

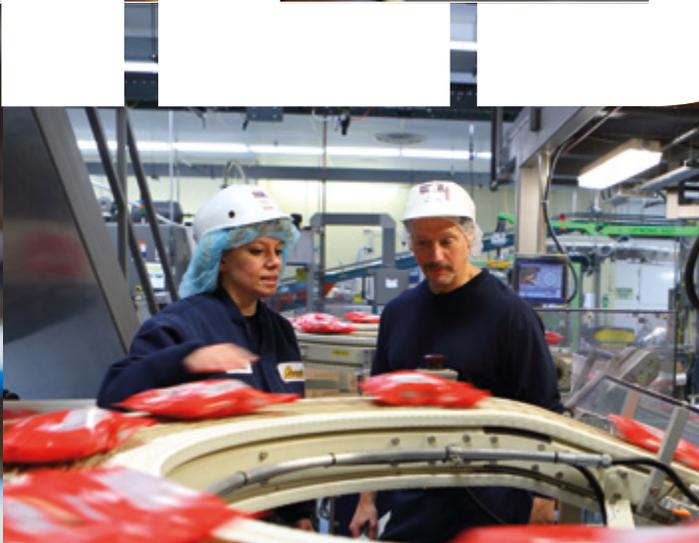


HERSHEY



*Sharing Goodness for*

25  
YEARS



2019 SASB INDEX

## SASB Index 2019

Topic	Accounting Metric	Category	Unit of Measure	Code	Response
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-PF-130a.1	(1) 4,144,498 GJ (2) Nearly all energy consumed represents grid electricity (3) Percentage renewable not available.
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	FB-PF-140a.1	(1) 2,647,823 m <sup>3</sup> in 2019 (0% withdrawn in regions of Extremely High Baseline Water Stress, 20.5% withdrawn in regions of High Baseline Water Stress) (2) 708,481.5 m <sup>3</sup> megaliters in 2019 (0% in regions of Extremely High Baseline Water Stress, 48.2% in regions of High Baseline Water Stress)  Note for 2019, this data represents water usage at our manufacturing facilities only and excludes our Malaysian and Amplify/ONE properties. Based on the WRI Aqueduct tool, our manufacturing plants in El Salto and Monterrey are in High Baseline Water Stress Areas.
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	FB-PF-140a.2	During the reporting period, we did not identify any non-compliance with environmental laws and/or regulations, including water quantity/quality permits, standards and regulations that would give rise to significant fines or sanctions.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-PF-140a.3	<a href="#">Planet: Protecting Our Water Supply p. 39</a>
<b>Food Safety</b>	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-PF-250a.1	All Hershey-owned manufacturing facilities were certified against a recognized GFSI Standard. As such, all facilities are audited annually to assess compliance against the provisions of the standards. In all, 15 facilities, including 8 in the U.S., 2 each in Canada and Mexico, and 1 each in Brazil, India and Malaysia, were certified against a GFSI standard.  There were no major non-conformances identified at any of the 15 manufacturing facilities. This translated to a major non-conformance rate of 0.0. There were 49 minor non-conformances identified across the 15 facilities, resulting in a minor non-conformance rate of just under 3.3. Corrective actions were implemented for 100% of the minor non-conformances identified and submitted to and accepted by the GFSI certifying body for confirmation.
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Quantitative	Percentage (%) by cost	FB-PF-250a.2	Globally, 87% of our suppliers (by count) were GFSI certified. Those not certified represented a very small portion of our ingredient spend as they were either contingency suppliers required to back up our traditional suppliers or they provided low-volume specialty ingredients. For example, in our North American operations, 99.92% of our ingredients were procured from GFSI certified suppliers (by spend).
	(1) Total number of notices of food safety violation received, (2) percentage corrected	Quantitative	Number, Percentage (%)	FB-PF-250a.3	On a global basis, Hershey received no notices of food safety violations during 2019.
	(1) Number of recalls issued, (2) total amount of food product recalled	Quantitative	Number, Metric tons (t)	FB-PF-250a.4	On a global basis, Hershey conducted no recalls of its products during 2019.
<b>Health &amp; Nutrition</b>	Revenue from products labeled and/or marketed to promote health and nutrition attributes	Quantitative	Reporting currency	FB-PF-260a.1	Current Hershey data collection protocols do not include this metric.
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-PF-260a.2	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 with regards to product claims, labeling, marketing and advertising early in the innovation process to ensure products are compliant and address consumer needs. In providing guidance, the council touches upon a wide variety of topics, including nutrition, ingredients, sustainability, responsible sourcing and product certifications.

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<b>Product Labeling &amp; Marketing</b>	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Quantitative	Percentage (%)	FB-PF-270a.1	<a href="#">Business: Marketing Responsibly p.17</a>
	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Reporting currency	FB-PF-270a.2	Current Hershey data collection protocols do not include this metric.
	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Quantitative	Number	FB-PF-270a.3	No substantiated incidents of non-compliance in calendar year 2019.
	Total amount of monetary losses as a result of legal proceedings associated with labeling and/or marketing practices	Quantitative	Reporting currency	FB-PF-270a.4	In calendar year 2019, the company resolved an unsubstantiated claim for \$22,500, which alleged that a product's name was misleading. No corrective action was taken.
<b>Packaging Lifecycle Management</b>	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	Quantitative	Metric tons (t), Percentage (%)	FB-PF-410a.1	(1) 129,946 t for North America only (2) 65% of packaging was sustainably sourced renewable virgin materials, 22% of our packaging in North America was post-consumer recycled material (3) 80% of our packaging by weight was recyclable
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-PF-410a.2	<a href="#">Planet: Exploring Sustainable Packaging p. 41</a>
<b>Environmental &amp; Social Impacts of Ingredient Supply Chain</b>	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	Quantitative	Percentage (%) by cost	FB-PF-430a.1	In 2019, 51% of food ingredients sourced (by cost) were certified to third-party environmental and/or social standards. Representative standards included: Fair Trade USA, Rainforest Alliance, Roundtable on Sustainable Palm Oil and Bonsucro. <a href="#">Business: Responsible Sourcing p. 19</a>
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-PF-430a.2	We evaluated all of our Tier 1 raw material and packaging suppliers as well as co-manufacturers, co-packers and licensees. We then developed a prioritized list for further supplier due diligence, which will include assessing environmental and social impact as part of our newly revised Responsible Sourcing Supplier program to launch in 2020. We monitor and investigate actors in our palm oil supply chain for whom we've received allegations of potential or negative environmental/social impacts. Updates about these actors, description about allegations raised and the status of the monitoring and investigation of these potential or actual environmental/social impacts can be reviewed on our <a href="#">Palm Oil Grievance Log</a> , updated quarterly.

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<b>Ingredient Sourcing</b>	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-PF-440a.1	Hershey has not yet conducted a water risk analysis of our supply chain, but doing so is part of our corporate efforts to re-evaluate our sustainability goals to be in line with the best available science and data. We believe over the next two years there will be more to share on this topic.
	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	Discussion and Analysis	n/a	FB-PF-440a.2	<p>Hershey does its part to support the long-term sustainability of the ingredients and raw materials we source. The methodology below was followed to define our priority ingredients and raw materials most important to Hershey's business where we can make the biggest impact in addressing pressing environmental, social and economic issues.</p> <ol style="list-style-type: none"> <li>1. We collected 2018 spend by ingredients and raw materials that Hershey sources across all regions as well as the list of countries from where we source the majority of the specific ingredients and raw materials. <a href="#">Business: Where We Source Our Ingredients p.18</a></li> <li>2. We partnered with human rights NGO <a href="#">Verité</a> to develop a heatmap to analyze risk as defined by our salient and material issues (inclusive of environmental issues such as climate change, water access and deforestation) across our key value chains and geographic footprint. Read more about the methodology, key data sources references and partnership with Verité <a href="#">here</a> and on our <a href="#">Human Rights web page</a>.</li> <li>3. Based on the heatmap, we conducted an internal gap analysis to understand what risks per ingredient and raw material our responsible sourcing policies and programs currently address. The gap analysis reviewed specific ingredient and raw material policies and programs, not general policies and programs such as <a href="#">Supplier Code of Conduct</a> and <a href="#">Supplier Program</a>, <a href="#">Human Rights Policy</a>, <a href="#">Environmental Policy</a>, or any other umbrella policy that would provide overall language for a risk across all ingredients and raw materials.</li> <li>4. We defined priority ingredients based on the spend and risk data overlaid with the internal gap analysis findings.</li> </ol> <p>As a result of this work, Hershey defined its priority ingredients and raw materials as:</p> <ul style="list-style-type: none"> <li>• High priority: cocoa, sugar and dairy</li> <li>• Medium priority: palm oil, and pulp and paper</li> <li>• Other key ingredients and raw materials: peanuts,* tree nuts,* soy,* beef,* corn, flour, coconut, egg, poultry, pork, tin and aluminum</li> </ul> <p>* Denotes an ingredient to watch that has associated environmental risks and will be re-assessed as Hershey's environmental strategy develops.</p> <p>Priority materials will be revisited annually to assess possible reprioritization based on:</p> <ol style="list-style-type: none"> <li>1. Changes in our supply chain (e.g., due to mergers and acquisitions or new products)</li> <li>2. Developments in our environmental and human rights strategies</li> <li>3. Changes in ingredients' sustainability risks</li> </ol> <p>In 2020, we are updating many of our priority ingredients' and raw materials' policies, strategies and goals as well as our Hershey Responsible Sourcing web page to be in line with and reflective of our new 2020-2022 Responsible Sourcing Strategy. For updates on the responsible sourcing of ingredients and raw materials and to monitor future updates of our priority ingredient and raw material strategies, please visit our <a href="#">Hershey Responsible Sourcing web page</a>.</p>

Activity Metric	Category	Unit of Measure	Code	Response
<b>Weight of products sold</b>	Quantitative	Metric tons (t)	FB-PF-000.a	907,205 t (note this reflects weight of product produced in 2019 at Hershey-owned facilities not weight of product sold)
<b>Number of production facilities</b>	Quantitative	Number	FB-PF-000.b	15