



# The *Goodness* Inside



2022 ESG Report



# It's What's *Inside* That Counts



**Hershey's purpose is to Make More Moments of Goodness for our consumers today and for generations to come. Integral to achieving that is our global sustainability strategy: Our Shared Goodness Promise. On these pages we share how sustainability is being woven into the fabric of our operations as we grow our business to delight more consumers.**

**More than ever, we are engaging and empowering the remarkable people who make and sell our brands. We are working collaboratively with multiple stakeholders to improve the lives of farmers that grow the ingredients that go into our products.**

**We are working to reduce our impact on the planet and create a more sustainable environment. We are investing in youth and our communities to create a stronger future for ourselves and our world.**



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# Making Good for Our Future



# Goodness from the Inside, Out

## A Message from Our CEO



Here at Hershey, we have an ambitious goal to become a Leading Snacking Powerhouse as we delight consumers with our sweet and salty portfolio. Embedded in that goal – and in everything we do – is a robust environmental, social and governance (ESG) agenda that focuses our efforts to deliver long-term business resilience and success and create positive impact for people and the planet. This report describes the ways our people seamlessly team across functions and work with courage and agility in a complex world and dynamic marketplace to make progress against our goals.

### Sustainable Transformation and Growth

As a company, we have grown exponentially over the last five years. We are proud to have three of the six fastest-growing U.S. snack brands in our portfolio and our global footprint is expanding rapidly. As our business has grown, so has our commitment to making positive change on the material issues for our business and stakeholders. As a result, we are more fully integrating our ESG priorities into every part of our business.

Our ESG goals go hand in hand with our business transformation. We can't accomplish one without the other. At each step of our journey, we are working to make and deliver the products people love in a responsible and sustainable way. As we live our purpose of Making More Moments of Goodness, we are investing to create a more sustainable cocoa supply. We've embarked on a multiyear supply chain transformation and infrastructure expansion. We're instilling our food safety culture, implementing socially responsible and sustainable environmental practices across our operations, and taking concrete action to reduce our carbon emissions. We're delivering more snacks and better-for-you products that expand choice for our consumers and opportunities to grow our business. And, we're embracing the strength that comes from diversity, finding ways to include more people from more backgrounds in ways that help our business, them and their communities thrive.

The approach works. In Hazleton, Pennsylvania, our manufacturing capabilities needed to expand while we were simultaneously faced with labor shortages. The plant is now our first fully bilingual facility, employing 150 Spanish-speaking employees from the community, supporting the local economy and families. "Say Hola" is a living example of the opportunity that exists when business and communities come together to embrace business need and social equity. You will see other examples of how we are working to drive positive and lasting change throughout this report.

## Facing Down Challenges

We are proud of our progress in 2022 but continue to face tough issues. The scope and scale of social and environmental challenges facing Hershey and the communities we touch are daunting. We continue to make headway on the incredible complexities around poverty, child labor and deforestation in our cocoa growing communities, while working diligently on what still needs to be done. Extreme weather and natural resource constraints disrupt our operations and stressed our supply chain. And reducing plastic and packaging, conserving water and natural resources, and reversing biodiversity loss require concerted collaborative action. In all these things, we remain firmly committed to our efforts and partnerships to ensure we continue to make meaningful progress towards our goals.

While this road is not easy, we are proudly walking it with caring people doing great work. For us, ESG is not a program; it's a way of doing business. As our company transforms into a Leading Snacking Powerhouse, I consider the work detailed in this report as the steady and strong foundation we need to take our company to the next level. Anything – and everything – is possible when passion and excellence combine to make a difference.

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



# Progress we are Proud of



## A Message from Our CSO

Passion and pride. Making More Moments of Goodness and Making a Difference. Here at Hershey these descriptors paint the picture of what drives our business and are hallmarks of our culture of excellence and togetherness.

As the company's first Chief Sustainability Officer, I am inspired and motivated by the duality of this culture and what we can achieve when we focus on common goals. I am driven by our opportunity to deliver successful business performance and at the same time create positive impact for individuals, communities and environments that need it most.

In 2022 we reaffirmed Hershey's priorities that are important for our long-term business resilience and are where we can have the greatest impact. We remain focused on our operating priorities that include cocoa sustainability, responsible sourcing and human rights, environment, and people. And we remain committed to improving the lives of youth and strengthening communities, both integral to who we are and exemplified in our unique relationship with Milton Hershey School.

Throughout this report, we share our approaches, key initiatives, partnerships and progress to challenging issues.

We continued to progress towards our 2025 cocoa goals with enhanced sourcing visibility and expansion of Child Labor Monitoring and Remediation Systems to cover more children who may be at risk. Our plans and programs, such as farmer premiums for verified cocoa, Village Savings and Loan Associations and our new Income Accelerator are informed by stakeholder outreach and are designed to improve farmers' livelihoods and reduce poverty, a root cause of child labor in cocoa.

We also share recent stories of impact as well as some of the obstacles we are encountering as we go about our work. As our business continues to accelerate and grow, our reported progress in GHG emissions reductions is not linear. As our portfolio expands, we are excited about bringing new manufacturing capabilities into the Hershey network and believe we will be strong stewards of these facilities. We remain confident in our ability to achieve our science-based targets as we further integrate our carbon reduction strategies across our operations.

As you review our report, we welcome your insight and feedback as we continue to learn and grow on this journey to create shared value for all. This collaborative approach and our continued commitment to affect change will propel us forward and make the impact we are all seeking.

**Leigh Horner**

Chief Sustainability Officer  
The Hershey Company



## Milton Hershey School

One of our founder's most compelling contributions to the Hershey community was the Hershey Industrial School for orphaned boys. Founded by Milton and his wife Catherine, they built the school with the intention of providing young boys with a productive and fulfilling life. Now named Milton Hershey School, this institution fosters the academic and social potential of over 2,000 boys and girls a year, providing them with the skills and resources for success in all areas of life. Prior to his death, Milton Hershey left the entirety of his fortune with the school to ensure its continued success. The company's special relationship with the school means that our business success directly benefits the school and students' lives.

# Double Materiality

## Using insights from our double materiality assessment, we are directing our efforts and resources to where we can have the greatest impact for our business, the planet and people.

Hershey aligns to best-in-class practices when it comes to evaluating strategy and prioritizing how we take action on issues that matter most to our stakeholders. The ESG landscape is constantly evolving in parallel to the continued growth of our business. As such, we regularly reassess our ESG strategy and priorities embedded across the enterprise to ensure we're focused on the right issues to create lasting change for the future.

In 2022, we conducted an inaugural double materiality assessment to identify and rank the ESG issues that affect us financially, as well as to understand those areas and ways in which our operations affect the world. Building on our previous materiality assessment, this work confirmed we are focused on the right ESG issues for our business.

### Double Materiality Assessment Process

We began by building an extensive list of ESG issues considering:

- Hershey's potential external impacts on the economy, environment and society
- The potential financial impacts of these topics on our business and operations

Hershey's double materiality methodology included layers of analysis incorporating current global industry trends, regulations and legislation, standards and frameworks such as the [Global Reporting Initiative \(GRI\)](#) Universal Standards, peer benchmarking and our prior materiality assessment results. We used these analyses to distill the universe of potential ESG issues down to a narrower list of 27 issues.

We solicited feedback from key internal and external stakeholders on the final list of 27 issues and subtopics through surveys and interviews. The results from these stakeholders, coupled with the [Future-Fit Business Benchmark](#) risk assessment tool, allowed us to identify, prioritize and rank our 14 most material issues. These 14 issues will drive our ESG and business strategy in 2023 and beyond. All of the material issues represented to the right, remain a core part of our strategy and focus. They are where we will place the greatest focus as we continue to identify key risks, opportunities and emerging issues that will inform Our Shared Goodness Promise.

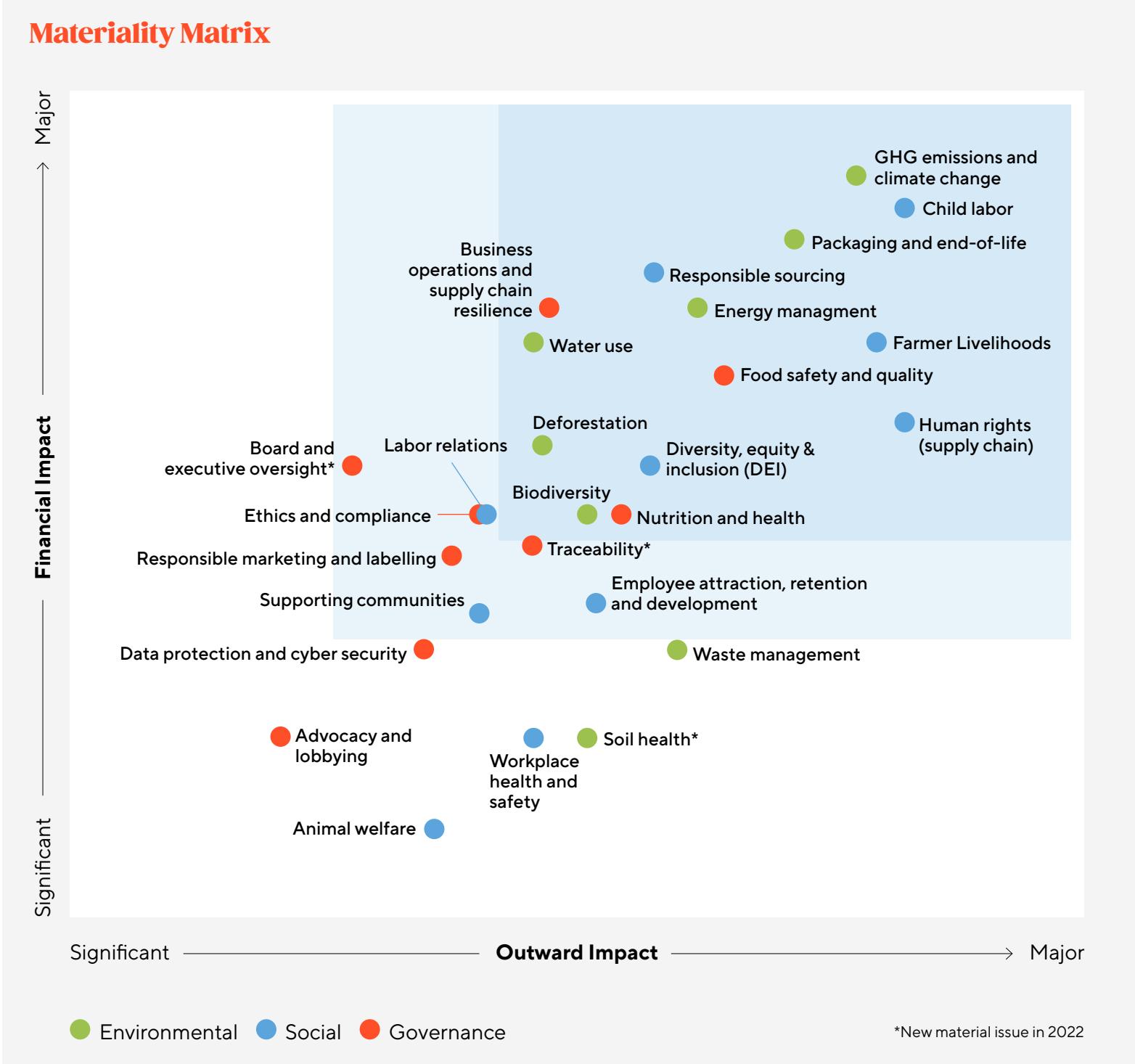
Some of Hershey's 2022 material issues are fundamental expectations and a non-negotiable component of being a responsible corporate citizen (e.g., data protection and cybersecurity, ethics and compliance, workplace health and safety, and food safety and quality, to name a few) while others are emerging ESG trends requiring even greater time and attention as we continue to develop our long-term business strategy (e.g., traceability, soil health).

→ For a full list of definitions for each of our material issues, see pages 132-133 of this report.

### Stakeholder Engagement

Our relationships and ongoing dialogue with stakeholders are an important part of our ESG commitment. We engage with stakeholders to advance our global sustainability strategy and make progress toward our goals as we seek to deliver on Our Shared Goodness Promise.

We engage in continuous dialogue throughout the year with government officials, non-governmental organizations (NGOs), customers, investors and other stakeholders to discuss our ESG performance. We also obtain regular feedback from our employees through our Business Resource Groups (BRGs), Green Teams, surveys and ad hoc through direct engagement with the company's Global Sustainability team. These interactions inform our decision making and help us create powerful collaborations to address global challenges and systemic issues.



# Our ESG Approach and Priorities

Building a sustainable future is a shared responsibility. We have re-affirmed our most material issues which inform and shape our long-term business strategy while positively impacting the people, planet and society around us. Our four operating priorities and two foundational priorities (shown at right) remain the same. We continue to embed ESG considerations into the fabric of our organization through our policies, strategies and processes. Addressing these priorities is more than doing what's right – it's taking imperative action so that our organization can thrive amid growing societal and environmental challenges.

## ESG Issues Are Interconnected

While we reference our ESG priorities and ESG material issues as standalone topics throughout this report, our work on each is naturally interconnected.

## SDGs

As a global business, our work touches upon many of the objectives of the United Nations Sustainable Development Goals (SDGs) from cultivating resilient communities along our global supply chain and

## Hershey's ESG priorities align with and contribute to the advancement of the following SDGs:



When we make progress towards our environmental goals, we simultaneously contribute positively to nature and biodiversity, which goes hand in hand with our work in procurement and responsible sourcing. As we make progress within our Cocoa For Good strategy, we directly impact farmers and support rural livelihoods and community development, which promotes respect and advancement for human rights, ultimately contributing to a more resilient future for our planet and people.

Systems thinking and an embedded ESG approach are critical to success. At Hershey this means we leverage our size and scale as we embrace interconnected systems with the intent to achieve the change needed for future generations to thrive.

thoughtfully managing our environmental impacts to delivering sustainably produced snacks and leaving a legacy of kindness in our communities.

## Operating Priorities

### Cocoa

Creating thriving communities and environments behind our most essential ingredient.



### Responsible Sourcing and Human Rights

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



### Environment

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



### Our People

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



## Foundational Priorities

### Youth

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



### Community

Actively making a difference where we live and work.



# Progress Towards Our Priority Goals

Priority Area	Priority Goals	Target	Progress (as of Dec. 31, 2022)	Status	Notes
Cocoa	100% independently verified cocoa	2020	<b>100%</b>	Achieved	—
	100% sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	<b>77%</b>	On Track	—
	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	2025	<b>64%</b>	On Track	1
	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	2025	<b>72%</b>	On Track	2
Responsible Sourcing and Human Rights	100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume)	2025	<b>84%</b>	On Track	3
	85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	<b>37%</b>	On Track	—
Environment	50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline	2030	<b>41%</b>	On Track	4
	25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	<b>10%</b>	In Progress	5
	100% of plastic packaging to be recyclable, reusable or compostable	2030	<b>17%</b>	On Track	6
	25 million pounds of packaging to be eliminated	2030	<b>13.7M lbs</b>	On Track	7
Our People	Achieve pay equity for similar job categories across our global salaried employees	2025	<b>In 2022, we maintained fair and equitable pay achievements, including 1:1 aggregate people of color pay equity for salaried employees in the United States (2021) and 1:1 aggregate gender pay (2020).</b>	On Track	—
	47–50% women representation across all employees globally	2025	<b>47.8%</b>	Achieved	—
	30–40% people of color (POC) representation across U.S. employees	2025	<b>27.5%</b>	On Track	8
	50% hazard reduction for job functions with ergonomic risks through process improvements	2025	<b>22.0%</b>	On Track	—
Youth	50 million children globally supported through education, nutrition, and social and emotional well-being	2025	<b>26.2M children</b>	On Track	9
	100,000 children take Heartwarming actions and impact their communities	2025	<b>208,257 children</b>	Achieved	10
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	2025	<b>\$73.5M</b>	On Track	11

- 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 2022. 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 63.
- 4 Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based). Our 2022 Scope 1 and Scope 2 data received limited assurance by EY.
- 5 Our 2022 Scope 3 data is verified by Quantis. In 2023, we will be undertaking a rebaselining for our Scope 3 emissions.
- 6 The progress for this commitment currently represents Hershey North American produced products only (e.g., U.S., Canada, Monterrey (Mexico), and all export items from these countries) that are recyclable.
- 7 In 2021, we expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030. Results represent cumulative packaging waste eliminated (2021–2022).
- 8 POC refers to Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.
- 9 More than 26.2 million children were supported, cumulatively from January 1, 2020 to December 31, 2022.
- 10 More than 208,200 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2022.
- 11 Hershey donated nearly \$73.5 million in cash and products cumulatively from January 1, 2020 to December 31, 2022.

# Awards and Recognition

## Global



## United States



## Asia



## Mexico



## Brazil



## India



## Canada





# Our Company



**Our values make Hershey a special place to work. They are part of the legacy that guides our actions today and powers our goals for the future.**

Operating as an ethical company is fundamental to building trust with our stakeholders. It is consistent with our focus on creating value for all stakeholders and transforming our business into a Leading Snacking Powerhouse. 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. As our company innovates to meet the needs of confection and salty snack lovers, we continue to evolve and strengthen our approach to transparency and disclosure, adopting leading standards to ensure that Hershey keeps pace. Our decisions regarding business strategy, operations and resource allocation are guided by our purpose and are rooted in our values.

**Our Values**  
**Togetherness**  
**Making a Difference**  
**Integrity**  
**Excellence**

# Our ESG Governance

**As we integrate our ESG approach more deeply into our business strategy and operations, we've expanded the oversight and execution of our ESG management. We utilize a multi-level operating structure to ensure we are aligned on the most important issues facing the company and are allocating resources to drive progress within Our Shared Goodness Promise.**

The governance of Hershey's Environmental, Social and Governance (ESG) program is structured to drive strategic alignment and operational execution against our priorities. Pursuant to our Corporate Governance Guidelines, ultimate responsibility for our ESG and sustainability governance oversight rests with the **Board of Directors**, which oversees all ESG matters, including our ESG strategies, priorities, progress, risks and opportunities.

Oversight of specific ESG responsibilities and reporting requirements are assigned to relevant Board committees, as stated in their respective charters. Board committees conduct regular in-depth reviews of significant ESG issues to help carry out these responsibilities.

**Audit Committee:** Reviews the company's public reporting with respect to ESG matters within the Audit Committee's purview.

**Compensation and Human Capital Committee:** Oversees consideration of ESG matters in executive compensation program; oversees human capital management practices, including talent management, DEI and pay equity.

**Finance and Risk Management Committee:** Reviews and oversees policies and procedures with respect to human rights, environmental stewardship and responsible sourcing/commodities practices within the company's supply chain.

**Governance Committee:** Oversees governance of the company's ESG policies and programs, including establishment of targets, standards and other metrics used to measure and track ESG performance and progress.

Management and ESG leaders provide deep dives on ESG issues for the full Board at least once a year, with relevant committee updates occurring frequently throughout the year.

ESG topics are regularly evaluated as part of our Enterprise Risk Management (ERM) review process and include human rights and environmental issues. ESG is a standalone key business risk within our broader enterprise risk universe, alongside Human Capital, and Climate & Environment.

## ESG Management

Accountability for ESG and sustainability resides with our Chief Executive Officer, with shared responsibility across the management team and program strategy and operations led by our Chief Sustainability Officer.

## Executive Team

Our CEO and her direct reports conduct monthly 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. The executive team ensures our sustainability initiatives are aligned with business strategy and finalizes ESG-related investments. The compensation of Hershey's executive team is linked to our DEI goals, a key differentiator for our industry.

## Disclosure Committee

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

## Sustainability Steering Committee

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

## Global Sustainability Team

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

For more information on our Board committees, ESG oversight and responsibilities and approach to executive compensation, see our [2023 Proxy Statement](#).

**45%**

**of Hershey's Board of Directors have experience at a senior level in ESG and Human Capital management (as of May 2023)**

## Our ESG Governance continued

### Ethics are for Everyone — Winning with Integrity!

The Hershey Company has been recognized among the [2023 World's Most Ethical Companies®](#) as rated by Ethisphere, a global leader in advancing the standards of ethical business practices. Hershey is one of only nine honorees in the Food, Beverage & Agriculture category, our second time as an honoree for this recognition. We're proud to be included in this group of companies, which are known for historically outperforming their peers and competitors financially as this demonstrates a tangible return on investment for doing the right thing.

At Hershey, we face ethics and compliance risks every day, which is why it is so important for every employee to learn to identify, act, report and ask for help when needed. To help ensure a spirit of compliance, Hershey held our first enterprise-wide Integrity Day in 2022. The Ethics & Compliance team partnered with our network of 29 local Compliance Ambassadors at each corporate and manufacturing location to engage our colleagues in activities to raise awareness about critical risk areas and how to use the Concern Line. To bring this concept to life, senior leaders shared their perspectives by describing what leading with integrity looks and sounds like to them. In addition to the Concern Line, Hershey's Compliance Ambassadors provide a confidential and neutral channel for employees to raise ethics and compliance concerns.

#### Ethics and Compliance

Hershey is committed to the highest standards of ethics and integrity. Strong business ethics is key to our success, and employees value working in an environment where they can speak up and trust that the company and leadership will do the right thing.

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 human rights, anti-corruption, antitrust, whistleblower protection, and health and safety. All our Directors and professional employees receive annual training on the Code as part of onboarding and annually thereafter, and must verify that they have read and agree with the principles it outlines. Our Ethics & Compliance training program includes required online training, targeted training and live sessions. The training's objective is to help guide employees and provide them with the information needed to adhere to our Code, our company purpose and values. We audit our compliance program every two years and regularly conduct fraud and corruption audits and risk assessments.

Hershey encourages raising concerns and asking of questions through our reporting channels when individuals see or experience something that may not follow our ethical business practices. One such reporting channel is the [Concern Line](#), which provides phone and web intake options for employees and other stakeholders to ask ethics and compliance-related questions and report unethical behavior anonymously and confidentially. The Concern Line is available 24/7, operates in more than 60 countries, is accessible in more than 47 languages and has toll-free numbers available in each of our locations.

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 using corporate funds and only engages in political giving through The Hershey Company Political Action Committee (PAC). Funds raised through the PAC, which is made up of voluntary employee contributions, are used to support candidates for elected office who demonstrate a commitment to the growth of our business and the communities in which our employees live, and whose values and goals align with the company's vision and Code. All contributions are disbursed pursuant to our internal contribution guidelines and in accordance with applicable election laws. Our PAC is bipartisan and funds distributed from the PAC are divided equally between both major political parties at the federal and state levels. See the [PAC Annual Report 2022](#) for more information.

Corporate funds are used to support and advocate for issues, legislation or referenda of importance to Hershey. These funds, classified under the U.S. Internal Revenue Code as non-deductible lobbying expenditures, are paid primarily to industry trade associations and to support the salaries of our internal Government Relations personnel. In accordance with applicable U.S. federal and Pennsylvania law, our company files all required lobbying reports, outlining the company's federal and state-based advocacy work. See our [Annual Report of Lobbying and Advocacy Expenditures](#) for more information.

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**Being recognized as an ethical company means much more than just complying with organizational policy and regulations. This recognition means we consistently do business the right way, living our company purpose and values, and putting integrity first in everything we do, which allows us to earn the continued trust of our consumers, customers, communities and shareholders — a trust we must never take for granted.”**

**James Turoff, Senior Vice President,  
General Counsel & Secretary,  
The Hershey Company**



## Our ESG Governance continued

### Data Protection and Cybersecurity

Our consumers, customers and coworkers recognize us as a company that can be trusted and relied upon to be responsible with their data and we intend to fulfill this expectation. We earn this trust by respecting the privacy of our consumers, customers, employees, retailers and others with whom we conduct business by maintaining high standards for data protection, and by handling their personal information with care. We strive to avoid negative impacts that could arise from the mismanagement of data.

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. As new and expanded data privacy rules are enacted around the globe, our Privacy Center of Excellence provides focused resources to ensure that we are well-prepared to comply with these emerging regulations. This cross-functional team, established in 2021, is charged with designing and implementing appropriate technical, physical and administrative measures to protect personal data from unauthorized access, use, disclosure, alteration or destruction. Further, the company's Incident Response Plan is reviewed annually and includes business continuity and contingency plans related to data protection and cybersecurity.

Employees play a critical role in safeguarding data. We regularly educate and engage our people on this topic. All global, professional employees at Hershey are required to complete Acceptable Use and Data Classification Policy training. In January 2023, we conducted our inaugural Data Privacy Day, an enterprise-wide event to raise employee awareness of the importance of respecting privacy, safeguarding data and enabling trust.



# A Bold Strategy For Growth

**We are transforming our company to become a Leading Snacking Powerhouse. We are expanding our portfolio, elevating our capabilities and growing supply chain capacity to meet more consumers in more snacking occasions.**

Consumers have known and loved Hershey's iconic chocolate and confections for more than 125 years. Today they can enjoy the goodness inside our products on more occasions by selecting from our growing snack options. Following our 2018 acquisition of Amplify Snack Brands, Inc and our 2021 acquisitions of Dot's Pretzels, LLC (Dot's) and Pretzels Inc. (Pretzels), we now offer two of the fastest growing salty snack brands in 2022: Dot's pretzels and SkinnyPop popcorn.<sup>1</sup> We are integrating several distinct business models and operations into one unified Salty Snacks division within Hershey. In doing so, we are bringing the advantages and insights of our scale to enhance the sales, procurement, manufacturing, distribution and ESG practices of these acquisitions.

## Reporting Structure

In late December 2021, the company reorganized our financial reporting structure to better align our brands and the markets we serve, support the breadth and depth of our product portfolio, and provide more transparency to our investors.

**North America Confectionery** represents our traditional chocolate and non-chocolate confectionery market position in the U.S. and Canada. This includes business in chocolate and non-chocolate confectionery, gum and refreshment products, protein bars, spreads, snack bites and mixes, as well as pantry and food service lines.

This segment also includes retail operations, including Hershey's Chocolate World stores as well as licensing operations globally.

**North America Salty Snacks** represents salty snack products in the U.S. This includes ready-to-eat popcorn, baked and trans-fat-free snacks, pretzels and other snacks.

**International** encompasses all other operating segments including geographic regions where we operate outside of North America. This includes operations and manufacturing facilities in Mexico, Brazil, India and Malaysia, and the distribution and sale of confectionery products in export markets of Asia, Latin America, Middle East, Europe, Africa and other regions.

## Scaling Our Goodness

As we create scale in our Salty Snacks segment through acquisitions, we will leverage our global scale to positively impact both their practices and the broader ESG landscape. Together, we are identifying opportunities to bring the goodness from our proven values, practices and processes to our new brands and products. From food safety and responsible sourcing to packaging technology and resource conservation, we're evaluating how we can best bring long-term sustainability to these new parts of our business. One immediate area of focus is our expanded supply chain network and responsible sourcing practices, as our global Procurement team shares its expertise in achieving environmentally sound, socially responsible and sustainable impact.



## Investing in our Supply Chain

Our ability to grow – today and in the future – is rooted in the quality of our products and the capacity to make and deliver those products to meet consumer demand. We've made significant investments in expanding existing facilities and developing new capabilities to speed production and make more of our brands consumers love. We are adding production capacity, reliability and flexibility in our manufacturing operations and making our supply chain more agile, efficient and flexible.

**Fulfillment and distribution center.** We are expanding chocolate production in Derry Township, Pennsylvania, with the construction of a 250,000-square-foot plant to produce chocolate for core brands including Reese's, Kit Kat® and other Hershey's products, and is scheduled to be completed in 2024.

**Research facility in Malaysia.** This new center will enable Hershey to quickly develop, test and launch new products customized to the tastes of consumers across the region. It will become one of our largest research and development facilities outside of the U.S.

**Production capacity in Mexico.** We are installing two high-tech production lines in our manufacturing plant in Nuevo León, Mexico. The expansion is expected to increase output by 25% and will generate 300 new jobs at the plant, in addition to the 2,500 employees there currently.

<sup>1</sup>"Hershey Eyes Opportunities In Snacking," Food Navigator, May 31, 2022.



**Material ESG Issue:**  
Business Operations and Supply Chain Resilience

## A Bold Strategy for Growth

continued

## Our Snacks Portfolio

We craft snacks that work for every occasion — from indulgent treats for special moments to 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.

Sweet

Salty



# Satisfying Consumer Needs

## Making More Moments of Goodness means offering a variety of lifestyle and nutrition choices for a variety of consumer preferences.

Nearly three in four Americans (73%) snack at least once a day, according to the [2022 Food and Health Survey](#) of the International Food Information Council (IFIC). But at the same time, 52% of Americans report that they followed a diet or eating pattern in the past year, a significant increase from 39% in 2021.<sup>1</sup> As one of the world's leading candy and snack companies, nutrition and health is an ESG material issue for Hershey. We aim to satisfy these consumer needs by creating a wide selection of choices. Through investments in research to spur innovation and supply chain infrastructure, we satisfy an ever-widening range of preferences. Our expanding line of products provides portion control, reduced-sugar, plant-based and other options that empower consumers with choices and information.

We are committed to transparency and support consumers' right to know what is in their food. To aid all consumers in making informed choices, we helped develop an industry-wide technology for U.S. products in 2016, called SmartLabel™. By scanning the QR code on our U.S. product packages, consumers may easily access detailed information such as nutrition and ingredients, allergens and claims. Hershey currently maintains more than 1,600 SmartLabel product pages.



Hershey continuously explores new options to ensure consumers can make the best choices to meet their needs. At our Technical Center in Hershey, Pennsylvania, several of our nearly 200 research and development employees look for ways to reduce the amount of ingredients such as sugar and salt in our products, which some consumers prefer to avoid. This work is overseen by the Vice President of Innovation and R&D.

### Low and Zero Sugar Chocolates

Nearly three in four consumers are trying to limit or avoid sugar in their diet.<sup>2</sup> To offer them choices they can feel better about, Hershey advanced our product offerings for sugar management and reduction with new low- and no-sugar versions of our core chocolate brands. In 2022, we offered more zero sugar products so that consumers can access healthier options. We also rolled out Lily's Sweets, LLC (Lily's) no-sugar-added product offerings, following our acquisition of this company. Further, our acquisitions of Dot's and Amplify offer more snacking choices to consumers across the nutrition spectrum with products that are lower in both sugar and saturated fat.

### Affordable Choices

We are also adding more manufacturing capacity over the next two years with three new distribution centers and 10 new production lines. Because of our investments in capacity and automation, we can efficiently package smaller, opening price points for consumers managing a tight budget.

### Protein Snacks

Research shows that 62% of consumers are looking to add protein to their diet.<sup>3</sup> Through an ongoing investment in the Irish protein bar maker, FULFIL Nutrition, Hershey supported the launch of a new FULFIL Nutrition snack-bar business focusing on North America. This enables us to offer our consumers more high-protein, better-for-you confection and permissible snacking options, in addition to current options such as our low-sugar, high-protein ONE bars.

### What's Next

- Continue to meet consumer interests in sugar reduction and protein enhancements across our better-for-you confection portfolio
- Continue funding research to develop sugar alternatives, such as our investment in rare sugar maker, Bonumose, that deliver the same taste, quality and experience that consumers expect from our cherished brands

**“Customer taste and concerns constantly change, but Hershey continually innovates and finds new ways to satisfy their choices.”**

**Charlie Chappell, Vice President, Innovation and R&D, The Hershey Company**



**Material ESG Issue:**  
Nutrition and Health

## Plant-Based Products

More consumers are seeking plant-based and sustainable treats, and we are meeting that preference with the addition of plant-based offerings. We are launching plant-based versions of our Hershey's Milk Chocolate with Almonds and Sea Salt Bar and Reese's Peanut Butter Cups in 2023. We are also planning to introduce plant-based Honest® gummies, made with organic fruit juice.



<sup>1,2</sup> 2022 Food and Health Survey, International Food Information Council.

<sup>3</sup> 2021 Food and Health Survey, International Food Information Council.



**Material ESG Issue:**  
Food Safety and Quality

# Excellence in Food Safety



## Hershey is committed to creating more goodness inside by delivering quality products that meet the highest food safety standards in the industry.

Hershey's Quality Management System, known as our Product Excellence Program (PEP) takes a preventive approach to food safety and quality. This program focuses on identifying, reducing and eliminating food safety, product quality and regulatory risks throughout product design, supply chain, production and distribution. Our Quality and Regulatory Compliance team provides oversight to the program, ensuring proper controls, monitoring and rigorous auditing practices throughout the value chain. Our focus is to ensure that our products are manufactured to high quality and safety standards, guarding against the potential negative impact of contamination or food-borne illness that could harm consumers and our brand.

Our Quality and Regulatory Compliance team continually reviews and evaluates emerging regulations and industry practices to ensure we meet the latest requirements and best practices. Our program meets or exceeds 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. 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 approach. We apply these principles to food safety and product quality, meeting or exceeding global food safety regulations. Hershey products comply with all applicable laws and regulations and are manufactured under strict quality and safety requirements.

### A Shared Responsibility

To drive the right behaviors around food safety and quality, we provide standardized onboarding for all manufacturing facility personnel as well as annual refresher training. In 2022, this required training was provided to 100% of our manufacturing facility employees. As our company grows, this training will be incorporated into the integration process for any acquired manufacturing facilities.

Food safety is the responsibility of everyone at a food manufacturing company. Thus, in 2022, we took several steps to create a greater awareness of food safety across all levels and functions of our organization.

- A new food safety basics module was added to our required onboarding training for all new salaried employees and will be rolled out to all existing salaried employees in 2023. We also plan to develop ongoing annual awareness modules for all salaried employees to help them understand how their day-to-day activities and behaviors impact food safety.
- We've already provided this awareness-level training to 100% of executive team members and their direct leadership teams.
- All new Quality Assurance, Engineering and R&D personnel completed initial training, while existing personnel on these teams completed an annual refresher training. Targeted training equips employees to understand their roles and how they impact food safety so they can advocate for food safety at all times.

→ **For a summary of our data on food safety and nutrition, see page 23.**

## Excellence in Food Safety

continued

### Food Safety Across Our Value Chain

The entire Hershey enterprise, including our recent acquisitions, 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. We achieve internal quality standards and help drive systemic change by helping suppliers achieve certification under a recognized GFSI standard. We made great progress toward the goal of sourcing 100% of our ingredients from GFSI-certified suppliers, with 95.4% certified by December 31, 2022, covering 99.9% of our sourced ingredients by spend.

Beyond our own organization, we promote food safety among consumers and across the supply chain. As a member of the [Alliance to Stop Foodborne Illness](#), we collaborate with like-minded industry stakeholders, academics, regulatory experts and survivors of foodborne illness. Together we help to improve food safety through resources such as free food safety webinars and an online toolkit.

### What's Next

- Continue to strengthen adherence to food safety through new onboarding and annual awareness modules for all salaried employees
- Integrate our Salty Snacks segment into the Product Excellence Program (PEP) to maintain food safety, product quality and regulatory compliance across our enterprise
- Continue leveraging data systems and digital tools to enable data-driven predictive and proactive decision making for food safety and quality activities in our manufacturing operations

### Bilingual Learning

Recently, our Hazleton, Pennsylvania, plant transitioned to fully bilingual operations to accommodate changing workforce demographics in that community. Determined that language should not be a barrier to employment or food quality, the Quality and Regulatory Compliance team stepped up to help prepare the new Spanish-speaking employees for their new roles. The team supported the development of bilingual training materials, knowledge tools and on-the-floor quality documentation. By developing a new set of food safety training and tools, we're gaining new workers needed to support our commercial growth without compromising food safety and quality.



“

**Food safety and quality starts with our behaviors and culture. We must continue to build that mindset as we integrate the Salty Snacks segment into the way we achieve food safety, quality and regulatory compliance as we continue to protect our consumers and our brands.”**

**Mike Lapioli, Vice President, Quality, Food Safety and Regulatory Compliance, The Hershey Company**



# Marketing Responsibly



## We are committed to responsibly marketing our products to consumers.

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 positive eating habits and the appropriate role of treats and snacks in a balanced diet. Adult consumers equally deserve access to clear, credible information about the nutritional content and other attributes of our wide array of snacks and confections.

We have detailed advertising guidelines that our teams must follow, including advertising to children guidelines. Our marketing teams receive training on these guidelines, which govern how we advertise, who we target, and specific advertising guardrails.

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 engage in advertising primarily directed at children under the age of 12 or, if we do, to advertise only products that meet CFBAI's nutrition criteria. 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. Beginning January 1, 2023, our commitments governing advertising directed to children, including our CFBAI pledge, apply to advertising primarily directed to children under 13. We submit data and information annually to the CFBAI demonstrating compliance with this commitment.

In Canada, we participate in the Canadian Children's Food and Beverage Advertising Initiative (CAI), overseen by Advertising Standards Canada. This commits us to standards and principles similar to the CFBAI in the U.S. The most recent compliance and progress report from CAI outlines compliance by Hershey and all other participating companies regarding our advertising to children commitments in Canada.

Leading food and beverage trade associations in Canada have announced a new version of the voluntary Food and Beverage Advertising Code that, for member organizations, will govern food and beverage advertising across Canada, including advertising to children. Under the new version of this code, advertising for a food product may not be primarily directed towards persons under the age of 13 unless the advertised product satisfies child advertising nutrition criteria. Hershey will comply with the updated version of the voluntary Code when it comes into force mid-2023.

By agreement, we grant selected third parties a license to display and use 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.

## Ensuring Credible, Clear Claims

Hershey is committed to providing clear, honest and accessible information including ingredients, nutrition and origin on all our products, including those that promote healthy lifestyles. Our Food Claims Review Council in the U.S. works closely with product development teams to ensure that all new products meet or exceed the standards of the relevant third-party certifying bodies, e.g., U.S. Department of Agriculture (USDA) Organic and Non-GMO Project Verified. The council provides guidance on a wide variety of topics, including nutrition, ingredients, sustainability, responsible sourcing and product certifications. For example, throughout the development of updated packaging, the cross-functional council ensures that all the claims and required labeling elements comply with applicable law and regulations.



# Celebrating Women and youth through our Brands

In 2022, we introduced two brand campaigns – Hershey's SHE campaign and Kit Kat Black Music Month – to lift up women and girls and elevate Black and Brown youth through music, respectively. These campaigns support organizations including *Girls on the Run*, *Girl Up™*, and *Memphis Music Initiative* and highlight that we can achieve business outcomes while promoting social good.

In each program, we engaged Hershey employees, our retail partners and their associates, to help us advance equity and inclusion, amplify underrepresented voices and support youth. The authenticity of these campaigns sparked the enthusiasm and energy of people across our enterprise. Teams combined their efforts to help us reach our goals. Building on these successful outcomes, we're excited to continue these campaigns in 2023.

## SHE Campaigns

We activated consumers' love of our flagship Hershey's brand through our U.S. and international SHE campaigns, and enhanced the programs through philanthropic relationships with *Girls on the Run* and *Girl Up™*.

The U.S. campaign celebrated the central role that women and girls play in our lives with a limited edition Hershey's Milk Chocolate Bar with a new look. As part of the campaign, we donated to *Girls on the Run*, a nonprofit dedicated to creating a world where every girl knows and activates her potential and is free to pursue her dreams.

Globally, we expanded the HER for SHE campaign that began in Brazil in 2021 to seven international markets. Hershey partnered with *Girl Up™*, a girl-centered leadership development initiative of the United Nations Foundation that focuses on equity for girls and women.

## Celebrating Black Music Month with the Memphis Music Initiative

As a heritage site for Black music and with more than 500 employees at Hershey's manufacturing facility in the city, Memphis was an important place for us to focus our Black Music Month campaign in its first year. We launched a partnership with nonprofit *Memphis Music Initiative* (MMI), which provides programs that support Black and Brown youth through transformative music engagement. In addition to supporting the organization with a donation, Hershey engaged MMI's young people to advise and collaborate on the campaign's development. Limited-edition Kit Kat Bars and Hershey's Cookies'n'Creme bars featuring wrappers designed by three Black women artists, Shae Anthony, Baraka Carberry and Laetitia Charles-Belamour, and were available in Target stores nationwide during June 2022.



“

**Youth voice is at the heart of what we do, and we are grateful to The Hershey Company for ensuring that our young people are seen and valued.”**

**Amber Hamilton, Executive Director,  
Memphis Music Initiative**

# Our Progress

## KPIs

Board of Directors*	Unit	2023	2022	2021
Total Directors	#	<b>11</b>	12	12
Women on Board of Directors	#	<b>5</b>	5	5
	%	<b>45%</b>	42%	42%
People of Color on Board of Directors	#	<b>3</b>	2	2
	%	<b>27%</b>	17%	17%

\*Board diversity data relates to directors included in The Hershey Company's Proxy Statement for the respective year.

Financial Performance	Unit	2022	2021	2020
Countries in which our products are marketed	# of countries	<b>80</b>	80	85
Countries in which our products are manufactured	# of countries	<b>6</b>	6	6
Manufacturing facilities: wholly owned/joint ventures	# of manufacturing facilities	<b>15</b>	15	14
Consolidated net sales	USD in millions	<b>\$10,419</b>	\$8,971	\$8,150
One year net sales growth	%	<b>16.1%</b>	10.1%	2.1%
Shareholder return	%	<b>21.9%</b>	29.6%	5.9%
Adjusted diluted earnings per share	USD	<b>\$8.52</b>	\$7.19	\$6.29
Income taxes paid	USD in millions	<b>\$221.3</b>	\$275.2	\$215.5
Worldwide payroll	USD in millions	<b>\$1,069</b>	\$924	\$863
Investment in R&D	USD in millions	<b>\$46.9</b>	\$40.1	\$37.6
Brands	# of brands	<b>&gt;100</b>	>100	>90
Weight of products sold	Metric tons	<b>1,101,919</b>	1,085,720	1,027,447

**KPIs**

<b>Nutrition and Health</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Revenue from products labeled and/or marketed to promote health and nutrition attributes	USD (in millions)	<b>\$1,203.6</b>	\$644.4	\$520.8	1
Revenue from products labeled non-GMO	USD (in millions)	<b>\$643.6</b>	\$412.5	\$76.5	2

1 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.

2 This result includes non-GMO confectionery and salty snack products.

<b>Food Safety</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Facilities certified against a GFSI standard	# of facilities	<b>14</b>	14	14	1
Food safety - Major non-conformances identified	Number	<b>0</b>	0	0	—
Food safety - Major non-conformances rate	Rate	<b>0.0</b>	0.0	0.0	—
Food safety - Minor non-conformances identified	Number	<b>44</b>	44	57	2
Food safety - Minor non-conformance rate	Rate	<b>3.1</b>	3.1	4.1	3
Product recalls	# of recalls	<b>1</b>	1	0	4
Product recalls - Total amount of food product recalled	Metric tons	<b>22.45</b>	5.98	0.00	5

1 All Hershey-owned manufacturing facilities are certified against a recognized GFSI standard. As such, all facilities are audited annually to assess compliance against the provisions of the standards. The 14 facilities certified against a GFSI standard in 2022 does not include Dot's Pretzels, LLC or Pretzels Inc. locations.

2 The number of minor non-conformances reported in 2021 was previously reported incorrectly and has been updated to reflect the correct value. The minor non-conformance rate has also been updated accordingly.

3 This rate is calculated based on the total number of audits completed in the calendar year, which was 14 for 2022; and total number of minor non-conformances identified for the same time period.

4 On a global basis, Hershey conducted one recall of its products during 2022 – a production run of Lily's Peppermint Flavor Baking Chips.

5 The recall was due to another customer's product inadvertently getting mixed into the Lily's package during the packaging process. The recall included 18,855 cases distributed, equivalent to 22.45 metric tons of product.



# Cocoa

Cocoa remains our highest ESG priority. Our Cocoa For Good strategy is designed to positively impact systemic, social and environmental challenges in cocoa communities. Cocoa For Good is underpinned by a 12-year \$500 million commitment focused on improving income resilience for farming households, improving children's well-being through access to education and nutrition and working to eliminate child labor and deforestation. By helping disrupt the cycle of poverty our aim is 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. As of December 2022, we have invested 40% of our original commitment.



# Cocoa For Good

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

## Why It Matters

Cocoa, our highest priority ingredient, is our top ESG priority and critical to our long-term business resilience and success. Cocoa is critical to the financial well-being of many farmers, who face numerous obstacles including socio-economic challenges such as lack of income resilience, and lack of education. Many communities face insufficient infrastructure ranging from inadequate roads and schools to insufficient health care to a lack of modern farming techniques. Too often, the land they work suffers from environmental degradation including poor soil health, aging trees, threat of disease to trees, and the impacts of climate change. These social, economic and environmental challenges threaten the cocoa supply chain as they can lead to instances of child labor and unsustainable farming practices. These intertwined issues impact the long-term viability and opportunity to have thriving cocoa communities and the longevity of our business.

## Our Cocoa For Good Approach

We play a critical role in designing and implementing strategies to address these systemic interconnected issues. Hershey, along with other industry leaders, has a responsibility to contribute to a responsible, ethical and reliable future to the supply of cocoa. We are committed to improving the quality of life for cocoa farmers, their families, their communities and the environment. Our Cocoa For Good strategy is embedded within our sourcing practices and supported by our multi-million dollar investment which targets improving income resiliency and livelihoods, eliminating child labor and improving children's well-being and protecting the environment.

To do this:

- 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. See Listening to and Linking Arms with Farmers on page 36.
- We partner with like-minded organizations to drive change at scale. See Cocoa Partners on page 29.
- We track our performance and share our successes and learning opportunities. We carefully, consistently and continually monitor our efforts to ensure that we are having the impact we aim to achieve. We engage with external sector leaders. See Goodness Inside Starts With Accountability on pages 27-28.

## Cocoa Focus Areas

### Improving Income Resiliency and Livelihoods

We provide financial support and training to cocoa farmers and their families to help create greater income resiliency. We focus our efforts to financially empower women, enable access to financial services and diversify sources of income to help farmers grow their business, lift their livelihoods and stabilize their household income.

→ [Learn more on pages 30-31.](#)

### Eliminating Child Labor and Improving Children's Well-being

We work with local governments, our supply chain partners, expert civil society organizations and farming community members to combat child labor, improve access to and 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.

We provide improved nutrition for schoolchildren and training to support home-based food security and children's nutrition.

→ [Learn more on pages 32-34.](#)

### Protecting the Environment

We advance environmentally responsible agricultural practices, combat deforestation 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.

→ [Learn more on pages 35-37.](#)



**Cocoa For Good**  
continued

## Cocoa For Good in the World

We launched our Cocoa For Good program and prioritized our investments in Côte d'Ivoire and Ghana, where 60% of the world's cocoa is grown. We've since expanded our programs to Ecuador, Indonesia, Brazil, Nigeria, Cameroon and Mexico.

→ [Learn more about where we source cocoa on our corporate website.](#)

**Key:**

- ① Mexico
- ② Ecuador
- ③ Brazil
- ④ Côte d'Ivoire
- ⑤ Ghana
- ⑥ Nigeria
- ⑦ Cameroon
- ⑧ Indonesia



# Goodness Inside Starts With Accountability

## Effective mechanisms to evaluate, monitor and report our progress are crucial to ensure our programs effectively address the systemic challenges that impact cocoa farmers.

The need for due diligence, transparency and accountability is critical for our ability to create positive impact and build trust with our stakeholders. As we deliver on our cocoa commitments, we continue to evolve our ways of working, improve transparency for key stakeholders and provide consumers with robust information about our products. We strive to create policies that keep Hershey accountable to our goals and allow stakeholders to track our progress and create alignment among our global teams. We rely on practices such as independent verification, sourcing visibility and impact studies as key levers to monitor, assess and provide affirmation on the efficacy of our actions.

### Cocoa Key Requirements

Our Cocoa key requirements help us clarify expectations to our suppliers and partners to implement programs in cocoa origins. This document clarifies our expectations in regards to human rights due diligence, environmental stewardship, traceability of cocoa and premiums paid to farmers, data management, continuous improvement and independent verification. With over 120 Farmer Groups in our programs on multiple continents, this clarity is needed. Inside our Hershey key requirements we detail our expectations in regards to Human Rights for both child and forced labor, Protecting Environment, Income Resilience and Traceability.

This is what an excerpt of the Human Rights section looks like.

Suppliers must align with the UN Guiding Principles on Business and Human Rights and to the OECD Due Diligence Guidance for Responsible Sourcing Business Conduct and references and must:

- Institute a policy commitment to meet the responsibility to respect human rights
- Undertake ongoing human rights due diligence to identify, prevent, mitigate and account for their actual and potential human rights risks and impacts
- Have processes in place to enable remediation for any adverse human rights impacts they cause or contribute to

Where the risk of child labor is well documented, the Supplier implements a system to monitor and remediate children identified in child labor. These human rights due diligence systems are a means of targeting prevention, mitigation and remediation assistance to children involved in or at-risk of child labor, as well as to their families and communities.

These systems include at a minimum:

- Awareness raising and training
- Monitoring and identification
- Provision of support
- Follow up

## Delivering on Our Cocoa Ambition: Our Planning Cycle



## Goodness Inside Starts With Accountability

continued

**77%**

sourcing visibility of our cocoa volume originating from Côte d'Ivoire and Ghana, on track to reaching our 2025 commitment (as of December 2022)



### Our Priority Cocoa Goals

#### 100% Independently Verified Cocoa

To continue to deliver on our commitment of 100% independently verified cocoa, which we achieved in 2020, we continue to collaborate with third-party certifiers, including the Rainforest Alliance and Fair-Trade USA, as well as independently verified programs through our suppliers.

#### 100% Sourcing Visibility

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

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

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. Responsibly sourcing cocoa and prioritizing our human rights and environmental expectations requires collaboration between the public and private sectors including governments, our suppliers, farmers and manufacturers. We are also committed to improving farmer livelihoods and incomes.

While Côte d'Ivoire and Ghana continue to be the countries where the majority of our programming is focused, in 2022 we implemented Cocoa For Good in Brazil, Cameroon, Ecuador, Indonesia, Mexico and Nigeria.

### Data-Driven Impact

As we evolve and strengthen our cocoa programs, impact assessments provide important data to affirm what is making a positive difference and what may not be as effective. We are committed to improving our data to improve our approach and programs. To this end, we engaged Ipsos, a global leader in market research, to assess the effectiveness of the Cocoa For Good program in Côte d'Ivoire and Ghana in 2021.

The Ipsos study measured how effectively Cocoa For Good is achieving our business objectives and fulfilling our commitments. It also provided independent, objective third-party verification of impact. Data from this research measured income for cocoa farmers and their households and informed the development of our new Income Accelerator and will be used for current and future community and farmer programs. Ipsos provided qualitative focus-group discussions and in-depth interviews, as well as a quantitative surveys with a cross-section of Hershey program participants, female household members, community education leaders and local farmer group leaders.

Reporting our progress and challenges is an important aspect of Cocoa For Good as it provides transparency to how we are executing our strategies. Hershey suppliers and partners are critical in both implementing the programs in cocoa communities, as well as providing evidence and data of program progress. We also use this data to challenge our thinking and assumptions with the goal to push us to further strengthen our efforts. Ultimately, this leads to better programs and better results for farmers, their families and the communities in which they live.

→ Learn more in **Improving Income Resiliency and Livelihoods** on pages 30-31.

# Cocoa Partners

We have a strong role to play in improving the quality of life among cocoa farmers and their families while ensuring a sustainable and reliable supply chain for generations to come. But one company alone cannot solve the systemic complex challenges. Optimal solutions for the cocoa supply chain require input and action from the entire portfolio of stakeholders and the public, especially including cocoa farmers and the origin governments of the countries from which we source our cocoa. We join forces with and leverage the expertise and resources of industry peers, non-governmental organizations, international institutions and origin governments to create solutions.



## Partners

In 2022, our partners included:

### 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.

### Improving Income Resiliency and Livelihoods

Conseil du Café-Cacao (Côte d'Ivoire), Côte d'Ivoire-Ghana Cocoa Initiative, Farmerline, ICI, Ipsos, Vert+, World Cocoa Foundation.

### Eliminating Child Labor and Improving Children's Well-being

Children of Africa Foundation, Helen Keller International, Project Peanut Butter, Government of Côte d'Ivoire National Nutrition Council, Government of Côte d'Ivoire National Nutrition Programme (PNN), National Council for Nutrition, Feeding and Early Childhood (Côte d'Ivoire), Government of Ghana Ministry of Gender, Children and Social Protection, Government of Ghana School Feeding Programme, Aflatoun, INADES Formation, CARE International, International Cocoa Initiative (ICI), Save the Children, Government of Côte d'Ivoire Ministry of National Education and Literacy, CNS - National Oversight Committee for the Fight Against Child Labor, Trafficking and Exploitation (Côte d'Ivoire), Otumfuo Osei Tutu II Foundation (Ghana).

### Protecting the Environment

Foundation for the Parks and Reserves of Côte d'Ivoire, Government of Côte d'Ivoire Rural Land Agency (AFOR), Government of Côte d'Ivoire Ministry of Water Resources and Forests (MINEF), German Agency for International Cooperation (GIZ), Meridia, Nature Conservation Resource Center Ghana (NCRC), Ghana Cocoa Board, Government of Ghana Ministry of Lands and Natural Resources, Ghana Forestry Commission, Ivorian Office of Parks and Reserves, PUR Projet, Rainforest Alliance, World Cocoa Foundation, Sourcingmap.

## Honoring and Engaging with our Partners in the World's Top Cocoa-Producing Country

We value ongoing dialogue with our partners and Hershey senior leaders, including our Chief Sustainability Officer and Vice President of Procurement, visited Côte d'Ivoire in 2022. They met with government leaders, our supply chain partners, development experts and cocoa-farming families in their communities to hear directly about their concerns.

We sought to show our ongoing support of Côte d'Ivoire and its farmers by participating in National Chocolate and Cocoa Day celebrations that showcased entrepreneurial and artisanal chocolate makers, and participated in awards presentations to recognize accomplishments of some of the country's best farmers and farm groups. While in West Africa, Hershey leaders also presented more than a million servings of Grow Nut, a children's nutritional supplement, to the Children of Africa Foundation, whose founder and President is Côte d'Ivoire's First Lady, Dominique Ouattara.

# Improving Income Resiliency and Livelihoods

## Continuing Our Work to Understand and Promote Farmer Incomes

Poverty in cocoa-growing communities is the result of many factors including limited access to credit, weak pricing negotiating power, overreliance on cocoa for income, aging plant stock, lack of business tools, social imbalances and illiteracy. These factors can perpetuate the cycle of poverty and exacerbate the existence of child labor and deforestation in these communities. Our aim is to assist cocoa farmers' transition out of poverty through research-based programs.

In 2021 Hershey implemented an impact assessment methodology with Ipsos that included capturing data on farmer and household income — a commitment Hershey made when we launched our Living Wage & Income Position Statement. As part of the Ipsos research, we used living income definitions and 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." The results of our impact assessment with Ipsos are consistent with existing studies and confirms that only a small percentage of cocoa farming households earn a household income above the Living Income Benchmark. The majority of farmers surveyed are above the national poverty line in Côte d'Ivoire but we know that is not enough.

We are now using these findings to measure the efficacy of our programs in addressing farmer livelihoods, including improving income, and informing our work in premiums, income diversification, and village savings and loan associations (VSLAs). Most significantly, this research shaped the development of our new Income Accelerator.

## Income Accelerator

To help cocoa farmers move out of poverty, we are launching an Income Accelerator in Côte d'Ivoire in 2023 following consultations with the Ivorian government, farmer groups

and other local and international partners. Participation in the Income Accelerator will be for those farming households already enrolled and meeting the requirements of our Cocoa For Good programs. It will expand on programming included in our Cocoa For Good strategy to support cocoa farmers, their families and cocoa-farming communities. This five-year program is focused on two strategies: the provision of cash transfers to supplement farmer income, and investment in VSLAs.

## Cash Transfers

Cash transfers are a proven poverty reduction strategy that provide cocoa households with an additional source of income. As part of our strategy, cash transfers will be awarded based on the adoption of sustainable and regenerative farm management practices that increase farm resiliency to unexpected economic and environmental circumstances.

## Village Savings and Loan Associations

VSLAs are community-based groups that help individuals — especially women — and communities learn about saving, borrowing and investing responsibly. VSLAs provide members a local structure for increasing savings and accessing loans at low interest rates in farming communities where formal banking and micro-financing services are scarce. They serve additionally as a vehicle for empowering women in communities. The flexible and inclusive financing provided through VSLAs help improve income, food security and financial literacy. VSLAs often engage women in household decision making, which can promote entrepreneurship and support children's education.

In partnership with Rainforest Alliance, CARE and cocoa farmer cooperatives, Hershey plans to upgrade up to 200 VSLAs in its supply chain and establish another 350 new VSLAs, which we anticipate will support up to 15,000 additional families.

Hershey currently directly supports more than 350 VSLAs with more than 10,000 members, 77% of whom are women.



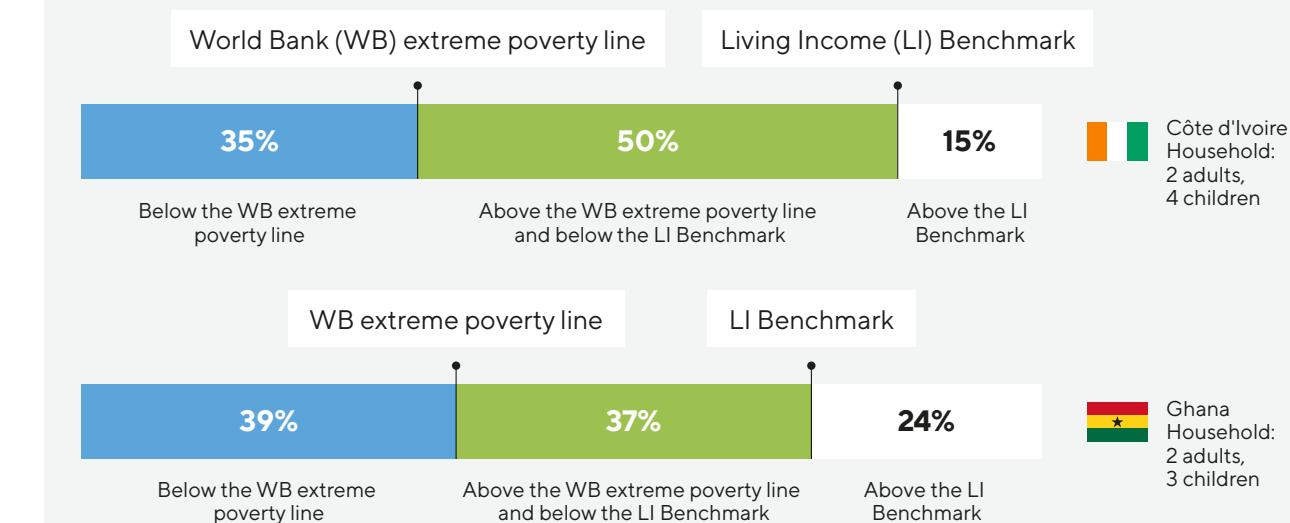
## Material ESG Issue:

Farmer Livelihoods

## Salient Human Rights Issue:

Living Wage and Income

## What we learned about the income of Cocoa For Good Farming Families in Côte d'Ivoire and Ghana\*



\*Learnings are based on an IPSOS assessment. These insights are critical to further program development and inform Hershey on which solutions, programs, and interventions are working or not working for the different groups of farmers.

## An example of how data driven insights inform our Cocoa For Good programs

	Farm Size	Productivity	Revenue Spent on Inputs (%)	Income from Cocoa (%)	Key Insight
Below the WB extreme poverty line	Small	Low	89%	71%	Priority is to stabilize income and profitable diversification. VSLA participation is highly encouraged.
Above the WB extreme poverty line	Medium	Medium	10%	85%	Priority is to refresh farm development plans that provide tailored planning advice to families.
Below the LI Benchmark	Large	Medium high	6%	88%	Priority is to identify champions and learn from this group. Advance farm development plans should consider intense agroforestry.

## Improving Income Resiliency and Livelihoods

continued

### Supporting Income Diversification

To help diversify economic opportunities, we support cocoa community members in developing alternative means of generating income. In 2022, more than 4,000 community members were trained in alternative income-generating opportunities, such as soap making and cassava processing.

### Industry Collaboration and the Enabling Environment

Achieving lasting progress toward a living income for cocoa farmers requires systemic changes supported by collaborating among diverse stakeholders. On July 8, 2022, Hershey joined the governments of Côte d'Ivoire and Ghana and 15 other chocolate and cocoa companies in signing the Joint Statement of Intent, a commitment to accelerate the move towards living incomes for cocoa farmers and long-term sustainable cocoa. Hershey was also an active member of the European Union Cocoa Coalition, a grouping of chocolate and cocoa companies, NGOs, and certification organizations that supported the development of mandatory supply chain due diligence legislation in the European Union that focuses on ending deforestation related to the global production of several commodities, including cocoa.



### Case Study

## Cultivating Cabbage Pays Off

Madam Abena Oforiwaah had been struggling for eight years to make a profit growing cocoa on 3.14 hectares of farm land in Asankragua, Ghana. She lacked capital, business skills and technical expertise in good agricultural and environmental practices. In 2020, Madam Abena joined the Unicom-Hershey Cocoa For Good program and enrolled in our farmer business school. From there, she received training on financial literacy and effective agricultural practices and crop diversification. With this knowledge, a loan and the support of the field officer, Madam Abena decided to plant cabbage. Her venture paid off, and she harvested 65 sacks of cabbage from two acres of production land, a value of approximately \$977.

"Before, my family wasn't able to get an alternative source of income apart from what cocoa is generating, which is not enough. But this year, we significantly increased our income through the cultivation of cabbage with the help of a loan from our VSLA," said Madam Abena. "I couldn't have established and managed the two-acre cabbage farm without the VSLA loan."

# Eliminating Child Labor

## Eliminating Child Labor

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 on a farm. In many communities, child-appropriate work on the family farm or in the household is an important part of youth learning and cultural development. However, endemic poverty and a lack of 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 insufficient awareness about appropriate work, this puts children at risk of performing farm work that is hazardous to their health and development. Hazardous child labor not only poses a danger to children: it also plays a role in further entrenching intergenerational poverty in rural communities.

Our approach 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 provide resources and oversight to help remediate instances of child labor if they are discovered. In addition, we invest in solutions for root causes including supporting infrastructure like building schools and renovating classrooms, and providing supplemental nutrition in schools to help keep children in classrooms and out of child labor. Our income resiliency programs described on pages 30-31 also seek to provide improved household incomes so families are not reliant on children in ways that are hazardous.

## What is Child Labor?

### Hershey uses the International Labor 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.

As a member of International Cocoa Initiative'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 continues to highlight the importance of monitoring, preventing and remediating instances of child labor.

The Child Labor Monitoring and Remediation Systems (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.

In 2018, Hershey began implementing industry-aligned CLMRS best practices executed by supply chain and community partners. 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; and 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 potentially hazardous activities. Cases are considered "remediated" when measures have been documented over three years.

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 six to 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.



### Material ESG Issue:

- Child Labor

### Salient Human Rights Issue:

- Child Labor

- Forced Labor

In 2022, our CLMRS covered 72% of farmers producing Hershey cocoa volumes in Côte d'Ivoire and Ghana, on the way to achieving our goal of 100% by 2025. As of December 2022, our CLMRS found no evidence of forced child labor in our programs in Côte d'Ivoire and Ghana. More than 6,000 children were either remediated or have aged out of the CLMRS.

We also support the establishment of community-level child protection committees. Composed of trusted community members, these groups are well-positioned 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.

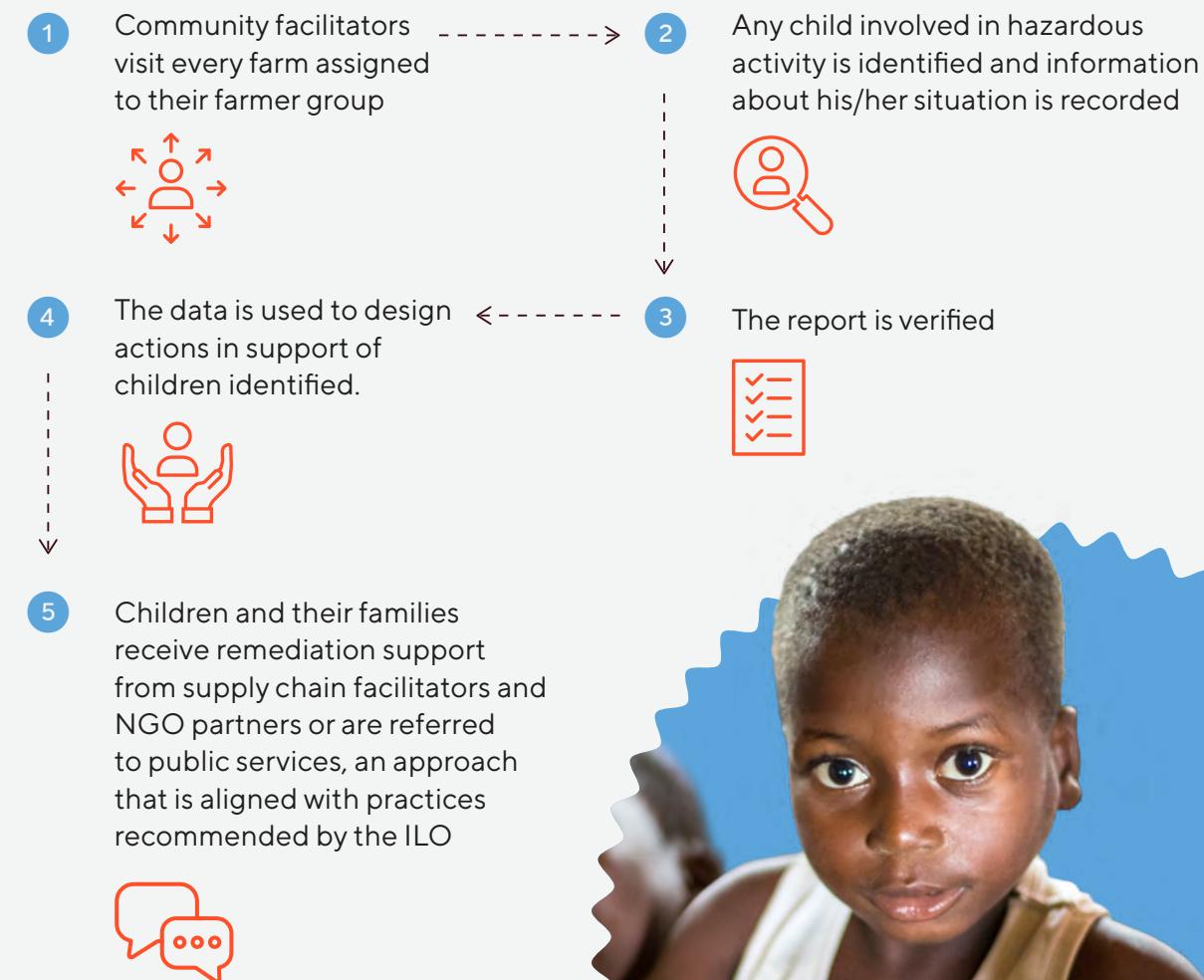
## What's Next

- Continue to improve the quality of CLMRS and to expand it with the aim of ensuring no child is overlooked, and everyone receives the support they need

## Eliminating Child Labor

continued

### How CLMRS is Helping Keep Kids Safe



“

**It is imperative that we keep focusing our efforts at Hershey, to move toward a more responsible cocoa supply chain, where human rights are respected. It is only through collaboration, supported by appropriate policies, that we will be able to ensure human rights are respected in cocoa communities so that children can grow, play and develop in a healthy and safe environment. Success is best when it's shared.”**

**Angela Tejada Chavez, Head of Sustainable Sourcing – Cocoa, The Hershey Company**



### Case Study

## Hershey Ranked as Leader in Protecting Children’s Rights

Hershey scored in the top 9% of 310 worldwide Food, Beverage & Personal Care companies for our performance in protecting children’s rights, as assessed by the Stockholm-based Global Child Forum in its Corporate Sector and Children’s Rights Benchmark report, [The State of Children’s Rights and Business 2022](#). In collaboration with Boston Consulting Group, the Global Child Forum assessed how companies implement children’s rights and sustainability governance against 25 indicators, using publicly available data. Hershey performed well on the survey, scoring an 8.7 out of 10 in the benchmark, well ahead of peers in the sub-sector and was featured in the report as a best practice.

Recognition from the Global Child Forum is especially significant given its integration with the World Benchmarking Alliance and alignment with the Children’s Rights Principles. We use information from this report and other industry standards to gain valuable insights into where our activities are promoting or potentially damaging children’s rights so we can take action to mitigate risks otherwise overlooked. This report, among others, helps catalyze systemic change by informing current best practices.



# Improving Children's Well-being

**Through access to education, nutritional support for school children and vocational training for teens and young adults, we are helping communities raise a new generation of young people better prepared to become self-sufficient leaders.**

## Access to Education

We seek to proactively prevent child labor by removing barriers to children being able to attend school and by encouraging school attendance. 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 ViVi (a 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. This new public-private initiative contributes to improved foundational literacy and numeracy skills for five million children at primary school level and includes an investment in 2,500 new classrooms.

## School-Based Nutrition

Not only does satiety 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 national and local government authorities, including school principals, and supply chain partners in Côte d'Ivoire and Ghana, Hershey provided a daily vitamin-fortified snack, ViVi, to nearly 53,000 children in 174 schools in cocoa-growing communities. ViVi, developed by Hershey and our partner Project Peanut Butter, provides children with 30% of their daily nutritional intake requirements. ViVi is produced in factories in San Pedro, Côte d'Ivoire and Kumasi, Ghana, that employ dozens of local people and provide a secure market for more than 20 Ghanaian peanut farmers.

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> Providing ViVi improves children's health and increases school enrollment and regular attendance while also enabling improved academic performance, according to an independent audit conducted for Hershey by Deloitte.

## Preparing a New Generation of Farm and Community Leaders

To break the intergenerational cycle of poverty, a new generation of farmers in cocoa communities (defined as 15 to 35-year-olds) needs the life skills, technical and vocational skills and the practical knowledge and tools needed to become self-sufficient community leaders of the future. We support young farmer 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, these community pruning teams provide young farmers in cocoa-growing communities with valuable skills and knowledge about cocoa farming, while also helping to support their families with extra income.

**34,851**

children enrolled in primary schools that benefited from quality education interventions

**632**

birth certificates obtained to enable access to school

**9,203**

school kits provided

**17**

classrooms renovated

## Nearly 53,000 children in 174 schools

in cocoa-growing communities in Côte d'Ivoire and Ghana received daily servings of ViVi, our vitamin-fortified, peanut-based food supplement



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

# Protecting the Environment

## Mapping and monitoring, supporting land titling, and promoting agroforestry are powerful tools to help protect the environment for cocoa-growing communities.

In the lush equatorial cocoa-growing regions of West Africa, rain forest 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. The resulting deforestation and biodiversity loss have cascading systemic impacts on myriad other societal, economic and environmental issue, creating negative feedback loops in these countries. Hershey is focused on making a positive impact in this complex system.

### Committed to Protecting Forests

Protecting existing forests is the cornerstone of our environmental approach in our cocoa supply chain. Since 2018, Hershey has publicly committed to no new deforestation in our global cocoa supply chain. We utilize three key levers designed to protect the uniquely rich forests and ecosystems where cocoa is produced. We proactively monitor forest conditions and changes, promote affordable land titling, and spread climate-positive farming tools and techniques across the cocoa-growing regions in Côte d'Ivoire and Ghana. Each of these practices synergistically enhances the effectiveness of the others to conserve natural forests and adhere to our deforestation pledge. And each of these practices harnesses the power of technology-based tools from the use of satellite imaging of forest lands to handheld GPS land surveying tools and the powerful CocoaLink smart phone mobile app.

### Securing Land Titles to Unlock Land Value

Land ownership is a key element in saving trees. When farmers gain control of their land they are more likely to access financing or make necessary changes on their farms to prevent deforestation, promote reforestation and apply agroforestry and climate-smart cocoa farming. Our Côte d'Ivoire Land Partnership program (CLAP) has proven to be an effective means of promoting affordable land titling as a catalyst for halting deforestation. Hershey co-launched this program in 2020 with the German Agency for International Cooperation (GIZ), the Government of Côte d'Ivoire and other partners. Through our intervention and design of relevant land tenure documents that are government sanctioned and community accepted, this partnership has shortened the time of delivery and costs of securing land titles, greatly improving farmers' access.

In some areas, such as Zégo, a town in Côte d'Ivoire's Lôh-Djiboua region, CLAP provides 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. Through this initiative, farmers are encouraged to plant more trees since ownership now resides with them and they eventually benefit from their own efforts.

### Making the Cocoa-Climate Connection

Eliminating deforestation resulting from land use change, particularly that associated with cocoa, is critical to achieving our goal of a 25% absolute reduction in Scope 3 GHG emissions by 2030 against a 2018 baseline.

→ [Learn more in Reducing Emissions in Our Value Chain on pages 68-69.](#)



## Protecting the Environment

continued

### Case Study

## Listening to and Linking Arms with Farmers

One of Hershey's foundational strategies for reducing emissions from deforestation involves compensating farmers for carbon benefits in the Nsuoekyir Apimanim Community Resource Management Area (CREMA). CREMA is a community-based natural resource management and governance mechanism, which Hershey and partners such as the Nature Conservation Research Centre are implementing in the biodiverse rainforest habitat of the Kakum Landscape. Under the Ghana Cocoa Forest REDD+ Program, the World Bank Carbon Fund will make payments to the Government of Ghana for performance-based emissions reductions (i.e., reducing deforestation and forest degradation). Due to its rich habitat and high biodiversity, the Kakum area will receive the majority of these payments in the form of benefits to registered farmers adopting climate-smart cocoa, identified community-based development projects, and to indigenous traditional leaders who have supported the governance system. By listening to and working with farmers such as Gordon Essiaw, an active leader and enthusiastic supporter of his CREMA, Hershey and our partners can establish a productive dialogue where we can share resources and information while catalyzing responsible land use.

Gordon Essiaw is a cocoa farmer in Assin Beyede Ghana, where he participates in Nsuoekyir Apimanim CREMA.



### Case Study

## From Sharecropper to Land Owner

Seidu Yakubu, 35, is a member of the Nyame Nnae society in the Asankragua district and has been share cropping cocoa on 1.2 hectares for 12 years. He depends solely on the revenue the farm produces to pay school fees, hospital bills and other utilities. Unfortunately, the farm's yield was very low due to over-aged cocoa trees and climate change impacts.

In 2016, Seidu registered for the Ecom Hershey sustainability program and quickly completed training in good agricultural techniques, environmental practices, sustainability and business management.

"In 2017, I joined the Hershey and USAID land tenure systems that aim to address land rights for some farmers and reduce litigation issues," reports Seidu. "It came to rescue us from the dangers of this land tenure system by renegotiating with our landlords and traditional authorities and also securing some form of ownership of trees planted and nurtured by us from the forestry commission unit. They provided signed documents with farm plan with the traditional rulers, which gives us ownership of trees planted on our farmlands. Since then, I have been able to plant and maintained 10 fast-growing trees on my farmland, which will provide some shade as a protection to the cocoa trees and help mitigate the negative impact of climate change".

Seidu also joined Hershey's Payment for Ecosystem Services program, which intends to motivate farmers to restore the ecosystem by compensating them for planting a required number of shade trees under a proper management system. Seidu is very pleased that in return for planting 34 desirable shade trees and 10 fruit-bearing pawpaw trees he will receive GHS 100/year per acre for his farm paid in two installments.



Mr. Seidu Yakubu, a cocoa farmer in Ghana, planted 34 shade and fruit trees since securing an ownership title to the land he farms.

## Protecting the Environment

continued

### Case Study

## Protecting Biodiversity in the Kakum Conservation Area

Located in Central Ghana, the Kakum Conservation Area is one of the most biologically rich forests in Ghana. It forms part of the West Africa Guinea Forest Biodiversity Hotspot Area, which has been identified as having one of the highest levels of biodiversity and species in the world. Commonly referred to as a national park, Kakum is a popular ecotourism site that attracts hundreds of thousands of visitors annually to its wildlife filled lush forests. Within a five kilometer radius of the park, there are around 80 communities with an estimated 2,000 households that maintain cocoa farms typically ranging from four to eight acres.<sup>1</sup>

In 2021, community-based teams monitored bird diversity within and around the park during the wet and dry seasons, with support from Hershey and other partner cocoa companies. Our commitment to protect forests means we take action in understanding the benefits of forest, the monitoring of birds is one of the most effective ways to understand the health of ecosystems – and even more important considering the Kakum Conservation Area is one of the most biologically rich forests in Ghana. This exercise identified 153 unique species of birds, with a total bird count of more than 2,000. In addition to birds, 2,138 species have been identified as living in, or within proximity to the Kakum Conservation Area, according to the IUCN Red List of Threatened Species. This includes a population of approximately 200-300 critically engendered African forest elephants.

The main threats to biodiversity in Kakum include hunting and poaching, the loss of complex agroforestry habitats around the forest, illegal logging in the adjacent forest reserves and climate change. Crop raiding, in which elephants and other mammals leave the forest to eat cocoa pods, maize and other food crops from surrounding farms, is also a significant threat as it destroys people's livelihoods and fosters frustration and anger towards wildlife and the park. To date, there is no program that supports compensation for crop raiding or aims to mitigate the problem. In 2023, Hershey will continue to work with our partners to design a program to protect both the biodiversity of this important habitat and the financial well-being of the people who live and farm nearby,



*Female forest elephant and calf captured by camera-trap in Kakum Conservation Area (Photos courtesy of Ghana's Wildlife Division, Kakum National Park Headquarters).*



### What's Next

- Launch a deforestation satellite monitoring investment/program in 2023.
- Evaluate updating our No Deforestation Policy (aligned to FLAG guidance to shift to 2025 as an end-date; accelerates work from original timeline of 2030, and puts Hershey into closer alignment with peers).
- Feasibility study to understand potential areas for Côte d'Ivoire agroforestry.
- New program launched with the Foundation for the Parks and Reserves of Côte d'Ivoire to protect the newly created Mabi-Yaya Nature Reserve. The partnership includes replanting trees on nearly 1,000 hectares of degraded lands inside the Reserve's boundaries.

→ For a summary of our **Cocoa goals and KPIs**, see pages 39-41.

<sup>1</sup> Satoyama Initiative

# The Power of CocoaLink

## CocoaLink, a smart mobile application which provides training and learning resources to farmers and agriculture support staff, was designed with farmers' needs in mind.

CocoaLink provides credible information for sustainable cocoa cultivation in Ghana, leveraging the use of mobile phones to share practical information with farmers. It is accessible to farmers regardless of their age and location and can also be used by different stakeholders in the Ghanaian agriculture sector. Hershey helped create CocoaLink, which launched in 2011, and has empowered many farmers across West Africa by providing good agronomic practices and up-to-date information to farmers and other stakeholders in the cocoa industry.

### Why CocoaLink?

CocoaLink provides training and learning resources to farmers and agriculture support staff. Through CocoaLink, farmer extension services are delivered to cocoa farmers through a low-cost, effective and realistic mechanism that enables cocoa farmers to request and receive timely information on farming, social, health and marketing to improve their livelihoods and most importantly, learn at their own pace.

CocoaLink has provided an avenue for thousands of cocoa farmers in Ghana to receive appropriate training thereby increasing their yield. Given that Ghana is the second largest producer of Cocoa, CocoaLink is a tool with great potential to transform the lives of cocoa farmers in the sector.

### 12 Years of Impact

**2011** – Hershey partners with the Ghana Cocoa Board to launch the mobile app.

**2013** – CocoaLink introduced to farmers in Côte d'Ivoire.

**2013** – 40,000+ Ghana cocoa farmers registered and 850,000+ free text messages sent.

**2014** – Farmers in CocoaLink communities increased their yields by 45.6% in three years.

**2022** – Between 2014 and 2022, CocoaLink has seen a significant usage amongst farmers in cocoa communities in Ghana. The number of users has increased across different Supplier programs and not always sponsored by Hershey. CocoaLink's features have been merged with Farmerline's Mergdata Education module. We are glad to see how our initial support has led to the development of a new organization that is fully independent.

Today, digital tools are helping unlock entirely new possibilities making farming more profitable, efficient, safer and more environmentally friendly. Unfortunately, many smallholder farmers in West Africa have stuck to the traditional approaches passed down to them by their forefathers. This has affected their productivity and yield. It may be a simple lack of awareness that has prevented the adoption of technology in their planting, harvesting and storage practices.

CocoaLink is an innovative and smart solution that provides farmers with real-time information on coping with dry weather, pruning and pesticide applications as well as safety and health information. CocoaLink is a Hershey supported infrastructure to provide training and learning resources.

### Case Study

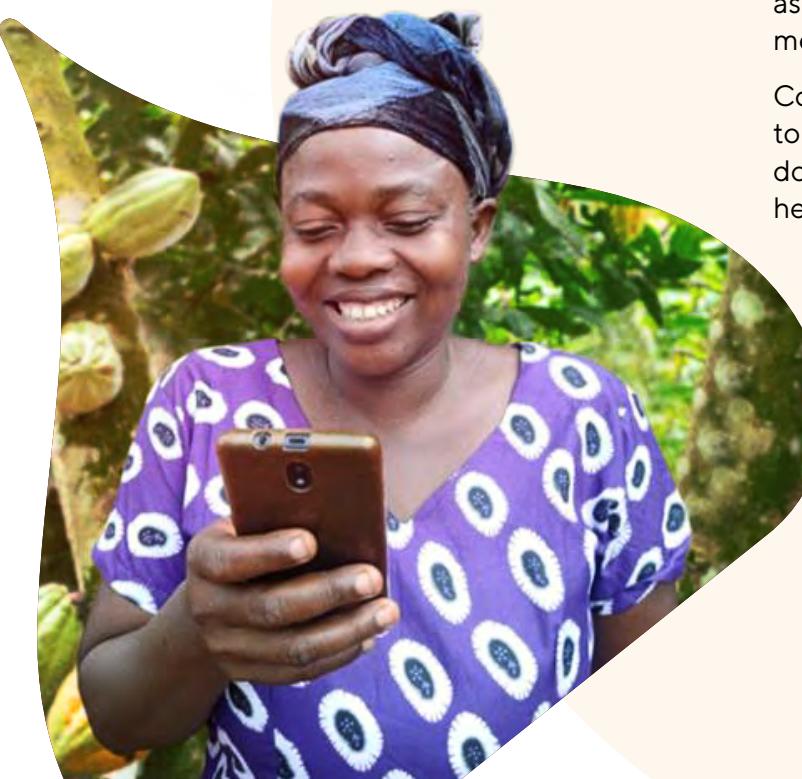
## In Her Own Words: Mary Frimpong Ababio

Mary Frimpong Ababio, 44 years old, has been cultivating cocoa for five years on eight acres of agricultural land in the Goaso Fawohoyeden district of the Brong Ahafo Region of Ghana.

"I heard about the CocoaLink app a year and a month ago during one of our meetings in Ghana. The team gave an elaborate overview of the app and its usefulness to our farming and other businesses engaged in. They assisted me with the download and installation of the app. Since then, I regularly visit it for content for my cocoa farming and other business activities.

The app has a lot of articles useful for my cocoa cultivation. It teaches me how to take care of my farm and plantation. Personally, the most important article is pruning. This course taught me how and when to prune my farm especially when there is a lot of shade from the leaves of the trees. Applying the lessons learned prevented the spread of mistletoe and black pod diseases on my farm. Another useful course is choosing and preparing the plantation. It helped me make a good decision when expanding to my new farm. The article on rudiments of saving made me appreciate setting money aside for future use and investments. CocoaLink has taught me how to save my money and also take care of my health.

CocoaLink is an amazing app and I would recommend it to every Cocoa farmer I know. It has empowered me to do more and in less than two years of using the app it has helped me grow more."



# Our Progress

## Goals

Cocoa	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
<b>100%</b> independently verified cocoa	2020	<b>100%</b>	Achieved	—
<b>100%</b> sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	<b>77%</b>	On Track	—
<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	2025	<b>64%</b>	On Track	1
<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	2025	<b>72%</b>	On Track	2

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.

**KPIs**

<b>Preventing Child Labor</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Children monitored	# of children	<b>172,059</b>	102,942	45,921	1
Children identified via CLMRS in Côte d'Ivoire and Ghana doing inappropriate work and in process of remediation	# of children	<b>18,927</b>	11,519	6,829	2
Children identified as no longer doing inappropriate work	# of children	<b>6,167</b>	1,899	Not Applicable	3
Children identified in forced labor	# of children	<b>0</b>	0	0	—
Capacity Building – Monitoring and Remediation Agents and Community Liaisons (paid and volunteers)	#	<b>1,686</b>	841	1,514	—
Children receiving ViVi on a daily basis (Côte d'Ivoire and Ghana)	Total # of children	<b>52,866</b>	45,000	27,142	4
Children enrolled in primary schools that benefited from quality education interventions	# of children	<b>34,851</b>	12,627	Not Available	—
School kits provided	# of school kits	<b>9,203</b>	1,883	Not Available	—
Birth certificates obtained to enable access to school	# of birth certificates	<b>632</b>	1,466	Not Available	—
Classrooms renovated	# of classrooms	<b>17</b>	25	Not Available	—

1 Results are cumulative since 2020. This refers to children in households covered by CLMRS.

2 Results are cumulative since 2018. As we expand our CLMRS coverage, the number of children monitored increases as well as the likelihood of finding cases. As with previous years, all cases are in the process of remediation.

3 Results are cumulative since 2021. These cases have been remediated or children have aged out of CLMRS. This metric is aligned to the ICI protocol.

4 ViVi is our vitamin-fortified, peanut-based, ready-to-use therapeutic food.

Notes:

Hershey strives to align our KPIs to industry best practices and methodologies, including the International Cocoa Initiative, which are constantly improving and evolving. Data reflects results as provided by Hershey suppliers and implementation partners.

<b>Lifting Up Rural Livelihoods</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Cocoa For Good Commitment	USD (in millions)	<b>\$200</b>	Not Disclosed	Not Disclosed	1
Farmer groups supported through Cocoa For Good	# of farmer groups	<b>129</b>	102	91	—
Farmers supported through Cocoa For Good	Total # of farmers (% Female )	<b>105,664 (10% female)</b>	94,309 (11% female)	83,783 (14% female)	—
Farm development plans	% (Total # of plans)	<b>41% (39,961 plans)</b>	33% (31,281 plans)	32% (27,147 plans)	—
Farmers receiving individual coaching	Total # of farmers coached (%)	<b>64% (67,182 farmers coached)</b>	44% (41,385 farmers coached)	32% (25,879 farmers coached)	—
Community members trained on nutrition and health	Total # of members trained	<b>11,033</b>	17,200	41,029	—
Community members trained in alternative income-generating activity	# of community members	<b>4,036</b>	2,658	Not Applicable	2

1 \$200M is the cumulative amount invested as part of our Cocoa For Good commitment from 2018 - December 31, 2022.

2 This metric is aligned with the World Cocoa Foundation Monitoring, Evaluation and Learning framework.

Notes:

Data reflects results as provided by Hershey suppliers and implementation partners

## KPIs

Supporting Women in Achieving Economic Independence	Unit	2022	2021	2020	Notes
VSLAs supported	# of VSLAs	<b>362</b>	199	184	—
VSLA members	Total # of members (%) Female	<b>10,073 (77% female)</b>	5,879 (79% female)	5,946 (82% female)	—
Total savings and interest accrued annually	USD	<b>\$1,693,285</b>	\$1,112,456	\$744,394	1

1 2022 results are cumulative values from 2019-2022.

Notes:

Data reflects results as provided by Hershey suppliers and implementation partners.

Fighting Deforestation	Unit	2022	2021	2020	Notes
Non-cocoa trees distributed	Total # of trees	<b>1,073,933</b>	554,326	338,533	1
Cocoa seedlings distributed across global cocoa origins	Total # of seedlings	<b>73,450</b>	1,020,850	1,058,554	—
Land titles acquired with Hershey's assistance	#	<b>1,188</b>	1,244	622	—
Farmers with all their farm boundaries mapped via GPS polygon mapping	# of farmers in Cote d'Ivoire and Ghana with all farms mapped	<b>87,452</b>	49,569	45,242	2
Farm area mapped in Côte d'Ivoire and Ghana	# hectares	<b>410,172</b>	136,108	119,537	—
Cocoa For Good farmers in Côte d'Ivoire and Ghana trained on climate-smart cocoa using a curriculum Hershey helped develop	%	<b>40%</b>	41%	Not Disclosed	—

1 Non-cocoa trees include trees that provide environmental (cocoa companions), nutrition (e.g., fruit) or economic (e.g., timber) benefits.

2 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.

Notes:

Data reflects results as provided by Hershey suppliers and implementation partners



# Responsible Sourcing and Human Rights

We seek to infuse goodness into our entire value chain by respecting the rights of people and communities, and by insisting on responsibly sourced, sustainably grown ingredients.

Our deep respect for the rights of each person started with our founder Milton Hershey. Today, that core value is a key business strategy and integral aspect of our operations. Protecting human rights is both a societal expectation and an opportunity to drive positive impact in communities where we live and work, through our business practices and relationships. Each day, the people at Hershey work to protect and respect human rights across our full value chain.



# Human Rights Across Our Value Chain

**Protecting human rights is a business imperative that is critical to our long-term success.**

## Why It Matters

For more than 125 years, we have operated on the understanding that we are integral members of the communities where we live and work. The remarkable and diverse group of people who work for Hershey and the individuals who participate in our value chain are critical to the long-term success of our company.

We believe in the principles of equality and non-discrimination and are committed to treating all individuals with respect and dignity. We use our influence and business relationships to promote opportunity for all people throughout our value chain so they may exercise and enjoy their fundamental human rights. We also recognize the critical interdependencies between achieving our human rights agenda and delivering our broader commitment to be a responsible and ethical business. In particular, the need to address the disproportionate impact of climate change on vulnerable communities, how wage and income inequalities are linked to issues like child labor and deforestation, and the importance of a just transition.

The Hershey Company has a deep, longstanding commitment to respect human rights. Our efforts encompass due diligence and programming across our full value chain, including our operations and supply chain.

Our human rights strategy is guided by our salient issues and implemented through due diligence processes in accordance with the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs) and the [Organization for Economic Co-operation and Development OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines). We identify, evaluate and prioritize action on the most significant, relevant risks to people, working to enable rightsholders to exercise and enjoy their fundamental human rights. When we identify negative impacts, we seek to mitigate them and take corrective action.

Accountability for managing human rights is embedded in our ESG governance structure. The Director of Global Sustainability & ESG, Director of Responsible Sourcing and Head of Sustainable Sourcing Cocoa are responsible for developing and delivering our human rights due diligence programs and assurance frameworks to detect, protect and remediate human rights risks and issues, including forced and child labor issues, in our value chain, including our agricultural and manufacturing supply chains. Additional details about human rights governance are provided in Our ESG Governance on pages 12-14.

Our other actions to protect human rights, including our ambition to eliminate child labor, are described in the Cocoa chapter of this report beginning on page 24.



## Material ESG Issue:

- Deforestation
- Human Rights (supply chain)

## Salient Human Rights Issue:

- Climate Impacts and Deforestation
- Forced Labor
- Land Rights and Acquisition

## Our Guiding Policies

A number of policies, standards and expectations guide our actions related to human rights. Our [Human Rights Policy](#), which outlines our broader commitment to respect human rights throughout our value chain, including efforts to prevent and address modern slavery and forced labor, was developed in accordance with the UNGP on Business and Human Rights. We look to this and other leading global standards and frameworks such as the OECD Guidelines, to inform our approach. We review and evolve our policies and programming to ensure they remain relevant and effective as an output of our due diligence process as well as consideration for changing regulatory, non-governmental organization (NGO) and investor expectations and changes in our business.

Additional information about our human rights standards may be found in the Hershey [Code of Conduct](#), [Human Rights Policy](#), [Hershey Supplier Code of Conduct \(SCOC\)](#), [Responsible Recruiting & Employment Policy](#), [Living Wage & Income Position Statement](#), and [Statement Against Slavery & Human Trafficking](#).



# Maintaining Focus on Our Most Salient Human Rights

**We concentrate our actions on the areas that pose the greatest risk to individuals and offer the greatest potential for improving people's lives.**

In accordance with the guidance of the UNGPs, we reviewed and updated our human rights saliency assessment in 2022. We undertook this process to ensure that our Human Rights Due Diligence (HRDD) systems and broader human rights programs are focused on the most pressing human rights risks in our full value chain and the areas where we can make the biggest impact. The results reaffirmed the importance of many of the human rights issues we identified in our initial saliency assessment and areas where we already have significant programming such as child labor, forced labor, living wage and income. The process also helped us refine our understanding of how Hershey could cause, contribute or be linked to topics such as: gender and social inequality, climate impacts, deforestation, and natural resource management, and resulted in updated definitions from which we can take further action. Complete definitions of each salient issue are available in the Appendix of this report on page 134.

We assessed our full value chain including Hershey-owned operations and our upstream and downstream supply chains. Conducted in partnership with TwentyFifty, a leading human rights and business consultancy, we undertook extensive research on the relevant geographic, economic, cultural and social factors that play into the enjoyment of rights. Our process also involved significant engagement with internal and external stakeholders, including suppliers, NGOs, investors and internal business leaders. Where possible, we looked to external organizations, including advocacy organizations, to serve as proxies for important rightsholders.

## Human Rights at HERSHEY

Human Rights is core to our ESG strategy. Our Human Rights Policy outlines our commitment to respect human rights throughout our value chain. Our program is based on the UNGPs and delivered through our robust HRDD programs. Our salient issues to the right, describe our most pressing issues. Our enablers below describe the actions we are taking to respond to our salient issues and inform our programs. It is a complex system with many interlinkages and interdependencies that we navigate and consider in the development of our core programs.



## The Enablers

Rightholder engagement  
— Social dialogue

Policies and procedures  
— Transparency and accountability

Strategic Partnerships

# Taking Action on Human Rights

“

**We're working to build human rights due diligence systems that increasingly engage workers and farmers directly.”**

**Whitney Mayer, Director, Global Sustainability and ESG, The Hershey Company**



## Our Expanding Work in Human Rights

### Timeline

#### Prior to 2018

Addressed human rights through our work in Cocoa, responsible sourcing, in our Code of Conduct, and in our Supplier Code of Conduct

#### 2018

Launched our Cocoa For Good strategy to address systemic social and environmental challenges, including human rights

#### 2018

Conducted our first human rights saliency assessment to identify risks to individuals versus the business

#### 2019

Published our first Human Rights Policy and updated Supplier Code of Conduct

#### 2021-2022

Conducted a baseline assessment of cocoa farmer incomes

#### 2021

Conducted engagement surveys of workers in Hershey's Malaysia and India facilities and cocoa farming communities in Côte d'Ivoire

#### 2021

Released Living Wage & Income Position Statement with commitment to pay full-time employees a living wage and to strengthen our programming focused on cocoa farmer incomes

#### 2020

Strengthened our HRDD with launch of our Responsible Sourcing Supplier and Responsible Recruitment Programs

#### 2022

Refreshed our human rights saliency assessment to revise issues; Conducted a gap analysis of our HRDD

#### 2022

Added a human rights element to our mandatory Code of Conduct training for all professional employees

#### 2022

Deployed additional worker engagement surveys in Hershey-owned and supplier facilities in Malaysia, Mexico and the U.S.

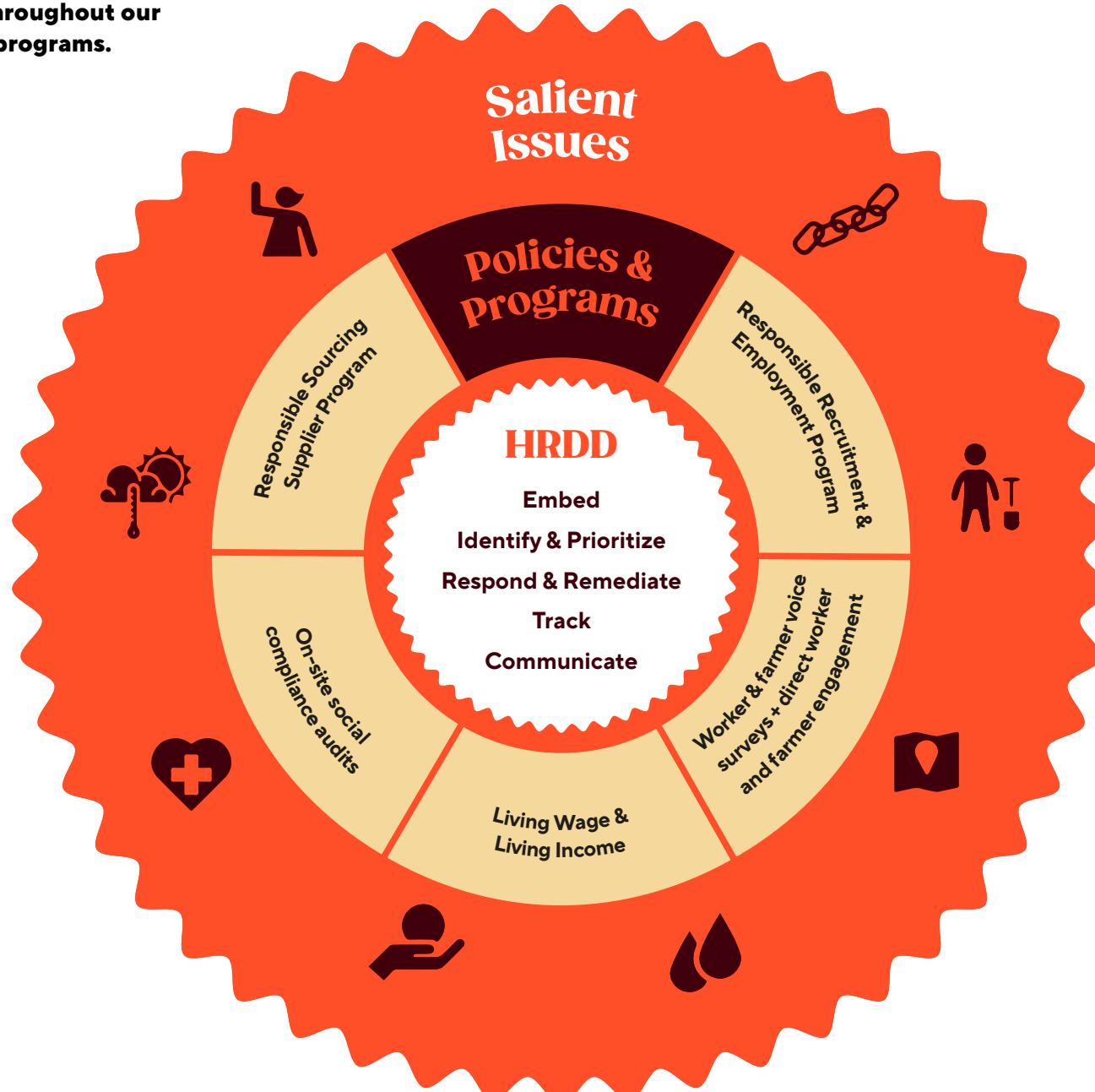
#### 2022

Initiated work on our Income Accelerator in cocoa

## Taking Action on Human Rights

continued

**Our HRDD process anchors our approach and is embedded throughout our policies and programs.**



### Our Due Diligence Process

Human Rights Due Diligence (HRDD) is an ongoing risk management process that enables us to prevent, identify and mitigate current and potential human rights risks throughout our value chain, with a focus on our most salient issues. It is informed by the UNGPs and utilizes a risk methodology that we developed with the leading human rights nonprofit Verité.

To ensure our approach remains relevant and effective, we conduct periodic updates and refreshes. In 2022 we updated our priority ingredient risk assessment. We will use insights from this refresh to research opportunities to engage with industry partners and strengthen our programming. To ensure timeliness, our risk assessment used updated human rights risk indices for the ingredient supply chains in specific countries.

→ [Learn more in Our Priority Ingredients and Materials on pages 54-57.](#)

In 2022, we conducted a gap assessment of our HRDD in partnership with TwentyFifty. We assessed the effectiveness of our overall program and HRDD systems against international requirements in the UNGPs and OECD sector guidelines to identify key strengths and areas of improvement in our human rights strategy and programs. The findings confirmed that our key strengths include a clear governance structure, training programs and responsible sourcing and supply chain due diligence programs. We also learned that Hershey, like many of our peers, has the opportunity to improve in the areas of remedy, grievance mechanisms and rightsholder engagement. We will continue to look for ways to strengthen these areas in collaboration with peers, suppliers, NGOs and governments.

Ongoing HRDD programming includes conducting due diligence on our own facilities and on those high-risk suppliers that are identified through our risk assessment process. Through our Responsible Sourcing Supplier and Responsible Recruitment Programs, we conduct due diligence on specific topics, including human rights and labor issues.

→ [Learn more in Responsible Sourcing on page 51.](#)

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.

→ [Learn more in How We Responsibly Source Goods and Services on pages 52-53.](#)

Finally, our commercial contracts for suppliers of plush cotton and renewable energy include requirements on forced labor that go above and beyond our Supplier Code of Conduct, with clear requirements and expectations around production document records and traceability.

## Taking Action on Human Rights

continued

### Grievance Mechanisms and Access to Remedy

We seek to 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.

Those who report a grievance in good faith are free from retaliation and retribution. Our mechanisms are in addition to 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.

### Examples of How We Provided Remedy in 2022

- Reimbursement of fees in Malaysia. Learn more in Standing Up for Workers' Rights on page 49.
- Identify, investigate, monitor and remediate child labor situations, when they exist, in our supply chain through our Child Labor Monitoring and Remediation Systems in Cocoa. Learn more in Eliminating Child Labor on pages 32-33.

### Training on Human Rights

We deliver an ongoing and expanding training initiative to ensure that we fully embed a deep regard for human rights within our company and across our value chain. In 2022, we maintained our commitment to provide human rights training to 100% of procurement professionals as well as our international supply chain, licensing teams and The Hershey Experience, our global retail operations. The training covers Hershey's salient human rights issues – including forced labor and child labor – the UNGPs, business impacts to human rights, human rights in our value chain, how we

address and promote respect for human rights, how to identify and report a human rights violation, human rights considerations in purchasing practices and how to be an internal champion for human rights.

For the first time in 2022, we provided human rights training to all professional employees across our entire enterprise. Our Ethics & Compliance team integrated a human rights module into our mandatory Code of Conduct training. This training, while not as detailed as the training for procurement professionals, covers an overview of fundamental human rights, how to identify and report a human rights violation, and includes a case study on indicators of forced labor including recruitment fees. In 2022, 97% of all professional employees completed Code of Conduct training.<sup>1</sup>

Additionally, supplemental human rights training is available for Hershey employees in our Learning System and is offered in English, Spanish, French, Chinese, Portuguese and Hindi. Since 2020, more than 1,500 employees have chosen to expand their human rights knowledge and participate in this learning opportunity.

More detailed information on our HRDD approach, the results of our risk assessment process and our work in human rights can be found on the Human Rights section of our [website](#) and in our Statement Against Slavery & Human Trafficking.



### Listening and Taking Action

We provide a number of mechanisms that enable our employees and individuals in our supply chain to report grievances and seek resolution.

#### How We Listen:

- Hershey's [Concern Line](#) (available in more than 47 languages) is primarily geared toward our employees but is also accessible to our suppliers and other stakeholders. Our Concern Line accepts all categories of complaints, including human rights issues, deforestation, Code of Conduct violations and other topics.
- We require that our direct suppliers have grievance mechanisms, which we validate via social compliance audits and through cocoa, sugar and palm oil supplier sustainability assessments.
- Our public [Grievance Process for the Implementation of The Hershey Company's Responsible Palm Oil Sourcing Policy](#).
- Grievance mechanisms made available through certification bodies or standards-setting organizations.
- While not formal grievance mechanisms, our worker and farmer voice surveys are an additional way for us to understand where rightsholder concerns might exist.

<sup>1</sup> This training value from 2022 does not include employees from Lily's or Pretzel's, which Hershey acquired in 2021.

# Responsible Recruitment and Employment

**We strive to protect the rights of workers beginning when they're recruited and hired throughout the time they're employed in our supply chain.**

We promote and follow ethical recruitment, hiring and employment practices that reinforce and help us deliver on our broader commitment to human rights as outlined in our [Human Rights Policy](#). One of our strategies to promote responsible recruitment and eradicate forced labor is strengthening the management systems of labor agencies that recruit workers into our Hershey facilities and strategic co-packers. See [Responsible Sourcing Supplier Program](#) for details around work in our supply chain. Labor agencies are required to complete a Self-Assessment Questionnaire (SAQ) every one to three years, depending on the risk score of the country in which the agency is located and its previous SAQ score. We also verify labor agencies' recruitment, hiring and employment policies and procedures through our own desktop research. Where our expectations are not being met, we require that labor agencies take corrective actions and submit evidence of completion. To drive systemic improvements in workplace practices, we provide training with smaller agencies to help them identify root causes of nonconformities and implement effective corrective actions. We also offer access to [The Responsible Labor Initiative's E-Learning Academy](#) to all labor agencies in our program.

## Our Achievements

- Verified closure of non-compliances of five labor agencies in Malaysia via Sedex Members Ethical Trade Audit (SMETA) 2-Pillar<sup>11</sup> follow-up audits and a human rights assessment with [Impactt, Ltd.](#). Worker voice surveys conducted with the five agencies provided positive worker feedback on the effectiveness of due diligence efforts.
- Reimbursed recruitment fees, valued at \$25,600, to 11 Nepali agency workers.
- Pre-qualified two new labor agencies for our Malaysia plant through SMETA or labor agency equivalent audits prior to contract approval.

### We Support:

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

### Our Commitments:

- [Hershey Responsible Recruiting & Employment Policy](#)

### [Hershey Supplier Code of Conduct](#)

### Our Engagement:

- The multi-industry, multi-stakeholder [Responsible Labor Initiative \(RLI\)](#)
- [International Cocoa Initiative's Forced Labor Working Group](#)
- [AIM-Progress Responsible Recruitment Working Group, Co-chair](#)

→ **For a summary of our responsible recruitment data, see page 59.**

## Recruitment Fee Practices

When we engage with vendors to correct shortcomings or audit violations, we have three major objectives. We want to remediate any harm that came from the violation, which may include restitution to affected workers. Second, we want the vendor to learn and improve, making a permanent change in their behavior. Finally, we want to drive sustained improvements in the broader system. A recent incident in Malaysia shows how we achieved each of these objectives.

→ **Learn more in Standing Up for Workers' Rights on page 49.**

## 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 prioritize identifying and engaging with vulnerable stakeholders via methods and frequency that align with their individual needs. We do this both directly and indirectly through representative organizations when our position in the supply chain limits us from being the most effective partner for direct engagement.

We engage with a broad range of organizations from independent farmers to large suppliers and labor agencies to tackle shared concerns such as wages, working conditions, safety, land rights and environmental conditions. Our interactions take many forms, from worker voice surveys, third-party audits, hotlines and training to collaborations through sector and industry groups. In cocoa, for example, our Hershey team members, suppliers and NGO partners conduct regular visits with cocoa farmers and their communities throughout the year.

→ **Learn more in Cocoa For Good on pages 25-26.**

In 2022, we expanded our efforts to engage workers and farm workers in our own operations and in our supply chain more directly through on-site and mobile surveys. We conducted worker surveys, including ELEVATE's Worker Sentiment Survey and a Ulula/Sedex worker survey, with several suppliers and co-packer partners in Malaysia, Mexico and the U.S. We also conducted ELEVATE's Labor Risk survey with all of the labor agency workers in our Malaysia plant. These surveys allowed workers to anonymously and confidentially share their perceptions of their working environment and confirm access to a trusted grievance mechanism. Through these surveys we identified opportunities for continuous improvement and stronger worker engagement. We will continue to embed worker surveys into our other HRDD process, including audits, as we deepen our understanding of which surveys are fit for purpose at different tiers of our supply chain.

## 2022 Worker Voice Surveys

# 1,690

contract and temporary workers and farm workers shared their experience of being part of Hershey's supply chain, more than double compared to 2021

# 2,402

workers engaged through surveys in 2021 and 2022

<sup>11</sup> The Sedex Members Ethical Trade Audit (SMETA) 2-Pillar audit protocol is composed of two modules: Labor Standards (including human rights and forced labor topics), and Health and Safety.

## Responsible Recruitment and Employment

continued

### Case Study

## Standing Up for Workers' Rights

Through a human rights assessment, we learned that 11 Nepali agency workers at our Malaysia facility had paid recruitment fees to a labor agent in Nepal. This is a violation of our Supplier Code of Conduct and our Responsible Recruiting & Employment Policy. The assessment also revealed that the workers' passports were being held by the labor agency. We do not tolerate violations of these policies, and thus required the labor agency to implement a Corrective Action Plan, which involved reimbursing the workers and returning their passports.

To ensure that the labor agency complied with our requirements, we engaged Impactt, an independent human rights consultancy, to verify the amount of the fees to be returned to the 11 workers. Hershey and the labor agency reimbursed these recruitment fees, valued at \$25,600, to the workers. We also ensured that the workers had their passports returned and now keep them secure in their personal lockers at their dorms or at work. Impactt also verified that the labor agency had implemented its Corrective Action Plan and successfully closed all the issues.

Beyond correcting those issues, we were glad to learn that the workers reported a better understanding of their rights and entitlements as workers. In addition, the workers commented positively on the nature of the work, the environment and their relations with suppliers. Finally, the labor agency updated its responsible recruiting procedures, and we continue to work with the agency on the topic to prevent future workers from being charged a recruitment fee.



# Living Wage and Income

## Defining Living Wage vs. Living Income

Living wage and living income are two different but related concepts that we address in distinct ways.

**Living Wage<sup>1</sup>:** The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family; applies to hired workers in factories, on farms, etc.

**Living Income<sup>2</sup>:** 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; applies to any income earner, such as self-employed farmers.

→ To learn more please see [Hershey Living Wage & Income Position Statement](#).

All individuals deserve the opportunity to earn a decent standard of living. Being paid fairly is a cornerstone of human rights. We recognize the importance of a living wage and the opportunity to earn a living income in both our own operations and throughout our value chain as a step toward fighting systemic poverty and its cascading impacts.

We adhere to our Living Wage & Income Position Statement. We validate our practices through external benchmarks and research tools that help us identify wage and income vulnerabilities in our own operations and supply chain as well as best practices for remediation. In assessing wage and income vulnerabilities, we consider gaps between living wage benchmarks and minimum wages, existing research on farmer income, national systems/transparency around wage-setting and collective bargaining among other areas.

In 2022, we remained focused on those areas where we have the greatest control and influence: our own operations and in cocoa, where we see the greatest income vulnerabilities.

### Hershey-owned Operations

We maintained fair pay practices in our own operations, paying all full-time global employees a living wage, as benchmarked by Business for Social Responsibility's (BSR) living wage values. In 2022, based on our annual living wage review process, we provided adjustments to two hourly full-time employees in our manufacturing facilities. To improve our ability to monitor wages in our own operations, we also developed an internal living wage dashboard. This tool now enables us to access real-time gap analyses for part-time and full-time employees by location. We also maintain our affiliate membership with Living Wage for US (LW4US) which helps us better understand different benchmarks, gap assessment tools and strategies for remediation.

### Cocoa Supply Chain

Cocoa continues to be where we see the greatest income vulnerability in our supply chain and, to address this challenge, we launched an Income Accelerator focused on improving farmer incomes in Côte d'Ivoire.

→ Learn more in [Improving Income Resiliency and Livelihoods on pages 30-31](#).

### Our Broader Supply Chain

While our focus remains on advancing living wage in our own operations and in our cocoa supply chain, our research highlights that wage and income vulnerabilities exist in multiple parts of our supply chain. In 2022, we partnered with the Fair Wage Network to identify those geographies in our Tier 1 supply chain where wage risks and vulnerabilities exist. We are using these insights as we collaborate with other industry organizations or NGOs on this topic.

We also want to empower companies of all sizes and categories to understand and measure living wage gaps. This can be accomplished by providing access to publicly available benchmarks with credible methodologies and measurement tools that can be consistently applied and yet are flexible enough to accommodate the needs of diverse supplier categories and sizes. We've taken several steps to accomplish this:

- As co-chair of the AIM-Progress Living Wage Working Group, we helped to create the [Living Wage Playbook](#), a practical tool for fast-moving consumer goods companies and their suppliers to build living wage into their supply chains
- We provided grant funds to LW4US to build out a user-friendly tool and database that will make U.S. specific living wage data and benchmarking widely available to companies with employees and operations in the U.S.
- Through our role with the IDH Call to Action, Hershey joined with other companies to co-fund the [IDH Salary Matrix for living wage](#)



### Salient Human Rights Issue:

Living Wage and Income

## What's Next

- Continue to refine our due diligence and programming which includes our updated salient issues
- Deepen our understanding of the intersection of human rights and environmental issues, including natural resource management and the impacts of climate change and deforestation
- Continue our strong programming to address child labor, promote living wage and living income, and promote responsible recruitment practices

## Taking a Broader View

We take action on other global challenges that also pose threats to human rights.

- 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. Learn more in [DEI is Good Business on page 96](#).
- 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 to combat the impacts of climate change. As such, we are committed to doing our part to take action. Read more about our climate commitments on pages 65-70.

<sup>1</sup> Hershey supports the Global Living Wage Coalition's definition of a living wage.

<sup>2</sup> Hershey is a member of and supports the Living Income Community of Practice definition of living income.

# Responsible Sourcing

**A reliable supply of ethically, sustainably sourced ingredients is vital to making more moments of goodness for many years to come.**

## Why It Matters

In a time of geopolitical conflict, increasing social inequality and climate-driven disruptions, it is increasingly difficult for companies in the food sector to maintain a reliable supply chain. Labor shortages, transportation disruptions, water stress and risks to global economic recovery caused by responses to the COVID-19 pandemic have created challenges such as rising costs and raw materials shortages.

Hershey is committed to upholding the highest standards for responsibly sourcing our key ingredients and materials while avoiding negative impacts. Our [Responsible Sourcing Strategy](#) broadly encompasses two elements: our Responsible Sourcing Supplier Program (“Supplier Program”), which governs how we engage with direct suppliers to responsibly source goods and services, and our Priority Ingredients and Materials approach to sustainable sourcing. We strive to maintain a supply chain that is sustainable, responsible and resilient to ensure that we can continue to operate and grow. To secure the longevity of our business, we seek to minimize risk and contribute to the vitality and livelihoods of the communities and ecosystems we depend on to source our ingredients and manufacture and deliver our products.

We strive to achieve both traceability — knowing where an ingredient or material was produced or grown — and transparency, knowing how it was produced. Sourcing products from farms certified or verified to a recognized sustainability standard shows us that the production practices meet basic requirements of the standard to address environmental and social risks. Our sourcing program seeks to address additional related environmental issues including greenhouse gas (GHG) emissions, deforestation, water quality, biodiversity and soil health.

→ Learn more in [Our Priority Ingredients and Materials](#) on pages 54-57.

## Our Responsible Sourcing Strategy

Our Responsible Sourcing Strategy guides how we provide great-tasting, high-quality products to our consumers. It is designed to deliver positive impact and long-term sustainability in our end-to-end supply chain in collaboration with our suppliers and industry partners. Our Responsible Sourcing Strategy was developed 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. Collaboration with our global network of Hershey-owned operations, suppliers and business partners is critical in executing our strategy and making sustainable, systemic progress. Our strategy, which is guided by our Human Rights Policy and our [Environmental Policy](#), focuses on responsibly sourcing goods and services and fostering sustainable agricultural communities, as described in How We Responsibly Source Goods and Services on pages 52-53.



### Material ESG Issue:

- Responsible Sourcing
- Business Operations and Supply Chain Resilience



# How We Responsibly Source Goods and Services

We follow a comprehensive, ongoing process designed to manage our relationship with suppliers in a way that drives near-term impact while addressing deeply embedded systemic challenges. We engage with suppliers to help them raise their performance through corrective action plans and capacity building. Our Supplier Program is aligned with our human rights saliency assessment described on page 44. We apply the process described on this page to verify and monitor compliance of Tier 1 suppliers with our Supplier Code of Conduct and portions of the process to Hershey-owned facilities.

## Acknowledge

All suppliers enrolled in the Supplier Program formally acknowledge our Supplier Code on an annual basis. We expanded the scope of our supplier contract agreements by adding a Responsible Sourcing Addendum that includes some, or all, of the following items depending on the good or service a supplier delivers. These additions include Hershey's Code of Conduct, Supplier Code of Conduct and Responsible Recruiting & Employment Policy, as well as our expectations and requirements regarding Supplier Program and Responsible Recruitment due diligence, ingredient sourcing and supplier diversity.

## Assess

Suppliers complete SAQs on an annual basis which allows Hershey to understand our suppliers' business practices and areas for improvement that may require follow-up prior to an on-site audit.

We continue to assess Tier 1 suppliers and sites and enroll those who we identify as high-risk or high priority into the Supplier Program. Our supplier assessment covers four categories of risks: human rights risks based on geography; human rights risks based on value chain; volume of Hershey spend; and supplier continuity risks. In 2022, 101 new

suppliers and sites were enrolled into the Supplier Program, mainly contract manufacturers and packers for Hershey, our confection and salty businesses, as well as new licensees.

Prior to entering into a commercial relationship with Hershey, prospective suppliers undergo a responsible sourcing and human rights screening that includes responding to a SAQ and/or providing a social compliance audit for Hershey to review. The pre-screening process reviews the supplier's management systems related to human rights and labor topics, among other social compliance topics. Human rights screening is now formally part of the pre-qualification and approval process for ingredients, packaging, co-manufacturer/co-packer, and licensing manufacturing sites. In 2022, 127 new sites underwent human rights screening, of which four sites were not approved; several sites are still undergoing the human rights screening process.

## Audit

We use independent third-party verification tools, including SMETA 4-Pillar audits<sup>1</sup>, to monitor compliance and proactively identify opportunities for future due diligence. In our Supplier Program, we review and score audit reports using an internal audit grading matrix, which we updated based on learnings from the first two years of our Supplier Program and current salient human rights and environmental risks. Audit results inform follow-up requirements and timelines for completion. In 2022, we implemented a formal internal Escalation Protocol that facilitates clear decision making across functions to ensure efficient and effective responses to and remediation of any Critical or Zero Tolerance issues.

More detailed information about our Critical and Zero Tolerance violations can be found in Appendix A of our [Supplier Program Guidebook](#).

## Remediate

Hershey aims to work with suppliers that share our values. When instances of non-compliance are identified, we require suppliers to develop Corrective Action Plans (CAP) that include addressing the root cause of the issues and remediating the non-compliance. We are also committed to collaborating and working with our suppliers on continuous improvement. The most commonly identified non-compliances are related to health and safety, working hours, and wages and benefits. See our 2022 Non-compliance issues by category data table on page 62 for details. We identify capability-building opportunities to enable suppliers to achieve compliance and improve the lives of workers.

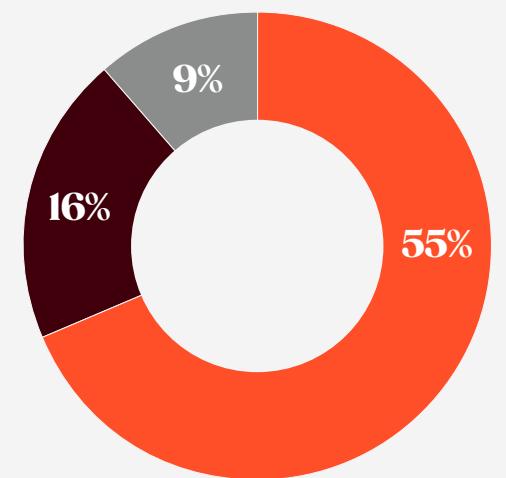
Through our involvement with AIM-Progress, we collaborate with our peers to raise the bar for responsible sourcing in the fast-moving consumer goods supply chain. In 2022, we provided capacity-building training to 30 suppliers in Brazil and Mexico. Topics covered in these trainings included HRDD, responsible recruitment and labor rights, health and safety, and effective management systems.

We funded a training on the Ethical Trade Initiative and SMETA 4-Pillar audits for our Malaysia plant and labor agencies. We also provided targeted training for two suppliers in Mexico who are less experienced in social compliance audits and developing effective CAPs following the review of their SMETA 4-Pillar audits.

We continue to track supplier performance and non-compliance trends to inform the appropriate training resources and events to support their continuous improvement journeys. Looking ahead, we are developing longer-term plans to improve supplier performance through AIM-Progress and local NGOs in-country.

## 2022 Top Three Non-compliance Issues:

Total non-compliance issues: 1,001  
Total audits submitted: 269



- ① **Health, Safety & Hygiene**
- ② **Working Hours**
- ③ **Wages & Benefits**

“

**We're proud of the progress we've achieved in the short time since launching new HRDD programs, and we see great opportunity to do more in partnership with our suppliers, peers and other industry players.”**

**Bethany Fitzgerald, Director,  
Global Responsible Sourcing,  
The Hershey Company**

<sup>1</sup> The Sedex Members Ethical Trade Audit (SMETA) 4-Pillar audit protocol is composed of four modules: Labor Standards (including human rights and forced labor topics), Health and Safety, Environment and Business Ethics.

## How We Responsibly Source Goods and Services

continued

### Verify

Suppliers are required to undergo follow-up audits to verify the closure of non-compliances and the implementation of an effective CAP. Supplier compliance increased to 37% by the end of 2022, compared to 25% at the end of 2021.

In 2022, we built a dashboard to provide procurement and supplier relationship managers with real-time access to Supplier Program data, including supplier progress and performance. Our team members consider this information in their sourcing decisions and supplier discussions. In 2023, this dashboard will be formally integrated into a holistic Supplier Scorecard alongside other business metrics.

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

### A Responsible Supply Chain, From End-to-End

#### Hershey-Owned Facilities

Our commitment to a responsible supply chain applies equally to the facilities that Hershey owns. We conduct SMETA 4-Pillar audits at all Hershey-owned operations. In 2022, we moved from a time-based (i.e., every three years) to a performance-driven cadence, which is triggered by SMETA 4-Pillar audit performance and required non-compliance remediation. Corrective action plans and follow-up audits are required if non-compliances are identified. The most commonly identified non-compliances in Hershey-owned operations are in the health and safety category as seen in the data table. No instances of forced or child labor were identified. In 2023, we will integrate Dot's and Pretzel's sites into our internal audit program.

### A Resilient, Ethical Supply Chain

While most of the ingredients we purchase go directly into making our beloved snacks and confections, we also have a significant supply chain for materials and services to support our operations, managed by Indirect Procurement. We strive to apply high standards for social and environmental considerations of these purchases as well, and have joined the Indirect Spend Alliance to collaborate with industry on the development of common risk management frameworks.

Additionally, we promote supplier diversity as described in More Pathways to JOIN on pages 97–98.

### What's Next

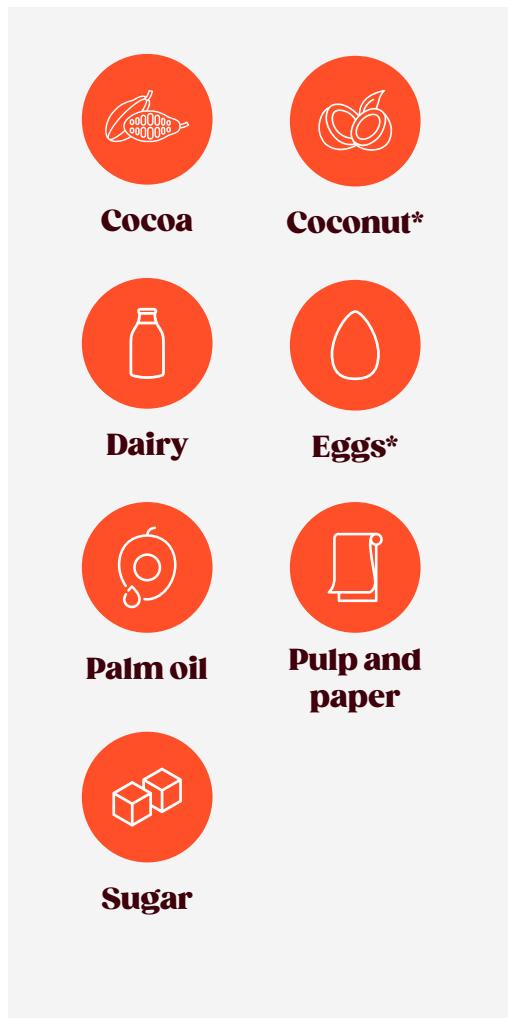
- Continue working with suppliers to develop long-term corrective actions by providing targeted capacity building, particularly around indicators of forced labor and health and safety
- Integrate Dot's and Pretzels-owned operations, labor agencies and suppliers into our responsible sourcing due diligence programs
- Update our Supplier Code of Conduct and [Supplier Program Guidebook](#)
- In partnership with the Indirect Spend Alliance, test and assess due diligence assessments and programs for indirect supplier categories, including waste, recycling, logistics and distribution

## Our Responsible Supplier Program



# Sourcing Our Priority Ingredients and Materials

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



\* Coconut and eggs are not listed in Hershey's ESG Report as key ingredients and materials. They are included on this map because Hershey has public commitments related to sourcing both ingredients. Responsible sourcing ingredient commitments and progress may be found on page 63.

## Sourcing Our Priority Ingredients and Materials continued

### We're promoting sustainable, resilient agricultural communities that can thrive.

Hershey strategically prioritizes our key ingredients and materials (cocoa, dairy, sugar, palm oil, and pulp and paper packaging) so we can target our efforts on those areas where we can make the biggest impact while reducing risks in our supply chain. We aim to address both social and environmental challenges in the communities and ecosystems from which we source our priority ingredients and materials. Our plan and approach for each ingredient considers a number of our material ESG topics, including human rights, farmer livelihoods, GHG emissions, deforestation, biodiversity, water and soil health, as these are often interrelated issues.

Our priority ingredient management strategies are underpinned by the following principles, which we updated in 2022.

- **Supply Chain Traceability<sup>1</sup>:** Know the origin of raw materials to improve visibility into our supply chains and understand opportunities for impact
- **Supply Chain Monitoring and Verification:** Communicate our expectations to suppliers and strengthen their sustainability management by using third-party certification and verification schemes to monitor performance and drive continuous improvement
- **Origin Transformation:** Create measurable, responsible and sustainable transformation by investing in origin-level programs focused on environmental, social and economic issues
- **Operational Excellence:** Utilize internal processes, policies, training, data, technology and purchasing practices supported by governance

- **External Engagement:** Collaborate with external stakeholders to drive systemic change, as companies cannot solve these complex sustainability challenges alone
- [For a summary of our responsible sourcing ingredient data, see page 63.](#)

#### Risk Assessment Refresh

In 2022, we refreshed our risk assessment to confirm our priority ingredients and materials and to account for changes in our supply chain, including the acquisitions of Dot's, Pretzels and Lily's. We also considered developments in our human rights and environmental strategies, such as the intersection with nature and water and changes in sustainability risks. We reviewed current human rights data from sources including the Freedom House Political Freedom Index, the U.S. Department of Labor Reports on Forced and Child Labor and others to update country risk scores, and updated human rights risk scores for our ingredients by country supply chain. We updated environmental risk scores based on Scope 3 GHG emissions, and water quality and scarcity risk scores.

#### What's Next

- Advance our strategies and make investments that mitigate human rights and environmental risks as relevant for all priority ingredients and materials
- Use insights from our refreshed risk assessment to research opportunities to engage with industry and make greater impact



#### Material ESG Issue:

- Farmer Livelihoods
- Human Rights (supply chain)
- Business Operations and Supply Chain Resilience
- Responsible Sourcing
- GHG Emissions and Climate Change
- Deforestation
- Biodiversity

## Our Priority Ingredients and Materials

Our priority ingredients and materials include cocoa, dairy, sugar, palm oil, and pulp and paper packaging. Cocoa remains Hershey's highest priority ingredient. For more details, see our Cocoa chapter which begins on page 24.



#### Dairy

During the second year of our [responsible sourcing strategy for dairy](#), we continued to focus on two areas: 1) ensuring dairy supplier compliance with our sustainability policies and promoting continuous improvement and 2) expanding field-level projects focused on GHG emissions reduction and water quality.

#### Ensuring Compliance

Our involvement in the [Sustainable Dairy Partnership \(SDP\)](#) is foundational to our interactions with our dairy suppliers. The SDP is a holistic management system standard and assurance model with third-party data verification and progress reporting. SDP also includes sustainability requirements that must be met by dairy processors and supplying farms. We encourage our dairy suppliers to enroll in, undergo evaluation through and submit progress reports to us via the SDP. 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 2022, 82% of our volumes were sourced from such suppliers. We actively advance the mission of the SDP, as a member of the Hershey Responsible Sourcing team serves on the SDP Steering Committee. Through this initiative, we also collaborate with other industry members, jointly tackling collective challenges such as GHG accounting and reporting, animal welfare, and regenerative agriculture in the dairy industry.

## Climate-Friendly Farms

In 2022, we continued to collaborate with Land O'Lakes, our highest-volume dairy supplier and strategic partner, and the Alliance for the Chesapeake Bay on our three-year pilot program, [Sustainable Dairy PA](#). Now in its second year, this program aims to reduce GHG emissions and protect water quality across dairy farms in our Pennsylvania supply chain. Hershey is providing funding to support the implementation of riparian forest buffers and other efforts to enhance conservation on our supplying farms. Our work in 2022 included planting 12 acres of riparian buffer – that's over 3,000 trees – and almost a mile of stream coverage and fencing, among other projects. This will prevent over 700,000 pounds of sediment, 850 pounds of phosphorous and almost 4,000 pounds of nitrogen from entering waterways feeding the Chesapeake Bay annually. These field-level projects are also helping sequester 141 metric tons of CO<sub>2</sub>e per year. In addition, in partnership with two other suppliers, we began piloting a methane-reducing feed additive on some of our supplying farms to further reduce GHG emissions.

Our work through Sustainable Dairy PA and in collaboration with our other dairy suppliers can create a more climate resilient supply for the milk we source.

→ [Learn more in Acting on Climate Change on pages 65-66.](#)

# 82%

of our volumes were sourced from suppliers enrolled in and assessed through the Sustainable Dairy Program

<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.

## Sourcing Our Priority Ingredients and Materials

continued



### Sugar

We focused on increasing traceability and sustainable growing practices in our sugar supply chain.

### Traceability

In 2022, we continued working with our suppliers to trace our sugar to the mill level to understand if it is linked to areas or mills with concerns such as deforestation, water pollution or the exploitation of workers. For the year 2021, 70% of the sugar we purchased was traceable to the mill, and we expect a similar percentage of our volumes to be traceable for 2022 when the data becomes available.

To gain information on the sustainability performance of the mills and farms in our sugar supply chain, we continued to use credible third-party standards and verification mechanisms, including the [Bonsucro](#) and [FairTrade USA](#) certifications. In 2022, we sourced 72% of our sugar volumes from farms certified by or verified to a recognized sustainability standard or covered by Bonsucro credits. This puts us on track to procure 100% of our sugar from certified or verified sources farms by 2025. For more information, visit our [Sugar Sourcing webpage](#).

### Sustainable Growing Practices

In 2022, we also completed a baseline assessment of our suppliers' sustainability and responsible sourcing practices and management systems. The results are helping us identify potential risks and opportunities and create action plans to drive improvement through training and investment.

### Learn to Grow Farmer Programs

Hershey continues to partner with our supplier [American Sugar Refining](#) to implement Learn to Grow field school programs in Belize and Mexico. Participating farmers learn to implement more sustainable growing practices to holistically address environmental and social issues. By the end of 2022:

- Our program in Mexico reached approximately 1,150 farmers and 1,500 cane cutters. Participants improved cane quality by 49% through reducing extraneous matter and earned higher incomes. During activities, Harvesting Group Leaders were trained in health and safety practices for cane cutters and prevention of child labor.
- In Belize, our program helps farmers adapt to climate change by using weather forecasting and pest prediction technology. They also learn best management practices such as environmentally-friendly biological pest control techniques. More than 1,900 farmers have been trained in and adopted the new technology platform. Youth tech coaches from the communities were integrated to cross-train farmers on the available technology. These farmers have applied biological pest controls to over 1,000 acres, avoiding nearly 3,000 kg of traditional pest control chemicals. Early intervention also helped to prevent further infestation and avoid application of additional chemicals. Farmers realized significant savings by avoiding pesticide costs and production losses. In addition, the First Women Farmers' Field School has been established. The first cohort completed an eight-module cane cultivation program integrated with agronomic techniques, financial literacy and health and safety measures for workers.

### Case Study

## Improving Soil Health for Sugar Beets

Healthy soil is the foundation of productive, sustainable agriculture. We have introduced two programs that help sugar beet producers manage soil health to reduce erosion, maximize water infiltration, save money on inputs, and ultimately improve the resiliency of their working land. In 2022, we launched a pilot project with a sugar supplier, United Sugars, the [Soil and Water Outcomes Fund](#), and three other peer brands and customers to provide financial incentives and technical assistance to some of our sugar beet farmers to transition to on-farm regenerative agricultural practices such as no or reduced tillage, cover crops, and extended crop rotations. In the first year of the program, 8,000 acres were enrolled, with projected benefits of sequestering about 4,000 metric tonnes of soil organic carbon, and preventing over 600 tons of sediment, 1,000 pounds of phosphorous and 8,000 pounds of nitrogen from entering waterways.

We also joined a coalition of food and beverage companies in launching the [Trusted Advisor Partnership](#) in North Dakota, where the majority of our beet sugar is grown and where wind and water erosion have stripped 50% of topsoil in some areas. The Trusted Advisor Partnership program is training a network of Certified Crop Advisors versed in the latest science on soil health systems who can advise and advocate for regenerative agriculture practices among sugar beet producers in that state.

## Sourcing Our Priority Ingredients and Materials continued



### Palm Oil

Hershey is committed to the highest standards in responsible and sustainable palm oil sourcing. As stated in our [Responsible Palm Oil Sourcing Policy](#), our goals are to source palm oil that is 100% responsibly grown and 100% traceable to the mill and plantation. It must be physically certified by the Roundtable on Sustainable Palm Oil (RSPO), and must not contribute to deforestation or peatland destruction while respecting and protecting the human rights of individuals and local communities. We also look to the [Accountability Framework Initiative \(AFI\)](#) guidelines. To achieve our objectives, we maintain and expand relationships with our suppliers and key industry partners.

In 2022, we once again achieved our 100% RSPO certification goal and 100% traceability goal to the mill level. We remain committed to achieving 100% traceability to plantation level, reaching 92.6% by end 2022, and expect to accomplish this goal by 2025.

We took several actions to verify that our palm oil supply chain does not contribute to deforestation, while respecting and protecting human rights. For the second year, we conducted a deforestation assessment of all our suppliers using mill lists from mid-year 2021 to mid-year 2022, which verified 58% of our volume as deforestation-free. We work closely with all our palm suppliers to investigate deforestation events.

Following our [Palm Oil Grievance Process](#), we continue to publicly disclose our [Palm Oil Grievance Log](#) with monthly updates on No Deforestation, No Peat, No Exploitation (NDPE) violations found within our supply chain. As of December 2022, we suspended 21 suppliers in our upstream supply chain, none of whom supplied us directly, for NDPE violations. We have not yet granted re-entry to any of these suppliers. In 2022, we suspended five indirect palm oil operations due to allegations of potential negative environmental and/or social impacts.

### Our First Forest Footprint

In a new step, we engaged the nonprofit [Earthworm Foundation](#) to map our forest footprints for our palm supply chain in the North Sumatra and Aceh districts of Indonesia, following the Rainforest Action Network's methodology. This analysis enabled us to identify areas of forest, peat and customary land at risk of palm expansion inside and outside concessions. This is part of a larger collaborative effort with two other global companies and Earthworm. We are jointly exploring possible actions for civil society and local community partners to protect the standing forests that are outside of palm concessions and at risk for commodity expansion.

Through the [Palm Oil Collaboration Group's Independent Verification Working Group](#), we convene with other brands, traders, producers and NGOs. Together, we explore the most effective approaches to independent verification, including emerging techniques such as satellite monitoring of land-use change and real-time collection of information from workers via mobile apps.

### Promoting Transformation

We continue to invest in landscape collective actions in Indonesia and Malaysia which are implemented by Earthworm Foundation. These on-the-ground programs focus on the protection and restoration of forests and biodiversity, smallholder inclusion, respect for human rights, NDPE capacity building and the resilience and livelihoods of local palm-growing communities.

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



### Pulp and Paper

[Pulp and paper](#) is integral to Hershey's business. We use it as food packaging, wrapping, transportation and marketing for our well-loved brands. Following our 2015 commitment to responsibly source virgin fibers and recyclable materials for our U.S. and Canada operations, we achieved that goal in 2020 by obtaining 100% of the pulp and paper sourced for products from recycled material or certified mills. We have expanded that ambition and are now working to source 100% of our pulp and paper packaging from recycled or certified sources globally by 2025. This begins with understanding all of our current sources for these materials. Through our collaboration with Earthworm Foundation, we are now gathering information on mill level data for our recycled and virgin fiber supply chains and country of harvest data for the virgin fiber we source; and are analyzing our exposure to deforestation, forest degradation and social conflicts.

We are guided by our [Responsible Pulp & Paper Sourcing Policy](#), which we updated in 2021 to reflect this expanded commitment. To provide transparency, we continue to publish our list of [pulp and paper suppliers](#) and mill groups that supply to our global operations.

### Case Study

## Regenerative Agriculture

The practice of regenerative agriculture offers exciting and multi-faceted opportunities to achieve greater progress on a number of our most material issues. At Hershey, regenerative agriculture includes farming practices that restore soil and ecosystem health, and leaves our land, waters, and climate in better shape for future generations. We are introducing practices such as reduced tillage and cover cropping, which have benefits for soil health, carbon sequestration, water stewardship and biodiversity, as well as farmer livelihoods. While regenerative agriculture concepts are already being addressed to varying degrees in our management plans for each priority ingredient, we are evaluating the benefits of expanding the integration of these principles.



# Our Progress

## Goals

Responsible Sourcing and Human Rights	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
<b>100%</b> of priority ingredients and materials to be responsibly and sustainably sourced (by volume)	2025	<b>84%</b>	On Track	1
<b>85%</b> of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	<b>37%</b>	On Track	—

1 This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2022. 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 63.

## KPIs

Engagement on Human Rights	Unit	2022	2021	2020	Notes
Worker engagement surveys completed	# of engagement surveys	<b>8</b>	3	Not Available	—
Workers and farmers surveyed during worker engagement surveys	# of workers and farmers surveyed	<b>1,690</b>	712	Not Available	—
Hershey employees who have taken human rights training and passed	%	<b>97%</b>	93%	Not Available	1
Hershey employees who have completed human rights training	# of employees	<b>More than 5,000</b>	1,400	Not Available	1

1 This data represents the human rights module of our Code of Conduct training, and is required annually for professional employees on a rolling 12-month cycle.

**KPIs**

<b>Responsible Recruitment Program</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Labor agencies enrolled in Responsible Recruitment Program	#	<b>65</b>	68	33	1
<b>Labor agency enrollment by Hershey site location</b>					
Brazil	#	<b>9</b>	9	0	—
India	#	<b>14</b>	14	9	—
Malaysia	#	<b>6</b>	9	7	—
Mexico	#	<b>5</b>	7	0	—
U.S. and Canada	#	<b>31</b>	29	17	—
<b>Labor agency enrollment by category</b>					
Contingent labor providers (manufacturing)	#	<b>19</b>	21	16	—
Contract packaging	#	<b>8</b>	10	9	—
Labor service providers	#	<b>38</b>	37	8	—
<b>Progress on Responsible Recruitment Program requirements</b>					
Responsible Recruitment and Employment Policy Acknowledgment	% completed	<b>100%</b>	100%	77%	—
SAQ	% completed	<b>45%</b>	97%	74%	2
SAQ Corrective Action Plan	% completed	<b>50%</b>	86%	34%	2
SAQ noncompliances corrected and closed	%	<b>0</b>	44%	Not Available	3

1 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.

2 SAQ requests were made during the second half of 2022. Two pending SAQ CAPs are with labor agencies and are requiring additional support to complete and provide required documentation.

3 Due to the timing of our 2022 SAQ requests, none of the identified non-compliances were corrected or closed in 2022. We are actively engaged with labor agencies who have not completed required documentation.

## KPIs

<b>Responsible Sourcing Supplier Program (Supplier Program)</b>		<b>2022</b>	<b>2021</b>		<b>2020</b>	
Suppliers and manufacturing sites enrolled in Supplier Program		<b>571</b>	551		330	
Enrollment of manufacturing sites and audits performed by location	# of manufacturing sites enrolled and subject to audit	# of audits performed	# of manufacturing sites enrolled and subject to audit	# of audits performed	# of manufacturing sites enrolled and subject to audit	# of audits performed
Africa	<b>4</b>	<b>2</b>	6	8	6	0
Brazil	<b>38</b>	<b>26</b>	38	48	10	3
China	<b>112</b>	<b>44</b>	130	44	103	43
Europe	<b>9</b>	<b>9</b>	11	7	7	0
India	<b>46</b>	<b>60</b>	54	9	5	0
Malaysia	<b>19</b>	<b>17</b>	20	17	18	1
Mexico	<b>26</b>	<b>22</b>	26	35	10	2
North America (U.S. and Canada)	<b>118</b>	<b>72</b>	82	43	55	32
Rest of Asia	<b>38</b>	<b>16</b>	36	25	27	1
Rest of Latin America	<b>3</b>	<b>1</b>	3	2	2	0
Enrollment of manufacturing sites and audits performed by supplier category	# of manufacturing sites enrolled and subject to audit	# of audits performed	# of manufacturing sites enrolled and subject to audit	# of audits performed	# of manufacturing sites enrolled and subject to audit	# of audits performed
Contract manufacturing and contract packaging	<b>70</b>	<b>43</b>	33	24	17	3
Ingredients and raw materials	<b>175</b>	<b>144</b>	184	138	105	36
Licensing	<b>81</b>	<b>31</b>	80	39	76	14
Packaging	<b>31</b>	<b>32</b>	33	18	7	2
The Hershey Experience, World Travel Retail and Indirect	<b>56</b>	<b>19</b>	76	19	38	27

## KPIs

People demographics at manufacturing sites where audits were conducted (as documented in the audit reports)		2022	2021	2020
Total workers at manufacturing sites		<b>60,908</b>	43,608	14,323
Female workers		<b>15,860</b>	12,532	8,943
Male workers		<b>45,048</b>	31,076	5,380
Domestic and international migrant workers		<b>3,301</b>	2,756	1,863
Supplier Program Audit Results	Unit	2022	2021	2020
Audits submitted in reporting year	# of audits	<b>269</b>	238	82
Non-compliance results	Total # of non-compliance results	<b>1,001</b>	719	297
Non-compliances corrected and closed	#	<b>290</b>	345	83
Minor non-conformances				
Total findings	%	<b>18.3%</b>	24.6%	19.5%
Nonconformance rate	Rate	<b>0.68</b>	0.74	0.70
Total findings corrected and closed	%	<b>30.6%</b>	47.5%	41.4%
Moderate non-conformances				
Total findings	%	<b>73.3%</b>	71.1%	72.7%
Nonconformance rate	Rate	<b>2.72</b>	2.15	2.63
Total findings corrected and closed	%	<b>29.4%</b>	46.8%	23.1%
Major non-conformances				
Total findings	%	<b>8.4%</b>	4.3%	7.7%
Nonconformance rate	Rate	<b>0.31</b>	0.13	0.28
Total findings corrected and closed	%	<b>21.4%</b>	71.0%	39.1%

Note: At Hershey, major nonconformances include issues rated as critical or zero-tolerance issues.

## KPIs

2022 Non-compliance issues by category											
Non-compliance issue category (# and % of total non-compliances)	Child Labor & Young Workers	Indicators of Forced Labor	Harassment & Discrimination	Freedom of Association and Collective Bargaining	Wages & Benefits	Working Hours	Health, Safety & Hygiene	Environment	Management Systems	Land Rights	Business Ethics
	<b>6 (1%)</b>	<b>52 (5%)</b>	<b>24 (2%)</b>	<b>13 (1%)</b>	<b>91 (9%)</b>	<b>157 (16%)</b>	<b>551 (55%)</b>	<b>54 (5%)</b>	<b>30 (3%)</b>	<b>3 (0.3%)</b>	<b>20 (2%)</b>
Average number of non-compliance issues per audit (Non-compliance rate = number of non-compliance issues by category identified in a location's 2022 audit reports / total # of location's 2022 audit reports)											
Africa	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Brazil	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.5</b>	<b>1.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
China	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Europe	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>1.1</b>	<b>3.7</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>
India	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>2.7</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>
Malaysia	<b>0.0</b>	<b>1.4</b>	<b>0.0</b>	<b>0.1</b>	<b>1.0</b>	<b>1.6</b>	<b>3.8</b>	<b>0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
Mexico	<b>0.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>	<b>3.5</b>	<b>0.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
North America	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>1.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
Rest of Asia	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>1.7</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>
Rest of Latin America	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## KPIs

Responsible Sourcing Ingredient Commitments & Progress						
Ingredient	Commitment	Goal	2022	2021	2020	Notes
Total food ingredients	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)	N/A	<b>41%</b>	43%	41%	—
Cocoa	Source independently verified cocoa (by volume) through: Fair Trade USA, Rainforest Alliance (UTZ) and verified supplier program standards meeting international criteria	100% by 2020 Achieved	<b>100%</b>	100%	100%	—
	Sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	100% by 2025 On Track	<b>77%</b>	68%	60%	—
Dairy	Source dairy volumes from suppliers enrolled in and assessed through the SDP	100% by 2024 On Track	<b>82%</b>	80%	68%	—
Sugar	Achieve traceability to the mill (by volume)	100% by 2025 On Track	<b>Data pending</b>	70%	60%	1
	Procure sugar (by volume) from sources certified or verified to a recognized sustainability standard covering the farm level	100% by 2025 On Track	<b>72%</b>	62%	41%	—
Palm	Sourcing RSPO-Certified material (by volume)	100% by 2020 Achieved	<b>100%</b>	100%	100%	2
	Achieve 100% traceability to the mill	100% by 2020 Achieved	<b>100%</b>	100%	99.8%	—
	Achieve traceability to plantation	100% by 2025 On Track	<b>92.6%</b>	83.6%	72.7%	—
	Achieve a verified deforestation-free palm supply chain	100% by 2025 On Track	<b>58%</b>	51%	Not Applicable	3
Pulp and Paper	Source pulp and paper packaging (by volume) from recycled or certified sources globally	100% by 2025 On Track	<b>89%</b>	68.5%	Not Applicable	4
Coconut	Source certified coconut (by volume) through Fair Trade USA	100% by 2020 Achieved	<b>100%</b>	96%	100%	5
Eggs	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 Achieved	<b>100%</b>	93%	98%	—
	Source certified cage-free eggs (by volume) globally	100% by 2025	<b>No eggs or egg products were sourced from international regions in 2022.</b>	No eggs or egg products were sourced from international regions in 2021	0%	6

1 Data for 2022 will be published in 2023.

2 In 2022, Hershey sourced (by volume) 6% as RSPO Segregated and 93% as RSPO Mass Balance. One percent was covered by RSPO Credits due to limited volumes of certified palm kernel oil.

3 The 2022 verified deforestation-free palm supply chain results are based on mill lists from mid-year 2021 to mid-year 2022. Volumes were verified as deforestation-free through Airbus and Earthworm Foundation's Starling satellite.

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

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

6 In 2022, Hershey's reached 100% cage-free egg compliance globally - three years ahead of our original 2025 deadline. We will continue utilizing 100% cage-free eggs for any potential product offerings regardless of market.



# Environment



**Doing good by the planet is not just about doing the right thing; it's good business.**

Climate change, natural resource scarcity and extreme weather are some of the serious environmental issues that pose challenges to both society and to Hershey, from our supply chain to our manufacturing facilities. Our ability to become a Leading Snacking Powerhouse rests in part on our ability to navigate these external factors and take action to mitigate risks. We face environmental issues that are vast and complex. They cannot be solved in isolation and require collective action by governments, businesses, non-governmental organizations (NGOs) and multilateral organizations. Hershey is committed to doing our part to create positive change, safeguarding our planet and our business for continued success in the decades to come.

From careful stewardship of energy and greenhouse gas emissions, to reducing our packaging waste and water stewardship, our goal is to put more goodness inside the products people love.



# Acting on Climate Change

**The challenges of climate change are growing faster than ever before. We are continually working to embed stronger sustainable business practices to ensure long-term business resilience and success.**

## Why It Matters

The growing frequency and severity of extreme weather events, plus increased heat and water shortages, are affecting the lives and livelihoods of millions around the world, including the farmers and communities who grow the ingredients we depend on. These climate-related impacts are growing in their potential to disrupt our operations, threatening communities and influencing the cost and availability of our ingredients and raw materials. Within Hershey and across broader society, there is a growing urgency to mitigate and adapt to these changes.

We seek to reduce our emissions and do our part to meet the Paris Agreement adopted at the United Nations Climate Change Conference (COP21). As we look to the future, our climate approach is fully aligned to and integrated within our company strategy to be a Leading Snacking Powerhouse. We view climate action as an imperative for the future of Hershey, our customers and the communities in which we operate. Thus, our climate approach is increasingly integrated into the way we do business. From how we manage our own facilities and the way we procure our ingredients to our participation in GHG reduction alongside external partners, our organization is aligned and working toward a more sustainable future, together.

At Hershey, we take a thoughtful approach, setting aggressive but achievable goals, and mapping out a holistic strategy to get us where we need to be. As we take action, we monitor and measure our performance, engaging all levels of the business from our Board to the factory floor, and incorporate input and feedback from externally interested stakeholders.

Hershey is participating in global actions to reduce our contributions to climate change because we believe in the need for bold action. Through our climate action, we're also improving watershed health, promoting biodiversity habitat, and restoring and protecting soils. The results of our climate scenario planning have yielded actionable insights, which we are using to press on toward our goals.

→ [To learn more about our climate scenario planning insights, read our full 2022 Task Force on Climate-Related Financial Disclosures \(TCFD\) Report.](#)

## Climate Strategy

**Our climate strategy is multi-faceted and powered by two key drivers: reducing our carbon footprint and understanding and managing our climate risk.**

### Reduce Our Footprint

We have set ambitious, science-based GHG reduction goals to reduce our absolute Scope 1 and Scope 2 (market-based) 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 and prevent the worst effects of climate change for us and for the planet. To achieve these goals, we are shifting the way we run our business to reduce our climate footprint.

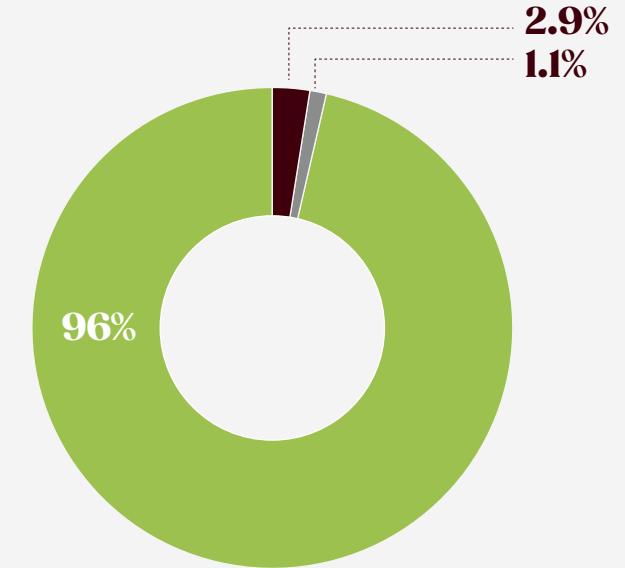
In line with our core value of Excellence, we chose to adhere to SBTi as a rigorous, external tool for executing part of our climate strategy. Independently verified, the SBTi provides clear guidance and helps us map a demonstrable path toward meaningful reductions in our own operations and in our supply chain, in line with what the world needs.



### Material ESG Issue:

- GHG Emissions and Climate Change
- Energy Management

## Our 2022 Emissions Breakdown



① Scope 1 (owned or controlled sources)

② Scope 2 (indirect emissions from purchased electricity)

③ Scope 3 (value chain emissions)

We measure our carbon footprint following the standards of the Greenhouse Gas (GHG) Protocol. Our Scope 1 (owned or controlled sources) and Scope 2 (indirect emissions) comprise approximately 4% of our total emissions. 96% of our total greenhouse gas (GHG) emissions come from Scope 3 emissions; in particular those related to agricultural ingredients such as cocoa, dairy and sugar.

Hershey's 2022 Scope 1 and Scope 2 data received limited assurance by Ernst & Young (EY) (see pages 127-129 for our limited assurance statement). Our 2022 Scope 3 data has been independently verified by Quantis (see pages 130-131 for our verification letter).

## Acting on Climate Change continued

### Progress Towards Meeting our GHG Goal

As we work to embed our GHG targets and action plans into our growing business – we also continue to learn, adapt and build the foundation for our carbon reduction journey. Building and operationalizing climate action plans will not be a linear process as we continue to expand our portfolio and business, navigate new ways of working and an evolving carbon accounting landscape, as well as evaluate and implement new programs.

In 2022, we experienced some regression in our GHG performance across all scopes. In Scope 1 and Scope 2, we moved from 48% progress against target in 2021 to 41% progress in 2022. In Scope 3, we moved from 18% progress towards our target in 2021 to 10% progress in 2022. These changes are primarily attributed to significant company growth (including M&A activity). In addition, during 2022 we instituted methodological changes in carbon accounting such as updated emission factors to align with the latest science. We are continually working to increase our visibility and accuracy through improved data sources and supplier relationships. As we approach the five-year mark of joining the SBTi, we are preparing for our first re-baseline of our GHG targets, to take place in 2023. These efforts, which have been overseen via our partnership with Quantis, are critical to helping us ensure we have the right data to inform strategies, invest resources in the highest impact opportunity areas, and credibly drive progress. Due to the timing of our re-baseline, we show some irregularities in this year's ESG disclosure compared to our disclosure in 2021. Footnotes throughout the data tables are used to provide transparency on notable variances.

### Understand and Manage Risk

We undertook preliminary climate scenario planning as a tool to understand the multi-faceted impacts of climate change including the intersections with water on our activities and operations. We are using the findings to inform company strategy and planning through mitigation and adaptation to help ensure our long-term business resilience and success.

→ [Learn more in Managing Climate Risk on page 70](#)  
[and in our 2022 TCFD Report.](#)



# Reducing GHG Emissions in Our Operations

## A plan to manage and reduce our carbon emissions is embedded in our Leading Snacking Powerhouse Strategy.

### 2022 Emissions Performance — Scope 1 and 2

#### Our goal is to achieve a 50% absolute reduction in Scope 1 and 2 GHG emissions by 2030 against a 2018 baseline.

**baseline.** Two main drivers will enable our SBTi-aligned GHG emission reduction goal, energy efficiency and renewables, that take into account projected growth of our company.

Our year-on-year progress will not always be direct and in 2022 we experienced some regression in our emissions performance. The growth of our business as a result of recent M&A contributed to this regression. We are working to integrate our new acquisitions into our energy intensity and water reduction programs. As we continue to grow our business through future mergers and acquisitions, we will be an effective steward of these new assets as we integrate our expertise and strategies to meet our carbon reduction goals. We are confident in our ability to deliver on our long-term plans to reduce emissions, which have been developed to align with our corporate strategy and growth plans over the next 10 years.

We are strengthening our GHG accounting as evidenced by obtaining limited assurance from EY (see our EY limited assurance statement on pages 127-129). Moving to limited assurance led to important cross-functional work between our Global Sustainability, Internal Audit, Finance and Legal functions, putting in place the critical foundation of controls, procedures and impact measurement that is necessary to meet our ambitious GHG targets and long-term corporate strategy.

### Energy Efficiency

Boosting energy efficiency, particularly in the use of electricity and natural gas, is a core part of our Scope 1 and 2 emissions reduction plan.

These efforts are managed by our engineering and supply chain functions and are overseen by our new Energy and Water Management Steering Committee. This group sets energy targets, tracks water usage and facilitates the business integration needed to drive visibility and accountability for action and results. This involves making utility data visible and actionable, understanding energy and water usage patterns, securing capital investments, and engaging teams in understanding opportunities for optimization.

Improving our operational emissions footprint includes dynamic management, year-on-year improvements, and using digital and other technologies and capabilities to support this. For example, we are investing \$3 million in reporting systems that provide real-time utility usage data for electricity, natural gas and water at each of our facilities globally. These systems were installed in U.S. facilities in 2022, with the remainder to be installed in international facilities during 2023. We expect access to real-time utility usage data will allow us to take actions to reduce our energy intensity by approximately 10% over the next five years and uncover additional energy saving opportunities. By harnessing the power and visibility of data, we are enabling our employees to tangibly contribute to our goals.

We are beginning to incorporate sustainability into our design requirements and including energy efficiency as a required consideration in our future choices for new production lines and equipment change outs. In addition, we continue our actions to limit and, when possible, remove carbon-intensive fuels, such as coal, at our facilities. For example, we transitioned from coal to rice husks as biofuel within our India plant during 2022.

To spur further progress and innovation, we participate in two voluntary national energy programs, U.S. EPA's ENERGY STAR® Challenge for Industry and U.S. Department of Energy's Better Buildings, Better Plants program, which provide ideas, inspiration and motivation for our energy management efforts. In addition, our partnerships strengthen insights to emerging technologies and innovative strategies. As of December 2022, we have improved the energy intensity at our Hershey manufacturing sites by 6.1% compared to a 2018 baseline. For additional details, see the energy consumption data table on page 84.

Through these initiatives, we are not only reducing our energy use and costs, but also recognizing and empowering our plant teams who are on the front lines of these efforts. Energy champions at Hershey manufacturing locations around the world rally their teams to help implement energy and water saving projects, meet conservation goals, and identify further opportunities for energy and water reduction and efficiency.

### Gaining Improvements Across our Real Estate Portfolio

Management of our real estate portfolio is another avenue for reducing our internal emissions. We are leaning into the U.S. Green Building Council® Leadership in Energy & Environmental Design (LEED) green building program as a way to moderate our impact as we grow and as an enabler of future growth. Green building design is a consideration in all of Hershey's new construction projects. For example, we aim to achieve LEED certification at our new manufacturing facility in Derry Township, Pennsylvania, announced in 2022; and have already achieved LEED Gold® at our company headquarters in Hershey, Pennsylvania, and Green Building Index Gold rating at our plant in Malaysia.

→ Learn more about our manufacturing growth in A Bold Strategy For Growth on pages 15-16.

### Renewable Energy

Increasing use of renewable energy is a critical element in our Scope 2 reduction plan. In 2022, we sourced 77% of our electricity consumption from renewable and zero emission sources. We announced a 140-megawatt Power Purchase Agreement (PPA) with National Grid Renewables for the Copperhead Solar & Storage Project in Falls County, Texas. This utility-scale solar project represents Hershey's third PPA and is scheduled to come online in 2024. The project is expected to produce an estimated \$25 million in direct economic impact throughout its first 25 years of operation, including the production of new tax revenue, on-site operations jobs and the creation of a charitable fund estimated at \$600,000. Through these PPAs, we access clean and renewable energy while creating local jobs and generating significant power for the communities where they are located.

Hershey received more than 75,500 Renewable Energy Credits (RECs) for 2022.

We directly source renewable energy for our manufacturing facilities in Canada, Brazil and India. Our facilities in Brazil and Canada obtain energy from hydropower and solar, and our facility in India sources approximately 40% solar energy. We also have zero-emissions credits from nuclear energy, another zero-emission power source, helping us fill the gap until additional solar facilities come online.



# Reducing Emissions in Our Value Chain

## Nature-based solutions, including protecting forests and promoting regenerative agriculture will help to combat climate change.

Our goal is to achieve 25% absolute reduction in Scope 3 GHG emissions by 2030 against a 2018 baseline. In 2022, we regressed in progress towards our Scope 3 emissions goal largely due to an increase in purchased goods and services. To continue to advance our Scope 3 goal, we are developing detailed climate road maps with specific, measurable and time-bound actions across our largest emission sources: our cocoa, dairy and sugar supply chains, and logistics, among others. We're also identifying and implementing measures to reduce emissions in other Scope 3 categories. Our two key levers are reducing land use change by eliminating deforestation and reducing emissions from farms by improving on-farm sustainability. We are excited about some of the early projects identified to make meaningful reductions in our supply chain, but this work is still in the design and pilot phases.

Understanding the unique footprint of Hershey's supply chain is critical to building a robust reduction strategy that can be accurately measured. One of the most important steps we took in 2022 was shifting to greater precision in our Scope 3 emissions accounting by improving data sources and including more supplier specific emissions factors in dairy commodities.

Solving daunting issues such as reducing emissions in a complex value chain requires collaboration. We continue to listen to suppliers, partners and climate experts to understand obstacles and identify the most meaningful actions to address these challenges.

We are prioritizing the most important levers to invest in by modeling the carbon reduction potential of identified actions. In addition, we assess feasibility through follow-up conversations with farming communities and with internal stakeholders to ensure alignment with our business strategy. This process of stakeholder engagement enhances the quality, success and long-term permanence of interventions in the value chain where we depend on, and leverage, coordinated approaches toward shared goals.

We're still early in our journey; meaningful action takes time. We know we don't have all the answers, and our work continues, but are proud of the progress made so far in Scope 3 engagement.

### Deforestation-free Ingredients

Addressing deforestation resulting from land use change is a significant part of our climate action plans for reducing our Scope 3 value chain emissions. We have committed to eliminating commodity-driven deforestation from our entire supply chain by 2030. In cocoa, we will continue to source only 100% independently verified cocoa and work toward our commitment to achieve 100% sourcing visibility in Côte d'Ivoire and Ghana by 2025. The Hershey Company's No Deforestation Policy further assists us in achieving this goal across multiple commodities. We are building long-term relationships with known farmer groups, providing resources and education on sustainable farming and driving traceability to halt deforestation. We also engage in multi-stakeholder planning to implement meaningful actions toward our targets and advancing sustainability within our value chain.

→ Learn more in **Protecting the Environment** on pages 35-37 and in **Our Priority Ingredients and Materials** on pages 54-57.

## Scope 3 Emissions

### Food waste / Waste from operations

**0.2% / 0.2%**

### Fuel & Energy-Related Activities / Business Travel, Commuting

**2% / 1%**

### Co-manufacturing

**4%**

### Specialty

**6%**

### Logistics (Upstream & Downstream)

**10%**

### Packaging

**11%**

### Palm / Soy

**2% / 0%**

### Nuts

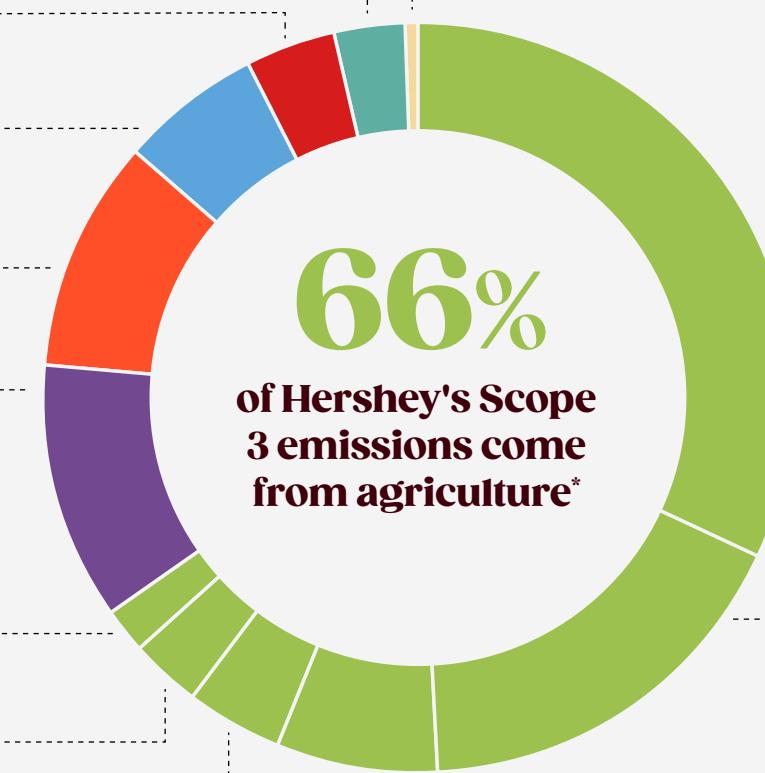
**3%**

### Corn

**4%**

### Sugar

**7%**



Cocoa

32%

Dairy

17%

\* Totals shown do not equal 100% due to rounding

## Reducing Emissions in Our Value Chain continued



### Farming in Harmony with Nature

Hershey is strengthening on-farm sustainability practices and carbon removal through techniques such as regenerative agriculture and tree planting. For example, Hershey is conducting a pilot with our largest dairy supplier, Land O'Lakes, and the Alliance for the Chesapeake Bay to make on-farm improvements to reduce emissions and improve water quality across the Chesapeake Bay watershed. Many of the sustainable agriculture projects have stacked benefits by promoting nature's nutrient and water cycles. We're exploring additional uses of regenerative agricultural practices in collaboration with other partners and suppliers, including pilot projects with sugar beet farmers in Minnesota and North Dakota.

→ Learn more in **Improving Soil Health for Sugar Beets** on page 56.

### Case Study

## Cocoa Climate Road Map: A Clear Path Forward

Cocoa is a key element of our overall Scope 3 reduction strategy and fundamental to achieving our 25% emission reduction target. It is critical that we maximize the carbon sequestration potential of nature by planting trees to permanently remove high volumes of carbon from the atmosphere and by protecting forests. Hence, our key drivers for emissions reductions in cocoa are ensuring deforestation-free sourcing and implementing agroforestry projects in cocoa-growing communities in our supply

chain. We prioritized the development of a Cocoa Climate Road Map during 2022, collaborating with more than 20 suppliers and partners to ensure we developed a holistic action plan. In coordination with suppliers, we have partnered with PUR, a global leader in nature-based solutions, to undertake feasibility assessments in 2023 to design farmer-centered agroforestry projects with selected communities in Côte d'Ivoire, with the aim to start tree planting in 2024.

### Our Cocoa Climate Road Map

	Deforestation-free Cocoa	Farm-based Carbon Removal
Why It Matters	Preserving healthy forests is the single most important tool to decarbonize our cocoa supply chain.	Tree planting at farms is recognized as the best solution for carbon removal because it mitigates both potential future and historical impacts of deforestation. Agroforestry has complementary benefits such as improving farmer livelihoods and building resiliency to climate shocks.
Our Actions	We're addressing and reducing direct land use change through partnerships and supplier programs.	We're engaging in farm-based projects with suppliers of our five priority ingredients (i.e., cocoa, dairy, sugar, palm oil, and pulp and paper). Our Climate Road Maps for each ingredient will direct our efforts toward specific milestones and targets.
Learn More	Read Protecting the Environment on pages 35-37.	Read Our Priority Ingredients and Materials on pages 54-57.

# Managing Climate Risk

## We're preparing for the future by planning and taking action today.

As a company that depends on agricultural commodities grown all over the world, we are acutely aware of the risks that climate change, natural resource scarcity and extreme weather pose to our business. We have begun to undertake climate scenario planning to understand the future financial and operational risks that climate change presents to our organization. We have purposefully chosen to complete this analysis internally so that we can build our acumen of how this affects our business. We use rigorous external tools, such as The Climate Service (TCS), now a part of S&P Global, which provides a science-backed climate risk analytics platform to help us identify and measure climate risk in our assets, business and investment portfolio. We also worked in partnership with Quantis, a leading sustainability consultancy.

In 2022 we took our first steps to conduct climate scenario planning, including qualitative and quantitative research, and completed our initial risk modeling. We plan to build on these preliminary climate scenario planning activities to further sharpen our approach in determining the most effective climate change mitigation strategies.

### What We Learned

Our climate scenario planning efforts have facilitated initial conversations to begin preparing for plausible climate futures.

The most significant physical risks revealed by our analysis are disruption and uncertainty within our supply chain.

We can expect 1) increases in unforeseeable circumstances that prevent suppliers from timely fulfillment of contracts due to extreme weather events, 2) increases in droughts impacting crop yields, and 3) extreme weather events such as freezes, floods, hurricanes and tornadoes that could damage or shut down Hershey facilities.

We also identified transition risks, such as competition for, and rising costs of, sustainably sourced ingredients, and the potential implications of a carbon tax.

Hershey has systems to monitor and respond to acute climate crises. For longer-term evolving risks, such as those presented by climate change, we utilize our Enterprise Risk Management (ERM) program. To improve our understanding of how climate change is, and could, impact our business, now and in the future, we are exploring ways to integrate these risk insights into the business. These conversations have led to a preliminary determination of the value at risk in dairy sourcing based on how the risk could be managed. We have identified how climate resiliency overlaps within our SBTi strategy to reduce emissions in dairy and have begun to evaluate if these actions are enough to address the plausible risk to dairy supply in the future. We are engaged in ongoing conversations to refine potential scenarios to assess supply trajectories, develop mitigation strategies and understand financial impacts.

### The Water-Climate Connection

Our analysis clearly spotlighted the fundamental link between climate change and water challenges. Modeling showed that physical risks, including extreme temperatures, drought and water stress, are projected to escalate across a range of global GHG concentration scenarios during the 2030s. Tackling water challenges as part of our climate strategy is essential as climate change exacerbates risks to all things that depend on nature (e.g., agriculture), while healthy ecosystems are key for climate mitigation and adaptation. Our initial water risk and opportunities assessment helped to identify priority areas as we develop climate adaptation strategies. We are combining the insights from our water risk assessment with our climate scenario work. Together, these findings are helping us to

strengthen our mitigation and adaptation strategies, and enabling us to enhance our business resilience and prepare for future conditions. For example, at the ingredient level, we are exploring how we might use the insights gained to inform our dairy procurement risk management processes. We're evaluating the ability of our work with Sustainable Dairy PA to create a more climate resilient supply for our fluid milk sourced from Pennsylvania. We are also studying the impact on our cocoa and almond supply chains and how investments identified in climate road maps can help buffer against climate shocks and improve supply chain resilience.

→ [To learn more about our climate-related risks and our actions to address them, read our 2022 TCFD Report.](#)

### What's Next

- Continue to execute on our SBTi goals and build climate resiliency further into our priority ingredient climate road maps
- Implement a work plan with a deforestation monitoring solutions service provider to monitor, verify and address deforestation in our forest-risk commodities, i.e., cocoa, palm, pulp and paper, and soy
- Continue to review and update our No Deforestation Policy to stay aligned with best practices and helps us achieve our goals

“

**Our approach to climate action is about more than just carbon. It's about investing in solutions that have compounding benefits to address our generation's greatest challenges.”**

**Matt Silveira, Manager,  
Environmental Sustainability, The Hershey Company**



# Making Progress on Packaging

**We're eliminating unnecessary packaging and converting to more eco-friendly alternatives to create a more sustainable future while keeping the goodness inside: quality, safety and a satisfying consumer experience.**

In order to reduce the potential negative impacts of plastic waste and waste sent to landfills, we are reducing unnecessary materials and increasing recyclability across our packaging portfolio. These actions also help us drive toward greater packaging circularity.

Sustainable packaging requires a holistic approach that balances safety and quality, consumer needs, manufacturing and distribution requirements. Our priority is to make sure Hershey packaging continues to deliver high-quality and safe, consumable products to our customers. In addition to increasing our proportion of more sustainable materials, we are eliminating unnecessary packaging and ensuring responsible sourcing. These actions play an important part in reducing our Scope 3 GHG emissions. To achieve our goal, over the next several years we will make significant investments to qualify and convert over 2,000 items across all of our manufacturing facilities to new packaging with updated labeling that will educate consumers on its recyclable components. Our partnerships with suppliers and industry trade groups are critical, as they extend and enrich our efforts.

## Eliminating PVC

We are near completion to eliminating hard-to-recycle PVC from our global packaging portfolio. As of December 31, 2022, we had qualified alternatives for 100% of the PVC in our packaging supply chain and are nearing full global conversion to non-PVC alternatives.

## Improving Recyclability

We remain focused on our commitment to achieve 100% of plastic packaging to be recyclable, reusable or compostable by 2030. Hershey syrup bottles, syrup caps and other PET jars and pails comprise the 17% of Hershey's plastic packaging from North American produced products that we currently consider to be recyclable.<sup>1</sup>

While we continue to make progress against this commitment, eliminating plastic packaging requires overcoming several hurdles. These challenges include limited recycling infrastructure, low consumer engagement and understanding of recycling, and lack of recyclable solutions for all applications. In particular, we are hindered by an insufficient reliable supply of food grade material due to limitations in infrastructure, reclaim, sorting and processing. As infrastructure is created to recapture and maintain a predictable supply of food-contact grade materials, we will consider the best target-setting and reporting approach.

## Using Recycled Materials

In addition, we continue to drive circularity by using more recycled materials across our portfolio. One example is the redesign of our Hershey's Chocolate Syrup multi-pack carriers, which are now made from 100% post-consumer recycled content. This change eliminates nearly 33,000 pounds of virgin high-density polyethylene annually. In another example, in 2022, we converted additional cases to 100% recycled corrugate for a total of 36 cases converted. These conversions drove significant impact in 2022, equating to saving more than 759,000 hours of electricity, more than 24,000 trees, nearly 2.3 million gallons of water, and a reduction of approximately 6,660 metric tons of CO<sub>2</sub> emissions.

## Eliminating Packaging

We continue to build on our success in reducing packaging waste sent to landfills. We achieved our initial goal to eliminate 25 million pounds of packaging in 2020, five years ahead of schedule. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030, and eliminated over 4 million pounds of material in 2022 alone by eliminating, redesigning and down-gauging our packaging.

We also redesigned our wheeled-modular merchandising unit to reduce materials by replacing it with a non-wheeled model starting production in 2023. This design will reduce the usage of plastic, medium density fiberboard, steel and corrugate. The new unit uses 24% less material by weight, equating to a reduction of nearly 400,000 pounds annually.

Beyond consumer packaging, we're finding ways to further reduce our secondary, transport and retail display packaging by investing in design solutions that improve distribution efficiency and thus eliminate extra trucks on the road. These packaging reduction efforts are helping Hershey mitigate the impact of packaging and packaging waste on our overall Scope 3 GHG emissions.

## What's Next

- Continue to find ways to eliminate non-value added materials
- Drive circularity via design choices
- Strive for transparency and education with enhanced labeling

→ For a summary of our packaging data, see page 86.

<sup>1</sup> Recyclable Materials: Materials that can be collected, separated or otherwise recovered from the waste stream through established recycling programs for reuse or use in manufacturing or assembling another item.



**Material ESG Issue:**  
Packaging and End-Of-Life



“

**We are committed to driving a sustainable future through responsible packaging choices that protect our products, prioritize our planet and deliver Hershey goodness to our consumers.”**

**Sandra Hand, Director of Packaging,  
The Hershey Company**



# Water: A Precious Resource

## Why It Matters

Water insecurity is one of the greatest risks to global prosperity. An estimated 2 billion people currently live in water-stressed areas. With water demand expected to outstrip supply by 40% by 2030, the number of people facing water scarcity will increase.<sup>1</sup> Access to water and sanitation is a fundamental human right and strive to manage our use of this limited resource to protect supplies of clean water. Through our manufacturing facilities and supply chain, Hershey is dependent on water for every product we make. This challenge requires that Hershey fully understands and responsibly manages our use of and impacts on this critical resource.



The better we understand our water use, the better we are able to manage those areas where our impact is the most significant. Our stewardship of water starts at home, as we gain insights into our manufacturing and office footprint and use this data to identify the most impactful actions.

### Taking Action on Water

Across our company, we took broad action on water during 2022. We:

- Established an Energy and Water Management Steering Committee and a Manufacturing Water Working Group to implement energy and water efficiency management plans in our facilities. See Reducing GHG Emissions in Our Operations on page 67.
- Increased action in water efficiency, especially at our international facilities which improved water intensity by 14% compared to 2021.
- Invested nearly \$1.5 million in high-efficiency equipment and adjusted operating procedures to reduce well water usage at our company headquarters.
- Investigated our operational footprint and its correlation with water-stressed areas.

<sup>1</sup> Water Stewardship, United Nations Global Compact.

<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 2022 water intensity. Factories in the High Water Intensity quadrant are above Hershey's median 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 median 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 median 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 median water intensity and are located in Very low to Low-medium baseline water stress areas. This assessment was first completed for Hershey's operational water footprint in 2021. The median is based on the 2021 Hershey water intensity baseline.



### Material ESG Issue:

Water Use

### Salient Human Rights Issue:

Access to Water and Sanitation

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



## Water: A Precious Resource

continued

### Raising Water Awareness

- Celebrated World Water Day, with Green Teams and facilities leading educational events and volunteer service projects
- Hosted an expert water supplier to educate employees in our Monterrey, Mexico, facility on the importance of ground water
- Engaged youth, in conjunction with the municipality of El Salto, Mexico and regional water authorities, in interactive activities to raise community awareness about local water challenges and how everyone can be part of the solution



### Case Study

## Creativity in a Water Crisis

In March 2022, the government in Monterrey, Mexico, declared a water crisis due to drought. The resourceful team in our Monterrey facility immediately began work to identify water reduction opportunities. The plant team identified their cooling towers as a major source of water consumption and found opportunities to recycle the clean non-contact cooling water back into the cooling towers that was previously not reused, thus greatly reducing the plant's water needs. The Monterrey water crisis officially ended in September 2022. Our learnings through this crisis highlighted the need for continued water conservation and management. We are incorporating more sustainable practices into our everyday plant water consumption.



# Water Stewardship in Our Supply Chain

**The water used to create our products is one of our greatest opportunities to reduce our environmental impact.**

## Why It Matters

Climate change affects our business by increasing the frequency of extreme weather and intensifying water stress. Reduced or erratic rainfall diminishes crop yields, potentially disrupting our business continuity and increasing costs. In 2022, approximately 14% of our food ingredients were sourced from regions with high or extremely high baseline water stress.<sup>1</sup> We are seeking opportunities with our suppliers and partners to protect supplies of clean water.

We look across our supply chain at water intensity and quality, using a data-driven approach to develop our implementation strategies. Among other leading water frameworks and tools, we benefit from our membership in the Science Based Targets Network's (SBTN) Corporate Engagement Program, which we use as a tool to understand our opportunities for water reduction and impact.

We address water protection through an integrated environmental approach that is aligned with our business strategy and maximizes positive impact. We are investing in solutions that have multiple benefits for both Hershey and our stakeholders: they are designed to maintain our business resiliency while supporting livelihoods and ecosystems and taking climate action. When we refreshed our priority ingredients risk assessment, we included water use to ensure that we consider current risks as our business evolves. We assessed our water footprint, broken down into blue water and green water. Green water refers to the rainwater and soil moisture consumed by plants and crops. Blue water refers to the volume of surface water or ground water consumed by an activity. While Hershey calculates its green water footprint to better understand its impact on the environment, only the blue water footprint can be easily controlled and we do our best to reduce the blue water footprint used in our supply chain.

→ Learn more in Risk Assessment Refresh on page 55.

## Identifying Water Risks

We're fundamentally connecting our climate, nature and water strategies to optimize resources for a more resilient supply chain. We completed the first steps in our water risk assessment by mapping the water risk across our top 10 ingredients. This process started in 2021, when 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.

<sup>1,2</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.

Through continued participation in SBTN's self-guided pilot, we've refined our initial assessments for the integration of water quality and quantity awareness across our supply chain. We began to identify and refine potential priority areas for future ambition to create more sustainable water systems and help future-proof growth against climate change. 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. We based these decisions on a comprehensive assessment of water quality in our major ingredient sourcing regions. We used leading global water screening tools: Aqueduct from the World Resources Institute and Water Risk Filter by the World Wildlife Fund. We're elevating the importance of water in ingredient sourcing and manufacturing by taking steps to quantify the impacts and dependencies at our facilities and in our value chain. With a better understanding of our reliance and impact on water resources, we can develop a clearer path for minimizing our water footprint. Our actions to understand and address our water use and risk include:

- Conducted projects to protect and enhance water resources in collaboration with Sustainable Dairy PA. See Dairy, page 55.
- Identified the water risks and opportunities in our priority ingredients, including enhanced understanding of the climate and nature/water connection. Learn more in The Water-Climate Connection on page 70.



## Material ESG Issue:

- Water Use
- Business Operations and Supply Chain Resilience

**~100%**  
of Hershey's global water footprint takes place in agriculture and packaging<sup>2</sup>

**96%**

of the company's water use occurs in 13 of the 30 countries from which we source our products<sup>2</sup>



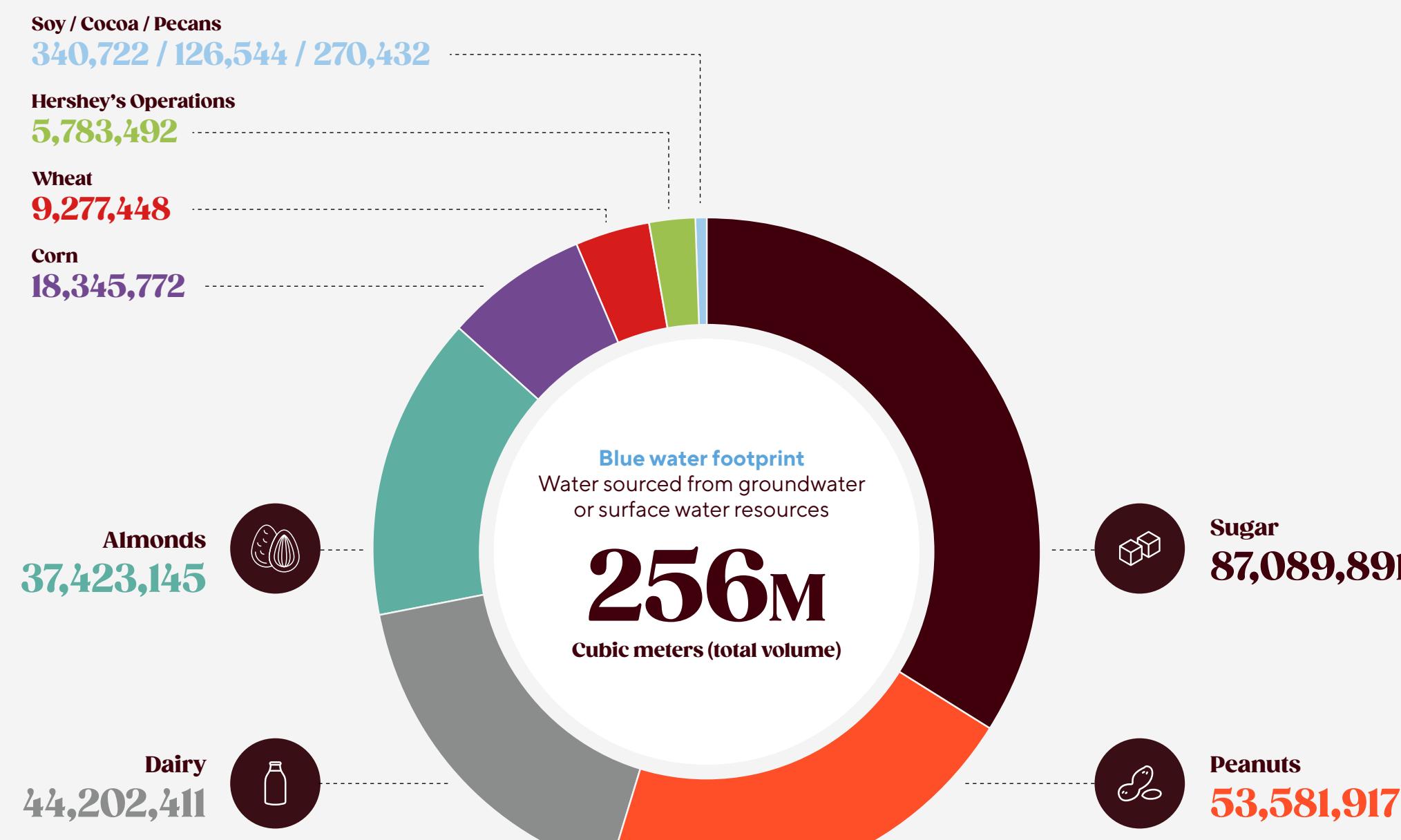
## Water Stewardship in Our Supply Chain

continued

### Our 2022 Blue Water Withdrawal Footprint (Cubic Meters)

We leverage the framework for developing science-based targets for nature as defined in SBTN to manage our blue water (which is controllable). The blue water footprint of ingredients is calculated using Water Footprint Network statistics.

Increases in our blue water footprint are due to higher volumes of ingredients sourced in 2022 and the addition of Dots and Pretzels (wheat). Cocoa's blue water footprint decreased due to less sourcing in Brazil. Brazil and Nigeria are the only countries in our portfolio with a blue water footprint according to the Water Footprint Network statistics.



# The Power — and Importance — of Biodiversity

**The health of our business, local communities we operate in and the world's economic systems all depend on protecting the health of nature.**

## Why It Matters

Loss of biodiversity, the vast variety of all living things on Earth, ranks alongside climate change and extreme weather as one of the top three most severe risks facing the world during the next decade.<sup>1</sup> Without biodiversity, the healthy ecosystems that we rely on for the food we eat and the air we breathe are at risk. A decline in biodiversity decreases the health and resiliency of the natural systems that sustain the entire supply chain of agricultural ingredients that are essential for every product that Hershey makes.

In accordance with our 2022 GRI Content Index, and to further support our understanding of biodiversity-related impacts, supplemental data tables are found on pages 88-89.

Hershey recognizes that biodiversity plays a critical role in business success and planetary health. Biodiversity loss presents a major systemic risk to both society and to Hershey. As an agriculturally-based food manufacturer, our business success depends on natural systems and our operations impact them. The food sector is also the area that needs the most improvement in protecting nature<sup>2</sup>. During our double materiality assessment, biodiversity was included as an ESG material issue, and we are continuing to educate ourselves by conducting a biodiversity assessment in 2023. Given the magnitude of this challenge, we are participating in collective solutions and investments with expert partners to ensure that together, we contribute to meaningful actions that protect and restore nature.

## Our Actions

Biodiversity is quickly becoming more deeply embedded within our environmental priorities and is already referenced in multiple policies, including our [Environmental Policy](#) and [No Deforestation Policy](#). Hershey's key requirements for cocoa include approved crop protection products to minimize impact on biodiversity — which applies to all cocoa we source. Through ongoing interactions with farmers and other suppliers, we invest in and work toward protecting the ecologically important ecosystems where palm oil is produced, as stated in our [Responsible Palm Oil Sourcing Policy](#).

In addition, we manage biodiversity through the standards and certifications we use for our ingredients and materials, including dairy and sugar. Along with our dairy partnership with the Alliance for the Chesapeake Bay, our two new regenerative agriculture programs for sugar beet production also have biodiversity benefits.

→ Learn more in [Improving Soil Health for Sugar Beets on page 56](#).

Hershey is working to better understand, mitigate and take action to protect biodiversity. An initial assessment showed that Hershey-owned manufacturing facilities and distribution centers are not currently located in or adjacent to areas of high biodiversity value. We also know that within 50 kilometers of our facilities in Brazil, Malaysia and Mexico, the number of species and percentage of landscape under protection is much higher. For a summary of our biodiversity and IUCN Red List Species data, see pages 88 and 89.

To build on this preliminary assessment, we are conducting a biodiversity assessment in 2023 to learn and educate ourselves on how to best proceed in this rapidly evolving area for business. We continue to participate in the SBTN Corporate Engagement Program for nature and the GRI Biodiversity standard. In addition, we are actively monitoring pending nature disclosure standards including, but not limited to, the Taskforce on Nature-related Financial Disclosures (TNFD) and the European Union's Sustainability Reporting Standards for Biodiversity and Ecosystems. We will continue to learn, adapt and collaborate to enable an agile response to this serious challenge.

## What's Next

- Conduct a biodiversity footprint assessment to gather insights on impacts, dependencies and opportunities across our operations and the value chain and better determine where we can make the most difference
- Expand our reforestation efforts globally in areas where we source ingredients



**Material ESG Issue:**  
Biodiversity



<sup>1</sup> The Global Risks Report 2022, World Economic Forum.  
<sup>2</sup> Biodiversity: Next Up On the Corporate Sustainability Docket, Novisto.

## The Power — and Importance — of Biodiversity

continued

### Case Study

## Harnessing the Power of Trees

Research shows that planting trees and restoring forest habitat provides a multitude of environmental and economic benefits to our communities, to future generations and to our business. Healthy forests have profound impacts on soil health, biodiversity, water use and carbon reduction. Each of these topics is a material ESG issue for Hershey. We engage in two major tree-planting partnerships as part of our investment in reforestation efforts.

Since 2017, Hershey has partnered with the [Arbor Day Foundation](#) to restore forest habitat across the U.S. As a Founding Member of the [Evergreen Alliance](#), an invite-only group of their most innovative and engaged corporate partners, Hershey has had a significant impact on America's forests and on the Foundation's ability to fulfill its mission to inspire people to plant, nurture and celebrate trees. Through the end of 2022, we have partnered to plant nearly 800,000 trees and restore more than 2,000 acres of land in forests of greatest need across 10 states through large-scale reforestation projects. In 2022 alone, we planted over 104,000 trees and restored nearly 180 acres of forests' habitat.<sup>1</sup> Following the completion of each planting project,

the Foundation's local partners continue to monitor and maintain the trees to ensure their survival during the trees' most vulnerable stage of growth. As we approach the milestone of one million trees planted together, Hershey plans to work with the Arbor Day Foundation to extend the partnership internationally to tropical forest projects in 2023.

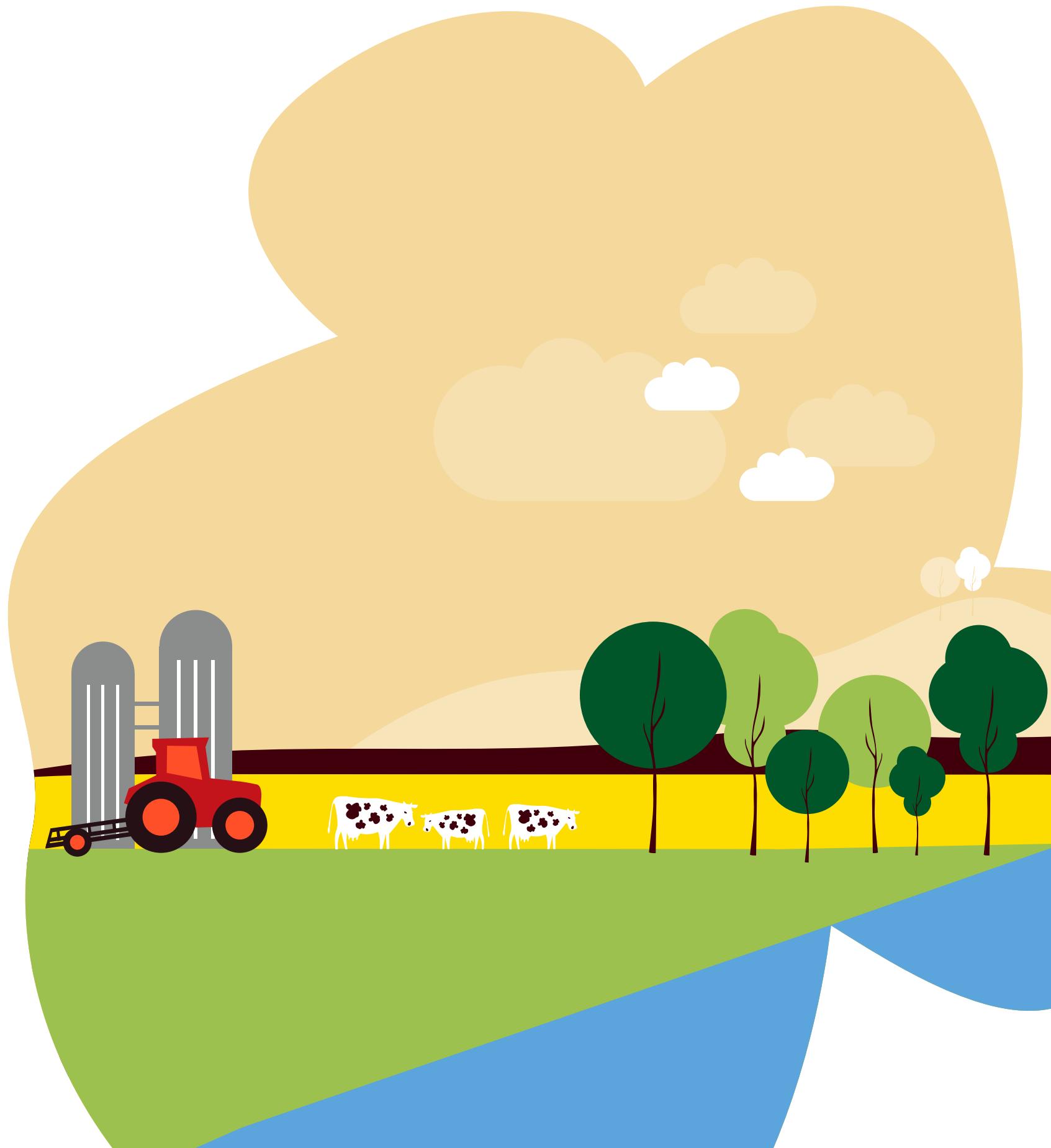
In 2022, Hershey marked the 26th year supporting the [Chesapeake Bay Foundation's](#) (CBF) educational programs, which teach thousands of students about the health of the Chesapeake Bay. In addition to providing funding, we hosted CBF students in Hershey for an outreach event in 2022. We also support CBF's [Keystone 10 Million Trees Partnership](#) and its Pennsylvania Rivers & Streams environmental education program. Through these partnerships, our funding helped plant nearly 155,000 trees and engage over 600 youth participants in 2022 alone. We're proud that we were able to contribute to the Keystone 10 Million Trees Partnership planting its [5 millionth tree](#) in October 2022 in Shippensburg, Pennsylvania, alongside staff from the Arbor Day Foundation.

“

**There is not a person alive  
who should not plant a tree  
— not for the shade that  
you'll enjoy, but for those  
who are coming after.”**

Milton Hershey

<sup>1</sup> Prior Arbor Day Foundation cumulative tree data was misreported from the Arbor Day Foundation to Hershey. It has been restated on this page and in the data table on page 89.



# Innovating Waste Solutions

**By viewing waste as a resource that has value, we're finding new ways to reduce, reuse and recycle our waste. In 2022, we achieved a company-wide waste recycling rate of 78%.**

At Hershey, we strive to practice good environmental stewardship. Natural resources are limited, and poor waste management can aggravate this dilemma. Failure to capture the value of end-of-life-cycle materials results in consuming raw materials, expending energy and generating pollution to create new products. Furthermore, irresponsible disposal can contribute to climate change and air pollution, and directly affects many ecosystems and species. At Hershey, we strive to take a different view of the by-products from our operations – not as waste but as potentially valuable resources to be directed away from landfills and put to productive use. Employees seek out new and innovative ways to reduce, reuse and recycle materials, often finding local partners for whom these resource streams are beneficial, thus contributing to a circular economy.

When we encounter a new waste stream, Hershey identifies the most beneficial use by evaluating the item according to a waste hierarchy process. Starting with prevention, the best way to manage waste is to produce less in the first place. At the enterprise and site levels, teams are reducing waste by conducting audits, implementing better processes and increasing employee awareness of workplace waste.

If a waste stream cannot be prevented, we explore opportunities for reuse and recycling. 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 used in the agricultural sector. If the material cannot be recycled, we look for ways to extract value, such as through waste-to-energy solutions. Our plant in Monterrey, Mexico, diverts some non-recyclable waste to a nearby cement manufacturing facility, which uses it as a substitute for fossil fuels. This practice reduces CO<sub>2</sub> emissions for the cement manufacturer and contributes to a circular economy. We also seek to reduce waste through responsible procurement practices, such as purchasing items with recycled content and reduced packaging.

Waste management strategies are implemented at each location by our Environmental Health and Safety (EHS) personnel who ensure adherence to our Waste Management Policy. We harness the energy and enthusiasm of our 13 Green Teams worldwide to help drive waste reduction at our manufacturing and office sites.

## What's Next

- Gather additional detailed insights and analytics about our waste streams to identify areas of opportunity in the spirit of continuous improvement

→ **For a summary of our waste management data, see page 87.**

## Repurposing Waste in Manufacturing

By applying the Hershey Lean concept, an enterprise initiative focused on improving operations across all manufacturing locations, specifically to operation waste, our Malaysia facility Green Team identified and implemented three zero-cost projects. Together, these changes are eliminating 63,000 pounds of waste, reducing material sent to landfill and lowering costs. In one project, team members found a way to convert almond waste that had been treated as landfill waste to be beneficially used in agriculture. This not only reduces waste, but also eliminates transportation costs and carbon emissions.

## Helping People and the Planet: Community Engagement

A used cooking oil collection program at our Brazil plant has a double pay-off with both social and environmental benefits. The Instituto de Educação Socioambiental school transforms all oil donated by our employees into soap at its Ecological Soap Factory, which provides employment for several families. All proceeds are used to help children through the local Center of Guidance and Social Education.



**Material ESG Issue:**  
Packaging and End-Of-Life



# Environmental Partnerships

**Hershey partners with global and local environmental organizations to drive impact by reducing our environmental impact.**

We consider these partnerships to be of key importance. They bring essential insights and help us to reduce our environmental impact, make improvements in the quality of land and water around our operations, and benefit local communities. Furthermore, collaborations with others in sustainability partnerships is the focus of Goal 17 of the United Nations Sustainable Development Goals. At right, we highlight several of our most influential partnerships, spanning the environmental spectrum including atmospheric emissions, impacts on water, land and biodiversity.

## 2,000+

people, including over 1,200 youth, participated in environmental education opportunities to raise environmental awareness, engage in problem solving, and take action to improve the environment through these partnerships.



**Global Networks and Nonprofits**



**Project Implementation Partners**



**Community Partners**

**Science Based Targets Network** - SBTN helps Hershey in setting science-based targets to reduce corporate impact on biodiversity, land, freshwater and the ocean.

**World Resources Institute** - As a global environmental and development organization, Hershey is part of their Corporate Consultative Group where we have access to consultation, networking, and interactive workshops.

**Ceres** - As a member of the Ceres Company Network, Ceres provides Hershey access to peer connections, emerging sustainability priorities and consulting expertise.

**Alliance for the Chesapeake Bay** - Hershey works with the Alliance for the Chesapeake Bay to make on-farm improvements to reduce emissions and improve waterways in the Pennsylvania region.

**Arbor Day Foundation** - Hershey engages the Arbor Day Foundation to identify and execute large-scale tree planting projects to reduce emissions and promote biodiversity. Hershey is a founding member of the Evergreen Alliance, an invite-only group of the Foundation's most innovative and engaged corporate partners.

**PUR** - A global leader in nature-based solutions, PUR works with farmers to develop impactful, community-run regenerative and sustainable agriculture models, also enhancing livelihoods and conservation activities.

**Soil and Water Outcomes Fund** - This fund provides financial incentives directly to farmers who transition to on-farm conservation practices that yield positive environmental outcomes such as carbon sequestration and water quality improvements.

**Chesapeake Bay Foundation (CBF)** - With over 25 years of partnership, Hershey is a founder of the Keystone 10 Million Trees campaign in addition to youth environmental education efforts.

**Horn Farm Center** - A hub for agricultural education, the Horn Farm Center fosters learning through ecological stewardship, experiential education and community partnership.

**Lebanon County Conservation District (LCCD)** - Part of the county government, LCCD addresses local, natural resource concerns at a county level by providing technical assistance and education.

**Urban Roots Farm** - A community-shared agricultural resource and community-supported agriculture farm that grows organic food for our community.

**Hershey Community Garden** - Founded by The Hershey Company, Penn State Health Milton S. Hershey Medical Center, and Hershey Entertainment & Resorts Company, the garden provides fresh produce for local food banks and health and environmental education programs for community members.

# Employees Acting for Change

“

**The Green Team gives me the opportunity to be part of big change in sustainability with the people at Hershey Monterrey and with the community. I am sure that we as a network can continue to give goodness back into this world.”**

Reyna Cristina Martinez, Hershey Monterrey Green Team member



## The passionate people on Hershey's Green Teams are activating our workforce to help better manage our resources and protect the planet.

Achieving Hershey's environmental goals and commitments requires action from employees across our enterprise. Our Green Teams are the front lines of this action. Making a Difference has always been a core value at Hershey. These employees are bringing that value to life through their personal involvement in the workplace as volunteers, and by making business decisions and taking actions that advance sustainability and social impact.

### Environmental Stewardship

Our Green Teams represent a group of passionate employees from all parts of the organization and locations around the world. They come together out of a shared interest in reducing negative environmental impacts at Hershey and in the communities where we operate. Hershey launched our first Green Team on Earth Day 2020. At the end of 2022, there were 13 active Green Team chapters involving more than 350 people around the world. Green Teams are a grassroots initiative that promotes a culture of sustainability through educating, engaging and activating employees, all contributing positively to our ESG goals at every level of the business. Green Teams are a catalyst for transforming Hershey into a more sustainable organization from the inside out.

### Growing Greener

To capture and replicate the innovation and accomplishments of Green Teams, we launched a best practice sharing tool for our global facilities. This repository promotes idea sharing and provides recognition for successful solutions implemented by Hershey colleagues. For example, the São Roque Green Team replaced their LPG forklifts with electric forklifts. By eliminating the use of propane gas, the São Roque plant reduced its CO<sub>2</sub>

emissions by 56 tons in 12 months. In addition to cleaner air, the employees appreciate a quieter workplace due to the elimination of noise pollution from the previous forklifts. Success stories such as this help motivate and inspire other plants to engage in similar changes.

### Celebrating Excellence

In 2022 we introduced a Green Teams Awards program to celebrate and commend best practices and projects that best demonstrate our Green Teams pillars of Educate, Engage, and Activate. Through this healthy competition, we showcase projects from the past year and share actions other Green Teams can replicate. One finalist project included a World Water Day celebration in which the Malaysia Green Team members began a competition to reduce household water bills. In São Roque, facility members and students from community schools engaged in an educational workshop to discuss the importance of water management and protection in context of the regional water basin. Additional finalist projects engaged hundreds of students in environmental workshops, such as the São Roque facility's Good to Give Back Month event, during which 650 students planted almost 400 trees.

### Cleaning Up Plastic

#### Recycling Plastic Covers

Three of our facilities in Brazil help raise funds for local schools by collecting and recycling bottle caps through the Tampinha Legal project, one of the largest Latin American socio-environmental education programs in the plastic industry. Caps and covers of all kinds are collected in 12 repurposed food drums, painted and adapted by volunteers to promote sorting by color and proper collection in the schools involved.

### The Perils of Single Use Plastic

Our Malaysia plant Green Team educated students at the Taman Daya School about the importance of sustainability and avoiding single-use plastics. Team members presented students with a reusable Hershey stainless steel drinking bottle as a substitute for plastic bottles and explained why it's better for their health and the environment.

### What's Next

- Lead programming in energy, waste and water to raise employee awareness and engagement
- Advance waste reduction at Hershey global headquarters
- With the help of our partners, reach a total of 1 million total trees planted

## Our Green Team Mission

**Educate:** Spread awareness of Hershey's sustainability initiatives and challenges and share best practices.

**Engage:** Foster feelings of inclusion and ownership in creating Hershey's sustainability future and build grassroots support and momentum.

**Activate:** Harness employee passion and energy to identify and implement improvements to tangibly impact Hershey's sustainability.



# Our Progress

## Goals

Environment	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
<b>50%</b> absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline	2030	<b>41%</b>	On Track	1
<b>25%</b> absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	<b>10%</b>	In Progress	2
<b>100%</b> of plastic packaging to be recyclable, reusable or compostable	2030	<b>17%</b>	On Track	3
<b>25 million pounds</b> of packaging to be eliminated	2030	<b>13.7 million pounds</b>	On Track	4

1 Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based). Our 2022 Scope 1 and Scope 2 data received limited assurance by EY.

2 Our 2022 Scope 3 data is verified by Quantis. In 2023, we will be undertaking a rebaselining for our Scope 3 emissions.

3 The progress for this commitment currently represents Hershey North American produced products only (e.g., U.S., Canada, Monterrey (Mexico), and all export items from these countries) that are recyclable.

4 In 2021, we expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030. Results represent cumulative packaging waste eliminated (2021-2022).

**KPIs**

<b>GHG Emissions</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Direct (Scope 1) emissions	MTCO2e	<b>179,211</b>	146,653	157,092	1
Change in Scope 1 emissions (against a 2018 baseline)	%	<b>-0.27%</b>	-6.70%	-0.04%	—
Indirect (Scope 2): market-based emissions	MTCO2e	<b>68,639</b>	61,415	129,100	2
Change in Scope 2: market-based emissions (against a 2018 baseline)	%	<b>-71.74%</b>	-74.50%	-46.60%	—
Value chain (Scope 3) emissions	MTCO2e	<b>5,941,676</b>	5,346,693	5,709,238	3
Change in Scope 3 emissions (against a 2018 baseline)	%	<b>-9.80%</b>	-18.40%	-12.90%	—
Total GHG footprint	MTCO2e	<b>6,189,527</b>	5,554,762	5,995,431	4
Indirect (Scope 2): location-based emissions	MTCO2e	<b>232,579</b>	201,203	197,612	2
Biogenic carbon dioxide emissions	MTCO2e	<b>9,472</b>	3,631	4,398	5

1 Hershey's 2022 Scope 1 data received limited assurance by EY and the corresponding limited assurance statement is found on pages 127-129.

2 Hershey's 2022 Scope 2 data received limited assurance by EY and the corresponding limited assurance statement is found on pages 127-129.

3 Hershey's 2022 Scope 3 data has been independently verified by Quantis and the corresponding data verification letter is found on pages 130-131.

4 Our 2022 total GHG footprint is considered accurate given Scope 1 and Scope 2 (market-based) data has received limited assurance by EY (see pages 127-129) and our Scope 3 data has been verified by Quantis (see pages 130-131).

5 This metric includes carbon emission from biofuel, such as biomass and biogas, for energy production. Hershey transitioned from coal to rice husks as biofuel within our India plant during 2022.

**Scope**

Hershey's 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's and Pretzels.

Hershey's 2020 and 2021 GHG emissions data excludes ONE Brands, Lily's, Dot's and Pretzels.

**Methodology**

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

Scope 1 includes natural gas, coal, oil #2, oil #6, gasoline, jet fuel, propane, refrigerants, and biogenic emissions for CH<sub>4</sub> and N<sub>2</sub>O. Gases included in the reporting boundary are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, and PFCs. The majority of the reported CO<sub>2</sub> emissions are from CO<sub>2</sub> with the remainder being composed of CH<sub>4</sub>, N<sub>2</sub>O, HFCs, and PFCs, noting that these and other greenhouse gases are not material to Hershey's emissions.

Scope 2 indirect emissions includes the following gases: CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O in the reporting boundary. The majority of the reported CO<sub>2</sub>e emissions are from CO<sub>2</sub> with the remainder being composed of CH<sub>4</sub> and N<sub>2</sub>O, noting that HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub> are not material to Hershey's emissions.

Totals may not equal 100%, due to rounding.

All calculations include relevant GHG emissions as specified by the Greenhouse Gas Reporting Protocol and follows the Operational Control methodology.

Emission factor sources include:

- Scope 1: Ecoinvent and DEFRA. Operational control.
- Scope 2: EPA Emissions & Generation Resource Integrated Database (eGRID), Green-e® Energy Residual Mix Emissions Rate and the emission rates of our electricity providers. The Green-e residual mix emission factor emission factors applied to electricity consumption in the U.S. is an adjusted grid-average emission factor that accounts for all unique Green-e Energy certified sales. A complete adjusted emission factor (i.e., residual mix that accounts for all voluntary renewable energy claimed) is not available for the U.S. at this time. Operational control.
- Scope 3: Ecoinvent, World Food LCA Database (WFLDB version 3.5), Quantis Dryad tool and the emission rates of some of our suppliers. Operational control. GHG Protocol standard used.

**KPIs**

<b>GHG Emissions - Scope 3</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Scope 3: Category 1 – Purchased Goods and Services	MTCO2e	<b>5,055,719</b>	4,483,142	4,828,019	—
Scope 3: Category 2 – Capital Goods	MTCO2e	<b>Not applicable</b>	Not Applicable	Not Applicable	—
Scope 3: Category 3 – Fuel and Energy-Related Activities	MTCO2e	<b>136,489</b>	28,418	29,289	1
Scope 3: Category 4 – Upstream Transportation and Distribution	MTCO2e	<b>363,671</b>	408,839	418,876	—
Scope 3: Category 5 – Waste Generated in Operations	MTCO2e	<b>13,656</b>	7,558	7,111	2
Scope 3: Category 6 – Business Travel	MTCO2e	<b>13,276</b>	6,006	6,768	3
Scope 3: Category 7 – Employee Commuting	MTCO2e	<b>43,446</b>	33,013	33,189	—
Scope 3: Category 8 – Upstream Leased Assets	MTCO2e	<b>Not applicable</b>	7,696	7,516	4
Scope 3: Category 9 – Downstream Transportation and Distribution	MTCO2e	<b>202,414</b>	284,179	293,947	5
Scope 3: Category 10 – Processing of Sold Products	MTCO2e	<b>Not Applicable</b>	Not Applicable	Not Applicable	—
Scope 3: Category 11 – Use of Sold Products	MTCO2e	<b>Not Applicable</b>	Not Applicable	Not Applicable	—
Scope 3: Category 12 – End-of-Life Treatment of Sold Products	MTCO2e	<b>113,005</b>	87,842	84,524	6
Scope 3: Category 13 – Downstream Leased Assets	MTCO2e	<b>Not Applicable</b>	Not Applicable	Not Applicable	—
Scope 3: Category 14 – Franchises	MTCO2e	<b>Not Applicable</b>	Not Applicable	Not Applicable	—
Scope 3: Category 15 – Investments	MTCO2e	<b>Not Applicable</b>	Not Applicable	Not Applicable	—

1 Data for 2022 includes emissions related to electricity production and includes ONE Brands, Lily's, Dot's and Pretzels.

2 Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels.

3 Business travel increased in 2022 and is more closely aligned to pre-pandemic levels. Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels.

4 Consistent with our year-over-year improvement, we identified that emissions previously associated with our retail sales fleet were better aligned to definitions in Scope 1 and therefore Scope 3: Category 8 is no longer applicable.

5 Our Scope 3: Category 9 value decreased in 2022 due to continued improvements in fuel efficiency.

6 Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels.

**Assurance**

Hershey's 2022 Scope 3 data has been independently verified by Quantis and the corresponding data verification letter is found on pages 130-131.

**Scope**

Hershey's 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's and Pretzels.

Hershey's 2020 and 2021 GHG emissions data excludes ONE Brands, Lily's, Dot's and Pretzels.

**Methodology**

Totals may not equal 100%, due to rounding.

All calculations include relevant GHG emissions as specified by the Greenhouse Gas Reporting Protocol.

Emission factor sources include:

- Scope 3: Ecoinvent, World Food LCA Database (WFLDB version 3.5), Quantis Dryad tool and the emission rates of some of our suppliers. Operational control. GHG Protocol standard used.

**KPIs**

Emissions Intensity	Unit	2022	2021	2020
Direct (Scope 1)	MTCO2e per Metric ton of product produced	<b>0.160</b>	0.154	0.168
Indirect (Scope 2): market-based	MTCO2e per Metric ton of product produced	<b>0.061</b>	0.065	0.138
Scope 1 and Scope 2: market-based	MTCO2e per Metric ton of product produced	<b>0.222</b>	0.219	0.306
Value chain (Scope 3)	MTCO2e per Metric ton of product produced	<b>4.638</b>	4.875	5.329

**Scope**

Hershey's 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's and Pretzels.

Hershey's 2020 and 2021 GHG emissions data excludes ONE Brands, Lily's, Dot's and Pretzels.

Energy Consumption	Unit	2022	2021	2020	Notes
Biogas	Gigajoules (GJ)	<b>64,166</b>	72,015	87,218	1
Biomass	Gigajoules (GJ)	<b>71,456</b>	Not applicable	Not applicable	2
Coal	Gigajoules (GJ)	<b>7,650</b>	72,533	77,665	2
Distillate fuel oil no. 2	Gigajoules (GJ)	<b>9,488</b>	7,283	6,584	—
Electricity consumed	Gigajoules (GJ)	<b>2,271,168</b>	2,019,779	1,973,875	—
Fuel oil no. 6	Gigajoules (GJ)	<b>0</b>	151	555	3
Jet fuel	Gigajoules (GJ)	<b>56,152</b>	32,045	30,812	4
Gasoline	Gigajoules (GJ)	<b>68,986</b>	2,940	3,009	5
Natural gas	Gigajoules (GJ)	<b>3,132,437</b>	2,465,002	2,513,685	—
Propane	Gigajoules (GJ)	<b>1,629</b>	596	785	—
Total energy consumption	Gigajoules (GJ)	<b>5,683,133</b>	4,672,395	4,694,197	6
Energy intensity ratio	GJ per metric ton of product produced	<b>4.47</b>	4.38	4.48	7

1 We had a decrease in biogas in 2022 due to operational downtime of the biogas system.

2 Hershey transitioned from coal to biomass as an energy source within our India plant in 2022.

3 Fuel oil no. 6 is a carbon-intensive fuel, Hershey eliminated from use in 2022.

4 Travel increased in 2022 and is more closely aligned to pre-pandemic levels.

5 Our 2022 results appropriately include fuel usage from retail sales vehicles which had been omitted previously.

6 Total may not add up when using category values listed above due to rounding. Our 2022 total energy consumption metric received limited assurance by EY (see pages 127-129).

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

Note: The 2021 and 2020 scope of for our energy consumption data includes all Hershey facilities (e.g., offices, factories and distribution centers/warehouses) with the exception of ONE Brands, Lily's, Dot's and Pretzels. These locations are included in the 2022 energy consumption data.

## KPIs

Electricity Mix	Unit	2022	2021	2020	Notes
Total electricity consumed that is grid electricity	%	<b>22.99%</b>	22.15%	56.25%	1
Electricity consumption that is renewable	%	<b>25.47%</b>	21.45%	6.52%	1
Electricity consumption that qualifies as zero-emissions energy	%	<b>51.54%</b>	56.40%	37.23%	1
Electricity consumption from renewable and zero-emissions energy	%	<b>77%</b>	77%	Not Applicable	—
RECs from solar projects	# of RECs	<b>75,500</b>	14,600	Not Applicable	2

1 These KPIs received limited assurance by EY (see pages 127-129). Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels.

2 Hershey invested in three solar farm projects with the first coming online in 2021 and the second in 2022. The third is scheduled to generate power beginning in 2024.

Air Quality	Unit	2022	2021	2020
NOx emissions	Metric tons	<b>91.3</b>	67.4	74.9
SOx emissions	Metric tons	<b>3.7</b>	2.2	2.5
VOC emissions	Metric tons	<b>176.6</b>	101.9	83.8
CO emissions	Metric tons	<b>78.4</b>	64.0	64.2
Particulate emissions	Metric tons	<b>94.6</b>	52.9	49.2

Note:

2022 air emissions data represents Hershey's 14 global confectionery manufacturing sites.

2021 and 2020 data only includes confectionery manufacturing sites in Mexico and the U.S.

This data does not include Dot's, Pretzels, Lily's, or ONE Brands.

**KPIs**

Packaging	Unit	2022	2021	2020	Notes
Eliminating hard-to-recycle PVC	%	<b>Qualified alternatives identified for 100% of PVC</b>	Qualified alternatives identified for more than 50% of PVC	Not Applicable	1
Total packaging sourced globally	Metric tons	<b>172,766</b>	168,898	156,617	2
Packaging waste eliminated	Millions of pounds	<b>4.2</b>	9.5	2.26	3
Product packaging by weight that is currently recyclable	%	<b>77%</b>	77%	77%	—
Packaging made from recycled and/or renewable materials	%	<b>73%</b>	72%	70.2%	—
Packaging in North America that is post-consumer recycled material	%	<b>32%</b>	31%	22%	—

1 Hershey's commitment to eliminate PVC by end of 2022 was announced in 2021. We are targeting no new orders of PVC in 2023 and beyond.

2 This packaging weight includes Candy, Mint, and Gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials.

3 We eliminated 4.2 million pounds of packaging waste in 2022. The decline in packaging waste compared to 2021 was due to a large packaging project in 2021 that eliminated a substantial amount of corrugate related to Reese products.

Cumulative packaging waste eliminated (2021-2022) is 13.7 million pounds.

Packaging waste eliminated:

• 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.

• 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.

Water Impact	Unit	2022	2021	2020	Notes
Total water consumption	Millions of Liters	<b>885</b>	914	923	1
Total water consumed in region of extremely high baseline water stress	%	<b>49.5%</b>	46%	10.6%	2
Total water consumed in region of high baseline water stress	%	<b>4.1%</b>	2%	38.4%	2
Total water discharged	Millions of Liters	<b>4,898</b>	4,915	4,623	3
Total water use	Millions of Liters	<b>5,783</b>	5,829	5,546	3
Groundwater	% of total water use	<b>54%</b>	54%	52%	—
Purchased water	% of total water use	<b>46%</b>	46%	48%	—
Total water withdrawn in region of extremely high baseline water stress	%	<b>11.5%</b>	11%	2.9%	4
Total water withdrawn in region of high baseline water stress	%	<b>1%</b>	1%	9.6%	4
Water intensity	Liters per kilogram of product produced	<b>2.78</b>	3.19	3.11	—

1 Water consumption is calculated as water use less water discharge. This metric has been independently verified by Quantis (see pages 130-131).

2 The data represents Hershey's global manufacturing facilities and owned U.S. distribution centers and corporate offices. While water intensity continues to improve, there was an increased production in 2022 that resulted in an increase in water consumption. In 2020, only our plant in India was considered in a region of extreme baseline water stress. In 2021 and 2022, our plants in India, Monterrey, and Guadalajara were considered in a region of extreme baseline water stress.

3 2022 water data includes Dot's and Pretzels Inc. This metric has been independently verified by Quantis (see pages 130-131).

4 The data represents Hershey's global manufacturing facilities and owned U.S. distribution centers and corporate offices.

Note: Our 2021 Water data excludes ONE Brands, Lily's, Dot's and Pretzels.

**KPIs**

<b>Waste Management</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>Notes</b>
Hazardous waste	Metric tons	<b>225</b>	152	178	1
Non-hazardous waste generated	Metric tons	<b>87,188</b>	61,013	56,602	2
Waste to energy (incineration)	Metric tons	<b>9,973</b>	6,781	5,818	2
Waste to trash (landfill)	Metric tons	<b>8,913</b>	2,700	3,033	2
Total waste reused and recycled	Metric tons	<b>68,302</b>	51,532	47,751	—
Total waste: Composted	Metric tons	<b>138</b>	223	14	3
Total waste: recycled	Metric tons	<b>29,826</b>	20,565	20,810	—
Total waste: Stock Feed	Metric tons	<b>38,338</b>	30,744	26,927	—
Waste intensity	Metric tons of waste generated / Metric tons of product produced	<b>0.08</b>	0.06	0.06	—

1 The definition of hazardous waste varies by country. In 2022, medical waste in Malaysia (e.g., COVID personal protective equipment including gloves and masks) was re-classified as Hazardous waste.

2 Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels, Inc.

3 Our reduction in compost in 2022 is attributed to an increase in the amount of organic material being diverted to stock feed.

## Note:

2021 and 2020 data in the Waste Management table excludes ONE Brands, Lily's, Dot's and Pretzels.

Waste management data within this table has been independently verified by Quantis (see pages 130-131).

**KPIs**

Biodiversity*	Unit	2022	2021
Hershey, PA	Manufacturing, corporate offices, distribution centers	%	<b>0.82%</b>
Hazleton, PA	Manufacturing	%	<b>4.16%</b>
Lancaster, PA	Manufacturing	%	<b>0.47%</b>
Stuarts Draft, VA	Manufacturing	%	<b>11.77%</b>
Memphis, TN	Manufacturing	%	<b>2.66%</b>
Robinson, IL	Manufacturing	%	<b>4.14%</b>
Monterrey, Nuevo León, Mexico	Manufacturing	%	<b>79.30%</b>
Guadalajara, Jalisco, Mexico	Manufacturing	%	<b>30.77%</b>
Mandideep, Madhya Pradesh, India	Manufacturing	%	<b>0.00%</b>
Johor, Malaysia	Manufacturing	%	<b>10.03%</b>
São Roque, São Paulo, Brazil	Manufacturing	%	<b>39.56%</b>
Granby, Quebec, Canada	Manufacturing	%	<b>2.04%</b>
St. Hyacinthe, Quebec, Canada	Manufacturing	%	<b>2.78%</b>
Edwardsville, IL	Distribution center	%	<b>1.61%</b>
Ogden, UT	Distribution center	%	<b>6.56%</b>
Edgerton, KS	Dot's Pretzels	%	<b>0.59%</b>
Goodyear, AZ	Dot's Pretzels	%	<b>17.69%</b>
Lenexa, KS	Dot's Pretzels	%	<b>0.51%</b>
Velva, ND	Dot's Pretzels	%	<b>1.43%</b>
Lawrence, KS	Pretzel's Inc.	%	<b>0.75%</b>
Bluffton, IN	Pretzel's Inc.	%	<b>0.42%</b>
Plymouth, IN	Pretzel's Inc.	%	<b>1.58%</b>

\*This data represents operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. More specifically, the information identifies at Hershey-owned manufacturing facilities and distribution centers, the percentage of nearby landscape considered under protection within 50 kilometers according to The World Database on Protected Areas (WDPA). The WDPA is the most comprehensive global database on terrestrial and marine protected areas. This data is up to date as of March 2023.

**KPIs**

Location	IUCN Red List Species*						2022			2021		
	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned		
Arizona, USA	3	5	9	11	624	3	4	9	11	616		
Illinois, USA	9	12	27	23	883	5	11	24	24	872		
Indiana, USA	4	15	23	26	757	3	11	21	26	751		
Jalisco, Mexico	5	23	32	33	1,093	5	20	27	28	1,047		
Johor, Malaysia	41	107	300	324	2,902	39	103	301	324	2,756		
Kansas, USA	2	10	16	22	735	2	10	16	22	735		
Madhya Prades, India	5	12	23	25	725	5	11	20	24	721		
North Dakota, USA	3	6	13	11	449	1	5	11	11	439		
Nuevo León, Mexico	4	14	21	25	884	4	13	21	25	856		
Pennsylvania, USA	5	9	28	26	787	5	7	22	28	773		
Quebec, Canada	5	12	22	21	599	5	9	20	22	607		
São Paulo, Brazil	9	19	44	62	1,791	7	16	45	69	1,625		
Tennessee, USA	8	10	24	21	808	4	9	23	22	803		
Utah, USA	2	4	9	10	551	2	3	9	10	548		
Virginia, USA	3	6	23	22	721	3	5	19	22	709		

\*The data in the table above shows the IUCN Red List species and national conservation list species with habitats within 50 kilometers of Hershey-owned manufacturing facilities and distribution centers, by level of extinction risk.

Hershey Green Teams	Unit	2022	2021	2020	Notes
Hershey Green Team chapters (globally)	#	13	11	3	—
Hershey Green Team members	#	>350	>330	>160	—
Trees planted and tree seedlings distributed	#	262,396	218,124	220,100	1
Trees planted in partnership with the Arbor Day Foundation	# of trees	104,167	>690,000	Not Applicable	2

1 The total trees planted and tree seedlings data represented in this metric includes the activities of Hershey Green Teams and ongoing 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 41.

2 Hershey's previously reported tree total has been restated in this table compared to our 2021 ESG Report. Data was previously incorrectly reported by the Arbor Day Foundation to Hershey. Over the course of our partnership (2017-2021), we have planted more than 690,000 trees with the Arbor Day Foundation. In calendar year 2022, we specifically planted 104,167 trees.



# Our People

**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 automatic, not an initiative, and all employees can be their whole selves at work. We fuel 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.



# Lead Today, Create Tomorrow

**We invest in a dynamic workforce and foster an environment where all employees can thrive. Together, we are creating a brighter tomorrow for Hershey and each other.**

## Why It Matters

Our culture has long been one that values Togetherness, Excellence, Integrity and Making a Difference. We strive to cultivate a workplace that delivers exceptional business performance in a way that energizes our people. Risks to our efforts are similar to the labor trends that many are experiencing – economic uncertainty and inflation, attrition and global events. Great talent is in more demand with ongoing labor shortages and a focus on skills-first hiring.

Changes in the external labor environment continue to present Hershey with the opportunity to evolve our current workforce strategies. Our Employee Value Proposition – to Lead Today, Create Tomorrow – encapsulates our people-first strategy to maintain and strengthen our highly-engaged and productive workforce. By listening carefully and continuously to our employees, we gain valuable insights that enable us to create a workplace that meets employees' needs and helps them thrive. By understanding and adapting to external trends, we create opportunities to embrace technology to rethink people development, best utilize our employees' time, drive productivity and retain talented, productive employees.

### Our Strategy

**There are four pillars to our Lead Today, Create Tomorrow strategy:**

#### Flexibility and Time Use

We are supporting overall well-being by helping employees maximize time both at home and at work. Through the Best of Both Framework, employees enjoy flexibility in when, where and how work gets done. Over the past two years, this framework has been instrumental in driving engagement, inclusion and belonging, and innovation across our teams.

→ [Learn more in Family Friendly, Flexible Work Options on page 94.](#)

### Development for All

We foster a fulfilling professional environment to promote individual growth for all. Hershey has also intensified our efforts to build a talent pipeline of future leaders. In 2022, we launched a robust talent assessment process to feed our Director and Critical Role pipeline with commercially-oriented talent.

This program supplements established talent pipeline efforts geared at ensuring that we have a solid and diverse bench and pipeline for our most critical enterprise roles.

→ [Learn more in Investing in Development to Create Tomorrow on page 95.](#)

### Energizing Experiences

We celebrate the positive contributions of an inclusive and diverse workforce. Through our Pathways to JOIN, GROW and REACH OUT, we are welcoming, including and helping to advance people inside – and outside – of Hershey. See additional details about the Pathways Project on page 96.

### Care Systems and Rewards

We offer recognition and rewards that enrich financial, emotional and physical well-being of our people in meaningful ways. See Care Systems & Flexibility on page 94.

Our purpose to Make More Moments of Goodness, inspires our people. We come to work each day motivated to make and sell the iconic brands that our consumers love. Those brands hold a unique place in people's hearts and minds, differentiate our business and drive our future growth.



# Safety First

“

**Caring for people's safety is one of our deepest responsibilities at Hershey and critical to our ongoing success.”**

**Ken Soltesz, Director, Environment, Health and Safety, The Hershey Company**



We put the safety of our people first. From our employees, to contractors and guests we work to protect and promote every person's well-being. Health and safety is a fundamental human right and we strive to uphold the highest standards ensuring mental and physical safety of all employees. Our approach is based on global best practices and seeks to meet or exceed regulations wherever we operate. Hershey's Environmental, Health & Safety Policy Statement is signed by our CEO, Michele Buck, and applies to all global Hershey employees.

We use an Environmental, Health and Safety (EHS) Management System introduced in 2021 and modeled on the leading ISO 14001 and 45001 standards. This global EHS system instituted standardized practices that make it easier to maximize employee safety, ensure legal compliance regardless of location, and unite our people under one way of thinking about EHS. It encompasses updated global safety standards for both people and the environment, as well as regular training for relevant employees on applicable topics.

In 2022, we began implementing a culture-based ergonomics program to make our employees more comfortable and increase productivity. Our goal is to achieve a **50% hazard reduction for job functions with ergonomic risks by 2025**. Overall risk reduction at Hershey will be achieved through automation, employee awareness, training, development of employee-based ergonomics committees, risk assessments, incorporation of ergonomics into project planning, and the implementation of corrective and preventative action plans.

## Our Global EHS Management System

We completed the implementation of our new EHS management system in 2022. This work was supported by a robust internal audit system that validated the application of the standard, as well as site compliance with local regulations. Audit teams consisted of EHS Center of Excellence members and EHS managers from other Hershey sites. Our EHS Lean Pillar team oversees the implementation of the new safety standards and procedures.

## Safety Training

Proper training is vital to equipping employees for a safe experience at work. We follow a comprehensive training program to ensure that our employees are aware of and comply with all company and regulatory training requirements. All Hershey site locations follow the same training matrix to plan, implement and monitor completion of appropriate environmental, health, and safety training for applicable employees. Our safety training program encompasses 86 separate training requirements with set frequencies of initial, annual, bi-annual, and every three years, based on overall risk and regulatory requirements. Dependent on the specific program, training is completed through computer-based modules, classroom, and/or hands-on instruction. We evaluate delivery and completion of training as part of the Global EHS Assessment program implemented in 2022.

## Employee Ergonomics

We are rolling out our ergonomics program through a six-step maturity ladder process and expect to achieve our 50% hazard reduction goal when each site has completed implementation. Steps 1 through 3 focused on the development of cross-functional ergonomic committees, general awareness training for all employees, identification and completion of at least three ergonomic improvements, and in-depth training for committee members about ergonomic risk assessments. This also involved evaluation of individual tasks and the completion of risk assessments at each manufacturing location. By the end of 2022, 14 of 16 sites completed ergonomic activities through Step 3.

Based on current progression through the established ergonomic steps, we reduced ergonomic risk by approximately 22% against our 2025 goal.

## Risk Assessment

Conducting risk assessments for individual job tasks is a critical step in reducing ergonomic risk. We have completed ergonomic risk assessments at 14 of our 16 manufacturing locations. These risk assessments allow each respective location to prioritize ergonomic hazards into low, medium and high categories. As a next step, we will develop plans to address the identified risks.

## What's Next

- Develop *Life Saving Rules*, i.e., safety imperatives to be followed by all employees
- Develop and implement Human Factors Training to provide awareness of individual factors that may affect performance
- Increase focus on process safety via the Hershey Process Safety Management Program, which aids in managing hazards and reducing the frequency and severity of incidents

→ For a summary of our safety data, see page 109.



**Salient Human Rights Issue:**

Health and Safety

# Employee Well-being and Development

**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.**

## Why It Matters

Hershey depends on a broad and diverse workforce. Amid the lingering impact of the pandemic, today's workers have changed their expectations and are looking for mental health and well-being support in the workplace. This trend is placing pressure on employers to enhance their approach to valuing human capital by providing attractive careers, flexible work arrangements and an environment that embraces inclusivity. The ongoing cost of living crisis is also top of mind for 71% of CEOs, as they balance retaining talent with responding to employee demands for higher wages.<sup>1</sup> These challenges can be heightened when trying to attract talent to locations that lack a sufficient pool of qualified talent. A company's approach to issues such as employee well-being, an inclusive workplace and flexible work options are increasingly seen as differentiators when it comes to attracting and retaining talent.

To remain competitive, Hershey provides a compelling workplace that offers flexibility, room to grow, career connections and unique experiences. As our business evolves, we open our doors by bringing in more voices and perspectives to support our continued success. We provide opportunities for our people to learn and practice new ideas, behaviors and skills. To support whole individuals, we provide care systems and rewards, including competitive wages and benefits focused on our employees' well-being.

### Listening to Employees

Hershey's Continuous Listening Strategy includes ongoing two-way dialogue with employees via quarterly surveys, small group discussions and real-time feedback at key moments during the employee experience. The insights obtained are used to identify drivers of engagement and inform enhancements to our people practices and policies.

Data from the fourth quarter of 2022 shows that employee engagement is strong and employee expectations are being met or exceeded. When looking at demographic breakdowns, trends are highly consistent with enterprise-level results.

### Development for All

We know from listening that career growth and development are priorities for employees and we have implemented several programs in response to this feedback. Recent investments in development include the launch of a formal mentoring program, expansion of our Pathways to GROW accelerated experiential development program, and Development for All philosophy, which is focused on customized development plans tailored to individual employees' career goals.

→ **For data related to Hershey's employee engagement survey results, see page 106.**

### Pay Equity

Being named as one of the World's Top Female Friendly Companies by Forbes was a powerful affirmation of our commitment to gender equity. We are committed to providing equal pay for equal work. We periodically conduct pay practice reviews to assess how women are paid compared to men globally, and, in the U.S., we also monitor how employees from underrepresented ethnic/racial backgrounds are paid compared to their white counterparts. Achieving pay parity by gender — and race — is an integral part of that commitment and an area in which we are making steady progress. In 2020, we reached aggregate pay equity for women across our U.S. workforce. Then, in 2021, we went beyond that milestone and achieved aggregate pay equity for our U.S. salaried people of color (POC) team members. In 2022, we maintained these fair and equitable pay achievements. Now, we're setting our sights across our global workforce to achieve pay equity for similar job categories across our global salaried employees by 2025.

### Supporting Mental Health

Mental health remains a key concern for employees and their families. We value the well-being of our people and have invested in providing critical support to help both managers and employees function well both in and out of work. In 2022, Hershey and our mental health provider conducted sessions to help managers care for themselves and their employees, and also offered sessions for all employees.

Beginning in January 2023, we expanded mental health support and improved access to care via a new vendor and Employee Assistance Program (EAP). We conducted orientation sessions in our plants to educate employees on the capabilities of the new provider and are offering on-site appointments with counselors. This new program offers personalized support and resources to help employees manage daily challenges such as building healthier habits, family care, 24/7 crisis support and substance abuse, as well as clinical support for anxiety and depression. There is no cost to participate in up to 10 therapy and 10 coaching sessions per year for benefit-eligible employees and each individual living in their household (ages 6+).



**Salient Human Rights Issue:**  
Gender and Social Inequality



## Employee Well-being and Development

continued

### Care Systems & Flexibility

We provide a comprehensive array of benefits to support our employees in their well-being, work-life balance and plans for their future. In 2022, we introduced industry-leading parental leave benefits for both salaried and hourly employees. We enhanced our parental leave policy and now offer up to six weeks of parental leave for hourly employees and have increased our parental leave for salaried employees from six to 14 weeks with a potential maximum of 20 weeks paid leave.<sup>1</sup> This enhanced benefit recognizes the importance of providing care systems for our employees and making their well-being a priority.

### Benefits Overview

The Hershey Company provides valuable medical plans and a host of comprehensive benefit programs and resources to help our employees and their families manage their health. U.S. Hershey employees, wherever they live, have access to health care coverage that allows individuals to make private, personal choices regarding the care or treatment they may receive.

- Travel coverage is also available for medical procedures if medical services are not available within 100 miles of employee's home.
- We continue to offer Teledoc for 24/7 virtual access to U.S. board-certified physicians for non-emergency health care support and services for behavioral health issues.
- Our pharmacy copay assistance program helps offset the cost of select specialty pharmacy medications, and we now cover 100% of costs for all diabetes medication and supplies.

- To promote employee fitness, we maintain several fitness centers for employees and their families. The Fitness Center and amenities at our corporate headquarters in Pennsylvania are free to all employees, retirees, spouses and adult dependents.

A full list of benefits may be found on our [Benefits web page](#).

### Family Friendly, Flexible Work Options

We're acting to meet the needs of today's workers. Through our Best of Both program, our work environment today is flexible and family friendly, helping employees to manage the demands of their work and personal lives. Many of the changes introduced in recent years are now a permanent part of the way we work. We provide a more flexible working model for all employees, regardless of role, which helps attract a more diverse workforce. We have improved scheduling for manufacturing teams and retail employees while supporting a hybrid virtual/in-person work approach for corporate employees. For example, we are promoting flex and time use through reduced overtime. We have increased dedicated and flex trainers including bilingual trainers for our Spanish-speaking colleagues. We continue to offer competitive rewards and benefits including alternate work schedules that have resulted in the lowest overtime levels in five years and year-over-year reduction in attrition. Likewise, comparable investments in our employees have resulted in reduced attrition, increased fill rates and increased diversity.

Our suite of SmartFlex Benefit policies enable individuals to create their own balance between work and personal life. It is designed to improve productivity, boost job satisfaction and increase employee engagement. These policies include parental leave, flexible technology arrangements, flexible time management, and family flex designations.

### Supporting Employees Beyond the Workplace

- [Hershey Scholars Program](#): A competitive scholarship program providing support to Hershey employees' children pursuing post-secondary education. Scholarships are awarded for up to four years for students seeking undergraduate degrees and other post-secondary educational opportunities.
- [Hershey Employees 1st Fund](#): An employee relief fund that provides grants to individual employees facing disaster or hardships. This employee assistance fund is made up of donations from the company as well as from Hershey employees to help fellow employees and their families in times of need or unexpected financial hardship.

### Engaging With Unions

The employees at our manufacturing facilities who craft our world-class products perform valuable jobs and enjoy competitive wages and benefits. In doing so, they report strong engagement with their work. Our plant facilities offer open communications and collaboration as part of our employee experience. 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 2022, approximately 33% of our employees worldwide were covered by collective bargaining agreements. These employees have the opportunity to renegotiate agreements with Hershey at a regular cadence, and like all of our other employees, have access to grievance processes and procedures, including our [Concern Line](#).

→ [Learn more about our rightsholder engagement in Cocoa in Protecting the Environment on pages 35-37.](#)

**“Hershey’s coverage of diabetic medication and supplies has enhanced the opportunity for self-care for my spouse and me. This is truly life-changing and we are beyond appreciative!”**

**Hershey employee benefits recipient**

<sup>1</sup> Enhanced benefits became effective on Jan. 1, 2023 for professional employees and hourly employees.

# Investing in Development to Create Tomorrow



## Hershey empowers all employees with opportunities to learn, grow and lead in their roles.

At The Hershey Company, we invest in everyone, value our employees, and appreciate what they bring to our innovation and growth. To retain and attract top-tier talent, we are committed to providing our employees with experiences filled with the opportunity to excel. We're stronger together when each employee can achieve their best.

Development at Hershey means empowering our people to learn and practice new ideas, behaviors and skills. Enabling our people to develop themselves for tomorrow while executing with excellence today is critical to our long-term success. We offer a variety of programming, tools, and resources for skill building and development planning.

### Learning Opportunities

Since 2017, we have partnered with leading online content experts and increased internal learning development to expand our catalog of online and classroom courses 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 executive officers were promoted from within the organization. As part of our Development for All initiative, 100% of Hershey employees have access to our Learning System to receive and participate in training opportunities. Of those, 86% accessed and completed training in 2022. Our 2022 training and development investments totaled more than \$6.1 million.

### Developing Tomorrow's Leaders

Hershey has intensified our efforts to build a talent pipeline of future leaders. In 2022, we launched a robust talent assessment process to feed our Director and Critical Role pipeline with commercially oriented talent. We assessed talent against six areas that are predictive of future success. These Development Potential competency areas include learning, motivation, thinking, interpersonal, leadership and communication. Development Potential is now part of a multi-year approach to invest deeper into the organization to generate a supply of future leaders for business continuity. This program supplements Hershey's already established talent pipeline efforts geared at ensuring that we have a solid and diverse bench for our most critical enterprise roles.

### Mentoring Makes Us Stronger

We encourage leaders and employees to own their careers through our Stronger & Growing Together mentoring program. We understand the importance of not only training opportunities but also social and experiential learning from internal experts. They also develop key skills needed to advance their own future and grow our business.

# DEI is Good Business

**By taking big strides together on our holistic DEI strategy, The Pathways Project, we're welcoming, including and helping to advance people inside — and outside — of Hershey.**

Diversity is a source of energy and innovation at The Hershey Company. We have a long-standing commitment to foster an inclusive environment where all employees around the world can bring their whole selves to work each day. We strive to positively address DEI through programs and policies to champion diversity, while avoiding discrimination of any kind within our company and along our supply chain.

At the core is The Pathways Project, a five-year plan to make our workforce and communities even more inclusive. Co-created with a diverse group of employees who shared their experiences, this plan maps our journey to truly advance inclusion in our business and our communities. Pathways helps us hold ourselves accountable to achieve our goals. We use it to inform our business decisions and ensure that DEI stays at the forefront of making moments of goodness, together.

While 2021 was a year of vision casting and strategy-setting, 2022 was a year of integration. Across the enterprise, our leaders and people embraced our vision and adopted it as our new way of operating. Our intentional actions yielded tangible results. We saw increased transparency and an inclusive tone at the top, under the leadership of the executive team and led by our CEO, Michele Buck. We accelerated our engagement with employees as we embedded DEI into the company — making it real and actionable every day.

Our CEO and her direct reports hold their teams accountable to living DEI. In 2022, enterprise DEI goals were linked to executive team performance and are considered by the Compensation and Human Capital Committee as part of their assessment of non-financial performance factors in determining annual incentive payouts for our executives. Progress toward our goals was reviewed quarterly with the executive team as well as shared with our Board of Directors and Business Resource Groups (BRGs).

As part of our DEI evolution, we are increasing transparency related to our goals, strategies and outcomes. In 2022, we published our consolidated EEO-1 Report, which can be found within the Sustainability section of our website.

→ **Learn more at our corporate website here**  
[www.thehersheycompany.com](http://www.thehersheycompany.com).

## What's Next

- Continue linking our 2025 Pathways DEI strategy to our Leading Snacking Powerhouse goals
- Expand uses of DEI to drive innovation in our commercial business and enrich the employee experience

## How Hershey Defines

**Diversity:** Refers to dimensions of difference between people, often referred to in terms of race and gender. At Hershey, we also include dimensions such as age, ethnicity, sexual orientation, veteran status and physical abilities.

**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.



### Material ESG Issue:

Diversity, Equity and Inclusion (DEI)

### Salient Human Rights Issue:

Gender and Social Inequality

## Goodness Works

DEI underpins our company values, behaviors and our leader standards. Our CEO and her leadership team believe that diverse perspectives, inclusion, and equitable practices and outcomes drive our business and our culture.

DEI is everyone's responsibility and our Code of Conduct reflects this:

- Treat others the way you'd like to be treated
- Celebrate diversity. Listen and be receptive to different points of view
- Speak up if you see or suspect discrimination or harassment
- Promote a work environment free of harassment, bullying and abusive conduct



“

**DEI is no longer a project at Hershey. It is embedded in how we work, how we energize our employees, and how we partner with consumers, customers and the communities where we do business.”**

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

# More Pathways to JOIN

**We're bringing in a wider range of talent and perspectives as we strive toward ambitious targets for recruitment. Through powerful partnerships with educational institutions, we're growing tomorrow's talent pool.**

We're embedding more diverse people every time we recruit employees and engage with suppliers. For the search and hiring process, we set goals that candidate slates and interview teams will consist of 50% diverse individuals and expanded our goal from 30% (as reported in our 2021 ESG Report) to 50% of talent acquisition search volume done with search firms will be conducted by diverse-owned firms by 2025. We will use our purchasing power to advance social equity by spending \$400 million with diverse businesses throughout our supply chain by 2030.

Pathways to JOIN is about bringing a wider range of talent and perspectives into the Hershey community. That begins with our hiring process. In 2022, diverse-owned firms led 69% of all talent acquisition search volume.

## College Recruiting

We maintained 21 Historically Black Colleges and Universities (HBCU) and Hispanic-Serving Institutions on our roster of universities and schools from which we recruit. In 2022, these institutions constituted 38% of our core universities and schools, and provided 22% of our candidates for entry-level positions.

## Milton Hershey School

Our unique relationship with Milton Hershey School (MHS) enables us to connect with and create meaningful opportunities for students, many of whom study in the Career and Technical Education Program. In 2022, we hired 15 MHS graduates.

Additionally, 12 MHS students obtained their pre-apprenticeship certification through a collaboration with MHS and the Manufacturers' Association of South Central PA (MASCPA).

→ [Learn more in Providing Education and Opportunity on pages 111-112.](#)

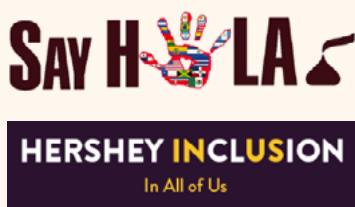
## Welcoming Veterans

We are proud of our legacy in supporting the U.S. military dating to World War I when we supplied milk chocolate bars to American soldiers. Today, we continue that legacy by supporting military members and their families transitioning back to civilian life. The Veterans BRG provides a sense of togetherness for those with military service to aid in that transition and is paramount to our recognition in being a leader in veteran inclusion. To further our commitment, we are deepening our partnerships with three military hiring organizations to expand military-affiliated hiring across salaried and hourly positions. Our goal is to drive an increase of 4% in military hires during 2023.



## Case Study

### Hershey Says “Hola” to Hispanic Workers in Hazleton, PA



**HERSHEY INCLUSION**  
In All of Us

Through the Say Hola project, we launched our first bilingual manufacturing plant in Hazleton, Pennsylvania. We're proud that today both Spanish- and English-speaking employees work seamlessly side-by-side in a bilingual environment to create the goodness inside. The Hazleton plant employs more than 150 Spanish-speaking employees and our workplace reflects the communities in which our colleagues live. In the past 20 years, Hazleton's Hispanic population has grown from 5% to more than 60%.

Among other changes at the plant, we now conduct training in both English and Spanish and feature all signs, labels and forms in both languages. Bilingual employees and resources are available on the plant floor to help with communication, and workers can use a toll-free phone number for translation assistance on a 24/7 basis. Members of our Latino Business Resource Group (LBRG) played a key role in planning and rolling out Say Hola and continue to be key leaders in the program.

The results speak for themselves: we've improved retention, are attracting more experienced workers and reduced recruitment costs since the effort began. For example, more than 90% of the job candidates now have the desired manufacturing experience, compared to a 50% rate before the program began. In this way and others, Say Hola supports our people-first manufacturing strategy, as we keep pace with increasing consumer demand and grow our business in new ways.

## More Pathways to JOIN continued

### Our Supplier Diversity Program

We aim to have the suppliers we work with represent the customers and consumers we serve. This is critical for innovation and business success. In fact, we are well on our way toward our goal of increasing our spend with diverse suppliers to \$400 million by 2030. This trend grew in 2022 as we increased our overall spend with diverse suppliers by 33% – from \$129 million to \$172 million, with nearly 170 diverse suppliers. We are also on track to quintuple our Tier 2 program (when non-diverse suppliers report their spend with diverse suppliers) from 50 to 250 suppliers.<sup>1</sup>

This growth will help promote economic equality and opportunity for diverse businesses – those owned by people of color, women, veterans, LGBTQ and disabled people. This is more than an aspiration for us – it is a business imperative and a mandate from our CEO, Michele Buck.

### Welcoming Diverse-Owned Businesses

We became new members of WEConnect, DisabilityIn, National Veterans Business Development Council, and the National Gay and Lesbian Chamber of Commerce to better access and support diverse supplier networks. These relationships are in addition to our memberships in the National Minority Supplier Development Council and Women's Business Enterprise National Council.

As we look to expand our program beyond the U.S., we partnered with WEConnect and surveyed current suppliers based outside the U.S. to assess whether any are women-owned. Based on the results, due in early 2023, we'll develop a plan to grow our business with them and connect with new prospective woman-owned suppliers internationally.

### Procurement Data

In 2022, we built a dashboard to provide procurement and supplier relationship managers with real-time access to supplier diversity data, including non-diverse supplier progress and performance on Tier 2 supplier diversity. Our team members consider this information in their sourcing decisions and supplier discussions. In 2023, this dashboard will be formally integrated into a holistic Supplier Scorecard alongside other weighted business metrics.

Finally, we engaged an external consultant to benchmark our diverse spend across key procurement categories. This will allow us to identify the areas of greatest opportunity to increase our diverse spend and form the foundation for category-specific actions.

### What's Next

- Launch our first enterprise-wide goal to engage a diverse slate of prospective suppliers for requests for proposal worth \$250,000 or more. This goal is linked to each executive team member's performance plan and cascades to their direct reports and teams.
- Launch an e-Learning course about our program, including its history, importance and goals.
- Re-establish our supplier diversity champion program to partner more deeply with each function to drive progress toward our goals.

<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 REACH OUT

**Across our communities, we improve access to education for underrepresented students, empower our BRGs to connect with consumers in new ways, and support volunteerism.**

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

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. We proudly continued our partnerships with Equal Justice Initiative and Asian Americans Advancing Justice in 2022 and added League of United Latin American Citizens to our roster of partners.

## \$2M

of \$3 million funded as part of our diverse student scholarships commitment which began in 2020

## \$667,500

in DEI contributions to nonprofits supporting Black youth

During the year, our DEI-focused volunteer efforts included several mentorship programs, including our long-standing engagement with students at Milton Hershey School. Our employees also mentored students at the Dauphin County Technical School and across local school districts and young people in the NAACP ACT-SO Achievement Program of Harrisburg. The ACT-SO program recognizes and supports young people from underrepresented communities who demonstrate academic, scientific and artistic achievement.

#### What's Next

- Deepen MHS and Hershey talent pipeline
- Continued support of Thurgood Marshall College Fund, EJI and NAACP ACT-SO partnerships

#### Case Study

## Investing in Food Science Students

We're expanding the pipeline of exceptional college graduates with food science skills by funding scholarships through the Thurgood Marshall College Fund (TMCF). In December 2020, Hershey became the first company to endow a TMCF scholarship with a \$1.5 million investment. We have contributed \$500,000 since then, including \$300,000 in 2022. We aim to increase that to a total of \$3 million over a period of 10 years. 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. Our investment provides scholarships for students pursuing degrees in food science at TMCF member schools, which include public colleges that provide advanced education for underrepresented populations.

In addition to this funding, we collaborated across key functional areas (Retail, Finance, Supply Chain and Engineering) to attract TMCF talent by leading career information workshops through which we reached 150 students.



“

**I am so beyond grateful to The Hershey Company for helping reduce the stress on my mother... this scholarship has provided a large amount of relief. It's also encouraging to know that The Hershey Company believes in my future aspirations.”**

**Adeola Adedeji, Howard University Student and Hershey TMCF endowment scholarship recipient**

# More Pathways to GROW



**We recognize and develop talent from groups that have traditionally been underrepresented. We are creating an environment where colleagues can operate with courage and learn from each other.**

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 expand commercial skills and career building for POC and women.

We implemented multiple ways to equip and engage current employees while continuing to increase diversity and foster inclusion.

## **Building Business Acumen**

Our Pathways to GROW flagship educational program focuses on building the skills entry-level POC associates need for advancement to manager level roles. This program, initially launched in 2021, is an intensive five-month, cohort-based curriculum culminating in a presentation of a simulated learning project to leaders. Throughout 2021-2022, we graduated more than 100 participants from the program. These participants have a higher lateral and upward promotion rate than the rest of the enterprise. The program continues in 2023 with an additional 50 participants.<sup>1</sup>

### **Unconscious Bias Training**

A new way of understanding our own thoughts and perspectives is emerging from our second delivery of unconscious bias training. We invite – and expect – all employees to participate in the training offered twice a year at times designed to facilitate participation. During 2022, employees completed 5,727 hours of unconscious bias training.

### **Feedback and Coaching for Leaders**

We continued the conversations with our leaders on micro-aggressions, micro-advantages, inequities, micro-actions and their impact on others. During Leadership Essentials training, leaders practiced how to avoid micro-inequities and micro-advantages.

### **What's Next**

- Support accelerated development for emerging leaders (known as Development Potential)
- Conduct Unconscious Bias training for the third consecutive year
- Continue Pathways to GROW with two cohorts
- Expand early in career development opportunities and offer Career Development Action Planning workshops

<sup>1</sup> Graduates of the program are promoted at a rate that is 15% higher than the promotion rate for colleagues who have not experienced the program. Pathways to Growth graduates are also considered for additional programs designed for early-in-career colleagues.

## More Pathways to GROW

continued

### Case Study

## How Our BRGs Are Driving Retention and Development

Growing employee participation in our BRGs delivered outsized enthusiasm and impact during 2022. Nearly 70% of corporate employees now belong to at least one of Hershey's eight employee-led BRGs – Abilities First, Black Heritage, Asian and Pacific Islander, GenH (Generations), Latino, Prism (LGBTQ), Veterans and Women – which are crucial to attracting diverse talent and providing mentoring and career development opportunities. BRGs also deliver business insights, influence company policy, and connect people to the company and the communities where we work. Learn more in Celebrating Women and Youth through our Brands on page 21. Below are some examples of the many actions taken by our BRGs in the past year.

#### **Black Heritage BRG:**

- Played a key role in conceiving and executing Black Music Month, a promotion to close a \$40 million share gap with Black consumers and support Black youth through meaningful nonprofit partnerships
- Co-created our second annual Juneteenth all-company celebration featuring CEO Michele Buck

#### **Asian & Pacific Islander:**

- Designed and delivered Lunar New Year Celebration at Hershey's Chocolate World, reaching more than 27,000 visitors across four retail locations
- Influenced Lunar New Year gift wrapping and merchandise in Hershey's Chocolate World



#### **Women's BRG:**

- Partnered with the Hershey's brand team and creatives for the launch of the Celebrate SHE bars during Women's History Month

#### **Abilities First BRG:**

- Continued our partnership with the National Organization on Disability and contributed to our recognition as a 2022 Leading Disability Employer
- Hosted an all-employee town hall featuring senior leaders who transparently shared their personal experiences with mental health, after which our disability self-identification rate increased from 4% to 6%.



“

I am proud to support removing barriers and increasing access to educational opportunities for underrepresented communities. Being intentional is a key factor in the success of our aspiration to expand talent pipelines across our organization.”

**Tory Niceswander, Manager Employee Relations, DEI and ESG Programs, The Hershey Company**

# Our Progress

## Goals

People Goals	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
Achieve pay equity for similar job categories across our global salaried employees	2025	In 2022, we maintained fair and equitable pay achievements, including 1:1 aggregate people of color pay equity for salaried employees in the United States (2021) and 1:1 aggregate gender pay (2020).	On Track	—
47–50% women representation across all employees globally	2025	<b>47.8%</b>	Achieved	—
30–40% people of color (POC) representation across U.S. employees	2025	<b>27.5%</b>	On Track	1
50% hazard reduction for job functions with ergonomic risks through process improvements	2025	<b>22%</b>	On Track	—

1 POC 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	Unit	2022	2021	Notes
Global Employees: Total	# of employees	<b>19,865</b>	18,990	1
Full-time	# of employees	<b>18,077</b>	16,619	1
Part-time	# of employees	<b>1,788</b>	2,371	1
Union representation Collective Bargaining Employees	%	<b>33%</b>	33%	2

1 Data in this table for 2022 and 2021 total global, full-time and part-time employees includes Hershey, Lily's, Dot's and Pretzels and is consistent with employee headcount data as reported in Hershey's 2022 Form 10-K.

2 The 2022 percentage of employees covered by collective bargaining agreements includes employees worldwide.

**KPIs**

Employees	2022			2021			2020		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Global Employees	19,271	9,216	10,055	17,848	8,507	9,341	16,877	8,125	8,752
Full-time	17,489	8,252	9,237	16,379	7,690	8,689	15,198	7,172	8,026
Part-time	1,782	964	818	1,469	817	652	1,679	953	726
Regular	17,893	8,313	9,580	16,934	7,894	9,040	15,437	7,103	8,334
Temporary	1,378	903	475	914	613	301	1,440	1,022	418

Note: Race/ethnicity and gender data in this table are based on employee self-identification in Hershey's HR data system as of December 31, 2022. This employee data does not include Hershey's recent acquisition of Pretzels.

Employees by Type and Region	2022		2021		2020	
	Regular	Temporary	Regular	Temporary	Regular	Temporary
Globally	17,893	1,378	16,934	914	15,437	1,440
United States (including Puerto Rico)	10,788	551	9,972	355	8,970	468
<b>Non-U.S.</b>	<b>7,105</b>	<b>827</b>	<b>6,962</b>	<b>559</b>	<b>6,467</b>	<b>972</b>
Asia	1,191	116	1,077	30	1,414	7
Africa	0	0	0	0	0	0
North America	929	0	850	0	861	3
Europe	42	0	29	0	8	0
Latin America	4,943	711	5,006	529	4,184	962

Note: Data in this table is based on information from Hershey's HR data system as of December 31, 2022. This employee data does not include Hershey's recent acquisition of Pretzels.

Global Workforce by Age	2022			2021			2020		
	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%	46.8%	28.8%	24.4%	46.1%	29.5%	24.2%	44.8%	31.0%
Non-management	27.1%	43.7%	29.1%	27.0%	43.2%	29.8%	26.5%	41.9%	31.6%
Management	6.5%	66.7%	26.8%	7.0%	65.4%	27.6%	7.4%	66.1%	26.5%
Senior Leader	0.0%	53.9%	46.1%	0.0%	55.2%	44.8%	0.0%	57.2%	42.8%
Executive team	0.0%	40.0%	60.0%	0.0%	44.4%	55.6%	0.0%	45.5%	54.6%

Note:

Data in this table is based on information from Hershey's HR data system as of December 31, 2022. This employee data does not include Hershey's recent acquisition of Pretzels, Inc.

Data may not equal 100% due to rounding.

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

## KPIs

U.S. Workforce by Hershey Internal Job Category	2022		2021	
	Female	POC	Female	POC
Executives/senior leaders	<b>34.6%</b>	<b>17.2%</b>	32.2%	17.3%
Entry-level professional employees	<b>47.4%</b>	<b>18.4%</b>	46.5%	18.0%
Leaders in commercial functions	<b>34.2%</b>	<b>14.1%</b>	33.3%	13.9%
Sales employees	<b>46.9%</b>	<b>16.9%</b>	48.1%	14.6%
Hourly manufacturing employees	<b>38.5%</b>	<b>33.5%</b>	35.0%	30.5%

Note:

Data in this table represents Hershey internal HR job category data and does not directly correlate to EEOC job category data.

Data in this table is based on employee self-identification in Hershey's HR data system as of December 31, 2022. This employee data does not include Hershey's recent acquisition of Pretzels, Inc.

U.S. Workforce by Race/Ethnicity	Unit	2022	2021	2020
U.S. workforce, Total POC	%	<b>27.7%</b>	24.6%	21.4%
U.S. workforce, White	%	<b>72.3%</b>	Not disclosed	Not disclosed
POC - Female	%	<b>29.1%</b>	25.1%	21.2%
POC - Male	%	<b>26.8%</b>	24.2%	21.5%
Asian	%	<b>4.2%</b>	4.2%	Not Disclosed
Black	%	<b>12.9%</b>	12.1%	Not Disclosed
Hispanic/Latino	%	<b>8.7%</b>	6.6%	Not Disclosed

Note: Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2022. Data in this table does not include Hershey's recent acquisition of Pretzels, Inc.

U.S. Non-Management	Unit	2022	2021	2020
Total non-management as percentage of total workforce	%	<b>86.7%</b>	87.0%	88.3%
Non-management - Female	%	<b>49.1%</b>	49.1%	49.5%
Non-management - Male	%	<b>50.9%</b>	50.9%	50.5%
Non-management - POC	%	<b>29.7%</b>	26.0%	22.6%
Non-management - Female - POC	%	<b>31.2%</b>	26.2%	22.3%
Non-management - Male - POC	%	<b>28.6%</b>	25.8%	22.8%
Non-management - Asian	%	<b>4.0%</b>	3.9%	Not Disclosed
Non-management - Black	%	<b>14.4%</b>	13.3%	Not Disclosed
Non-management - Hispanic/Latino	%	<b>9.1%</b>	6.9%	Not Disclosed

Note: Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2022. Data in this table does not include Hershey's recent acquisition of Pretzels, Inc.

## KPIs

<b>U.S. Management</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total management as percentage of total workforce	%	<b>13.3%</b>	13.0%	11.7%
Management - Female	%	<b>39.5%</b>	37.7%	37.4%
Management - Male	%	<b>60.5%</b>	62.3%	62.6%
Management - POC	%	<b>17.1%</b>	16.7%	13.8%
Management - Female - POC	%	<b>17.2%</b>	18.0%	13.6%
Management - Male - POC	%	<b>17.0%</b>	15.9%	13.9%
Management - Asian	%	<b>5.6%</b>	5.9%	Not Disclosed
Management - Black	%	<b>4.7%</b>	4.9%	Not Disclosed
Management - Hispanic/Latino	%	<b>6.1%</b>	5.1%	Not Disclosed

Note:

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 below, which includes employees at an internal pay band level of 3B or higher.

Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2022. Data in this table does not include Hershey's recent acquisition of Pretzels, Inc.

<b>U.S. Senior Leader</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total senior leader as percentage of total workforce	%	<b>1.9%</b>	2.0%	1.8%
Senior leader - Female	%	<b>34.6%</b>	32.0%	33.4%
Senior leader - Male	%	<b>65.4%</b>	68.0%	66.6%
Senior leader - POC	%	<b>17.2%</b>	17.0%	13.5%
Senior leader - Female - POC	%	<b>23.4%</b>	25.3%	21.7%
Senior leader - Male - POC	%	<b>14.0%</b>	13.0%	9.3%
Senior leader - Asian	%	<b>8.3%</b>	7.5%	6.1%
Senior leader - Black	%	<b>3.1%</b>	2.9%	3.7%
Senior leader - Hispanic/Latino	%	<b>5.3%</b>	5.9%	3.3%

Note:

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 above, which includes employees at an internal pay band level of 2B or higher.

Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2022. Data in this table does not include Hershey's recent acquisition of Pretzels, Inc.

Proportion of senior management hired from the local community	%	<b>100.0%</b>	87.5%	53.9%
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Note:

6 local employees /6 total external hires at significant locations).

"Senior management" is defined as individuals hired as Senior Manager and above (up to Senior Vice President within the C-Suite).

"Local" is defined as a permanent resident at time of hire in one of the following locations in the USA: Pennsylvania, New Jersey, New York, Ohio, West Virginia, Virginia, Maryland, District of Columbia and Delaware.

"Significant locations of operation" is defined as the following locations: 19 East Office, Amplify 19 East Office, Annville Fulfillment Center, Hazleton Plant, Hbg Intl Airport Flt Ops, HCW Visitors Center, LicensingCo 19 East Office, Reese Plant, Sales Co HCW Visitors Center, Sales Co Office Northeast, SalesCo 19 East Office, Sourcing Co 19 East Office, Sourcing Co Tech Center, Stuarts Draft Plant, Technical Center, West Hershey Plant and Y&S Lancaster Plant.

**KPIs**

Executive Team	Unit	2022	2021	2020
Total executive team	% of total workforce	<b>0.1%</b>	0.1%	0.1%
Females on executive team	# of females	<b>2</b>	2	2
Executive team - Female	%	<b>20.0%</b>	22.2%	27.3%
Executive team - Male	%	<b>80.0%</b>	77.8%	72.7%
Executive team - POC	#	<b>3</b>	2	3
Executive team - POC	%	<b>30.0%</b>	22.2%	33.0%
Executive team - Female - POC	%	<b>0.0%</b>	0.0%	0.0%
Executive team - Male - POC	%	<b>37.5%</b>	28.6%	28.6%

Note:

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

Race/ethnicity and gender percentages are based on employee self-identification in Hershey's HR data system as of December 31, 2022. Data in this table does not include Hershey's recent acquisition of Pretzels, Inc.

2022 Q4 Global Employee Engagement Results	Global Enterprise	Age/Generation			Gender (Global)	
		Boomer	Gen X	Gen Y	Gen Z	Male
Employee engagement (eNPS)	<b>47</b>	<b>46</b>	<b>47</b>	<b>48</b>	<b>46</b>	<b>46</b>
Intent to stay	<b>83%</b>	<b>86%</b>	<b>86%</b>	<b>81%</b>	<b>74%</b>	<b>82%</b>
Expectations (meet/exceed)	<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>90%</b>	<b>91%</b>

Note: This employee engagement data represents results from The Hershey Company's 2022 Q4 Continuous Listening Survey, which included both salaried and hourly Hershey employees.

2022 Q4 U.S. Employee Engagement Results by Race/Ethnicity	Asian	Black	Latino	2 or More Race/Ethnicities	White	Gender (Global)	
						Male	Female
Employee engagement (eNPS)	<b>56</b>	<b>42</b>	<b>56</b>	<b>43</b>	<b>33</b>		
Intent to stay	<b>85%</b>	<b>76%</b>	<b>81%</b>	<b>79%</b>	<b>81%</b>		
Expectations (meet/exceed)	<b>95%</b>	<b>87%</b>	<b>88%</b>	<b>93%</b>	<b>87%</b>		

Note: This employee engagement data represents results from The Hershey Company's 2022 Q4 Continuous Listening Survey, which included both salaried and hourly Hershey employees.

**KPIs**

Parental Leave	2022			2021			2020		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Entitled to parental leave	35	72	107	43	61	104	29	54	83
Took intermittent leave	0	1	1	0	8	8	0	0	0
Took continuous leave	28	57	85	37	41	78	24	33	57
Employees who did not elect	7	14	21	6	12	18	5	21	26
Returned to work	28	57	85	35	41	76	29	54	83
Return to work rate	100%	100%	100%	95%	100%	97%	100%	100%	100%

Note: We adhere to all relevant laws and regulations for maternity and paternity leave globally. Outside of the U.S. individual instances of parental leave are monitored; however, they are not aggregated. There are no specific plans to aggregate this data.

Pathways to JOIN	Unit	2022	2021	2020	Notes
Diverse candidate slates	%	67%	Not Available	Not Available	1
Total search volume led by diverse-owned firms	%	69%	Not Available	Not Available	2

1 Goal is 50%

2 Goal is 30%

Supplier Diversity	Unit	2022	2021	2020	Notes
Total spent with diverse suppliers	USD (in millions)	\$172	\$129	Not Available	1
Proportion of spending on local suppliers	%	81%	79%	81%	2

1 In 2021, we established a goal to increase our spend with diverse suppliers to \$400 million by 2030. Our 2021 total spend was originally disclosed as \$92 million. This value has been restated as we became aware of a cocoa supplier who meets our definition for diverse suppliers, who had not been included previously.

2 These results show the percentage of our procurement budget spent on local suppliers based in the same country as the Hershey facility to which they were supplying goods or services.

Note:

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.

**KPIs**

Pathways to GROW		Unit	2022	2021	2020
Online and classroom training courses available for employees	# of courses	<b>20,000</b>	20,000	Not Available	
Unconscious bias training completed	# of hours	<b>5,727</b>	6,943	Not Available	
Discussion related to unconscious bias training completed	# of hours	<b>927</b>	1,960	Not Available	
Business Resource Groups (BRGs)	# of BRGs	<b>8</b>	8	Not Available	

Average hours of training per year per employee	Unit	2022			2021			2020		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Total	# of hours	<b>8.4</b>	<b>11.9</b>	<b>10.2</b>	8.4	10.6	9.6	6.2	10.0	8.2
Full-time	# of hours	<b>8.9</b>	<b>12.6</b>	<b>10.9</b>	8.6	10.9	9.8	6.5	10.5	8.6
Part-time	# of hours	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	6.6	6.9	6.7	3.8	3.5	3.7

Note: The average hours of training shown above are based only on training hours logged through Hershey's Learning and Development Program. These hours do not account for outside team or individual training programs not offered through Hershey's centralized system.

New Employees Hired		2022		2021		2020	
		# employees	Rate (%)	# employees	Rate (%)	# employees	Rate (%)
New employees hired		<b>9,797</b>		7,870		Not Disclosed	
AGE GROUP	<18	<b>80</b>	<b>139.1%</b>	38	108.6%	52	65.6%
	18-24	<b>3,177</b>	<b>144.2%</b>	2,548	151.4%	2,031	112.0%
	25-34	<b>3,207</b>	<b>65.2%</b>	2,539	60.8%	1,764	43.5%
	35-44	<b>1,758</b>	<b>40.6%</b>	1,480	41.1%	861	24.2%
	45-54	<b>997</b>	<b>25.5%</b>	827	23.9%	451	13.2%
	55+	<b>578</b>	<b>15.7%</b>	438	12.3%	267	7.5%
GENDER	Male	<b>4,283</b>	<b>43.4%</b>	3,572	40.7%	2,402	27.7%
	Female	<b>5,514</b>	<b>59.8%</b>	4,298	55.6%	3,024	37.9%
REGION	Asia	<b>443</b>	<b>36.7%</b>	205	18.6%	151	10.7%
	North America	<b>4,290</b>	<b>35.7%</b>	3,600	34.1%	2,246	21.7%
	Europe	<b>15</b>	<b>46.2%</b>	12	48.0%	5	27.5%
	Latin America and the Caribbean	<b>5,049</b>	<b>87.3%</b>	4,053	83.9%	3,024	61.9%

## Note:

This employee data does not include Hershey's recent acquisition of Pretzels.

In some instances, the hire rate may be more than 100%. This is largely attributed to seasonal part-time employment.

New employee hire and turnover data for Mexico is included in the Latin America and Caribbean region.

**KPIs**

Employee Turnover		2022		2021		2020	
		# employees	Rate (%)	# employees	Rate (%)	# employees	Rate (%)
Employee turnover		<b>8,265</b>		6,521		Not Disclosed	
AGE GROUP	<18	<b>19</b>	<b>34.8%</b>	31	91.4%	60	75.7%
	18-24	<b>2,588</b>	<b>117.5%</b>	1,998	118.7%	1,519	83.7%
	25-34	<b>2,715</b>	<b>55.2%</b>	2,024	48.5%	1,370	32.3%
	35-44	<b>1,411</b>	<b>32.6%</b>	1,132	31.4%	711	20.0%
	45-55	<b>814</b>	<b>20.8%</b>	578	16.7%	367	10.7%
	55+	<b>718</b>	<b>19.5%</b>	758	21.4%	482	13.6%
GENDER	Male	<b>3,527</b>	<b>35.7%</b>	2,818	32.1%	1,937	22.3%
	Female	<b>4,738</b>	<b>51.4%</b>	3,703	47.9%	2,572	32.2%
REGION	Asia	<b>238</b>	<b>19.8%</b>	244	22.2%	387	27.5%
	North America	<b>3,173</b>	<b>26.4%</b>	2,679	25.4%	1,669	16.1%
	Europe	<b>1</b>	<b>6.2%</b>	1	8.0%	1	5.5%
	Latin America and the Caribbean	<b>4,853</b>	<b>84.0%</b>	3,597	74.5%	2,452	50.2%

Note:

This employee data does not include Hershey's recent acquisition of Pretzels.

In some instances, the turnover rate may be more than 100%. This is largely attributed to seasonal part-time employment.

New employee hire and turnover data for Mexico is included in the Latin America and Caribbean region.

Safety	Unit	2022	2021	2020
Total Recordable Incident Rate (TRIR)	Rate	<b>1.26</b>	1.46	1.45
Days Away, Restricted, Transferred (DART)	#	<b>1.06</b>	1.17	1.09
Lost Workday Incident Rate (LWIR)	Rate	<b>0.58</b>	0.63	0.54
Fatalities (work-related)	#	<b>0</b>	0	0

Note: 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.



# Youth

Connecting kids to brighter futures is part of our DNA and a source of pride here at Hershey. Every child deserves the chance to reach their full potential.

From the moment Milton Hershey founded a school for orphaned boys in 1909, we've been guided by a vision to help children thrive. We do that by investing to help children thrive, including their social emotional well-being, education and nutrition.



12

MHS students achieved state-recognized pre-apprenticeship certifications



# Providing Education and Opportunity

**Through top-notch academics, personal attention and character development, Milton Hershey School provides all of its students, pre-K through 12th grade, the opportunity to succeed.**

Milton Hershey School (MHS) is a place where high-potential disadvantaged students receive a life-changing opportunity of an excellent private education, thanks to our shared founder who created this early social enterprise. Milton Hershey bequeathed his ownership of The Hershey Company to Milton Hershey School Trust (MHS Trust), with MHS as the sole beneficiary. The MHS 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.

“

**After teaching an advertising class to the business honors cohort, it was such a powerful, full-circle moment to watch the students present their final presentations, while referencing some of the topics we discussed, such as social media channels and demographic targets.”**

Nomblé Coleman, Manager, Omnichannel Marketing,  
The Hershey Company

## Hershey Honors Business Program

Students at MHS make real-world connections through the Hershey Honors Business Program, which includes business-focused mentoring and coaching from Hershey employees. During this five-month program, employees serve as guest teachers on various business topics and evaluate students' final presentations in which they pitch their own unique business ideas. At the conclusion of the 2022 program, 14 honor students presented their ideas to CEO Michele Buck and other Hershey leaders. Proposals included a new product (a *Kit Kat*® Bar-dipped Pretzel), using meditation to improve employee well-being and performance, and potential acquisition targets to empower women-owned businesses.

## Project Fellowship

Hershey employees and their families take part in monthly activities and fun with MHS student homes through our Project Fellowship program, which seeks to connect MHS students with caring connections across their broader community. In 2022, 495 Hershey Company employees participated in regular activities with 49 student homes.

## Providing Education and Opportunity

continued

### Supporting Students in Honor of William E. Dearden

Our company collaborated with the MHS Alumni Association and the William E. Dearden Foundation to create the first-ever Dearden Foundation and The Hershey Company Joint Scholarship for Continuing Education, which was announced in 2022 as part of the company's Stuarts Draft, Virginia, manufacturing facility's 40th anniversary celebration. This scholarship, which will be awarded to two students in the Stuarts Draft area, continues the legacy of one of MHS's most beloved alumni, William E. Dearden. Mr. Dearden was a graduate of Milton Hershey School and went on to work not only at the school but also at The Hershey Company in 1957. Mr. Dearden's career at The Hershey Company spanned decades, and he was appointed CEO in 1976. Mr. Dearden's legacy lives on through the Dearden Foundation's support of alumni from the Milton Hershey School and of continuing education, leadership and character development opportunities for youth across Hershey communities.

→ Learn more in the Community chapter beginning on page 117.

### What's next

- Continue to strengthen our relationship with MHS on career preparation and pathways to employment
- Expand the William E. Dearden Foundation and Hershey Company Joint Scholarship for Continuing Education to additional U.S. manufacturing communities
- Maintain ongoing support of connection and well-being for youth



### Case Study

## Apprentice Program Launches Careers

Twelve MHS students launched their careers by earning Pennsylvania state-recognized pre-apprenticeship certifications in manufacturing. These students completed a two-week certificate program taught in collaboration with the Manufacturers' Association and The Hershey Company that exposed them to the different skill sets necessary to succeed in the field of manufacturing. Students explored topics such as blueprint reading and shop math to lean manufacturing, food safety and quality control, in addition to earning their Occupational Safety and Health Administration 10 Certification, designating the completion of 10 hours of training. Through classroom and hands-on learning, this opportunity debunks myths about the field and helps students gain a realistic understanding of manufacturing and available career options. This and other MHS programs showcase our commitment to youth and amplifies our talent development efforts. Based on the positive outcomes, we plan to enroll 15 students in this program in 2023.

“

**Allowing students to earn a state-recognized pre-apprenticeship certificate in manufacturing exposes them to this vast career field. The 12 students who completed this program have shown real initiative. I have no doubt that the skills they learned will fit well into the real world.”**

**Sheila Ciotti, MHS Director of College and Career Readiness and Support**

# The Heartwarming Project

**The loneliness epidemic is fueling a mental health crisis, as young people today report feeling lonelier than any other generation,<sup>1</sup> and teens struggle with 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. Our Heartwarming Project (HWP) is designed to help kids and teens build critical social and emotional skills and celebrate the power of connection for their well-being. We also work with nonprofit partners to inspire, encourage and highlight young people who take action to create more inclusive, empathetic communities.

→ For a summary of our Heartwarming Project data, see page 116.



“

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

Milton Hershey

## Case Study

### Heartwarming Project Action Grants

Our support enabled the [WE Well-being](#) program to provide more than 150,000 teachers a variety of resources, including K-12 lesson plans focused on social, emotional and service learning, a professional development video series, a PBS x WE animated series with science-based tools and activities, and activity cards and downloadable classroom resources. In addition, Hershey partnered with WE to co-sponsor the [Heartwarming Project Action Grants Program](#), which awarded 500 action grants to teens sparking connection and inclusion in their schools and communities, including two profiled below.

#### Books for Kids of Color

Six years ago, Florida student Chase and his little brother created a nonprofit called Eco Brothers that rescued books from landfills to donate to kids in need. Since starting Eco Brothers, they donated more than 175,000 books to kids in Title 1 schools. Along the way, they realized that the kids to whom they were donating books weren't always represented in the characters and stories. So they began fundraising in order to purchase a wider range of books that kept diversity in mind, ensuring that all kids could find a book in which they could see themselves. With support from a Heartwarming Project Action Grant, Chase can now help more kids access books in which they can see themselves.

#### Acts of Kindness

Along with his brother, Arizona student Pravneet founded Project Smile AZ, an initiative to spread kindness in the community by encouraging other youth – who they call smile-makers – to give back in any way they can. Since the project started, smile-makers have crafted handmade cards for people in the hospital, veterans and people experiencing homelessness, donated gently used books and much more. Last year, Pravneet ran a book drive to support Afghanistan refugees in his community. With a Heartwarming Project Action Grant, Pravneet was able to purchase supplies for his initiatives like book bags and handmade cards, helping spread messages of kindness even further.

“

**My goal is a simple math equation: individual small acts of kindness multiplied by thousands of people equals thousands of acts of kindness!”**

Pravneet

<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.

## The Heartwarming Project continued

### Case Study

## Heartwarming Young Heroes

As part of Global Youth Service Day, we sponsored [Youth Service America's Heartwarming Young Heroes grants program](#), which engaged more than 10,600 youth in 130 projects worldwide. Project topics included promoting inclusion, celebrating diverse cultures, and building racial equity as well as teaching empathy, protecting mental health and creating kinder communities, among others. We profile two award winners below.



### Political Pen Pals

#### Debby C., age 18, Oakland, California

Debby, a first generation American, launched a pen pal project to pair 200 high school students with different political ideologies to have open-minded conversations, combat political divisiveness and build empathy with one another. Participants built friendships with someone they otherwise would not have known. In the process, they gained a greater understanding about various political and social topics in a safe, nonjudgmental atmosphere. In a follow-up survey, students shared that participating in Political Pen Pals gave them a new understanding and perspective about an issue. For Debby, acknowledging the diversity and complexity in various perspectives can help promote inclusion, understanding and empathy, and encourage people to be civically engaged.



### Young Men Planting Seeds

#### Chase T., age 14, St. Petersburg, Florida

Chase saw major changes to his South St. Petersburg community, including the closure of two grocery stores, which turned the area into a food desert. Chase recruited volunteers to plant and provide fresh vegetables for approximately 150 members of the community. While Chase loved the ability to grow food for his neighbors, he was equally excited for the indirect impact of his project: youth and adults engaged with one another in meaningful discussions about food access, youth valued their ability to see how they have a stake in the community, and the event led to cleanups across wider South St. Petersburg.

## The Heartwarming Project continued

### Supporting Caring Connections

To meet the critical need to support the social and emotional well-being of young people, we continued working with a range of partners who provide opportunities for connection, inclusion and belonging. Here are some highlights from 2022.

- With Hershey's support, Crisis Text Line created its first-ever [Mental Health School Supplies toolkit](#), with downloadable posters, coping resources, and social assets for teens to share with their peers online in both English and Spanish. Hershey's collaboration also directly supported nearly 9,700 text conversations with youth seeking mental health support from Crisis Text Line.
- More than 11,250 teens from across the U.S. took action in their communities through the [Boys & Girls Clubs of America's Keystone Clubs](#). With Hershey's support for local clubs in Puerto Rico; Lancaster, Pennsylvania; Denver, Colorado; and Rochester, New York, youth practiced leadership, built character and made a difference in their club and communities. For example, after devastating wildfires came within 40 miles of their club, members of the Boys & Girls Clubs of Metro Denver decided to create wildfire education tools to help children better understand the issue and feel less afraid. After researching the topic, they created visual aids and an interactive game to illustrate how fires spread and how to stay safe, sharing it with younger children and starting a community dialogue on how to reduce the threat of fires.

- We continued our partnership with [InnerView](#), a service learning app used by 958 schools across the U.S. to engage over 23,000 kids who took part in nearly 90,500 service activities. Students forged meaningful connections as they created cards for hospitalized kids, hosted intergenerational events, mentored other students and led clubs focused on diversity, inclusion and cross-cultural understanding and mental well-being in their schools. Hershey's 15 dedicated 2021-2022 Heartwarming Project Youth Advisory Board members invested more than 1,630 service hours in their schools.

### Belonging, Not Bullying

To counteract the prevalence of bullying, we sponsor an annual [Sweeter Together](#) project with BGC Canada (formerly Boys and Girls Club of Canada). The high point of our partnership with BGC is [Pink Shirt Day](#), when we help clubs celebrate a day dedicated to anti-bullying and support children's well-being. Hershey's support included disseminating activation [toolkits](#) for clubs to encourage youth to be kind and create cultures of belonging where they live. Our support also provided grants to 20 clubs to run their own Pink Shirt Day activities.

# 9,700

Hershey's collaboration directly supported nearly 9,700 text conversations with youth seeking mental health support from Crisis Text Line

### Inspiring Kids Through Athletics

During the second year of our [Sweeter Together](#) project with BGC Canada, we helped to refurbish four basketball courts, provided 73 new backboards and nets, and issued 1,000 team kits with Hershey-inspired gear to club kids through the [Buy a Bar, Build a Court](#) program.

Hershey proudly continued its partnership with USA Track and Field, sponsoring the [RunJumpThrow](#) program. This provided over 2,400 participants the opportunity to move, have fun, and learn track and field fundamentals via one-day events, six-week programs, and special experiences with Olympic and elite athletes. This program has reached nearly 850,000 kids since it first launched with our support in 2015.



# Our Progress

## Goals

Youth	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
50 million children globally supported through education, nutrition, and social and emotional well-being	2025	26.2 million	On Track	1
100,000 children take Heartwarming actions and impact their communities	2025	208,257	Achieved	2

1 More than 26.2 million children were supported, cumulatively from January 1, 2020 to December 31, 2022.

2 More than 208,200 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2022.

## KPIs

The Heartwarming Project	Unit	2022	2021	2020
Children reached through The Heartwarming Project (HWP) partnerships	# of children	9,650,047	7,056,038	6,705,120
Youth directly benefiting from HWP investments	# of youth	615,484	617,194	667,000
Youth taking part in Heartwarming actions	# of youth	79,434	67,581	61,243



# Community



Hershey employees 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.

We strive to enhance the places where we live and work through programs that support basic needs, education and workforce development, and advance inclusive community economic development.

In addition to our philanthropic giving and product-donation programs, our remarkable people show up for their communities in many ways, volunteering hundreds of thousands of hours each year for the causes they care about.

Our approach is to ask what each community needs from us and then to find a way to answer that need.



# Working Together for Stronger Communities

**When we all pitch in to make a difference, our shared communities flourish.**

In 2022:

**300+**

grants awarded to nonprofit organizations

More than

**56%**

of Hershey's corporate grants supported children and youth

Since our founding, Hershey has been committed to supporting the communities where our employees live and work. We provide both philanthropic contributions and product donations to nonprofit organizations in communities where we have a presence. In many instances, we achieve even greater impact by pairing these donations with employee volunteering.

We do not maintain a corporate foundation; instead, we direct a portion of our annual consolidated net sales to community philanthropic endeavors. In 2022, we made contributions that approximated 0.29% of our annual net sales, an increase from 0.18% in 2021. 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.

Our long-standing philanthropy and volunteerism efforts are managed by our Global Sustainability team, who works 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 non-governmental organizations (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.

## Helping Employees Give Back

Hershey has long supported the causes important to our employees through our matching gifts program and workplace-giving campaigns, described below. For example, we matched more than \$1.3 million in employee donations to nonprofit organizations in 2022.

- Matching Gift Program: Up to \$5,000 match per employee for charitable donations each calendar year
- Season of Giving Campaign: Up to \$10,000 match per employee for payroll deductions each calendar year
- Dollars for Doers Program: \$500 donation to an employee's nonprofit of choice after they log 50 hours of volunteer service in a calendar year
- Employee Volunteerism Policy: Employees receive up to two days of paid time off to volunteer

## Celebrating in Stuarts Draft, Virginia

Built in 1982, the Stuarts Draft plant has seen significant growth and expansion throughout the decades. Over 1,500 employees are now the makers of more than a dozen beloved brands produced at the plant. In celebration of the plant's 40th anniversary, employees, retirees and families gathered for a day of festivities. The company also announced a new initiative in partnership with the [William E. Dearden Foundation](#), which will annually provide \$5,000 scholarships to two high school seniors pursuing continuing education opportunities such as a two- or four-year degree, a trade certification, professional license or an apprenticeship program. A distinguished and highly respected alumnus of Milton Hershey School, Mr. Dearden served as former Chairman of the Board of The Hershey Company and oversaw the construction of the Hershey plant in Stuarts Draft.

→ See Supporting Students in Honor of William E. Dearden on page 112 for more information about Mr. Dearden's legacy with Milton Hershey School.



## Working Together for Stronger Communities

continued

“

**Hershey's support for the U.S. military dates back to World War I when Hershey provided milk chocolate bars to American soldiers. Today, we are proud to have veterans from the U.S. military and other countries throughout Hershey – from executive leadership to the manufacturing line floor and every function in between.”**

**Steve Voskuil, Chief Financial Officer,  
The Hershey Company**

### Supporting Our U.S. Communities

Hershey's corporate giving program focuses on strengthening communities where we operate by supporting basic needs, education and workforce development, and by supporting a range of cultural programs, events and activities that bring our communities together and make them more inclusive.

### Supporting Our Bilingual Community in Hazleton, Pennsylvania

As the city of Hazleton, Pennsylvania, has adapted to a growing Latino population over the past decade, Hershey has sought to invest in this changing community. We deepened our partnership with the Hazleton Integration Project (HIP) by supporting the after-school, early childhood and adult workforce development programs delivered at its Hazleton One Community Center. This center provides English as a Second Language (ESL) and citizenship classes as well as job training programs for Latino community members. Our partnership with HIP has been critical to our efforts to support our first completely bilingual facility in the U.S. with jobs for 150 Spanish-speaking employees.

→ [Learn more in Hershey Says Hola to Hispanic Workers in Hazleton, PA on page 97.](#)

### Expanding Outreach in Memphis, Tennessee

Hershey's Memphis team deepened its support for several longtime partners including the career and technical education programs at Kingsbury High School, to advance local workforce development goals and pipelines to manufacturing. The company also supported investments in children's health with support for St. Jude's and LeBonheurs Children's hospitals, and provided monetary, in-kind and volunteer support for Feed the Needy's Easter and Thanksgiving food outreach programs. The Memphis team also supported Memphis Music Initiative's creative youth development programs by participating in career exploration activities with local youth in collaboration with our Kit Kat® and Hershey's brand teams as part of the Black Music Month campaign.

→ [Learn more in Celebrating Black Music Month with the Memphis Music Initiative on page 21.](#)

### Investing in Brighter Futures in Robinson, Illinois

Hershey's Robinson plant employees joined a community-wide effort to improve affordable child care availability in Crawford County, Illinois, committing seed funding to construct a nonprofit child care center, a hub for early childhood education resources, and other support services for families with young children. Hershey also continued support for the construction of the county's long-awaited recreation center and educational initiatives with United Way to support high school students.

### Our Headquarters Region

In addition to supporting a range of local organizations, Hershey proudly committed leadership support to capital campaign projects across Central Pennsylvania. To address the rising needs of veterans experiencing homelessness and other challenges, Hershey provided a lead gift to Veterans Outreach of PA, which is working to build a tiny house community supporting homeless veterans. Combined with our Veterans BRG's fundraising efforts, Hershey provided this group with \$112,000 in funding.

In 2022, Hershey also committed \$500,000 to the Cocoa Packs capital campaign. Learn more in Cocoa Packs on page 122. This year also marked the grand opening of several projects supported by Hershey over the past few years, including the Dauphin County McCormick Library expansion project, the new Derry Township Community Center and the Penn State Health Children's Hospital expansion.



## Working Together for Stronger Communities continued

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

Hershey maintained steadfast support for a range of organizations working toward social justice, equity and inclusion across our communities. We deepened our support for YWCA Lancaster's Center for Racial and Gender Equity and its efforts to support women in need across Central Pennsylvania. We also continued our long-time partnerships with the National Association for the Advancement of Colored People's (NAACP) 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 the Thurgood Marshall College Foundation (TMCF).

→ [Learn more about our work with TMCF in Investing in Food Science Students on page 99.](#)

Hershey also continued support for the nonprofit [EmbraceRace](#), which helps parents, teachers and other caregivers of children as they work to raise children who are brave, thoughtful and informed about race. In 2022, our support helped the organization with the development of its first set of Caregiver Action Guides, which provide helpful hints and ideas for issues relating to race and racial justice for families. In addition to our monetary support, our employees volunteered their time to help beta-test the guides with their own children and provide feedback on their experience.



### Case Study

## Transferring a Treasured Landmark

In 2022, Hershey donated the historic Hershey Theatre to the M.S. Hershey Foundation. Originally built during Milton S. Hershey's Great Building Campaign in the 1930s, the Theatre has been an architectural and cultural jewel for the small town of Hershey since its doors opened in 1933. Today, it is a prominent venue for touring Broadway shows, world-class musicians, and comedians, and is regarded as one of Pennsylvania's finest performing arts venues. By donating the property to the M.S. Hershey Foundation, which exists to preserve the cultural legacy of Mr. Hershey and provide educational and cultural opportunities for the community, The Hershey Company is ensuring the landmark remains a unique cultural resource to the community and region for generations to come.

# Creating A World of Good



**Our international teams share goodness through philanthropy, volunteerism and product donations.**

## Caring Around the World

### Canada

Hershey Canada employees volunteered and made monetary donations to Food Banks Canada, donated gently used clothes and school supplies, cleaned up local parks and donated to their local Ronald McDonald House. The team also continued to support BGC Canada and its efforts to support child well-being.

→ [Learn more in Belonging, Not Bullying on page 115.](#)

### Mexico

Our Monterrey, Mexico, plant supported the Naandi Children's Home, which serves young children and teenage girls by developing a baking program to generate revenue for the organization via cookie sales. The team trained the young chefs on topics including finance, packaging, quality, safety and first aid, and made a monetary and product donation of chocolate chips and other ingredients to jump-start the entrepreneurial efforts. The team outfitted the organization's pastry workshop with new stainless steel equipment and pastry utensils for baking. The team continued its support of Naandi during the holidays, providing gifts and additional donations of cash and products to support the organization.

### The Philippines

Employees with Hershey's Global Business Services team in Manila collected and donated food, personal hygiene items and monetary donations to the San Lorenzo Home for the Elderly including a sweet treat – Hershey's Kisses Milk Chocolate with Almonds.

### Korea

Hershey Korea kicked off a partnership with Lifeline Korea, a nonprofit focused on suicide prevention and awareness and offers help to families impacted by loss. The team made a monetary donation and participated in the organization's Out of the Darkness run. Hershey Korea also supported Anna's House, an NGO that helps teens facing poverty and homelessness with food and mental healthcare in Seoul.

### Malaysia

Hershey Malaysia continued its longtime partnership with SK Taman Daya, a primary school for children ages 7-12 to set up a Hershey Garden in celebration of Earth Day and its ongoing sustainability education initiatives. The team also celebrated World Children's Day with the school by leading environmental sustainability activities and providing product donations for the children. The team also sponsored a vaccination event that supplied pneumococcal vaccines to citizens in rural and remote areas, providing Hershey products for this community health initiative.

# Tackling Hunger Head On

## We help more children around the world go to school in the morning and to bed at night with more goodness inside.

In the U.S., households with children are more than 1.3 times more likely to face hunger than households without children.<sup>1</sup> In communities across our raw ingredient supply chain, that number is far higher.<sup>2</sup> Combating hunger and food scarcity is one way we address our material issue of supporting the well-being of the people in our communities. Wherever Hershey has a presence, whether in Central Pennsylvania or Côte d'Ivoire, Africa, we strive to bring more moments of goodness where it is needed most.

### Cocoa Packs

Cocoa Packs is a hunger and community outreach organization that serves more than 1,000 children in 17 school districts surrounding our corporate headquarters. Each week, students and families in need across Central Pennsylvania receive bags of nutritious food to help combat food insecurity. To expand the reach of this program and support its exponential growth in recent years, Cocoa Packs announced a capital campaign to raise \$6 million to build and operate a new 20,000 square foot food distribution and community center in Hummelstown, Pennsylvania. The site will serve as the main Cocoa Packs facility and will include a teaching kitchen and community garden. Once completed in 2024, the facility will increase Cocoa Packs' capacity to serve children in five surrounding counties, as well as provide vital resources to improve the overall health and well-being of youth. To augment community donations, Hershey has pledged \$500,000 over two years. We have supported Cocoa Packs since it was founded in 2015, and dozens of Hershey employees regularly volunteer with the organization.

### Feeding America

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 by sponsoring a grant program for member food banks in five of our U.S. manufacturing communities across four states. In 2022, these grants served more than 27,000 children in more than 19,000 families. Our support provided more than 157,600 meals and focused on meeting the needs of children and families where they were, underwriting programs specifically designed for at home, after school, over weekends and vacations, and over the summer through School Pantry, Summer Meals, Backpack and Kids Café programs.

### Partners in Food Solutions

Each year, talented team members share their skills with promising entrepreneurial food companies across sub-Saharan Africa. Our people connect with small business owners through Partners in Food Solutions (PFS), a nonprofit working to improve food security, nutrition and economic development in Africa. Since our partnership began in 2015, Hershey team members have contributed nearly 8,000 hours and supported 117 different clients, 44% of which are owned or managed by women. By sharing their knowledge, our people help empower entrepreneurs, improve nutrition and strengthen food value chains in Africa.



**More than  
30%**

of total giving supported organizations fighting hunger and providing basic nutrition to children and their families

<sup>1</sup> 2022 Annual Report, Feeding America.

<sup>2</sup> Household Food Security in the United States in 2020 | USDA.

# Giving Back Goodness

## Pairing our corporate giving with employee volunteerism in the communities where we live and work helps us deliver more goodness.

From using their expertise to providing hands-on support for community nonprofits, Hershey employees have a tradition of giving back.

→ [For a summary of our community giving and volunteering data, see page 124.](#)

### Good to Give Back Month

Every year, Hershey encourages employees to come together to give back to their communities as volunteers. During our 2022 Good to Give Back Month, approximately 800 employees volunteered more than 1,800 hours.

- In conjunction with the announcement of our capital campaign investment to support Cocoa Packs, 120 volunteers donated 190 hours at the Wednesday food distributions and warehouse/clothing centers in 2022
- Children preparing to enter kindergarten received school and health supplies collected and sorted by employees from our corporate headquarters as part of the United Way of Lebanon County's annual Stuff the Bus campaign
- Via virtual volunteering, employees wrote encouragement cards to hospitalized children at Penn State Milton S. Hershey Children's Hospital and other area children's hospitals
- Employees joined webinars to learn about Rise Against Hunger and Partners in Food Solutions and joined virtual brainstorming sessions to support EmbraceRace's efforts in supporting parents and caregivers

### Children's Miracle Network

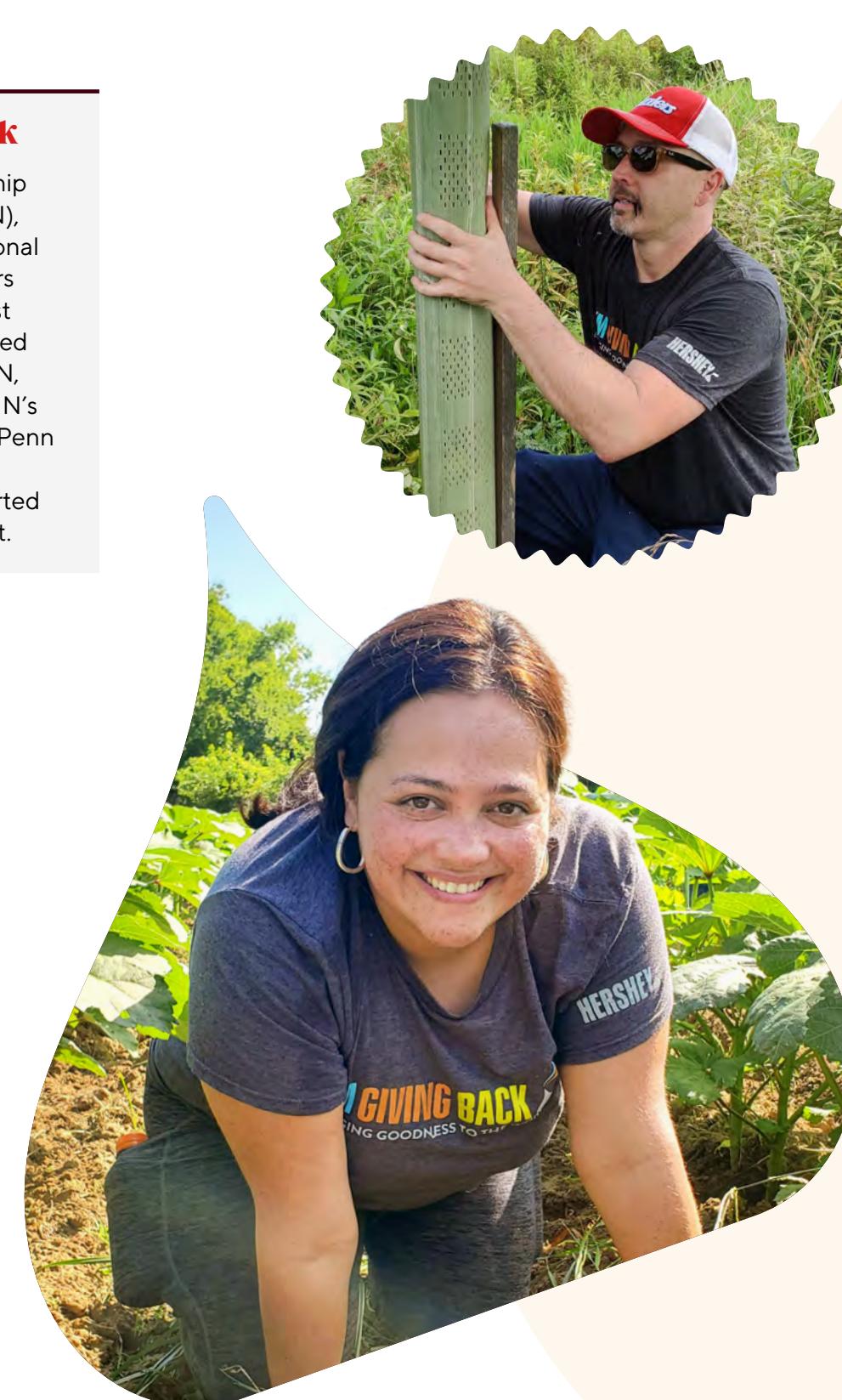
In the U.S., we continued our partnership with Children's Miracle Network (CMN), donating to support efforts at the national level and at our corporate headquarters in Hershey, Pennsylvania. Over the past 33 years, Hershey employees have raised more than \$7 million in support of CMN, and Hershey continued support of CMN's Educational Equity Scholarship at the Penn State College of Medicine to decrease disparities in pediatric care and supported CMN's Child Life program endowment.

## 4,000+

employee volunteers in 2022

## 108,794

employee volunteer hours in 2022



### Case Study

## Environmental Philanthropy and Volunteerism

To promote environmental stewardship in our farms, public lands and communities, Hershey provides funding and maintains strategic partnerships with national, regional and local groups including the Arbor Day Foundation, Chesapeake Bay Foundation, the Alliance for the Chesapeake Bay, and other local environmental conservancies and agricultural centers. Many of our joint initiatives focus on reforestation, restoring ecosystems and biodiversity, and cultivating healthy soil and protection of waterways. In nature, everything is connected, so these efforts often provide multiple overlapping benefits. They also support our priority ESG goals. During our 2022 Good to Give Back Month, Hershey featured volunteer opportunities with a range of our environmental partners, supporting trail maintenance, community gardens, tree plantings, and cleanup and restoration activities.

Every year, members of our Green Teams join with other employees, family and community members in projects such as tree planting and cleanups to improve water quality, cleaner air and create more natural spaces. For example, the Hershey Malaysia team helped to build a Hershey garden at a local school and planted 35 herbal trees. They also educated students about a sustainable lifestyle, distributed 55 lunch packs and donated 110 Hershey's stainless steel drinking bottles along with Hershey's Kisses chocolates. Elsewhere, volunteers from across the company cleaned up litter in Harrisburg, Pennsylvania, performed trail maintenance at the Penn State Milton S. Hershey Medical Center, and helped care for The Hershey Gardens and Hershey Community Garden.

→ [Learn more about our Green Teams on page 80.](#)

# Our Progress

## Goals

Community	Target Year	Progress (as of Dec. 31, 2022)	Goal Status	Notes
\$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	2025	<b>\$73.5 million</b>	On Track	1

1 Hershey donated nearly \$73.5 million in cash and products cumulatively from January 1, 2020 to December 31, 2022.

## KPIs

Community giving and volunteering	Unit	2022	2021	2020	Notes
Cash donations	USD (in millions)	<b>\$11.1</b>	\$11.3	\$16.9	—
In-kind/product donations	USD (in millions)	<b>\$19.4</b>	\$5.1	\$9.7	1
Annual net sales directed to community philanthropic endeavors	%	<b>0.29%</b>	0.18%	Not Available	—
Employee volunteer hours	# of hours	<b>108,794</b>	117,197	62,256	—
Total employee volunteers during Good to Give Back month	# of employees	<b>800</b>	1,050	Not Available	—
Total organizations supported globally during Good to Give Back month	# of organizations	<b>30</b>	55	Not Available	—
Total volunteer hours during Good to Give Back month	# of hours	<b>1,800</b>	1,500	Not Available	—

1 In June 2022, the company entered into a Donation Agreement with Hershey Trust Company, as trustee for The M.S. Hershey Foundation, pursuant to which the company donated the historical Hershey Theatre located in Derry Township, Pennsylvania.

# Appendices

# About This Report

Hershey's 2022 ESG Report covers our most material ESG topics and the issues where we can have the greatest impact.

This ESG Report covers the 2022 calendar year, which is also our fiscal year, unless otherwise stated.

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

Where noted, select environmental data within this ESG Report has been verified by Quantis, an independent verifier. Additional environmental data has received limited assurance by EY. Statements from both Quantis and EY may be found on the following pages.

Disclosure 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 align to the following ESG frameworks and standards:

- [Global Reporting Initiative \(GRI\)](#) in accordance with GRI Universal Standards
- [Sustainability Accounting Standards Board \(SASB\)](#)
- [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#)
- United Nations Global Compact (UNGC)
- [UN Guiding Principles Reporting Framework \(UNGPRF\)](#)
- UN Sustainable Development Goals (SDGs)

Additional ESG-related policies and resources can be found on our [Sustainability Reports, Policies and Resources webpage](#).

We welcome any feedback you may have on our ESG disclosures.

Please direct inquiries to [sustainability@hersheys.com](mailto:sustainability@hersheys.com).

## Forward-looking Statements

Hershey's 2022 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.

## Our Company

The Hershey Company is headquartered in Hershey, Pa., and is an industry-leading snacks company known for bringing goodness to the world through our iconic brands, remarkable people and enduring commitment to help children succeed. Hershey has approximately 19,000 employees around the world who work every day to deliver delicious, quality products. Our company has more than 100 brand names in approximately 80 countries around the world that drive more than \$10 billion in annual revenues, including the iconic *Hershey's*, *Reese's*, *Kit Kat*<sup>®</sup>, *Jolly Rancher* and *Ice Breakers* brand names, and fast-growing salty snacks including *SkinnyPop*, *Pirate's Booty* and *Dot's Homestyle Pretzels* brands.

For more than 125 years, Hershey has been committed to operating fairly, ethically and sustainably. Hershey founder, Milton Hershey, created Milton Hershey School in 1909 and since then the company has focused on helping children succeed.

→ **To learn more visit, [www.thehersheycompany.com](http://www.thehersheycompany.com)**



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### Independent Accountants' Review Report

To the Management of The Hershey Company

We have reviewed The Hershey Company's ("Hershey") Schedule of Select Sustainability Indicators (the "Subject Matter") included in Appendix A for the year ended December 31, 2022 in accordance with the criteria also set forth in Appendix A (the "Criteria"). Hershey's management is responsible for the Subject Matter in accordance with the Criteria. Our responsibility is to express a conclusion on the Subject Matter based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform our review to obtain limited assurance about whether any material modifications should be made to the Subject Matter in order for it to be in accordance with the Criteria. The procedures performed in a review vary in nature and timing from and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the Subject Matter is in accordance with the Criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. As such, a review does not provide assurance that we became aware of all significant matters that would be disclosed in an examination. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent of Hershey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review engagement. Additionally, we have complied with the other ethical requirements set forth in the Code of Professional Conduct and applied the Statements on Quality Control Standards established by the AICPA.

The procedures we performed were based on our professional judgment. Our review consisted principally of applying analytical procedures, making inquiries of persons responsible for the subject matter, obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter and performing such other procedures as we considered necessary in the circumstances.

As described in Appendix A, the Subject Matter is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

The information included in Hershey's ESG Report, other than the Subject Matter, has not been subjected to the procedures applied in our review and, accordingly, we express no conclusion on it.

Based on our review, we are not aware of any material modifications that should be made to the schedule of select sustainability indicators for the year ended December 31, 2022 in order for it to be in accordance with the Criteria.

*Ernest & Young LLP*

April 27, 2023

A member firm of Ernst & Young Global Limited



### Appendix A – The Hershey Company Schedules of Selected Sustainability Indicators

#### Schedule of Select Environmental Metrics for the year ended December 31, 2022

Indicator name <sup>1</sup>	Reported value	Units of measure	Criteria	Reporting Boundary
Energy consumption within the organization				
Total direct energy consumption <sup>3</sup>	5,683,133	Gigajoules (GJ)	Hershey calculates total energy consumption as the total energy from all sources including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). This includes direct fuel usage, purchased electricity, purchased heating, purchased cooling and purchased steam.	Hershey selected an organizational boundary based on the company's operational control. <sup>2</sup>
Percent of total electricity consumption that is supplied as grid electricity <sup>4</sup>	22.99%	Percentage (%)	Hershey calculates the percent of total electricity consumption that is supplied as grid electricity as the total purchased grid electricity consumption divided by total electricity consumption.	
Percent of total electricity consumption that is identified as renewable electricity <sup>5</sup>	25.47%	Percentage (%)	Hershey calculates the total electricity consumption that is identified as renewable electricity as the total renewable electricity purchased divided by total electricity consumption.	
Percent of total electricity consumption that is covered by the purchase of a zero-emissions energy based contractual instrument <sup>6</sup>	51.54%	Percentage (%)	The Company calculates the total electricity consumption that is covered by the purchase of a zero-emissions energy based contractual instrument as the total energy purchased through zero-emissions energy based contractual instruments divided by total electricity consumption.	

<sup>1</sup> For facilities that do not receive invoices or meter readings necessary to obtain actual energy consumption, Hershey utilizes an estimation methodology that considers historical and known data. This methodology is utilized for smaller offices and is not considered material to Hershey's reported energy and electricity consumption.

<sup>2</sup> The reporting boundary of the Subject Matter within the Schedule includes all global facilities and offices under the operational control of Hershey. The reporting boundary includes all Dot's Pretzels and Pretzels, Inc. facilities acquired during 2021.

<sup>3</sup> Total direct energy consumption includes natural gas, coal, gasoline, jet fuel, oil #2, coal, propane, and biogenic sources and aligns with the sources and energy consumption included in the calculation of Scope 1 GHG emissions.

<sup>4</sup> Grid electricity is defined as electricity provided and consumed by the Company through connection with a third-party utility provider. This excludes third-party auxiliary power providers, such as direct line transmission from renewable sources of energy.

<sup>5</sup> Renewable electricity consists of both contractual instruments and electricity from renewable sources of energy provided through direct line transmission. The contractual instruments align with the WRI/WBCSD GHG Protocol Scope 2 Guidance Quality Criteria and are derived from renewable energy. Renewable energy is defined by the Company as sources that are replenished at a rate greater than or equal to their rate of depletion (i.e., geothermal, wind, solar, and hydro). In certain instances, the retirement of these contractual instruments may occur subsequent to the date of this report. When this is the case, the contractual instrument has a set date for retirement or is contractually obligated to be retired. Direct line renewable electricity is purchased by the Company directly as renewable electricity maintaining the related emissions attributes. The renewable energy based contractual instruments and the direct line renewable electricity used in this indicator are included in the Scope 2 MBM GHG emissions calculation.

<sup>6</sup> Zero-emissions energy based contractual instruments are defined as contractual instruments that align with the WRI/WBCSD GHG Protocol Scope 2 Guidance Quality Criteria but fail to meet the definition of renewable energy. Most commonly this energy is contractual instruments linked to nuclear energy. The zero-emissions energy based contractual instruments used in this indicator are included in the Scope 2 MBM GHG emissions calculation.



**Schedule of  
Select Environmental Metrics  
for the year ended December 31, 2022**

Indicator name <sup>7</sup>	Reported value	Units of measure	Criteria	Reporting Boundary
Scope 1 (Direct) Greenhouse Gas (GHG) Emissions <sup>8,9,10</sup>	179,211	Metric tonnes carbon dioxide equivalents (MT CO <sub>2</sub> e)	World Resources Institute ("WRI") / World Business Council for Sustainable Development's ("WBCSD") The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol) and WRI WBCSD GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard	Hershey selected an organizational boundary based on the company's operational control. <sup>11</sup>
Scope 2 (Indirect) GHG Emissions, market-based method <sup>12,13,14</sup>	68,639	MT CO <sub>2</sub> e	The GHG Protocol and WRI WBCSD GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard	
Scope 2 (Indirect) GHG Emissions, location-based method <sup>12,13</sup>	232,579	MT CO <sub>2</sub> e		

<sup>7</sup> For facilities that do not receive invoices or meter readings necessary to obtain actual energy consumption, Hershey utilizes an estimation methodology that considers historical and known data. This methodology is utilized for smaller offices and is not considered material to Hershey's reported GHG emissions.

<sup>8</sup> Scope 1 GHG emissions includes natural gas, refrigerants, coal, gasoline, jet fuel, oil #2, coal, propane, and biogenic emissions for CH<sub>4</sub> and N<sub>2</sub>O.

<sup>9</sup> Gases included in the reporting boundary are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Additional greenhouse gases include HFCs and PFCs used in refrigerants. The majority of the reported CO<sub>2</sub>e emissions are from CO<sub>2</sub> with the remainder being composed of CH<sub>4</sub> and N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.

<sup>10</sup> Hershey calculates their Scope 1 GHG emissions inclusive of company-owned passenger vehicles. In certain regions, the exact fuel consumed as part of Hershey's operational boundary holds a degree of uncertainty. As a result, Hershey leverages estimation based upon known historical data in order to maintain a representative footprint of their Scope 1 GHG emissions.

<sup>11</sup> The reporting boundary of the Subject Matter includes all global facilities and offices under the operational control of Hershey. The reporting boundary includes all Dot's Pretzels and Pretzels, Inc. facilities acquired during 2021.

<sup>12</sup> Hershey applies The GHG Protocol Scope 2 Guidance for both the market-based and the location-based emissions by multiplying purchased electricity by the emissions factors indicated in the table in the notes section titled "Sources of emissions factors and global warming potentials."

<sup>13</sup> GHG emissions – Scope 2 indirect emissions includes the following gases: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O in the reporting boundary. The vast majority of the reported CO<sub>2</sub>e emissions are from CO<sub>2</sub> with the remainder being composed of CH<sub>4</sub> and N<sub>2</sub>O, noting that HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub> are not material to the Company's emissions.

<sup>14</sup> For some Hershey owned facilities, renewable energy attributes and zero-emissions attributes are purchased as contractual instruments. These attributes are registered and retired in an energy market's attribute tracking system. In certain instances, the retirement of these contractual instruments may occur subsequent to the date of this report. When this is the case, the contractual instrument has a set date for retirement or is contractually obligated to be retired. The company adjusts its Scope 2 MBM emissions as recommended by the GHG Protocol Scope 2 Guidance by treating the underlying power associated with the attributes as null power in the calculation of Scope 2 MBM emissions.



**Note on Non-financial Reporting:**

Non-financial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurements techniques may also vary.


**Note on Sources of emissions factors and global warming potentials:**

Indicator name	Emissions factors	Global warming potentials
GHG emissions – Scope 1	2022 UK Department for Environment, Food and Rural Affairs (DEFRA) Greenhouse gas reporting: Conversion factors as of September 20, 2022	2014 IPCC Fourth Assessment Report
GHG emissions – Scope 2 (market-based)	2022 International Energy Agency (IEA) Data Services 2022 Edison Electric Institute (EEI) Electric Company Carbon Emissions and Electricity Mix Reporting Database for Corporate Customers 2021 Green-e Energy Residual Mix Emissions Rates <sup>15</sup> 2021 Data Year RE-DIIS Residual Mix Emissions Rates for Europe Mexico Emission Factor of the National Electrical System 2021 Hydro-Quebec CO <sub>2</sub> Emissions 2021 Malaysia Sustainable Energy Development Authority 2016 2022 Central Electricity Authority of India: Tool to Calculate the Emission Factor for an Electricity System – Version 7.0 Other supplier specific emissions factors	
GHG emissions – Scope 2 (location-based)	2021 The Emissions & Generation Resource Integrated Database (eGRID) 2022 factors, International Energy Agency (IEA) Data Services	


**Note on Sources of conversion factors:**

Indicator name	Conversion factors
Total energy Consumption	U.S. Energy Information Administration (EIA) Unit Energy Conversion Calculator U.S. Environmental Protection Agency (EPA) Natural Gas Conversions British Oil and Gas Company (BP) – Statistical Review of World Energy – Approximate Conversion Factors

<sup>15</sup> The emission factors applied to electricity consumption in the U.S. is the Green-e residual mix emission factor, which is an adjusted grid-average emission factor that accounts for all unique Green-e Energy certified sales. A complete adjusted emission factor (i.e., residual mix that accounts for all voluntary renewable energy claimed) is not available for the U.S. at this time.



#### Greenhouse Gas, Water, and Waste Verification Statement

Prepared for: The Hershey Company  
Prepared by: Quantis US

April 10, 2023

#### Greenhouse Gas Emissions

The inventory of Greenhouse Gas emissions from selected Scope 3 categories for The Hershey Company has been verified for the reporting year 2022 by Quantis according to ISO 14064-3 as detailed below:

Year	Scope	Category	GHG Emissions (MT CO <sub>2</sub> e)
2022	Scope 3	Category 1 – Purchased goods and services	5,055,719
		Category 3 – Fuel and energy related activities	136,489
		Category 4 – Upstream transportation	363,671
		Category 5 – Waste generated in operations	13,656
		Category 6 – Business travel	13,276
		Category 7 – Employee commuting	43,446
		Category 9 – Downstream transportation and distribution	202,414
		Category 12 – End of life of sold products	113,005
		Total Scope 3 Footprint	5,941,676

#### Water KPIs

The inventory of water withdrawal, water discharge, and water consumption has been verified for the reporting year 2022 by Quantis, as detailed below:

Year	KPI	Quantity	Unit
2022	Total water withdrawal	5,783	Million liters
	Total water discharge	4,898	Million liters
	Total water consumption	885	Million liters

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#### Waste KPIs

The inventory of waste categories disposed and enterprise-wide waste intensity in operations has been verified for the reporting year of 2022 by Quantis, as detailed below:

Year	KPI	Quantity	Unit
2022	Non-hazardous waste generated	87,188	Metric tons
	Waste recycled	68,302	Metric tons
	Recycled	29,826	Metric tons
	Stock feed	38,338	Metric tons
	Composted	138	Metric tons
	Waste to energy (incineration)	9,973	Metric tons
	Waste to trash (landfill)	8,913	Metric tons
	Hazardous waste	225	Metric tons
	Waste intensity	0.08	MT waste generated / MT product produced

Authorized by

Mariya Absar, PhD  
Senior Sustainability Consultant, Quantis US  
Verification Statement Date: April 10, 2023

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#### Brief description of the Verification Process

Quantis has been commissioned by The Hershey Company for verification of The Hershey Company greenhouse gas emissions, from selected Scope 3 categories for the 2022 reporting year, against the GHG Protocol. Quantis also reviewed relevant water, and waste KPIs for the 2022 reporting year. The verification was based on the verification scope, objectives, and criteria as agreed between The Hershey Company and Quantis.

#### Roles and Responsibilities

The management of The Hershey Company is responsible for supplying relevant activity data and emission factors, as well as the calculations of GHG emissions information and the reported GHG emissions.

It is Quantis' responsibility to express an independent verification opinion on the GHG emissions as provided by The Hershey Company for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

#### Objectives and Criteria

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the GHG emissions are as declared by The Hershey Company.
- Whether water and waste KPIs are as declared by The Hershey Company.
- Whether the data reported are accurate, complete, consistent, transparent, relevant and free of material error or omission and compiled in accordance with The Hershey Company' described methodology.

#### Level of Assurance

Quantis undertook the verification assessment with the aim to provide a limited level of assurance for selected Scope 3 categories listed below, as well as water and waste inventory KPIs for The Hershey Company operations.



#### Scope

Emission sources verified were from CO<sub>2</sub>-e arising from The Hershey Company's Scope 3 emissions from reporting year 2022. The following Scope 3 categories were included:

Category	In/Out of Scope
Purchased Goods & Services	In Scope
Fuel & Energy Related Activities	In Scope
Upstream Transportation & Distribution	In Scope
Waste Generated in Operations	In Scope
Business Travel	In Scope
Employee Commuting	In Scope
Downstream Transportation & Distribution	In Scope
End of Life Treatment of Products	In Scope
Capital Goods	Out of Scope
Upstream Leased Assets	Out of Scope
Processing of Sold Products	Out of Scope
Use of Sold Products	Out of Scope
Downstream Leased Assets	Out of Scope
Franchises	Out of Scope
Investments	Out of Scope

Note: Scope 3 categories that are "Out of Scope" are excluded from Hershey's GHG inventory because they're not materially applicable to the footprint

#### Conclusion

Based on the data and information provided to Quantis and the processes and procedures conducted by Quantis, it is concluded that the GHG emissions calculations are sound. There is no evidence to suggest that the GHG emissions for the reported Scope 3 categories, as well as selected water and waste KPIs are not materially correct and are not a fair representation of provided data and information based on the calculation methodologies utilized.

# Material Issue Definitions

 Environment  
 Governance  
 Social

Issue	Definition
<a href="#">Advocacy and lobbying</a>	The extent to which the company is involved in supporting, whether financial or otherwise, any political candidate or issue in jurisdictions that it operates. <b>Sub-issues:</b> Political expenditures, lobbying, brand activism
<a href="#">Animal welfare</a>	Ensuring the production of livestock in the supply chain upholds standards for the ethical and humane treatment of animals, including their mental and physical well-being, and prioritizing suppliers producing cruelty-free products. <b>Sub-issues:</b> Cage-free housing, judicious use of antibiotics/growth hormone, feeding practices, unnecessary suffering
<a href="#">Biodiversity</a>	Engaging in the protection of ecosystems, including the protection of wildlife (e.g., plants, animals, and other species) and their habitats. <b>Sub-issues:</b> Ecosystem protection, sustainable agriculture, wildlife protection and conservation, chemical management
<a href="#">Board and executive oversight</a>	Oversight to ensure highest standards for accountability and trust are upheld in the business, supporting an environment with integrity, financial stability, and responsible and long-term growth. <b>Sub-issues:</b> Board diversity, independent board members, executive compensation
<a href="#">Business operations and supply chain resilience</a>	The active management of supply chain activities to minimize disruptions of any form and maximize company and customer value. <b>Sub-issues:</b> Natural disaster preparedness, climate change, pandemic, risk assessment, geo-politics, tax
<a href="#">Child labor</a>	Prohibiting work that deprives children of their childhood, their potential and their dignity, and is harmful to physical and mental development. <b>Sub-issues:</b> Education access, poverty, nutritional access
<a href="#">Data protection and cyber security</a>	Protecting and securing employee and customer data to avoid reputational and personal damage. Including appropriate measures to reduce data risks and increase the trust of all stakeholders. Ensuring the correct platforms are in place to ensure cyber security. <b>Sub-issues:</b> Privacy, responsible use of technology, ethical use of data, data privacy
<a href="#">Deforestation</a>	Use and management of forest resources to meet business and customer needs, as well as measures of any relevant contamination, deterioration or destruction. <b>Sub-issues:</b> Sustainable forestry and harvesting, land titles, law enforcement, agroforestry
<a href="#">Diversity, equity and inclusion (DEI)</a>	Embracing all forms of diversity in the workplace, creating an inclusive and equitable workplace culture where everyone feels safe, respected and valued. Convey a commitment to inclusion, diversity and equality beyond the workplace to Hershey's vendors, customers and communities with a focus on underrepresented groups. <b>Sub-issues:</b> Racial and social justice, discrimination, psychological safety, supplier diversity, equal access and opportunity for underrepresented groups, women's empowerment along the supply chain
<a href="#">Employee attraction, retention and development</a>	Hiring, managing, developing and retaining the right people with the right skills in an increasingly competitive market. Ensuring Hershey's pay structure is competitive and aligns with industry standards. <b>Sub-issues:</b> Learning and development, talent acquisition, compensation and benefits, pension management
<a href="#">Energy management</a>	Optimizing operational practices and power sources to conserve energy and reduce overall energy consumption. <b>Sub-issues:</b> Renewable energy, energy efficiency, LED lighting
<a href="#">Ethics and compliance</a>	Maintaining the highest levels of ethical standards in the conduct of our operations and acting in full compliance with the laws and regulations of the countries in which Hershey operates and serves, maintaining compliance with best practices and international standards, where applicable. <b>Sub-issues:</b> Anti-competitive behavior, anti-corruption, compliance with relevant standards, ethical behavior, regulatory compliance
<a href="#">Farmer livelihoods</a>	The opportunity for growers to influence decision-making processes and to undertake transformative actions that can help them to improve their livelihoods. <b>Sub-issues:</b> Employment opportunity, fair wages, living wage

## Material Issue Definitions

continued

 Environment  
 Governance  
 Social

Issue	Definition
<b>Food safety and quality</b>	Upholding the highest product quality and assessing and ensuring the health and safety of all products. Practices used to grow, harvest, process and deliver safe, healthy and quality food and prevent any contamination or food-borne illnesses. <b>Sub-issues:</b> Product safety, quality inspection and certification
<b>GHG emissions and climate change</b>	Taking action to reduce Hershey's carbon footprint and reduce climate-related risks. <b>Sub-issues:</b> Emissions reduction, low-carbon logistics, business travel, facility footprint, decarbonization, resilient supply chains
<b>Human rights (supply chain)</b>	Throughout the supply chain, upholding and respecting the fundamental human rights of all external stakeholders by ensuring basic conditions for all individuals to live with dignity and free from human rights abuses, including child and forced labor. <b>Sub-issues:</b> Fundamental human rights, forced labor, human trafficking, living wage and income
<b>Labor relations</b>	Upholding commonly accepted core labor rights principles across the Hershey workforce and supporting freedom to association and collective bargaining as well as respecting the right to be free of harassment and intimidation in the workplace. <b>Sub-issues:</b> Labor rights, collective bargaining, grievance mechanisms, freedom of association
<b>Nutrition and health</b>	The company's involvement in making healthy products widely available and affordable. <b>Sub-issues:</b> Consumer well-being, children's nutrition, transparency
<b>Packaging and end-of-life</b>	Minimizing the use of packaging and single-use plastics, including reducing unnecessary packaging, and implementing reuse and recycled materials for customer and consumer-facing packaging. Additionally, ensuring packaging is easily recyclable for customers and consumers. <b>Sub-issues:</b> Plastic reduction, circular systems, recycled and reusable sources, customer waste and post-consumer recycling
<b>Responsible marketing and labelling</b>	Promoting practices which maintain fair marketing and responsible selling, as well as providing customers with transparent access to information about the origin and composition of products, including environmental (i.e., environmental footprint) and social (i.e., human rights and fair wages) impacts, to help customers make informed choices. <b>Sub-issues:</b> Fair and responsible selling, customer labelling, responsible marketing, ingredients and product transparency
<b>Responsible sourcing</b>	The company's ability to maintain a secure, sustainable, and fair supply chain for its assets and services. <b>Sub-issues:</b> Ethical sourcing, sustainable sourcing, safety, transparency
<b>Soil health</b>	Efforts to protect and ensure the capacity of soil to function as a vital living ecosystem that sustains plants, animals, and humans. <b>Sub-issues:</b> Regenerative agriculture, chemical management and pesticide/fertilizer use, Desertification
<b>Supporting communities</b>	Supporting, developing, and enhancing the well-being and livelihoods of communities where Hershey is present through charitable giving and employee volunteering. <b>Sub-issues:</b> Philanthropy, employee volunteering, community relations, disaster response, hunger and food scarcity
<b>Traceability</b>	The ability of the company to follow the movement of a food product and its ingredients through all steps in the supply chain. <b>Sub-issues:</b> Blockchain, supply chain transparency, risk management
<b>Waste management</b>	Responsible management and disposal of hazardous/non-hazardous waste in production and operations and where possible, reducing, recycling or reusing within the supply chain. <b>Sub-issues:</b> Hazardous/non-hazardous waste disposal, facility and corporate recycling programs, customer and supplier engagement, food waste
<b>Water use</b>	Responsibly using, managing and conserving water resources while meeting business needs. <b>Sub-issues:</b> Water efficiency, wastewater management, water quality and effluent
<b>Workplace health and safety</b>	Ensuring the physical and mental health and safety of Hershey's employees at offices, stores and distribution centers by providing a safe place to work with sufficient protocols and training programs in place. <b>Sub-issues:</b> Workplace protection, mental well-being, flexible working, company culture, health and safety policies and training, employee incidents at work

# Salient Human Rights Issues Definitions

These are the definitions used in the 2022 refresh of our salient human rights issues.

Issue	Definition
<b>Child labor</b>	As defined by the International Labour Organization (ILO), Child Labor is work that deprives children of their childhood, their potential, and their dignity, and is harmful to their physical and mental development.
<b>Forced labor</b>	As defined by the ILO, this includes work or service that is obtained from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily.
<b>Land rights and Acquisition</b>	Customary land rights, including the fulfillment of respecting rights for Indigenous Peoples, local communities and farmers to give Free, Prior and Informed Consent, for acquisition and development.
<b>Living wage and income</b>	Workers and farmers to receive a wage and/or income level that allows all members of the household to afford a decent standard of living. <sup>1</sup>
<b>Health and safety</b>	A safe and healthy workplace in both our own business and in our supply chains in line with applicable safety and health laws and in consultation with rightsholders.
<b>Access to water and sanitation</b>	Sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use and to sanitation services that are safe and physically accessible, and ensure privacy and dignity.
<b>Climate impacts and deforestation</b>	The impacts of climate change and commodity-driven deforestation on people and communities.
<b>Gender and social inequality</b>	Equal human rights for historically marginalized groups including women and the BIPOC community, and those further marginalized based on intersecting identities.

<sup>1</sup> Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.