticipate expanding access to this training by making the content available via a free app.

Cocoa For Good farmers worked on 219,321 hectares of cocoa area across seven origins in line with sustainable farming practice, including promoting shade grown agroforestry, specific tree species, tree handling and planting and the management of trees after planting. Find out more about our progress against public targets in Hershey's dedicated [CFI reports](#).

## What's Next

We will continue our engagement in our current landscape initiative and are exploring new landscape initiatives in Côte d'Ivoire. In addition, we will continue to promote agroforestry, advocating for climate-smart cocoa and affordable land titling as well as community-led natural resource management.

## Our Impact

- 46% farmers polygon mapped in Côte d'Ivoire and Ghana. In 2021, we improved our data collection and data validation to increase confidence in the numbers reported from suppliers.
- 118,000 hectares of landscape programs supported and monitored.



For our key cocoa metrics from the year, see [page 31](#).



# Our Progress

## Goals

GOALS	Target Year	Progress (as of Dec. 31, 2021)
<b>100%</b> independently verified cocoa	2020	<b>Achieved</b> 100%
<b>100%</b> sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	<b>On Track</b> 68%
<b>100%</b> of farmers producing Hershey's cocoa volume in Côte d'Ivoire and Ghana are polygon mapped by our suppliers to improve traceability and monitor deforestation <sup>1</sup>	2025	<b>On Track</b> 46%
<b>100%</b> of farmers producing Hershey's cocoa volume in Côte d'Ivoire and Ghana are covered by Child Labor Monitoring and Remediation Systems (CLMRS) to prevent, monitor and remediate child labor <sup>2</sup>	2025	<b>On Track</b> 62%

<sup>1</sup> Beginning in 2021, to be considered polygon mapped, all farm plots managed by the farmer must be mapped, as defined by the World Cocoa Foundation. Previously, a farmer was considered polygon mapped if at least one plot of land was mapped.

<sup>2</sup> This refers to households covered by CLMRS.



## KPIs

PREVENTING CHILD LABOR <sup>3</sup>	2021	2020	2019
Children monitored <sup>4</sup>	102,942	45,921	35,032
Children identified via CLMRS in Côte d'Ivoire and Ghana doing inappropriate work and in process of remediation <sup>5</sup>	11,519	6,829	4,616
Children identified as no longer doing inappropriate work <sup>6</sup>	1,899	Not applicable	Not applicable
Children identified in forced labor	0	0	0
Capacity Building — Monitoring and Remediation Agents and Community Liaisons (paid and volunteers)	841	1,514	1,402
Total number of children receiving ViVi on a daily basis (Côte d'Ivoire and Ghana)	45,000	27,142	58,300
LIFTING UP RURAL LIVELIHOODS <sup>3</sup>	2021	2020	2019
Farmer groups supported through Cocoa For Good	102	91	64
Farmers supported through Cocoa For Good	94,309 (11% female)	83,783 (14% female)	51,009 (12% female)
Farm development plans	33% (31,281 plans)	32% (27,147 plans)	37.1% (20,695 plans)
Farmers receiving individual coaching	44% (41,385 farmers coached)	32% (25,879 farmers coached)	27,428 farmers coached
Total community members trained on nutrition and health	17,200	41,029	11,050
Community members trained in alternative income-generating activity <sup>7</sup>	2,658	Not applicable	Not applicable

<sup>3</sup> Data reflects results as provided by Hershey suppliers and implementation partners.

<sup>4</sup> This refers to children in households covered by CLMRS.

<sup>5</sup> Results are cumulative since 2018.

<sup>6</sup> These cases have been remediated or children have aged out of CLMRS. This is a new KPI, aligned to the ICI protocol.

<sup>7</sup> This KPI was previously reported as community members trained in additional livelihoods and has been updated to align with the World Cocoa Foundation Monitoring, Evaluation and Learning framework.

## KPIs

SUPPORTING WOMEN IN ACHIEVING ECONOMIC INDEPENDENCE <sup>1</sup>	2021	2020	2019
Number of VSLAs supported	199	184	253
Total VSLA members	5,879 (79% female)	5,946 (82% female)	6,771 (83% female)
Total savings and interest accrued annually (reported cumulatively from 2019 to present)	\$1,112,456 (cumulative 2019-2021)	\$744,394 (cumulative 2019-2020)	\$397,813 (2019 only)

<sup>1</sup> Data reflects results as provided by Hershey suppliers and implementation partners.

FIGHTING DEFORESTATION <sup>2</sup>	2021	2020	2019
Total non-cocoa trees distributed <sup>3</sup>	554,326	338,533	428,766
Total cocoa seedlings distributed (across global cocoa origins) <sup>4</sup>	1,020,850	1,058,554	1,311,824
Land titles acquired with Hershey's assistance	1,244	622	70
Total farmers with all their farm boundaries mapped via GPS polygon mapping <sup>5</sup>	49,569 Farmers in Côte d'Ivoire and Ghana with all farms mapped	45,242	44,770
Total farm area mapped in Côte d'Ivoire and Ghana (in hectares)	136,108	119,537	102,084

<sup>2</sup> Data reflects results as provided by Hershey suppliers and implementation partners.

<sup>3</sup> Non-cocoa trees include trees that provide environmental (cocoa companions), nutrition (e.g., fruit) or economic (e.g., timber) benefits.

<sup>4</sup> Additional trees planted and tree seedlings distributed data, unrelated to the cocoa tree data, is included in the Accelerating Sustainability with Hershey Green Teams KPIs on page 60.

<sup>5</sup> The methodology for this KPI changed in 2021 to be more stringent. To count one farmer as being mapped, all the farms must be polygon mapped. The scope of this KPI applies to Côte d'Ivoire and Ghana.

# Doing the Right Thing



**As a snacking powerhouse, we are committed to growing sustainably and acting responsibly in each stage of our value chain.**

From protecting and respecting human rights in a complex supply chain to upholding high safety standards in production and championing consumer choice and transparency, Milton Hershey's legacy to always do the right thing remains as deeply embedded in our culture now as it was when our company was founded.

We continue to use our global reach to create positive impact. We are working across our supply chain to help the people behind our raw materials cut their carbon footprint, tackle commodity-driven deforestation, uphold human rights and enhance their economic security.



# Human Rights Across Our Value Chain

For more than 125 years, Hershey has operated with the understanding that we are integral members of the communities where we live and work.

The remarkable and diverse people we employ and the individuals who work along our value chain are some of our most important assets. We use an approach that identifies, evaluates and prioritizes action on the most significant, relevant risks to people, enabling everyone to exercise and enjoy their fundamental human rights. We have several standards and expectations that guide our initiatives in this space, including the [Hershey Code of Conduct](#)

and our [Human Rights Policy](#), which we developed using the [UN Guiding Principles on Business and Human Rights](#) (UNGPs) along with our [Supplier Code of Conduct \(SCOC\)](#) and [Responsible Recruitment & Employment Policy](#).

## Our Due Diligence

Our approach to human rights due diligence is guided by the UNGPs and represents an ongoing risk management process that enables us to identify, prevent and mitigate current and potential human rights risks throughout our value chain. It is informed by a risk methodology that we developed with the leading human rights nonprofit [Verité](#).

We continually perform due diligence on our own facilities and on high-risk suppliers identified through our risk assessment process. Our Responsible Sourcing and Responsible Recruitment Supplier Programs conduct specific due diligence on human rights and labor topics — see [page 39](#) for more details.

We also include human rights risk screening in our supplier qualification process to assess forced labor and other human rights risks before entering into commercial relationships — see [page 39](#) for more details.

In 2021, we strengthened language around forced labor in our commercial contracts for suppliers of plush cotton, palm oil and renewable energy. This process goes above and beyond what is in our SCOC, with clear requirements and expectations around production document records and traceability.

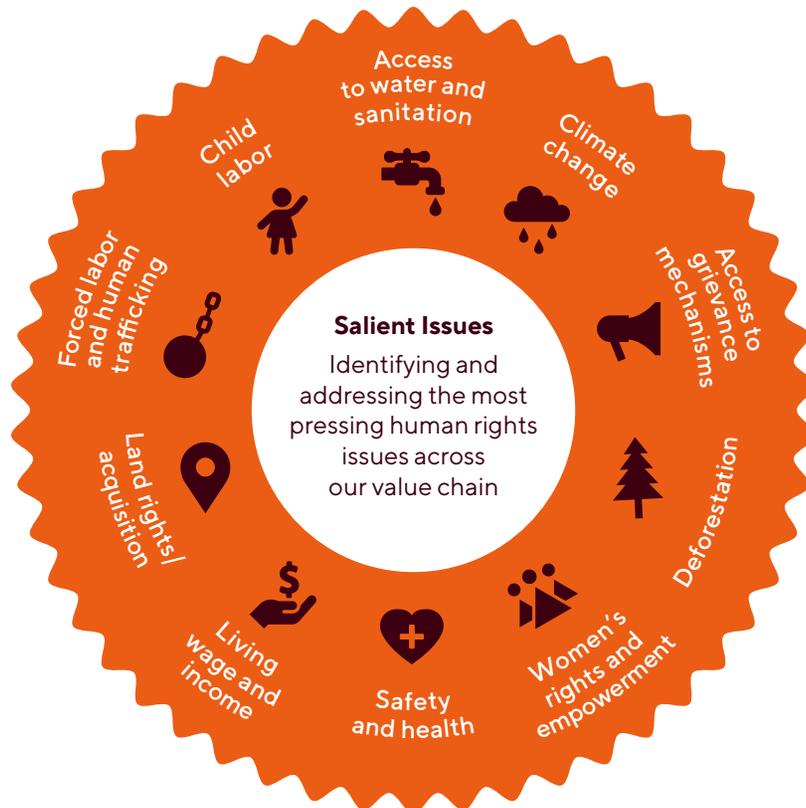
Finally, we used the [Better Buying Survey](#) to research and explore the links between purchasing practices and human rights. For more information on this program, see [page 39](#).

## Bringing Due Diligence to Life

In 2021, the qualification process of a potential supplier in the Gulf region identified a labor practice that was inconsistent with our Responsible Recruitment and Employment Policy. Consequently, our Responsible Sourcing and Human Rights teams determined that further on-site assessment was needed and engaged the sustainable business consultancy [twentyfifty](#) to conduct an in-depth Participatory Human Rights Assessment of the potential supplier.

We had great engagement and support from the supplier's corporate leadership, plant managers and workers (including international migrant workers). The assessment involved a two-day on-site visit of the facility and dormitories, participatory interviews, focus groups and a mapping exercise for migrant workers to share their journey, suggestions for improvements and aspirations for their careers and futures.

Many workers spoke positively of their experience, with some of them having worked at the company for 15 to 20 years. Some important opportunities for improvement were identified, including a more formal time and attendance system to monitor working hours, a new system for holding identity documents and human rights due diligence training for human resources staff. We are currently working with the site on corrective actions and will continue our ongoing monitoring and reporting activities.



## Ensuring Responsible Recruitment and Preventing Forced Labor

### Our Approach

We're building the capacity of labor agencies to strengthen management systems that promote responsible recruitment. This includes labor agency completion of a Self-Assessment Questionnaire (SAQ) and Hershey desktop verification of their policies and procedures to understand how our expectations are being upheld.

We developed guidance training that we shared with smaller agencies to help them identify root causes of nonconformities and implement effective corrective actions.

We continue to offer all labor agencies in the program access to RLI's [E-Learning Academy](#).

### Our Achievements

- Completed due diligence on 68 labor agencies in Brazil, Canada, India, Malaysia, Mexico and the U.S.
- Conducted human rights assessments and Sedex Members Ethical Trade Audit (SMETA) 2-Pillar audits on our labor agencies in Malaysia to identify improvement opportunities.
- Remediated 86% of the findings identified in desktop due diligence, with the remainder in progress.

### We Support:

- The [Employer Pays Principle](#)
- The [Consumer Goods Forum's](#) Priority Industry Principles

### Our Commitments:

- [Responsible Recruiting & Employment Policy](#)
- [Supplier Code of Conduct \(SCOC\)](#)

### Our Engagement:

- The [Responsible Labor Initiative \(RLI\)](#)



For a summary of our goals and KPIs on responsible recruitment, see [page 43](#).



## Engaging With Rightsholders

Hershey recognizes the importance of engaging with those who are impacted by our work – from farmers and their communities to our employees, consumers and others. We have identified vulnerable stakeholders and tailor our methods and frequency of engagement to their individual needs to maximize our impact.

We partner with suppliers and multiple NGOs on issues such as deforestation and child labor. In addition, we participate in several industry forums to promote dialogue and help drive the uptake of best practices.

Our Hershey team members, suppliers and NGO partners also conduct regular visits with cocoa farmers and their communities throughout the year. Hershey maintains ongoing investment in sustainability programs, including [CLMRS](#) and other initiatives under our [Cocoa For Good](#) program.

We engage workers and farmers directly through on-site and mobile surveys. To obtain direct feedback from our employees on their working experience, we hold regular town halls and conduct quarterly pulse surveys.

### Direct Worker Engagement "Worker Voice"

Hershey recognizes the importance of tools that directly engage workers and farmers on their experience. In 2021, we piloted three worker engagement surveys in India, Malaysia and Côte d'Ivoire that empowered more than 712 contract, temporary workers and farmers to share their experience of being part of Hershey's supply chain.

The surveys covered topics such as the recruitment process, contract transparency, working hours, wages, discrimination and harassment, freedom of movement, grievance mechanisms and overall well-being.

In India, we found that a small group of workers had paid nominal fees for their uniforms – these were immediately repaid. New controls were put in place to ensure that this practice is not used again by any of the recruitment agencies we work with. Additionally, we implemented a new electronic badging system to ensure that contract workers always maintain possession of their identity documents while still being able to meet the facility's food safety quality requirements.

In India, we also implemented new training for agency workers on the Hershey's Concern Line – and raised awareness of it through more on-site posters – and trained agencies on Hershey's grievance procedures.



# 712

contract and temporary workers  
and farmers shared their experience  
of being part of Hershey's  
supply chain

## Grievance Mechanisms and Access to Remedy

We provide access to effective remedy, in line with the UNGPs, when our business may cause or may contribute to adverse human rights impacts. We also use our influence with suppliers and business partners to encourage the provision of remedy when we find issues linked to our supply chain.

We implemented mechanisms that enable our employees and other individuals in our supply chain to report grievances and seek resolution. Our mechanisms do not prevent complainants from using other channels or procedures, such as local law enforcement agencies, to resolve their issue where relevant. We also partner with other organizations to help prevent, mitigate and remedy adverse human rights impacts.

### Some of our primary grievance mechanisms include:

- [Hershey's Concern Line](#) (available in more than 47 languages), which is primarily geared toward our employees but is also accessible to our suppliers and other stakeholders.
- The requirement that our direct suppliers have grievance mechanisms, which we validate via social compliance audits and our cocoa and palm oil supplier sustainability assessments.
- Our public [Palm Oil Grievance Process](#).
- Grievance mechanisms made available through certification bodies or standards-setting organizations.



### Some specific examples of how we provided remedy in 2021 include:

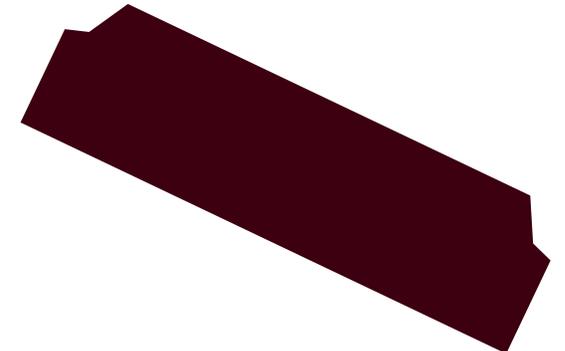
- Repayment of the cost of uniforms to contract workers in our India facility.
- Provision of birth certificates, school kits and bridging classes through the [CLMRS system](#).

More detailed information on our human rights due diligence approach, the results of our risk assessment process and our work with Verité can be found on our [website](#) and in our [Modern Slavery Statement](#).

## Training

To fully embed a human rights culture within our company and across our value chain, we have committed to training 100% of our procurement professionals on human rights. The training covers Hershey's salient human rights issues — including forced labor and child labor — the UNGPs, human rights considerations in purchasing practices and how to be an internal champion for human rights.

In 2021, we maintained our commitment to training 100% of procurement professionals on human rights. We also expanded the requirement to our international supply chain and licensing teams as well as to The Hershey Experience, our global retail operations. As of December 2021, 93% of required Hershey employees have taken the human rights training and have achieved the required score of 80% or higher to pass. Since its launch, nearly 1,400 Hershey employees have successfully completed the training.





## Living Wages and Income

We believe that all individuals deserve the opportunity to earn a decent standard of living and that being paid fairly is a cornerstone of human rights. In 2020, Hershey followed the guidance of the UNGPs to determine where individuals are most likely to experience wage and income-related vulnerabilities, particularly where Hershey has significant leverage and influence. This resulted in our new [Living Wage & Income Position Statement](#).

### In 2021, we furthered our commitment to promoting living wages globally by:

- Reviewing all our global full-time employees against BSR benchmarks to confirm we are maintaining our commitment and adjusted the wages of two employees in Canada who had fallen below updated benchmarks.
- Joining the [IDH](#) business call to action on living wages.
- Joining the new [Living Wage for US](#) initiative as affiliate members.
- Co-chairing the [AIM-Progress Living Wage and Income Working Group](#) and co-authoring the [AIM-Progress Better Business Through Better Wages Statement](#).
- Co-funding the development of the [IDH Manufacturing Salary Matrix](#).
- Developing an internal analytics dashboard to visualize all Hershey employee wages against multiple living wage benchmarks
- Working with the research firm Ipsos, we have put in place a new biannual impact assessment methodology to capture data on cocoa farmer income in Cote d'Ivoire and Ghana.

 For more information on Ipsos, see our [Cocoa chapter on page 28](#).



## Amplifying Equality and Opportunity in Our Supply Chain

We believe that, at its core, systemic racism is a human rights issue. We have a longstanding commitment to DEI and we are accelerating our efforts to be a more inclusive company (see [page 67](#)).



## Climate Justice and Human Rights

Climate change poses a significant threat to human rights globally. Its impacts disrupt global food supplies and threaten [livelihoods](#). [Vulnerable communities](#) will be disproportionately harmed by rising temperatures and the related safety and water scarcity risks.

Our supply chain includes many communities that will be impacted if the world does not take bold action. As such, we are committed to doing our part to act on climate change.



Read more about our [climate commitments on page 49](#).



# Where We Source Our Ingredients

Hershey actively works to responsibly source raw ingredients and materials for our delicious snacks. This map highlights many of the origin countries of several of these resources.



Disclaimer: The map does not include all geographic locations, ingredients or sourced materials.

# Responsible Sourcing

**Our Responsible Sourcing Strategy is designed to deliver positive impact and long-term sustainability in Hershey's end-to-end supply chain in collaboration with our suppliers and industry partners.**

## Our Strategy to Source Responsibly

Our [Responsible Sourcing Strategy](#) is guided by our Human Rights Policy and our Environmental Policy, and includes four key focus areas:



**Responsible Sourcing Goods and Services**



**Fostering Sustainable Agricultural Communities**



**Promoting Transparency**



**Building Hershey's Capabilities**

Our approach was created in consultation with diverse internal and external stakeholders, including suppliers, customers, human rights groups and multiple NGOs that work in our raw material value chains, among others.

## Responsibly Sourcing Our Goods and Services

Our global network of owned operations, suppliers and business partners are critical to how we ethically and sustainably provide great-tasting, high-quality products to our consumers.

Hershey facilities undergo a SMETA 4-Pillar audit<sup>1</sup> every three years, or more frequently as needed based on issue remediation or customer requests.

Through our [Responsible Sourcing Supplier Program](#) (Supplier Program), we verify and monitor our Tier 1 suppliers' compliance with our SCOC. The Supplier Program is aligned with our [human rights saliency assessment](#), uses independent third-party verification tools, including SMETA 4-Pillar audits, to monitor compliance and proactively identifies opportunities for future due diligence. We support suppliers' continual improvement through corrective action plans and capacity building.

The Supplier Program helps strengthen the long-term sustainability of our supply chain. By the end of 2021, we achieved our goal of enrolling 100% of the 450 high-risk suppliers and sites that were prioritized for due diligence.

Prioritization was based on our initial risk assessment of 1,300 direct raw material and packaging suppliers, as well as co-manufacturers, copackers, licensees and The Hershey Experience vendors.

We are on track to achieve our goal of 85% of in scope supplier sites demonstrating compliance with our program requirements through achieving green audit results. By the end of 2021, 25% of suppliers had achieved a green audit result.

## Our 2021 Progress

### Enhancing Supplier Screening

We refreshed our risk assessment across more than 900 suppliers not initially enrolled and included new areas within our company, such as our World Travel Retail Group.

We integrated responsible sourcing and human rights risk screening into our ingredient supplier and co-manufacturing/packaging qualification process. Prior to entering into a commercial relationship, suppliers respond to questions about their management systems related to human rights, labor topics and ingredient certifications as required in our supplier and ingredient information forms and pre-audit checklist. Supplier self-assessment questionnaires and social compliance audits are also reviewed.

This screening has been successful in identifying risks, resulting in 6% of suppliers not being approved for use due to human rights or environmental risks.

## Supplier Engagement and Training

We engaged with suppliers to assess links between purchasing practices and social compliance through the [Better Buying Institute's Partnership Index](#) survey. A total of 142 enrolled suppliers were invited to respond to the 12-question survey and provide feedback on Hershey's buying practices. We are analyzing feedback to understand best practices and continuous improvement opportunities related to how our buying practices can impact the financial, environmental and social sustainability of our suppliers.

We provided capacity-building training to a number of suppliers through internal trainings and partnership with AIM-Progress in Côte d'Ivoire, Ghana and China. Looking ahead, we continue to work with our suppliers on developing long-term corrective actions for all open findings through targeted capacity building.



**Read more about our Supplier Program requirements on our [website](#).**

## Fostering Sustainable Agricultural Communities Through Our Priority Ingredients

In 2020, we analyzed the global environmental and social risks known in our ingredients and raw materials supply chains alongside spend data to identify priority supply chains for responsible sourcing due diligence, investment and programming. We identified five priorities: cocoa, dairy, sugar, palm oil, and pulp and paper. This prioritization helps us target where we can make the biggest impact while reducing risks in our supply chain.

After achieving many of our 2020 responsible sourcing ingredient commitments, in 2021, we established new and ambitious goals and strategies across our priority ingredients and materials.

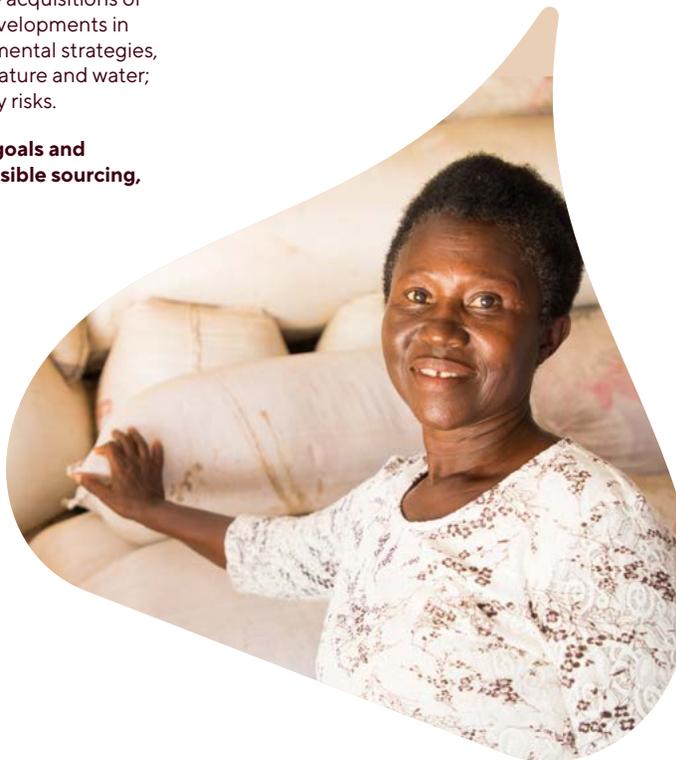
Our responsible sourcing commitments account for social and environmental challenges faced in the communities and ecosystems where our priority ingredients and materials come from. While working with suppliers and farmers to address these issues, we implement a variety of tools and approaches including:

- **Traceability<sup>1</sup>:** improving visibility within our ingredient and raw material supply chains back to origin to understand opportunities for impact.
- **Supplier engagement, monitoring and verification:** communicating our expectations to suppliers and strengthening their sustainability management while using third-party certification and verification schemes to monitor performance and drive continuous improvement across sustainability impact areas.

- **Origin-level and transformation investments:** investing in Hershey, supplier and other partner-led origin-level programs focused on environmental, social and economic issues.
- **Industry engagement:** participating in industry-wide partnerships to enable systemic change, as companies cannot solve these complex sustainability challenges alone.

In 2022, we will refresh our priority ingredients risk assessment to account for 1) changes in our supply chain, including the acquisitions of Lily's, Dot's and Pretzels; 2) developments in our human rights and environmental strategies, such as the intersection with nature and water; and 3) changes in sustainability risks.

- **For a summary of our goals and KPIs related to responsible sourcing, see [page 43](#).**



## Cocoa

Cocoa remains Hershey's highest priority ingredient.

 **For more details, see our Cocoa chapter, beginning on [page 20](#).**



<sup>1</sup> Traceability is not a chain of custody concept and does not alone allow Hershey to identify the specific source from where the ingredient comes in a given Hershey product.

## Dairy

In 2021, we began implementing our [responsible sourcing strategy for dairy](#). We joined the [Dairy Sustainability Alliance](#)<sup>®</sup>, an initiative organized by the Innovation Center for U.S. Dairy, to accelerate progress toward common sustainability goals and contribute to the long-term viability of the U.S. dairy industry. In doing so, we endorsed the 11 key sustainability criteria and strategic intents of the global [Dairy Sustainability Framework](#).

We also joined the Sustainable Agriculture Initiative Platform's [Sustainable Dairy Partnership \(SDP\)](#). We use this to verify our dairy supply chain's compliance with our sustainability policies and engage with our suppliers on their journey toward more sustainable dairy production. The SDP includes sustainability requirements that must be met by dairy processors and supplying farms as well as an assurance model with third-party verification and progress reporting. We have committed to sourcing 100% of our dairy volumes from suppliers enrolled in and assessed through the SDP by 2024. At the end of 2021, 80% of our volumes were sourced from such suppliers.

We also help suppliers accelerate their sustainability efforts by investing with them in field-level interventions focused on our priority issues. In 2021, we collaborated with Land O'Lakes, our highest-volume dairy supplier and a strategic partner, and the Alliance for the Chesapeake Bay to launch a three-year pilot program, [Sustainable Dairy PA](#). This program aims to reduce GHG emissions and protect water quality across dairy farms in our Pennsylvania supply chain. Hershey will provide funding to support the

implementation of manure storage facilities, soil health practices, riparian forest buffers and other efforts to enhance sustainability on our supplying farms.

Our work in 2021 included 16 acres of riparian buffer planted — that's 4,160 trees — and over a mile of stream coverage and fencing constructed, among other projects. This will prevent over 41,000 pounds of sediment, 2,250 pounds of phosphorous and 66 pounds of nitrogen from entering waterways feeding the Chesapeake Bay annually. It is also helping sequester 91 metric tons of CO<sub>2e</sub> per year.

**80%**  
of our volumes were sourced  
from suppliers enrolled in and  
assessed through the SDP



## Sugar

In 2021, we worked with our suppliers to trace our sugar to the mill level and understand if it is linked to areas or mills with sustainability concerns such as deforestation, water pollution or the exploitation of workers. For the year 2020, 60% of the sugar we purchased was traceable to the mill and we expect a similar percentage of our volumes to be traceable for 2021.

To monitor and verify sustainability performance at the mill level and farm level of our sugar supply chain, we continued to use credible third-party standards and verification mechanisms, including the Bonsucro and Fair Trade USA certifications for our sugar cane. In 2021, these actions included:

- Continuing to source 100% Bonsucro-certified mass balance sugar for our plants in Canada and Brazil.
- Working with our suppliers to increase the volume of Bonsucro-certified mass balance sugar for our plants in the U.S. and to initiate the purchase of some Bonsucro-certified mass balance volumes for our operations in India.
- Purchasing Bonsucro credits to match 100% of the volumes of conventional sugar purchased from non-U.S. origins where certified mass balance sugar was not available, as well as 20% of our total U.S.-produced sugar volumes.

We sourced a total of 62% of our sugar volumes from farms certified or verified to a recognized sustainability standard or covered by Bonsucro credits. We aim to procure 100% of our sugar from sources certified or verified to a recognized sustainability standard covering the farm level by 2025. For more information, visit our [Sugar Sourcing webpage](#).

In 2022, we will initiate an annual survey of our direct suppliers' sustainability and responsible sourcing practices and management systems. Our aim is to open a dialogue between Hershey and our suppliers for sharing concerns and best practices and identifying where training and investment is needed. This will be an important tool for better understanding our suppliers' business practices, areas for improvement and issues to monitor.

Hershey continues to partner with our supplier, American Sugar Refining (ASR), to implement the "Learn to Grow" programs in Belize and Mexico that deploy a farmer field school model to help farmers learn about and implement more sustainable growing practices. These programs aim to holistically address environmental and social issues facing the farmers enrolled, including by supporting the development of a standard labor contract between the participating cane cutters and cane farmer associations that provide cane to mills that supply to Hershey via ASR. In 2021, our program in Belize initiated a new phase to help farmers adapt to climate change through the use of technology that enables them to predict changing weather and pest patterns. Training on best management practices was also provided to help them respond more effectively to these challenges.



## Palm Oil

Hershey is committed to the highest standards in responsible and sustainable palm oil sourcing, including our commitment to No Deforestation, No Peat and No Exploitation (NDPE) stated in our [Responsible Palm Oil Sourcing Policy](#).

In 2021, we maintained our commitment to source 100% Roundtable on Sustainable Palm Oil (RSPO)-certified mass balance palm oil and achieved 100% traceability to the mill level. We remain committed to achieving 100% plantation level traceability and expect to do this by 2025. We recognize achieving this goal is complex due to the realities of the palm supply chain, including challenges associated with mapping smallholders.

We established a new commitment to achieve a verified deforestation-free (VDF) palm supply chain while respecting and protecting the human rights of individuals by 2025. Based on mill lists from mid-year 2020 to mid-year 2021, we verified 51% of the volume as deforestation-free through Airbus and Earthworm Foundation's Starling satellite. Through the Starling satellite with Earthworm Foundation, Hershey aims to improve our verified deforestation score and monitors the supply chains of our highest volume suppliers, which accounted for approximately 79% of our volume in 2021. We work closely with all our palm suppliers to investigate deforestation events.

Hershey is involved in the [Palm Oil Collaboration Group's Independent Verification Working Group](#) to accelerate effective NDPE commitments with brands, traders, producers and NGOs.

Following our [Palm Oil Grievance Process](#), we continue to publicly disclose our [Palm Oil Grievance Log](#) with monthly updates to increase transparency on NDPE violations found within our supply chain. As of March 2022, we have suspended 18 suppliers in our upstream supply chain for NDPE violations, none of whom supplied us directly. We have not yet granted re-entry to any of these suppliers. In 2021, we suspended three indirect palm oil operations from our supply chain due to allegations of potential negative environmental impacts.

We continue to invest in landscape transformation in Indonesia and Malaysia through [Earthworm Foundation](#). These on-the-ground programs focus on the protection and restoration of forests and biodiversity, smallholder inclusion, NDPE capacity building and the resilience and livelihoods of local palm-growing communities.

 **For more information on our palm supplier engagement, monitoring and verification work, and landscape transformation project investments, visit our [Palm Oil Sourcing webpage](#).**



**100%**  
**RSPO-certified**  
mass balance palm since 2017



## Pulp and Paper

Pulp and paper packaging is integral to Hershey's business. We use it as food packaging, wrapping, transportation and marketing for our beloved brands. Beginning in 2015, Hershey committed to responsibly sourcing virgin fibers and recyclable materials for our products. Since 2017, we have required that 100% of the pulp and paper sourced for our U.S. and Canada operations come from recycled material or certified<sup>1</sup> mills.

In 2021, we strengthened our commitments to NDPE and updated our [Responsible Pulp & Paper Sourcing Policy](#). The updated policy expands our commitment to sourcing our pulp and paper packaging from recycled or certified sources for our global supply chain, as well as to trace 100% of our virgin fiber materials back to the country of harvest by 2025. We continue to publish our list of [pulp and paper suppliers](#) and mill groups, and in 2021, expanded this to include those that supply to our global operations.



# Our Progress



## Goals

**Target Year**   **Progress**  
(as of Dec. 31, 2021)

### RESPONSIBLE SOURCING AND HUMAN RIGHTS

**100%** of priority ingredients and materials to be responsibly and sustainably sourced (by volume)<sup>1</sup>     2025     **On Track**  
**78%**

**85%** of in scope supplier sites meet Hershey’s Responsible Sourcing Supplier Program requirements     2025     **On Track**  
**25%**

<sup>1</sup> This result represents the percentage by volume of Hershey’s five priority ingredients, which met our definition of responsibly and sustainably sourced in 2021. This definition varies by ingredient and is subject to change as Hershey’s responsible sourcing programs evolve. More information may be found in the Responsible Sourcing Ingredient Commitments and Progress table on [page 47](#).

## KPIs

RESPONSIBLE RECRUITMENT PROGRAM <sup>2</sup>	2021	2020
<b>Labor agencies enrolled in Responsible Recruitment Program</b>	68	33
<b>Labor agency enrollment by Hershey site location</b>		
Brazil	9	0
India	14	9
Malaysia	9	7
Mexico	7	0
U.S. and Canada	29	17
<b>Labor agency enrollment by category</b>		
Contingent labor providers (manufacturing)	21	16
Contract packaging	10	9
Labor service providers	37	8
<b>Progress on Responsible Recruitment Program requirements</b>		
<b>Responsible Recruitment and Employment Policy Acknowledgment (% completed)</b>	100%	77%
<b>SAQ (% completed)</b>	97%	74%
<b>SAQ Corrective Action Plan (% completed)</b>	86%	34%
<b>SAQ noncompliances corrected and closed (%)</b>	44%	Not applicable

<sup>2</sup> The Responsible Recruitment Program applies to all labor agencies that provide contingent labor or labor services to Hershey owned and operated offices and manufacturing sites. See [page 35](#) for program details.

## KPIs

RESPONSIBLE SOURCING SUPPLIER PROGRAM (SUPPLIER PROGRAM) <sup>1</sup>		2021		2020	
Suppliers and manufacturing sites enrolled in Supplier Program (total #)		551		330	
Enrollment of manufacturing sites and audits performed by location		# of manufacturing sites enrolled and subject to audit	# of audits	# of manufacturing sites enrolled and subject to audit	# of audits
Africa	6	8	6	0	
Brazil	38	48	10	3	
China	130	44	103	43	
Europe	11	7	7	0	
India	54	9	5	0	
Malaysia	20	17	18	1	
Mexico	26	35	10	2	
North America (U.S. and Canada)	82	43	55	32	
Rest of Asia	36	25	27	1	
Rest of Latin America	3	2	2	0	
Enrollment of manufacturing sites and audits performed by supplier category		# of manufacturing sites enrolled and subject to audit	# of audits	# of manufacturing sites enrolled and subject to audit	# of audits
Contract manufacturing and contract packaging	33	24	17	3	
Ingredients and raw materials	184	138	105	36	
Licensing	80	39	76	14	
Packaging	33	18	7	2	
The Hershey Experience, World Travel Retail and Indirect	76	19	38	27	
People demographics at manufacturing sites where audits were conducted <sup>2</sup>		2021		2020	
Total workers at manufacturing sites	43,608		14,323		
Female	12,532		8,943		
Male	31,076		5,380		
Domestic and international migrant	2,756		1,863		

<sup>1</sup> At Hershey, major nonconformances include issues rated as critical or zero-tolerance issues.

<sup>2</sup> As documented in the audit reports.

## KPIs

SUPPLIER PROGRAM AUDIT RESULTS	2021	2020
<b>Audits submitted in reporting year</b>	238	82
<b>Noncompliance results</b>	719	297
Noncompliances corrected and closed	345	83
<b>Minor nonconformances</b>		
% of total findings	24.6%	19.5%
Nonconformance rate	0.74	0.70
% of total findings corrected and closed	47.5%	41.4%
<b>Moderate nonconformances</b>		
% of total findings	71.1%	72.7%
Nonconformance rate	2.15	2.63
% of total findings corrected and closed	46.8%	23.1%
<b>Major nonconformances<sup>1</sup></b>		
% of total findings	4.3%	7.7%
Nonconformance rate	0.13	0.28
% of total findings corrected and closed	71.0%	39.1%

<sup>1</sup> At Hershey, major nonconformances include issues rated as critical or zero-tolerance issues.

## KPIs

SUPPLIER PROGRAM 2021 TOP NONCOMPLIANCE ISSUE CATEGORIES	HEALTH, SAFETY AND HYGIENE	ENVIRONMENT	WORKING HOURS
<b>Major noncompliance issue category (# and % of total noncompliances)</b>	397 (55.2%)	75 (10.4%)	73 (10.2%)
<b>Average number of noncompliance issues per audit by location</b>			
Africa	0.63	0.00	0.25
Brazil	1.81	0.40	0.13
China	1.86	0.11	0.82
Europe	1.71	0.29	0.00
India	1.33	0.33	0.00
Malaysia	2.71	0.47	0.47
Mexico	1.63	0.74	0.26
North America	0.84	0.07	0.07
Rest of Asia	2.40	0.36	0.36
Rest of Latin America	0.00	0.00	0.00

## KPIs

RESPONSIBLE SOURCING INGREDIENT COMMITMENTS AND PROGRESS				
INGREDIENT	COMMITMENT	GOAL	2021	2020
<b>Total food ingredients</b>	Percentage of food ingredients sourced (by cost) certified to third-party environmental and/or social standards (e.g., Fair Trade USA, Rainforest Alliance, RSPO and Bonsucro) <sup>1</sup>	N/A	43%	41%
<b>Cocoa</b>	Source independently verified cocoa (by volume) through: Fair Trade USA, Rainforest Alliance (UTZ) and verified supplier program standards meeting international criteria <sup>2</sup>	100% by 2020	100%	100%
	Sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	100% by 2025	68%	60%
<b>Dairy</b>	Source dairy volumes from suppliers enrolled in and assessed through the SDP	100% by 2024	80%	68%
<b>Sugar</b>	Achieve traceability to the mill (by volume) <sup>3</sup>	100% by 2025	Data pending	60%
	Procure sugar (by volume) from sources certified or verified to a recognized sustainability standard covering the farm level	100% by 2025	62%	41%
<b>Palm</b>	Source RSPO-certified mass balance palm oil (by volume) and achieve 100% traceability to the mill	100% by 2020	RSPO-certified: 100% Traceable to the mill: 100%	RSPO-certified: 100% Traceable to the mill: 99.8%
	Achieve traceability to plantation	100% by 2025	83.6%	72.7%
	Achieve a verified deforestation-free palm supply chain <sup>4,5</sup>	100% by 2025	51%	Not applicable
<b>Pulp and Paper</b>	Source virgin fiber pulp and paper products (by volume) in the U.S. and Canada from third party-certified mills (Forest Stewardship Council, Programme for the Endorsement of Forest Certification or Sustainable Forestry Initiative)	100% by 2020	99.5%	100%
	Source pulp and paper packaging (by volume) from recycled or certified sources globally <sup>5</sup>	100% by 2025	68.5%	Not applicable
<b>Coconut</b>	Source certified coconut (by volume) through Fair Trade USA <sup>6</sup>	100% by 2020	96%	100%
<b>Eggs</b>	Source certified cage-free eggs (by volume) for the U.S. and Canadian markets from cage-free farms that are in accordance with the American Humane Certified program	100% by 2020	93%	98%
	Source certified cage-free eggs (by volume) globally <sup>7</sup>	100% by 2025	No eggs or egg products were sourced from international regions in 2021	0%

1 The total food ingredients indicator methodology was reassessed in 2021 as prior calculations for several commodities included ingredient volumes covered by sustainability programs that are not third-party certified programs. The 2020 data as shown in this table has been restated from previous results for consistency with the updated methodology.

2 For additional cocoa KPIs, see [page 31](#).

3 Data for 2021 will be published in 2023.

4 The 2021 verified deforestation-free palm supply chain results are based on mill lists from mid-year 2020 to mid-year 2021. Volumes were verified as deforestation-free through Airbus and Earthworm Foundation's Starling satellite.

5 Data is not available for 2020 as 2021 is Hershey's first year of tracking and reporting this result.

6 In 2021, Hershey sourced a small quantity of conventional, noncertified coconut due to a severe coconut shortage related to issues with raw material sourcing and transportation complications caused by the ongoing pandemic.

7 To match the scope of 2021 reporting, the 2020 globally sourced egg value has been restated and includes only international egg sourcing. It does not include eggs sourced from the U.S. or Canada, which is reflected in the KPI above.



**Our products, made with raw ingredients and materials grown all over the world, put smiles on people's faces every day.**

Climate change, natural resource scarcity and extreme weather all pose risks to the snacks our consumers love as well as to the farmers and local communities we rely on. Given the significance of these risks and opportunities, we have put in place new targets on climate and packaging, and are developing new programming to support water and nature-related efforts. These bold steps will help ensure the long-term sustainability of our planet, people and business and are aligned with emission reduction requirements to keep warming below 1.5°C globally.



# Caring for Our World



# Acting on Climate Change

We have transformed our approach to environmental sustainability, shifting our focus from what we can do to what the world needs from us and how we can make the greatest impact.

In March 2021, we announced new science-based GHG reduction goals to cut our absolute Scope 1 and Scope 2 emissions by 50% and our absolute Scope 3 emissions by 25% by 2030 against a 2018 baseline.

Our emissions reduction targets have been approved by the Science Based Targets initiative (SBTi) and are consistent with levels required to meet the most ambitious goals of the Paris Agreement. The targets covering emissions from our operations are aligned with reduction requirements to limit warming to 1.5°C globally.

## 48%

improvement against  
Scope 1 and 2 baseline

(2020: 28%)

## 18%

improvement against  
Scope 3 baseline

(2020: 13%)

## How We Achieved Progress on Our Science-Based Targets (SBTs)

### Scope 1 (Direct) and Scope 2 (Indirect):

- Invested in three solar farm projects with the first coming online in 2021 and the other two scheduled to generate power in 2022 and 2024.
- Purchased zero-emissions credits to support our progress while the solar farms are constructed.
- Identified opportunities and invested in reducing the energy intensity of manufacturing.
- Reduced coal usage (already phased out in 2022) within our India plant, where we've transitioned to using rice husks as biofuel.

### Scope 3 (Value Chain Emissions)

- Strengthened on-farm sustainability.
- Reduced land use change through 100% independently verified cocoa sourcing.
- Supported regenerative agricultural practices in collaboration with partners and suppliers.



## Reducing Value Chain Emissions

More than 96% of our total GHG emissions are from Scope 3 in our extended value chain. Cocoa, dairy, sugar, packaging and logistics represent the areas where we see the greatest opportunities for emissions reductions. In each of these priority areas, we are identifying opportunities, engaging in multi-stakeholder planning, implementing meaningful actions toward our targets and advancing sustainability within our value chain.

A large portion of our baseline Scope 3 emissions are due to land-use change from the farm-level production of our ingredients.

Addressing land use is a significant part of our climate action plans and we have committed to eliminating commodity-driven deforestation from all our ingredient supply chains by 2030. As part of this initiative, we are partnering with our suppliers to drive improvements throughout the entire supply chain. Our commitment to sourcing only 100% independently verified cocoa and to 100% sourcing visibility in Côte d'Ivoire and Ghana by 2025 supports our efforts in building long-term relationships with known farmer groups, providing resources and education on sustainable farming and driving traceability to halt deforestation.

In both sugar and dairy, we are incorporating our climate efforts into new responsible sourcing programs. For example, our dairy operations are conducting a pilot with our supplier Land O'Lakes and the Alliance for the Chesapeake Bay to make on-farm improvements to reduce emissions and improve waterways in the Pennsylvania area. Many of the sustainable agriculture projects have co-benefits beyond carbon and water, such as encouraging the adoption of farming practices that promote biodiversity and soil health.

In 2021, we were assessed by Ceres as part of the 50 largest food companies in North

America with exposure to high-emitting agricultural commodities.

Hershey was one of only three companies on The Food Emissions 50 Company Benchmark list that has developed both emissions disclosure and emissions reduction targets. We were also listed as one of fewer than 20 companies that report on land-use change as part of disclosing Scope 3 emissions.

 **For data related to our Scope 1, 2 and 3 GHG emissions, see [page 57](#).**



**Scope 1:**

**2.64%**

Direct emissions from owned or controlled sources such as natural gas

**Scope 2:**

**1.11%**

Indirect emissions from purchased power, steam, heating and cooling

**Scope 3:**

**96.25%**

All other indirect emissions occurring in our value chain:

66.98%	Agriculture (includes land-use change)	0.84%	Business travel/employee commuting
12.48%	Logistics	3.99%	Co-manufacturers
6.76%	Packaging and packaging waste	0.51%	Fuel
4.36%	Specialty	0.20%	Food waste
		0.14%	Waste from operations

## Renewable Energy

Investing in renewable energy is a key lever in reaching our Scope 1 and 2 commitments. In April 2021, Hershey announced the signing of two Power Purchase Agreements (PPAs) that will enable the construction of two new utility-scale solar farms. Hershey signed another PPA at the end of 2021 to enable the construction of a third utility-scale solar farm. These projects will offset GHG emissions and enhance Hershey's ability to rely on clean and renewable energy while also creating local jobs and generating significant power for the communities where they are situated.

The first solar farm came online in November 2021 and is already delivering substantial progress toward our Scope 1 and 2 emissions target. Hershey received more than 14,600 Renewable Energy Credits (RECs) from solar projects in 2021. The second solar farm is scheduled to come online in 2022 and the third in 2024. We have also worked with our utility providers to significantly increase the proportion of our energy coming from zero emission sources, including nuclear power.

In 2021, 77% of our electricity consumption was renewable and zero emission energy.<sup>1</sup>

## Energy Efficiency

Increasing the energy efficiency of our facilities is an important part of our work to tackle emissions and supports our mission as an ENERGY STAR partner. In 2021, we launched a companywide energy program and joined the ENERGY STAR Challenge for Industry, which tasks companies with reducing energy intensity by 10% within five years. To drive this commitment, each Hershey manufacturing location around the world has a designated

energy champion who is responsible for implementing carbon savings projects, meeting conservation goals, identifying opportunities for energy reduction and efficiency, and engaging employees in these efforts.

The Hershey manufacturing facility in São Roque, Brazil, achieved the ENERGY STAR Challenge for Industry goal in just one year. The facility reduced their energy consumption by completing projects and executing strategies to improve their on-site energy efficiency.

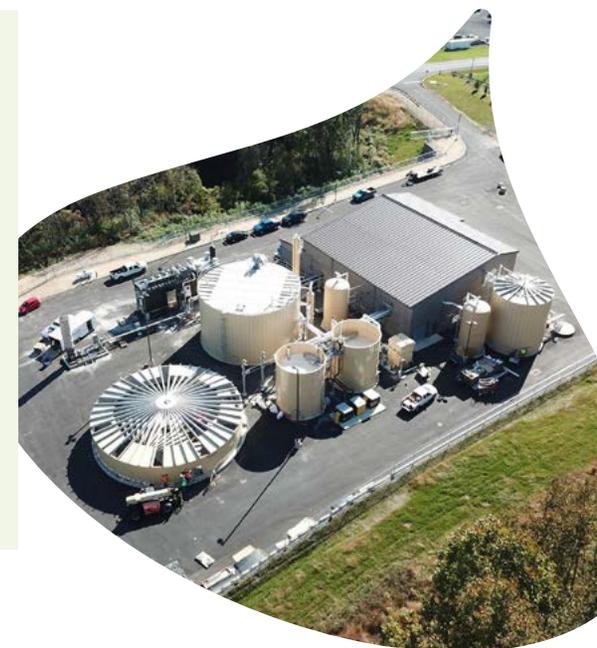
In addition, we joined the U.S. Department of Energy's Better Buildings, Better Plants Program in 2021 to reduce energy intensity throughout our U.S. manufacturing operations by 20% within 10 years. Through this program, we are accessing and leveraging additional energy management tools to further uncover energy saving opportunities.



## Expanding Impact

We're not just looking for more ways to increase Hershey's energy efficiency — our employees are replicating our efforts in their own homes.

In 2021, our Malaysia Green team held a three-month competition to reduce their household electricity bills. The competition sparked action by recognizing and rewarding the best in energy conservation. Monthly electricity-saving tips were shared with employees to encourage them to do their part in responsible electricity consumption for a more sustainable future. All participants in the competition achieved at least a 10% energy reduction and the champion achieved a 32% energy reduction.



<sup>1</sup> This calculation includes purchased RECs and Zero-Emissions Credits (ZECs) as well as solar and hydro power directly sourced by facilities.

# Employees Acting for Change

## Accelerating Sustainability at Hershey With Our Green Teams

Our Green Teams represent a group of passionate employees from all parts of the organization and locations around the world that come together out of a shared interest in advancing sustainability at Hershey and in the communities where we operate. Hershey launched its first Green Team on Earth Day 2020. At the end of 2021, there are now 11 Green Team chapters. Hershey's sustainability goals require action from employees across the enterprise and Green Teams are helping drive progress and make a difference for a more sustainable future.

In summer 2021, the Green Teams planted native wildflowers and grasses for pollinators in the shape of a *HERSHEY'S KISSES* candy at our headquarters. The garden has more than 75 native plants specifically selected for the benefits they provide to pollinators. The garden also provides a place for employees to come together away from technology to engage with a tangible sustainability practice that makes a difference and inspires them to add native plants to their own yard. The garden was certified as a pollinator habitat by the Penn State Extension Office Master Gardener Program.

## Planting Trees Today to Benefit Tomorrow

Green Teams supported the Arbor Day Foundation's Community Canopy program to create the largest tree-giveaway program ever for Hershey employees across the U.S.

The program provided employees with more than 2,000 free trees delivered to their homes. Trees were reserved through the Arbor Day Foundation's Community Canopy online mapping tool, which helps identify the ideal planting location to maximize the air, water, energy and carbon benefits of each tree. The benefits of Hershey's Community Canopy program include nearly 8,500 pounds of air pollutants absorbed, more than \$430,000 in combined energy and community benefits, one million kilowatt-hours saved and 10 million gallons of stormwater filtered.<sup>1</sup> Since 2017, we have planted over 903,000 trees in partnership with the Arbor Day Foundation.

In addition, through collaboration with the Arbor Day Foundation, the Alliance for the Chesapeake Bay and the Chesapeake Bay Foundation, we are planting thousands of trees for reforestation projects on public lands and some of the dairy farms that provide fresh milk for Hershey's products. These actions contribute to improving water quality, creating more natural spaces and supporting environmental education for the next generation.



<sup>1</sup> 20-year cumulative values projected using iTree tools.

# Making Progress on Packaging

## Sustainable packaging is important to consumers — and to how we can reduce our environmental footprint.

Packaging waste is a global issue and we aim to use our expertise and resources to help provide solutions that both deliver on food safety and reduce waste in the environment.

Increasing our proportion of sustainable packaging and ensuring responsible production and disposal play an important part in reducing our Scope 3 GHG emissions.

We use a range of tools and data to make and track our progress, including sustainability calculators and quality and life cycle analysis.

### Progress Against Our Packaging Commitments

In 2021, we announced three ambitious new packaging goals:

- Eliminate hard-to-recycle PVC by the end of 2022.
- Ensure 100% of our plastic packaging is recyclable, reusable or compostable by 2030.
- Reduce our packaging weight by an additional 25 million pounds by 2030.

As of December 31, 2021, qualified alternatives have been identified for more than 50% of PVC, with conversions underway. The balance of Hershey's PVC is on track to have qualified alternatives identified by the end of 2022. We are driving our recyclable plan by finding materials that reduce our reliance on mixed-plastic materials that are not recyclable and are actively qualifying single-material alternatives that are more easily recyclable. Within this space, we expect to begin conversion on some items in the U.S. as early as 2022.

In addition to recyclable plastics, we are exploring paper and compostable alternatives across several regions, including the U.S., Mexico, Brazil and Asia. Beyond these efforts, we continue to drive circularity by increasing our use of recycled materials across our portfolio. One example is the transition to 100% recycled material for corrugate cases by our Reese's and Monterrey facilities. This effort alone has saved almost 625,000 hours of energy, over 14,000 trees and almost two million gallons of water. It also reduced GHG emissions by over 12 million pounds.

Lastly, we continue our long-standing commitment to reducing packaging waste to landfill by eliminating unnecessary packaging. In 2021 alone, we eliminated 9.5 million pounds of material through packaging elimination, redesign and downgauging. Our focus extends beyond just the consumer package to include secondary, transport and display packaging where we are investing in design solutions that drive distribution efficiencies to eliminate extra trucks on the road to minimize associated GHG emissions.

Exploring sustainable packaging requires a holistic approach that balances safety, quality, consumer needs, and manufacturing and distribution requirements. Our priority is to make sure Hershey packaging continues to deliver high-quality and safe, consumable products to market.



For a summary of our goals and KPIs related to packaging, see [page 60](#).



# Protecting Water Supplies

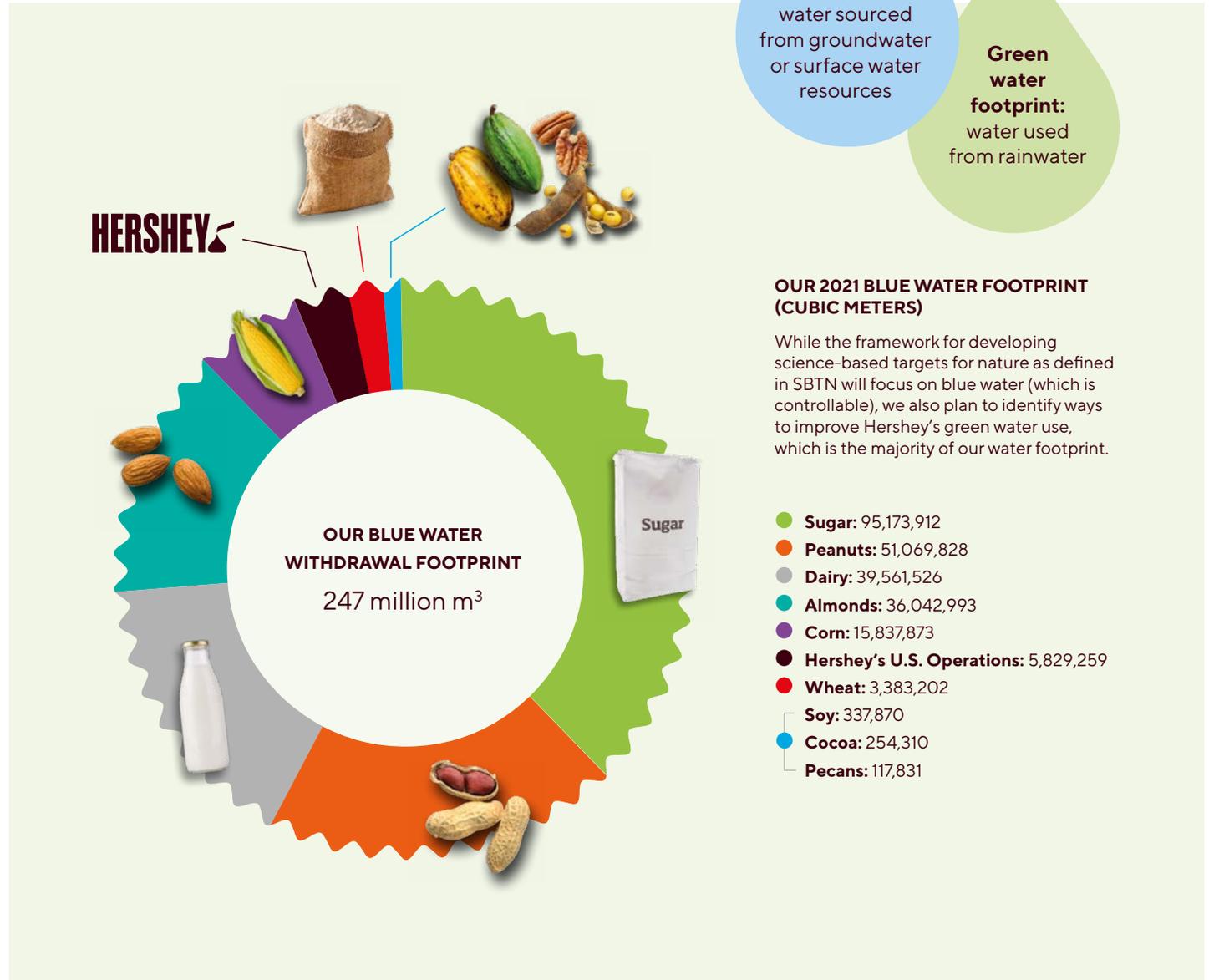
## Water is critical to our business and connected to our climate action strategy.

In 2020, we joined the [Science Based Targets Network's \(SBTN\) Corporate Engagement Program](#) to stay aligned with emerging best practices in water stewardship and the planned release of guidance for SBTs for nature. We are currently participating in SBTN's self-guided pilot to better understand a path for Hershey to minimize its water impacts, identify opportunities to support collective solutions in priority areas and more deeply examine the intersections between climate, water, land, biodiversity and community.

In addition to driving water efficiency in manufacturing, we are exploring agricultural solutions that protect and enhance water resources.

### Applying Best Practices in Malaysia

In our Malaysia facility, Hershey team members have been actively implementing more measures to reduce water use. Key water savings have come from finding different ways to reuse the facility's water. Recycled water is now used in various equipment cleaning processes. So far, these water conservation efforts help recycle 10-15% of the facility's treated water annually. The team is now conducting a study to explore using treated water from a cooling tower for irrigation.



# Our Journey to Understand Our Water Impact

**In 2021, we launched a preliminary assessment following the SBTN methodology. This enabled us to better understand our water footprint and begin to gather insights on contextual water challenges across our operations and the value chain.**

Our initial water risk and opportunities assessment included core commodities that account for the majority of ingredients, relevant materials and manufacturing plants. We identified two material issues: reliance on water for agricultural products in the value chain (high risk) and water used for manufacturing (medium risk).

Following the assessment, we used the water footprint concept from the Water Footprint Network to compile information on water use. This analysis revealed that nearly 100% of Hershey’s global water footprint takes place upstream in agriculture and packaging. Furthermore, from the more than 30 countries where Hershey sources ingredients, 13 account for 96% of the company’s water footprint.

Based on our water stress areas sourcing assessment, approximately 12% of our food ingredients in 2021 were sourced from regions with High or Extremely High Baseline Water Stress.<sup>1</sup>

Using leading global water screening tools – including *Aqueduct* from the World Resources Institute – we began to identify priority areas to create more sustainable water systems and help future-proof growth against climate change.

While the SBTN pilot methodology only requires the use of two indicators in the *Aqueduct* tool, we chose to review all 13 indicators of physical water quantity and quality risks and safe drinking water supplies.

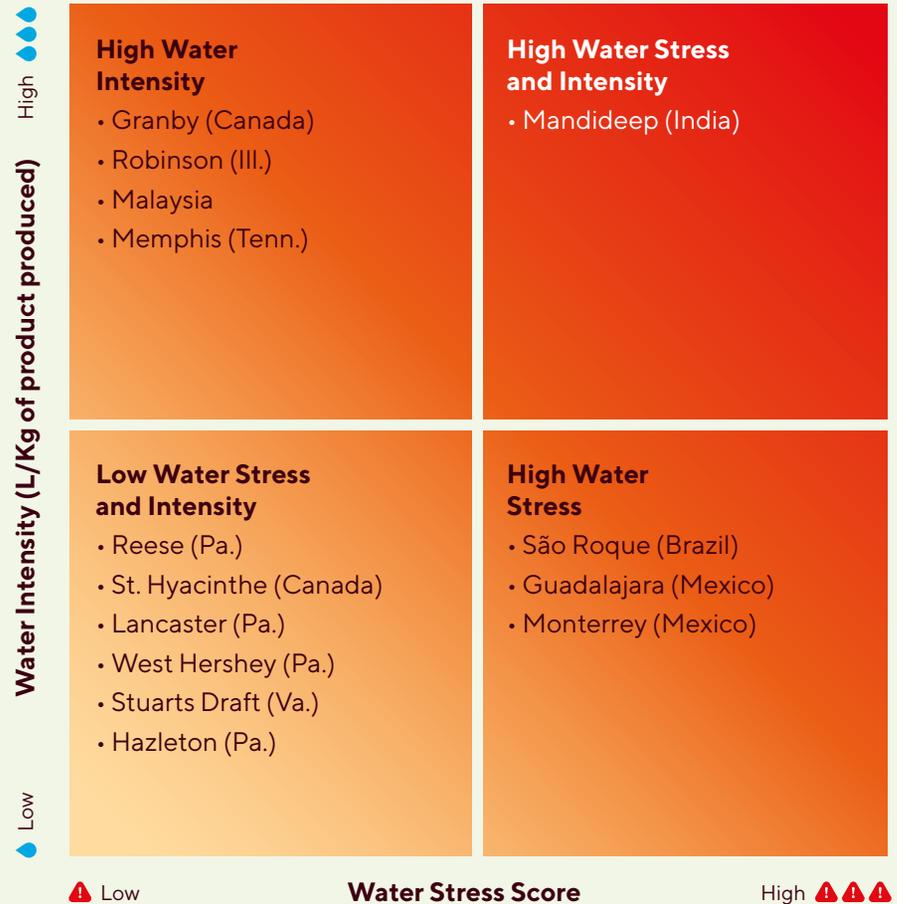
We also took preliminary steps to research some of the social impacts of water issues, including exploring how our water footprint could be linked to impacts associated with access to clean water and sanitation and where vulnerabilities might exist.

 **For a summary of our goals and KPIs on managing our water, see [page 61](#).**

## Taking Action on Water Scarcity in Brazil

São Roque in Brazil is facing its biggest water crisis in over 90 years. In response, our Brazil team explored opportunities to conserve water by identifying areas of improvement at the manufacturing facility. This resulted in swift action to reduce water consumption at the facility and increase employee awareness through training and by hosting a World Water Day event. These actions further elevated the importance of water conservation at home and at work. As a result of these efforts, the São Roque facility had a 23% reduction in water intensity in 2021 compared to the prior year.

## Operational Water Footprint By Factory<sup>2</sup>



<sup>1</sup> The methodology for this calculation is based on mass of ingredients sourced and the *Aqueduct* Water Risk Atlas and WWF Water Risk Filter. This assessment was first completed for Hershey’s food ingredients in 2021.

<sup>2</sup> The methodology for our Operational Water Footprint By Factory analysis is based on the *Aqueduct* Water Risk Atlas and Hershey’s internal benchmarking on 2021 water intensity. Factories in the *High Water Intensity* quadrant are above Hershey’s average water intensity and are located in Very low to Low-medium baseline water stress areas. Factories in the *High Water Stress and Intensity* quadrant are above Hershey’s average water intensity and are located in Medium-high to Extremely high baseline water stress areas. Factories in the *High Water Stress* quadrant are below Hershey’s average water intensity and are located in Medium-high to Extremely high baseline water stress areas. Factories in the *Low Water Stress and Intensity* quadrant are below Hershey’s average water intensity and are located in Very low to Low-medium baseline water stress areas.

# Innovating Waste Solutions

Nearly a century ago, our founder Milton Hershey established our first recycling center to reuse manufacturing waste. Since then, we've maintained that spirit of responsibility and that drive to find innovative solutions as we continually explore new ways to reduce, reuse and recycle our waste. In 2021, we achieved a company-wide waste recycling rate of 85%.

## Contributing to a Circular Economy

While applying circular economy principles, we aim to maximize the beneficial use of material that would otherwise be destined for landfill. For example, the majority of unusable product from our manufacturing facilities in Pennsylvania and beyond are sent to local processing facilities as an organic input that is recovered and transformed into a raw material used in the agricultural sector.

## Turning Waste Into Energy in Mexico

Hershey's plant in Monterrey, Mexico, is decreasing the amount of waste sent to landfill by diverting some of Hershey's nonrecyclable waste stream to a nearby cement manufacturing facility. This waste material, which contains recoverable energy, is beneficially used as an alternative fuel that substitutes the use of fossil fuels for the cement manufacturing facility. This practice reduces CO<sub>2</sub> emissions for the cement manufacturer and contributes to a circular economy.

## Turning Waste Into Resources in Brazil

Our plant in São Roque, Brazil, installed an automatic composter to convert organic waste from the cafeteria into fertilizer that it donates to two socio-environmental projects in the local community, one focused on environmental education and another on community gardens. Both projects help support food security for families and children in need. Extra fertilizer is also available for employees to use.

Our Brazil team also partnered with a supplier that turns waste into products, such as plastic pallets and boxes, that can be used in plants. In addition, our plant in Monterrey, Mexico, has been sending sludge and peanut skins from its manufacturing processes to a composting processor, achieving a 95% recycling rate against waste generated.

## Raising Employee Awareness About Waste

Hershey employees are raising awareness about the importance of reducing, reusing and recycling and are collaborating to explore ways to address what to do about new waste streams, such as the increased use of disposable masks.

Hershey's Tech Center campus and headquarters have implemented a pilot PPE recycling program for hard-to-recycle items like disposable masks, hairnets, gloves and ear plugs using Zero Waste Boxes from Terracycle.

## What's Next

We are actively developing the future of our corporate waste-reduction strategy. We know that reducing the impact of plastics and packaging and promoting circular economy approaches will continue to be one of Hershey's ESG priorities.

We are gaining additional insights and analytics about waste streams through more detailed monitoring and collaboration with Hershey Green Teams — all in an effort to drive continuous improvement.



For a summary of our goals and KPIs on eliminating waste, see [page 61](#).

# zero

waste achieved in two of our manufacturing facilities in 2021, and two additional manufacturing facilities are at nearly 100% recycling





# Our Progress

Goals	Target Year	Progress (as of Dec. 31, 2021)
<b>ENVIRONMENT</b>		
<b>50%</b> absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline <sup>1</sup>	2030	<b>On Track</b> 48%
<b>25%</b> absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	<b>On Track</b> 18%
<b>100%</b> of plastic packaging to be recyclable, reusable or compostable	2030	<b>On Track</b> In 2021, we began initial recyclability research and machine ability trials. In 2022, we are focused on converting flexible packaging to recyclable structures.
<b>25 million pounds</b> of packaging to be eliminated <sup>2</sup>	2030	<b>On Track</b> 9.5M

1 Hershey's GHG emissions reduction goal is based on Scope 1 and Scope 2 (market-based).

2 The initial goal was achieved five years ahead of schedule in 2020. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030.



## KPIs

GHG EMISSIONS <sup>3,4,5</sup> (METRIC TONS OF CO <sub>2</sub> e)	2021	2020	2019
Total GHG footprint <sup>6</sup>	5,554,762	5,995,431	6,571,654
Direct (Scope 1) emissions	146,653	157,092	160,808
Change in Scope 1 emissions (against a 2018 baseline)	-6.7%	-0.04%	2.3%
Indirect (Scope 2): market-based emissions	61,415	129,100	227,991
Change in Scope 2: market-based emissions (against a 2018 baseline)	-74.5%	-46.6%	-5.3%
Indirect (Scope 2): location-based emissions	201,203	197,612	212,538
Biogas Carbon Dioxide Emissions	3,631	4,398	3,307
Value chain (Scope 3) emissions	5,346,693	5,709,238	6,182,856
Change in Scope 3 emissions (against a 2018 baseline)	-18.4%	-12.9%	-5.7%

3 Hershey's 2019 and 2020 GHG emissions data has been restated to include at least 95% of our total baseline (as per SBTi standards). All calculations include relevant GHG as specified by the Greenhouse Gas Reporting Protocol. The data in this table excludes ONE Brands, Lily's, Dot's and Pretzels. Emission factor sources include: Scope 1: ecoinvent and DEFRA. Scope 2: EPA Emissions & Generation Resource Integrated Database (eGRID), Quantis Scope 3 evaluator, Green-e® Energy Residual Mix Emissions Rate and the emission rates of our electricity providers. Scope 3: ecoinvent, Quantis Dryad tool and the emission rates of our suppliers. Operational control. GHG Protocol standard used.

4 Totals may not equal 100%, due to rounding.

5 Environmental data within this table has been assured by [Quantis](#), an independent verifier.

6 Hershey's total GHG footprint is calculated based on Scope 1, Scope 2 (market-based) and Scope 3 emissions.

## KPIs

GHG EMISSIONS <sup>1,2,3</sup> (METRIC TONS OF CO <sub>2</sub> e)	2021	2020	2019
Category 1 – Purchased Goods and Services	4,483,142	4,828,019	5,277,895
Category 2 – Capital Goods	Not applicable	Not applicable	Not applicable
Category 3 – Fuel and Energy-Related Activities	28,418	29,289	30,983
Category 4 – Upstream Transportation and Distribution	408,839	418,876	404,933
Category 5 – Waste Generated in Operations	7,558	7,111	7,177
Category 6 – Business Travel	6,006	6,768	56,175
Category 7 – Employee Commuting	33,013	33,189	44,125
Category 8 – Upstream Leased Assets	7,696	7,516	7,610
Category 9 – Downstream Transportation and Distribution	284,179	293,947	273,127
Category 10 – Processing of Sold Products	Not applicable	Not applicable	Not applicable
Category 11 – Use of Sold Products	Not applicable	Not applicable	Not applicable
Category 12 – End-of-Life Treatment of Sold Products	87,842	84,524	80,832
Category 13 – Downstream Leased Assets	Not applicable	Not applicable	Not applicable
Category 14 – Franchises	Not applicable	Not applicable	Not applicable
Category 15 – Investments	Not applicable	Not applicable	Not applicable

1 Hershey's 2019 and 2020 GHG emissions data has been restated to include at least 95% of our total baseline (as per SBTi standards). All calculations include relevant GHG as specified by the Greenhouse Gas Reporting Protocol. The data in this table excludes ONE Brands, Lily's, Dot's and Pretzels. Emission factor sources include: Scope 1: ecoinvent and DEFRA. Scope 2: EPA Emissions and Generation Resource Integrated Database (eGRID), Quantis Scope 3 evaluator, Green-e Energy Residual Mix Emissions Rate and the emission rates of our electricity providers. Scope 3: ecoinvent, Quantis Dryad tool and the emission rates of our suppliers. Operational control. GHG Protocol standard used.

2 Totals may not equal 100%, due to rounding.

3 Environmental data within this table has been assured by [Quantis](#), an independent verifier.

EMISSIONS INTENSITY <sup>4</sup> (METRIC TONS OF CO <sub>2</sub> e PER METRIC TON OF PRODUCT PRODUCED)	2021	2020	2019
Direct (Scope 1)	0.154	0.168	0.172
Indirect (Scope 2): market-based	0.065	0.138	0.243
Scope 1 and Scope 2: market-based	0.219	0.306	0.415
Value chain (Scope 3)	4.875	5.329	5.797

4 Data in this table has been restated. The current scope excludes ONE Brands, Lily's, Dot's and Pretzels.

## KPIs

ENERGY CONSUMPTION <sup>1,2</sup> (GIGAJOULES - GJ)	2021	2020	2019
Biogas	72,015	87,218	65,588
Coal	72,533	77,665	88,371
Distillate fuel oil no. 2	7,283	6,584	10,752
Electricity consumed	2,019,779	1,973,875	2,010,716
Fuel oil no. 6	151	555	1,865
Jet fuel	32,045	30,812	45,440
Motor gasoline	2,940	3,009	3,158
Natural gas	2,465,002	2,513,685	2,663,264
Propane	596	785	861
Total energy consumption <sup>3</sup>	4,672,395	4,694,197	4,890,014
Total electricity consumed that is grid electricity (percentage)	22.15%	56.25%	95.57%
Electricity consumption that is renewable (percentage)	21.45%	6.52%	4.43%
Electricity consumption that qualifies as zero-emissions energy (percentage) <sup>4</sup>	56.40%	37.23%	Not applicable
Energy intensity ratio (GJ per metric ton of product produced) <sup>5</sup>	4.38	4.48	4.67

1 Data in this table has been restated. The current scope includes all Hershey facilities (e.g., offices, factories and distribution centers/warehouses) with the exception of ONE Brands, Lily's, Dot's and Pretzels.

2 Environmental data within this table has been assured by Quantis, an independent verifier.

3 Total may not add up when using category values listed above due to rounding.

4 Hershey did not begin purchasing RECs and ZECs until 2020.

5 Represents energy usage at Hershey manufacturing plants related to fuel, electricity and heating.

## KPIs

AIR QUALITY (METRIC TONS – MT)	2021	2020	2019
NO <sub>x</sub> emissions	67.4	74.9	77.8
SO <sub>x</sub> emissions	2.15	2.5	2.4
VOC emissions	101.9	83.8	190.3
CO emissions	64.0	64.2	77.8
Particulate emissions	52.9	49.2	49.1

ACCELERATING SUSTAINABILITY WITH HERSHEY GREEN TEAMS	2021	2020	2019
Hershey Green Team chapters (globally) <sup>1</sup>	11	3	Not applicable
Hershey Green Team members <sup>1</sup>	>330	>160	Not applicable
Trees planted and tree seedlings distributed <sup>2</sup>	218,124	220,100	112,582

<sup>1</sup> The first Hershey Green Teams were founded in 2020.

<sup>2</sup> The trees planted and tree seedlings data includes the activities of Hershey Green Teams and reforestation partnerships like The Arbor Day Foundation and Sustainable Dairy PA. It does not include tree planting related to cocoa. The cocoa tree data may be found on [page 32](#).

PACKAGING	2021	2020	2019
Eliminating hard-to-recycle PVC (by end of 2022) <sup>3</sup>	Qualified alternatives identified for more than 50% of PVC	N/A	N/A
Total packaging sourced globally (metric tons) <sup>4</sup>	168,898	156,617	129,946
Packaging waste eliminated (millions of pounds) <sup>5,6,7</sup>	9.5	2.26	Data not available
Product packaging by weight that is currently recyclable (percentage)	77%	77%	80%
Packaging made from recycled and/or renewable materials (percentage)	72%	70.2%	65%
Packaging in North America that is post-consumer recycled material	31%	22%	22%

<sup>3</sup> Hershey's commitment to eliminate PVC by end of 2022 was announced in 2021.

<sup>4</sup> The 2019 result represents packaging sourced from North America only.

<sup>5</sup> Hershey's initial packaging elimination goal was achieved five years ahead of schedule in 2020. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030.

<sup>6</sup> The 2020 value does not include packaging reductions from Amplify, which also reduced its packaging weight by an additional 1.65 million pounds in 2020.

<sup>7</sup> In the 2019 Sustainability Report, Hershey disclosed that we saved more than 23.6 million pounds of packaging cumulatively since 2015.

## KPIs

WATER <sup>1,2</sup> (MILLIONS OF LITERS)	2021	2020	2019
Total water use	5,829	5,546	5,797
Groundwater	54%	52%	52%
Purchased water	46%	48%	48%
Total water discharge	4,915	4,623	4,405
Total water consumption <sup>3</sup>	914	923	1,392
Water intensity (liters per kilogram of product produced)	3.19	3.11	3.23

1 Water data for all years has been restated. The current scope excludes ONE Brands, Lily's, Dot's and Pretzels.

2 Environmental data within this table has been assured by Quantis, an independent verifier.

3 Water consumption is calculated as water use less water discharge.

WASTE <sup>4,5</sup> (METRIC TONS - MT)	2021	2020	2019
Non-hazardous waste generated	61,013	56,602	51,815
Total waste reused and recycled and method used	51,532	47,751	42,698
Recycled	20,565	20,810	17,236
Stock feed	30,744	26,927	25,182
Composted	223	14	280
Waste to energy (incineration)	6,781	5,818	6,081
Waste to trash (landfill)	2,700	3,033	3,037
Hazardous waste	152	178	88
Waste intensity (waste generated per metric ton of product produced)	0.06	0.06	0.06

4 Waste data for all years has been restated. The current scope excludes ONE Brands, Lily's, Dot's and Pretzels.

5 Environmental data within this table has been assured by Quantis, an independent verifier.

# Putting People First



**At Hershey, we foster a culture of togetherness and collaboration where our people feel heard, valued and supported to do their best work each day. We strive to nurture workplaces where inclusiveness is a reflex, not an initiative, and all employees can thrive.**

We do this because our people are our greatest asset. We believe that we unleash their potential when we invest in them and enable them to be the best versions of themselves.

Together, we have built a deep sense of pride, passion and belonging that transcends any role, business unit, language or country.



# Stronger Together

**Different ideas, perspectives and backgrounds create a stronger and more successful work environment. Hershey's dedicated, engaged, inclusive and collaborative employees make more moments of goodness together. When all employees feel valued and heard, everyone is positioned to do their best work every day.**

Much like the previous year, 2021 was a year of unexpected challenges. While we could not control all the stressors impacting our employees, we took decisive steps to safeguard our people's physical, emotional and financial well-being.

Hershey is deeply focused on enhancing diversity, equity and inclusion, investing in well-being, helping people grow and delivering excellence. We are committed to the programmatic development of our people, including future-facing commercial skills, leadership and career development.

We continue to support employees' careers and connections through engagement with managers, mentors and sponsors, as well as through the adaptation and expansion of our benefits. Flexibility and care systems are key to employee well-being and mental health. We are designing and reinventing policies to improve our flexible approach.

Our most recent 2021 employee satisfaction survey showed that employees remain highly engaged and fulfilled, although, consistent with marketplace trends, these metrics declined slightly from 2020 due to effects of a prolonged pandemic. Despite the slight decrease, we achieved greater than 75% favorability on both key metrics in 2021. We are increasing transparency of workforce and well-being data and insights to transform the way we lead.

We are committed to providing unique Hershey opportunities that infuse energy and excitement into the employee experience.



# Keeping People Safe

## Strengthening Our Holistic Approach

We recognize safety as one of our salient human rights issues and put the safety of people – from our employees to contractors and guests at Hershey facilities – first. This goal ties in closely to protecting and promoting the well-being of the people who work for and with us.

Throughout the year, much of our focus continued to be on how best to keep our people safe during an ongoing pandemic. We retained the crucial decision-making committee we set up with key executive leaders and we also continued to update the COVID-19 website to share up-to-date information with employees on topics such as travel and health and safety requirements. Employees that were able to work from home continued to do so.

We also kept our facilities safe for employees who need to be on-site, from providing PPE to enabling physical distancing in workspaces.

Our efforts have helped us maintain a low infection rate, despite new variants and subsequent surges in infections. The majority of cases we recorded have been traced back to contacts occurring outside of work. We believe this is a testament to the efficacy of the systems our teams put in place and the deep care and concern Hershey employees showed for their peers.

Despite the ongoing challenges presented by the pandemic, we were able to develop a new Environmental, Health and Safety (EHS) Management System modeled on the leading ISO 14001 and 45001 standards. We believe that standardizing practices not only makes it easier to ensure legal compliance regardless of location but also unites our people under one way of thinking about EHS.

Our approach is based on global best practices and seeks to meet or exceed regulations wherever we operate. The new standardization practices will include developing updated global safety standards for both people and the environment and providing regular training for relevant employees on applicable topics. The new Management System will be fully implemented by 2022.

Its implementation will be supported by a robust internal audit system that will validate the application of the standard as well as sites' compliance with local regulations. The Audit teams will consist of EHS Center of Excellence members and EHS managers from other sites. Our EHS Lean Pillar team will be overseeing the implementation of the new safety standards and procedures.

While standardizing safety processes, we also developed a training matrix that lists all safety topics, the frequency of training required, the relevant personnel to be trained or to manage training and what resources the training requires, such as online classes or in-person demonstrations.

## Meeting New EHS Goals

We are already on track to meet our newly launched goal of 50% hazard reduction for job functions with ergonomic risks. To get there, we have been implementing a culture-based ergonomics program across all global sites.

In 2021, all manufacturing sites globally:

- Formed an employee-based Ergonomics committee.
- Completed the first-ever global training on ergonomics.
- Completed three easy ergonomic fixes that are being compiled for sharing.

In 2022, all sites will complete a risk assessment, planning and mitigation steps. We will also establish a strong quantitative baseline for the reduction of ergonomic risk in the company.



For a summary of our goals and KPIs on safety, see [page 79](#).



# Providing a Caring Employee Experience

We recognize that employee well-being is a cornerstone of an engaged, innovative and productive workforce. When our employees feel seen, respected and cared for, they give their best.

Hershey is proud to offer a competitive suite of benefits, a full list of which may be found on our [Careers page](#). These include:

## Family Benefits

- Paid parental leave including adoption benefits.
- Fertility coverage.
- Flexible working solutions.

## Well-Being Benefits

- Private rooms designed for breastfeeding, quiet reflection, prayer or wellness rest breaks.
- State of the art fitness center at our Hershey, Pennsylvania campus.
- Employee Assistance Program through Beacon Health: In 2021, the program expanded to include up to 10 free virtual visits with a counselor per problem per year (for Hershey employees and each person living in their household).

## Community Benefits

- Hershey Company Scholars Program: scholarships to children of Hershey employees pursuing post-secondary education.
- Unique volunteering opportunities, including at Milton Hershey School.
- Dollars for Doers program: Hershey donates \$500 to an employee's nonprofit of choice after they log 50 hours of volunteer service in a calendar year.
- Employee relief fund that provides grants to individual employees facing disaster or hardships.
- Matching gifts program (see [page 87](#)).

## Supporting Balance and Well-Being

During the year, mental health stayed in the spotlight, with employees becoming more open about the struggles they were facing during constant uncertainty. Our approach was to regularly engage with our people managers and expand our benefits system to ensure employees felt heard and supported.

In 2021, many employees continued to work from home and some were hired as fully remote — emphasizing Hershey's flexibility and ability to attract diverse talent. This only underscored the importance of our continued transition to a more flexible working model for all our employees, regardless of their role. We have scaled up our work to improve scheduling for manufacturing teams and retail employees while migrating to a more virtual workplace for corporate employees.

We also adapted our benefits to find more ways to recognize the added workload of caring for families during working hours.

For example, our Bundle Program is an "Educare" virtual platform designed to give employees a break from childcare and elderly care responsibilities by enabling children ages 3-11 and elderly family members to engage with vetted and trained instructors in one-on-one or small group sessions virtually. Children can take educational adventures in science, engineering, arts and culture, health and wellness or diversity and inclusion, and receive tutoring or collaboratively work on homework. Older family members can connect with others and engage in intellectually stimulating experiences in arts and culture, travel and games. This program was expanded in 2021 to include "Power Up" programs providing coaching and professional development during one-on-one sessions and in small groups.

## SmartFlex Benefits

SmartFlex is our suite of policies that enables individuals to create their own balance between work and personal life. It is designed to improve productivity, boost job satisfaction and increase employee engagement.

- **Parental Leave:** A total of six weeks of consecutive paid time off or a total of 15 days of flexible paid time off for all full-time salaried U.S. employees in addition to other similar benefits available to employees.
- **Flex Tech:** Utilizing new technologies and personally owned devices to provide employees with secure access to company systems from work or home.
- **Flex Time:** Salaried employees choose how best to manage their work time based on work priorities and personal commitments.
- **Family FLEX:** Employees can designate time in their workdays to care for children, family members, other loved ones and even themselves. This enhances flexibility in a virtual work setting and better equips employees to balance business needs with personal obligations.



## Engaging With Unions

The employees at our manufacturing facilities who craft our world-class products enjoy competitive wages, benefits and highly skilled jobs and report strong engagement with their work. At some facilities, our manufacturing employees are represented by labor organizations and operate under collective bargaining agreements. Our labor relations are conducted in the spirit of collaboration for the benefit of employees and the company. In 2021, approximately 33% of our employees worldwide were covered by collective bargaining agreements.

## A Place to Learn and Grow

Hershey gives all employees the chance to learn, grow and own their work. Since 2017, we have partnered with leading online content experts and increased internal learning development to expand our catalog of online and classroom courses from 3,000 to more than 20,000. This unique combination of world-class resources, genuine responsibility and authentic experience makes Hershey a place where employees can become leaders in their fields. The majority of our eight executive officers were promoted from within the organization.

In 2021, Hershey showed care and concern for employees' and leaders' well-being by hosting a monthly virtual well-being webinar series. The series focused on emotional, mental and physical health habits and offered supporting resources. We leveraged our Business Resource Groups (BRGs) to host 22 webinars and shared the series with the 3,300 BRG members.

The Black Heritage BRG hosted the July Minority Mental Health Month event, focusing on removing the stigma of mental health. "Your Blues Ain't Like Mine; Acknowledging and Healing Our Past, Looking Forward To The Future," presented by Malkia Newman, Team Supervisor at CNS Healthcare, was a featured session. Hershey also provided Exercise Your Wellness with personal trainer Bodine Wolchuk sharing how to move your body through dynamic exercises to increase strength, stretching techniques to enhance flexibility and breathing techniques to decrease heart rate and blood pressure, helping to manage stress and increase focus.

For leaders, we provided two webinars on *Recognizing The Distressed Employee*, which shared how to recognize the role of stress, the warning signs, strategies for assisting employees and resources to support leaders and employees.



**20,000+**  
online and classroom  
courses available to Hershey  
employees



# Accelerating DEI Efforts at Hershey

This year, we deepened our DEI work, putting our employees front and center of our new, strengthened DEI strategy.

To have the right impact, in the right way, we have listened intently to our employees, using their experiences to explore ways to be a company that truly advances inclusion in our business and our communities.

As a result, together with a diverse group of employees, we co-created The Pathways Project, our five-year plan to make our workplace and communities even more inclusive.

In 2021, we intensified our DEI priorities and realized how much more we could and should be doing. We accelerated our commitments and recognized the need to pause, engage with employees and strengthen Hershey's inclusion strategy to truly embed DEI into the company — making it real and actionable every day.



Per Hershey's commitment in our 2022 Proxy Statement, we've expanded DEI and human capital disclosures in this report. For a summary of our goals and KPIs related to our people, see [page 74](#).



DEI has always been on our radar and top of mind. Following a particularly traumatic 2020, we realized the time had come to intensify our DEI priorities and do even more.

I'm proud to see that our Pathways Project is already having a visible impact on our workforce, from our manufacturing centers to corporate management.

It's a strong start on ambitious commitments but we know there is still work to do.

As we look to the future of The Hershey Company, we will be guided by The Pathways Project. Not only will it help us hold ourselves accountable to our targets, we will also use it to inform each and every business decision to ensure that DEI stays at the forefront of Making Moments of Goodness, together.



**Alicia Petross,**  
Chief Diversity Officer,  
Hershey

## The Pathways Project



### More pathways to JOIN:

#### Bringing in a wider range of talent and perspectives

Supported by new hiring practices for 50% diverse slates of candidates and interviewers, expanded opportunities for remote hires and remote work, and new efforts to engage more diverse suppliers.



### More pathways to GROW:

#### Recognizing and developing talent that was underrepresented in the past

Supported by unconscious bias training, promoting diverse mentorship and commercial leader development to retain and promote POC talent.



### More pathways to REACH OUT:

#### Showing up for consumers and communities in new ways

Supported by seeking to improve access to education for POC communities through new partnerships, supporting BRG membership and engaging in volunteering and giving opportunities.

## How Hershey Defines

### Diversity:

Hershey defines diversity as dimensions of difference between people. These dimensions are often referred to in terms of race and gender, but at Hershey, we also include dimensions such as age, ethnicity, sexual orientation, veteran status, physical abilities, etc.

### People of Color (POC):

Refers to Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.

# 2021: Living DEI at Hershey

**It's been a year since we launched our most ambitious DEI goals and, as a company, we've come a long way.**

In the wake of the murder of George Floyd, the killing of Breonna Taylor and the injustices committed against Christian Cooper, among others, we took a long hard look at where Hershey could do more to fight for racial justice. We then rapidly implemented concrete plans to transform and amplify DEI across our company and our communities.

From providing unconscious bias training aligned to moments that matter to growing our pool of diverse recruiting sources and overhauling career paths and possibilities, we are now a new and even better Hershey.

But challenges remain. Some are familiar, like the difficulty of attracting diverse talent to our rural Pennsylvania location. Others are new, like the impact of a global pandemic. As the pandemic continued to change the landscape of the American workforce, a key question for Hershey became: how do we make this work for us? And what does inclusion in Hershey's culture mean when we can't all be together?

## Mixing Remote Work and Inclusive Culture



**Amber Murayi,**  
Vice President of Strategy,  
Hershey

Amber Murayi joined Hershey during the pandemic when remote working was the only option. She understands first-hand how Hershey has been adapting our unique and welcoming culture to ensure that remote colleagues feel included.

"The great thing about Hershey is that everyone is friendly and engaging. As soon as I started, I was setting up team meetings and one-on-one sessions. Meeting people was the top priority. And in every conversation, I was given the names of three additional people to talk to. Having such an open company culture helps remote employees get plugged in quickly. You feel like you were walking the halls and got introduced to people on the way."

Amber experienced how quickly Hershey pivoted to adapt to processes that worked for everyone's new normal in a virtual work environment. "There is an intentionality around in-person interactions that allows for remote employees to plan for virtual collaboration and everyone now makes the most out of those interactions. Up to 70% of my team is remote but we try to spend three days on-site together every quarter, where one of those days is just about team bonding."

And despite not walking into an office culture daily, Amber's still been able to experience the inclusivity of Hershey's culture. "I am a co-lead of the Women's BRG (WBRG) and that's helped me meet a lot of people while giving back to the Hershey community. I really encourage my team members to think about what BRG they might want to join. I also got to meet almost every member of the executive team early on. They shared their learnings and networks — an open display of how Hershey culture transcends all levels of employees."



## Leading the Way for Women

We could not be prouder to have been listed number one on *Forbes'* ranking of the World's Top Female-Friendly Companies in 2021.

To determine the list, 150,000 full-time and part-time workers from 58 countries working for multinational companies and institutions were anonymously surveyed. The respondents were asked to rate their willingness to recommend their own employers to friends and family and evaluate other companies in their industry.

Under our first female CEO, Michele Buck, women today make up 42% of our board. Thanks to our Pathways Project goals, we aim to ensure women comprise 50% of our overall workforce and 42% of our leadership by 2025. In 2020, we achieved 1-to-1 aggregate gender pay equity for salaried employees in the U.S. (excluding recent acquisitions). In 2021, we achieved 1-to-1 aggregate POC pay equity for salaried employees in the U.S. (excluding recent acquisitions).



**For additional details about Hershey's diversity KPIs, see [page 74](#).**

# More Pathways to JOIN

**Pathways to JOIN is about changing the way we bring diverse representation into Hershey, with targets for recruitment and supplier diversity and powerful partnerships with educational institutions to grow tomorrow's talent pool.**

## Our Ambition

- 50% diverse slate of candidates and interviewers.
- \$400 million in spend with diverse businesses throughout our supply chain by 2030.

## Our Progress in 2021

Our goal commits us to having a candidate slate that is 50% diverse for every externally sourced role *before* we interview. In addition, we now require our interview teams to consist of at least 50% diverse employees. During 2021, we began to fully implement new practices to amplify diverse recruitment initiatives to meet these ambitions.

For example, to aid in developing a diverse candidate pipeline, we are expanding our work with diverse-owned talent search firms, setting a goal to have 30% of total search volume completed by such firms. We are extremely pleased to report that 41% of all talent acquisition search volume in 2021 was led by diverse-owned firms.

In addition, we set a goal to achieve a college recruiting portfolio that is at least 50% diverse. To ensure we meet this, we added 23 HBCUs and HSLs to our roster of universities and schools that we recruit from. In 2021, HBCUs and HSLs constituted 47% of our core universities/schools.

To advance DEI beyond our workforce, we established a new supplier diversity goal to increase our spend with diverse suppliers to \$400 million by 2030, helping promote economic equality and opportunity for diverse businesses.<sup>1</sup>



**For more details about our supplier diversity program, see [page 70](#).**

Going forward, our focus continues to be on eliminating barriers to employment to build a team and supply chain that is as diverse from top to bottom as our consumer base. This is more than an aspiration for us — it is a business imperative and a mandate from our CEO Michele Buck.



<sup>1</sup> Diverse spend includes formal industry-recognized certification and self-certification, and Tier 1 and Tier 2 spend with U.S.-based suppliers. Diverse suppliers refers to businesses that are 51% owned, managed and controlled by women and/or Black, Hispanic, Asian, Indigenous, U.S. military veteran, LGBTQ+ and disabled persons, or other individuals that qualify as socio-economically disadvantaged.

## Taking DEI Beyond Hershey — Our Supplier Diversity Program

The Hershey Company has a commitment to and a track record of promoting DEI in its supply chain. We aim to have our suppliers represent the customers and consumers we serve and believe this is critical for innovation and business success. Our supplier diversity program is currently focused on the U.S. and supports economic growth for POC, women, veteran, LGBTQ and disabled person-owned businesses. In 2021, we spent \$92 million with 139 diverse suppliers<sup>1</sup>, working toward our newly established goal of \$400 million by 2030.

In 2021, we brought in a new data partner to strengthen our systems for tracking diverse supplier spend and to provide us with an improved tool for identifying and vetting new diverse vendors to include in bid opportunities. We also joined the [National Minority Supplier Development Council](#) and [Women's Business Enterprise Center East](#) to leverage their diverse supplier networks and support their development of diverse businesses.

To further integrate our supplier diversity goals across our business, we engaged all executive officers and their teams in 2021. Supplier diversity champions were nominated for each business group to help spearhead supplier diversity efforts in partnership with procurement. We also developed a new e-learning course on supplier diversity that will be launched early in 2022 to ensure all employees understand the importance of our program and how to play a role in achieving our goals. Finally, we enhanced our supplier diversity language in contracts to support an expansion of our Tier 2 program in 2022.

## Meet Some of Our Diverse Suppliers

### Mays Chemical Company

Mays is a Black- and woman-owned national distributor of chemical and raw materials, offering vendor management, procurement services, blending and repackaging. Mays has been a proud partner of Hershey for more than 10 years, providing exceptional quality and service along the way. Throughout the recent pandemic, the company provided innovative sourcing solutions to overcome ever-changing supply chain challenges. They are truly an innovative partner with in-depth knowledge of the businesses they support.

### Chaucer Press, Inc.

Chaucer Press is a woman-owned and award-winning industry leader in secondary packaging components, supporting some of the largest multinational companies in the world, including Hershey. Chaucer Press is one of our key strategic label suppliers, providing pressure sensitive labels for all our gum and mint packages as well as in-mold labels for Hershey Syrup bottles. The company has been instrumental in helping drive our sustainability initiatives by partnering with our teams to research and qualify recyclable label materials.



**\$92M**  
spent with diverse  
suppliers in 2021<sup>1</sup>

<sup>1</sup> Diverse spend includes formal industry-recognized certification and self-certification, and Tier 1 and Tier 2 spend with U.S.-based suppliers. Diverse suppliers refers to businesses that are 51% owned, managed and controlled by women and/or Black, Hispanic, Asian, Indigenous, U.S. military veteran, LGBTQ+ and disabled persons, or other individuals that qualify as socioeconomically disadvantaged.

# More Pathways to GROW

**Pathways to GROW commits us to actively recognizing and developing talent that has traditionally been underrepresented while also creating an environment where colleagues can operate with courage and learn from each other.**

## Our Ambition

We're capitalizing on the strength of existing talent by improving access to training and resources on leadership, racism, unconscious bias and well-being.

We continue to invest in early-in-career and mid-career development and training to develop commercial skills and career building for POC and women.

## Our Progress in 2021

Through our Pathways to GROW pillar, we are identifying and exploring multiple ways we can retain and actively engage current employees while continuing to increase diversity and foster a culture of inclusion.

## Developing Diverse Talent

We created new commercial acumen training. The five-month curriculum is designed to build the business acumen of diverse talent. The training covers financial acumen, project management, problem solving, strategic thinking, emotional intelligence and influencing skills.

The course also includes monthly mentor check-ins providing coaching and feedback supporting the cohort project and personal development goals. The first cohort of 60 pupils graduated in 2021.

We also launched Project Freeway, a new initiative to help employees advance their careers by offering development tools and resources tailored to their unique needs.

## Implementing Unconscious Bias Training

During 2021, for the first time, we mandated unconscious bias training across the company. We now conduct training twice a year, with intentional timing to increase the likelihood of employees incorporating the learnings into their daily behavior. By the end of 2021, 6,943 unconscious bias training hours had been completed.

After each session, leaders met with their teams to reflect on the discussion questions. Employees completed 1,960 leader-led discussion hours in 2021.

## Feedback and Coaching for Leaders

We partnered with Practica to incorporate five unconscious bias scenarios in feedback and coaching scenarios for leaders, including micro-aggressions, micro-advantages, inequities, micro-actions and their impact on the individual. Further exercises included small group breakouts sharing "what would you do" questions. Leaders learned how to monitor unconscious bias scenarios and address them as they see them occur.

We then provided key studies showing leaders how diverse teams are more innovative and exhibit advanced decision-making skills, which was key leader behavior during the pandemic in 2021.

By the end of the sessions, 402 people leaders completed the course and 2,000 training hours were logged.



## How Our BRGs Are Driving Diversity

Our eight employee-led BRGs — Abilities First, Black Heritage, Asian and Pacific Islander, GenH (Generations), Latino, Prism (LGBTQ), Veterans and Women — are crucial to attracting diverse talent, providing mentoring and career development opportunities, delivering business insights and connecting people to the company and the communities where we work.

During 2021, the BRGs continued to deliver outsized impact in driving progress on our DEI ambitions.

### Over the course of the year, the Black Heritage BRG:

- Identified potential share gaps with POC consumers (\$40 million Black consumer share gap and an \$80 million Hispanic/Latino consumer share gap).
- Influenced incremental Martin Luther King Jr. Day and Juneteenth company holidays.
- Designed and developed the *Investing In Your Growth Speakers Series* with over 4,000 attendees, as well as the Financial Acumen Lunch 'n Learn six-part series to build commercial business skills.

### During the year, the Women's BRG:

- Collaborated with the HR team to develop the SmartFlex Time Policy for more flexible work schedules, positively impacting employees by providing flexibility for managing virtual work and personal commitments.
- Worked with our Information Security team to share the Care Connect app, which helps employees access services like transportation, childcare or tutoring.
- Held a seven-part career development Lunch 'n Learn series.

- Employees benefited from monthly well-being webinars, eight of which were sponsored by the Abilities First BRG.
- Gender neutral restrooms were installed in Hershey's headquarters, Hershey Technical Center in Hershey, Pennsylvania, and the Annville Fulfillment Center in Annville, Pennsylvania. These are only a few examples of how our BRGs continue to develop talent and influence policy for a more inclusive Hershey.



**Attending the Lunch 'n Learn sessions provided employees opportunities to reflect, embrace and cultivate change to the openness of racial discussions in the workplace. I found the sessions profoundly impactful observing vulnerability from colleagues' sharing their personal race related situations and feeling open to sharing my own experiences around being a Black woman.**



**LaQuita Smith-Gary,**  
Director, Employee Relations and Compliance, Hershey



# More Pathways to REACH OUT

**Pathways to REACH OUT is about the work we do in our communities to improve access to education for Black and Brown students, empower and engage our BRGs and support volunteerism.**

## Our Ambition

We're investing in the changes that are building the communities we want to see: where youth of color have a clear and accessible path to quality education and where everyone feels seen, heard and supported.

## Our Progress in 2021

Our commitment is to serve and support the local communities of all our stakeholders, from our home in the heart of Pennsylvania to the diverse areas where we operate around the world.

As a part of this commitment, we are making an impact through educational investments, community programming and DEI initiatives with supply chain partners.

In 2021, this work included adding the [Equal Justice Initiative](#), [League of United Latin American Citizens](#) and [Asian Americans Advancing Justice](#) to Hershey's roster of partners.

During the year, our DEI-focused volunteer efforts covered several local initiatives. We not only continued our long-standing mentorship programs for students at Milton Hershey School but also mentored students at the Dauphin County Technical School and across the Harrisburg School Districts. This year, employees also began mentoring youth participating in the [NAACP ACT-SO Achievement Program](#) of Harrisburg. The program recognizes and supports young people from underrepresented communities who demonstrate academic, scientific and artistic achievement.



## Investing in an Inclusive Future

In December 2020, Hershey became the first company to endow a scholarship with the [Thurgood Marshall College Fund](#) (TMCf). The fund represents and supports the ambitions of nearly 300,000 students attending 47 member schools that include public HBCUs, medical schools and law schools.

Hershey pledged a historic \$1.5 million investment with an aim to increase that to a total of \$3 million over the next 10 years. In 2021, we contributed \$200,000 to the endowment, which will provide scholarships for students pursuing degrees in food science at TMCf member schools, which include public colleges that provide advanced education for underrepresented populations.

We have been collaborating across key functional areas (Retail, Finance, Supply Chain and Engineering) to attract TMCf talent by leading career information workshops. Four of these workshops in 2021 directly reached 135 prospective candidates. In addition, Hershey employee Star Gibbs leads forums for Thurgood Marshall students to learn more about The Hershey Company.

# \$1.5M

original commitment  
in 2020

## Be Real

The Pathways Project was born from listening sessions. We knew that an updated enterprise strategy needed to be realistic about the gaps that exist and why, before employees could feel confident that we can close them. Employees outlined what gaps *they* believe exist when it comes to DEI:

- Everyone needs formal and informal routes to grow their career.
- DEI should be part of everyone's job description and tied to the business.
- Provide more opportunities for remote work.

Thanks to their feedback, The Pathways Project is already doing the work to close the gaps and build a better Hershey together.



**The Listen and Learn sessions with colleagues were a great way to field questions, share experiences and emphasize that Hershey is a place where people from a range of backgrounds can succeed.**



**Daniel Mohnshine,**  
Vice President of  
Innovation and R&D,  
Hershey

# Our Progress

## Goals

**Target Year**   **Progress**  
(as of Dec. 31, 2021)

### OUR PEOPLE

<b>Achieve pay equity</b> for similar job categories across our global salaried employees	2025	<b>On Track</b> In 2020, we achieved 1-to-1 aggregate gender pay equity for salaried employees in the U.S. (excluding recent acquisitions) and in 2021, we achieved 1-to-1 aggregate POC pay equity for salaried employees in the U.S. (excluding recent acquisitions). We seek to maintain existing achievements and continuous improvement on pay equity for similar job categories throughout our organization.
<b>47–50%</b> women representation across all employees globally and <b>30–40%</b> people of color (POC) representation across U.S. employees <sup>1</sup>	2025	<b>Achieved</b> <b>47.7%</b> women globally <b>On Track</b> <b>24.6%</b> POC in the U.S.
<b>50%</b> hazard reduction for job functions with ergonomic risks through process improvements	2025	<b>On Track</b> <b>17%</b>

<sup>1</sup> Refers to Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.

## KPIs

EMPLOYEES <sup>2,3</sup>	2021
Global employees	18,990
Full-time	16,619
Part-time	2,371
Union representation Collective Bargaining Employees (approximate percentage)	33%

<sup>2</sup> Data for 2021 total global, full-time and part-time employees in this table includes Hershey, Lily's, Dot's and Pretzels and is consistent with employee headcount data as reported in Hershey's 2021 Form 10-K.

<sup>3</sup> The 2021 percentage of employees covered by collective bargaining agreements includes employees worldwide.



## KPIs

EMPLOYEES <sup>1,2</sup>	2021			2020			2019		
	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE
Global employees	17,848	8,507 (47.7%)	9,341	16,877	8,125 (48.1%)	8,752	16,258	7,835 (48.2%)	8,423
Full-time	16,379	7,690	8,689	15,198	7,172	8,026	14,718	6,872	7,846
Part-time	1,469	817	652	1,679	953	726	1,540	963	577
Regular	16,934	7,894	9,040	15,437	7,103	8,334	14,725	6,854	7,871
Temporary	914	613	301	1,440	1,022	418	1,533	981	552

1 Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

2 The 2019 female global employee percentage has been restated due to a calculation error. The raw data remains unchanged and is accurate.

EMPLOYEES BY TYPE AND REGION <sup>3</sup>	2021		2020		2019	
	REGULAR	TEMPORARY	REGULAR	TEMPORARY	REGULAR	TEMPORARY
Globally	16,934	914	15,437	1,440	14,725	1,533
United States (including Puerto Rico)	9,972	355	8,970	468	8,382	770
<b>Non-U.S.</b>	6,962	559	6,467	972	6,343	763
Asia	1,077	30	1,414	7	1,413	12
Africa	0	0	0	0	0	0
North America	850	0	861	3	814	20
Europe	29	0	8	0	15	0
Latin America	5,006	529	4,184	962	4,101	731

3 This employee data (as of December 31, 2021) does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

## KPIs

GLOBAL WORKFORCE BY AGE <sup>1,2</sup>	2021			2020			2019		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
Total workforce	24.4%	46.1%	29.5%	24.2%	44.8%	31.0%	23.5%	44.9%	31.5%
Non-management	27.0%	43.2%	29.8%	26.5%	41.9%	31.6%	25.7%	41.9%	32.5%
Management	7.0%	65.4%	27.6%	7.4%	66.1%	26.5%	8.1%	67.1%	24.8%
Senior Leader	0.0%	55.2%	44.8%	0.0%	57.2%	42.8%	0.0%	61.0%	39.0%
Executive team <sup>3</sup>	0.0%	44.4%	55.6%	0.0%	45.5%	54.6%	0.0%	35.7%	64.3%

1 This employee data (as of December 31, 2021) does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

2 Data may not equal 100% due to rounding.

3 Hershey's executive team includes employees who report to Hershey's CEO, including the CEO.

U.S. WORKFORCE BY HERSHEY INTERNAL JOB CATEGORY <sup>4</sup>	2021	
	FEMALE	POC
Executives/senior leaders	32.2%	17.3%
Entry-level professional employees	46.5%	18.0%
Leaders in commercial functions	33.3%	13.9%
Sales employees	48.1%	14.6%
Hourly manufacturing employees	35.0%	30.5%

4 Hershey internal HR job category data does not directly correlate to EEOC job category data.

U.S. WORKFORCE BY RACE/ETHNICITY <sup>5</sup>	2021	2020	2019
U.S. workforce, Total POC	24.6%	21.4%	20.1%
POC - Female	25.1%	21.2%	20.3%
POC - Male	24.2%	21.5%	19.9%
Asian	4.2%	Not disclosed	Not disclosed
Black	12.1%	Not disclosed	Not disclosed
Hispanic/Latino	6.6%	Not disclosed	Not disclosed

5 Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

## KPIs

U.S. NON-MANAGEMENT <sup>1</sup>	2021	2020	2019
Total non-management as percentage of total workforce	87.0%	88.3%	87.8%
Non-management - Female	49.1%	49.5%	49.4%
Non-management - Male	50.9%	50.5%	50.6%
Non-management - POC	26.0%	22.6%	Not disclosed
Non-management - Female - POC	26.2%	22.3%	Not disclosed
Non-management - Male - POC	25.8%	22.8%	Not disclosed
Non-management - Asian	3.9%	Not disclosed	Not disclosed
Non-management - Black	13.3%	Not disclosed	Not disclosed
Non-management - Hispanic/Latino	6.9%	Not disclosed	Not disclosed

<sup>1</sup> Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

U.S. MANAGEMENT <sup>2,3</sup>	2021	2020	2019
Total management as percentage of total workforce	13.0%	11.7%	12.2%
Management - Female	37.7%	37.4%	36.6%
Management - Male	62.3%	62.6%	63.4%
Management - POC	16.7%	13.8%	13.1%
Management - Female - POC	18.0%	13.6%	12.9%
Management - Male - POC	15.9%	13.9%	13.2%
Management - Asian	5.9%	Not disclosed	Not disclosed
Management - Black	4.9%	Not disclosed	Not disclosed
Management - Hispanic/Latino	5.1%	Not disclosed	Not disclosed

<sup>2</sup> Management level data includes Hershey people leaders or employees at an internal pay band level of 2B or higher. This data is not mutually exclusive and overlaps with some headcount also included in the Senior Leader level data on [page 78](#), which includes employees at an internal pay band level of 3B or higher.

<sup>3</sup> Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

## KPIs

U.S. SENIOR LEADER <sup>1,2</sup>	2021	2020	2019
Total senior leader as percentage of total workforce	2.0%	1.8%	Not disclosed
Senior leader – Female	32.0%	33.4%	31.9%
Senior leader – Male	68.0%	66.6%	68.1%
Senior leader – POC	17.0%	13.5%	14.4%
Senior leader – Female – POC	25.3%	21.7%	22.4%
Senior leader – Male – POC	13.0%	9.3%	10.6%
Senior leader – Asian	7.5%	6.1%	Not disclosed
Senior leader – Black	2.9%	3.7%	Not disclosed
Senior leader – Hispanic/Latino	5.9%	3.3%	Not disclosed

1 Senior leader level data includes Hershey people leaders or employees at an internal pay band level of 3B or higher. This data is not mutually exclusive and overlaps with some headcount also included in the Management level data on [page 77](#), which includes employees at an internal pay band level of 2B or higher.

2 Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

EXECUTIVE TEAM <sup>3,4</sup>	2021	2020	2019
Total executive team as percentage of total workforce	0.1%	0.1%	0.1%
Executive team – Female	22.2%	27.3%	28.6%
Executive team – Male	77.8%	72.7%	71.4%
Executive team – POC (# and %)	2 (22.2%)	3 (33%)	3 (33%)
Executive team – Female – POC	0.0%	0.0%	25.0%
Executive team – Male – POC	28.6%	28.6%	22.2%
Females on executive team (# and %)	2 (22.2%)	2 (22%)	2 (22%)

3 The executive team includes employees who report to Hershey's CEO, including the CEO.

4 Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2021. This employee data does not include Hershey's recent acquisitions of Lily's, Dot's and Pretzels.

**KPIs**

<b>BOARD OF DIRECTORS<sup>1</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Women on Board of Directors	5 (42%)	5 (36%)	5 (42%)
POC on Board of Directors	2 (17%)	2 (14%)	1 (8%)

<sup>1</sup> The number of directors on Hershey's Board decreased from 14 in 2020 to 12 in 2021. This decrease impacted the percentage of women and POC representation, even though the actual number of Directors that that self-identify as women and POC did not change.

<b>SAFETY<sup>2</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total Recordable Incident Rate (TRIR)	1.46	1.45	1.36
Days Away, Restricted, Transferred (DART)	1.17	1.09	1.02
Lost Workday Incident Rate (LWIR)	0.63	0.54	0.51
Fatalities (work-related)	0	0	0

<sup>2</sup> Our rates have been calculated on a per 200,000-hours-worked basis. We meet all regulatory record-keeping and reporting requirements for work-related injuries. Our statistics include all workers who are not employees but whose work is controlled by our organization. We do not track metrics for contractors: each contractor company is responsible for gathering this information and reporting it according to local requirements.



## Helping Young People Thrive

From the moment Milton Hershey founded a school for orphaned boys in 1909, Hershey has continued our founder’s legacy of helping children succeed and reach their full potential. Today, we support children and youth through programs that support kids’ nutrition, education and social emotional well-being.



# Nurturing Their Potential



# The Heartwarming Project

Young people today are more likely to report feeling lonelier than any other generation,<sup>1</sup> and teens today report high levels of stress, anxiety and other mental health challenges.

Research has shown<sup>2</sup> that increasing social and emotional skills, such as practicing empathy and inclusion, and fostering meaningful connections with peers, adults and the community, can make all the difference for improving youth outcomes and well-being. The pandemic has also been having a profound impact on the mental health of adolescents.<sup>3</sup> In 2018, Hershey created [The Heartwarming Project \(HWP\)](#) to help kids and teens build these skills and celebrate the power of connection for youth well-being.

## How We Do It

Through HWP, Hershey supports programs for children and teens with social-emotional learning-based approaches that improve youth well-being and prepare them for success in the workplace and over the course of their lives. We also work with nonprofit partners to inspire, encourage and highlight young people who take action to create more inclusive, empathetic communities.

Since 2019, Hershey has partnered with [WE](#) to award \$250 microgrants to up to 500 teens annually across the U.S. leading projects focused on building inclusion, empathy and connection in their communities. During 2021, we continued our [Heartwarming Project Action Grants Program](#) and received more than 1,000 applications.

In 2021, we also kicked off the Hershey Heartwarming Project Youth Advisory Board, a group of 15 talented teens from across the U.S. who collaborate with Hershey on HWP and other children and youth-focused initiatives. Our programs are strongest when they incorporate the voices and ideas of those we are aiming to serve. These young people, who are active on the [InnerView™ service learning app](#), have distinguished themselves through their school and community involvement activities and their passion for creating more inclusive communities. Their insights have been critical in shaping HWP's strategy and programs.

 **For a summary of our goals and KPIs on HWP, see [page 85](#).**



the heart  
warming  
project.

<sup>1</sup> Loneliness is at epidemic levels in America | Cigna

<sup>2</sup> Loneliness and Social Isolation as Risk Factors for Mortality | Perspectives on Psychological Science

<sup>3</sup> The impact of COVID-19 on the mental health of adolescents and youth | UNICEF

## Supporting Connections

Our 2021 partnerships to spread inclusion and connection included continued support for [Boys & Girls Clubs of America's](#) Keystone Club teen program. Hershey is a proud supporter of this program, which encourages teens at clubs across the U.S. to work together on community-focused projects, building leadership, character and other critical social and emotional skills in the process.

We continued our support of Harvard University's [Making Caring Common](#) project to provide parents with evidence-based caregiving strategies to raise more caring, empathetic and inclusive children. We also continued our sponsorship of the [WE Well-being](#) program, which provided critical well-being resources for more than 105,000 teachers, and partnered once again with the [Crisis Text Line](#) to support their efforts to boost empathy and raise awareness of their mental health platform among teens. In addition, we continued our support in creating connections and boosting empathy among teens from different backgrounds and cultures via our sponsorship of the [Global Nomads Group's](#) Seat at the Table program, which uses technology to bring small groups of teens together for cross-cultural conversations on topics of their choice.

In addition, we worked with [Youth Service America](#) on the "Heartwarming Young Heroes" grants program to inspire young people to lead service activities aligned with The Heartwarming Project's mission on Global Youth Service Day in April 2021. This program engaged more than 27,000 youth who took part in 528 projects worldwide.

In 2021, we also expanded our support for youth well-being programming outside the U.S. In Canada, the Sweeter Together project launched in partnership with [BGC Canada](#) (formerly Boys and Girls Club of Canada), which includes support for the Buy a Bar, Build a Court program and sponsorship of BGC Canada's Pink Shirt Day programming to end bullying and increase inclusion and connectedness among youth.

Additionally, the Hershey team in the United Kingdom kicked off a partnership focused on mental well-being efforts for older teens and young adults via a partnership with the nonprofit [CALM](#). The partnership included brand support from Reese's for a campaign encouraging consumers to ask "u ok?" to one another to check in on the mental well-being of friends. In South Korea, Hershey also launched a partnership with [ChildFund Korea](#) to support the NGO's mental health programs for children.



## Heartwarming Young Heroes Award Winner Nourishes Others

Yusuf Mehdawi, a six-year-old from San Antonio, Texas, has always been concerned about people who do not have enough food to eat. As a member of the youth group at the Muslim Children Education and Civic Center (MCECC), in 2019, Yusuf worked with MCECC to make and sell crafts with all proceeds going to the San Antonio Food Bank. Then, in the early months of the pandemic when the [San Antonio Food Bank](#) was serving twice as many people each week, Yusuf was awarded a [Hershey Heartwarming Young Heroes grant](#). For his Global Youth Service Day project, Yusuf and the members of his youth group made crafts ranging from picture frames and pencil holders to birdhouses and tote bags. As Global Youth Service Day happened during the holy month of Ramadan, Yusuf's youth group sold their crafts as Eid gifts after evening prayers at MCECC's mosque, raising approximately \$1,000 or the equivalent of 7,000 meals for the San Antonio Food Bank. He also spent a day helping sort and pack 13,000 pounds of food to be distributed to people in 16 counties across south-central Texas.



## Empowering Young Heroes

In the rural Fairfield, Illinois, community where six-year-old Perry Kimberlin lives, approximately one in 10 people received a positive COVID-19 diagnosis during the first 12 months of the pandemic. This caused a major challenge as the 16,000 residents have access to only one hospital in the county, Fairfield Memorial Hospital. Many of Perry's family members work and volunteer in health care. Inspired by the work of his family and with the support of a [Hershey Heartwarming Young Heroes grant](#), Perry hosted "Be the CHANGE," a week-long coin drive to raise money for the hospital. Perry worked with local businesses willing to serve as coin drop-off sites and made sure to engage his classmates at Northside Elementary. With the help of school administration and teachers, Perry held a school-wide competition to see which classroom could raise the most money. Between these initiatives and a door-to-door coin collection, Perry and 312 student volunteers raised \$3,262.48! The funds will help the Fairfield Memorial Hospital Foundation purchase pediatric rehabilitation equipment for their new wing that is currently under construction.



## Creating Unique Community Spaces

In early 2021, Hershey Canada launched a new partnership with the National Basketball Association (NBA) in Canada. Not only did Hershey become the official chocolate of the NBA in the country, but together with BGC Canada, we implemented the “Sweeter Together” grassroots initiative to grow youth basketball participation and improve access to the game across Canada.

The three-year community-driven project will help grow basketball participation among young athletes by investing in new basketball infrastructure and improving access to the game nationwide.

We pledged to donate a minimum of CAD \$300,000 in 2021 to support basketball initiatives in Canada with the Buy a Bar, Build a Court program, which included our *REESE’S*, *HERSHEY’S* and *OH HENRY!* brands.

The Buy a Bar, Build a Court program kicked off with Hershey and the NBA refurbishing two basketball courts, one at a BGC in Scarborough, Ontario and a second at a BGC in Burnaby, British Columbia. The refurbishment included custom designs from two artists, Scarborough’s Jacquie Comrie and Vancouver-based design studio Chairman Ting, to create a powerful community asset for years to come.

## Run Jump Throw

In collaboration with the Hershey Company, USATF launched a brand-new series of *RunJumpThrow* (RJT), virtual content in 2021 for children to learn the sport’s fundamentals from Olympic and elite athletes. A Facebook live interactive virtual RunJumpThrow was hosted by Olympian Raeyvn Rogers to provide families and school children a way to keep active while staying safe at home.

In addition to the virtual events, short and interactive track inspired “Brain Breaks” were created to provide students a break from virtual learning. New, shorter, interactive “Brain Breaks” offer track and field-inspired activities and games for students to safely participate at home. RJT has reached more than 850,000 kids since it first launched with The Hershey Company’s support in 2015.



## Conversations for Change-Makers

The Hershey Company joined with other companies and foundations to support the work of EmbraceRace. *EmbraceRace* is a nonprofit organization that supports parents, guardians, educators and other caregivers working to raise children who are thoughtful, informed and brave about race. The events of 2020 and 2021 called into sharp relief the devastating pattern of racialized vulnerability including the impacts of the pandemic, the violent deaths of George Floyd and others and the surge in hateful words and actions targeting Asian-Americans. They also highlighted the challenges faced by parents, caregivers and educators

trying to support young people through these events. The support provided to EmbraceRace helped the organization pilot a video game about structural racism, launch new action guides and resources and host 18 Talking Race & Kids webinars in 2021. One Talking Race & Kids webinar featuring New York’s Epic Theater Ensemble, “A conversation with teens who explore racism with their art,” made it clear that POC are not simply “acted on” by the institutions and systems they move within, but are also incisive critics and agents of change within those systems.



Credit: [Epic Theatre Ensemble](#)

# Our Shared Goodness Legacy — Milton Hershey School

**Since 1909, Milton Hershey School (MHS) has offered children from low-income and working family backgrounds in the U.S. a residential, cost-free, high-quality pre-kindergarten through 12th-grade education.**

MHS is a place where students' potential meets life-changing opportunity thanks to our shared founder, whose entrepreneurial spirit and commitment to helping youth succeed blended to create an early social enterprise.

Milton Hershey bequeathed his ownership of The Hershey Company to the Milton Hershey School Trust, with MHS as the sole beneficiary. The Milton Hershey School Trust continues to be Hershey's largest shareholder and receives a substantial portion of the dividends we pay each year. This unique relationship means that Hershey's success directly benefits the school and more than 2,000 students. In addition, our employees have the opportunity to participate in unique volunteer programs with MHS that foster connection and community with the students and staff.

We continued our partnership with MHS to deliver the Hershey Honors Business Program, which includes business-focused mentoring and coaching from Hershey employees, who serve as guest teachers on various business topics each week during the course. The five-month program culminates in final presentations from students where they pitch their own unique business ideas to Hershey subject matter experts providing feedback and grading.

Additionally, Hershey's Project Fellowship program continued, pairing teams of Hershey employees and their families with MHS student homes to provide community connections and take part in fun activities together. In 2021, activities were largely virtual, but the connections made continued to make all the difference for Hershey employee volunteers and MHS students alike. Sales team employees from Columbus, Ohio, partnered with their Milton Hershey Project Fellowship home by sponsoring a virtual spa night for female students that included snacks, candy and personal letters to each student. Employees also surprised MHS girls who made the honor roll by providing a pizza party for all their hard work in school, including their adaptability and determination.



# Our Progress

## Goals

**Target Year**   **Progress**  
(as of Dec. 31, 2021)

### YOUTH

**50 million** children globally supported through education, nutrition, and social and emotional well-being<sup>1</sup>      2025      **On Track**  
**15.4M**

**100,000** children take Heartwarming actions and impact their communities<sup>2</sup>      2025      **Achieved**  
**128,800** children

<sup>1</sup> More than 15.4 million children were supported, cumulatively from January 1, 2020 to December 31, 2021.

<sup>2</sup> More than 128,800 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2021.



## KPIs

THE HEARTWARMING PROJECT	2021	2020	2019
Children reached through The Heartwarming Project (HWP) partnerships	7,056,038	6,705,120	6,710,696
Youth directly benefiting from HWP investments	617,194	667,000	775,386
Youth taking part in Heartwarming actions	67,581	61,243	12,440

# connecting Through Kindness



Hershey has a long tradition of putting people first – from creating a town where our employees and their families could thrive to our long-standing partnerships that keep families fed and lend a hand during hard times.

We have always been a purpose-driven company and take great pride in living our value of Making a Difference. We all carry on Milton Hershey's legacy of kindness, support and showing up in our communities.



# Values With Impact — How Hershey Makes a Difference

**Our long-standing philanthropy and volunteerism efforts are managed by our Global Sustainability team. The team collaborates closely with team members at each of our plant and office locations around the world.**

We provide both philanthropic contributions and product donations to nonprofits in communities where we have a presence. We do not maintain a corporate foundation; instead, we direct a portion of our annual net sales to community philanthropic endeavors. In 2021, that amount was 0.18%. The company's giving guidelines, criteria and application portal are published on our website, and we use these criteria when assessing requests for both cash grants and product donations.

“

**It isn't what you leave your children but how you leave them.**

**Milton Hershey**

We work closely with counterparts in each of our plant and office locations across the U.S. and globally to identify local community needs and craft tailored approaches to provide support. This work includes forging partnerships with local NGOs, providing grants and contributions, and organizing volunteer service activities and employee fundraisers. We encourage all grantees to provide impact reports with both quantitative and qualitative data, and host annual meetings with NGO partners to evaluate the effectiveness of our philanthropic investments.

## Supporting Employees and Their Families

Hershey supports several grant and scholarship programs for employees and their families. The Hershey Company Scholars Program, administered by Scholarship America, provides eligible children of employees with merit-based scholarships for college. Additionally, our Hershey Company Employees 1st Fund provides grants of up to \$5,000 to employees facing financial hardship from natural disasters, illness or other unforeseen circumstances.

## Matching Employee Donations

Hershey has long supported the causes important to our employees through our matching gifts program and workplace-giving campaigns. Our year-round employee matching gifts program matches up to \$5,000 in charitable donations per employee each calendar year. We also match employee donations (up to \$10,000 per employee each calendar year) made via payroll deductions during our Season of Giving workplace campaign.

Employees also receive up to two days of paid time off to volunteer through our Employee Volunteerism Policy. Furthermore, we offer a Dollars for Doers program, which rewards employees who volunteer at least 50 hours per year by awarding a \$500 grant to their nonprofit of choice.



# Showing up for Our Communities

## Making an Impact Around the World

### India

To celebrate International Women's Day, Hershey India donated products to the women at the NGO Shrimad Rajchandra Love and Care. The social-service wing of the organization works to empower women across Gujarat by easing access to health care and providing business training and education to enhance self-reliance.

### Brazil

Easter is the most important season for chocolate in Brazil as families celebrate the holiday with sweet treats. In the face of rising hunger across São Paulo, during one of the worst waves of the pandemic, Hershey employees decided to take action. The company donated \$100,000 to three NGOs in São Paulo and São Roque to support more than 1,800 families with food baskets over a three-month period. In addition to the food baskets, the team also put together product donations to help families facing poverty celebrate Easter 2021 with their children.

### Puerto Rico

As the pandemic continued to impact countries and communities around the world, Hershey teams in Puerto Rico raised funds that were donated to the Pediatric Hospital Foundation. The funds were used to buy three temperature scanning stations for hospital entrances to enhance COVID-19 safety measures.

 **For more information about global recognition Hershey received in 2021, see [page 9](#).**

### Continuing Our Support for Social Justice in the U.S.

In the wake of growing violence against Asian Americans, we established new partnerships with Asian American organizations, including [Asian Americans Advancing Justice](#) and [Asian Indian Americans of Central Pennsylvania](#). Additionally, we established new partnerships supporting the Latino community, partnering with the [League of United Latin American Citizens](#). Hershey also supported the newly established [Center for Racial and Gender Equity](#) at [YWCA Lancaster](#), and continued its support for anti-racism efforts at [YWCA Harrisburg](#).

During 2021, we also continued our long-time partnerships with NAACP's Afro-Academic, Cultural, Technological and Scientific Olympics in Greater Harrisburg, Pennsylvania, with members of our African American BRG lending their time and expertise to the student competitors. We also continued our collaboration with TMCf.

 **See the [Our People](#) chapter of this report on [page 62](#) for more details.**

Our Hazleton, Pennsylvania, manufacturing plant kicked off a partnership with the [Hazleton Integration Project's](#) Hazleton One Community Center to support the organization's afterschool and early childhood programs and adult workforce development programs. This support includes ESL and citizenship classes as well as job training programs for community members. It is a significant strategic partnership for talent pipeline development and community impact in this majority Latino community.



# Being a Good Neighbor

**Our plant employees across the U.S. came together in many ways throughout 2021 to make a difference in their communities. These are just a small sampling of how:**

Lynette Sanders, Production Supervisor at **West Hershey**, started recruiting employees to volunteer at Central Pennsylvania Food Bank events in 2019. Their volunteer group has since grown from six employees to 22 and they continue to hold quarterly events to help sort, box and pack food items at the facility.

The **Memphis Plant** employees supported Feed the Needy by donating three pallets of water and food to help families celebrate Easter and donated an additional 2,500 units of both *HERSHEY'S* Cocoa and *REESE'S* Peanut Butter for the organization's Thanksgiving meal box event. The Memphis team also spent a morning packing Thanksgiving meal boxes with Feed the Needy.

The **Stuarts Draft Plant** set a goal to donate 1,000 jars of *REESE'S* Peanut Butter to their local Blue Ridge Area Food Bank. To meet this goal, they asked employees to add \$2 to their company store purchases to cover the cost of a jar of peanut butter for their local Blue Ridge Area Food Bank. The positive response was overwhelming and the team ended up providing 2,500 jars.

The **Hazleton Plant** celebrated National Salute to Veteran Patients Week by donating candy and Hershey T-shirts to spread joy.



# A Culture of Giving Back

**While donations are one way to support our communities, we also make a difference by volunteering.**

From using our expertise to build the capacity of food systems entrepreneurs in Africa to providing hands-on support for community nonprofits, we are always giving back in the places where we live and work.



**For a summary of our goals and KPIs on community giving and volunteering, see [page 92](#).**

**1,050+**  
employee  
volunteers

**55**  
organizations  
supported  
globally

**1,500**  
volunteer hours

## Good to Give Back Month

Every year, Hershey encourages employees to come together to give back to their communities as volunteers. Our 2021 Good to Give Back Month engaged over 1,000 employees, who volunteered virtually and in person with community and national nonprofits. We once again gave the added flexibility of an entire month to take part and ensured we provided in-person activity options requiring PPE and social distancing. In addition to in-person volunteer options that ranged from trail maintenance, community gardening, food pantry services and literacy activities, employees also took part in food drives and participated in several virtual volunteer lunch and learn opportunities hosted by NGO partners such as Partners in Food Solutions, Crisis Text Line, Big Brothers Big Sisters and Rise Against Hunger.

## Tackling Hunger Head On

**Households with children are more than 1.7 times more likely to face hunger** than households without children.<sup>1</sup> Throughout 2021, Hershey employees around the world supported local hunger organizations and food banks, and organized collections of food.

**Hershey proudly continued its partnership with Feeding America** by focusing on the intersection of children and hunger, which aligns to our commitment to support children in need and our desire to strengthen communities where we operate. Hershey's support enabled Feeding America's ongoing national efforts focused on child hunger and sponsored a grant program for member food banks in five of our U.S. manufacturing communities across four states. In 2021, these grants served more than 9,000 children and families. Our support focused on meeting the needs of children and families where they were, underwriting programs specifically designed at home, after school, over weekends and vacations, and over the summer through School Pantry, Summer Meals, Backpack and Kids Café programs.

**Hershey Canada also continued its partnership with Food Banks Canada**, focusing on child hunger programs and their Food Explorers program. Hershey Canada donated CAD \$50,000 as well as an additional donation of more than CAD \$5,000 raised via employee fundraisers. This support enabled Food Banks Canada to provide 150,000 fresh food packs to children in 180 communities.

## Partners in Food Solutions

Since 2015, The Hershey Company has supported [Partners in Food Solutions \(PFS\)](#), a nonprofit working to improve food security, nutrition and economic development in Africa by linking our talented team members with promising entrepreneurial food companies to help solve their food challenges. Since our partnership began, Hershey team members have contributed over 6,600 hours and supported 97 different clients across Sub-Saharan Africa.

In 2021, Hershey volunteers supported PFS clients, 35% of which are owned or managed by women, to share knowledge, empower entrepreneurs, improve nutrition and strengthen food value chains in Africa.

<sup>1</sup> Household Food Security in the United States in 2020 | USDA

## Children's Miracle Network

In the U.S., we continued our partnership with Children's Miracle Network (CMN), donating to support efforts at the national level and at our corporate headquarters in Hershey, Pennsylvania. Our employees raised \$350,000 for CMN in 2021 by hosting an annual Easter egg scramble, 5K race and golf tournament benefiting CMN.

The company also continued its support for CMN's Child Life program endowment and established the CMN Educational Equity Scholarship at the Penn State College of Medicine to help support diversity in the medical field and decrease health disparities in pediatric care.

## Making Moments of Goodness

Hershey's ONE Brands team donated a total of \$25,000 to four organizations: B Strong Ride and Alex's Lemonade Stand Foundation, both fighting children's cancer; Charlotte Angels, providing support to children in the foster care community; and Brothers Redevelopment, Inc., providing housing solutions for low-income, elderly and disabled residents. The ONE Brands team also took part in volunteer activities with these organizations.

Hershey Brazil donated and assembled hundreds of items, including school kits, books, electronic equipment, food packages and chocolate kits, for the Granada Institute.

The Hershey team in Switzerland donated \$10,800 to SGAD, an organization that supports people dealing with mental health issues around fear and depression.

## Highlighting Health Care Around the World

The ongoing pandemic has put health care facilities around the world under incredible pressure. Hershey employees tried to ease the burden where they live in different ways.

In Brazil, \$169,000 in pandemic relief donations was used to give food baskets, hospital materials and equipment, and a total of 208,000 chocolate bars to several hospitals.

Hershey Mexico donated medical equipment and supplies to hospitals in Guadalajara to help youth burn victims receive treatment. The hospitals, referred to as "*hospitales civiles*," are public health care centers that provide services to people with no social security coverage. Because they operate with limited resources, Hershey's support is crucial to helping them continue their work of providing services to underprivileged children. The support was made possible through donations from our Mexico-based employees through *Fondo Unido Noreste* (United Way) and the company's 1-to-1 match of those contributions.

The Women's BRG and volunteers at our Monterrey, Mexico, plant donated items to make mastectomy cushions and delivered them to the cancer association, XTíXMiXNosotras. The donation helped more than 100 women who have had a mastectomy.

While Hershey discontinued its in-house production of disposable masks at the start of 2021, we continued to donate our inventory of disposable masks through the end of the 2020-2021 school year to schools and nonprofits. We also restarted the program in fall 2021 to support schools with ongoing mask needs in response to new variants. We also provided N95 masks to Boys & Girls Clubs in Puerto Rico that needed additional PPE to protect their young members and staff. In 2021, Hershey donated more than 575,000 masks to schools and community organizations.



# Our Progress

## Goal

**Target Year** **Progress**  
(as of Dec. 31, 2021)

### COMMUNITY

**\$105 million** donated in cash and products to community partners focused on education, community economic development, inclusive communities and health and human services where we live and work<sup>1</sup>

2025

**On Track**

**\$43M**

<sup>1</sup> Hershey donated \$43 million in cash and products, cumulatively from January 1, 2020 to December 31, 2021.



## KPIs

DONATIONS AND VOLUNTEER HOURS	2021	2020	2019
Cash donations (USD in millions)	\$11.3	\$16.9	\$12.2
In-kind/product donations (USD in millions)	\$5.1	\$9.7	\$8.3
Employee volunteer hours	117,197	62,256	135,805

## About This Report

This is The Hershey Company's 10th report. For this publication, we transitioned from sustainability to ESG reporting. The 2021 ESG Report covers our most material ESG topics and the issues where we can have the greatest impact.

We believe that transparency is essential to living our values and operating responsibly, which is why we seek to provide the greatest disclosure possible in our reports. To support our commitment, we report against the following ESG frameworks and standards:

- GRI Report (Comprehensive option)
- SASB
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Global Compact (UNGC)
- UN Guiding Principles Reporting Framework (UN GPRF)
- UN Sustainable Development Goals (SDGs)

In addition to these reports, ESG-related policies and resources can be found on our [Sustainability Reports, Policies and Resources webpage](#).

This ESG Report covers the 2021 calendar year, which is also our fiscal year.

Select environmental data within this ESG Report has been assured by Quantis, an [independent verifier](#).

All financial figures are reported in U.S. dollars, unless otherwise stated.

We welcome any feedback you have on our ESG disclosures. Please direct inquiries to [sustainability@hersheys.com](mailto:sustainability@hersheys.com).

## Forward-looking Statements

This ESG Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements can be identified by the use of words such as "anticipate," "assume," "believe," "continue," "estimate," "expect," "forecast," "future," "intend," "plan," "potential," "predict," "project," "strategy," "target" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would," among others.

These forward-looking statements reflect our current assumptions and expectations, including statements regarding our environmental, social and governance targets, goals, commitments and programs and other business plans, initiatives and objectives. We are subject to changing economic, competitive, regulatory and technological risks and uncertainties that could have a material impact on our actual future results.

For information on factors that could cause our actual results to differ materially from the forward-looking statements, please see The Hershey Company's filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. The Hershey Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect actual results, changes in expectations or events or circumstances after the date of this ESG Report.

**HERSHEY'S**

