



powered by
**Shared
Goodness**

2021 ESG Report Summary

For use in 2022; Data as reported in 2021



Shared Goodness. That's Our Promise.



“

Our ESG priorities, while ambitious, are achievable. We remain focused on the important work of embedding these priorities within our short and long-term business strategies for the positive impact on our business, communities and our world.

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

This summary is intended as an overview of the 2021 ESG (Environmental, Social and Governance) Report highlighting Hershey's strategy, commitments and progress in ongoing ESG priority areas. Please see our website for the [full report](#) and [additional disclosures](#).

Additional Disclosures / Reports:



[ESG Report](#)



[GRI](#)



[SASB](#)



[SDG](#)



[TCFD](#)

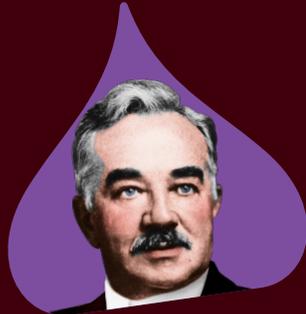


[UNGC](#)



[UNGPRF](#)

A Legacy of Doing the Right Thing



Milton Hershey taught us that doing well means doing good. That legacy lives on today through our business strategy.

1894
Milton Hershey founded The Hershey Chocolate Company

1909
Milton and Catherine Hershey founded what would be the Milton Hershey School

1918
Milton Hershey gifted his fortune to create the Hershey School Trust

1930
The Great Building Campaign began

2021

- Established Science-Based Targets to reduce GHG emissions and invested in solar energy
- Committed to 100% recyclable, compostable, reusable packaging by 2030.
- Released our Living Wage & Income Position Statement
- Met our goal of 100,000 children taking heartwarming actions

2012

- Committed to 100% independently verified cocoa by 2020

2017

- Helped to form the Cocoa & Forest Initiative

2019

- Launched an enterprise-wide Human Rights Policy

2015

- Launched *Energize Learning* to produce and distribute *ViVi*, a vitamin-fortified peanut butter snack, to children in West Africa

2018

- Declared “no new deforestation” in our cocoa supply chain.
- Launched Cocoa for Good
- Disclosed aggregate gender pay ratio
- Launched the Shared Goodness Promise, our holistic sustainability strategy
- Created The Heartwarming Project

2020

- Launched The Pathways Project, our new holistic DEI strategy
- Achieved 100% independently verified cocoa
- Achieved 1:1 Aggregate Pay Equity in the U.S.
- Committed to enrolling 100% of high-risk suppliers in Responsible Sourcing Program by 2021
- Created and donated 2M+ disposable masks in 2020 and 2021.
- Created a first-of-its-kind scholarship endowment with the Thurgood Marshall College Fund

2022

- Committed to increase spend with diverse-owned businesses to \$400 million by 2030

In 2021 and early 2022, we focused on embedding ESG in business operations. This work will continue into 2023.

- Enhanced our Corporate Governance Guidelines and Board committee charters
- Expanded our enterprise risk portfolio to reflect ESG, human capital, climate and the environment.
- Established an ESG Advisory Committee of senior leaders to review strategic direction and delivery
- Expanded Disclosure Committee to include ESG leadership
- Built cohesion across ESG and financial reporting
- Created Enterprise and Regional Scorecards for increased transparency and prioritization

A Look at Recent ESG Progress

Championed by a Robust Governance Structure with Strong Executive Engagement



Board of Directors

The Board oversees our ESG strategies and priorities, along with the most important emerging ESG trends, risks and opportunities.



Executive Committee

Quarterly reviews on ESG strategy, data, progress, challenges and opportunities.



ESG Advisory Committee

Senior leadership meets bi-monthly to review proposed ESG investments, disclosures and policies.



Disclosure Committee

In 2021, we expanded this team to include the VP of Global Sustainability and Corporate Communications to ensure consistent disclosures across Hershey's financial and ESG reporting



Sustainability Steering Committee

Composed of key business leaders and ESG subject matter experts, this group meets bi-monthly to evaluate ESG strategy effectiveness and interdependencies, provide input on investments, and reviews our ESG progress and goals.



Global Sustainability Team

Led by our VP of Global Sustainability and Corporate Communications and composed of ESG experts, this team manages the strategy, implementation and reporting of our global ESG initiatives and communicates with external stakeholders on key decisions and progress

12

Directors

50%

Board Diversity

12

Aged 50+

5

Women

2

People of color

See also:



[2021 ESG Report](#)

We Have Prioritized Material Issues to Ensure Long-Term Business Resiliency



Cocoa

Improving the livelihoods of farmers and addressing labor issues safeguards the supply of cocoa, the primary ingredient of our products



Responsible Sourcing & Human Rights

Resilient supply chain ensures fair and equitable working conditions and continuity of supply for agricultural ingredients



Environment

Minimizing environmental impact and restoring ecosystems preserves and strengthens resources for long-term sustainability



Our People

A pipeline of diverse and equitable talent drives more opportunity and superior ideas and execution



Youth

Supporting youth differentiates our brand, builds on and creates connections with our legacy and the next generation



Community

Strong communities make resilient workforces and increase brand reputation

Progress Against Our Priority Goals

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

Responsible Sourcing & Human Rights	Target Year	Progress (as of Dec 31, 2021)
100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume) ^{3*}	2025	On Track 78%
85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	On Track 25%

Youth	Target Year	Progress (as of Dec 31, 2021)
50 million children globally supported through education, nutrition, and social and emotional well-being ^{4*}	2025	On Track 15.4M
100,000 children take Heartwarming actions and impact their communities ^{5*}	2025	Achieved 128,800 Children

Environment	Target Year	Progress (as of Dec 31, 2021)
50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline ^{6*}	2030	On Track 48%
25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	On Track 18%
100% of plastic packaging to be recyclable, reusable or compostable	2030	On Track In 2021, we began initial recyclability research & machine ability trials. In 2022, we are focused on converting flexible packaging to recyclable structures.
25 million pounds of packaging to be eliminated ^{7*}	2030	On Track 9.5M

Our People	Target Year	Progress (as of Dec 31, 2021)
Achieve pay equity for similar job categories across our global salaried employees	2025	On Track In 2020, we achieved 1-to-1 aggregate gender pay equity for salaried employees in the U.S. (excluding recent acquisitions) and in 2021, we achieved 1-to-1 aggregate POC pay equity for salaried employees in the U.S. (excluding recent acquisitions). We seek to maintain existing achievements and continuous improvement on pay equity for similar job categories throughout our organization.
47–50% women representation across all employees globally and 30–40% people of color (POC) representation across U.S. employees ^{8*}	2025	Achieved 47.7% women globally On Track 24.6% POC in the U.S.
50% hazard reduction for job functions with ergonomic risks through process improvements	2025	On Track 17%

Community	Target Year	Progress (as of Dec 31, 2021)
\$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 ^{9*}	2025	On Track \$43M

* For footnotes, please see page 11

Cocoa & Labor Practices

Drive systemic change in cocoa growing communities

100%



Achieved independently verified cocoa in 2020 and maintained in 2021



See also:

-  [2021 ESG Report](#)
-  [Blog: How We're Delivering Progress on Cocoa Sustainability](#)
-  [Cocoa For Good](#)

2025 Commitments

In Côte d'Ivoire and Ghana

100% sourcing visibility of Hershey's cocoa volume

100% of farmers producing Hershey's cocoa volume are polygon mapped by our suppliers to improve traceability and monitor deforestation ¹

100% of farmers producing Hershey's cocoa volume are covered by Child Labor Monitoring and Remediation Systems (CLMRS) to prevent, monitor and remediate child labor ²

Progress

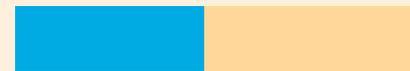
(as of Dec 31, 2021)

68%



On Track

46%



On Track

As of 2021, no children identified in forced labor

62%



On Track

Programs

Cocoa for Good is a commitment to invest \$500 million by 2030 to holistically address systemic social and environmental challenges in cocoa communities and safeguard our business.

Improve farmer incomes & livelihoods

Invest in economically empowering communities through:

- Training on ways to diversify income, such as soap making and cassava processing
- Helping farmers maintain independent verification to ensure a higher premium for harvests and direct cash payments

Preserving ecosystems

- Commit to no new deforestation in our supply chain
- Improve traceability with polygon mapping and monitor deforestation risk using satellite technology
- Provide resources and education on responsible agricultural practices and shade-grown cocoa
- Help farmers acquire affordable land titles to enable forest and farm rejuvenation

Eliminate child labor and improve children's nutrition

- Monitor for and remediate instances of child labor through our suppliers
- Increase access to education by securing birth certificates and school kits so children can attend school and avoid being involved in hazardous activities
- Through the *Energize Learning* program, produce and distribute *ViVi*, a school-based, high-protein sachet, to children to improve nutrition and encourage school attendance

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.

Responsible Sourcing & Human Rights

Grow sustainably and act responsibly in each stage of our value chain



See also:

 [2021 ESG Report](#)

 [Responsible Sourcing](#)

 [Human Rights](#)

2025 Commitments

100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume)¹

85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements

Progress

(as of Dec 31, 2021)

78%



On Track

25%



On Track

Programs

Guided by our [Supplier Code of Conduct](#), [Human Rights Policy](#) and [Environmental Policy](#), we're focused on sourcing goods and services responsibly.

Promote transparency in sourcing and foster sustainable agricultural communities

- Map and increase supply chain traceability to better enable investments in farmers and ecosystems.
- Supplier engagement, monitoring and verification
- Partner via on-the-ground programs and industry-wide initiatives to promote sustainable agricultural communities

Source goods and services responsibly

- Support high-risk suppliers in their responsible sourcing journeys by engaging them in our Responsible Sourcing Supplier Program, which includes self-assessment questionnaires, independent third-party audits, capability building and continuous improvement
- Engage directly with those impacted by our work, including temporary and contract workers through "Worker Voice" surveys.
- Combat forced labor in our supply chain by requiring labor service providers to uphold the global standard for responsibly sourcing workers outlined in the Responsible Recruitment Policy & Employment Program

¹This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2021. This definition varies by ingredient and is subject to change as Hershey's responsible sourcing programs evolve

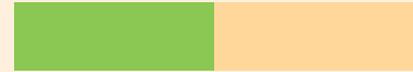
Environment

Act on climate change through science-based targets

2030 Commitments

50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline¹

48%



On Track

25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline

18%



On Track

100% of plastic packaging to be recyclable, reusable or compostable

On Track

In 2021, we began initial recyclability research & machine ability trials. In 2022, we are focused on converting flexible packaging to recyclable structures.

25 million pounds of packaging to be eliminated²

9.5M



On Track

Progress

(as of Dec 31, 2021)

Programs

We've transformed our approach to environmental sustainability, shifting our focus from what we can do to **what the world needs from us**.

Reduce direct and indirect emissions

- Invest in renewable energy through three solar farms projects
- Invest in zero-emissions credits to support our progress during solar farm construction
- Reduce Hershey's energy intensity by 10% within five years through the ENERGY STAR Challenge for Industry

Reduce value chain emissions

- Support programs to make on-farm improvements to reduce emissions and improve waterways across dairy farms in our Pennsylvania supply chain
- Reduce land use change through 100% independently verified cocoa sourcing
- Support regenerative agricultural practices in collaboration with partners and suppliers

Invest in R&D on recyclable, reusable and compostable materials

- Explore PVC alternatives. As of December 31, 2021, qualified alternatives have been identified for more than 50% of PVC, with conversions underway
- Explore paper and compostable alternatives across several regions, including the U.S., Mexico, Brazil and Asia

Packaging elimination, redesign and downgauging

- Eliminating unnecessary packaging in consumer packaging, secondary, transport and display packaging

See also:

 [2021 ESG Report](#)

 [Environment](#)

 [2021 TCFD Report](#)

¹ Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based). ² The initial goal was achieved five years ahead of schedule in 2020. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030.

Our People

Foster a culture of togetherness and collaboration and a safe workplace where all employees can thrive



See also:

 [2021 ESG Report](#)

 [DEI at Hershey](#)

 [Blog: How We're Holding Ourselves Accountable](#)

2025 Commitments

Achieve pay equity for similar job categories across our global salaried employees

47–50% women representation across all employees globally and 30–40% people of color (POC) representation across U.S. employees¹

50% hazard reduction for job functions with ergonomic risks through process improvements

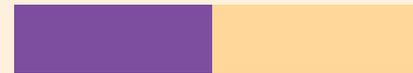
Progress

(as of Dec 31, 2021)

On Track

In 2020, we achieved 1-to-1 aggregate gender pay equity for salaried employees in the U.S. (excluding recent acquisitions) and in 2021, we achieved 1-to-1 aggregate POC pay equity for salaried employees in the U.S. (excluding recent acquisitions). We seek to maintain existing achievements and continuous improvement on pay equity for similar job categories throughout our organization.

47.7% Women Globally



Achieved

24.6% POC in the U.S.



On Track

17%



On Track

Programs

The Pathways Project is our five-year holistic DEI strategy to create an even more diverse and inclusive Hershey through more pathways to join and grow at Hershey and more pathways to reach out.

More Pathways to *JOIN*: Bringing in a wider range of talent and perspectives

- New hiring practices for 50% diverse slates of candidates and interviewers
- Expanded opportunities for remote employees
- New efforts to engage diverse suppliers and increase supplier spend

More Pathways to *GROW*: Recognizing and developing talent that was underrepresented in the past

- Mandatory unconscious bias training
- Diverse mentorship and commercial leader development to retain and promote POC talent
- Increasing diverse representation in leadership at all levels of the company

More Pathways to *REACH OUT*: Showing up for consumers and communities in new ways

- Improving access to education
- Fostering impactful community partnerships

Keeping people safe

- Integrated Environmental, Health and Safety (EHS) goals and programs into our culture across all global site such as an employee-based committee and completed the first-ever global training.

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

Sources

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

² This refers to households covered by CLMRS.

³ This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2021. This definition varies by ingredient and is subject to change as Hershey's responsible sourcing programs evolve.

⁴ More than 15.4 million children were supported, cumulatively from January 1, 2020 to December 31, 2021.

⁵ More than 128,800 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2021.

⁶ Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based).

⁷ The initial goal was achieved five years ahead of schedule in 2020. We have since expanded our commitment to eliminate an additional 25 million pounds of packaging by 2030.

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