2021 ESG Report Summary
For use in 2022; Data as reported in 2021
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.
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

A Look at Recent ESG Progress

2012 Committed to 100% independently verified cocoa by 2020
2015 Launched Energize Learning to produce and distribute VIIV, a vitamin-fortified peanut butter snack, to children in West Africa
2017 Helped to form the Cocoa & Forest Initiative
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
2019 Launched an enterprise-wide Human Rights Policy
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
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
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
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.

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)
---|---
2020 | 100% independently verified cocoa
2025 | 100% sourcing visibility of Hershey’s cocoa volume in Côte d’Ivoire and Ghana
2025 | 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 | 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

Environment

Target Year | Progress (as of Dec 31, 2021)
---|---
2030 | 50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline
2030 | 25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline
2030 | 100% of plastic packaging to be recyclable, reusable or compostable
2030 | 25 million pounds of packaging to be eliminated

Our People

Target Year | Progress (as of Dec 31, 2021)
---|---
2025 | Achieve pay equity for similar job categories across our global salaried employees
2025 | 47–50% women representation across all employees globally and 30–40% people of color (POC) representation across U.S. employees
2025 | 50% hazard reduction for job functions with ergonomic risks through process improvements

Community

Target Year | Progress (as of Dec 31, 2021)
---|---
2025 | $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

* 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

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 \(^2\)

2025 Commitments (as of Dec 31, 2021)

Progress

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

On Track

68%

On Track

46%

On Track

62%

As of 2021, no children identified in forced labor

See also:
- 2021 ESG Report
- Blog: How We’re Delivering Progress on Cocoa Sustainability
- Cocoa For Good

\(^1\) 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.

\(^2\) This refers to households covered by CLMRS.
Responsible Sourcing & Human Rights

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

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

2025 Commitments

<table>
<thead>
<tr>
<th>Progress</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>(as of Dec 31, 2021)</td>
<td>Guided by our Supplier Code of Conduct, Human Rights Policy and Environmental Policy, we’re focused on sourcing goods and services responsibly.</td>
</tr>
</tbody>
</table>

**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

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1 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

See also:
- 2021 ESG Report
- Responsible Sourcing
- Human Rights
### Environment

**Act on climate change through science-based targets**

<table>
<thead>
<tr>
<th>2030 Commitments</th>
<th>Progress (as of Dec 31, 2021)</th>
<th>Programs</th>
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<tbody>
<tr>
<td><strong>50%</strong> absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline</td>
<td><strong>48%</strong></td>
<td>Reduce direct and indirect emissions</td>
</tr>
<tr>
<td><strong>25%</strong> absolute reduction in Scope 3 GHG emissions against a 2018 baseline</td>
<td><strong>18%</strong></td>
<td>Reduce value chain emissions</td>
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<tr>
<td><strong>100%</strong> of plastic packaging to be recyclable, reusable or compostable</td>
<td></td>
<td>Invest in R&amp;D on recyclable, reusable and compostable materials</td>
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<tr>
<td><strong>25 million pounds</strong> of packaging to be eliminated</td>
<td><strong>9.5M</strong></td>
<td>Packaging elimination, redesign and downgauging</td>
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**On Track**

- In 2021, we began initial recyclability research & machine ability trials. In 2022, we are focused on converting flexible packaging to recyclable structures.
- As of December 31, 2021, qualified alternatives have been identified for more than 50% of PVC, with conversions underway.
- Reduce land use change through 100% independently verified cocoa sourcing.
- Support regenerative agricultural practices in collaboration with partners and suppliers.
- Investigate 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.

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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.

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See also:
- 2021 ESG Report
- Environment
- 2021 TCFD Report
Our People
Foster a culture of togetherness and collaboration and a safe workplace where all employees can thrive

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. employees

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.

Women Globally

47.7%

24.6% POC in the U.S.

See also:
2021 ESG Report
DEI at Hershey
Blog: How We’re Holding Ourselves Accountable

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

This refers to households covered by CLMRS.

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

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

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

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

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.

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

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

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.


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.